

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. 2009-142 RC

SOUTH COTABATO I  
ELECTRIC COOPERATIVE, Inc.  
(SOCOTECO I)

Applicant.

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

COMES NOW, applicant **SOUTH COTABATO I ELECTRIC COOPERATIVE, INC. (SOCOTECO I** for brevity), through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. SOCOTECO I 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 Matulas, City of Koronadal, South Cotabato, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Santiago C. Tudio, of legal age, Filipino and with office address also at the SOCOTECO I 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 South Cotabato namely: City of Koronadal, Tampakan Municipality, Tandingan Municipality , Banga Municipality, Surallah Municipality, Sto. Niño Municipality, Norala

Municipality, Lake Sebu Municipality, T'boli Municipality and Lutayan Municipality of the Province of Sultan Kudarat;

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. SOCOTECO I participated in the abovementioned public consultations and it submitted data/documents required by the ERC during the drafting of the said rules;

7. Said regulatory framework is 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. 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;

10. On October 6, 2009, SOCOTECO I's Board of Director's passed Board Resolution No. 63 for the filing of application with the Energy Regulatory Commission for approval of the implementation of the Rules for Setting the Electric Cooperatives' Wheeling Rates (RSEC-WR), with prayer for provisional authority; For the General Manager to cause the preparation of required data and execution of necessary documents; And the engagement of legal counsel for the purpose;

11. Under the RSEC-WR, SOCOTECO I was categorized as Group “F”;

12. As a Group “F” EC, SOCOTECO I Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR is PhP 0.9900;

13. Further, SOCOTECO I, is required to implement a new customer class, as follows:

**Table 1. Existing Customer Class and New Customer Class**

Existing Customer Class	New Customer Segmentation
Residential	Residential
BAPA	
Commercial	Low Voltage
Industrial	
Street Lights	
Public Building	
Commercial	Higher Voltage
Large Commercial	
Industrial	
Public Building	

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

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

Group F	Residential		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/Meter/Mo	PhP/kWh	PhP/Cust/Mo	PhP/kW	PhP/Cust/Mo
Distribution	0.4613		0.4441		167.56	
Supply	0.5376			46.60		46.60
Metering	0.3205	5.00		32.78		32.78

15. As a Group “F” EC, SOCOTECO I is also authorized to collect a Member’s Contribution for Capital Expenditure (MC for Capex) Rate in the amount of PhP0.2178/kWh;

16. Considering the abovementioned rates, SOCOTECO I’s rate caps would be as follows:

Group F	Residential		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/Meter/Mo	PhP/kWh	PhP/Cust/Mo	PhP/kW	PhP/kWh	PhP/Cust/Mo
Distribution	0.4613		0.4441		167.56		
Supply	0.5376			46.60			46.60
Metering	0.3205	5.00		32.78			32.78
Capex	0.2178		0.2178			0.2178	

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

**Table 3. Proposed Transition Rates**

SOCOTECO-I	Rates Billed				2008 Billing Determinants	Revenue at Current Rates	Revenue at Initial Tariff	Difference
	Current	Start of Transition	End of Year one	End of Transition				
Percentage increase	1.0000	1.0000	-	-				
<b>RESIDENTIAL</b>								
<b>Cust. Type: Residential</b>								
Distribution (kWh)	0.8617	0.4613	0.4613	0.4613	64,709,461	55,760,142.54	29,847,994.93	(25,912,147.61)
Supply (kWh)	0.2671	0.5376	0.5376	0.5376	64,709,461	17,283,897.03	34,786,532.17	17,502,635.14
Metering (Customer)	5.0000	5.0000	5.0000	5.0000	57,911	3,474,660.00	3,474,660.00	-
Metering (kWh)	0.3891	0.3205	0.3205	0.3205	64,709,461	25,178,451.28	20,736,754.51	(4,441,696.77)
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178	64,709,461	-	14,093,720.61	14,093,720.61
<b>SUB-TOTAL</b>					<b>64,709,461</b>			<b>1,242,511.36</b>
<b>0.0192</b>								
<b>LOW VOLTAGE</b>								
<b>Cust. Type: Small Commercial</b>								
Distribution (kWh)	0.3109	0.4441	0.4441	0.4441	19,451,471	6,047,462.33	8,639,022.09	2,591,559.76
Distribution (kW)	-	-	-	-	4,386	-	-	-
Supply (kWh)	-	-	-	-	19,451,471	-	-	-
Supply (Customer)	25.4700	46.6048	46.6048	46.6048	5,603	1,712,500.92	3,133,518.24	1,421,017.32
Metering (Customer)	42.1000	32.7818	32.7818	32.7818	5,603	2,830,635.60	2,204,115.51	(626,520.09)
Metering (kWh)	-	-	-	-	19,451,471	-	-	-
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178	19,451,471	-	4,236,530.38	4,236,530.38
<b>Cust. Type: Industrial</b>								
Distribution (kWh)	0.0681	0.4441	0.4441	0.4441	521,982	35,546.97	231,828.95	196,281.97
Distribution (kW)	14.0000	-	-	-	162	27,173.83	-	(27,173.83)
Supply (kWh)	-	-	-	-	521,982	-	-	-
Supply (Customer)	25.4700	46.6048	46.6048	46.6048	64	19,560.96	35,792.46	16,231.50
Metering (Customer)	42.1000	32.7818	32.7818	32.7818	64	32,332.80	25,176.40	(7,156.40)
Metering (kWh)	-	-	-	-	521,982	-	-	-
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178	521,982	-	113,687.68	113,687.68
<b>Cust. Type: Street Lights</b>								
Distribution (kWh)	2.1428	0.4441	0.4441	0.4441	528,199	1,131,824.82	234,590.12	(897,234.70)
Distribution (kW)	-	-	-	-	111	-	-	-
Supply (kWh)	-	-	-	-	528,199	-	-	-
Supply (Customer)	23.5700	46.6048	46.6048	46.6048	899	254,273.16	502,772.25	248,499.09
Metering (Customer)	-	32.7818	32.7818	32.7818	899	-	353,649.80	353,649.80
Metering (kWh)	-	-	-	-	528,199	-	-	-
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178	528,199	-	115,041.74	115,041.74
<b>Cust. Type: Public Building</b>								
Distribution (kWh)	0.2830	0.4441	0.4441	0.4441	5,878,421	1,663,593.14	2,610,795.29	947,202.15
Distribution (kW)	-	-	-	-	1,667	-	-	-
Supply (kWh)	-	-	-	-	5,878,421	-	-	-
Supply (Customer)	25.4700	46.6048	46.6048	46.6048	1,345	411,085.80	752,200.97	341,115.17
Metering (Customer)	42.1000	32.7818	32.7818	32.7818	1,345	679,494.00	529,097.87	(150,396.13)
Metering (kWh)	-	-	-	-	5,878,421	-	-	-
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178	5,878,421	-	1,280,320.09	1,280,320.09
<b>SUB-TOTAL</b>					<b>26,380,073</b>			<b>10,152,655.50</b>
<b>0.3849</b>								

F SOCOTECO-I	Rates Billed				2008 Billing Determinants	Revenue at Current Rates	Revenue at Initial Tariff	Difference
	Current	Start of Transition	End of Year one	End of Transition				
Percentage increase	1.0000	1.0000	-	-				
<b>HIGHER VOLTAGE</b>								
<b>Cust. Type: Small Commercial</b>								
Distribution (kWh)	0.3109	-	-	-	11,043,061	3,433,287.66	-	(3,433,287.66)
Distribution (kW)	-	167.5632	167.5632	167.5632	2,490	-	5,006,478.89	5,006,478.89
Supply (kWh)	-	-	-	-	11,043,061	-	-	-
Supply (Customer)	25.4700	46.6048	46.6048	46.6048	86	26,285.04	48,096.12	21,811.08
Metering (Customer)	42.1000	32.7818	32.7818	32.7818	86	43,447.20	33,830.79	(9,616.41)
Metering (kWh)	-	-	-	-	11,043,061	-	-	-
Members Contribution for Capital Expenditures	-	0.2178	0.2178	0.2178	11,043,061	-	2,405,178.69	2,405,178.69
<b>Cust. Type: Industrial</b>								
Distribution (kWh)	0.0681	-	-	-	13,687,030	932,086.74	-	(932,086.74)
Distribution (kW)	14.0000	167.5632	167.5632	167.5632	2,284	383,682.26	4,592,215.73	4,208,533.47
Supply (kWh)	-	-	-	-	13,687,030	-	-	-
Supply (Customer)	25.4700	46.6048	46.6048	46.6048	70	21,394.80	39,148.01	17,753.21
Metering (Customer)	42.1000	32.7818	32.7818	32.7818	70	35,364.00	27,536.69	(7,827.31)
Metering (kWh)	-	-	-	-	13,687,030	-	-	-
Members Contribution for Capital Expenditures	-	0.2178	0.2178	0.2178	13,687,030	-	2,981,035.13	2,981,035.13
Final Loan Condo (kWh)	-	-	-	-	13,687,030	-	-	-
Final Loan Condo (customer)	-	-	-	-	70	-	-	-
<b>Cust. Type: Large Commercial</b>								
Distribution (kWh)	0.0314	-	-	-	11,886,840	373,246.78	-	(373,246.78)
Distribution (kW)	10.0000	167.5632	167.5632	167.5632	3,183	382,013.90	6,401,146.44	6,019,132.54
Supply (kWh)	-	-	-	-	11,886,840	-	-	-
Supply (Customer)	25.4700	46.6048	46.6048	46.6048	3	916.92	1,677.77	760.85
Metering (Customer)	42.1000	32.7818	32.7818	32.7818	3	1,515.60	1,180.14	(335.46)
Metering (kWh)	-	-	-	-	11,886,840	-	-	-
Members Contribution for Capital Expenditures	-	0.2178	0.2178	0.2178	11,886,840	-	2,588,953.75	2,588,953.75
Final Loan Condo (kWh)	-	-	-	-	11,886,840	-	-	-
Final Loan Condo (customer)	-	-	-	-	3	-	-	-
<b>Cust. Type: Public Building</b>								
Distribution (kWh)	0.2830	-	-	-	2,778,059	786,190.70	-	(786,190.70)
Distribution (kW)	-	167.5632	167.5632	167.5632	788	-	1,584,363.74	1,584,363.74
Supply (kWh)	-	-	-	-	2,778,059	-	-	-
Supply (Customer)	25.4700	46.6048	46.6048	46.6048	26	7,946.64	14,540.69	6,594.05
Metering (Customer)	42.1000	32.7818	32.7818	32.7818	26	13,135.20	10,227.91	(2,907.29)
Metering (kWh)	-	-	-	-	2,778,059	-	-	-
Members Contribution for Capital Expenditures	-	0.2178	0.2178	0.2178	2,778,059	-	605,061.25	605,061.25
Final Loan Condo (kWh)	-	-	-	-	2,778,059	-	-	-
Final Loan Condo (customer)	-	-	-	-	26	-	-	-
<b>SUB-TOTAL</b>					39,394,990			<b>19,900,158.32</b>
<b>Net Revenue Impact</b>								<b>0.5051</b>
<b>Total kWh sales</b>								<b>130,484,524</b>
<b>Net Revenue Impact</b>								<b>31,295,325.19</b>
<b>Total kWh sales</b>								<b>0.2398</b>

18. SOCOTECO-I submits that the implementation of the proposed rates would be to the best interest of its consumers as it would be encouraged to improve its efficiency and be able to deliver reliable, efficient and quality service to its consumers. Further, SOCOTECO-I has chosen to implement all the proposed rates in full at the start of the transition period to be able to immediately address its DSM costs and provide funds for its much needed CAPEX projects.

19. SOCOTECO-I 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 South Cotabato,

Sultan Kudarat and the Sangguniang Panlungsod of Koronadal City, and published the Application in its entirety in a newspaper of general circulation in the Provinces of South Cotabato and Sultan Kudarat.

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) Local publication of the Application with Affidavit of the Publication;
- c) Certifications of the concerned Sanggunians;
- d) Complete RSEC-WR UFR Model;
- e) Complete Transition Model;
- f) 2008 Audited Financial Statement;
- g) Billing Determinants and Customer Class Allocation;
- h) Current Billing Statement.

### **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 SOCOTECO-I, as follows:

Type of Customers	Units	Rate Design			CapEx
		D	S	M	
Residential	PhP/kWh	0.4613	0.5376	0.3205	0.2178
	PhP/Meter/Mo			5.00	
Low Voltage	PhP/kWh	0.4441			0.2178
	PhP/Cust/Mo		46.60	32.78	
Higher Voltage	PhP/kW	167.56			
	PhP/Cust/Mo		46.60	32.78	
	PhP/kWh				0.2178

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, October 28, 2009.

**DECHAVEZ SAGAYO & LERIOS-AMBOY**  
**LAW OFFICES**  
**Counsel for SOCOTECO I**  
Units 1609-1610 Tycoon Centre Condo.,  
Pearl Drive, Ortigas Center, Pasig City, Metro Manila

By:



**DITAS A. LERIOS-AMBOY**  
Roll No. 40628  
PTR No. 5098945, Jan 5, 2009 Pasig  
IBP No. 767996, Jan 5, 2009 Rizal  
MCLE Compliance II Cert. No. 0003158 Feb. 28, 2008

Republic of the Philippines)  
City of Koronadal, South Cotabato) Ss.

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

I, **Santiago C. Tudio**, of legal age, Filipino and with office address at the Main Office of South Cotabato I Electric Cooperative, Inc. (SOCOTECO-I), Brgy. Matulas, City of Koronadal, after being sworn to according to law, depose and state that:

1. I am the General Manager of South Cotabato I Electric Cooperative, Inc. (SOCOTECO-I);

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 SOCOTECO-I

3. SOCOTECO-I 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 28<sup>th</sup> day of October, 2009 at Koronadal City.

**SANTIAGO C. TUDIO**  
Affiant

SUBSCRIBED AND SWORN to before me this 28<sup>th</sup> day of October 2009 by the affiant who exhibited to me his CTC # 04467576O issued at City of Koronadal on January 5, 2009.

Notary Public

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