

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

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

ERC CASE NO. 2009-073 RC

**AURORA ELECTRIC COOPERATIVE,
INC. (AURELCO)**

Applicant.

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A P P L I C A T I O N

COMES NOW, applicant Aurora Electric Cooperative, Inc. (AURELCO for brevity), through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. AURELCO 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 Barangay Reserva Baler Aurora where it may be served with summons and other legal processes, represented in this instance by its General Manager, Agripino A. Teh San, of legal age, Filipino and with office address also at AURELCO 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 AURORA, namely: Baler, San Luis, Maria Aurora, Dipaculao, Dingalan, Casiguran, Dinalungan, Dilasag & Dinapigue.

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. AURELCO participated in the abovementioned public consultations, and it submitted data/documents required by the ERC during the drafting of the said rules;

9. On October 10, AURELCO's Board of Director's passed Board Resolution No. 81-2009, 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 was published in the Manila Bulletin on September 24,2009.

11. Under the RSEC-WR, AURELCO was categorized under Group "A";

12. As a Group "A" EC, AURELCO's determined Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR is Php 2.4200;

13. Further, AURELCO 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	
Industrial	Higher Voltage Customers

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

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP A	Residential		Low Voltage		Higher Voltage	
	Php/kWh	Php/meter/mo.	Php/kWh	Php/Cust/Mo	Php/kW	Php/Cust/Mo
Distribution	1.0557		1.1577		302.51	
Supply	1.0282			42.82		42.82
Metering	0.5792	Php 5.00		29.12		29.12

15. As a Group “ A” EC, AURELCO is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP.05324/kWh;

16. Considering the abovementioned rates, AURELCO’s rate caps would be as follows: 1.) DSM – 2.4200; and 2.) MCC – 0.5324;

GROUP A	Residential		Low Voltage		Higher Voltage	
	Php/kWh	Php/meter/mo.	Php/kWh	Php/Cust/Mo	Php/kW	Php/Cust/Mo
Distribution	1.0557		1.1577		302.51	
Supply	1.0282			42.82		42.82
Metering	0.5792	Php 5.00		29.12		29.12
Members Contribution for CAPEX	0.5324		0.5324		0.5324/kwh	

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

Table 3. Proposed Transition Rates

Group: A		Rates Billed			
Name: AURORA ELECTRIC COOPERATIVE, INC.		Current	Start of Transition	End of Year one	End of Transition
Percentage increase		1.0000	1.0000		
RESIDENTIAL					
Residential:					
Distribution (kWh)		1.7520	1.0557	1.0557	1.0557
Supply (kWh)		0.7643	1.0282	1.0282	1.0282
Metering (Customer)		5.0000	5.0000	5.0000	5.0000
Metering (kWh)		0.3553	0.5792	0.5792	0.5792
Members Contribution for Capital Expenditures		-	0.5324	0.5324	0.5324
Final Loan Condo (kWh)		(0.6910)	-	-	-
LOW VOLTAGE					
Commercial (Low Voltage)					
Distribution (kWh)		1.1888	1.1577	1.1577	1.1577
Distribution (kW)			-	-	-
Supply (kWh)			-	-	-
Supply (Customer)		46.5400	42.8215	42.8215	42.8215
Metering (Customer)		39.1800	29.1221	29.1221	29.1221
Metering (kWh)			-	-	-
Members Contribution for Capital Expenditures		-	0.5324	0.5324	0.5324
Final Loan Condo (kWh)		(0.3537)	-	-	-
Final Loan Condo (Customer)		(5.0627)	-	-	-
Public Building (Low Voltage)					
Distribution (kWh)		1.0317	1.1577	1.1577	1.1577
Distribution (kW)					
Supply (kWh)					
Supply (Customer)		36.5400	42.8215	42.8215	42.8215
Metering (Customer)		21.4300	29.1221	29.1221	29.1221
Metering (kWh)					
Members Contribution for Capital Expenditures			0.5324	0.5324	0.5324
Final Loan Condo (kWh)		(0.2730)			
Final Loan Condo (Customer)		(2.8503)			

Street Lights (Low Voltage)				
Distribution (kWh)	0.8466	1.1577	1.1577	1.1577
Distribution (kW)				
Supply (kWh)				
Supply (Customer)	36.6100	42.8215	42.8215	42.8215
Metering (Customer)		29.1221	29.1221	29.1221
Metering (kWh)				
Members Contribution for Capital Expenditures		0.5324	0.5324	0.5324
Final Loan Condo (kWh)	(0.1750)			
Final Loan Condo (Customer)	(.6431)			
Industrial (Low Voltage)				
Distribution (kWh)	1.0642	1.1577	1.1577	1.1577
Distribution (kW)		-	-	-
Supply (kWh)		-	-	-
Supply (Customer)	60.6700	42.8215	42.8215	42.8215
Metering (Customer)	60.5500	29.1221	29.1221	29.1221
Metering (kWh)		-	-	-
Members Contribution for Capital Expenditures	-	0.5324	0.5324	0.5324
Final Loan Condo (kWh)	(0.2929)	-	-	-
Final Loan Condo (Customer)	(7.9673)	-	-	-
HIGHER VOLTAGE				
Industrial (>220/240)				
Distribution (kWh)	1.0642			-
Distribution (kW)	-	302.5110	302.5110	302.5110
Supply (kWh)		-	-	-
Supply (Customer)	60.6700	42.8215	42.8215	42.8215
Metering (Customer)	60.5500	29.1221	29.1221	29.1221
Metering (kWh)		-	-	-
Members Contribution for Capital Expenditures	-	0.5324	0.5324	0.5324
Final Loan Condo (kWh)	(0.2929)	-	-	-
Final Loan Condo (Customer)	(7.9673)	-	-	-

18. AURELCO is applying for the implementation of the proposed rates as it strongly believes that this will pave the way to developing its efficiency and eventually achieve self-reliance and financial independence. It has chosen to implement the proposed rates in full at the start of the Transition Period to enable it to achieve said objectives at the soonest possible time for the benefit of its consumers.

19. AURELCO 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 Aurora.

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 the ERC to implement the RSEC-WR
- c. Local publication of the Application with Affidavit of Publication;
- d. Certification 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 and 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 AURELCO, as follows:

TYPE OF CUSTOMERS	UNITS	RATE DESIGN		
		D	S	M
Residential	Php/kWh	1.0557	1.0282	0.5792
	Php/Cust/Mo			5.0000
CAPEX	Php/kWh	0.5324		
Low Voltage	Php/kWh	1.1577		
	Php/Cust/Mo		42.82	29.12
CAPEX	Php/kWh	0.5324		
High Voltage	Php/kWh	302.51		
	Php/Cust/Mo		42.82	29.12
CAPEX	Php/kWh	0.5324		

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 12, 2009.

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By:



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Roll No. 40628
MCLE Compliance II Cert. No. 0003158 Feb. 28, 2008
PTR#5098945 Jan. 5, 2009 Pasig
IBP# 767996 Jan. 5, 2009 Rizal**