

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. 2009-134 RC

**CAMARINES SUR III ELECTRIC
COOPERATIVE, INC.
(CASURECO III)**

Applicant.

X-----X

A P P L I C A T I O N

COMES NOW, applicant **CAMARINES SUR III ELECTRIC SERVICE COOPERATIVE, INC. (CASURECO III)**, through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. CASURECO III 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, Iriga City, where it may be served with summons and other legal processes, represented in this instance by its OIC-General Manager, CLARO M. TURIANO, of legal age, Filipino and with office address also at the CASURECO III 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 Camarines Sur, namely: Iriga City, Baa, Balatan, Bato, Buhi, Bula and Nabua;
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 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. CASURECO III 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 09, 2009, CASURECO III Board of Directors passed Board Resolution No.51-A, 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 which was published in the Manila Bulletin on September 24, 2009;
11. Under the RSEC-WR, CASURECO III was categorized as Group “C”;
12. As a Group “C” EC, CASURECO III’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP1.68;
13. Further, CASURECO III 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	
Irrigation	
Public Building	
Streetlights	
Public Building	Higher Voltage

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

Table 2

INITIAL DSM RATE CAPS PER CUSTOMER CLASS

	RESIDENTIAL		LOW VOLTAGE			HIGHER VOLTAGE		
	Php/kWh	PhP/Meter/Mo.	Php/kWh	PhP/Cust/Mo.	PhP/Meter/Mo.	Php/kW	PhP/Cust/Mo.	PhP/Meter/Mo.
Distribution	.7004		.7493			213.9604		
Supply	.7156			34.0454			34.0454	
Metering	.5236	5.0000		29.9116			29.9116	

15. As a Group "C" EC, CASURECO III is also authorized to collect a Member's Contribution for Capital Expenditure Rate in the amount of Php0.3696 /kWh;

16. Considering the abovementioned rates, CASURECO III's rate caps would be as follows: 1.) DSM –Php1.68; and 2.) MCC –Php0.3696;

INITIAL DSM RATE CAPS AND MCC PER CUSTOMER CLASS

	RESIDENTIAL		LOW VOLTAGE			HIGHER VOLTAGE			
	Php/kWh	PhP/Meter /Mo.	Php/kWh	PhP/Cust/Mo.	PhP/Meter/ Mo.	Php/kWh	Php/kW	PhP/Cust/Mo.	PhP/Meter/ Mo.
Distribution	.7004		.7493				213.9604		
Supply	.7156			34.0454				34.0454	
Metering	.5236	5.0000		29.9116				29.9116	
Members Contribution for Capital Expenditures	.3696		.3696			.3696			

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

Table 3

PROPOSED TRANSITION RATES

		Rates Billed			
		RESIDENTIAL			
		Current	Start of Transition	End of Year one	End of Transition
Cust. Type: Residential					
Distribution	PhP/kWh	1.4858	1.2240	0.9622	0.7004
Supply	PhP/kWh	1.0568	0.9431	0.8293	0.7156
Metering	PhP/meter/mo	5.0000	5.0000	5.0000	5.0000
Metering	PhP/kWh	0.6429	0.6031	0.5634	0.5236
Members Contribution for Capital Expenditures	PhP/kWh		0.4150	0.4150	0.4150
Final Loan Condo	PhP/kWh	(0.6832)			
		LOW VOLTAGE			
		Current	Start of Transition	End of Year one	End of Transition
Cust. Type: Commercial					
Distribution	PhP/kWh	0.9748	0.8996	0.8245	0.7493
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	69.9900	58.0097	46.0293	34.0454
Metering	PhP/meter/mo	53.4200	45.5846	37.7493	29.9116
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.4150	0.4150	0.4150
Final Loan Condo	PhP/kWh	(0.2683)			
Final Loan Condo	PhP/cust/mo	(12.0176)			
Cust. Type: Industrial					
Distribution	PhP/kWh	0.8806	0.8368	0.7931	0.7493
Distribution	PhP/kW	22.0000	14.6674	7.3348	
Supply	PhP/kWh				
Supply	PhP/cust/mo	79.1200	64.0966	49.0733	34.0454
Metering	PhP/meter/mo	158.2300	115.4615	72.6929	29.9116
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.4150	0.4150	0.4150
Final Loan Condo	PhP/kWh	(0.2413)			
Final Loan Condo	PhP/cust/mo	(11.9845)			
Cust. Type: Public Building					
Distribution	PhP/kWh	0.9048	0.8530	0.8011	0.7493
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	58.1000	50.0826	42.0652	34.0454
Metering	PhP/meter/mo	52.9400	45.2646	37.5893	29.9116
Metering	PhP/kWh				

Members Contribution for Capital Expenditures	PhP/kWh		0.4150	0.4150	0.4150
Final Loan Condo	PhP/kWh	(0.2504)			
Final Loan Condo	PhP/cust/mo	(11.8181)			
Cust. Type: Streetlights					
Distribution	PhP/kWh	1.7763	1.4340	1.0917	0.7493
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	63.7800	53.8695	43.9589	34.0454
Metering	PhP/meter/mo	95.6200	73.7194	51.8188	29.9116
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.4150	0.4150	0.4150
Final Loan Condo	PhP/kWh	(0.2385)			
Final Loan Condo	PhP/cust/mo	(12.1710)			
Cust. Type: Irrigation					
Distribution	PhP/kWh	0.8745	0.8328	0.7910	0.7493
Distribution	PhP/kW	16.5000	11.0006	5.5011	
Supply	PhP/kWh	0.0139	0.0093	0.0046	
Supply	PhP/cust/mo		11.3473	22.6947	34.0454
Metering	PhP/meter/mo		9.9695	19.9391	29.9116
Metering	PhP/kWh	0.0930	0.0620	0.0310	
Members Contribution for Capital Expenditures	PhP/kWh		0.4150	0.4150	0.4150
Final Loan Condo	PhP/kWh	(0.2411)			
Final Loan Condo	PhP/cust/mo				
		HIGHER VOLTAGE			
			Current	Start of Transition	End of Year one
					End of Transition
Cust. Type: Public Building					
Distribution	PhP/kWh	0.9045	0.6030	0.3016	
Distribution	PhP/kW		71.3130	142.6260	213.9604
Supply	PhP/kWh				
Supply	PhP/cust/mo	58.1000	50.0826	42.0652	34.0454
Metering	PhP/meter/mo	52.9400	45.2646	37.5893	29.9116
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.4150	0.4150	0.4150
Final Loan Condo	PhP/kWh	(0.2504)			
Final Loan Condo	PhP/cust/mo	(11.8181)			

18. CASURECO III submits that the implementation of the proposed rates would work to the best interest of its consumers as it would reduce the rates to cover the Distribution, Supply, Metering and however increase the rate for Member Contribution for Capital Expenditures for the maintenance and improvement of the electrical connections of line extensions to rural areas of the Cooperative and to provide reliable and efficient supply of electricity to end consumers.

Further, CASURECO III has chosen to implement the DSM rates at the desired level of 1/3, 1/3, & 1/3 or three (3) trances at the start and until the end of the Transition Period while the Members Contribution for Capital Expenditures rate at 100% in full from the Start of the Transition Period to mitigate the rate impact to the operation of the cooperative. The franchise area of CASURECO III is frequently disturbed and devastated yearly by several floods and typhoons hence, the Coop has to maintain available standby funds for the repairs and maintenance of the distribution lines and system.

19. CASURECO III 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 Camarines Sur and the Sangguniang Panlungsod of Iriga City and published the Application in its entirety in a newspaper of general circulation in the Province of Camarines Sur.

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 CASURECO III, as follows:

		PROPOSED RATE			
		D	S	M	MCC
RESIDENTIAL	PhP/kWh	.7004	.7156	.5236	.4150
	PhP/cust/mo				
	PhP/meter/mo			5.0000	
LOW VOLTAGE	PhP/kWh	.7493			.4150
	PhP/cust/mo		34.0454	29.9116	
	PhP/meter/mo				
HIGHER VOLTAGE	PhP/kWh				.4150
	PhP/kW	213.9604			
	PhP/cust/mo		34.0454	29.9116	
	PhP/meter/mo				

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, November 5, 2009.

**DECHAVEZ SAGAYO and LERIOS-AMBOY
LAW OFFICES
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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)
) SS.

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

I, CLARO M. TURIANO of legal age, Filipino and with office address at the Main Office of Camarines Sur III Electric Cooperative, Inc. (CASURECO III), San Isidro, Iriga City, after being sworn to according to law, depose and state that:

1. I am the OIC-General Manager of Camarines Sur III Electric Cooperative, Inc. (CASURECO III);

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 CASURECO III;

3. CASURECO III 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 _____.

CLARO M. TURIANO
Affiant

SUBSCRIBED AND SWORN to before me in _____, 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.