

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

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

ERC CASE NO. 2009-149 RC

NUEVA VIZCAYA ELECTRIC
COOPERATIVE (NUVELCO),
Applicant.
X-----X

A P P L I C A T I O N

COMES NOW, applicant Nueva Vizcaya Electric Cooperative (NUVELCO for brevity), through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. NUVELCO 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 Gabut, Dupax del Sur, Nueva Vizcaya, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Engr. Narciso S. Salunat, of legal age, Filipino and with office address also at NUVELCO 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 municipalities of the province of Nueva Vizcaya, namely: Alfonso Castaneda, Ambaguio, Aritao, Bagabag, Bambang, Bayombong, Diadi, Dupax del Norte, Dupax del Sur, Kasibu, Kayapa, Quezon, Solano, Sta. Fe and Villaverde;
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. Said regulatory framework is 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. NUVELCO participated in the abovementioned public consultations and it submitted data/documents required by the ERC during the drafting of the said Rules;
9. On June 03, 2009, NUVELCO's Board of Directors passed Board Resolution No. 37, 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, NUVELCO was categorized as Group "D";
12. As a Group "D" EC, NUVELCO's Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP 1.1400;
13. Further, NUVELCO is required to implement a new customer class, as follows:

Table 1. Existing Customer Class and New Customer Class

EXISTING CUSTOMERS	NEW CUSTOMER SEGMENTATION
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Residential	Residential Customers
Sale for Resale	
Commercial	Low Voltage Customers
Industrial	
Public Building	
Street Lights	
Special Lightings	

14. After functionalizing and allocating its ORR and using the new customer class, NUVELCO'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		
	PhP/kWh	PhP/meter/Mo	PhP/kWh	PhP/Cust/Mo	PhP/Meter/Mo
Distribution	0.5143		0.5134		
Supply	0.5828			41.6104	
Metering	0.3669	5.00			31.1926

15. As a Group "D" EC, NUVELCO is also authorized to collect a Member's Contribution for Capital Expenditure Rate in the amount of PhP0.2508/kWh;

16. Considering the abovementioned rates, NUVELCO's rate caps would be as follows: 1.) DSM – PhP 1.1400; and 2.) MCC – PhP 0.2508;

GROUP-D	Residential		Low Voltage		
	PhP/kWh	PhP/Meter/Mo	PhP/kWh	PhP/Cust/Mo	PhP/Meter/Mo

Distribution	0.5143		0.5134		
Supply	0.5828			41.6104	
Metering	0.3669	5.00			31.1926
Member's Contribution for CAPEX	0.2508		0.2508	.	

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

Table 3. Proposed Transition Rates

Group: D
Name: NUEVA
VIZCAYA ELECTRIC
COOPERATIVE

				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	0.9645	0.8144	0.6644	0.5143
Supply	PhP/kWh	0.4953	0.5245	0.5537	0.5828
Metering	PhP/meter/mo.	5.0000	5.0000	5.0000	5.0000
Metering	PhP/kWh	0.3916	0.3834	0.3751	0.3669
Members					
Contribution for Capital					
Expenditures	PhP/kWh		0.4432	0.4432	0.4432
Cust. Type: Sale for Resale					
Distribution	PhP/kWh	0.2854	0.3617	0.4380	0.5143
Distribution	PhP/kW	-	-	-	
Supply	PhP/kWh	-	0.1943	0.3886	0.5828
Supply	PhP/customer/mo	75.5100	50.3400	25.1700	
Metering	PhP/meter/mo.	36.1000	25.7333	15.3667	5.0000
Metering	PhP/kWh	-	0.1223	0.2446	0.3669
Members					
Contribution for Capital					
Expenditures	PhP/kWh		0.4432	0.4432	0.4432
LOW VOLTAGE					
Cust. Type: Commercial					
Distribution		0.8173	0.7160	0.6147	0.5134

	PhP/kWh				
Distribution	PhP/kW	-	-	-	
Supply	PhP/kWh	-	-	-	
Supply	PhP/customer/mo	44.0400	43.2301	42.4203	41.6104
Metering	PhP/meter/mo.	36.1000	34.4642	32.8284	31.1926
Metering	PhP/kWh	-	-	-	
Members					
Contribution for Capital					
Expenditures	PhP/kWh		0.4432	0.4432	0.4432
Cust. Type: Industrial					
Distribution	PhP/kWh	0.7712	0.6853	0.5993	0.5134
Distribution	PhP/kW	30.0000	20.0000	10.0000	
Supply	PhP/kWh	-	-	-	
Supply	PhP/customer/mo	75.4300	64.1568	52.8836	41.6104
Metering	PhP/meter/mo.	36.1000	34.4642	32.8284	31.1926
Metering	PhP/kWh	-	-	-	
Members					
Contribution for Capital					
Expenditures	PhP/kWh		0.4432	0.4432	0.4432
Cust. Type: Public Building					
Distribution	PhP/kWh	1.1099	0.9111	0.7122	0.5134
Distribution	PhP/kW	-	-	-	
Supply	PhP/kWh	-	-	-	
Supply	PhP/customer/mo	42.3300	42.0901	41.8503	41.6104
Metering	PhP/meter/mo.	36.1000	34.4642	32.8284	31.1926
Metering	PhP/kWh	-	-	-	
Members					
Contribution for Capital					
Expenditures	PhP/kWh		0.4432	0.4432	0.4432
Cust. Type: Street Lights					
Distribution	PhP/kWh	2.1810	1.6251	1.0693	0.5134
Distribution	PhP/kW	-	-	-	
Supply	PhP/kWh	-	-	-	
Supply	PhP/customer/mo	38.2000	39.3368	40.4736	41.6104
Metering	PhP/meter/mo.	36.1000	34.4642	32.8284	31.1926
Metering	PhP/kWh	-	-	-	
Members					
Contribution for Capital					
Expenditures	PhP/kWh		0.4432	0.4432	0.4432
Cust. Type: Special					

Lightings					
Distribution	PhP/kWh	1.4435	1.1335	0.8234	0.5134
Distribution	PhP/kW	-	-	-	
Supply	PhP/kWh	-	-	-	
Supply	PhP/customer/mo	42.5800	42.2568	41.9336	41.6104
Metering	PhP/meter/mo.	36.1000	34.4642	32.8284	31.1926
Metering	PhP/kWh	-	-	-	
Members					
Contribution for Capital					
Expenditures	PhP/kWh		0.4432	0.4432	0.4432

18. NUVELCO submits that the implementation of the proposed rates would be to the best interest of its customers as it would allow the coop to improve its reliability and efficiency which redounds to providing quality service to its customers;

19. NUVELCO has duly complied with the pre-filing requirements by furnishing copies of the Application together with its supporting annexes and accompanying documents to the Local Government Units' legislative bodies within the franchise area and published the Application in its entirety in a newspaper of general circulation in the Province of Nueva Vizcaya.

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 NUVELCO, as follows:

TYPE OF CUSTOMERS	UNITS	RATE DESIGN			MEMBER'S CONTRIBUTION FOR CAPEX
		D	S	M	
Residential	PhP/kWh	0.5143	0.5828	0.3669	0.4432
	PhP/Meter/Mo			5.00	

Low Voltage	PhP/kWh	0.5134			0.4432
	PhP/Cust/Mo		41.6104		
	PhP/Meter/Mo.			31.1926	
Higher Voltage	PhP/kWh				0.4432
	PhP/kW	190.0268			
	PhP/Cust/Mo		41.6104		
	PhP/Meter/Mo			31.1926	

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.

Pasig City, November 9, 2009.

(Original Signed)

RANULFO M. OCAMPO

Counsel for the Applicant

PTR No. 2758146 / 1-27-09 / Marikina City

IBP No. 776976 / 1-20-09 / Rizal Chapter

IBP Roll No. 33872 / MCLE Compliance No. II-0004193

8/F STRATA 100, F. Ortigas Jr. Road

Ortigas Center, Pasig City

REPUBLIC OF THE PHILIPPINES)
Pasig City)

VERIFICATION AND CERTIFICATION

I, **NARCISO S. SALUNAT**, of legal age, married, with office address c/o Nueva Vizcaya Electric Cooperative (NUVELCO), Gabut, Dupax del Sur, Nueva Vizcaya, after having sworn in accordance with law, depose and state:

1. That I am the General Manager of NUVELCO;
2. In behalf of NUVELCO, I caused the preparation of the foregoing Application; and that I have read and understood the allegations contained therein insofar as NUVELCO is concerned; and that all the facts stated therein are true and correct based on the authentic records made available to me in the ordinary course of business of the Applicant;
3. That NUVELCO has not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals, or any other tribunal or agency; that to the best of my knowledge, no such action or proceeding is pending in the Supreme Court, the Court of Appeals, or different Divisions thereof, or any other tribunal or agency, which involve issues that may somehow be related to this Application; and that, if I should learn that similar action or proceeding has been filed or is pending before the Supreme Court, the Court of Appeals, or different Divisions thereof, or any other tribunal or agency, I undertake to promptly inform this Honorable Commission within five (5) days from receipt of such knowledge of such fact.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 9th November 2009.

(Original Signed)
NARCISO S. SALUNAT
 Affiant

SUBSRBIED AND SWORN to before me this November 9, 2009, affiant exhibited to me his CTC No. 15983315 issued on January 5, 2009 at Solano, Nueva Vizcaya.

(Original Signed)
 GREGORIO L. OFALSA
 Notary Public Until December 31, 2009
 Commission No. 136 (2008-2009)
 IBP No. 768035-1-6-09
 PTR No. 5100973-1-6-09
 Roll of Atty. No. 49009
 15/F Pacific Center Bldg.
 San Miguel Avenue, Pasig City

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 Book No. I ;
 Series of 2009 .

REPUBLIC OF THE PHILIPPINES)
Bambang, Nueva Vizcaya)

Secretary's Certificate

I, ABRAHAM L. REYES, of legal age, married, with office address at c/o Nueva Vizcaya, Gabut, Dupax del Sur, Nueva Vizcaya, after having sworn in accordance with law, depose and state:

1. That I am the Cooperative Secretary of Nueva Vizcaya Electric Cooperative (NUVELCO) with principal office address at Gabut, Dupax del Sur, Nueva Vizcaya.
2. That on October 06, 2009, the Board of Directors of NUVELCO, in a regular meeting where there was a quorum, adopted by a majority vote the following resolutions:

RESOLUTION No. 61, S-2009

“RESOLVED, as it is hereby resolved, that NUVELCO be authorized to file before the Energy Regulatory Commission an **“APPLICATION FOR APPROVAL OF AN ADJUSTMENT IN RATES UNDER THE RULES FOR SETTING ELECTRIC COOPERATIVES’ WHEELING RATES (RSEC-WR) WITH PRAYER FOR PROVISIONAL AUTHORITY.”**

RESOLVED FURTHER, that the General Manager, Narciso S. Salunat, be authorized to verify and certify under oath said application, and that Atty. Ranulfo M. Ocampo be designated as the legal counsel of NUVELCO in its said application.

3. I hereby attest to the correctness of the foregoing Resolutions and certify that the same has not been modified, amended or revoked, and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 29 October 2009 at Bambang, Nueva Vizcaya.

(Original Signed)
ABRAHAM L. REYES

Cooperative Secretary

SUBSCRIBED AND SWORN to before me this October 29, 2009, affiant exhibited to me his CTC No. 08288444, issued on January 05, 2009 at Dupax del Sur, Nueva Vizcaya.

(Original Signed)
Atty. ARTEMIO C. ORDONEZ, Jr.
Notary Public until December 31, 2010
Roll No. 51363; IBP No. 763302
PTR No. 490336

Doc. No. 2788 ;
Page No. 653 ;
Book No. V ;
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