

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. 2009-147RC

**LEYTE VELECTRIC
COOPERATIVE, INC. (LEYECO
V)**

Applicant.

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A P P L I C A T I O N

COMES NOW, applicant **LEYTE V ELECTRIC SERVICE COOPERATIVE, INC. (LEYECO V)**, through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. LEYECO V 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. San Pablo, Ormoc City, Leyte where it may be served with summons and other legal processes, represented in this instance by its Officer-In-Charge, General Manager, Engr. Juanito E. Jorda, of legal age, Filipino and with office address also at the LEYECO V 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 Leyte, namely Ormoc, Albuera, Kananga, Matag-ob, Villaba, Tabango, San Isidro, Leyte, Palompon, Isabel, and Merida;
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. LEYECO V 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. On May 9, 2009, LEYECO V Board of Directors passed Board Resolution No.54 series 2009, 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 where 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, LEYECO V is categorized under Group “E”;
12. As a Group “E” EC, LEYECO V’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is Php 1.3261 per kwh;
13. Further, LEYECO V 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, LEYECO V' initial Distribution, Supply and Metering (DSM) rate caps are as follows:

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP		Residential		Low Voltage		Higher Voltage	
		PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/Mo	PhP/kW	PhP/Cust/mo
E	Distribution	0.5782		0.7595		219.68	
	Supply	0.6001			42.92		42.92
	Metering	0.4326	5.0000		35.94		35.94

15. As a Group "E" EC, LEYECO V 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, LEYECO V's rate caps would be as follows: 1.) DSM –2.3704; 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/Cust/mo
Distribution		0.5782		0.7595		219.68	
Supply		0.6001			42.92		42.92
Metering		0.4326	5.0000		35.94		35.94
Members Contribution for CAPEX		0.2904		0.2904		0.2904	

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

Table 3. Proposed Transition Rates

	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	1.0000	-	-
RESIDENTIAL				
Cust. Type: Residential				
Distribution (kWh)	0.8492	0.5782	0.5782	0.5782
Supply (kWh)	0.6203	0.6001	0.6001	0.6001
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.3525	0.4326	0.4326	0.4326
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.2905)			
SUB-TOTAL				
LOW VOLTAGE				
Cust. Type: Commercial				
Distribution (kWh)	0.4422	0.7595	0.7595	0.7595
Distribution (kW)	-	-	-	-
Supply (kWh)	-	-	-	-
Supply (Customer)	51.1000	42.9203	42.9203	42.9203
Metering (Customer)	35.4300	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	-
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1242)			
Final Loan Condo (customer)	(9.1225)			
Cust. Type: Industrial				
Distribution (kWh)	0.1178	0.7595	0.7595	0.7595
Distribution (kW)	16.5000	-	-	-
Supply (kWh)	-	-	-	-
Supply (Customer)	51.1000	42.9203	42.9203	42.9203
Metering (Customer)	441.9400	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	-
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0736)			
Final Loan Condo (customer)	(97.2507)			
Cust. Type: Public Building				
Distribution (kWh)	0.5114	0.7595	0.7595	0.7595
Distribution (kW)	-	-	-	-
Supply (kWh)	-	-	-	-
Supply (Customer)	51.1000	42.9203	42.9203	42.9203
Metering (Customer)	29.7100	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	-
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1559)			
Final Loan Condo (customer)	(7.8817)			
Cust. Type: Streetlights				
Distribution (kWh)	0.4919	0.7595	0.7595	0.7595
Distribution (kW)	-	-	-	-
Supply (kWh)	-	-	-	-
Supply (Customer)	51.1000	42.9203	42.9203	42.9203
Metering (Customer)	29.7100	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	-
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0905)			
Final Loan Condo (customer)	(2.6280)			
SUB-TOTAL				
HIGHER VOLTAGE				
Cust. Type: Industrial				
Distribution (kWh)	0.1178	-	-	-
Distribution (kW)	16.5000	219.6807	219.6807	219.6807
Supply (kWh)	-	-	-	-
Supply (Customer)	51.1000	42.9203	42.9203	42.9203
Metering (Customer)	441.9400	35.9431	35.9431	35.9431
Metering (kWh)	-	-	-	-
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.0736)			
Final Loan Condo (customer)	(97.2507)			

18. LEYECO V is applying for the implementation of the proposed rates as it strongly believes that this will pave the way to developing its efficiency and eventually achieve self-reliance and financial independence, and be able to comply with the mandate of the EPIRA for ECs to deliver efficient, reliable and quality service to their consumers. Further, LEYECO V has chosen to implement the rate caps 100% at the start of the Transition Period to be able to recover the losses encountered in the past years where previous increases in the cost of operations were just subsidized by the cooperative.
19. LEYECO V 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 Panlungsod of Ormoc City and published the Application in its entirety in a newspaper of general circulation in the Province of Leyte.
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 LEYECO V, as follows:

TYPE OF CUSTOMER	UNITS	RATE DESIGN			
		Distribution	Supply	Metering	Members Contribution for 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/kWh	219.68			0.2904
	PhP/Cust/mo		42.92	35.94	

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 12, 2009.

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By:



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Roll No. 40628
MCLE Compliance II Cert. No. 0003158 Feb. 28, 2008
PTR#5098945 Jan. 5, 2009 Pasig
IBP# 767996 Jan. 5, 2009 Rizal**