

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

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

ERC CASE NO. 2009-138 RC

**EASTERN SAMAR ELECTRIC
COOPERATIVE, INC. (ESAMELCO),
Applicant.**

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A P P L I C A T I O N

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

1. ESAMELCO 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 Brgy Cabong, Borongan, Eastern Samar, where it may be served with summons and other legal processes, represented in this instance by its OIC General Manager, MARILEN Q. REYES, of legal age, Filipino and with office address also at the ESAMELCO Main Office, Brgy. Cabong, Borongan, Eastern Samar.
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 Eastern Samar namely: BORONGAN, MAYDOLONG, BALANGKAYAN, LLORENTE, HERNANI, MCARTHUR, QUINAPONDAN, GIPORLOS, BALANGIGA, LAWAAN, SALCEDO,

MERCEDES, GUIUAN, SAN JULIAN, SULAT, TAFT, CAN-AVID, DOLORES, ORAS, SAN POLICARPO, & ARTECHE ;

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. ESAMELCO 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 *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. On June 26, 2009, the ESAMELCO Board of Directors passed Board Resolution No.42-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 promulgated the

final RSEC-WR on September 22, 2009 which became effective fifteen (15) days after its publication in the Manila Bulletin on September 24, 2009;

11. Under the RSEC-WR, ESAMELCO is categorized under Group “B”;
12. As a Group “B” EC, ESAMELCO’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is **PhP1.82**;
13. Further, ESAMELCO 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	
Large Load	Higher Voltage Customers

14. After functionalizing and allocating its ORR and using the new customer class, ESAMELCO’s 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	0.8449		0.9259		267.90	
Supply	0.7732			40.15		40.15
Metering	0.4569	5.0000		28.72		28.72

15. As a Group “B” EC, ESAMELCO is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP.4004/kWh;
16. Considering the abovementioned rates, ESAMELCO’s rate caps would be as follows: 1.) DSM – 2.1389; and 2.) MCC – .4004;

GROUP D	RESIDENTIAL		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/Mtr/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kW	PhP/Cust/Mo.
Distribution	.8449		.9259			
Supply	.7732			40.15		40.15
Metering	.4569	5.0000		28.72		28.72
Members Contribution for CAPEX	.4004		.4004		.4004	

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

Table 3. Proposed Transition Rates

Group B Name : EASTERN SAMAR ELECTRIC COOPERATIVE, INC. (ESAMELCO)		Rates Billed			
		Current	Start of Transition	End of Year one	End of Transition
Percentage Increase	1.0000	.3333	.3333	.3333	
RESIDENTIAL					
Residential :					
Distribution (kWh)	1.6287	1.3675	1.1062	.8849	
Supply (kWh)	0.3240	0.4737	.6234	.7732	
Metering (Customer)	5.0000	5.0000	5.0000	5.0000	
Metering (kWh)	0.3911	0.4130	.4350	.4569	
Member Contri.for Capital Expenditure		.1335	.2669	.4004	
Final Loan Condo (kwh)	(0.5144)				
Cust. Type					
Distribution (kWh)	1.0000	0.9483	0.8966	0.8449	
Supply (kWh)	1.0000	0.9244	0.8488	0.7732	
Metering (Customer)	5.0000	5.0000	5.0000	5.0000	
Metering (kWh)	0.5000	.4856	0.4713	0.4569	
Member Contri.for Capital Expenditure		.1335	0.2669	0.4004	
Final Loan Condo (kwh)	(0.1000)				
LOW VOLTAGE					
Commercial					
Distribution (kWh)	1.2037	1.1111	1.0185	0.9259	
Supply (kWh)	-				
Supply (Customer)	18.8300	25.9352	33.0404	40.1477	
Metering (Customer)	35.0400	32.9351	30.8302	28.7254	
Metering (kWh)					
Member Contri.for Capital Expenditure		0.1335	0.2669	0.4004	

Final Loan Condo (kwh)	(0.4043)			
Industrial				
Distribution (kWh)	1.0312	0.9961	0.9610	0.9259
Distribution (kW)	20.0000	13.3340	6.6680	
Supply (kWh)				
Supply (Customer)	18.8300	25.9352	33.0404	40.1477
Metering (Customer)	207.0200	147.5942	88.1683	28.7246
Metering (kWh)				
Member Contri.for Capital Expenditure		0.1335	0.2669	.4004
Final Loan Condo (kwh)	(0.4043)			
Public Building				
Distribution (kWh)	1.1910	1.1026	1.0143	0.9259
Distribution (kW)				
Supply (kWh)				
Supply (Customer)	18.8300	25.9352	33.0404	40.1477
Metering (Customer)	207.02	32.9351	30.8302	28.7246
Metering (kWh)				
Member Contri.for Capital Expenditure		0.1335	0.2669	0.4004
Final Loan Condo (kwh)	(0.4043)			
Street Lights				
Distribution (kWh)	1.1823	1.0968	1.0114	0.9259
Distribution (kW)				
Supply (kWh)				
Supply (Customer)	18.8300	25.9352	33.0404	40.1477
Metering (Customer)	27.7400	28.0682	28.3963	28.7246
Metering (kWh)				
Member Contri.for Capital Expenditure		0.1335	0.2669	0.4004
Final Loan Condo (kwh)	(0.4043)			
Large Load				
Distribution (kWh)				
Distribution (kW)				
Supply (kWh)				
Supply (Customer)				
Metering (Customer)				
Metering (kWh)				
Member Contri.for Capital Expenditure				
Large Load (APTCO)				
Distribution (kWh)				
Distribution (kW)				
Supply (kWh)				

Supply (Customer)				
Metering (Customer)				
Metering (kWh)				
Member Contri. for Capital Expenditure				

18. ESAMELCO is applying for the implementation of the proposed rates to the best interest of its consumers as it would provide efficient and reliable service to its consumers and would be able to comply with the mandate of the EPIRA. Further, ESAMELCO has chosen to implement the proposed rates at the rate of 1/3 of the difference between ESAMELCO's current rate and the initial tariff for Distribution, Supply and Metering (DSM) at the start of the Transition Period. However, for the Member's Contribution for Capital Expenditures ESAMELCO has chosen a 100% implementation at the start of the transition period in order to mitigate the impact of the adjustment towards the initial tariff.

19. ESAMELCO 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 Eastern Samar and the Sangguniang Bayan of Borongan and published the Application in its entirety in a newspaper of general circulation in Region VIII.

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 ESAMELCO, as follows:

TYPE OF CONSUMERS	UNITS	RATE DESIGN			
		D	S	M	CAPEX
Residential	PhP/kWh	.8449	.7732	.4569	
	PhP/Meter/Mo.			5.0000	
CAPEX	PhP/kWh				.4004
Low Voltage	PhP/kWh	.9259			
	PhP/kWh/Cust/Mo		40.15	28.72	
CAPEX	PhP/kWh				.4004
Higher Voltage	PhP/kWh	-		-	-
	PhP/Cust/Mo.		40.15	28.72	
CAPEX	PhP/kWh				.4004

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.

DECHAVEZ SAGAYO and LERIOS-AMBOY
LAW OFFICES
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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)
Province of Eastern Samar) Ss.
Municipality of Borongan)

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

I, Marilen Q. Reyes, of legal age, Filipino and with office address at the Main Office of Eastern Samar Electric Cooperative, Inc. (ESAMELCO), Brgy Cabong, Borongan Eastern Samar, after being sworn to according to law, depose and state that:

1. I am the OIC-General Manager of Eastern Samar Electric Cooperative, Inc. (ESAMELCO);

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 Eastern Samar Electric Cooperative, Inc. (ESAMELCO);

3. Eastern Samar Electric Cooperative, Inc. (ESAMELCO) 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 _____.

MARILEN Q. REYES
Affiant

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

Notary Public

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