

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

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

ERC CASE NO. 2009-089 RC

**QUIRINO ELECTRIC
COOPERATIVE, INC.
(QUIRELCO)**

Applicant.

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A P P L I C A T I O N

COMES NOW, applicant **QUIRINO ELECTRIC SERVICE
COOPERATIVE, INC. (QUIRELCO)**, through the undersigned counsel, and unto
this Honorable Commission, most respectfully states:

1. QUIRELCO 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 Aurora East, Diffun, Quirino, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Engr. Jimmy M. Tumacder, of legal age, Filipino and with office address also at QUIRELCO 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 Quirino, namely: Diffun, Cabarroguis, Saguday, Aglipay, Maddela and Nagtipunan;
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 new *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. QUIRELCO 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 May 07, 2009, QUIRELCO Board of Directors passed Board Resolution No. 034, 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 and the same was published in the Manila Bulletin on September 24, 2009;
11. Under the RSEC-WR, QUIRELCO is categorized under Group “A”;
12. As a Group “A” EC, QUIRELCO’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP 2.42;
13. Further, QUIRELCO 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 Costumers
Industrial	
Public Building	
Street Lights	

14. After functionalizing and allocating its ORR and using the new customer class, QUIRELCO’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	5.0000		29.12		29.12

15. As a Group “A” EC, QUIRELCO is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP 0.5324 /kWh;

16. Considering the abovementioned rates, QUIRELCO’s rate caps would be as follows: 1.) DSM – Php 2.42/kWh; and 2.) MCC – Php 0.6037/kWh;

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	5.0000		29.12		29.12
Members Contribution for CAPEX	0.6037		0.6037		0.6037	

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

Table 3. Proposed Transition Rates

A				
Name: QUIRINO ELECTRIC COOPERATIVE, INC.				
	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	0.3333	0.3333	0.3333
RESIDENTIAL				
Cust. Type: Residential				
Distribution (kWh)	1.6741	1.4680	1.2619	1.0557
Supply (kWh)	0.9882	1.0015	1.0149	1.0282
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.4274	0.4780	0.5286	0.5792
Members Contribution for Capital Expenditures		0.6037	0.6037	0.6037
Final Loan Condo (kWh)	(0.6691)			
SUB-TOTAL				
LOW VOLTAGE				
Cust. Type: Small Commercial				
Distribution (kWh)	0.9947	1.0490	1.1034	1.1577
Distribution (kW)	-	-	-	
Supply (kWh)	0.0961	0.0641	0.0320	
Supply (Customer)	33.2000	36.4072	39.6144	42.8215
Metering (Customer)	30.0000	29.7074	29.4147	29.1221
Metering (kWh)	0.0781	0.0521	0.0260	
Members Contribution for Capital Expenditures		0.6037	0.6037	0.6037
Final Loan Condo (kWh)	(0.1780)			
Final Loan Condo (customer)	(2.8101)			
Cust. Type: Big Commercial				
Distribution (kWh)	2.0068	1.7238	1.4407	1.1577
Distribution (kW)	-	-	-	
Supply (kWh)	0.0680	0.0453	0.0227	
Supply (Customer)	33.2000	36.4072	39.6144	42.8215
Metering (Customer)	30.0000	29.7074	29.4147	29.1221
Metering (kWh)	0.2469	0.1646	0.0823	
Members Contribution for Capital Expenditures		0.6037	0.6037	0.6037
Final Loan Condo (kWh)	(0.8288)			
Final Loan Condo (customer)	(3.5057)			
Cust. Type: Industrial				
Distribution (kWh)	26.3953	17.9828	9.5702	1.1577
Distribution (kW)	-	-	-	
Supply (kWh)	0.0348	0.0232	0.0116	
Supply (Customer)	33.2000	36.4072	39.6144	42.8215
Metering (Customer)	30.0000	29.7074	29.4147	29.1221
Metering (kWh)	0.2025	0.1350	0.0675	
Members Contribution for Capital Expenditures		0.6037	0.6037	0.6037
Final Loan Condo (kWh)	(0.7283)			
Final Loan Condo (customer)	(6.8452)			

Cust. Type: Public Buildings				
Distribution (kWh)	0.7923	0.9141	1.0359	1.1577
Distribution (kW)	-	-	-	
Supply (kWh)	0.0676	0.0451	0.0225	
Supply (Customer)	33.2000	36.4072	39.6144	42.8215
Metering (Customer)	30.0000	29.7074	29.4147	29.1221
Metering (kWh)	0.5995	0.3997	0.1998	
Members Contribution for Capital Expenditures		0.6037	0.6037	0.6037
Final Loan Condo (kWh)	(0.4643)			
Final Loan Condo (customer)	(0.5900)			
Cust. Type: Street Lights				
Distribution (kWh)	8.9389	6.3452	3.7514	1.1577
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	33.2000	36.4072	39.6144	42.8215
Metering (Customer)	-	9.7074	19.4147	29.1221
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.6037	0.6037	0.6037
Final Loan Condo (kWh)	(7.2025)			
Final Loan Condo (customer)	(0.2874)			

18. QUIRELCO submits that the implementation of the proposed rates would work to the best interest of its consumers as it would encourage the cooperative to become more efficient and be able to deliver reliable and quality service to its consumers. Further, QUIRELCO has chosen to implement the proposed rates during the transition period as follows: in three (3) tranches for DSM Rates to mitigate the impact of the adjustment towards the initial tariff, and 100% for CAPEX Rate to provide funding necessary for its capital projects.

19. QUIRELCO 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 Quirino and the Sangguniang Bayan of Diffun and published the Application in its entirety in a newspaper of general circulation in the Province of Quirino.

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 QUIRELCO, as follows:

TYPE OF CONSUMERS	UNITS	RATE DESIGN			CAPEX
		D	S	M	
Residential	PhP/kWh	1.0557	1.0282	0.5792	0.6037
	PhP/meter/Mo.			5.0000	
Low Voltage	PhP/kWh	1.1577			0.6037
	PhP/Cust/Mo.		42.82	29.12	
Higher Voltage	Php/kw	302.51			
	PhP/kWh				0.6037
	PhP/Cust/Mo.		42.82	29.12	

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 27, 2009.

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

Counsel for QUIRELCO
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, Metro Manila) Ss.

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

I, Engr. Jimmy M. Tumacder, of legal age, Filipino and with office address at the Main Office of Quirino Electric Cooperative, Inc. (QUIRELCO), Aurora East, Diffun, Quirino, after being sworn to according to law, depose and state that:

1. I am the General Manager of Quirino Electric Cooperative, Inc. (QUIRELCO);

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 QUIRELCO;

3. QUIRELCO 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 27th day of October, 2009 at Pasig Cty.

Engr. Jimmy M. Tumacder
Affiant

SUBSCRIBED AND SWORN to before me in Pasig City, this 27th day of October 2009 by the affiant who exhibited to me his _____ issued at _____ and with validity until _____.

Notary Public

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