

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. 2009-148 RC

CENTRAL PANGASINAN  
ELECTRIC COOPERATIVE, INC.  
(CENPELCO)

Applicant.

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

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

1. CENPELCO 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 Padilla Street, San Carlos City, Pangasinan, where it may be served with summons and other legal processes, represented in this instance by its General Manager, JOSEFINA D. MANDAPAT, of legal age, Filipino and with office address also at CENPELCO 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 Pangasinan, namely:

Aguilar, Alcala, Basista, Bautista, Bayambang, Binmaley, Bugallon, Labrador, Lingayen, Malasiqui, Mangaldan, Mangatarem, San Carlos City, Sual and Urbiztondo;

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. CENPELCO participated in the above-mentioned public consultations and its 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. On May 2, 2009, CENPELCO Board of Directors passed Board Resolution No.59-A Series of 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 wherein the electric cooperatives operate, the ERC issued the final RSEC-WR on and the same was published in the Manila Bulletin on September 24, 2009;

11. Under the RSEC-WR, CENPELCO is categorized under Group “F”;

12. As a Group “F” EC, CENPELCO’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP0.9900;

13. Further, CENPELCO 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	
Special Lightings	
Industrial	
Irrigation	
Industrial	Higher Voltage Customers
Commercial	
Public Building	
Street Lights	

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

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

	RESIDENTIAL		LOW VOLTAGE			HIGHER VOLTAGE		
	Php/kWh	PhP/Meter/Mo	Php/kWh	PhP/Cust/Mo	PhP/Meter/Mo	Php/kWh	PhP/Cust/Mo	PhP/Meter/Mo
<b>Distribution</b>	0.4613		0.4441			167.56		
<b>Supply</b>	0.5376			46.60			46.60	
<b>Metering</b>	0.3205	5.0000			32.78			32.78

15. As a Group “F” EC, CENPELCO 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, CENPELCO’s rate caps would be as follows: 1.) DSM – PhP0.9900; and 2.) MCC – PhP0.2178;

**INITIAL DSM RATE CAPS AND MCC PER CUSTOMER CLASS**

	RESIDENTIAL		LOW VOLTAGE			HIGHER VOLTAGE			
	Php/kWh	PhP/Meter/Mo	Php/kWh	PhP/Cust/Mo	PhP/Meter/Mo	Php/kWh	PhP/kWh	PhP/Cust/Mo	PhP/Meter/Mo
<b>Distribution</b>	0.4613		0.4441				167.56		
<b>Supply</b>	0.5376			46.60				46.60	
<b>Metering</b>	0.3205	5.0000			32.78				32.78
<b>Members Contribution for Capital Expenditures</b>	0.2178		0.2178			0.2178			

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

**Table 3. Proposed Transition Rates**

		Rates Billed			
		RESIDENTIAL			
		Current	Start of Transition	End of Year one	End of Transition
<b>Cust. Type: Residential</b>					
<b>Distribution</b>	<b>PhP/kWh</b>	0.8563	0.7246	0.5929	0.4613
<b>Supply</b>	<b>PhP/kWh</b>	0.5179	0.5245	0.5310	0.5376
<b>Metering</b>	<b>PhP/meter/mo</b>	5.0000	5.0000	5.0000	5.0000
<b>Metering</b>	<b>PhP/kWh</b>	0.2646	0.2832	0.3018	0.3205
<b>Members Contribution for Capital Expenditures</b>	<b>PhP/kWh</b>		0.2178	0.2178	0.2178
<b>Final Loan Condo</b>	<b>PhP/kWh</b>	(0.5062)			

		LOW VOLTAGE			
		Current	Start of Transition	End of Year one	End of Transition
<b>Cust. Type: Commercial</b>					
Distribution	PhP/kWh	0.6053	0.5516	0.4979	0.4441
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	37.7400	40.6949	43.6498	46.6048
Metering	PhP/meter/mo	24.1000	26.9939	29.8879	32.7818
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2178	0.2178	0.2178
Final Loan Condo	PhP/kWh	(0.2535)			
Final Loan Condo	PhP/cust/mo	(10.6981)			
<b>Cust. Type: Public Building</b>					
Distribution	PhP/kWh	0.5669	0.5260	0.4851	0.4441
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	38.0200	40.8816	43.7432	46.6048
Metering	PhP/meter/mo	19.6100	24.0006	28.3912	32.7818
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2178	0.2178	0.2178
Final Loan Condo	PhP/kWh	(0.2375)			
Final Loan Condo	PhP/cust/mo	(8.8530)			
<b>Cust. Type: Street Lights</b>					
Distribution	PhP/kWh	2.6669	1.9260	1.1851	0.4441
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	22.9800	30.8549	38.7298	46.6048
Metering	PhP/meter/mo	19.4600	23.9006	28.3412	32.7818
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2178	0.2178	0.2178
Final Loan Condo	PhP/kWh	(2.3023)			
Final Loan Condo	PhP/cust/mo	(7.7030)			
<b>Cust. Type: Special Lightings</b>					
Distribution	PhP/kWh	0.5335	0.5037	0.4739	0.4441
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	36.3100	39.7416	43.1732	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	(0.2217)			
Final Loan Condo	PhP/cust/mo	(10.2526)			
<b>Cust. Type: Industrial</b>					
Distribution	PhP/kWh	0.5608	0.5219	0.4830	0.4441

Distribution	PhP/kW	18.1500	12.1000	6.0500	
Supply	PhP/kWh				
Supply	PhP/cust/mo	53.4300	51.1549	48.8798	46.6048
Metering	PhP/meter/mo	46.7800	42.1139	37.4479	32.7818
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2178	0.2178	0.2178
Final Loan Condo	PhP/kWh	(0.3046)			
Final Loan Condo	PhP/cust/mo	(20.2204)			
<b>Cust. Type: Irrigation</b>					
Distribution	PhP/kWh	5.1633	3.5902	2.0172	0.4441
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	40.1200	42.2816	44.4432	46.6048
Metering	PhP/meter/mo	29.2800	30.4473	31.6145	32.7818
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2178	0.2178	0.2178
Final Loan Condo	PhP/kWh	(2.3238)			
Final Loan Condo	PhP/cust/mo				
<b>HIGHER VOLTAGE</b>					
		<b>Current</b>	<b>Start of Transition</b>	<b>End of Year one</b>	<b>End of Transition</b>
<b>Cust. Type: Industrial</b>					
Distribution	PhP/kWh	0.5608	0.3739	0.1869	
Distribution	PhP/kW	18.1500	67.9544	117.7588	167.5632
Supply	PhP/kWh				
Supply	PhP/cust/mo	53.4300	51.1549	48.8798	46.6048
Metering	PhP/meter/mo	46.7800	42.1139	37.4479	32.7818
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2178	0.2178	0.2178
Final Loan Condo	PhP/kWh	(0.3046)			
Final Loan Condo	PhP/cust/mo	(20.2204)			
<b>Cust. Type: Commercial</b>					
Distribution	PhP/kWh	0.6053	0.4035	0.2018	
Distribution	PhP/kW		55.8544	111.7088	167.5632
Supply	PhP/kWh				
Supply	PhP/cust/mo	37.7400	40.6949	43.6498	46.6048
Metering	PhP/meter/mo	24.1000	26.9939	29.8879	32.7818
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2178	0.2178	0.2178
Final Loan Condo	PhP/kWh	(0.2535)			
Final Loan Condo	PhP/cust/mo	(10.6981)			
<b>Cust. Type: Public Building</b>					
Distribution	PhP/kWh	0.5669	0.3779	0.1890	
Distribution	PhP/kW		55.8544	111.7088	167.5632
Supply	PhP/kWh				

<b>Supply</b>	<b>PhP/cust/mo</b>	38.0200	40.8816	43.7432	46.6048
<b>Metering</b>	<b>PhP/meter/mo</b>	19.6100	24.006	28.3912	32.7818
<b>Metering</b>	<b>PhP/kWh</b>				
<b>Members Contribution for Capital Expenditures</b>	<b>PhP/kWh</b>		0.2178	0.2178	0.2178
<b>Final Loan Condo</b>	<b>PhP/kWh</b>	(0.2375)			
<b>Final Loan Condo</b>	<b>PhP/cust/mo</b>	(8.8530)			
<b>Cust. Type: Street Lights</b>					
<b>Distribution</b>	<b>PhP/kWh</b>	2.6669	1.7779	0.8890	
<b>Distribution</b>	<b>PhP/kWh</b>		55.8544	111.7088	167.5632
<b>Supply</b>	<b>PhP/kWh</b>				
<b>Supply</b>	<b>PhP/cust/mo</b>	22.9800	30.8549	38.7298	46.6048
<b>Metering</b>	<b>PhP/meter/mo</b>	19.4600	23.9006	28.3412	32.7818
<b>Metering</b>	<b>PhP/kWh</b>				
<b>Members Contribution for Capital Expenditures</b>	<b>PhP/kWh</b>		0.2178	0.2178	0.2178
<b>Final Loan Condo</b>	<b>PhP/kWh</b>	(2.3023)			
<b>Final Loan Condo</b>	<b>PhP/cust/mo</b>	(7.7030)			

18. CENPELCO submits that the implementation of the proposed rates would work to the best interest of its consumers, as it would be encouraged to become more efficient and be able to deliver reliable, efficient and quality service to its consumers. Further, CENPELCO has chosen to implement the proposed rates as follows: for the DSM Rates, in three (3) installments during the transition period in order to mitigate the impact of the adjustment towards the initial tariff, and for the CAPEX Rate, full implementation at the start of the transition period to be able to immediately provide the cooperative needed funds for its CAPEX PROJECTS.

19. CENPELCO 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 Pangasinan and the Sangguniang Panglungsod of San Carlos and published the Application in its entirety in a newspaper of general circulation in the Province of Pangasinan.

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
- 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 CENPELCO, as follows:

		PROPOSED RATE			
		D	S	M	MCC
<b>RESIDENTIAL</b>	<b>PhP/kWh</b>	0.4613	0.5376	0.3205	0.2178
	<b>PhP/cust/mo</b>				
	<b>PhP/meter/mo</b>			5.0000	
<b>LOW VOLTAGE</b>	<b>PhP/kWh</b>	0.4441			0.2178
	<b>PhP/cust/mo</b>		46.60		
	<b>PhP/meter/mo</b>			32.78	
<b>HIGHER VOLTAGE</b>	<b>PhP/kWh</b>				0.2178
	<b>PhP/kW</b>	167.56			
	<b>PhP/cust/mo</b>		46.60		
	<b>PhP/meter/mo</b>			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.

Pasig City, Metro Manila, November 9, 2009.

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

**Counsel for CENPELCO**

Units 1609-1610 Tycoon Centre Condo.,  
Pearl Drive, Ortigas Center  
Pasig City, Metro Manila

**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 Dagupan ) Ss.  
Province of Pangasinan )

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

I, JOSEFINA D. MANDAPAT of legal age, Filipino and with office address at the Main Office of Central Pangasinan Electric Cooperative, Inc. (CENPELCO), Padilla St., San Carlos, Pangasinan, after being sworn to according to law, depose and state that:

1. I am the General Manager of Central Pangasinan Electric Cooperative, Inc. (CENPELCO);

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 Central Pangasinan Electric Cooperative, Inc. (CENPELCO)

3. Central Pangasinan Electric Cooperative, Inc. (CENPELCO) 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 November, 2009 at \_\_\_\_\_.

**JOSEFINA D. MANDAPAT**  
Affiant

SUBSCRIBED AND SWORN to before me in this 3<sup>rd</sup> day of November 2009 by the affiant who exhibited to me her Community Tax Certificate No. 05765984 issued at San Carlos City, Pangasinan and with validity until December 31, 2009.

Notary Public

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