

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. 2009-086RC

**PAMPANGA II ELECTRIC
COOPERATIVE, Inc. (PELCO II)
Applicant.**

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A P P L I C A T I O N

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

1. PELCO II 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 San Roque, Guagua, Pampanga 2003 where it may be served with summons and other legal processes, represented in this instance by its General Manager, Amador T. Guevarra, of legal age, Filipino and with office address also at PELCO II main 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: Mabalacat, Guagua, Lubao, Sta. Rita, Bacolor, Porac, and Sasmuan;

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 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 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 II participated in the abovementioned public consultations, and it submitted data/documents required by the ERC during the drafting said rules;
9. On October 13, 2009, PELCO II’s Board of Director’s passed Board Resolution No. 109-09, 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 localities wherein the electric cooperatives operate, the ERC issued the final RSEC-WR and the same was published in a newspaper of general circulation on September 24, 2009;
11. Under the RSEC-WR, PELCO II was categorized as Group “F”;

12.As a Group “F” EC, PELCO II’s determined Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR is PhP 0.990 ;

13.Further, PELCO II 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	
Commercial	Low Voltage Customers
Industrial	
Public Building	
Street Lights	
Irrigation	
Commercial	Higher Voltage Customers
Industrial	
Public Building	
Street Lights	
Irrigation	

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

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP	Residential		Low Voltage		Higher Voltage	
	PhP/kWh	Php/meter/mo.	PhP/kWh	Php/cust/mo.	PhP/kW	Php/cust/mo.
Distribution	0.4613		0.4441		167.5632	
Supply	0.5376			46.6048		46.6048
Metering	0.3205	5.0000		32.7818		32.7818

15. As a Group “F” EC, PELCO II is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP 0.2178/kWh;

16. Considering the above mentioned rates, PELCO II’s rate caps would be as follows: 1.) DSM – P 0.9900; and 2.) MCC – P 0.2178;

GROUP	Residential		Low Voltage		Higher Voltage	
	PhP/kWh	Php/meter/mo.	PhP/kWh	Php/cust/mo.	PhP/kW	Php/cust/mo.
Distribution	0.4613		0.4441		167.56	
Supply	0.5376			P 46.6048		46.6048
Metering	0.3205	P 5.0000		P 32.7818		32.7818
Members Contribution for CAPEX	0.2178		0.2178		0.2178	

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

Table 3. Proposed Transition Rates

For this table, please refer to the next two pages, nos. 5 and 6.

Group: F
Name: Pampanga II Electric Cooperative, Inc.

		Rates Billed			
		Current	Start of Transition	End of Year one	End of Transition
Percentage Increase		1.0000	1.0000		
RESIDENTIAL					
Residential					
Distribution (kWh)		0.6381	0.4613	0.4613	0.4613
Supply (kWh)		0.3391	0.5376	0.5376	0.5376
Metering (Customer)		5.0000	5.0000	5.0000	5.0000
Metering (kWh)		0.3149	0.3205	0.3205	0.3205
Members Contribution for Capital Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.3211)				
LOW VOLTAGE					
Commercial (Low Voltage)					
Distribution (kWh)		0.3823	0.4441	0.4441	0.4441
Distribution (kW)					
Supply (kWh)					
Supply (Customer)		35.6700	46.6048	46.6048	46.6048
Metering (Customer)		144.41	32.7818	32.7818	32.7818
Metering (kWh)					
Members Contribution for Capital Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.1444)				
Final Loan Condo (customer)					
Industrial (Low Voltage)					
Distribution (kWh)		0.3330	0.4441	0.4441	0.4441
Distribution (kW)		25.30			
Supply (kWh)					
Supply (Customer)		35.6700	46.6048	46.6048	46.6048
Metering (Customer)		246.6200	32.7818	32.7818	32.7818
Metering (kWh)					
Members Contribution for Capital Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.1418)				
Final Loan Condo (customer)					
Public Buildings (Low Voltage)					
Distribution (kWh)		0.4034	0.4441	0.4441	0.4441
Distribution (kW)					
Supply (kWh)					
Supply (Customer)		35.6700	46.6048	46.6048	46.6048
Metering (Customer)		19.0300	32.7818	32.7818	32.7818
Metering (kWh)					
Members Contribution for Capital Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.1498)				
Final Loan Condo (customer)					
Street Lights (Low Voltage)					
Distribution (kWh)		3.3187	0.4441	0.4441	0.4441
Distribution (kW)					
Supply (kWh)					
Supply (Customer)		32.7100	46.6048	46.6048	46.6048
Metering (Customer)			32.7818	32.7818	32.7818
Metering (kWh)					
Members Contribution for Capital Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.1553)				
Final Loan Condo (customer)					
Irrigation (Low Voltage)					
Distribution (kWh)		0.4051	0.4441	0.4441	0.4441
Distribution (kW)					
Supply (kWh)					
Supply (Customer)		35.6700	46.6048	46.6048	46.6048
Metering (Customer)		120.7200	32.7818	32.7818	32.7818
Metering (kWh)					
Members Contribution for Capital Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.1577)				
Final Loan Condo (customer)					

Group: F

Name: Pampanga II Electric Cooperative, Inc.

		Rates Billed			
		Current	Start of Transition	End of Year one	End of Transition
Percentage Increase		1.0000	1.0000		
HIGHER VOLTAGE					
Commercial (Higher Voltage)					
Distribution (kWh)		0.3823			
Distribution (kW)			167.5632	167.5632	167.5632
Supply (kWh)					
Supply (Customer)		35.6700	46.6048	46.6048	46.6048
Metering (Customer)		144.4100	32.7818	32.7818	32.7818
Metering (kWh)					
Members Contribution for Capital Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)		(0.1444)			
Final Loan Condo (customer)					
Industrial (Higher Voltage)					
Distribution (kWh)		0.3330			
Distribution (kW)		25.30	167.5632	167.5632	167.5632
Supply (kWh)					
Supply (Customer)		35.6700	46.6048	46.6048	46.6048
Metering (Customer)		246.6200	32.7818	32.7818	32.7818
Metering (kWh)					
Members Contribution for Capital Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)		(0.1418)			
Final Loan Condo (customer)					
Irrigation (Higher Voltage)					
Distribution (kWh)		0.4051			
Distribution (kW)			167.5632	167.5632	167.5632
Supply (kWh)					
Supply (Customer)		35.6700	46.6048	46.6048	46.6048
Metering (Customer)		120.7200	32.7818	32.7818	32.7818
Metering (kWh)					
Members Contribution for Capital Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)		(0.1577)			
Final Loan Condo (customer)					
Public Buildings (Higher Voltage)					
Distribution (kWh)		0.4034			
Distribution (kW)			167.5632	167.5632	167.5632
Supply (kWh)					
Supply (Customer)		35.6700	46.6048	46.6048	46.6048
Metering (Customer)		19.0300	32.7818	32.7818	32.7818
Metering (kWh)					
Members Contribution for Capital Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)		(0.1498)			
Final Loan Condo (customer)					
Street Lights (Higher Voltage)					
Distribution (kWh)		3.3187			
Distribution (kW)			167.5632	167.5632	167.5632
Supply (kWh)					
Supply (Customer)		32.7100	46.6048	46.6048	46.6048
Metering (Customer)			32.7818	32.7818	32.7818
Metering (kWh)					
Members Contribution for Capital Expenditures			0.2178	0.2178	0.2178
Final Loan Condo (kWh)		(0.1553)			
Final Loan Condo (customer)					

18. PELCO II submits that the implementation of the proposed rates would be to the best interest of its consumers; and
19. PELCO II 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 II, as follows:

TYPE OF CUSTOMERS	UNITS	RATE DESIGN		
		D	S	M
Residential	Php/kWh	0.4613	0.5376	0.3205
	Php/Cust/Mo			5.0000
CAPEX	Php/kWh	0.2178	0.2178	0.2178
Low Voltage	Php/kWh	0.4441		
	Php/Cust/Mo		46.6048	32.7800
CAPEX	Php/kWh	0.2178	0.2178	0.2178
Higher Voltage	Php/kW	167.5632		
	Php/Cust/Mo		46.6048	32.7800
CAPEX	Php/kWh	0.2178	0.2178	0.2178

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, 25 October 2009.

ARNIDO O. INUMERABLE

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