

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. 2009-114 RC

TARLAC I ELECTRIC  
COOPERATIVE, Inc.  
(TARELCO 1)

Applicant.

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

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

1. TARELCO I 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 Amacalan, Gerona, Tarlac, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Engr. Resurreccion R. Coronel, of legal age, Filipino and with office address also at the TARELCO I 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:

- a. Municipalities of Anao, Camiling, Gerona, Mayantoc, Paniqui, Pura, Moncada, Ramos, San Clemente, San Jose, San Manuel, Sta. Ignacia, and Victoria, all in the Province of Tarlac;
  - b. Municipalities of Cuyapo, Nampicuan, Licab, and Guimba, all in the Province of Nueva Ecija; and
  - c. Some Barangays of Tarlac City;
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. TARELCO I 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 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 May 4, 2009, TARELCO I’s Board of Directors passed Board Resolution No. 34-05-09, 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 on September 22, 2009 which became effective fifteen (15) days following its publication in the Manila Bulletin on September 24, 2009;
11. Under the RSEC-WR, TARELCO I was categorized under Group “E”;
12. As a Group “E” EC, TARELCO I determined Operating Revenue Requirement (ORR) per kWh is PhP1.32;
13. Further, TARELCO I is required to implement a new customer class, as follows:

**Table 1. Existing Customer Class and New Customer Class**

<b>EXISTING CUSTOMERS</b>	<b>NEW CUSTOMER SEGMENTATION</b>
Residential	Residential Customers
BAPA	
Commercial	Low Voltage Customers
MAPA	
Irrigation	
Public Building	
Street Lights	
Communal Water System	
Special Lights	
Industrial	Higher Voltage Customers

14. After functionalizing and allocating the above set ORR and using the new customer class, TARELCO I'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		219.6800	
Supply	0.6001			42.9200		42.9200
Metering	0.4326	5.0000		35.9400		35.9400

15. As a Group “E” EC, TARELCO I is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP0.2904/kWh;

16. Considering the abovementioned rates, TARELCO I’s rate caps would be as follows: 1.) DSM – PhP1.3200; and 2.) MCC –PhP0.2904;

GROUP E	Residential		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust./mo.	PhP/kW	PhP/kWh	PhP/Cust./mo.
Distribution	0.5782		0.7595		219.6800		
Supply	0.6001			42.9200			42.9200
Metering	0.4326	5.0000		35.9400			35.9400
Member’s Contribution for CAPEX	0.2904		0.2904			0.2904	

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

**Table 3. Proposed Transition Rates**

<b>E</b>					
<b>Name: TARELCO I</b>					
		Rates Billed			
		Current	Start of Transition	End of Year one	End of Transition
Percentage increase		1.0000	0.3333	0.3333	0.3333
		<b>RESIDENTIAL</b>			
<b>Cust. Type: Residential</b>					
Distribution (kWh)		0.7858	0.7166	0.6474	0.5782
Supply (kWh)		0.5193	0.5462	0.5732	0.6001
Metering (Customer)		5.0000	5.0000	5.0000	5.0000
Metering (kWh)		0.5132	0.4863	0.4595	0.4326
Members Contribution for Capital Expenditures			0.0968	0.1936	0.2904
Final Loan Condo (kWh)		(0.3889)			
		<b>SUB-TOTAL</b>			

<b>LOW VOLTAGE</b>				
<b>Cust. Type: Commercial</b>				
Distribution (kWh)	1.0375	0.9448	0.8522	0.7595
Distribution (kW)	22.0000	14.6667	7.3333	
Supply (kWh)	-	-	-	
Supply (Customer)	29.5500	34.0068	38.4635	42.9203
Metering (Customer)	46.2700	42.8277	39.3854	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.0968	0.1936	0.2904
Final Loan Condo (kWh)	(0.4394)			
Final Loan Condo (customer)	(9.3090)			
<b>Cust. Type: Public Buildings</b>				
Distribution (kWh)	0.7484	0.7521	0.7558	0.7595
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	35.1600	37.7468	40.3335	42.9203
Metering (Customer)	95.9100	75.9210	55.9320	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.0968	0.1936	0.2904
Final Loan Condo (kWh)	(0.2225)			
Final Loan Condo (customer)	(9.2995)			
<b>Cust. Type: Streetlights</b>				
Distribution (kWh)	1.7675	1.4315	1.0955	0.7595
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	6.7700	18.8201	30.8702	42.9203
Metering (Customer)	-	11.9810	23.9620	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.0968	0.1936	0.2904
Final Loan Condo (kWh)	(0.5869)			
Final Loan Condo (customer)	-			
<b>Cust. Type: Communal Water System</b>				
Distribution (kWh)	0.5591	0.6259	0.6927	0.7595
Distribution (kW)	18.7000	12.4667	6.2333	
Supply (kWh)	-	-	-	
Supply (Customer)	53.2600	49.8134	46.3669	42.9203
Metering (Customer)	328.2800	230.8344	133.3887	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.0968	0.1936	0.2904
Final Loan Condo (kWh)	(0.1764)			
Final Loan Condo (customer)	(9.3898)			
<b>Cust. Type: Special Lights</b>				
Distribution (kWh)	0.3800	0.5065	0.6330	0.7595
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	80.1500	67.7401	55.3302	42.9203
Metering (Customer)	-	11.9810	23.9620	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.0968	0.1936	0.2904
Final Loan Condo (kWh)	(0.0722)			
Final Loan Condo (customer)	(9.1520)			
<b>SUB-TOTAL</b>				

HIGHER VOLTAGE				
<b>Cust. Type: Industrial</b>				
Distribution (kWh)	0.8420	0.5613	0.2807	
Distribution (kW)	22.0000	87.8936	153.7871	219.6807
Supply (kWh)	-	-	-	
Supply (Customer)	49.3600	47.2134	45.0669	42.9203
Metering (Customer)	274.5700	195.0277	115.4854	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.0968	0.1936	0.2904
Final Loan Condo (kWh)	(0.3268)			
Final Loan Condo (customer)	(9.3046)			
				<b>SUB-TOTAL</b>

18. TARELCO I submits that the implementation of the proposed rates would be to the best interest of its consumers as it would encourage the cooperative to become more efficient and eventually achieve self-reliance and financial independence. The proposed manner of implementation of the said rates during the transition period was chosen to mitigate the effect of the adjustment towards the initial tariff. .

19. TARELCO I 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 Tarlac and Nueva Ecija and the Sangguniang Bayan of Gerona, Tarlac and published the Application in its entirety in a newspaper of general circulation in the Province of Tarlac and Nueva Ecija;

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 Sangunians;
- 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; and
- 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 TARELCO I, as follows:

TYPE OF CUSTOMERS	UNITS	RATE DESIGN		
		D	S	M
Residential	PhP/ kWh	0.5782	0.6001	0.4326
	PhP/Cust/Mo			5.0000
CAPEX	PhP/ kWh	0.2904		
Low Voltage	PhP/ kWh	0.7595		
	PhP/Cust/Mo		42.9200	35.9400
CAPEX	PhP/ kWh	0.2904		
Higher Voltage	PhP/ kW	219.6800		
	PhP/Cust/Mo		42.9200	35.9400
CAPEX	PhP/ kWh	0.2904		

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, 21 October 2009.

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MCLE Compliance II Cert. No. 0003158 Feb. 28, 2008