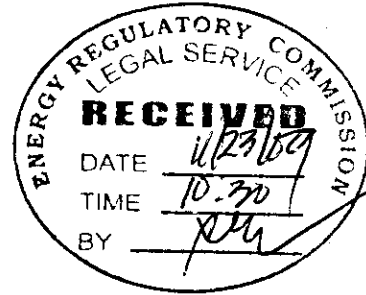
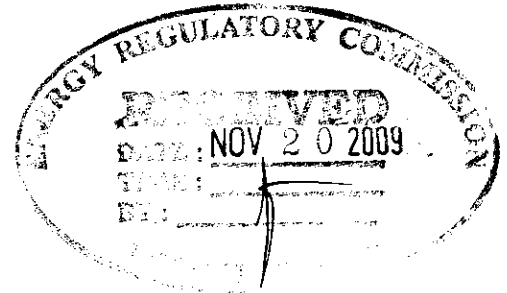


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City



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

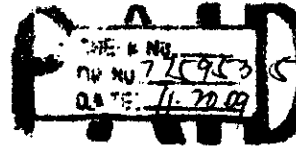


ERC CASE NO. 2009- 164 RC

**BATANGAS II ELECTRIC COOPERATIVE,  
Inc.  
(BATELEC II)**

**Applicant.**

x-----x



## APPLICATION

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

1. BATELEC 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 Antipolo del Norte, Lipa City, Batangas, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Marilyn LM. Caguimbal, of legal age, Filipino and with office address also at the BATELEC 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 cities/municipalities of the Province of Batangas, namely: Lipa City, Tanauan City, Alitagtag, Balete, Cuenca, Laurel, Lobo, Mabini, Malvar, Mataas na Kahoy, Padre Garcia, Rosario, San Jose, San Juan, Taysan, Talisay and Tingloy;
3. Section 43(f) of Republic Act No. 9136, otherwise known as the "Electric Power Industry

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. BATELEC II participated in the abovementioned public consultations, it has likewise submitted data/documents required by the ERC during the drafting of the said Rules;
7. Said regulatory framework is 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. After holding another round of public consultations nationwide, particularly in the locality 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, BATELEC II is categorized under Group "G";
11. As a Group "G" EC, BATELEC II's Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP 0.6900;
12. Further, BATELEC II is required to implement a new customer class, as follows:

EXISTING CUSTOMERS	NEW CUSTOMER SEGMENTATION
Residential	Residential Customers
BAPA	
Commercial	Low Voltage Customers
Irrigation/CWS	
Public Building	
Street Lights	
Small Industrial	
Commercial	

13. After functionalizing and allocating its ORR and using the new customer class, BATELEC II'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/kWh	PhP/Cust/Mo	PhP/Meter/Mo
<b>Distribution</b>	0.2748		0.3748			118.55		
<b>Supply</b>	0.4140			59.73			59.73	
<b>Metering</b>	0.3460	5.00			54.92			54.92

14. As a Group "G" EC, BATELEC II is also authorized to collect a Member's Contribution for Capital Expenditure Rate in the amount of PhP0.1518/kWh;

15. Considering the above mentioned rates, BATELEC II's rate caps would be as follows:

1.) DSM – 0.6900; and 2.) MCC – 0.1518

**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/kWh	PhP/Cust/Mo	PhP/Meter/Mo
<b>Distribution</b>	0.2748		0.3748				118.55		
<b>Supply</b>	0.4140			59.73				59.73	
<b>Metering</b>	0.3460	5.00			54.92				54.92
<b>Members Contribution for Capital Expenditures</b>	0.1518		.1518			0.1518			

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

**Table 3.**

		Current	Start of Transition	End of Year one	End of Transition
<b>Distribution</b>	<b>PhP/kWh</b>	1.6365	1.1826	0.7287	0.2748
<b>Supply</b>	<b>PhP/kWh</b>	0.4238	0.4205	0.4173	0.4140
<b>Metering</b>	<b>PhP/meter/mo</b>	5.0000	5.0000	5.0000	5.0000
<b>Metering</b>	<b>PhP/kWh</b>	0.1815	0.2363	0.2912	0.3460

Metering	PhP/meter/mo				
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh				
Final Loan Condo	PhP/kWh				
		Current	Start of Transition	End of Year one	End of Transition
<b>Cust. Type: Commercial</b>					
Distribution	PhP/kWh	0.6387	0.5570	0.4628	0.3748
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	55.7000	57.0448	58.3895	59.7343
Metering	PhP/meter/mo	111.5400	92.6676	73.7952	54.9228
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.1072	0.2144	0.3216
Final Loan Condo	PhP/kWh	(0.1900)			
Final Loan Condo	PhP/cust/mo	(9.6900)			
<b>Cust. Type: CUS</b>					
Distribution	PhP/kWh	0.6297	0.5447	0.4598	0.3748
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	70.6800	67.0314	63.3829	59.7343
Metering	PhP/meter/mo	29.7000	38.1076	46.5152	54.9228
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.1072	0.2144	0.3216
Final Loan Condo	PhP/kWh	(0.1904)			
Final Loan Condo	PhP/cust/mo	(3.6693)			
<b>Cust. Type: Public Building</b>					
Distribution	PhP/kWh	0.8512	0.6924	0.5336	0.3748
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	49.8000	53.1114	56.4229	59.7343
Metering	PhP/meter/mo	24.6300	34.7276	44.8252	54.9228
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.1072	0.2144	0.3216
Final Loan Condo	PhP/kWh	(0.2484)			
Final Loan Condo	PhP/cust/mo	(3.2962)			
<b>Cust. Type: Other</b>					
Distribution	PhP/kWh	0.5410	0.4856	0.4302	0.3748
Distribution	PhP/kW				
Supply	PhP/kWh				
Supply	PhP/cust/mo	45.3100	50.1181	54.9262	59.7343
Metering	PhP/meter/mo	43.2100	47.1800	51.9510	54.9228

<b>Cust. Type: Small Industrial</b>					
Distribution	PhP/kWh	0.2849	0.3149	0.3449	0.3748
Distribution	PhP/kW	22.0000	14.6667	7.3333	
Supply	PhP/kWh				
Supply	PhP/cust/mo	554.6500	389.6781	224.7062	59.7343
Metering	PhP/meter/mo	250.4400	185.2676	120.0952	54.9228
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.1072	0.2144	0.3216
Final Loan Condo	PhP/kWh	(0.2322)			
Final Loan Condo	PhP/cust/mo	(19.9096)			

		Current	Start of Transition	End of Year one	End of Transition
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<b>Cust. Type: Commercial</b>					
Distribution	PhP/kWh	0.6387	0.4258	0.2129	
Distribution	PhP/kW		39.5179	79.0359	118.5538
Supply	PhP/kWh				
Supply	PhP/cust/mo	55.7000	57.0448	58.3895	59.7343
Metering	PhP/meter/mo	111.5400	92.6676	73.7952	54.9228
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.1072	0.2144	0.3216
Final Loan Condo	PhP/kWh	(0.1900)			
Final Loan Condo	PhP/cust/mo	(9.6900)			

<b>Cust. Type: Small Industrial</b>					
Distribution	PhP/kWh	0.2849	0.1899	0.0950	
Distribution	PhP/kW	22.0000	54.1846	86.3692	118.5538
Supply	PhP/kWh				
Supply	PhP/cust/mo	554.6500	389.6781	224.7062	59.7343
Metering	PhP/meter/mo	250.4400	185.2676	120.0952	54.9228
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.1072	0.2144	0.3216
Final Loan Condo	PhP/kWh	(0.2322)			
Final Loan Condo	PhP/cust/mo	(19.9096)			

<b>Cust. Type: Small Industrial</b>					
Distribution	PhP/kWh	0.1465	0.0977	0.0488	
Distribution	PhP/kW	22.0000	54.1846	86.3692	118.5538
Supply	PhP/kWh				
Supply	PhP/cust/mo	4,747.6300	3,184.9981	1,622.3662	59.7343
Metering	PhP/meter/mo	250.4400	185.2676	120.0952	54.9228
Metering	PhP/kWh				
Members Contribution for Capital Expenditures	PhP/kWh		0.1072	0.2144	0.3216
Final Loan Condo	PhP/kWh	(0.0540)			
Final Loan Condo	PhP/cust/mo	(19.9081)			

<b>Metering</b>	<b>PhP/meter/mo</b>	24.6300	34.7276	44.8252	54.9228
<b>Metering</b>	<b>PhP/kWh</b>				
<b>Members Contribution for Capital Expenditures</b>	<b>PhP/kWh</b>		0.1072	0.2144	0.3216
<b>Final Loan Condo</b>	<b>PhP/kWh</b>	(0.2484)			
<b>Final Loan Condo</b>	<b>PhP/cust/mo</b>	(3.2962)			
<b>Cust. Type: INGASCO</b>					
<b>Distribution</b>	<b>PhP/kWh</b>				
<b>Distribution</b>	<b>PhP/kWh</b>				
<b>Supply</b>	<b>PhP/kWh</b>				
<b>Supply</b>	<b>PhP/cust/mo</b>	23,742.9900	15,848.5714	7,954.1529	59.7343
<b>Metering</b>	<b>PhP/meter/mo</b>	250.4400	185.2676	120.0952	54.9228
<b>Metering</b>	<b>PhP/kWh</b>				
<b>Members Contribution for Capital Expenditures</b>	<b>PhP/kWh</b>				
<b>Final Loan Condo</b>	<b>PhP/kWh</b>				
<b>Final Loan Condo</b>	<b>PhP/cust/mo</b>	(19.9172)			

17. BATELEC II submits that the implementation of the proposed rates would work to the best interest of its consumers as the cooperative will be encouraged to become more efficient and be able to deliver reliable, efficient and quality service to its consumers. Further, BATELEC II has chosen to implement the proposed rates at the start of the transition period in three (3) trances both for the DSM and CAPEX rates to mitigate the impact towards the initial tariff .
18. BATELEC 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 Batangas and the Sangguniang Panlungsod of Lipa City and published the Application in its entirety in a newspaper of general circulation in the Province of Batangas.
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. Local publication of the Application with Affidavit of Publication;
  - c. Certifications of the concerned local Sanggunians;
  - d. Completed RSEC-WR UFR Model;
  - e. Completed Transition Model
  - f. Working papers on details and explanations

## 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 BATELEC II, as follows:

TYPE OF CUSTOMERS	UNITS	PROPOSED RATE			
		Distribution	Supply	Metering	Members' Contribution for Capital Expenditures
RESIDENTIAL	PhP/kWh	0.2748	0.4140	0.3460	0.3216
	PhP/meter/mo			5.0000	
LOW VOLTAGE	PhP/kWh	0.3748			0.3216
	PhP/cust/mo		59.73		
	PhP/meter/mo			54.92	
HIGHER VOLTAGE	PhP/kWh				0.3216
	PhP/kW	118.55			
	PhP/cust/mo		59.73		
	PhP/meter/mo			54.92	

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, November 3, 2009.

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

**Counsel for BATELEC II  
Units 1609-1610 Tycoon Centre  
Pearl Drive Ortigas Center  
Pasig City, Metro Manila**

By:



**DITAS A. LERIOS-AMBOY**

Roll No. 40628


Republic of the Philippines)  
Lipa City, Batangas ) Ss.

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

I, **MARILYN LM. CAGUIMBAL**, of legal age, Filipino and with office address at the Main Office of Batangas II Electric Cooperative, Inc. (BATELEC II), Antipolo del Norte, Lipa City, Batangas, after being sworn to according to law, depose and state that:

1. I am the General Manager of Batangas II Electric Cooperative, Inc. (BATELEC 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 BATELEC II;
3. BATELEC 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 4th day of November, 2009 at Lipa City, Batangas.

  
**MARILYN LM. CAGUIMBAL**  
Affiant

SUBSCRIBED AND SWORN to before me in Lipa City, <sup>NOV 04 2009</sup> this 4th day of November 2009 by the affiant who exhibited to me her \_\_\_\_\_ issued at \_\_\_\_\_ and with validity until \_\_\_\_\_.

Notary Public

Doc. No. : 233  
Page No. : 47  
Book No. : XLV  
Series of 2009. 2009

  
**ERYON M. LAYOG**  
Notary Public  
Until Dec. 31, 2009  
PTR No. 0759605 - Jan. 6, 2009