

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. 2009-129RC

**ZAMBOANGA CITY ELECTRIC
COOPERATIVE, INC. (ZAMCELCO),
Applicant.
X-----X**

A P P L I C A T I O N

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

1. ZAMCELCO 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 Ma. Clara Lorenzo Lobregat Highway, Barangay Putik, Zamboanga City, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Mr. REINERIO R. RAMOS, of legal age, Filipino and with office address also at the ZAMCELCO 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 franchise area of Zamboanga City.
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. 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. ZAMCELCO participated in the abovementioned public consultations and it submitted data/documents required by the ERC during the drafting of the said Rules;
9. On 08 May 2009, ZAMCELCO's Board of Director's passed Board Resolution No. 172-09, 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, ZAMCELCO was categorized as Group "G";
12. As a Group "G" EC, ZAMCELCO's Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP0.6900;
13. Further, ZAMCELCO 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	
Industrial	Higher Voltage Customers
Commercial	
Large Load	
Public Building	

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

Table 2. Initial DSM Rate Caps Per Customer Class

	0.2748		0.3748		118.5538	
	0.4140			59.7343		59.7343
	0.3460	5.00		54.9228		54.9228

15. As a Group "G" EC, ZAMCELCO is also authorized to collect a Member's Contribution for Capital Expenditure Rate in the amount of PhP0.1518/kWh;

16. Considering the abovementioned rates, ZAMCELCO's rate caps would be as follows: 1.) DSM – P0.69; and 2.) MCC – P0.1518;

GROUP G	Residential		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/Meter/Mo	PhP/kWh	PhP/Cust/Mo	PhP/kW	PhP/kWh	PhP/Cust/Mo
Distribution	0.2748		0.3748		118.5538		
Supply	0.4140			59.7343			59.7343
Metering	0.3460	5.00		54.9228			54.9228
Member's Contribution for CAPEX	0.1518		0.1518			0.1518	

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

Table 3. Proposed Transition Rates

G				
Name: ZAMBOANGA CITY ELECTRIC COOPERATIVE, INC. (ZAMCELCO)				
	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	0.5000	0.5000	-
RESIDENTIAL				
Cust. Type: Residential				
Distribution (kWh)	0.4803	0.3775	0.2748	0.2748
Supply (kWh)	0.2454	0.3297	0.4140	0.4140
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.3876	0.3668	0.3460	0.3460
Members Contribution for Capital Expenditures		0.1518	0.1518	0.1518
LOW VOLTAGE				
Cust. Type: Commercial				
Distribution (kWh)	0.2362	0.3055	0.3748	0.3748
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	44.1200	51.9272	59.7343	59.7343
Metering (Customer)	74.6700	64.7964	54.9228	54.9228
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.1518	0.1518	0.1518
Cust. Type: Industrial				
Distribution (kWh)	0.2198	0.2973	0.3748	0.3748
Distribution (kW)	16.5000	8.2500	-	
Supply (kWh)	-	-	-	
Supply (Customer)	44.1200	51.9272	59.7343	59.7343
Metering (Customer)	74.6700	64.7964	54.9228	54.9228
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.1518	0.1518	0.1518
Cust. Type: Public Building				
Distribution (kWh)	0.1930	0.2839	0.3748	0.3748
Distribution (kW)	-	-	-	

Supply (kWh)	-	-	-	
Supply (Customer)	44.1200	51.9272	59.7343	59.7343
Metering (Customer)	74.6700	64.7964	54.9228	54.9228
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.1518	0.1518	0.1518
Cust. Type: Street Lights				
Distribution (kWh)	0.9860	0.6804	0.3748	0.3748
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	44.1200	51.9272	59.7343	59.7343
Metering (Customer)	74.6700	64.7964	54.9228	54.9228
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.1518	0.1518	0.1518
HIGHER VOLTAGE				
Cust. Type: Industrial				
Distribution (kWh)	0.2198	0.1099	-	
Distribution (kW)	16.5000	67.5269	118.5538	118.5538
Supply (kWh)	-	-	-	
Supply (Customer)	44.1200	51.9272	59.7343	59.7343
Metering (Customer)	74.6700	64.7964	54.9228	54.9228
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.1518	0.1518	0.1518
Cust. Type: Commercial				
Distribution (kWh)	0.2362	0.1181	-	
Distribution (kW)	-	59.2769	118.5538	118.5538
Supply (kWh)	-	-	-	
Supply (Customer)	44.1200	51.9272	59.7343	59.7343
Metering (Customer)	74.6700	64.7964	54.9228	54.9228
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.1518	0.1518	0.1518
Cust. Type: Large Load				
Distribution (kWh)	0.1436	0.0718	-	
Distribution (kW)	16.5000	67.5269	118.5538	118.5538
Supply (kWh)	-	-	-	
Supply (Customer)	44.1200	51.9272	59.7343	59.7343
Metering (Customer)	74.6700	64.7964	54.9228	54.9228
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.1518	0.1518	0.1518
Cust. Type: Public Buildings				
Distribution (kWh)	0.1930	0.0965	-	
Distribution (kW)	-	59.2769	118.5538	118.5538

Supply (kWh)	-	-	-	
Supply (Customer)	44.1200	51.9272	59.7343	59.7343
Metering (Customer)	74.6700	64.7964	54.9228	54.9228
Metering (kWh)	-	-	-	
Members Contribution for Capital Expenditures		0.1518	0.1518	0.1518

18. ZAMCELCO submits that the implementation of the proposed rates would be to the best interest of its consumers as it would provide reliable and quality power services as an avenue for progress and development within its franchise area; and

19. ZAMCELCO 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 City of Zamboanga.

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 ZAMCELCO, as follows:

GROUP _____	Residential		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/Meter/Mo	PhP/kWh	PhP/Cust/Mo	PhP/kWh	PhP/kWh	PhP/Cust/Mo
Distribution	0.2748		0.3748		118.5538		
Supply	0.4140			59.7343			59.7343
Metering	0.3460	5.00		54.9228			54.9228
Member's Contribution for CAPEX	0.1518		0.1518			0.1518	

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, 28 October 2009.

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

Counsel for ZAMCELCO
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

Republic of the Philippines)
Zamboanga City) Ss.

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

I, **REINERIO R. RAMOS**, of legal age, Filipino and with office address at the Main Office of Zamboanga City Electric Cooperative, Inc. (ZAMCELCO), after being sworn to according to law, depose and state that:

1. I am the General Manager of Zamboanga City Electric Cooperative, Inc. (ZAMCELCO);

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 ZAMCELCO;

3. ZAMCELCO 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 ____ day of October, 2009 at Zamboang City.

REINERIO R. RAMOS

Affiant

SUBSCRIBED AND SWORN to before me in Zamboang City, this ____ day of October 2009 by the affiant who exhibited to me his _____ issued at _____ and with validity until _____.

Notary Public

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