

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE
IMPLEMENTATION OF THE
RULES FOR SETTING
ELECTRIC COOPERATIVES'
WHEELING RATES (RSEC-WR)
WITH PRAYER FOR
PROVISIONAL AUTHORITY

ERC CASE NO. 2009-124RC

AGUSAN DEL SUR ELECTRIC
COOPERATIVE, Inc. (ASELCO)
Applicant.

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A P P L I C A T I O N

COMES NOW, applicant Agusan del Sur Electric Cooperative, Inc. (ASELCO for brevity), through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. ASELCO 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 San Isidro, San Francisco, Agusan del Sur, where it may be served with summons and other legal processes, represented in this instance by its Officer-In-Charge, Francisco L. Suarez, Jr., of legal age, Filipino and with office address also at ASELCO 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 Agusan del Sur, namely: San Francisco, Rosario, Bunawan, Trento, Sta. Josefa, Veruela, Loreto, La Paz, Talacogon, San Luis, Esperanza, Sibagat, Bayugan, and Prosperidad;
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. Said regulatory framework is embodied in a document denominated as 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. ASELCO participated in the abovementioned public consultations, it has likewise submitted data/documents required by the ERC for purposes of implementing said rules;
9. On May 12, 2009, ASELCO's Board of Director's passed Board Resolution No. 30 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 locality wherein the electric cooperatives operate, the ERC published for promulgation on September 24, 2009 the final RSEC-WR; thus, this application;
11. Under the RSEC-WR, ASELCO was categorized as Group "D";
12. As a Group "D" EC, ASELCO determined Operating Revenue Requirement (ORR) per kWh is PhP 1.1400;
13. Further, ASELCO 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
Industrial	
Public Building	
Street Lights	
Irrigation/CWS	
Large Commercial	Higher Voltage Customers
Industrial	

14. After functionalizing and allocating the above set ORR and using the new customer class, ASELCO's initial Distribution, Supply and Metering (DSM) rate caps are as follows:

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP	Residential		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/Mo	PhP/kW	PhP/Cust/mo	
D	Distribution	0.5143		0.5134		190.0268	
	Supply	0.5828			41.6104		41.6104
	Metering	0.3669	5.0000		31.1926		31.1926

15. As a Group "D" EC, ASELCO is also authorized to collect a Member's Contribution for Capital Expenditure Rate in the amount of PhP.2508/kWh;

16. Considering the abovementioned rates, ASELCO's rate caps would be as follows: 1.) DSM – P1.1400; and 2.) MCC – P.2508;

GROUP D"	Residential		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/Mo	PhP/kWh	PhP/kW	PhP/Cust/mo
Distribution	0.5143		0.5134			190.0268	
Supply	0.5828			41.6104			41.6104
Metering	0.3669	5.0000		31.1926			31.1926
Members Contribution for CAPEX	0.2508		0.2508		0.2508		

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

Table 3: Proposed Transition Rates

Group: D AGUSAN DEL SUR ELECTRIC COOPERATIVE, INC.	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)	0.8464	0.5143	0.5143	0.5143
Supply (kWh)	0.6240	0.5828	0.5828	0.5828
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.4829	0.3669	0.3669	0.3669
Members Contribution for Capital Expenditures		0.2508	0.2508	0.2508
Final Loan Condo (kWh)	-			
Cust. Type: Resale				
Distribution (kWh)	0.4208	0.5143	0.5143	0.5143
Supply (kWh)	-	0.5828	0.5828	0.5828
Metering (Customer)	36.4200	5.0000	5.0000	5.0000
Metering (kWh)	-	0.3669	0.3669	0.3669
Members Contribution for Capital Expenditures		0.2508	0.2508	0.2508
Final Loan Condo (kWh)	-			
LOW VOLTAGE				
Cust. Type: Commercial				
Distribution (kWh)	0.5047	0.5134	0.5134	0.5134
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	40.5900	41.6104	41.6104	41.6104
Metering (Customer)	36.4200	31.1926	31.1926	31.1926
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.2508	0.2508	0.2508
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
Cust. Type: Public Buildings				
Distribution (kWh)	0.4283	0.5134	0.5134	0.5134
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	40.5900	41.6104	41.6104	41.6104
Metering (Customer)	36.4200	31.1926	31.1926	31.1926

Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2508	0.2508	0.2508
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
Cust. Type: Street Lights				
Distribution (kWh)	4.8777	0.5134	0.5134	0.5134
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	40.5900	41.6104	41.6104	41.6104
Metering (Customer)	36.4200	31.1926	31.1926	31.1926
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2508	0.2508	0.2508
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			
Cust. Type: Industrial				
	LOW	VOLTAGE		
Distribution (kWh)	0.3336	0.5134	0.5134	0.5134
Distribution (kW)	21.0000	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	40.5900	41.6104	41.6104	41.6104
Metering (Customer)	36.4200	31.1926	31.1926	31.1926
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2508	0.2508	0.2508
Final Loan Condo (kWh)				
Final Loan Condo (customer)				
HIGHER VOLTAGE				
Cust. Type: Industrial				
Distribution (kWh)	0.3336	-	-	
Distribution (kW)	21.0000	190.0268	190.0268	190.0268
Supply (kWh)	-	-	-	
Supply (Customer)	40.5900	41.6104	41.6104	41.6104
Metering (Customer)	36.4200	31.1926	31.1926	31.1926
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2508	0.2508	0.2508
Final Loan Condo (kWh)	-			
Final Loan Condo (customer)	-			

18. The implementation of the proposed rates will reduce the ASELCO rates by an average of (PhP .0046) per kwh which would be to the best interest of its cosumers;

19. ASELCO has duly complied with the pre filing requirements by furnishing copies of the Application together with its supporting annexes and accompanying documents to the Local Government Units' legislative bodies within the franchise area and published the Application in its entirety in a newspaper of general circulation in the Province of Agusan del Sur.

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 ASELCO, as follows:

TYPE OF CUSTOMER	Units	Distribution	Supply	Metering	Capex
Residential	Php/kwh	0.5143	0.5828	0.3669	0.2508
	Php/cust/mo			5.00	
Low Voltage	Php/kwh	0.5134			0.2508
	Php/cust/mo		41.6104	31.1926	
Higher Voltage	Php/kW	190.0268			
	Php/kwh				0.2508
	Php/cust/mo		41.6104	31.1926	

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.

_____ for Pasig City, 10 October 2009.

Counsel for the Applicant

VERIFICATION AND CERTIFICATION