

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. 2009-137 RC

**DAVAO DEL SUR ELECTRIC
COOPERATIVE, INC.
(DASURECO)**

Applicant.

X-----X

A P P L I C A T I O N

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

1. **DASURECO** 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 Cogon, Digos City, where it may be served with summons and other legal processes, represented in this instance by its General Manager, **JESUS P. DELA VICTORIA, PEE**, of legal age, Filipino and with office address also at **DASURECO 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 City of Digos and the municipalities of the Province of Davao del Sur namely: Sta. Cruz, Matanao, Magsaysay, Bansalan, Hagonoy, Padada, Kiblawan, Sulop, Malalag, Sta. Maria, Malita, Don Marcelino, Jose Abad Santos and Sarangani.
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. DASURECO participated in the above-mentioned public consultations and it submitted data/documents required by the ERC during the drafting of the said Rules;
7. Said regulatory framework is now embodied in the new *Rules for Setting the Electric Cooperatives’ Wheeling Rates* (RSEC-WR);
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. 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 September 22, 2009 which became effective fifteen (15) days following its publication in the Manila Bulletin on September 24, 2009;
10. On October 30, 2009, the DASURECO Board of Directors passed Board Resolution No. 141, Series of 2009, imploring upon the ERC to implement the new rate setting methodology embodied in the RSEC-WR;
11. Under the RSEC-WR, DASURECO is categorized under **Group “E”**;
12. As a **Group “E”** EC, DASURECO’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is **PhP 1.3200**;
13. Further, **DASURECO** 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
Public Building	
Street Lights	
Irrigation	
Industrial	
Communal Water System	Higher Voltage Customers
Industrial	
Irrigation	

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

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP E	RESIDENTIAL		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kW	PhP/Cust/Mo.
Distribution	0.5782		0.7595		219.68	
Supply	0.6001			42.92		42.92
Metering	0.4326	5.00		35.94		35.94

15. As a **Group “E”** EC, **DASURECO** is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of **PhP 0.2904 /kWh**;

16. Considering the abovementioned rates, DASURECO’s rate caps would be as follows: 1.) **DSM – 1.32**; and 2.) **MCC – 0.2904**;

GROUP E	RESIDENTIAL		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kW	PhP/kWh	PhP/Cust/Mo.
Distribution	0.5782		0.7595		219.68		
Supply	0.6001			42.92			42.92
Metering	0.4326	5.00		35.94			35.94
Members Contribution for CAPEX	0.2904		0.2904			0.2904	

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

Table 3. Proposed Transition Rates

E
Name: DASURECO

	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	0.3333	0.3333	0.3333
RESIDENTIAL				
Cust. Type: Residential				
Distribution (kWh)	0.6344	0.6157	0.5969	0.5782
Supply (kWh)	0.4146	0.4764	0.5383	0.6001
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.3953	0.4077	0.4202	0.4326
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1602)			
SUB-TOTAL				
LOW VOLTAGE				
Cust. Type: Commercial				
Distribution (kWh)	0.4357	0.5436	0.6516	0.7595
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	30.9400	34.9334	38.9269	42.9203
Metering (Customer)	42.9000	40.5810	38.2620	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0723)			
Final Loan Condo (customer)	(3.8790)			
Cust. Type: Public Building				
Distribution (kWh)	0.4525	0.5548	0.6572	0.7595
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	30.2900	34.5001	38.7102	42.9203
Metering (Customer)	33.7200	34.4610	35.2020	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0757)			
Final Loan Condo (customer)	(3.1110)			
Cust. Type: Street Lights				
Distribution (kWh)	1.8673	1.4980	1.1288	0.7595
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	18.1000	26.3734	34.6469	42.9203
Metering (Customer)	34.8300	35.2010	35.5720	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.2965)			
Final Loan Condo (customer)	(0.4127)			

Cust. Type: Industrial				
Distribution (kWh)	0.3229	0.4684	0.6140	0.7595
Distribution (kW)	16.5000	11.0000	5.5000	
Supply (kWh)	-	-	-	
Supply (Customer)	31.2900	35.1668	39.0435	42.9203
Metering (Customer)	499.5700	345.0277	190.4854	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0477)			
Final Loan Condo (customer)	(41.7390)			
Cust. Type: CWS				
Distribution (kWh)	0.3608	0.4937	0.6266	0.7595
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	31.2900	35.1668	39.0435	42.9203
Metering (Customer)	34.8300	35.2010	35.5720	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0558)			
Final Loan Condo (customer)	(3.2137)			
				SUB-TOTAL
HIGHER VOLTAGE				
Cust. Type: Industrial				
Distribution (kWh)	0.3229	0.2153	0.1076	
Distribution (kW)	16.5000	84.2269	151.9538	219.6807
Supply (kWh)	-	-	-	
Supply (Customer)	31.2900	35.1668	39.0435	42.9203
Metering (Customer)	499.5700	345.0277	190.4854	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0477)			
Final Loan Condo (customer)	(41.7390)			
Cust. Type: Irrigation				
Distribution (kWh)	0.4389	0.2926	0.1463	
Distribution (kW)	-	73.2269	146.4538	219.6807
Supply (kWh)	-	-	-	
Supply (Customer)	31.2900	35.1668	39.0435	42.9203
Metering (Customer)	34.8300	35.2010	35.5720	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0804)			
Final Loan Condo (customer)	(3.2137)			

18. DASURECO submits that the implementation of the proposed rates would work to the best interest of its consumers as it would promote reforms in the operation of the EC and improve quality service. Further, DASURECO

has chosen to implement the proposed rates **1/3 of the DSM** and **100% of the CAPEX** at the start of the transition period in order to mitigate the impact of the rate adjustment.

19. DASURECO 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 Davao del Sur and the Sangguniang Panlungsod of Digos City and published the Application in its entirety in a newspaper of general circulation in the Province of Davao del 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 upon 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 DASURECO, as follows:

TYPE OF CONSUMERS	UNITS	RATE DESIGN			
		D	S	M	CAPEX
Residential	PhP/kWh	0.5782	0.6001	0.4326	0.2904
	PhP/Meter/Mo.			5.0000	
Low Voltage	PhP/kWh	0.7595			0.2904
	PhP/Cust/Mo.		42.92	35.94	
Higher Voltage	PhP/kW	219.68			
	PhP/Cust/Mo.		42.92	35.94	
	PhP/kWh				0.2904

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 30, 2009.

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

Counsel for DASURECO

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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)
City of Digos)
Province of Davao del Sur) S.S.

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

I, **JESUS P. DELA VICTORIA, PEE**, of legal age, Filipino and with office address at the Main Office of Davao del Sur Electric Cooperative, Inc. (DASURECO), Cogon, Digos City, Davao del Sur, Philippines, after being sworn to according to law, depose and state that:

1. I am the General Manager of the Davao del Sur Electric Cooperative, Inc. (DASURECO);

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 DASURECO;

3. **DASURECO** 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 Digos City, Davao del Sur.

JESUS P. DELA VICTORIA, PEE

Affiant

CTC No. 18527515

Issued at: Digos City

Issued on: July 28, 2009

SUBSCRIBED AND SWORN to before this __th day of October 2009 at Digos City, Province of Davao del Sur, Philippines.

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