

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

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

ERC CASE NO. 2009-151 RC

**LEYTE IV ELECTRIC
COOPERATIVE, INC. (LEYECO
IV), Applicant.**
x-----x

A P P L I C A T I O N

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

1. LEYECO IV 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. Lamak, Hilongos, Leyte where it may be served with summons and other legal processes, represented in this instance by its General Manager, HELEN B. YBAÑEZ, of legal age, Filipino and with office address also at LEYECO IV 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: Baybay, Inopacan, Hindang, Hilongos, Bato and Matalom.

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. LEYECO IV 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 *May 2, 2009*, LEYECO IV Board of Directors passed Board Resolution No.2009-42, 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 September 22, 2009 and the same was published in the Manila Bulletin on September 24, 2009;

11. Under the RSEC-WR, LEYECO IV is categorized under Group “B”;
12. As a Group “B” EC, LEYECO IV’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP 1.82/kwh;
13. Further, LEYECO IV 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 IV’s initial Distribution, Supply and Metering (DSM) rate caps are as follows:

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP B	RESIDENTIAL		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kW	PhP/Cust/Mo.
Distribution	0.8449		0.9259		267.90	
Supply	0.7732			40.15		40.15
Metering	0.4569	5.00		28.72		28.72

15. As a Group “B” EC, LEYECO IV is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP 0.4004 /kWh;

16. Considering the abovementioned rates, LEYECO IV’s rate caps would be as follows: 1.) DSM – 1.82; and 2.) MCC – 0.4004;

GROUP B	RESIDENTIAL		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	Php/kWh	PhP/kW	PhP/Cust/Mo.
Distribution	0.8449		0.9259			267.90	
Supply	0.7732			40.15			40.15
Metering	0.4569	5.0000		28.72			28.72
Members Contri. for CAPEX	0.4004		0.4004		0.4004		

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

Table 3. Proposed Transition Rates

Group : B Name : LEYECO IV		Rates Billed			
		Current	Start of Transition	End of Year one	End of Transition
Percentage Increase		1.0000	0.3333	0.3333	0.3333
RESIDENTIAL					
Residential :					
Distribution (kWh)		1.2766	1.1327	0.9888	0.8449
Supply (kWh)		0.5221	0.6058	0.6895	0.7732
Metering (Customer)		5.0000	5.0000	5.0000	5.0000
Metering (kWh)		0.4332	0.4411	0.4490	0.4569
Member Contri.for Capital Expenditure			0.4004	0.4004	0.4004
LOW VOLTAGE					
Commercial					
Distribution (kWh)		0.7570	0.8133	0.8696	0.9259
Supply (kWh)					
Supply (Customer)		21.63	27.8026	33.9751	40.1477
Metering (Customer)		27.45	27.8749	28.2997	28.7246
Metering (kWh)					
Member Contri.for Capital Expenditure			0.4004	0.4004	0.4004
Industrial					

Distribution (kWh)	0.4935	0.6376	0.7818	0.9259
Distribution (Kw)				
Supply (kWh)				
Supply (Customer)	21.63	25.8026	33.9751	40.1477
Metering (Customer)	31.97	30.8882	29.8064	28.7246
Metering (kWh)				
Member Contri.for Capital Expenditure				
Public Building				
Distribution (kWh)	0.6466	0.7397	0.8328	0.9259
Distribution (kW)				
Supply (kWh)				
Supply (Customer)	21.6300	27.8026	33.9751	40.1477
Metering (Customer)	27.4500	27.8749	28.2997	28.7246
Metering (kWh)				
Member Contri.for Capital Expenditure		0.4004	0.4004	0.4004
Street Lights				
Distribution (kWh)	0.9927	0.9704	0.9482	0.9259
Distribution (kW)				
Supply (kWh)				
Supply (Customer)	21.6300	27.8026	33.9751	40.1477
Metering (Customer)	22.9400	24.8682	26.7964	28.7246
Metering (kWh)				
Member Contri.for Capital Expenditure		0.4004	0.4004	0.4004
HIGH VOLTAGE				
Large Load (VISCA)				
Distribution (kWh)				
Distribution (kW)	93.5000	151.6345	209.7690	267.9036
Supply (kWh)				
Supply (Customer)	21.6300	27.8026	33.9751	40.1477
Metering (Customer)	31.8800	30.8282	29.7764	28.7246
Metering (kWh)				
Member Contri.for Capital Expenditure		0.4004	0.4004	0.4004
Large Load (Industrial)				
Distribution (kWh)	0.4935	0.3290	0.1645	-
Distribution (kW)	0.0000	89.3012	178.6024	267.9036
Supply (kWh)				
Supply (Customer)	21.63	27.8026	33.9751	40.1477
Metering (Customer)	31.97	30.8882	29.8064	28.7246
Metering (kWh)				
Member Contri. for Capital Expenditure				

18. LEYECO IV submits that the implementation of the proposed rates would be to the best interest of its consumers as it would improve the cooperative's operational efficiency thereby ensuring quality and reliable electric service. Further, LEYECO IV has chosen to implement the proposed rates at the start of the transition period in three staggered basis (1/3-1/3-1/3) in the DSM to mitigate the rate impact to consumers without sacrificing coop's operation and one time in CAPEX in order to raise funds necessary for its CAPEX projects.

19. LEYECO IV 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 Leyte and the Sangguniang Panlungsod of Hilongos 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 IV, as follows:

TYPE OF CONSUMERS	UNITS	RATE DESIGN			CAPEX
		D	S	M	
Residential	PhP/kWh	0.8449	0.7732	0.4569	0.4004
	PhP/Mtr/Mo.			5.0000	

Low Voltage	PhP/kWh	0.9259			0.4004
	PhP/Cust/Mo.		40.15	28.72	
Higher Voltage	PhP/kW	267.90			
	PhP/Cust/Mo.		40.15	28.72	
	PhP/kWh				0.4004

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 26, 2009.

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

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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)
_____) Ss.

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

I, HELEN B. IBANEZ, of legal age, Filipino and with office address at the Main Office of Leyeco IV Electric Cooperative, Inc. (LEYECO IV), Brgy. Lamak, Hilongos, Leyte, after being sworn to according to law, depose and state that:

1. I am the General Manager of Leyte IV Electric Cooperative, Inc. (LEYECO IV);

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 LEYECO IV;

3. LEYECO IV 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 _____.

HELEN B. YBANEZ
Affiant

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

Notary Public

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