

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

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

**ERC CASE NO. 2009-066RC**

**PAMPANGA 1 ELECTRIC  
COOPERATIVE, INC. (PELCO I),**

**Applicant.**

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**A P P L I C A T I O N**

**COMES NOW**, applicant Pampanga I Electric Cooperative, Inc. (PELCO I for short), through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. PELCO I 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 Sto. Domingo, Mexico, Pampanga where it may be served with summons and other legal processes, represented in this instance by its General Manager, Engr. Loliano E. Allas of legal age, Filipino and with office address also at PELCO I 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 Pampanga, namely: Arayat, Candaba, Magalang, Mexico, San Luis, and Sta. Ana;
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) authorizes the 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. Said regulatory framework is embodied in a document denominated as the *Rules for Setting the Electric Cooperatives' Wheeling Rates* (RSEC-WR);
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. PELCO I participated in the abovementioned public consultations, it has likewise submitted data/documents required by the ERC for purposes of implementing said rules;
9. On October 3, 2009, PELCO I's Board of Director's passed Board Resolution No. 43-09, 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 locality wherein the electric cooperatives operate, the ERC published for promulgation on September 24, 2009 the final RSEC-WR; thus, this application;
11. Under the RSEC-WR, PELCO I was categorized as Group "E";
12. As a Group "E" EC, PELCO I determined Operating Revenue Requirement (ORR) per kWh is PhP 1.32;
13. Further, PELCO I 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
BAPA	
Sale for Resale	
Small Commercial	Low Voltage Customers
Industrial	
Public Building	
Street Lights	
Irrigation/CWS	
Large Commercial	Higher Voltage Customers
Industrial	

14. After functionalizing and allocating the above set ORR and using the new customer class, PELCO I's initial Distribution, Supply and Metering (DSM) rate caps are as follows:

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP E	Residential		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/mo.	PhP/kW	PhP/Cust/mo.
Distribution	0.3104		0.7062		198.34	
Supply	0.3221			48.81		242.74
Metering	0.2236	5.00		40.89		203.33

15. As a Group "E" EC, PELCO I is also authorized to collect a Member's Contribution for Capital Expenditure Rate in the amount of PhP0.2904/kWh;

16. Considering the abovementioned rates, PELCO I's rate caps would be as follows: 1.) DSM – 1.32; and 2.) MCC – 0.2904;

GROUP E	Residential		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/mo.	PhP/kW	PhP/kWh	PhP/Cust/mo.
Distribution	0.5782		0.7595		219.68		
Supply	0.6001			42.92			42.92
Metering	0.4326	5.00		35.94			35.94
Members Contribution for CAPEX	0.2904		0.2904			0.2904	

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

Table 3. Proposed Transition Rates

E				
PAMPANGA I ELECTRIC COOPERATIVE, INC.				
	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	1.0000	-	-
<b>RESIDENTIAL</b>				
<b>Cust. Type: Residential</b>				
Distribution (kWh)	0.6243	0.5782	0.5782	0.5782
Supply (kWh)	0.3049	0.6001	0.6001	0.6001
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.2728	0.4326	0.4326	0.4326
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	-			
<b>LOW VOLTAGE</b>				
<b>Cust. Type: Commercial</b>				
Distribution (kWh)	0.3645	0.7595	0.7595	0.7595
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	34.5500	42.9203	42.9203	42.9203
Metering (Customer)	35.9100	35.9431	35.9431	35.9431
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>Cust. Type: Irrigation</b>				
Distribution (kWh)	0.5723	0.7595	0.7595	0.7595
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	34.5500	42.9203	42.9203	42.9203
Metering (Customer)	35.9100	35.9431	35.9431	35.9431
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			

<b>Cust. Type: Public Building</b>				
Distribution (kWh)	0.3895	0.7595	0.7595	0.7595
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	34.5500	42.9203	42.9203	42.9203
Metering (Customer)	35.9100	35.9431	35.9431	35.9431
Metering (kW)		-	-	
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>Cust. Type: Street Lights</b>				
Distribution (kWh)	0.4411	0.7595	0.7595	0.7595
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	32.9700	42.9203	42.9203	42.9203
Metering (Customer)	35.9100	35.9431	35.9431	35.9431
Metering (kW)		-	-	
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>Cust. Type: Industrial</b>				
Distribution (kWh)	0.2490	0.7595	0.7595	0.7595
Distribution (kW)	20.0000	-	-	
Supply (kWh)		-	-	
Supply (Customer)	34.5500	42.9203	42.9203	42.9203
Metering (Customer)	35.9100	35.9431	35.9431	35.9431
Metering (kW)		-	-	
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>HIGHER VOLTAGE</b>				
<b>Cust. Type: Industrial</b>				
Distribution (kWh)	0.2490	-	-	
Distribution (kW)	20.0000	219.6807	219.6807	219.6807
Supply (kWh)		-	-	
Supply (Customer)	34.5500	42.9203	42.9203	42.9203
Metering (Customer)	35.9100	35.9431	35.9431	35.9431
Metering (kW)		-	-	
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			

<b>Cust. Type: Commercial</b>				
Distribution (kWh)	0.3645	-	-	
Distribution (kW)	-	219.6807	219.6807	219.6807
Supply (kWh)		-	-	
Supply (Customer)	34.5500	42.9203	42.9203	42.9203
Metering (Customer)	35.9100	35.9431	35.9431	35.9431
Metering (kW)		-	-	
Members Contribution for Capital Expenditures	-	0.2904	0.2904	0.2904
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>Cust. Type: Irrigation</b>				
Distribution (kWh)	0.5723	-	-	
Distribution (kW)	-	219.6807	219.6807	219.6807
Supply (kWh)		-	-	
Supply (Customer)	34.5500	42.9203	42.9203	42.9203
Metering (Customer)	35.9100	35.9431	35.9431	35.9431
Metering (kW)		-	-	
Members Contribution for Capital Expenditures	-	0.2904	0.2904	0.2904
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			

18. PELCO I believes that the implementation of the proposed rates would be to the best interest of its consumers considering that it would be returned to them in the form of dependable and quality electric service; and
19. PELCO I has duly complied with the pre filing requirements by furnishing copies of the Application together with its supporting annexes and accompanying documents to the Local Government Units' legislative bodies within the franchise area and published the Application in its entirety in a newspaper of general circulation in the Province of Pampanga.

## 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 PELCO I, as follows:

TYPE OF CUSTOMERS	UNITS	RATE DESIGN			
		D	S	M	CAPEX
Residential	PhP/kWh	0.5782	0.6001	0.4326	0.2904
	PhP/Cust/Mo.			5	
Low Voltage	PhP/kWh	0.7595			0.2904
	PhP/Cust/Mo.		42.92	35.94	
Higher Voltage	PhP/kWh				0.2904
	PhP/kWh	219.68			
	PhP/Cust/Mo.		42.92	35.94	

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.

Cainta, Rizal for Pasig City, 9 October 2009.

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