

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. 2009-116RC**

**BATANGAS I ELECTRIC COOP., Inc.  
(BATELEC I)**

**Applicant.**

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

**COMES NOW**, applicant Batangas I Electric Cooperative, Inc. (BATELEC I), through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. BATELEC 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 KM 116, National Highway, Calaca, Batangas where it may be served with summons and other legal processes, represented in this instance by its Acting General Manager, ENGR. RICARDO C. CASTILLO, JR., of legal age, Filipino and with office address also at BATELEC 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 cities/municipalities of the province of Batangas, namely: Agoncillo, Balayan, Calaca, Calatagan, Lian, Lemery, Nasugbu, San Luis, San Nicolas, Sta. Teresita, Taal and Tuy;

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. BATELEC 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 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 locality 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 ;

10. Under the RSEC-WR, BATELEC I is categorized under Group “F”;

11. As a Group “F” EC, BATELEC I’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP 0.9900 ;

12. Further, BATELEC I is required to implement a new customer class, as follows:

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

<b>EXISTING CUSTOMER</b>	<b>NEW CUSTOMER SEGMENTATION</b>
Residential	Residential
Commercial	Low Voltage
Industrial	
Communal Water System	
Public Building	
Street Lights	
Industrial	Higher Voltage
Commercial	
Communal Water System	

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

**Table 2. Initial DSM Rate Caps Per Customer Class**

GROUP F	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			46.60		46.60
Metering	0.3205	5.0000		32.78		32.78

14. As a Group “F” EC, BATELEC I is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP0.2178/kWh;

15. Considering the abovementioned rates, BATELEC I’s rate caps would be as follows: 1.) DSM – PhP0.9900 and 2.) MCC – PhP0.2178;

GROUP F	RESIDENTIAL		LOW VOLTAGE		HIGHER VOLTAGE		
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/cust/mo.	PhP/kWh	PhP/kW	PhP/cust/mo
Distribution	0.4613		0.4441			167.56	
Supply	0.5376			46.60			46.60
Metering	0.3205	5.0000		32.78			32.78
Member’s Contribution for CAPEX	0.2178		0.2178		0.2178		

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

**Table 3. Proposed Transition Rates**

<b>F</b>				
<b>BATANGAS I ELECTRIC COOPERATIVE, INC.</b>				
	<b>Rates Billed</b>			
	<b>Current</b>	<b>Start of Transition</b>	<b>End of Year one</b>	<b>End of Transition</b>
<b>Percentage increase</b>	<b>1.0000</b>	<b>0.3333</b>	<b>0.3333</b>	<b>0.3333</b>
<b>RESIDENTIAL</b>				
<b>Cust. Type: Residential</b>				
Distribution (kWh)	0.6824	0.6087	0.5350	0.4613
Supply (kWh)	0.3151	0.3893	0.4634	0.5376
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.4314	0.3944	0.3574	0.3205
Members Contribution for Capital				
Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	-			
<b>SUB-TOTAL</b>				
<b>LOW VOLTAGE</b>				
<b>Cust. Type: Commercial</b>				
Distribution (kWh)	0.3370	0.3727	0.4084	0.4441
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	27.3800	33.7883	40.1965	46.6048
Metering (Customer)	42.4900	39.2539	36.0179	32.7818
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>Cust. Type: Industrial</b>				
Distribution (kWh)	0.2789	0.3340	0.3891	0.4441
Distribution (kW)	22.0000	14.6667	7.3333	
Supply (kWh)	-	-	-	
Supply (Customer)	27.3800	33.7883	40.1965	46.6048
Metering (Customer)	42.4900	39.2539	36.0179	32.7818
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>Cust. Type: COMMUNAL WATER SYSTEM</b>				
Distribution (kWh)	0.2651	0.3248	0.3845	0.4441
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	27.3800	33.7883	40.1965	46.6048
Metering (Customer)	42.4900	39.2539	36.0179	32.7818
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			

<b>Cust. Type: PUBLIC BUILDING</b>				
Distribution (kWh)	0.6210	0.5620	0.5031	0.4441
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	27.3800	33.7883	40.1965	46.6048
Metering (Customer)	42.4900	39.2539	36.0179	32.7818
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>Cust. Type: ST. LIGHTS</b>				
Distribution (kWh)	2.5001	1.8148	1.1295	0.4441
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	26.4800	33.1883	39.8965	46.6048
Metering (Customer)	-	10.9273	21.8545	32.7818
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>SUB-TOTAL</b>				
<b>HIGHER VOLTAGE</b>				
<b>Cust. Type: Industrial</b>				
Distribution (kWh)	0.2789	0.1859	0.0930	
Distribution (kW)	22.0000	70.5211	119.0421	167.5632
Supply (kWh)	-	-	-	
Supply (Customer)	27.3800	33.7883	40.1965	46.6048
Metering (Customer)	42.4900	39.2539	36.0179	32.7818
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>Cust. Type: Commercial</b>				
Distribution (kWh)	0.3370	0.3727	0.4084	0.4441
Distribution (kW)	-	55.8544	111.7088	167.5632
Supply (kWh)	-	-	-	
Supply (Customer)	27.3800	33.7883	40.1965	46.6048
Metering (Customer)	42.4900	39.2539	36.0179	32.7818
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
<b>Cust. Type: COMMUNAL WATER SYSTEM</b>				
Distribution (kWh)	0.2651	0.3248	0.3845	0.4441
Distribution (kW)	-	55.8544	111.7088	167.5632
Supply (kWh)	-	-	-	
Supply (Customer)	27.3800	33.7883	40.1965	46.6048
Metering (Customer)	42.4900	39.2539	36.0179	32.7818
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			

17. BATELEC I submits that the implementation of the proposed rates would be to the best interest of its consumers as it would be encouraged to improve its efficiency and be able to deliver reliable, efficient and quality service to its consumers. Further, BATELEC I have chosen to implement the proposed rates during the transition period in three (3) installments for the DSM Rates in order to mitigate the impact of the adjustments towards the initial tariff, and 100% for the CAPEX Rate to provide the cooperative necessary funds for its CAPEX projects.

18. BATELEC 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 Batangas, and the Sangguniang Bayan of Calaca, and published the Application in its entirety in a newspaper of general circulation in the Province of Batangas.

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. Certification of the concerned local Sanggunians;
- d. Completed RSEC-WR UFR Model;
- e. Completed Transition Model;
- f. Working papers on details and explanations;
- g. 2008 Audited Financial Statement;
- h. Billing Determinants & Customer Class Allocation; and
- 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 BATELEC I, as follows:

TYPE OF CUSTOMERS	UNITS	RATE DESIGN			
		DISTRIBUTION	SUPPLY	METERING	CAPEX
Residential	PhP/kWh	0.4613	0.5376	0.3205	0.2178
	PhP/Cust/Mo.			5.0000	
Low Voltage	PhP/kWh	0.4441			0.2178
	PhP/Cust/Mo.		46.60	32.78	
Higher Voltage	PhP/kW	167.56			
	PhP/Cust/Mo		46.60	32.78	
	PhP/kWh				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.

Other reliefs, just and equitable in the premises are likewise prayed for.

Pasig City, this 27<sup>th</sup> day of October 2009.

**DECHAVEZ SAGAYO and LERIOS-AMBOY**  
**LAW OFFICES**  
**Counsel for BATELEC 1**  
Units 1609-1610 Tycoon Center Condo.,  
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. 05, 2009 Pasig  
IBP #767996 Jan. 05, 2009 Rizal

