

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

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

ERC CASE NO. 2009- 122RC

**ANTIQUÉ ELECTRIC COOPERATIVE,
INC. ANTECO)**

Applicant.

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A P P L I C A T I O N

COMES NOW, applicant **ANTIQUÉ ELECTRIC COOPERATIVE, INC. (ANTECO)**, through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. ANTECO 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 Funda, San Jose, Antique, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. LUDOVICO D. LIM, of legal age, Filipino and with office address also at Funda, San Jose, Antique, ANTECO Office.
2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the cities/municipalities of the Province of Antique, namely: Anini-y,

T.A. Fornier, Hamtic, San Jose, Sibalom, San Remegio, Belison, Patnongon, Bugasong, Valderrama, Laua-an, Barbaza, Tibiao, Culasi, Sebaste and Caluya;

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) authorize 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 electric cooperatives’ (ECs) rates;
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 electric cooperatives’ wheeling rates;
6. ANTECO participated in the above-mentioned public consultations and it submitted data/documents required by the ERC during the drafting of the said Rules;
7. Said regulatory framework is now embodied in the *Rules for Setting the Electric Cooperatives’ Wheeling Rates* (RSEC-WR);
8. 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;
9. On June 25, 2009 , ANTECO’s Board of Directors passed Board Resolution No.61-09 s.2009, imploring upon the ERC to implement the new rate setting methodology embodied in the RSEC-WR;

10. After holding another round of public consultations nationwide, particularly in the localities wherein the electric cooperatives operate, the ERC issued the final RSEC-WR on September 22, 2009 which became effective fifteen (15) days following its publication in the Manila Bulletin on September 24, 2009;

11. Under the RSEC-WR, ANTECO is categorized under Group “B”;

12. As a Group “B” EC, ANTECO’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP1.82;

13. Further, ANTECO is required to implement a new customer class, 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	
Street Lights	
Large Load	Higher Voltage Customers

14. After functionalizing and allocating its ORR and using the new customer class, ANTECO’ initial Distribution, Supply and Metering (DSM) rate caps are as follows:

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP B	Residential		Low Voltage		Higher Voltage	
	Php/kWh	Php/meter/mo.	Php/kWh	Php/Cust/Mo.	Php/kW	Php/Cust/Mo.
Distribution	0.8449		0.9259		267.90	
Supply	0.7732			40.15		40.15
Metering	0.4569	5.00		28.72		28.72

15. As a Group “B” EC, ANTECO is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP0.4004/kWh;

16. Considering the abovementioned rates, ANTECO's rate caps would be as follows: 1.) DSM – Php1.82/kWh; and 2.) MCC –Php0.4004/kWh;

GROUP B	Residential		Low Voltage		Higher Voltage		
	Php/kWh	Php/meter/mo.	Php/kWh	Php/Cust/Mo.	Php/kW	Php/kWh	Php/Cust/Mo.
Distribution	0.84490		0.9259		267.90		
Supply	0.77320			40.15			40.15
Metering	0.45690	5.00		28.72			28.72
Member's Contribution for CAPEX	0.4004		0.4004			0.4004	

17. ANTECO intends to move to the rate caps during the transition period as follows:

Table 3. Proposed Transition Rates

Name: B ANTECO		Rates Billed			
		Current	Start of Transition	End of Year one	End of Transition
Percentage increase		1.0000	0.3333	0.3333	0.3333
RESIDENTIAL					
Cust. Type: Residential					
Distribution (kWh)		1.0084	0.9539	0.8994	0.8449
Supply (kWh)		0.4814	0.5787	0.6759	0.7732
Metering (Customer)		5.0000	5.0000	5.0000	5.0000
Metering (kWh)		0.6789	0.6049	0.5309	0.4569
Members Contribution for Capital Expenditures			0.4004	0.4004	0.4004
Final Loan Condo (kWh)		(0.3563)			
LOW VOLTAGE					
Cust. Type: Commercial					
Distribution (kWh)		1.1592	1.0814	1.0037	0.9259
Distribution (kW)		-	-	-	
Supply (kWh)		-	-	-	
Supply (Customer)		29.5900	33.1092	36.6285	40.1477
Metering (Customer)		46.7200	40.7215	34.7231	28.7246
Metering (kWh)		-	-	-	

Members Contribution for Capital Expenditures		0.4004	0.4004	0.4004
Final Loan Condo (kWh)	(0.3108)			
Final Loan Condo (customer)	(3.7964)			
Cust. Type: Industrial				
Distribution (kWh)	0.9333	0.9308	0.9284	0.9259
Distribution (kW)	15.4000	10.2667	5.1333	
Supply (kWh)	-	-	-	
Supply (Customer)	26.6100	31.1226	35.6351	40.1477
Metering (Customer)	46.3900	40.5015	34.6131	28.7246
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.4004	0.4004	0.4004
Final Loan Condo (kWh)	(0.2648)			
Final Loan Condo (customer)	(3.7698)			
Cust. Type: Public Buildings				
Distribution (kWh)	1.2040	1.1113	1.0186	0.9259
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	26.7900	31.2426	35.6951	40.1477
Metering (Customer)	46.7000	40.7082	34.7164	28.7246
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.4004	0.4004	0.4004
Final Loan Condo (kWh)	(0.3261)			
Final Loan Condo (customer)	(3.7951)			
Cust. Type: Street Lights				
Distribution (kWh)	1.5182	1.3208	1.1233	0.9259
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	24.9700	30.0292	35.0885	40.1477
Metering (Customer)				

	37.4300	34.5282	31.6264	28.7246
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.4004	0.4004	0.4004
Final Loan Condo (kWh)	(0.6019)			
Final Loan Condo (customer)	(3.5350)			
HIGHER VOLTAGE				
Cust. Type: Industrial (Higher Voltage)				
Distribution (kWh)	0.9333	0.6222	0.3111	
Distribution (kW)	15.4000	99.5679	183.7357	267.9036
Supply (kWh)	-	-	-	
Supply (Customer)	26.6100	31.1226	35.6351	40.1477
Metering (Customer)	46.3900	40.5015	34.6131	28.7246
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.4004	0.4004	0.4004
Final Loan Condo (kWh)	(0.2648)			
Final Loan Condo (customer)	(3.7698)			
Cust. Type: Commercial (Higher Voltage)				
Distribution (kWh)	1.1592	0.7728	0.3864	
Distribution (kW)	-	89.3012	178.6024	267.9036
Supply (kWh)	-	-	-	
Supply (Customer)	29.5900	33.1092	36.6285	40.1477
Metering (Customer)	46.7200	40.7215	34.7231	28.7246
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.4004	0.4004	0.4004
Final Loan Condo (kWh)	(0.3108)			
Final Loan Condo (customer)	(3.7964)			

18. ANTECO submits that the implementation of the proposed rates would work to the best interest of its consumers as it would provide additional working capital which will be used to finance the proper system maintenance, operation and

improvement of facilities which will result to efficient service to its consumers. Further, ANTECO has chosen to implement the proposed rates as follows: three (3) tranches for the DSM Rates during the transition period to mitigate the impact of the adjustment towards the initial tariff caps and 100% for CAPEX rates at the start of the transition period be able to provide ANTECO necessary funds for its CAPEX projects.

19. ANTECO 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 Antique and the Sangguniang Bayan of San Jose and published the Application in its entirety in a newspaper of general circulation in the Province of Antique.

20. Attached and made integral parts of this application are the following supporting documents and annexes, to wit:

- a. Board Resolution authorizing the filing of the instant application;
- b. Board Resolution imploring upon the ERC to implement the RSEC-WR
- c. Local publication of the Application with Affidavit of Publication;
- d. Certifications of the concerned local Sanggunians;
- e. Completed RSEC-WR UFR Model;
- f. Completed Transition Model
- g. Working papers on details and explanations
- h. 2008 Audited Financial Statement
- i. Billing Determinants & Customer Class Allocation
- j. Current Statement of Account

PRAYER

WHEREFORE, foregoing premises considered, it is most respectfully prayed of this Honorable Commission, after due notice and hearing, to approve the new rate schedule for applicant ANTECO, as follows:

TYPE OF CUSTOMERS	UNITS	RATE DESIGN		
		D	S	M
Residential	Php/kWh	0.8449	0.7732	0.4569
	Php/Meter /Mo.			5.00
CAPEX	Php/kWh	0.4004		
Low Voltage	Php/kWh	0.9259		
	Php/Cust/Mo.		40.15	28.72
CAPEX	Php/kWh	0.4004		
Higher Voltage	Php/kWh	267.90		
	Php/Cust/Mo.		40.15	28.72
CAPEX	Php/kWh	0.4004		

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

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

Pasig City, Metro Manila, October 21, 2009.

**DECHAVEZ SAGAYO and LERIOS-AMBOY
LAW OFFICES**

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By:



DITAS A. LERIOS-AMBOY

Roll No. 40628

MCLE Compliance II Cert. No. 0003158 Feb. 28, 2008

PTR#5098945 Jan. 5, 2009 Pasig

IBP# 767996 Jan. 5, 2009 Rizal

Republic of the Philippines)
) Ss.

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

I, LUDOVICO D. LIM of legal age, Filipino and with office address at the Main Office of Antique Electric Cooperative, Inc. (ANTECO), Funda, San Jose, Antique, after being sworn to according to law, depose and state that:

1. I am the General Manager of Antique Electric Cooperative, Inc. (ANTECO);
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 ANTECO;
3. ANTECO 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 ____ day of November, 2009 at _____.

LUDOVICO D. LIM
Affiant

SUBSCRIBED AND SWORN to before me in _____, this ____ day of November 2009 by the affiant who exhibited to me his _____ issued at Culasi, Antique and with validity until _____.

Notary Public

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