

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. 2009-77RC

BILIRAN ELECTRIC  
COOPERATIVE, Inc. (BILECO)  
Applicant.

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

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

1. BILECO 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 National Highway, Brgy. Caraycaray, Naval, Biliran, where it may be served with summons and other legal processes, represented in this instance by its General Manager, MARLON B. ROA, of legal age, Filipino and with office address also at BILECO Main Office, National Highway Brgy. Caraycaray, Naval, Biliran.
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 Biliran, namely: Almeria, Biliran, Cabucgayan, Caibiran, Culaba, Kawayan and Naval;

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. BILECO participated in the abovementioned public consultations, it has likewise 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 7, 2009, the BILECO Board of Directors adopted Resolution No. 28-A, Series of 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 where the electric cooperatives operate, the ERC promulgated the final RSEC-WR on September 22, 2009 which became effective fifteen (150 days after its publication in the Manila Bulletin on September 24, 2009;

11. Under the RSEC-WR, BILECO is categorized under Group “A”;
12. As a Group “A” EC, BILECO determined Operating Revenue Requirement (ORR) per kWh is PhP2.4200;
13. Further, BILECO 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	Higher Voltage Customers
Large Commercial	
Industrial	

14. After functionalizing and allocating the above-set ORR and using the new customer class, BILECO’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/kWh	PhP/Cust/Mo
Distribution	1.0557		1.1577		302.5110	
Supply	1.0282			42.8215		42.8215
Metering	0.5792	5.00		29.1221		29.1221

15. As a Group “A” EC, BILECO is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP0.5324/kWh;
16. Considering the abovementioned rates, BILECO’s rate caps would be as follows: 1.) DSM – PhP2.4200; and 2.) MCC –PhP0.5324;

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		302.5110	
Supply	1.0282			42.8215		42.8215
Metering	0.5792	5.00		29.1221		29.1221
Member's Contribution for CAPEX	0.5324		0.5324		0.5324	

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

**Table 3. Proposed Transition Rates**

A		Rates Billed			
Name: BILIRAN ELECTRIC COOPERATIVE, INC. (BILECO)		Current	Start of Transition	End of Year one	End of Transition
Percentage increase	0.6600	0.3300	0.3300	-	
<b>RESIDENTIAL</b>					
<b>Cust. Type: Residential</b>					
Distribution (kWh)	1.2475	1.1842	1.1209	1.0557	
Supply (kWh)	0.5763	0.7254	0.8745	1.0282	
Metering (Customer)	5.0000	5.0000	5.0000	5.0000	
Metering (kWh)	0.9262	0.8117	0.6972	0.5792	
Members Contribution for Capital Expenditures		0.5324	0.5324	0.5324	
Final Loan Condo (kWh)	(0.4890)				
<b>Cust. Type:</b>					
Distribution (kWh)	1.0000	1.0184	1.0368	1.0557	
Supply (kWh)	1.0000	1.0093	1.0186	1.0282	
Metering (Customer)	5.0000	5.0000	5.0000	5.0000	
Metering (kWh)	0.5000	0.5261	0.5523	0.5792	
Members Contribution for Capital Expenditures		0.5324	0.5324	0.5324	
Final Loan Condo (kWh)	(0.1000)				
<b>LOW VOLTAGE</b>					
<b>Cust. Type: Commercial</b>					
Distribution (kWh)	1.1008	1.1196	1.1383	1.1577	
Distribution (kW)		-	-		
Supply (kWh)		-	-		
Supply (Customer)	30.5800	34.6197	38.6594	42.8215	
Metering (Customer)		43.9545		29.1221	

	51.2600		36.6490	
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.5324	0.5324	0.5324
Final Loan Condo (kWh)	(0.2800)			
Final Loan Condo (customer)	(9.4407)			
<b>Cust. Type: Industrial</b>				
Distribution (kWh)	-	0.3820	0.7641	1.1577
Distribution (kW)	-	-	-	
Supply (kWh)		-	-	
Supply (Customer)	-	14.1311	28.2622	42.8215
Metering (Customer)	-	9.6103	19.2206	29.1221
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.5324	0.5324	0.5324
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>Cust. Type: Public Building</b>				
Distribution (kWh)	1.1019	1.1203	1.1387	1.1577
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	30.5800	34.6197	38.6594	42.8215
Metering (Customer)	51.2600	43.9545	36.6490	29.1221
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.5324	0.5324	0.5324
Final Loan Condo (kWh)	(0.2807)			
Final Loan Condo (customer)	(9.4408)			
<b>Cust. Type: Street Light</b>				
Distribution (kWh)	0.8772	0.9698	1.0623	1.1577
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	30.5800	34.6197	38.6594	42.8215
Metering (Customer)		9.6103	19.2206	29.1221
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.5324	0.5324	0.5324
Final Loan Condo (kWh)	(0.2323)			
Final Loan Condo (customer)	(1.2252)			

<b>Cust. Type:</b>				
Distribution (kWh)	1.0000	1.0520	1.1041	1.1577
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	25.0000	30.8811	36.7622	42.8215
Metering (Customer)	25.0000	26.3603	27.7206	29.1221
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.5324	0.5324	0.5324
Final Loan Condo (kWh)	(0.1000)			
Final Loan Condo (customer)	(5.0000)			
<b>Cust. Type:</b>				
Distribution (kWh)	1.0000	1.0520	1.1041	1.1577
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	25.0000	30.8811	36.7622	42.8215
Metering (Customer)	25.0000	26.3603	27.7206	29.1221
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.5324	0.5324	0.5324
Final Loan Condo (kWh)	(0.1000)			
Final Loan Condo (customer)	(5.0000)			
<b>HIGHER VOLTAGE</b>				
<b>Cust. Type: Industrial</b>				
Distribution (kWh)	-	-	-	
Distribution (kW)	-	99.8286	199.6572	302.5110
Supply (kWh)		-	-	
Supply (Customer)	-	14.1311	28.2622	42.8215
Metering (Customer)	-	9.6103	19.2206	29.1221
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.5324	0.5324	0.5324
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>Cust. Type: Commercial</b>				
Distribution (kWh)	-	-	-	

Distribution (kW)	-	99.8286	199.6572	302.5110
Supply (kWh)		-	-	
Supply (Customer)	-	14.1311	28.2622	42.8215
Metering (Customer)	-	9.6103	19.2206	29.1221
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures	-	0.5324	0.5324	0.5324
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>Cust. Type:</b>				
Distribution (kWh)		-	-	
Distribution (kW)	30.0000	119.9286	209.8572	302.5110
Supply (kWh)		-	-	
Supply (Customer)	25.0000	30.8811	36.7622	42.8215
Metering (Customer)	25.0000	26.3603	27.7206	29.1221
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures	-	0.5324	0.5324	0.5324
Final Loan Condo (kWh)	(0.1000)			
Final Loan Condo (customer)	(5.0000)			
<b>Cust. Type:</b>				
Distribution (kWh)		-	-	
Distribution (kW)	30.0000	119.9286	209.8572	302.5110
Supply (kWh)		-	-	
Supply (Customer)	25.0000	30.8811	36.7622	42.8215
Metering (Customer)	25.0000	26.3603	27.7206	29.1221
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.5324	0.5324	0.5324
Final Loan Condo (kWh)	(0.1000)			
Final Loan Condo (customer)	(5.0000)			

18. BILECO Is applying to implement the proposed rates as it strongly believes that this will encourage the cooperative to develop efficiency and achieve self-reliance and financial independence, and be able to comply with the mandate of the EPIRA to deliver more reliable, efficient, safe and quality service to its consumers. It has chosen to implement the proposed rates during the Transition Period in three (3) installments for

Distribution, Supply, and Metering up to the tariff cap in order to mitigate the impact of the adjustment both on the cooperative and its customers especially on the Distribution, Supply and Metering charges which showed positive and a negative effect from the existing rates; and One (1) time for CAPEX rate at the start of the transition period to enable the cooperative to raise funds needed for its projects.

19. BILECO 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 Biliran and the Sangguniang Bayan of Naval and published the Application in its entirety in a newspaper of general circulation in Region VIII.
18. 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 new rate setting methodology embodied in 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 BILECO, as follows:

TYPE OF CUSTOMERS	UNITS	RATE DESIGN		
		D	S	M
Residential	PhP/kWh	1.055747	1.02818	0.57919
	PhP/Cust/Mo			5.00
CAPEX	PhP/kWh	0.5324		
Low Voltage	PhP/kWh	1.157693		
	PhP/Cust/Mo		42.8215	29.1221
CAPEX	PhP/kWh	0.5324		
High Voltage	PhP/kWh	302.511		
	PhP/Cust/Mo		42.8215	29.1221
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 26, 2009.

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

Counsel for BILECO  
Units 1609-1610 Tycoon Centre  
Pearl Drive Ortigas Center  
Pasig City, Metro Manila

**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)  
Pasig City ) S s.

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

I, MARLON B. ROA of legal age, Filipino and with office address at the Main Office of Biliran Electric Cooperative, Inc. (BILECO), Caraycaray, Naval, Biliran, after being sworn to according to law, depose and state that:

1. I am the General Manager of the Biliran Electric Cooperative, Inc. (BILECO);


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 the Biliran Electric Cooperative (BILECO);

3. The Biliran Electric Cooperative, Inc. (BILECO) 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 at Pasig City this 26<sup>th</sup> day of October, 2009.

  
MARLON B. ROA  
Affiant

SUBSCRIBED AND SWORN to before me in Pasig City, this 26<sup>th</sup> day of October 2009 by the affiant who exhibited to me his Community Tax Certificate No. 24369334 issued on January 8, 2009 at Naval, Biliran.

  
DITAS A. LERIOS-AMBOY  
Notary Public for and in Pasig City  
Until December 31, 2010  
Appointment No. 107 (2009-2010)  
PTR#5098945 Jan. 5, 2009 Pasig  
IBP# 767996 Jan. 5, 2009 Rizal

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