

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

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

ERC CASE NO. 2009-163 RC

**ZAMBALES I ELECTRIC
COOPERATIVE, Inc.
(ZAMECO 1)
Applicant.**

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A P P L I C A T I O N

COMES NOW, applicant Zambales I Electric Cooperative, Inc. (ZAMECO I for brevity), through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. ZAMECO I 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 San Vicente, Palauig, Zambales, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Engr. Rene A. Divino, of legal age, Filipino and with office address also at ZAMECO I 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 Zambales, namely: Botolan, Iba, Palauig, Masinloc, Candelaria and Sta. Cruz;
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) authorizes 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 a document denominated as 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. ZAMECO I participated in the abovementioned public consultations, it has likewise submitted data/documents required by the ERC for purposes of implementing said rules;
9. On April 30, 2009, ZAMECO I's Board of Director's passed Board Resolution No. 25 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 locality wherein the electric cooperatives operate, the ERC published for promulgation on September 24, 2009 the final RSEC-WR; thus, this application;
11. Under the RSEC-WR, ZAMECO I was categorized as Group "D";
12. As a Group "D" EC, ZAMECO I determined Operating Revenue Requirement (ORR) per kWh is PhP1.14;
13. Further, ZAMECO I 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
Commercial	Low Voltage Customers
Industrial	
Public Building	
Street Light	
Special Lighting	
Industrial	Higher Voltage Customers

14. After functionalizing and allocating the above set ORR and using the new customer class, ZAMECO I's initial Distribution, Supply and Metering (DSM) rate caps are as follows:

Table 2. Initial DSM Rate Caps Per Customer Class

	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	0.5143		0.5134			190.03		
Supply	0.5828			41.61			41.61	
Metering	0.3669	5.0000			31.19			31.19

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

16. Considering the above-mentioned rates, ZAMECO I's rate caps would be as follows: 1.) DSM – Php 1.14; and 2.) MCC – Php 0.2508;

Initial DSM Rate Caps and MCC Per Customer Class

	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	0.5143		0.5134				190.03		
Supply	0.5828			41.61				41.61	
Metering	0.3669	5.0000			31.19				31.19
Members Contribution for Capital Expenditures	0.2508		0.2508			0.2508			

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

Table 3. Proposed Transition Rates

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Name: ZAMBALES I ELECTRIC COOPERATIVE, INC.

		Rates Billed			
		RESIDENTIAL			
		Current	Start of Transition	End of Year one	End of Transition
Cust. Type: Residential					
Distribution	PhP/kWh	0.9204	0.5143	0.5143	0.5143
Supply	PhP/kWh	0.4315	0.5828	0.5828	0.5828
Metering	PhP/meter/mo	5.0000	5.0000	5.0000	5.0000
Metering	PhP/kWh	0.2580	0.3669	0.3669	0.3669
Members Contribution for Capital Expenditures	PhP/kWh		0.2508	0.2508	0.2508
Final Loan Condo	PhP/kWh				
		LOW VOLTAGE			
		Current	Start of Transition	End of Year one	End of Transition
Cust. Type: Commercial					
Distribution	PhP/kWh	0.6301	0.5134	0.5134	0.5134
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	38.3200	41.61	41.61	41.61
Metering	PhP/meter/mo	27.9100	31.19	31.19	31.19
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2508	0.2508	0.2508
Final Loan Condo	PhP/kWh				
Final Loan Condo	PhP/cust/mo				
Cust. Type: Industrial					
Distribution	PhP/kWh	0.1493	0.5134	0.5134	0.5134
Distribution	PhP/kW	20.0000			
Supply	PhP/kWh				
Supply	PhP/cust/mo	38.3200	41.61	41.61	41.61
Metering	PhP/meter/mo	27.9100	31.19	31.19	31.19
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2508	0.2508	0.2508
Final Loan Condo	PhP/kWh				
Final Loan Condo	PhP/cust/mo				
Cust. Type: Public Building					
Distribution	PhP/kWh	0.1817	0.5134	0.5134	0.5134
Distribution	PhP/kW				
Supply	PhP/kWh				

Supply	PhP/cust/mo	38.3200	41.61	41.61	41.61
Metering	PhP/meter/mo	27.9100	31.19	31.19	31.19
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2508	0.2508	0.2508
Final Loan Condo	PhP/kWh				
Final Loan Condo	PhP/cust/mo				
Cust. Type: Street Light					
Distribution	PhP/kWh	0.9656	0.5134	0.5134	0.5134
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	38.3200	41.61	41.61	41.61
Metering	PhP/meter/mo	27.9100	31.19	31.19	31.19
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2508	0.2508	0.2508
Final Loan Condo	PhP/kWh				
Final Loan Condo	PhP/cust/mo				
Cust. Type: Special Lighting					
Distribution	PhP/kWh	1.5830	0.5134	0.5134	0.5134
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	35.9700	41.61	41.61	41.61
Metering	PhP/meter/mo		31.19	31.19	31.19
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2508	0.2508	0.2508
Final Loan Condo	PhP/kWh				
Final Loan Condo	PhP/cust/mo				
HIGHER VOLTAGE					
		Current	Start of Transition	End of Year one	End of Transition
Cust. Type: Industrial					
Distribution	PhP/kWh	0.1493			
Distribution	PhP/kW	20.0000	190.03	190.03	190.03
Supply	PhP/kWh				
Supply	PhP/cust/mo	38.3200	41.61	41.61	41.61
Metering	PhP/meter/mo	27.9100	31.19	31.19	31.19
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.2508	0.2508	0.2508
Final Loan Condo	PhP/kWh				
Final Loan Condo	PhP/cust/mo				

18. ZAMECO I believes that the implementation of the proposed rates would be to the best interest of its consumers; and

19. ZAMECO I 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 Zambales.

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 ZAMECO I, as follows:

TYPE OF CUSTOMERS	UNITS	PROPOSED RATE			
		Distribution	Supply	Metering	Members' Contribution for Capital Expenditures
RESIDENTIAL	PhP/kWh	0.5143	0.5828	0.3669	0.2508
	PhP/cust/mo			5.0000	
LOW VOLTAGE	PhP/kWh	0.5134			0.2508
	PhP/cust/mo		41.61		
	PhP/meter/mo			31.19	
HIGHER VOLTAGE	PhP/kWh				0.2508
	PhP/kW	190.03			
	PhP/cust/mo		41.61		
	PhP/meter/mo			31.19	

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.

Cainta, Rizal for Pasig City, 22 October 2009.

ARNIDO O. INUMERABLE

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