

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

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

ERC CASE NO. 2009-168 RC

FIRST LAGUNA ELECTRIC  
COOPERATIVE, Inc. (FLECO)

Applicant.

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**A P P L I C A T I O N**

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

1. FLECO 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 Bgy. Lewin, Lumban, Laguna, where it may be served with summons and other legal processes, represented in this instance by its **Project Supervisor, Acting General Manager, EVANGELITO S. ESTACA**, of legal age, Filipino and with office address also at FLECO 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 Laguna, namely: **Pagsanjan, Cavinti, Lumban, Kalayaan, Paete, Pakil, Pangil, Siniloan, Famy, Mabitac and Sta Maria**;
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. FLECO participated in the abovementioned public consultations, it has likewise submitted data/documents required by the ERC for purposes of implementing said rules;
  9. On October 20, 2009, FLECO's Board of Director's passed Board Resolution No. 84, 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, FLECO was categorized as Group "D";
  12. As a Group "D" EC, FLECO determined Operating Revenue Requirement (ORR) per kWh is PhP 1.5366;
  13. Further, FLECO 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
BAPA	
Commercial	Low Voltage Customers
Industrial	
Public Building	
Street Lights	
Industrial	High Voltage Customers

14. After functionalizing and allocating the aboveset ORR and using the new customer class, FLECO’s initial Distribution, Supply and Metering (DSM) rate caps are as follows:

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP D	RESIDENTIAL		LOW VOLTAGE		HIGH VOLTAGE	
	PhP/kWh	PhP/Mtr/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kW	PhP/Cust/Mo.
Distribution	0.5143		0.5134		190.03	
Supply	0.5828			41.61		41.61
Metering	0.3669	5.00		31.19		31.19

15. As a Group “D” EC, FLECO is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP0.2508/kWh;

16. Considering the abovementioned rates, **FLECO’s rate caps** would be as follows: 1.) DSM – PhP 1.5366; and 2.) MCC – PhP 0.2508;

GROUP D	RESIDENTIAL		LOW VOLTAGE		HIGH VOLTAGE	
	PhP/kWh	PhP/Mtr/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kW	PhP/Cust/Mo.
Distribution	0.5143		0.5134		190.03	
Supply	0.5828			41.61		41.61
Metering	0.3669	5.00		31.19		31.19
Members' Contribution for CAPEX	0.2508		0.2508		0.2508	

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

Table 3. Proposed Transition Rates

<b>D</b>				
<b>Name: FLECO</b>				
	<b>Rates Billed</b>			
	<b>Current</b>	<b>Start of Transition</b>	<b>End of Year one</b>	<b>End of Transition</b>
<b>Percentage increase</b>	<b>1.0000</b>	<b>1.0000</b>	<b>-</b>	<b>-</b>
<b>RESIDENTIAL</b>				
<b>Cust. Type: Residential</b>				
<b>Distribution (kWh)</b>	1.1466	0.5143	0.5143	0.5143
<b>Supply (kWh)</b>	0.5482	0.5828	0.5828	0.5828
<b>Metering (Customer)</b>	5.0000	5.0000	5.0000	5.0000
<b>Metering (kWh)</b>	0.2109	0.3669	0.3669	0.3669
<b>Members Contribution for Capital Expenditures</b>		0.2508	0.2508	0.2508
<b>Final Loan Condo (kWh)</b>	(0.5298)			
<b>LOW VOLTAGE</b>				
<b>Cust. Type: Commercial</b>				
<b>Distribution (kWh)</b>	0.9133	0.5134	0.5134	0.5134
<b>Distribution (kW)</b>		-	-	
<b>Supply (kWh)</b>		-	-	
<b>Supply (Customer)</b>	62.8800	41.6104	41.6104	41.6104
<b>Metering (Customer)</b>	39.0500	31.1926	31.1926	31.1926
<b>Metering (kWh)</b>		-	-	
<b>Members Contribution for Capital Expenditures</b>		0.2508	0.2508	0.2508
<b>Final Loan Condo (kWh)</b>	(0.3626)			
<b>Final Loan Condo (customer)</b>	(12.6744)			

<b>Cust. Type: Public Building</b>				
Distribution (kWh)	0.7413	0.5134	0.5134	0.5134
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	65.8400	41.6104	41.6104	41.6104
Metering (Customer)	23.8600	31.1926	31.1926	31.1926
Metering (kW)		-	-	
Members Contribution for Capital Expenditures		0.2508	0.2508	0.2508
Final Loan Condo (kWh)	(0.2939)			
Final Loan Condo (customer)	(8.7576)			
<b>Cust. Type: Street Lights</b>				
Distribution (kWh)	1.0948	0.5134	0.5134	0.5134
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	59.0100	41.6104	41.6104	41.6104
Metering (Customer)	-	31.1926	31.1926	31.1926
Metering (kW)		-	-	
Members Contribution for Capital Expenditures		0.2508	0.2508	0.2508
Final Loan Condo (kWh)	(0.4697)			
Final Loan Condo (customer)	(2.6074)			
<b>Cust. Type: Industrial</b>				
Distribution (kWh)	0.5293	0.5134	0.5134	0.5134
Distribution (kW)	22.0000	-	-	
Supply (kWh)		-	-	
Supply (Customer)	284.7800	41.6104	41.6104	41.6104
Metering (Customer)	246.7800	31.1926	31.1926	31.1926
Metering (kW)		-	-	
Members Contribution for Capital Expenditures		0.2508	0.2508	0.2508
Final Loan Condo (kWh)	(0.2620)			

Final Loan Condo (customer)	(66.2214)			
<b>HIGHER VOLTAGE</b>				
<b>Cust. Type: Industrial</b>				
Distribution (kWh)	0.5293	-	-	
Distribution (kW)	22.0000	190.0268	190.0268	190.0268
Supply (kWh)		-	-	
Supply (Customer)	284.7800	41.6104	41.6104	41.6104
Metering (Customer)	246.7800	31.1926	31.1926	31.1926
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.2508	0.2508	0.2508
Final Loan Condo (kWh)	(0.2620)			
Final Loan Condo (customer)	(66.2214)			

18. FLECO believes that the implementation of the proposed rates would be to the best interest of its consumers; and
19. FLECO 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 Laguna.

## 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 FLECO, as follows:

TYPE OF CUSTOMERS	UNITS	RATE DESIGN		
		D	S	M
Residential	PhP/kWh	0.5143	0.5828	0.3669

	PhP/Cust/Mo.			5.00
CAPEX	PhP/kWh	0.2508		
Low Voltage (220 to 240 Voltage)	PhP/kWh	0.5134		
	PhP/Cust/Mo.		41.61	31.19
CAPEX	PhP/kWh	0.2508		
High Voltage (>240 Voltage)	PhP/kW	190.03		
	PhP/Cust/Mo.		41.61	31.19
CAPEX	PhP/kWh	0.2508		

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**

Counsel for the Applicant

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Roll of Attorneys No. 28764

MCLE Compliance No. 0015415, 1-8-09

REPUBLIC OF THE PHILIPPINES)

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### VERIFICATION AND CERTIFICATION

I, EVANGELITO S. ESTACA, of legal age, Filipino, married and with office address at First Laguna Electric Cooperative, Inc., Lumban, Laguna, after having been sworn to in accordance with law, hereby depose and state:

1. That I am the General Manager of First Laguna Electric Cooperative, Inc. (FLECO);
2. That I have caused the preparation and filing of the Application for the Approval of the Implementation of the Rules for Setting Electric Cooperatives' Wheeling Rates (RSEC-WR);
3. That I have read and know the contents of the said motion as true and correct to the best of my knowledge.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 22<sup>nd</sup> day of October 2009 in \_\_\_\_\_, Philippines, affiant exhibited to his Community Tax Certificate No. 09142101 issued at Lipa City, Batangas on January 7, 2009.

Notary Public

Until December 31, 2009

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