

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. 2009-109RC

NEGROS OCCIDENTAL ELECTRIC
COOPERATIVE,
(NOCECO)

Applicant.

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APPLICATION

COMES NOW, applicant **NEGROS OCCIDENTAL ELECTRIC COOPERATIVE** (**NOCECO** for brevity), through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. NOCECO 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 Naga, Kabankalan City, Negros Occidental, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Lamberto M. Canlas, of legal age, Filipino and with office address at the NOCECO Office;
2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to distribute electricity and power services in the cities of Kabankalan, Sipalay, Himamaylan, and La Carlota and the municipalities Pulpandan, Valladolid, San Enrique, Pontevedra, La

Castellana, Moises Padilla, Isabela, Hinigaran, Binalbagan, Ilog, Cauayan, Candoni and Hinoba-an all of the province of Negros Occidental;

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 Energy Regulatory Commission (ERC) embarked on a process to establish a new rate setting methodology for determining electric cooperatives’ (ECs) wheeling 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. NOCECO participated in the abovementioned public consultations and it submitted data/documents required by the ERC during the drafting of the said Rules;
7. Said regulatory framework is 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. After holding another round of public consultations nationwide, particularly in the localities wherein the electric cooperative operate, the ERC issued the final RSEC-WR and the same was published in the Manila Bulletin on September 24, 2009,
10. Under the RSEC-WR, NOCECO is categorized under Group “E”;
11. As a Group “E” EC, NOCECO’s Operating Revenue Requirement (ORR) per kWh as determined under the methodology in the RSEC-WR, is PhP1.3200;

12. Further, NOCECO 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
Public Building	
Street Lights	
Large Commercial	Higher Voltage Customers
Public Building	
Industrial	
Large Industrial	

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

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP E	Residential		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/Mo	PhP/kW	PhP/Cust/mo
Distribution	0.5782		0.7595		219.68	
Supply	0.6001			42.92		42.92
Metering	0.4326	5.0000		35.94		35.94

14. As a Group “E” EC, NOCECO is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP 0.2904/kWh;

15. Considering the above mentioned rates, NOCECO’s rate caps would be as follows: 1.) DSM – Php 1.3200/kwhr; and 2.) MCC – Php 0.2904/kwhr;

GROUP E	Residential		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/Mo	PhP/kW	PhP/kWhr	PhP/Cust/mo
Distribution	0.5782		0.7595		219.68		
Supply	0.6001			42.92			42.92
Metering	0.4326	5.0000		35.94			35.94
Members Contribution for CAPEX	0.2904		0.2904			0.2904	

16. NOCECO intends to move to the rate caps during the transition period as follows:

Table 3. Proposed Transition Rates

GROUP : Name: NEGROS OCCIDENTAL ELECTRIC COOPERATIVE	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	1.0000	-	-
RESIDENTIAL				
Cust. Type: RESIDENTIAL				
Distribution (kWh)	0.3812	0.5782	0.5782	0.5782
Supply (kWh)	0.6643	0.6001	0.6001	0.6001
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.6245	0.4326	0.4326	0.4326
Members Contribution for Capital Expenditures	0.2772	0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.3065)			

GROUP : Name: NEGROS OCCIDENTAL ELECTRIC COOPERATIVE	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	1.0000	-	-
LOW VOLTAGE				
Cust. Type: SMALL COMMERCIAL				
Distribution (kWh)	0.2675	0.7595	0.7595	0.7595
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	49.2900	42.9203	42.9203	42.9203
Metering (Customer)	59.6300	35.9431	35.9431	35.9431
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures	0.2772	0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1468)			
Final Loan Condo (customer)	(17.8910)			
GROUP : Name: NEGROS OCCIDENTAL ELECTRIC COOPERATIVE	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	1.0000	-	-
LOW VOLTAGE				
Cust. Type: PUBLIC BUILDINGS				
Distribution (kWh)	0.2667	0.7595	0.7595	0.7595
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	49.4500	42.9203	42.9203	42.9203
Metering (Customer)	60.5600	35.9431	35.9431	35.9431
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures	0.2772	0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.2608)			
Final Loan Condo (customer)	(17.8483)			

GROUP : Name: NEGROS OCCIDENTAL ELECTRIC COOPERATIVE	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	1.0000	-	-
LOW VOLTAGE				
Cust. Type: STREETLIGHTS				
Distribution (kWh)	0.2640	0.7595	0.7595	0.7595
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	97.1800	42.9203	42.9203	42.9203
Metering (Customer)	109.6000	35.9431	35.9431	35.9431
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures	0.2772	0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0501)			
Final Loan Condo (customer)	(34.0024)			

GROUP : Name: NEGROS OCCIDENTAL ELECTRIC COOPERATIVE	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	1.0000	-	-
HIGHER VOLTAGE				
Cust. Type: LARGE COMMERCIAL				
Distribution (kWh)	0.2675	-	-	
Distribution (kW)	-	219.6807	219.6807	219.6807
Supply (kWh)	-	-	-	
Supply (Customer)	49.2900	42.9203	42.9203	42.9203
Metering (Customer)	59.6300	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures	0.2772	0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1468)			
Final Loan Condo (customer)	(17.8910)			

GROUP : Name: NEGROS OCCIDENTAL ELECTRIC COOPERATIVE	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	1.0000	-	-
HIGHER VOLTAGE				
Cust. Type: PUBLIC BUILDINGS				
Distribution (kWh)	0.2667	-	-	
Distribution (kW)	-	219.6807	219.6807	219.6807
Supply (kWh)	-	-	-	
Supply (Customer)	49.4500	42.9203	42.9203	42.9203
Metering (Customer)	60.5600	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures	0.2772	0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.2608)			
Final Loan Condo (customer)	(17.8483)			

GROUP : Name: NEGROS OCCIDENTAL ELECTRIC COOPERATIVE	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	1.0000	-	-
HIGHER VOLTAGE				
Cust. Type: INDUSTRIAL				
Distribution (kWh)	0.1138	-	-	
Distribution (kW)	13.2000	219.6807	219.6807	219.6807
Supply (kWh)	-	-	-	
Supply (Customer)	106.4900	42.9203	42.9203	42.9203
Metering (Customer)	464.3400	35.9431	35.9431	35.9431
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures	0.2772	0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0604)			
Final Loan Condo (customer)	(19.8508)			

GROUP : Name: NEGROS OCCIDENTAL ELECTRIC COOPERATIVE	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	1.0000	-	-
HIGHER VOLTAGE				
Cust. Type: LARGE INDUSTRIAL				
Distribution (kWh)	0.1712	-	-	
Distribution (kW)	13.2000	219.6807	219.6807	219.6807
Supply (kWh)	-	-	-	
Supply (Customer)	567.8200	42.9203	42.9203	42.9203
Metering (Customer)	3,879.6200	35.9431	35.9431	35.9431
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures	0.2772	0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1842)			
Final Loan Condo (customer)	(20.7961)			

18. NOCECO submits that the implementation of the proposed rates would work to the best interest of its consumers as it would be able to improve its efficiency and deliver reliable, efficient and quality service to its consumers. Further, NOCECO has chosen to implement the proposed rates in full at the start of the transition period in order to generate enough revenue at the earliest possible time to be able to achieve the above objectives.
19. NOCECO 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 Negros Occidental and the Sangguniang Bayan of Kabankalan and published the Application in its entirety in a newspaper of general circulation in the Province of Negros Occidental;

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. Local Publication of the Application with Affidavit of Publication;
 - c. Certifications of the concerned local Sanggunians;
 - d. Complete RSEC-WR UFR Model;
 - e. Completed Transition Model;
 - f. Working papers on details and explanations
 - g. 2008 Audited Financial Statement
 - h. Billing Determinants and Customer Class Allocation
 - i. 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 NOCECO, as follows:

CUSTOMER CLASSIFICATION	UNIT COST	DISTRIBUTION CHARGE	SUPPLY CHARGE	METERING CHARGE	MEMBERS CONTRIBUTION FOR CAPEX
RESIDENTIAL	P/kWhr	0.5782	0.6001	0.4326	0.2904
	P/kW				
	P/Meter/Mo.			5.0000	
LOW VOLTAGE CUSTOMERS	P/kWhr	0.7595			0.2904
	P/kW				
	P/Cust/Mo.		42.9203	35.9431	
HIGH VOLTAGE CUSTOMERS	P/kWhr				0.2904
	P/kW	219.6807			
	P/Cust/Mo.		42.9203	35.9431	

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, 26 October 2009.

DECHAVEZ SAGAYO and LERIOS-AMBOY

LAW OFFICES

Counsel for NOCECO

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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)
Kabankalan City) S S

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

I, LAMBERTO M. CANLAS, of legal age, Filipino, married and with Office address located at So. Naga, Brgy. Binicuil, Kabankalan City after having been sworn to in accordance with law depose and says:

1. That I am the General Manager of Negros Occidental Electric Cooperative, Inc. (NOCECO) duly authorized to represent the cooperative in the Application for Approval of the Implementation of the Rules for Setting Electric Cooperative Wheeling Rates with prayer for Provisional Authority;
2. That I have caused the preparation and filing of the said application
3. That I have read and know the contents thereof as true and correct to the best of my own knowledge and base on authentic records;
4. That I hereby certify that I have not therefore commenced by any other action or proceeding involving the same in the Supreme Court, the Court of Appeals or any other tribunal or agency;
5. That to the best of my knowledge, no such action or proceeding is pending in the Supreme Court, the Court of Appeals or any other tribunal or agency;
6. That if there is such action or proceeding which is either pending or may have been terminated, we state the status thereof;
7. That should I thereafter learn that a similar action or proceeding has been filed or pending before the Supreme Court, the Court of Appeals or any other tribunal or agency, we will undertake to report that fact to this Honorable Commission, within (5) days therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of October 2009 at Kabankalan City, Negros Occidental.

LAMBERTO M. CANLAS
Affiant

SUBSCRIBED AND SWORN to before me this 26th day of October 2009 at Kabankalan City, Negros Occidental by affiant exhibiting his Professional Regulations Commission License No. 3169 issued on March 2, 2000 at Manila, Philippines.

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