

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. 2009-117RC

QUEZON I ELECTRIC  
COOPERATIVE, Inc.  
(QUEZELCO I)

Applicant.

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

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

1. QUEZELCO 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 Brgy. Poctol, Pitogo, Quezon, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Carlito M. Rufo Jr., of legal age, Filipino and with office address also at the QUEZELCO 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 municipalities of the Province of Quezon, namely: Alabat, Agdangan, Atimonan, Buenavista, Calauag, Catanauan, Del Gallego, Gen. Luna, Guinayangan, Gumaca, Lopez, Macalelon, Mulanay, Padre Burgos, Perez,

Plaridel, Pitogo, Quezon, San Andres, San Francisco, San Narciso, Tagkawayan and Unisan;

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. QUEZELCO I participated in the abovementioned public consultations and its 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. On May 26, 2009, QUEZELCO I’s Board of Directors passed Board Resolution No. 2009-053, 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, QUEZELCO I is categorized under Group “E”;

12. As a Group “E” EC, QUEZELCO I’s determined Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR is PhP1.3200;

13. Further, QUEZELCO 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
Industrial	
Public Building	
Street Lights	
Industrial - PFM	Higher Voltage Customers
Industrial	

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

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

<b>GROUP E</b>	<b>Residential</b>		<b>Low Voltage</b>		<b>Higher Voltage</b>	
	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

15. As a Group “E” EC, QUEZELCO 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, QUEZELCO I’s rate caps would be as follows: 1.) DSM -1.3200; and 2.) MCC – 0.2904;

GROUP E	Residential		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/meter/mo	PhP/kWh	PhP/cust/mo	PhP/kWh	PhP/kWh	PhP/cust/mo
Distribution	0.5782		0.7595		219.68		
Supply	0.6000			42.92			42.92
Metering	0.4326	5.0000		35.94			35.94
Member's Contribution for CAPEX	0.2904		0.2904			0.2904	

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

**Table 3. Proposed Transition Rates**

E Name: QUEZELCO I				
	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	1.0000	-	-
<b>RESIDENTIAL</b>				
<b>Cust. Type: Residential</b>				
Distribution (kWh)	1.0305	0.5782	0.5782	0.5782
Supply (kWh)	0.4420	0.6001	0.6001	0.6001
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.3774	0.4326	0.4326	0.4326
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.2489)			
<b>LOW VOLTAGE</b>				
<b>Cust. Type: Commercial</b>				
Distribution (kWh)	0.6001	0.7595	0.7595	0.7595
Distribution (kW)	-	-	-	-
Supply (kWh)	-	-	-	-
Supply (Customer)	28.1200	42.9203	42.9203	42.9203
Metering (Customer)	33.7300	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	-
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1017)			
Final Loan Condo (customer)	(4.7402)			

<b>Cust. Type: Industrial</b>				
Distribution (kWh)	0.3467	0.7595	0.7595	0.7595
Distribution (kW)	23.1600	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	27.5600	42.9203	42.9203	42.9203
Metering (Customer)	33.7300	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0719)			
Final Loan Condo (customer)	(4.7402)			
<b>Cust. Type: Public Building</b>				
Distribution (kWh)	0.6285	0.7595	0.7595	0.7595
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	27.5600	42.9203	42.9203	42.9203
Metering (Customer)	24.4600	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1079)			
Final Loan Condo (customer)	(3.5115)			
<b>Cust. Type: Street Lights</b>				
Distribution (kWh)	6.3810	0.7595	0.7595	0.7595
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	25.9200	42.9203	42.9203	42.9203
Metering (Customer)	-	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.2065)			
Final Loan Condo (customer)	(0.2325)			
<b>HIGHER VOLTAGE</b>				
<b>Cust. Type: Industrial - PFM</b>				
Distribution (kWh)	0.3000	-	-	
Distribution (kW)	23.1600	219.6807	219.6807	219.6807
Supply (kWh)	-	-	-	
Supply (Customer)	27.5200	42.9203	42.9203	42.9203
Metering (Customer)	33.7300	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0855)			
Final Loan Condo (customer)	(4.7402)			
<b>Cust. Type: Industrial</b>				
Distribution (kWh)	0.3467	-	-	
Distribution (kW)	23.1600	219.6807	219.6807	219.6807
Supply (kWh)	-	-	-	
Supply (Customer)	27.5600	42.9203	42.9203	42.9203
Metering (Customer)	33.7300	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0719)			
Final Loan Condo (customer)	(4.7402)			

18. QUEZELCO I submits that the implementation of the proposed rates would work 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, QUEZELCO I has chosen to implement the proposed DSM and CAPEX rates in full at the start of the transition period to be able to immediately raise the needed funds for its operations and realize the above objective. .

19. QUEZELCO 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 Quezon and the Sangguniang Bayan of Pitogo, and published the Application in its entirety in a newspaper of general circulation in the Province of Quezon.

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 upon 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 QUEZELCO I, as follows:

Type of Customers	Units	RATE DESIGN			CAPEX
		Distribution	Supply	Metering	
Residential	PhP/kWh	0.5782	0.6001	0.4326	0.2904
	PhP/meter/mo			5.0000	
Low Voltage	PhP/kWh	0.7595			0.2904
	PhP/cust/mo		42.92	35.94	
Higher Voltage	PhP/kWh	219.68			
	PhP/kWh				0.2904
	PhP/cust/mo		42.92	35.94	

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.

Pasig City, 28 October 2009.

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

**Counsel for QUEZELCO I**

Units 1609-1610 Tycoon Centre 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. 5, 2009 Pasig

IBP# 767996 Jan. 5, 2009 Rizal

Republic of the Philippines )  
Province of Quezon ) Ss.  
Municipality of \_\_\_\_\_)

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

I, **Carlito M. Rufo Jr.**, of legal age, Filipino and with office address at the Main Office of Quezon I Electric Cooperative, Inc. (QUEZELCO I), **Brgy. Poptol, Pitogo, Quezon**, after being sworn to according to law, depose and state that:

1. I am the General Manager of Quezon I Electric Cooperative, Inc. (QUEZELCO);

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 QUEZELCO;

3. QUEZELCO 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 there from.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of October, 2009 at \_\_\_\_\_.

**CARLITO M. RUFO, JR.**  
Affiant

SUBSCRIBED AND SWORN to before me in this \_\_\_\_ day of October 2009 by the affiant who exhibited to me his

\_\_\_\_\_

Notary Public

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