

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. 2009-2009-081RC

**CAMARINES SUR I ELECTRIC
COOPERATIVE, INC.
(CASURECO 1)**

Applicant.

X-----X

A P P L I C A T I O N

COMES NOW, applicant **CAMARINES SUR I ELECTRIC COOPERATIVE, INC. (CASURECO 1)**, through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. CASURECO 1 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 Puro-batia, Libmanan, Camarines Sur where it may be served with summons and other legal processes, represented in this instance by its Project Supervisor/Acting General Manager, Charito C. Mabitazan, of legal age, Filipino and with office address also at the CASURECO-1 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 municipalities of the province of Camarines Sur, namely:

Libmanan, Cabusao, Pamplona, Pasacao, Gainza, Sipocot, Lupi, Ragay, San Fernando and Camaligan;

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. Said regulatory framework is now embodied in 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. CASURECO 1 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 June 6, 2009, CASURECO 1’s Board of Directors passed Board Resolution No. 102-A, 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 and the same was published in the Manila Bulletin on September 24, 2009;

11. Under the RSEC-WR, CASURECO 1 is categorized under Group “B”;

12. As a Group “B” EC, CASURECO 1’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP1.8200;

13. Further, CASURECO 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
Commercial	Low Voltage Customers
Industrial	
Public Building	
Street Lights	
Irrigations	Higher Voltage Customers
Large Load	

14. After functionalizing and allocating its ORR and using the new customer class, CASURECO 1’s 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	5.000		28.72		28.72

15. As a Group “B” EC, CASURECO 1 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, CASURECO 1’s rate caps would be as follows: 1.) DSM – 1.8200; and 2.) MCC – 0.4004;

GROUP B	RESIDENTIAL		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kWh	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
Members Contribution for CAPEX	0.4004		0.4004		0.4004		

17. CASURECO 1 intends to move to the rate caps during the transition period as follows:

Table 3. Proposed Transition Rates

Group : B					
Name : CASURECO 1					
		Rates Billed			
		Current	Start of Transition	End of Year one	End of Transition
Percentage Increase		1.0000	.5000	.5000	-
RESIDENTIAL					
Residential :					
Distribution (kWh)		1.0344	0.9397	0.8449	0.8449
Supply (kWh)		1.1410	0.9571	0.7732	0.7732
Metering (Customer)		5.000	5.000	5.000	5.000
Metering (kWh)		0.5030	0.4800	0.4569	0.4569
Member Contri. for Capital Expenditure			0.4004	0.4004	0.4004

LOW VOLTAGE				
Commercial				
Distribution (kWh)	0.5744	0.7502	0.9259	0.9259
Supply (kWh)	0.2373	0.1187		
Supply (Customer)		20.0738	40.1477	40.1477
Metering (Customer)	27.7400	28.2323	28.7246	28.7246
Metering (kWh)				
Member Contri. for Capital Expenditure		0.4004	0.4004	0.4004
Industrial				
Distribution (kWh)	0.2478	0.5869	0.9259	0.9259
Distribution (kW)	22.0000	11.0000		
Supply (kWh)	0.0270	0.0135		
Supply (Customer)		20.0738	40.1477	40.1477
Metering (Customer)	27.7400	28.2323	28.7246	28.7246
Metering (kWh)				
Member Contri. for Capital Expenditure		0.4004	0.4004	0.4004
Public Building				
Distribution (kWh)	0.5817	0.7538	0.9259	0.9259
Distribution (kW)				
Supply (kWh)	0.2392	0.1196		
Supply (Customer)		20.0738	40.1477	40.1477
Metering (Customer)	27.7400	28.2323	28.7246	28.7246
Metering (kWh)				
Member Contri. for Capital Expenditure		0.4004	0.4004	0.4004
Street Light				
Distribution (kWh)	8.6932	4.8096	0.9259	0.9259
Distribution (kW)	-	-	-	-
Supply (kWh)	0.2337	0.1169		
Supply (Customer)		20.0738	40.1477	40.1477
Metering (Customer)	27.7400	28.2323	28.7246	28.7246
Metering (kWh)				
Member Contri. for Capital Expenditure		0.4004	0.4004	0.4004
Irrigation				
Distribution (kWh)	3.7724	2.3492	0.9259	0.9259
Distribution (KW)				
supply (kWh)	0.0553	0.0277		
Supply (Customer)		20.0738	40.1477	40.1477
Metering (Customer)	27.7400	28.2323	28.7246	28.7246
Metering (KWH)				
member contri. for capital expenditure		0.4004	0.4004	0.4004

HIGHER VOLTAGE				
Industrial				
Distribution (kWh)	0.2478	0.1239		
Distribution (kW)	22.0000	144.9518	267.9036	267.9036
Supply (kWh)	0.0270	0.0135	-	
Supply (Customer)	-	20.0738	40.1477	40.1477
Metering (Customer)	27.7400	28.2323	28.7246	28.7246
Metering (kWh)	-			
Member Contri. for Capital Expenditure		0.4004	0.04004	0.4004
Commercial				
Distribution (kWh)	0.5744	0.2872		
Distribution (kW)		133.9518	267.9036	267.9036
Supply (kWh)	0.2373	0.1187		
Supply (Customer)		20.0738	40.1477	40.1477
Metering (Customer)	27.7400	28.2323	28.7246	28.7246
Metering (kWh)				
Member Contri. for Capital Expenditure		0.4004	0.4004	0.4004

18. CASURECO 1 submits that the implementation of the proposed rates would work to the best interest of its consumers as it would be encouraged to improve its efficiency and be able to provide reliable and quality service to its consumers.

Further, CASURECO 1 has chosen to implement the proposed rates during the transition period as follows: 50%; 50% for DSM rates to mitigate the impact of the adjustment towards the initial tariff; and 100% for Members' Contribution for Capital Expenditures to be able to provide funds for its capital projects at the start of transition period.

19. CASURECO 1 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 Camarines Sur and the Sangguniang Bayan of Libmanan, Camarines Sur and published the Application in its entirety in a newspaper of general circulation in the Province of Camarines Sur.

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. 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 CASURECO 1, as follows:

TYPE OF CONSUMERS	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/kW	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, Charito C. Mabitazan of legal age, Filipino and with office address at the Main Office of Camarines Sur 1 Electric Cooperative, Inc. (CASURECO 1), after being sworn to according to law, depose and state that:

1. I am the Project Supervisor/Acting General Manager of Camarines Sur 1 Electric Cooperative, Inc. (CASURECO 1);

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 CASURECO 1;

3. CASURECO 1 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 October, 2009 at _____.

CHARITO C. MABITAZAN
Affiant

SUBSCRIBED AND SWORN to before me in Libmanan, Camarines Sur, this 27th day of October 2009 by the affiant who exhibited to me his Professional Identification Card No. 0044730 issued at Metro Manila and with validity until January 2, 2011.

Notary Public

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