

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

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

ERC CASE NO. 2009-143 RC

CAMARINES SUR II ELECTRIC
COOPERATIVE, INC. (CASURECO II)
Applicant.

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A P P L I C A T I O N

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

1. CASURECO II 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. Del Rosario, Naga City, where it may be served with summons and other legal processes, represented in this instance by its OIC-General Manager, **JANE T. BARRAMEDA**, of legal age, Filipino and with office address also at CASURECO II Main Office. Hereto attached as ANNEX "A" the Board of Directors Resolution authorizing the OIC-General Manager to represent CASURECO II in above cited application.
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: Naga City, Pili, Milaor, Minalabac, Canaman, Magarao, Bombon, Calabanga, Tinambac, Siruma, Camarines Sur;

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 *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 II 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 October 31, 2009, CASURECO II Board of Directors passed Board Resolution No.175, imploring upon the ERC to implement the new rate setting methodology embodied in the RSEC-WR; (already attached as ANNEX “A”)
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, CASURECO II is categorized under Group “F”;

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

13. Further, CASURECO II 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
Irrigation	
Industrial	
Street Lights	
Public Building	
Commercial w/ Demand	Higher Voltage Customers
Irrigation	
Industrial	
Public Building w/ Demand	

14. After functionalizing and allocating its ORR and using the new customer class, CASURECO II’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/Mtr/Mo	PhP/kWh	PhP/Cust/Mo	PhP/mtr/Mo	PhP/kW	PhP/Cust/Mo	PhP/mtr/Mo
Distribution	0.4613		0.4441			167.56		
Supply	0.5376			46.60			46.60	
Metering	0.3205	5.0000			32.78			32.78

15. As a Group “F” EC, CASURECO II is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP 0.2178/kWh;

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

GROUP F	RESIDENTIAL		Low Voltage			Higher Voltage			
	PhP/kWh	PhP/Meter/ Month	PhP/kWh	PhP/Cust/Mo	Php/Meter/ Month	PhP/kWh	PhP/kW	PhP/Cust/Mo	Php/Meter /Month
Distribution	0.4613		0.4441				167.56		
Supply	0.5376			46.60				46.60	
Metering	0.3205	5.0000			32.78				32.78
Members Cont. for CAPEX	0.2178		0.2178			0.2178			

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

Table 3. Proposed Transition Rates

F CAMARINES SUR II ELECTRIC COOPERATIVE, INC. (CASURECO II)		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	Php/kWh	0.9054	0.7574	0.6093	0.4613
Supply	Php/kWh	0.7035	0.6482	0.5929	0.5376
Metering	Php/meter/mo	5.0000	5.0000	5.0000	5.0000
Metering	Php/kWh	0.3458	0.3374	0.3289	0.3205
Members Contribution for Capital Expenditures	Php/kWh		0.2178	0.2178	0.2178
Final Loan Condo	Php/kWh	(0.5091)			
LOW VOLTAGE					
Cust. Type: Commercial					
Distribution	Php/kWh	0.6502	0.5815	0.5128	0.4441
Distribution	Php/kW	-	-	-	
Supply	Php/kWh	0.2285	0.1523	0.0762	
Supply	Php/cust/mo	-	15.5349	31.0698	46.6048
Metering	Php/meter/mo	41.4100	38.5339	35.6579	32.7818
Metering	Php/kWh	-	-	-	
Members Contribution for Capital Expenditures	Php/kWh		0.2178	0.2178	0.2178
Final Loan Condo	Php/kWh	(0.2745)			
Final Loan Condo	Php/cust/mo	(11.1905)			
Cust. Type: Irrigation					
Distribution	Php/kWh	0.3395	0.3744	0.4093	0.4441
Distribution	Php/kW				
Supply	Php/kWh	0.0224	0.0149	0.0075	
Supply	Php/cust/mo	-	15.5349	31.0698	46.6048
Metering	Php/meter/mo	130.5000	97.9273	65.3545	32.7818
Metering	Php/kWh	-	-	-	
Members Contribution for Capital Expenditures	Php/kWh		0.2178	0.2178	0.2178
Final Loan Condo	Php/kWh	(0.1777)			
Final Loan Condo	Php/cust/mo	(16.3405)			
Cust. Type: Industrial					
Distribution	Php/kWh	0.3599	0.3880	0.4161	0.4441
Distribution	Php/kW				
Supply	Php/kWh	0.0101	0.0067	0.0034	
Supply	Php/cust/mo	-	15.5349	31.0698	46.6048
Metering	Php/meter/mo	129.3400	97.1539	64.9679	32.7818
Metering	Php/kWh	-	-	-	
Members Contribution for Capital Expenditures	Php/kWh		0.2178	0.2178	0.2178
Final Loan Condo	Php/kWh	(0.2078)			
Final Loan Condo	Php/cust/mo	(15.1665)			

F CAMARINES SUR II ELECTRIC COOPERATIVE, INC. (CASURECO II)		Rates Billed			
		Current	Start of Transition	End of Year one	End of Transition
Percentage increase		1.0000	0.3333	0.3333	0.3333
		LOW VOLTAGE			
Cust. Type: Streetlight					
Distribution	Php/kWh	0.5501	0.5148	0.4795	0.4441
Distribution	Php/kW	-	-	-	
Supply	Php/kWh	0.0219	0.0146	0.0073	
Supply	Php/Cust/mo	-	15.5349	31.0698	46.6048
Metering	Php/meter/mo	-	10.9273	21.8545	32.7818
Metering	Php/kWh	-	-	-	
Members Contribution for Capital Expenditures	Php/kWh		0.2178	0.2178	0.2178
Final Loan Condo	Php/kWh	(0.2473)			
Final Loan Condo	Php/Cust/mo	(1.3686)			
Cust. Type: Public Building					
Distribution	Php/kWh	0.9574	0.7863	0.6152	0.4441
Distribution	Php/kW	-	-	-	
Supply	Php/kWh	0.1554	0.1036	0.0518	
Supply	Php/Cust/mo	-	15.5349	31.0698	46.6048
Metering	Php/meter/mo	39.5100	37.2673	35.0245	32.7818
Metering	Php/kWh	-	-	-	
Members Contribution for Capital Expenditures	Php/kWh		0.2178	0.2178	0.2178
Final Loan Condo	Php/kWh	(0.4308)			
Final Loan Condo	Php/Cust/mo	(11.1088)			
		HIGHER VOLTAGE			
Cust. Type: Commercial With Demand					
Distribution	Php/kWh	0.2989	0.1993	0.0996	
Distribution	Php/kW	22.0000	70.5211	119.0421	167.5632
Supply	Php/kWh	0.0081	0.0054	0.0027	
Supply	Php/Cust/mo	-	15.5349	31.0698	46.6048
Metering	Php/meter/mo	91.6300	72.0139	52.3979	32.7818
Metering	Php/kWh	-	-	-	
Members Contribution for Capital Expenditures	Php/kWh		0.2178	0.2178	0.2178
Final Loan Condo	Php/kWh	(0.1655)			
Final Loan Condo	Php/Cust/mo	(13.4768)			
Cust. Type: Irrigation					
Distribution	Php/kWh	0.3395	0.2263	0.1132	
Distribution	Php/kW	22.0000	70.5211	119.0421	167.5632
Supply	Php/kWh	0.0224	0.0149	0.0075	
Supply	Php/Cust/mo	-	15.5349	31.0698	46.6048
Metering	Php/meter/mo	130.5000	97.9273	65.3545	32.7818
Metering	Php/kWh	-	-	-	
Members Contribution for Capital Expenditures	Php/kWh		0.2178	0.2178	0.2178
Final Loan Condo	Php/kWh	(0.1777)			
Final Loan Condo	Php/Cust/mo	(16.3405)			

F CAMARINES SUR II ELECTRIC COOPERATIVE, INC. (CASURECO II)		Rates Billed			
		Current	Start of Transition	End of Year one	End of Transition
Percentage increase		1.0000	0.3333	0.3333	0.3333
HIGHER VOLTAGE					
Cust. Type: Industrial					
Distribution	Php/kWh	0.3599	0.2399	0.1200	
Distribution	Php/kW	22.0000	70.5211	119.0421	167.5632
Supply	Php/kWh	0.0101	0.0067	0.0034	
Supply	Php/Cust/mo	-	15.5349	31.0698	46.6048
Metering	Php/meter/mo	129.3400	97.1539	64.9679	32.7818
Metering	Php/kWh	-	-	-	
Members Contribution for Capital Expenditures	Php/kWh		0.2178	0.2178	0.2178
Final Loan Condo	Php/kWh	(0.2078)			
Final Loan Condo	Php/Cust/mo	(15.1665)			
Cust. Type: Public Building w/ Demand					
Distribution	Php/kWh	0.5581	0.3721	0.1860	
Distribution	Php/kW	22.0000	70.5211	119.0421	167.5632
Supply	Php/kWh	0.0080	0.0053	0.0027	
Supply	Php/Cust/mo	-	15.5349	31.0698	46.6048
Metering	Php/meter/mo	91.7000	72.0606	52.4212	32.7818
Metering	Php/kWh	-	-	-	
Members Contribution for Capital Expenditures	Php/kWh		0.2178	0.2178	0.2178
Final Loan Condo	Php/kWh	(0.3494)			
Final Loan Condo	Php/Cust/mo	(13.5478)			

18. CASURECO II submits that by the implementation of the proposed rates would work to the best interest of its consumers as it would give them a more reliable service. Further, CASURECO II has chosen to implement the proposed rates at a one-third (1/3) throughout the transition period considering the current sales revenue of the cooperative, as implementing 100% of the same would result to the abrupt decrease in the sale revenue and loss in its operation and eventually affects its reliable service to its member consumers.

19 CASURECO II 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, Sangguniang Panglungsod of Naga City, and the Sangguniang Bayan of Pili, Milaor, Minalabac, Canaman, Magarao, Bombon, Calabanga, Tinambac and Siruma, 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. Local publication of the Application with Affidavit of Publication;
- b. Certification of the concerned local Sanggunian;
- c. Completed RSEC-WR UFR Model;
- d. Completed Transition Model;
- e. 2008 Audited Financial Statement;
- f. 2008 Trial Balance
- g. Section B of MFSR for the year 2008;
- h. Billing Determinants & Customer Class Allocation;
- i. Current Sample bills.

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 II, as follows:

TYPE OF CONSUMERS	UNITS	RATE DESIGN			MCC
		D	S	M	
Residential	PhP/kWh	0.4613	0.5376	0.3205	0.2178
	PhP/Cust/Mo.				
	Php/meter/mo			5.0000	
Low Voltage	PhP/kWh	0.4441			0.2178
	PhP/Cust/Mo.		46.60		
	Php/meter/mo			32.78	
Higher Voltage	PhP/kWh				0.2178
	PhP/kW	167.56			
	PhP/Cust/Mo.		46.60		
	Php/meter/mo			32.78	

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

Naga City, November 5, 2009.

GERLIE A. ADMANA
 Roll No. 56262/4-29-09
 PTR No. 503700/6-2-09/Naga City
 IBP No. 788216/ Manila
 MCLE Exempt (Newly admitted to the BAR)

Republic of the Philippines)
Naga City) Ss.

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

I, JANE T. BARRAMEDA, of legal age, Filipino and with office address at the Main Office of CAMARINES SUR II Electric Cooperative, Inc. (CASURECO II), after having sworn to according to law, depose and state that:

1. I am the Officer-In-Charge of Camarines Sur II Electric Cooperative, Inc. (CASURECO II);

2. I have caused the preparation and filing of the foregoing Application; have read the allegations contained therein, and have certified that the same are true and correct based on authentic records of CASURECO II.

3. CASURECO II has not hereto 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 5th day of November, 2009 at Naga City.

JANE T. BARRAMEDA

Affiant

SUBSCRIBED AND SWORN to before me in Naga City, this 5th day of November 2009 by the affiant who exhibited to me her Community Tax Certificate No. **13747450**, issued at **Barangay Peñafrancia, Naga City** on **January 6, 2009**.

Notary Public

Doc. No. ;
Page No. ;
Book No. ;

Series of 2009.