

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

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

**ERC CASE NO. 2009-127RC**

**SULTAN KUDARAT ELECTRIC  
COOPERATIVE, INC.  
(SUKELCO)**

**Applicant.**

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

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

1. SUKELCO 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 National Highway, Tacurong City, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Engr. Demetrio O. Jerez, of legal age, Filipino and with office address also at the SUKELCO 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 Sultan Kudarat,

namely: Tacurong City, Isulan, Esperanza, Bagumbayan, Pres. Quirino, Lambayong, Columbio, Palimbang, Sen. Ninoy Aquino, Lebak, Kalamansig, and municipalities in the province of Maguindanao, namely; Buluan, Datu Paglas, Salipada K. Pendatun, and Paglat;

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. SUKELCO participated in the above-mentioned public consultations and it submitted data/documents required by the ERC during the drafting of the said Rules;

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 1, 2009, SUKELCO Board of Directors passed Board Resolution No.048, 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, SUKELCO is categorized under Group “D”;

12. As a Group “D” EC, SUKELCO’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP 1.1400;

13. Further, SUKELCO 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
Commercial	Low Voltage Customers
Public Building	
Street Lights	
Commercial	Higher Voltage Customers
Industrial	

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

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

GROUP D	RESIDENTIAL		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kW	PhP/Cust/Mo.
Distribution	0.5143		0.5134		190.03	
Supply	0.5828			41.61		41.61
Metering	0.3669	5.0000		31.19		31.19

15. As a Group “D” EC, SUKELCO is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP0.2508 /kWh;

16. Considering the above-mentioned rates, SUKELCO’s rate caps would be as follows: 1.) DSM – 1.1400; and 2.) MCC – 0.2508;

GROUP D	RESIDENTIAL		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kW	PhP/kWh	PhP/Cust/Mo.
Distribution	0.5143		0.5134		190.03		
Supply	0.5828			41.61			41.61
Metering	0.3669	5.0000		31.19			31.19
Members Contribution for CAPEX	0.2508			0.2508		0.2508	

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

**Table 3. Proposed Transition Rates**

<b>Group : D</b>				
<b>Name: Sultan Kudarat 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>
Percentage Increase	1.0000	0.3333	0.3333	0.3333
<b>RESIDENTIAL</b>				
<b>Residential :</b>				
Distribution (kWh)	0.7142	0.6478	0.5810	0.5143
Supply (kWh)	0.7490	0.6939	0.6382	0.5828
Metering (Customer )	5.0000			5.0000
Metering (kWh )	0.1919	0.2502	0.3086	0.3669
Loan Condo. (PhP/kWh)	(0.2225)			
Member Contri.for Capital Expenditure		0.0836	0.1672	0.2508
<b>LOW VOLTAGE</b>				
<b>Commercial</b>				
Distribution (kWh)	0.5049	0.5077	0.5106	0.5134
Supply (kWh)				
Supply ( Customer )	22.22	28.6835	35.1469	41.6104
Metering (Customer )	14.32	19.9442	25.5684	31.1926
Metering (kWh )				
Loan Condo. (PhP/kWh)	(0.1188)			
Loan Condo. (PhP/Cust./Mo.)	(2.0989)			
Member Contri.for Capital Expenditure		0.0836	0.1672	0.2508
<b>Public Building</b>				
Distribution (kWh)	0.5594	0.5441	0.5287	0.5134
Distribution (kW)				
Supply (kWh)				
Supply ( Customer )	21.61	28.2768	34.9436	41.6104
Metering (Customer )	12.35	18.6309	24.9117	31.1926
Metering (kWh )				
Loan Condo. (PhP/kWh)	(0.1253)			
Loan Condo. (PhP/Cust./Mo)	(2.1098)			
Member Contri.for Capital Expenditure		0.0836	0.1672	0.2508

<b>Street Lights</b>				
Distribution (kWh)	2.0867	1.5623	1.0378	0.5134
Distribution (kW)				
Supply (kWh)				
Supply ( Customer )	21.42	28.1501	34.8803	41.6104
Metering (Customer )	11.75	18.2309	24.7117	31.1926
Metering (kWh )				
Loan Condo. (PhP/kWh)	(0.4804)			
Loan Condo. (PhP/Cust./Mo.)	(2.1183)			
Member Contri.for Capital Expenditure		0.0836	0.1672	0.2508
<b>HIGHER VOLTAGE</b>				
<b>Industrial</b>				
Distribution (kWh)	0.3908	0.2605	0.1303	
Distribution (kW)	16.50	74.3423	132.1846	190.0268
Supply (kWh)				
Supply ( Customer )	75.17	63.9835	52.7969	41.6104
Metering (Customer )	180.52	130.7442	80.9684	31.1926
Metering (kWh )				
Loan Condo. (PhP/kWh)	(0.1110)			
Loan Condo. (PhP/Cust./Mo.)	(2.0834)			
Member Contri.for Capital Expenditure		0.0836	0.1672	0.2508
<b>Commercial</b>				
Distribution (kWh)	0.5049	0.3366	0.1683	
Distribution (kW)		63.3423	126.6846	190.0268
Supply (kWh)				
Supply ( Customer )	22.22	28.6835	35.1469	41.6104
Metering (Customer )	14.32	19.9442	25.5684	31.1926
Metering (kWh )				
Loan Condo. (PhP/kWh)	(0.1188)			
Loan Condo. (PhP/Cust./Mo.)	(2.0989)			
Member Contri. for Capital Expenditure		0.0836	0.1672	0.2508

18. SUKELCO submits that the implementation of the proposed rates would work to the best interest of its consumers as it would help the cooperative deliver a more reliable and efficient services. Further, SUKELCO has chosen to implement the proposed rates on a 1/3 tranche at the start of the transition period in order to mitigate the rate impact of the adjustment towards the initial tariff.

19. SUKELCO 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 Sultan Kudarat and Maguindanao and the Sangguniang Panlungsod of Tacurong and published the Application in its entirety in a newspaper of general circulation in the Province of Sultan Kudarat and Maguindanao.

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; 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 SUKELCO, as follows:

TYPE OF CONSUMERS	UNITS	RATE DESIGN			
		D	S	M	CAPEX
Residential	PhP/kWh	0.5143	0.5828	0.3669	0.2508
	PhP/Meter/Mo.			5.0000	
Low Voltage	PhP/kWh	0.5134			0.2508
	PhP/Cust/Mo		41.61	31.19	
Higher Voltage	PhP/kW	190.03			
	PhP/Cust/Mo.		41.61	31.19	
	PhP/kWh				0.2508

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 23, 2009.

**DECHAVEZ SAGAYO and LERIOS-AMBOY**  
**LAW OFFICES**  
**Counsel for SUKELCO**  
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)  
Pasig City ) Ss.

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

I, Engr. Demetrio O. Jerez of legal age, Filipino and with office address at the Main Office of Sultan Kudarat Electric Cooperative, Inc. (SUKELCO), National Highway, Tacurong City, after being sworn to according to law, depose and state that:

1. I am the General Manager of Sultan Kudarat Electric Cooperative, Inc. (SUKELCO);

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 SUKELCO;

3. SUKELCO 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 therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand this 23<sup>RD</sup> day of October, 2009 at Pasig City.

**ENGR. DEMETRIO O. JEREZ**  
Affiant

SUBSCRIBED AND SWORN to before me in Pasig City, this 23<sup>rd</sup> day of October 2009 by the affiant who exhibited to me his PRC Registration # 0002071/card # 02281954 issued at Sampaloc, Manila and with validity until 02/28/2010.

Notary Public

**DITAS A. LERIOS-AMBOY**  
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