

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. 2009-152 RC

**IFUGAO ELECTRIC
COOPERATIVE, INC. (IFELCO)
Applicant.**
X-----X

A P P L I C A T I O N

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

1. IFELCO 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 Poblacion East, Lagawe, Ifugao where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. JAIME PE BENITO, JR., of legal age, Filipino and with office address also at the IFELCO 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 namely Aginaldo, Asipulo, Alfonso

Lista, Banaue, Hingyon, Hungduan, Kiangan, Lagawe, Lamut, Mayoyao and Tinoc of the Province of Ifugao ;

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. IFELCO 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 *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 27, 2009 , IFELCO Board of Directors passed Board Resolution No.11, 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, IFELCO is categorized under Group “A”;

12. As a Group “A” EC, IFELCO’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP 2.42;

13. Further, IFELCO 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, IFELCO’s initial Distribution, Supply and metering (DSM) rate caps are as follows:

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP A	RESIDENTIAL		LOW VOLTAGE			HIGHER VOLTAGE		
	Php/KWH	PhP/Meter/Mo.	Php/KWH	PhP/Cust/Mo.	PhP/Meter/Mo.	Php/kw	PhP/Cust/Mo.	PhP/Meter/Mo.
Distribution	1.0557		1.1577			302.5100		
Supply	1.0282			42.82			42.82	
Metering	0.5792	5.00			29.12			29.12

15. As a Group “A” EC, IFELCO is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP0.5324/kWh;

16. Considering the abovementioned rates, IFELCO’s rate caps would be as follows: 1.) DSM –PhP 2.42/kWh; and 2.) MCC –PhP0 .5324kWh;

GROUP A	RESIDENTIAL		LOW VOLTAGE			HIGHER VOLTAGE			
	Php/KWH	PhP/Meter/Mo.	Php/KWH	PhP/Cust/Mo.	PhP/Meter/Mo.	Php/KWH	PhP/kw	PhP/Cust/Mo.	PhP/Meter/Mo.
Distribution	1.0557		1.1577				302.5100		
Supply	1.0282			42.82				42.82	
Metering	0.5792	5.00			29.12				29.12
Members contribution for CAPEX	0.5324		0.5324			0.5324			

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

Table 3. Proposed Transition Rates

A

IFUGAO ELECTRIC COOPERATIVE, INC.

(IFELCO)

Rates Billed					
	UNIT	Current	Start of Transition	End of Year One	End of Transition
Percentage increase		1.000	0.3333	0.3333	0.3333
RESIDENTIAL					
Cust. Type: Residential					
Distribution	PhP/kwh	2.1109	1.7592	1.4075	1.0557
Supply	PhP/kwh	0.8459	0.9067	0.9674	1.0282
Metering	PhP/meter/mo.	5.00	5.00	5.00	5.00
Metering	PhP/kwh	0.7846	0.7161	0.6477	0.5792
Members contribution for Capital Expenditures	PhP/kwh		0.5324	0.5324	0.5324

Final Loan Condo	PhP/kwh	(0.4884)			
				LOW VOLTAGE	
Cust. Type: Commercial					
Distribution	PhP/kwh	1.2715	1.2336	1.1956	1.1577
Distribution	PhP/kw				
Supply	PhP/kwh				
Supply	PhP/cust/mo.	30.2400	34.4338	38.6277	42.8215
Metering	PhP/meter/mo.	33.0500	31.7407	30.4314	29.1221
Metering	PhP/kwh				
Members contribution for Capital Expenditures	PhP/kwh		0.5324	0.5324	0.5324
Final Loan Condo	PhP/kwh	(0.4519)			
Final Loan Condo	PhP/cust./mo.				
Cust. Type: Public Building					
Distribution	PhP/kwh	1.1824	1.1742	1.1659	1.1577
Distribution	PhP/kw	-	-	-	-
Supply	PhP/kwh	-	-	-	-
Supply	PhP/cust/mo.	30.2400	34.4338	38.6277	42.8215
Metering	PhP/meter/mo.	33.0500	31.7407	30.4314	29.1221
Metering	PhP/kwh				
Members contribution for Capital Expenditures	PhP/kwh		0.5324	0.5324	0.5324
Final Loan Condo	PhP/kwh	(0.4459)			
Final Loan Condo	PhP/cust/mo.				
Cust. Type: Street Lights					
Distribution	PhP/kwh	4.6762	3.5034	2.3305	1.1577
Distribution	PhP/kw	-	-	-	-
Supply	PhP/kwh	-	-	-	-
Supply	PhP/cust/mo.	30.2400	34.4338	38.6277	42.8215
Metering	PhP/meter/mo.		9.7074	19.4147	29.1221
Metering	PhP/kwh				
Members contribution for Capital Expenditures	PhP/kwh		0.5324	0.5324	0.5324
Final Loan Condo	PhP/kwh	(0.5832)			
Final Loan Condo	PhP/cust/mo.				
Cust. Type: Industrial					
Distribution	PhP/kwh	1.0640	1.0952	1.1265	1.1577
Distribution	PhP/kw	16.5000	11.0000	5.5000	
Supply	PhP/kwh				
Supply	PhP/cust/mo.	30.2400	34.4338	38.6277	42.8215
Metering	PhP/meter/mo.	46.7800	40.8940	35.0080	29.1221
Metering	PhP/kwh				
Members contribution for					

Capital Expenditures	PhP/kwh		0.5324	0.5324	0.5324
Final Loan Condo	PhP/kwh	(0.4512)			
Final Loan Condo	PhP/cust/mo.				
HIGHER VOLTAGE					
Cust. Type					
Distribution	PhP/kwh	-	-	-	-
Distribution	PhP/kw	-	100.84	201.67	302.51
Supply	PhP/kwh	-	-	-	-
Supply	PhP/cust/mo.	-	14.27	28.55	42.82
Metering	PhP/meter/mo.	-	9.71	19.41	29.12
Metering	PhP/kwh	-	-	-	-
Members contribution for Capital Expenditures	PhP/kwh	-	0.5324	0.5324	0.5324
Final Loan Condo	PhP/kwh	-	-	-	-
Final Loan Condo	PhP/cust/mo.	-	-	-	-

18. IFELCO submits that the implementation of the proposed rates would be to the best interest of its consumers as the cooperative would be encouraged to become more efficient and be able to deliver more reliable, efficient and quality service to its consumers. Further, IFELCO has chosen to implement the proposed rate at the start of the transition period 1/3 for the DSM rates to mitigate the impact of the adjustment towards the initial tariff and 100 % for the CAPEX rate to enable the cooperative to raise funds needed for its CAPEX-related projects.

19. IFELCO 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 IFUGAO and the Sangguniang Bayan of LAGawe and published the Application in its entirety in a newspaper of general circulation in the Province of IFUGAO.

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. 2008 Audited Financial Statement
- h. Billing Determinants & Customer Class Allocation
- i. 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 IFELCO, as follows:

TYPE OF CUSTOMER	Units	PROPOSED RATE			Members' Contribution for Capital Expenditures
		Distribution	Supply	Metering	
RESIDENTIAL	PhP/kwh	1.0557	1.0282	0.5792	0.5324
	PhP/meter/mo.			5.0000	
LOW VOLTAGE	PhP/kwh	1.1577			0.5324
	PhP/cust/mo.		42.8200		
	PhP/meter/mo.			29.1200	
HIGHER VOLTAGE	PhP/kwh				0.5324
	PhP/kw	302.5100			
	PhP/cust/mo.		42.8200		
	PhP/meter/mo.			29.1200	

IFELCO currently has no Higher Voltage Customers but prays for its inclusion in the instant application for said type of customer in the future.

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 16, 2009.

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

Counsel for IFELCO

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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

Republic of the Philippines)
Province of Ifugao) Ss.
Municipality of Lagawe)

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

I, ENGR. JAIME PE BENITO, JR. of legal age, Filipino and with office address at the Main Office of Ifugao Electric Cooperative, Inc. (IFELCO), Poblacion East, Lagawe, Ifugao, after being sworn to according to law, depose and state that:

1. I am the General Manager of Ifugao Electric Cooperative, Inc. (IFELCO);

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 Ifugao Electric Cooperative, Inc. (IFELCO);

3. IFELCO 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 16th day of October, 2009 at Lagawe, Ifugao.



ENGR. JAIME PE BENITO, JR.
Affiant

SUBSCRIBED AND SWORN to before me in , this 16th day of October 2009 by the affiant who exhibited to me his CTC No. 151808726 issued at Lamut, Ifugao and with validity until December, 2009.



ROMEO U. HABBILING
Notary Public
Until December 31, 2009
PTR No. 5082189
Issued on 1-16-09

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