

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. 2009-123RC

SORSOGON I ELECTRIC
COOPERATIVE, INC. (SORE
CO I)

Applicant.

x-----x

A P P L I C A T I O N

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

1. SORECO 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 Gulang-gulang, Irosin, Sorsogon, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ROBERTO F. FORTES, of legal age, Filipino and with office address also at SORECO 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 Sorsogon, namely: Irosin, Bulan, Matnog, Sta. Magdalena, Bulusan, Juban, Casiguran & Magallanes;

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 embodied in the *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. SORECO I 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 April 30, 2009, SORECO I Board of Directors passed Board Resolution No.28, Series of 2009, 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, SORECO I is categorized under Group “B”;

12. As a Group “B” EC, SORECO I’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP1.82;

13. Further, SORECO I 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 Customers
Industrial	
Public Building	
Street Lights	
Large Load	Higher Voltage Customers

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

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP B	RESIDENTIAL		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kW	PhP/Cust/Mo.
Distribution	0.8449		0.9259		267.90	

Supply	0.7732			40.14		40.14
Metering	0.4569	5.0000		28.72		28.72

15. As a Group “B” EC, SORECO I is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP0.4004 /kWh;

16. Considering the abovementioned rates, SORECO I’s rate caps would be as follows: 1.) DSM – **1.82**; and 2.) MCC – 0.4004;

GROUP B	RESIDENTIAL		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	Php/kWh	PhP/kW	PhP/Cust/Mo.
Distribution	0.8449		0.9259			267.90	
Supply	0.7732			40.14			40.14
Metering	0.4569	5.0000		28.72			28.72
Members Contribution for CAPEX	0.4004		0.4004		0.4004		

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

Table 3. Proposed Transition Rates

Group : B					
Name : SORECO I					
		Rates Billed			
		Current	Start of Transition	End of Year one	End of Transition
Percentage Increase		1.0000	1.0000	-	-
RESIDENTIAL					
Residential :					
Distribution (kWh)		1.1192	0.8449	0.8449	0.8449
Supply (kWh)		0.6861	0.7732	0.7732	0.7732
Metering (Customer)		5.0000	5.0000	5.0000	5.0000
Metering (kWh)		0.2198	0.4569	0.4569	0.4569
Member Contri.for Capital Expenditure			0.4004	0.4004	0.4004
LOW VOLTAGE					
Commercial					
Distribution (kWh)		0.7661	0.9259	0.9259	0.9259
Supply (kWh)					
Supply (Customer)		43.5300	40.1477	40.1477	40.1477
Metering (Customer)		39.6300	28.7246	28.7246	28.7246
Metering (kWh)					

Member Contri.for Capital Expenditure		0.4004	0.4004	0.4004
Industrial				
Distribution (kWh)	.5330	0.9259	0.9259	0.9259
Distribution (kW)	19.2376			
Supply (kWh)				
Supply (Customer)	193.7200	40.1477	40.1477	40.1477
Metering (Customer)	96.7400	28.7246	28.7246	28.7246
Metering (kWh)				
Member Contri.for Capital Expenditure		0.4004	0.4004	0.4004
Public Building				
Distribution (kWh)	1.1166	0.9259	0.9259	0.9259
Distribution (kW)				
Supply (kWh)				
Supply (Customer)	42.8300	40.1477	40.1477	40.1477
Metering (Customer)	16.4900	28.7246	28.7246	28.7246
Metering (kWh)				
Member Contri.for Capital Expenditure		0.4004	0.4004	0.4004
Street Lights				
Distribution (kWh)	1.5235	0.9259	0.9259	0.9259
Distribution (kW)				
Supply (kWh)				
Supply (Customer)	38.1600	40.1477	40.1477	40.1477
Metering (Customer)	8.4300	28.7246	28.7246	28.7246
Metering (kWh)				
Member Contri.for Capital Expenditure		0.4004	0.4004	0.4004
Large Load				
Distribution (kWh)	0.5330			
Distribution (kW)	19.2376	267.9036	267.9036	267.9036
Supply (kWh)				
Supply (Customer)	193.7200	40.1477	40.1477	40.1477
Metering (Customer)	96.7400	28.7246	28.7246	28.7246
Metering (kWh)				
Member Contri.for Capital Expenditure		0.4004	0.4004	0.4004

18. SORECO I 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, SORECO I has chosen to implement the proposed rates in full at the

start of the transition period in order to immediately implement the proposed rates and be able to recover its distribution, supply & metering service costs and provide for its needed CAPEX projects.

19. SORECO 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 Sorsogon and the Sangguniang Bayan of Irosin**, and published the Application in its entirety in a newspaper of general circulation in the Province of Sorsogon.

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 SORECO I, as follows:

TYPE OF CONSUMERS	UNITS	RATE DESIGN			
		D	S	M	CAPEX
Residential	PhP/kWh	0.8449	0.7732	0.4569	
	PhP/Meter/Mo.	5.0000			

CAPEX	PhP/kWh				0.4004
Low Voltage	PhP/kWh	0.9259			
	PhP/Cust./Mo.		40.14	28.72	
CAPEX	PhP/kWh				0.4004
Higher Voltage	PhP/kWh	267.90			
	PhP/Cust./Mo.		40.1477	28.7246	
CAPEX	PhP/kWh				0.4004

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 SORECO I

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