

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. 2009-150 RC

SOCOTECO II ELECTRIC  
COOPERATIVE, INC.  
(SOCOTECO II)

Applicant.

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

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

1. SOCOTECO 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 Jose Catolico Street, Lagao, General Santos City, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. RODOLFO G. OCAT, of legal age, Filipino and with office address also at SOCOTECO II 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 city of General Santos and municipalities of the provinces of South Cotabato and Sarangani , namely: Tupi, Polomolok, Alabel, Malungon, Malapatan, Glan, Maasim, Kiamba and Maitum;
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 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. SOCOTECO 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. 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. Under the RSEC-WR, SOCOTECO II is categorized under Group “G”;
11. As a Group “G” EC, SOCOTECO II’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP .6900;
12. Further, SOCOTECO 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
Industrial	
Public Building	
Street Lights	
Large Load	Higher Voltage Customers

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

**Table 2**

**INITIAL DSM RATE CAPS PER CUSTOMER CLASS**

	<b>RESIDENTIAL</b>		<b>LOW VOLTAGE</b>			<b>HIGHER VOLTAGE</b>		
	Php/kWh	PhP/Meter/Mo	Php/kWh	PhP/Cust/Mo	PhP/Meter/Mo	Php/kWh	PhP/Cust/Mo	PhP/Meter/Mo
<b>Distribution</b>	.2748		.3748			118.5538		
<b>Supply</b>	.4140			59.7343			59.7343	
<b>Metering</b>	.3460	5.0000		54.9228			54.9228	

14. As a Group “G” EC, SOCOTECO II is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP .1518 /kWh;

15. Considering the abovementioned rates, SOCOTECO II’s rate caps would be as follows: 1.) DSM – .1.4096; and 2.) MCC – .1518;

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

	<b>RESIDENTIAL</b>		<b>LOW VOLTAGE</b>			<b>HIGHER VOLTAGE</b>			
	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>	.2748		.3748				118.5538		
<b>Supply</b>	.4140			59.7343				59.7343	
<b>Metering</b>	.3460	5.0000		54.9228				54.9228	
<b>Members Contribution for Capital Expenditures</b>	.1518		.1518			.1518			

16. SOCOTECO II intends to move to the rate caps during the transition period as follows:

Table 3

**PROPOSED TRANSITION RATES**

		Rates Billed			
		RESIDENTIAL			
		Current 1.0000	Start of Transition .3333	End of Yr. one .3333	End of Transition .3333
<b>Cust. Type: Residential</b>					
Distribution	PhP/kWh	.4023	.3598	.3173	.2748
Supply	PhP/kWh	.2324	.2929	.3535	.4140
Metering	PhP/meter/mo	5.0000	5.0000	5.0000	5.0000
Metering	PhP/kWh	.2222	.2635	.3047	.3460
Members Contribution for Capital Expenditures	PhP/kWh		.0506	.1012	.1518
Final Loan Condo	PhP/kWh	(.1001)			
<b>Cust. Type:</b>					
Distribution	PhP/kWh				
Supply	PhP/kWh				
Metering	PhP/meter/mo				
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh				
Final Loan Condo	PhP/kWh				
		LOW VOLTAGE			
		Current	Start of Transition	End of Year one	End of Transition
<b>Cust. Type: Commercial</b>					
Distribution	PhP/kWh	.3898	.3848	.3798	.3748
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	34.29	42.7714	51.2529	59.7343
Metering	PhP/meter/mo	114.93	94.9276	74.9252	54.9228
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		.0506	.1012	.1518
Final Loan Condo	PhP/kWh	(.0709)			
Final Loan Condo	PhP/cust/mo	(5.0712)			
<b>Cust. Type: Industrial</b>					
Distribution	PhP/kWh	.3639	.3675	.3712	.3748
Distribution	PhP/kW	17.6371			
Supply	PhP/kWh				
Supply	PhP/cust/mo	34.2900	42.7714	51.2529	59.7343
Metering	PhP/meter/mo	513.87	360.8876	209.9052	54.9228
Metering	PhP/kWh				

Members Contribution for Capital Expenditures	PhP/kWh		.0506	.1012	.1518
Final Loan Condo	PhP/kWh	(.0709)			
Final Loan Condo	PhP/cust/mo	(9.0230)			
<b>Cust. Type: Public Building</b>					
Distribution	PhP/kWh	.3912	.3857	.3803	.3748
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	34.29	42.7714	51.2529	59.7343
Metering	PhP/meter/mo	37.78	43.4943	49.2086	54.9228
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		.0506	.1012	.1518
Final Loan Condo	PhP/kWh	(.0709)			
Final Loan Condo	PhP/cust/mo	(4.3070)			
<b>Cust. Type: Street Light</b>					
Distribution	PhP/kWh	.9607	.7654	.5701	.3748
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	46.36	50.8181	55.2762	59.7343
Metering	PhP/meter/mo		18.3076	36.6152	54.9228
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		.0506	.1012	.1518
Final Loan Condo	PhP/kWh	(.0709)			
Final Loan Condo	PhP/cust/mo	(4.0523)			
			<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: Large Load</b>					
Distribution	PhP/kWh	.3639			
Distribution	PhP/kW	17.6371	51.2760	84.9149	118.5538
Supply	PhP/kWh				
Supply	PhP/cust/mo	34.29	42.7714	51.2529	59.7343
Metering	PhP/meter/mo	513.87	360.8876	207.9052	54.9228
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		.0506	.1012	.1518
Final Loan Condo	PhP/kWh	(.0709)			
Final Loan Condo	PhP/cust/mo	(9.0230)			

17. SOCOTECO II submits that the implementation of the proposed rates would work to the best interest of its consumers as it would encourage reforms in the structure and operations of the ECs for greater efficiency and lower cost. Further, SOCOTECO II has chosen to implement the proposed rates on January 2010 at the start of the transition period in order to cope with the expected efficiency.
  
18. SOCOTECO 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 south Cotabato and Sarangani and the Sangguniang Bayan of General Santos City and published the Application in its entirety in a newspaper of general circulation in the Provinces of South Cotabato and Sarangani.
  
19. 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 SOCOTECO II, as follows:

		PROPOSED RATE			
		D	S	M	MCC
<b>RESIDENTIAL</b>	<b>PhP/kWh</b>	.2748	.4140	.3460	.1518
	<b>PhP/cust/mo</b>				
	<b>PhP/meter/mo</b>			5.0000	
<b>LOW VOLTAGE</b>	<b>PhP/kWh</b>	.3748			.1518
	<b>PhP/cust/mo</b>		59.73	54.92	
	<b>PhP/meter/mo</b>				
<b>HIGHER VOLTAGE</b>	<b>PhP/kWh</b>				.1518
	<b>PhP/kW</b>	118.55			
	<b>PhP/cust/mo</b>		59.73	54.92	
	<b>PhP/meter/mo</b>				

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.

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

Counsel for \_\_\_\_\_  
Units 1609-1610 Tycoon Centre  
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 General Santos ) Ss.

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

I, ENGR. RODOLFO G. OCAT of legal age, Filipino and with office address at the Main Office of South Cotabato II Electric Cooperative, Inc. (SOCOTECO II), General Santos City, after being sworn to according to law, depose and state that:

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

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 II.

3. SOCOTECO II 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 October, 2009 at \_\_\_\_\_.

ENGR. RODOLFO G. OCAT  
Affiant

SUBSCRIBED AND SWORN to before me in \_\_\_\_\_, this \_\_\_\_ day of October 2009 by the affiant who exhibited to me his \_\_\_\_\_ issued at \_\_\_\_\_ and with validity until \_\_\_\_\_.

Notary Public

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

