

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

**IN THE MATTER OF THE APPLICATION
FOR APPROVAL OF THE TRANSLATION
INTO DISTRIBUTION RELATED RATES OF
DIFFERENT CUSTOMER CLASSES FOR
THE FIRST REGULATORY YEAR OF THE
ERC-APPROVED ANNUAL REVENUE
REQUIREMENT FOR CLPC UNDER THE
PERFORMANCE BASED REGULATION
(PBR) FOR THE REGULATORY PERIOD
2009-2013, WITH PRAYER FOR
PROVISIONAL AUTHORITY.**

**COTABATO LIGHT AND POWER
COMPANY, INC. (CLPC),**

Applicant.

ERC CASE NO. 2009 - 006RC

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APPLICATION

COMES NOW Applicant COTABATO LIGHT AND POWER COMPANY (hereinafter referred to as "CLPC" or "Applicant"), through undersigned counsels and unto this Honorable Commission, most respectfully avers:

1. CLPC is a private corporation existing under the laws of the Republic of the Philippines, with principal business address at Aboitiz Corporate Center, Banilad, Cebu City. It may be served with notices and other processes of this Honorable Commission at its place of operations at Sinsuat Avenue, Cotabato City or through its counsels at the address indicated herein.

2. CLPC holds the exclusive franchise to operate electric light and power services in the City of Cotabato and part of the Municipalities of Datu Odin Sinsuat and Sultan Kudarat, all in the Province of Shariff Kabunsuan.

3. Under ERC Resolution No. 54, Series of 2006, or the "Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering

Performance Based Regulation (Second and Later Entry Points)” (“RDWR”), the Performance Based Regulation (PBR)-entrant distribution utility will be given an Annual Revenue Requirement (ARR) which will be used to derive the Maximum Average Price (MAP). Said MAP shall then be allocated by the distribution utility in setting the rate schedule for its distribution, supply and metering charges for each customer class or segment.

4. CLPC was among the entrants at the second entry point to the PBR rate setting methodology adopted by this Honorable Commission pursuant to Section 43(f) of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001. As such, on May 27, 2008, CLPC filed an application for approval of its ARR and Performance Incentive Scheme (PIS) for the Second Regulatory Period covering the period from April 1, 2009 to March 31, 2013. Said application was docketed as ERC Case No. 2008-029RC.

5. Thereafter, the Honorable Commission, in the aforesaid case, issued the Final Determination for the Applicant contained in its Decision dated December 15, 2008.

a. Based on the Final Determination, Applicant’s ARR for the First Regulatory Year of the Second Regulatory Period as approved by the Honorable Commission is as follows:

Building Block	2010 (PhP Million, Nominal)
Return on Capital	114.4
OPEX	84.4
Regulatory Depreciation	29.6
Corporate Income Tax	0.0
Other Taxes	2.2
Subtotal	230.7
Reduction imposed by the Commission	-42
Resulting ARR	188.7
GSL Allowance	1.1
TOTAL	189.8

- b. The opening MAP that will apply to Applicant at the start of the Second Regulatory Period as approved by the Honorable Commission in the Final Determination is PhP1.319/kWh.
- c. Section 1.4.1 of the Final Determination requires that the MAP set in terms of the Final Determination should be converted into a distribution rate structure to be filed with the Honorable Commission for approval.

6. In compliance with the requirements under the RDWR and the Final Determination for the conversion of the approved MAP into a distribution rate structure, Applicant herein applies for the approval of the translation into distribution rates of different customer classes of its approved MAP for the First Regulatory Year (April 1, 2009 to March 31, 2010) of the Second Regulatory Period.

7. The translation into distribution-related rates is consistent with the methodology used in the Uniform Filing Requirement (UFR) in the rate unbundling, using updated scenarios and values. The proposed translation of rates calculation is attached hereto as **Annexes “A-1” to “A-13”**.

8. The smoothed MAP₂₀₁₀ of PhP1.319 per kWh (net of Regulatory Intervention) was broken down into the average unbundled components of Distribution Charge, Supply Charge and Metering Charge, with the following resulting figures:

Distribution Charge	PhP0.93/kWh
Supply Charge	PhP0.14/kWh
Metering Charge	PhP0.25/kWh
TOTAL	PhP1.32/kWh

9. The definitions of the rate schedules for each of the Applicant’s customer segments are hereto attached and marked as **Annexes “B-1” to “B-6”**, to wit:

RATE SCHEDULE	ANNEX
Residential	B-1
General Retail 1	B-2
General Retail 2	B-3
General Retail 3	B-4
General Retail 4	B-5
Flat Lighting Service	B-6

10. Summarized below is Applicant's proposed distribution-related rate structure:

	Distribution		Supply		Metering	
	PhP/kWh	PhP/kW	PhP/kWh	PhP/Cust./Mo.	PhP/kWh	PhP/Meter/Mo.
Residential	1.1569	-	0.2846	-	0.2306	38.55
General retail 1	1.1852	-	0.0932	-	-	153.81
General retail 2	0.4085	99.0554	-	110.5735	-	369.02
General retail 3	0.3224	81.8698	-	198.3431	-	482.51
General retail 4	0.2923	133.3342	-	1,299.8561	-	4,114.31
Streetlight	1.3658	-	-	68.2893	-	-

11. New lifeline subsidies are also herein proposed as follows:

	No. of Customers	kWhr Consumption	Generation	Transmission	Total Distribution	Total Rate	Gross	Discount Rate	Revenue Discount
0 - 35	3717	63,610	2.3659	1.3227	1.9054	5.5940	355,835.21	50%	177,917.60
36 - 40	649	24,698	2.3659	1.3227	1.9054	5.5940	138,160.95	45%	62,172.43
41 - 45	675	29,075	2.3659	1.3227	1.9054	5.5940	162,645.95	40%	65,058.38
46 - 50	722	34,703	2.3659	1.3227	1.9054	5.5940	194,129.06	35%	67,945.17
51 - 55	687	36,431	2.3659	1.3227	1.9054	5.5940	203,795.51	30%	61,138.65
56 - 60	769	44,558	2.3659	1.3227	1.9054	5.5940	249,258.06	25%	62,314.52
61 - 65	657	41,328	2.3659	1.3227	1.9054	5.5940	231,189.40	20%	46,237.88
66 - 70	684	46,548	2.3659	1.3227	1.9054	5.5940	260,390.15	15%	39,058.52
71 - 75	688	50,199	2.3659	1.3227	1.9054	5.5940	280,813.89	10%	28,081.39
76 - 80	612	47,693	2.3659	1.3227	1.9054	5.5940	266,795.29	5%	13,339.76

TOTAL 623,264.30

Annual TOTAL 7,479,171.66

kWh without Lifeline 127,442,907

Lifeline Discount per kWh (Uniform per Customer Class)	0.0587
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The calculation of the new lifeline subsidies is indicated in **Annex “C”**.

12. A comparison of the proposed basic rates and the existing basic rates per customer segment is shown in **Annex “D”**.

13. To enable CLPC to implement in a timely manner its capital expenditure program and address its operating and maintenance requirements for the Second Regulatory Period, particularly for the Regulatory Year 2010 and avert financial prejudice to both CLPC and its consumers, it is necessary and indispensable that a provisional authority be immediately issued authorizing CLPC to implement the new rates pending hearing on the merit of the instant Application.

PRAYER

WHEREFORE, Applicant COTABATO LIGHT AND POWER COMPANY, INC. respectfully prays that this Application be approved, authorizing Applicant to adopt the herein proposed distribution-related rate structure and rate schedules, including lifeline subsidies, summarized as follows:

	Distribution		Supply		Metering	
	PhP/kWh	PhP/kW	PhP/kWh	PhP/Cust./Mo.	PhP/kWh	PhP/Meter/Mo.
Residential	1.1569	-	0.2846	-	0.2306	38.55
General retail 1	1.1852	-	0.0932	-	-	153.81
General retail 2	0.4085	99.0554	-	110.5735	-	369.02
General retail 3	0.3224	81.8698	-	198.3431	-	482.51
General retail 4	0.2923	133.3342	-	1,299.8561	-	4,114.31
Streetlight	1.3658	-	-	68.2893	-	-

Proposed Lifeline Subsidy:

	No. of Customers	kWhr Consumption	Generation	Transmission	Total Distribution	Total Rate	Gross	Discount Rate	Revenue Discount
0 – 35	3717	63,610	2.3659	1.3227	1.9054	5.5940	355,835.21	50%	177,917.60
36 – 40	649	24,698	2.3659	1.3227	1.9054	5.5940	138,160.95	45%	62,172.43
41 – 45	675	29,075	2.3659	1.3227	1.9054	5.5940	162,645.95	40%	65,058.38
46 – 50	722	34,703	2.3659	1.3227	1.9054	5.5940	194,129.06	35%	67,945.17
51 – 55	687	36,431	2.3659	1.3227	1.9054	5.5940	203,795.51	30%	61,138.65
56 – 60	769	44,558	2.3659	1.3227	1.9054	5.5940	249,258.06	25%	62,314.52
61 – 65	657	41,328	2.3659	1.3227	1.9054	5.5940	231,189.40	20%	46,237.88
66 – 70	684	46,548	2.3659	1.3227	1.9054	5.5940	260,390.15	15%	39,058.52
71 – 75	688	50,199	2.3659	1.3227	1.9054	5.5940	280,813.89	10%	28,081.39
76 – 80	612	47,693	2.3659	1.3227	1.9054	5.5940	266,795.29	5%	13,339.76

TOTAL	623,264.30
Annual TOTAL	7,479,171.66
kWh without Lifeline	127,442,907
Lifeline Discount per kWh (Uniform per Customer Class)	0.0587

Pending the necessary public hearing, Applicant further prays for the issuance of a temporary/provisional authority to implement the proposed distribution-related rate structure and rate schedules.

Applicant prays for such other relief just and equitable under the premises.

Marikina City for the City of Pasig, Metro Manila. 23 January 2009.

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