

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. 2009-130RC

GUIMARAS ELECTRIC  
COOPERATIVE, INC.  
(GUIMELCO)

Applicant.

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

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

1. GUIMELCO 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 Miguel, Jordan, Guimaras, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Remedios A. Garcia, of legal age, Filipino and with office address also at GUIMELCO 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 Guimaras, namely: Jordan, Buenavista, Nueva Valencia, San Lorenzo and Sibunag;

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 now embodied in the new *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. GUIMELCO 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 May 15, 2009, GUIMELCO Board of Directors passed Board Resolution No. 24, 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 and the same was published in the Manila Bulletin on September 24, 2009;
11. Under the RSEC-WR, GUIMELCO is categorized under Group “A”;
12. As a Group “A” EC, GUIMELCO’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is **PhP2.4200**;
13. Further, GUIMELCO 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            |
| Industrial                |                                  |
| Public Building           |                                  |
| Street Lights             |                                  |

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

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

| GROUP A      | RESIDENTIAL |               | Low Voltage |              |
|--------------|-------------|---------------|-------------|--------------|
|              | PhP/kWh     | PhP/Meter/Mo. | PhP/kWh     | PhP/Cust/Mo. |
| Distribution | 1.0557      |               | 1.1557      |              |
| Supply       | 1.0282      |               |             | 42.82        |
| Metering     | 0.5792      | 5.0000        |             | 29.12        |

15. As a Group “A” EC, GUIMELCO is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP0.5324 /kWh;

16. Considering the abovementioned rates, GUIMELCO’s rate caps would be as follows: 1.) DSM - 2.4200; and 2.) MCC – 0.5324;

| GROUP A                        | RESIDENTIAL |               | Low Voltage |              |
|--------------------------------|-------------|---------------|-------------|--------------|
|                                | PhP/kWh     | PhP/Meter/Mo. | PhP/kWh     | PhP/Cust/Mo. |
| Distribution                   | 1.0557      |               | 1.1577      |              |
| Supply                         | 1.0282      |               |             | 42.82        |
| Metering                       | 0.5792      | 5.00          |             | 29.12        |
| Members Contribution for CAPEX | 0.5324      |               | 0.5324      |              |

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

**Table 3. Proposed Transition Rates**

|               |              |
|---------------|--------------|
| Group : A     |              |
| Name GUIMELCO |              |
|               | Rates Billed |

|                                       | Current  | Start of Transition | End of Year one | End of Transition |
|---------------------------------------|----------|---------------------|-----------------|-------------------|
| Percentage Increase                   | 1.0000   | 0.335               | 0.335           | 0.330             |
| <b>RESIDENTIAL</b>                    |          |                     |                 |                   |
| Residential :                         |          |                     |                 |                   |
| Distribution (kWh)                    | 1.9907   | 1.6775              | 1.3643          | 1.0557            |
| Supply (kWh)                          | 0.3413   | 0.5714              | 0.8015          | 1.0282            |
| Metering (Customer )                  | 5.0000   | 5.0000              | 5.0000          | 5.0000            |
| Metering (kWh )                       | 0.4966   | 0.5243              | 0.5519          | 0.5792            |
| Member Contri.for Capital Expenditure |          | 0.5324              | 0.5324          | 0.5324            |
| <b>LOW VOLTAGE</b>                    |          |                     |                 |                   |
| Commercial                            |          |                     |                 |                   |
| Distribution (kWh)                    | 1.5383   | 1.4108              | 1.2833          | 1.1577            |
| Supply (kWh)                          |          |                     |                 |                   |
| Supply ( Customer )                   | 18.7400  | 26.8073             | 34.8746         | 42.8215           |
| Metering (Customer )                  | 29.3900  | 29.3002             | 29.2105         | 29.1221           |
| Metering (kWh )                       |          |                     |                 |                   |
| Member Contri.for Capital Expenditure |          | 0.5324              | 0.5324          | 0.5324            |
| Industrial                            |          |                     |                 |                   |
| Distribution (kWh)                    | 1.2892   | 1.2234              | 1.1577          | 1.1577            |
| Distribution (kW)                     | 20.5700  |                     |                 |                   |
| Supply (kWh)                          |          |                     |                 |                   |
| Supply ( Customer )                   | 25.7500  | 34.2858             | 42.8215         | 42.8215           |
| Metering (Customer )                  | 167.2800 | 98.2010             | 29.1221         | 29.1221           |
| Metering (kWh )                       |          |                     |                 |                   |
| Member Contri.for Capital Expenditure |          | 0.5324              | 0.5324          | 0.5324            |
| Public Building                       |          |                     |                 |                   |
| Distribution (kWh)                    | 1.6127   | 1.3852              | 1.1577          | 1.1577            |
| Distribution (kW)                     |          |                     |                 |                   |
| Supply (kWh)                          |          |                     |                 |                   |
| Supply ( Customer )                   | 18.9100  | 30.8658             | 42.8125         | 42.8125           |
| Metering (Customer )                  | 32.6000  | 30.8610             | 29.1221         | 29.1221           |
| Metering (kWh )                       |          |                     |                 |                   |
| Member Contri.for Capital Expenditure |          | 0.5324              | 0.5324          | 0.5324            |
| Street Lights                         |          |                     |                 |                   |
| Distribution (kWh)                    | 2.7435   | 1.9506              | 1.1577          | 1.1577            |
| Distribution (kW)                     |          |                     |                 |                   |
| Supply (kWh)                          |          |                     |                 |                   |
| Supply ( Customer )                   | 21.9500  | 32.3858             | 42.8215         | 42.8215           |
| Metering (Customer )                  | 25.9000  | 27.5110             | 29.1221         | 29.1221           |
| Metering (kWh )                       |          |                     |                 |                   |

|                                       |  |        |        |        |
|---------------------------------------|--|--------|--------|--------|
| Member Contri.for Capital Expenditure |  | 0.5324 | 0.5324 | 0.5324 |
|---------------------------------------|--|--------|--------|--------|

18. GUIMELCO submits that the implementation of the proposed rates would work to the best interest of its consumers as the cooperative will be encouraged to become more efficient and be able to deliver reliable, efficient and quality service to its consumers. Further, GUIMELCO has chosen to implement the proposed rates during the transition period as follows: three (3) tranches for DSM Rates to mitigate the impact of the adjustment towards the initial tariff caps, and 100% for CAPEX to provide GUIMELCO necessary funds for its CAPEX projects.

19. GUIMELCO 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 Guimaras and the Sangguniang Bayan of Jordan and published the Application in its entirety in a newspaper of general circulation in the Province of Guimaras.

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 GUIMELCO, as follows:

| TYPE OF CONSUMERS | UNITS        | RATE DESIGN |        |        |        |
|-------------------|--------------|-------------|--------|--------|--------|
|                   |              | D           | S      | M      | CAPEX  |
|                   |              |             |        |        |        |
| Residential       | PhP/kWh      | 1.0557      | 1.0282 | 0.5792 | 0.5324 |
|                   | PhP/Mtr/Mo.  |             |        | 5.00   |        |
| Low Voltage       | PhP/kWh      | 1.1577      |        |        | 0.5324 |
|                   | PhP/Cust/Mo. |             | 42.82  | 29.12  |        |

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 26, 2009.

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