

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

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF AN
ADJUSTMENT IN RATES
UNDER THE RULES FOR
SETTING ELECTRIC
COOPERATIVES' WHEELING
RATES (RSEC-WR) WITH
PRAYER FOR PROVISIONAL
AUTHORITY**

ERC CASE NO. 2009-113RC

**SAN JOSE CITY ELECTRIC
COOPERATIVE (SAJELCO)
Applicant.**

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A P P L I C A T I O N

COMES NOW, applicant **SAN JOSE CITY ELECTRIC COOPERATIVE (SAJELCO)**, through the undersigned counsel, and unto this Honorable Commission, most respectfully state:

1. **SAN JOSE CITY ELECTRIC COOPERATIVE** is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Maharlika Road, San Jose City, where it may be served with summons and other legal processes, represented in this instance by its General Manager, **CELESTINO P. POBRE**, of legal age, Filipino and with office address also at **SAJELCO**, Maharlika Road, San Jose City;

2. Herein applicant is the exclusive franchise holder to operate an electric light and power services in San Jose City and some parts of Llanera and Science City of Muñoz, all in Nueva Ecija issued by the National Electrification Administration (NEA);
3. Section 43(f) of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” (EPIRA) and Section 5 (a), Rule 15 of its Implementing Rules and Regulations (IRR) authorized the Energy Regulatory Commission (ERC) to establish a methodology for setting distribution wheeling rates;
4. By virtue of said authority, as early as 2006 the ERC embarked on a process to establish a new rate-setting methodology for determining rates of electric cooperatives’ (ECs);
5. From 2006 to 2009, the ERC conducted several public consultations with the industry stakeholders to discuss the details of the new regulatory framework for fixing the wheeling rates of electric cooperatives;
6. Said regulatory framework is embodied in the new *Rules for Setting the Electric Cooperatives’ Wheeling Rates* (RSEC-WR) adopted by the ERC as per ERC Resolution No.20, Series of 2009 dated September 23, 2009;
7. The regulatory framework as embodied in the RSEC-WR seeks to develop a regulatory regime that encourages efficiency in the operations of the ECs and provides incentives for their good performance. From a regulatory perspective, the framework seeks to develop a regime that eases regulatory burden and can be easily implemented and monitored;

8. SAJELCO participated in the above-mentioned public consultations and it submitted data/documents required by the ERC during the drafting of the said Rules;
9. On May 9, 2009, SAJELCO Board of Directors passed Board Resolution No. 05-235, Series of 2009, authorizing the ERC to conduct public hearings about the new rate setting methodology embodied in the RSEC-WR hereat San Jose City;
10. After holding public consultations nationwide, including San Jose City, the ERC issued the final RSEC-WR on September 23, 2009 and the same was published in the Manila Bulletin on September 24, 2009;
11. Under the RSEC-WR, SAJELCO is categorized under Group “F” with a summary of characteristics as follows:

No of ECs	Group Characteristics		Mean kWh consumption per customers	Mean number of customers
	Customer consumption (MWH per year)	No of Customers		
15	1 to 3	20 to 150 k	1.88	88,981.75

12. As a part of Group “F” Electric Cooperative, SAJELCO’s Operating Revenue Requirement (ORR) per kWh as determined by ERC based on the methodology embodied in the RSEC-WR, is PhP0.9900;
13. Further, SAJELCO is required by RSEC-WR to implement a new customer classification, as follows:

Table 1. Existing Customer Class and New Customer Class

EXISTING CUSTOMERS	NEW CUSTOMER SEGMENTATION
Residential	Residential Customers
Commercial	Low Voltage Customers
Industrial	
Public Building	
Irrigation	
Street Lights	
Industrial	Higher Voltage Customers

14. After functionalizing and allocating its ORR and using the new customer classification, SAJELCO's initial Distribution, Supply and Metering (DSM) rate caps are as follows:

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP F	RESIDENTIAL		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kW	PhP/Cust/Mo.
Distribution	0.4613		0.4441		167.56	
Supply	0.5376			46.60		46.60
Metering	0.3205	5.0000		32.78		32.78

15. As part of Group "F" Electric Cooperative, SAJELCO is also authorized to collect Member's Contribution for Capital Expenditure Rate in the amount of hP0.2178 /kWh;

16. Considering the abovementioned rates, SAJELCO's rate caps would be as follows: A) DSM – PhP0.9900; and B) MCC – PhP0.2178;

GROUP F	RESIDENTIAL		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kW	PhP/kWh	PhP/Cust/Mo.
Distribution	0.4613		0.4441		167.56		
Supply	0.5376			46.60			46.60
Metering	0.3205	5.0000		32.78			32.78
Members Contribution for CAPEX	0.2178		0.2178			0.2178	

17. SAJELCO intends to undergo a transition period, wherein the rate caps will be as follows:

18. Table 3. Proposed Transition Rates

F		Rates Billed			
Name: SAJELCO		Current	Start of Transition	End of Year one	End of Transition
Percentage increase		0.9999	0.3333	0.3333	0.3333
RESIDENTIAL					
Cust. Type: Residential					
Distribution (kWh)		0.6726	0.6022	0.5317	0.4613
Supply (kWh)		0.3672	0.4240	0.4808	0.5376
Metering (Customer)		5.0000	5.0000	5.0000	5.0000
Metering (kWh)		0.2664	0.2844	0.3024	0.3205
Members Contribution for Capital					
Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)		-			
SUB-TOTAL					
LOW VOLTAGE					
Cust. Type: Commercial					
Distribution (kWh)		0.3899	0.4080	0.4261	0.4441
Distribution (kW)		-	-	-	
Supply (kWh)		-	-	-	
Supply (Customer)		156.9800	120.1919	83.4039	46.6048
Metering (Customer)		140.0000	104.2642	68.5283	32.7818
Metering (kWh)		-	-	-	
Members Contribution for Capital					
Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)		-			
Final Loan Condo (customer)		-			
Cust. Type: Industrial					
Distribution (kWh)		0.2462	0.3122	0.3781	0.4441
Distribution (kW)		13.2000	8.8004	4.4009	
Supply (kWh)		-	-	-	
Supply (Customer)		413.6900	291.3405	168.9910	46.6048
Metering (Customer)		909.9200	617.5698	325.2197	32.7818
Metering (kWh)		-	-	-	
Members Contribution for Capital					
Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)		-			
Final Loan Condo (customer)		-			
Cust. Type: Public Building					
Distribution (kWh)		0.4081	0.4201	0.4321	0.4441
Distribution (kW)		-	-	-	
Supply (kWh)		-	-	-	
Supply (Customer)		34.9100	38.8079	42.7057	46.6048
Metering (Customer)		41.8600	38.8342	35.8085	32.7818
Metering (kWh)		-	-	-	
Members Contribution for Capital					
Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)		-			
Final Loan Condo (customer)		-			

19.

Cust. Type: Irrigation				
Distribution (kWh)	0.3958	0.4119	0.4280	0.4441
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	26.9800	33.5209	40.0619	46.6048
Metering (Customer)	46.1100	41.6677	37.2254	32.7818
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
Cust. Type: St. Lights				
Distribution (kWh)	1.6963	1.2790	0.8616	0.4441
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	34.9100	38.8079	42.7057	46.6048
Metering (Customer)	34.7200	34.0740	33.4280	32.7818
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
				SUB-TOTAL
HIGHER VOLTAGE				
Cust. Type: Industrial				
Distribution (kWh)	0.2462	0.1641	0.0821	
Distribution (kW)	13.2000	64.6492	116.0985	167.5632
Supply (kWh)	-	-	-	
Supply (Customer)	413.6900	291.3405	168.9910	46.6048
Metering (Customer)	909.9200	617.5698	325.2197	32.7818
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			

18. SAJELCO submits that the implementation of the proposed rates would work to the best interest of its consumers as it would encourage reforms in the structure and operations of the electric coop for greater efficiency and lower costs;

Further, SAJELCO has chosen to implement the proposed rates within 3 years, 1/3 of the DSM to be implemented at the start of the transition period, the next 1/3 after the approval of this application and the last 1/3 will be implemented one year after the approval of this application in order

to mitigate the impact of the rate adjustment and the rate for CAPEX to be collected during the transition period in order not to hamper the operations of SAJELCO;

19. SAJELCO has duly complied with the pre-filing requirements by furnishing copies of the Application together with its supporting annexes and accompanying documents to the Sangguniang Panlalawigan of Nueva Ecija and the Sangguniang Panglungsod of San Jose City , Llanera and Science City of Muñoz.as evidenced by a Certifications of the concerned local Sanggunian officials and published the Application in its entirety in a newspaper of general circulation in the Province of Nueva Ecija.

20. Attached and made integral parts of this application are the following supporting documents and annexes, to wit:
 - a. SAJELCO's Certificate of Franchise – Annex "A";
 - b. SAJELCO Board Resolution No.05-235, Series of 2009 authorizing the ERC to conduct public hearing about the new rate setting methodology hereat San Jose City– Annex "B";
 - c. SAJELCO Board Resolution No. 10-320, Series of 2009 authorizing the General Manager to file the instant application – Annex "C";
 - d. Certification from the Vice Governor or the Secretary to the Sangguniang Panlalawigan of Nueva Ecija– Annex "D";
 - e. Certification from the Sangguniang Panlungsod of San Jose City– Annex "E";
 - f. Certification from the Sangguniang Bayan of Llanera – Annex "F";
 - g. Certification from the Sangguniang Panlungsod of Science City of Muñoz – Annex "G";
 - h. Local Publication of the Application with Affidavit of Publication – Annex "H";
 - i. Completed RSEC-WR UFR model – Annex I;
 - j. Completed Transition Model – Annex "J";
 - k. Working papers on details and explanations – Annex "K";
 - l. 2008 Audited Financial Statement of Sajelco – Annex "L";
 - m. Billing Determinants & Customer Class Allocation – Annex "M"; and
 - n. Current Statement of Account – Annex "N"

PRAYER

WHEREFORE, foregoing premises considered, it is most respectfully prayed before Honorable Commission, that after due notice and hearing, an order issue approving the new rate schedule for applicant SAJELCO, as follows:

TYPE OF CONSUMERS	UNITS	RATE DESIGN			
		D	S	M	CAPEX
Residential	PhP/kWh	0.4613	0.5376	0.3205	0.2178
	PhP/Meter/Mo.			5.0000	
Low Voltage	PhP/kWh	0.4441			0.2178
	PhP/Cust/Mo.		46.60	32.78	
Higher Voltage	PhP/kW	167.56			
	PhP/Cust/Mo.		46.60	32.78	
	PhP/kWh				0.2178

It is further prayed that applicant be provisionally authorized to implement the said rates in accordance with the proposed transition period pending hearing and final evaluation of the application by the Honorable Commission.

Other reliefs, just and equitable in the premises are likewise prayed for .

San Jose City, Nueva Ecija, October 20, 2009.

ATTY. MANOLO F. SORIANO
A.O. Pascual St., San Jose City
Roll No. 37440
IBP No. 742689/5 Jan. 2009, Cabanatuan City
PTR No. 8556434/5 Jan. 2009/San Jose City
MCLE Compliance No. II-0012259/Sept. 5, 2008

Republic of the Philippines)
) Ss.

**VERIFICATION AND CERTIFICATION
OF NON FORUM-SHOPPING**

I, **Celestino P. Pobre** of legal age, Filipino and with office address at the Main Office of San Jose City Electric Cooperative (SAJELCO), after being sworn to according to law, depose and state that:

1. I am the General Manager of San Jose City Electric Cooperative, (SAJELCO);

2. I caused the preparation and filing of the foregoing Application; have read the allegations contained therein, and certify that the same are true and correct based on my personal knowledge and on authentic records of San Jose City Electric Cooperative.

3. San Jose City Electric Cooperative has not heretofore commenced any other action or proceedings involving the same issues and parties before any court, tribunal or quasi-judicial agency; to the best of my knowledge no such action or proceeding is pending, and if I should learn that the same or similar action or proceeding has been filed or is pending, I undertake to report such fact to this Honorable Commission, within five (5) days therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of October, 2009 at San Jose City.

Affiant

SUBSCRIBED AND SWORN to before me in San Jose City, this 20th day of October 2009 by the affiant who exhibited to me his Driver's License with number C05-90-043224 issued at San Jose City and with validity until April 6, 2011.

Doc. No. ;
Page No. ;
Book No. ;
Series of 2009.

