

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

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

ERC CASE NO. 2009-162 RC

MOUNTAIN PROVINCE  
ELECTRIC COOPERATIVE,  
INC. (MOPRECO)

Applicant.

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## APPLICATION

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

1. MOPRECO 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 Bontoc, Mt. Province, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENG'R. JUDE A. DOMOGUEN, of legal age, Filipino and with office address also at MOPRECO 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

MOUNTAIN PROVINCE, namely: Bontoc, Sagada, Besao, Sabangan, Bauko, Tadian, Sadanga, Barlig, Natonin, and Paracelis;

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 new *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. MOPRECO 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 March 27, 2009, MOPRECO Board of Directors passed Board Resolution No. 24, 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, MOPRECO is categorized under Group “A”;

12. As a Group “A” EC, MOPRECO’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP2.42;

13. Further, MOPRECO is required to implement a new customer class, as follows:

**Table 1. Existing Customer Class and New Customer Class**

| <b>EXISTING CUSTOMERS</b> | <b>NEW CUSTOMER SEGMENTATION</b> |
|---------------------------|----------------------------------|
| Residential               | Residential Customers            |
| Sale for Resale           |                                  |
| Commercial                | Low Voltage Customers            |
| Industrial                |                                  |
| Public Building           |                                  |
| Street Lights             |                                  |
| Large Commercial          | Higher Voltage Customers         |

14. After functionalizing and allocating its ORR and using the new customer class, MOPRECO’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      |              |              | 302.51         |              |              |
| Supply       | 1.0282      |               |             | 42.82        |              |                | 42.82        |              |
| Metering     | 0.5792      | 5.000         |             |              | 29.12        |                |              | 29.12        |

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

16. Considering the above mentioned rates, MOPRECO’s rate caps would be as follows: 1.) DSM –PhP2.4200; and 2.) MCC – PhP0.5324;

| GROUP A                        | RESIDENTIAL |               | Low Voltage |              |              | Higher Voltage |        |              |              |
|--------------------------------|-------------|---------------|-------------|--------------|--------------|----------------|--------|--------------|--------------|
|                                | PhP/kWh     | PhP/Meter/Mo. | PhP/kWh     | PhP/Cust/Mo. | PhP/Meter/Mo | PhP/kW h       | PhP/kW | PhP/Cust/Mo. | PhP/Meter/Mo |
| Distribution                   | 1.0557      |               | 1.1577      |              |              |                | 302.51 |              |              |
| Supply                         | 1.0282      |               |             | 42.82        |              |                |        | 42.82        |              |
| Metering                       | 0.5792      | 5.000         |             |              | 29.12        |                |        |              | 29.12        |
| Members Contribution for CAPEX | 0.5324      |               | 0.5324      |              |              | 0.5324         |        |              |              |

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

Table 3. Proposed Transition Rates

| A<br>Name: MOPRECO                            |              | Rates Billed |                     |                 |                   |
|---|--------------|--------------|---------------------|-----------------|-------------------|
|   |              | Current      | Start of Transition | End of Year one | End of Transition |
| Percentage increase                           |              | 1.0000       | 0.6667              | 0.3333          | -                 |
| <b>RESIDENTIAL</b>                            |              |              |                     |                 |                   |
| <b>Cust. Type: RESIDENTIAL</b>                |              |              |                     |                 |                   |
| Distribution                                  | PhP/kWh      | 2.0783       | 1.3966              | 1.0557          | 1.0557            |
| Supply  | PhP/kWh      | 0.8135       | 0.9566              | 1.0282          | 1.0282            |
| Metering                                      | PhP/meter/mo | 5.0000       | 5.0000              | 5.0000          | 5.0000            |
| Metering                                      | PhP/kWh      | 0.5192       | 0.5592              | 0.5792          | 0.5792            |
| Members Contribution for Capital Expenditures | PhP/kWh      |              | 0.3549              | 0.5324          | 0.5324            |
| Final Loan Condo                              | PhP/kWh      | (0.7744)     |                     |                 |                   |
| <b>Cust. Type: SALE FOR RESALE</b>            |              |              |                     |                 |                   |
| Distribution                                  | PhP/kWh      | 0.7424       | 0.9513              | 1.0557          | 1.0557            |
| Distribution                                  | PhP/kW       |              | -                   | -               |                   |
| Supply  | PhP/kWh      | -            | 0.6855              | 1.0282          | 1.0282            |
| Supply  | PhP/cust/mo  | 19.5500      | 6.5167              | -               |                   |
| Metering                                      | PhP/meter/mo | 44.4300      | 18.1433             | 5.0000          | 5.0000            |
| Metering                                      | PhP/kWh      | -            | 0.3861              | 0.5792          | 0.5792            |
| Members Contribution for Capital Expenditures | PhP/kWh      |              | 0.3549              | 0.5324          | 0.5324            |
| Final Loan Condo                              | PhP/kWh      | (0.2620)     |                     |                 |                   |
| Final Loan Condo                              | PhP/cust/mo  |              |                     |                 |                   |

| LOW VOLTAGE                                      |              |          |          |          |          |
|--|--------------|----------|----------|----------|----------|
| <b>Cust. Type: COMMERCIAL</b>                    |              |          |          |          |          |
| Distribution                                     | PhP/kWh      | 1.2044   | 1.1733   | 1.1577   | 1.1577   |
| Distribution                                     | PhP/kW       |          | -        | -        |          |
| Supply   | PhP/kWh      |          | -        | -        |          |
| Supply   | PhP/cust/mo  | 19.5500  | 35.0644  | 42.8215  | 42.8215  |
| Metering   | PhP/meter/mo | 26.4600  | 28.2347  | 29.1221  | 29.1221  |
| Metering   | PhP/kWh      |          | -        | -        |          |
| Members Contribution for                         | PhP/kWh      |          |          |          |          |
| Capital Expenditures                             |              |          | 0.3549   | 0.5324   | 0.5324   |
| Final Loan Condo                                 | PhP/kWh      | (0.3611) |          |          |          |
| Final Loan Condo                                 | PhP/cust/mo  | -        |          |          |          |
| <b>Cust. Type: PUBLIC STREET LIGHT</b>           |              |          |          |          |          |
| Distribution                                     | PhP/kWh      | 1.9361   | 1.4172   | 1.1577   | 1.1577   |
| Distribution                                     | PhP/kW       |          | -        | -        |          |
| Supply   | PhP/kWh      |          | -        | -        |          |
| Supply   | PhP/cust/mo  | 19.5300  | 35.0577  | 42.8215  | 42.8215  |
| Metering   | PhP/meter/mo | -        | 19.4147  | 29.1221  | 29.1221  |
| Metering   | PhP/kWh      |          | -        | -        |          |
| Members Contribution for                         | PhP/kWh      |          |          |          |          |
| Capital Expenditures                             |              |          | 0.3549   | 0.5324   | 0.5324   |
| Final Loan Condo                                 | PhP/kWh      | (0.9270) |          |          |          |
| Final Loan Condo                                 | PhP/cust/mo  | -        |          |          |          |
| <b>Cust. Type: PUBLIC BLDG. &amp; FACILITIES</b> |              |          |          |          |          |
| Distribution                                     | PhP/kWh      | 1.0707   | 1.1287   | 1.1577   | 1.1577   |
| Distribution                                     | PhP/kW       |          | -        | -        |          |
| Supply   | PhP/kWh      |          | -        | -        |          |
| Supply   | PhP/cust/mo  | 19.5300  | 35.0577  | 42.8215  | 42.8215  |
| Metering   | PhP/meter/mo | 24.4600  | 27.5680  | 29.1221  | 29.1221  |
| Metering   | PhP/kWh      |          | -        | -        |          |
| Members Contribution for                         | PhP/kWh      |          |          |          |          |
| Capital Expenditures                             |              |          | 0.3549   | 0.5324   | 0.5324   |
| Final Loan Condo                                 | PhP/kWh      | (0.3234) |          |          |          |
| Final Loan Condo                                 | PhP/cust/mo  | -        |          |          |          |
| HIGHER VOLTAGE                                   |              |          |          |          |          |
| <b>Cust. Type: LARGE COMMERCIAL</b>              |              |          |          |          |          |
| Distribution                                     | PhP/kWh      | 1.2044   | 0.4015   | -        |          |
| Distribution                                     | PhP/kW       | -        | 201.6740 | 302.5110 | 302.5110 |
| Supply   | PhP/kWh      |          | -        | -        |          |
| Supply   | PhP/cust/mo  | 19.5500  | 35.0644  | 42.8215  | 42.8215  |
| Metering   | PhP/meter/mo | 26.4600  | 28.2347  | 29.1221  | 29.1221  |
| Metering   | PhP/kWh      |          | -        | -        |          |
| Members Contribution for                         | PhP/kWh      |          |          |          |          |
| Capital Expenditures                             |              |          | 0.3549   | 0.5324   | 0.5324   |
| Final Loan Condo                                 | PhP/kWh      | (0.3611) |          |          |          |
| Final Loan Condo                                 | PhP/cust/mo  | -        |          |          |          |

18. MOPRECO submits that the implementation of the proposed rates would work to the best interest of its consumers as it would improve the coop's service efficiency.

Further, MOPRECO has chosen to implement the proposed rates at two thirds (2/3) at the start of the transition period in order to meet the needs of the cooperative for its capital requirements like the immediate replacement of rotten poles, replacement of stopped kwh meters and upgrading of overloaded Transformers.

19. MOPRECO 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 Mountain Province and the Sangguniang Bayan of Bontoc and published the Application in its entirety in a newspaper of general circulation in the Province of Mountain Province.

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 MOPRECO, as follows:

| TYPE OF CONSUMERS | UNITS               | RATE DESIGN  |        |          |  |
|-------------------|---------------------|--------------|--------|----------|--|
|                   |                     | Distribution | Supply | Metering | Member's Contribution for Capital expenditures |
| RESIDENTIAL       | PhP/kWh             | 1.0557       | 1.0282 | 0.5792   | 0.5324   |
|                   | <u>PhP/meter/mo</u> |              |        | 5.00     |  |
| LOW VOLTAGE       | PhP/kWh             | 1.1577       |        |          | 0.5324   |
|                   | PhP/Cust/Mo.        |              | 42.82  |          |  |
|                   | <u>PhP/meter/mo</u> |              |        | 29.12    |  |
| HIGHER VOLTAGE    | PhP/kWh             |              |        |          | 0.5324   |
|                   | PhP/kW              | 302.51       |        |          |  |
|                   | PhP/Cust/Mo.        |              | 42.82  |          |  |
|                   | <u>PhP/meter/mo</u> |              |        | 29.12    |  |

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.

**ATTY. PAUL SAGAYO JR.  
SAGAYO LAW OFFICE  
Counsel for MOPRECO  
707 OMM-CITRA Building  
San Miguel Avenue, Ortigas Center  
Pasig City, Metro Manila**

Republic of the Philippines)  
 ) Ss.

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

I, JUDE A. DOMOGUEN of legal age, Filipino and with office address at the Main Office of Mountain Province Electric Cooperative, Inc. (MOPRECO), Bontoc, Mt. Province, after being sworn to according to law, depose and state that:

1. I am the General Manager of Mountain Province Electric Cooperative, Inc. (MOPRECO);

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 Mountain Province Electric Cooperative, Inc. (MOPRECO)

3. MOPRECO 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 20th day of October, 2009 at Bontoc, Mt. Province.

JUDE A. DOMOGUEN  
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

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Page No. ;  
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