

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. 2009-68 RC

**FIRST BUKIDNON ELECTRIC
COOPERATIVE, Inc. (FIBECO)
Applicant.**

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A P P L I C A T I O N

COMES NOW, applicant First Bukidnon Electric Cooperative, Inc. (FIBECO, INC.), through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. FIBECO 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 Anahawon, Maramag, Bukidnon, where it may be served with summons and other legal processes, represented in this instance by its Officer In-Charge, Engr. Renato S. Cortezano, of legal age, Filipino and with office address also at FIBECO Office, located at Anahawon, Maramag, Bukidnon.
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 Bukidnon namely: Maramag, Quezon, Don Carlos, Kitaotao, Danggagan, Kibawe, Damulog, Kadingilan, Pangantucan, Kalilangan, San Fernando and Valencia City and Wao, Lanao Sur.
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) authorized 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 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. FIBECO 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 1, 2009, FIBECO's Board of Director's passed Board Resolution No. 141 s. 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, FIBECO was categorized as Group "E";
 12. As a Group "E" EC, FIBECO determined Operating Revenue Requirement (ORR) per kWh is **PhP 1.3200**;
 13. Further, FIBECO 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	Higher Voltage Customers
Wholesale	

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

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP: E	Residential		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/Mo	PhP/kW	PhP/Cust/mo
Distribution	0.5782		0.7595		219.68	
Supply	0.6001			42.92		42.92
Metering	0.4326	5.0000		35.94		35.94

15. As a Group "E" EC, FIBECO is also authorized to collect a Member's Contribution for Capital Expenditure Rate in the amount of PhP **0.2904** /kWh;

16. Considering the abovementioned rates, FIBECO's rate caps would be as follows: 1.) **DSM – PhP 1.3200**; and 2.) **MCC – PhP 0.2904**;

GROUP: E	Residential		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/Mo	PhP/kWh	PhP/kW	PhP/Cust/mo
Distribution	0.5782		0.7595			219.68	
Supply	0.6001			42.92			42.92
Metering	0.4326	5.0000		35.94			35.94
CAPEX	0.2904		0.2904		0.2904		

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

Table 3. Proposed Transition Rates

E Name: FIRST BUKIDNON ELECTRIC COOPERATIVE, INC.	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	0.5000	0.5000	-
RESIDENTIAL				
Cust. Type: Residential				
Distribution (kWh)	0.8696	0.7239	0.5782	0.5782
Supply (kWh)	0.4434	0.5217	0.6001	0.6001
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.5410	0.4868	0.4326	0.4326
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.2893)			
LOW VOLTAGE				
Cust. Type: Commercial				
Distribution (kWh)	0.4979	0.7595	0.7595	0.7595
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	23.9100	42.92	42.92	42.92
Metering (Customer)	96.6700	35.94	35.94	35.94
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1098)			
Final Loan Condo (customer)	(7.5508)			
Cust. Type: INDUSTRIAL				
Distribution (kWh)	0.3061	0.7595	0.7595	0.7595
Distribution (kW)	16.5000	-	-	
Supply (kWh)		-	-	
Supply (Customer)	23.9100	42.92	42.92	42.92
Metering (Customer)	328.0800	35.94	35.94	35.94
Metering (kWh)		-	-	
Members Contribution for Capital				

Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1017)			
Final Loan Condo (customer)	(24.5652)			
Cust. Type: PUBLIC BUILDING				
Distribution (kWh)	0.5308	0.7595	0.7595	0.7595
Distribution (kW)	-	-	-	-
Supply (kWh)	-	-	-	-
Supply (Customer)	23.9100	42.92	42.92	42.92
Metering (Customer)	32.1200	35.94	35.94	35.94
Metering (kWh)	-	-	-	-
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1429)			
Final Loan Condo (customer)	(2.8042)			
Cust. Type: STREET LIGHTS				
Distribution (kWh)	1.0388	0.7595	0.7595	0.7595
Distribution (kW)	-	-	-	-
Supply (kWh)	-	-	-	-
Supply (Customer)	23.9100	42.92	42.92	42.92
Metering (Customer)	70.2100	35.94	35.94	35.94
Metering (kWh)	-	-	-	-
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.2620)			
Final Loan Condo (customer)	(0.5218)			
HIGHER VOLTAGE				
Cust. Type: Industrial				
Distribution (kWh)	0.3061	-	-	-
Distribution (kW)	16.5000	219.68	219.68	219.68
Supply (kWh)	-	-	-	-
Supply (Customer)	23.9100	42.92	42.92	42.92
Metering (Customer)	328.0800	35.94	35.94	35.94

Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1017)			
Final Loan Condo (customer)	(24.5652)			
Cust. Type: Wholesale				
Distribution (kWh)	0.2109	-	-	
Distribution (kW)	19.8000	219.68	219.68	219.68
Supply (kWh)		-	-	
Supply (Customer)	23.9100	42.92	42.92	42.92
Metering (Customer)	96.6700	35.94	35.94	35.94
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		-	0.2904	0.2904
Final Loan Condo (kWh)	(0.0740)			
Final Loan Condo (customer)	(7.5510)			

18. FIBECO believes that the implementation of the proposed rates would be to the best interest of its consumers; as it will decrease the rates for residential consumers. This reduced rates for residential consumers will be implemented 50% during the first year and another 50% on the second year during the transition period. With this proposed implementation, the rates for other class of consumers will be implemented in full (100%) during the transition period in order to offset the financial impact of the reduced rates for residential consumers on the over-all rate adjustment being applied herein;

19. FIBECO 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 body where the main office is located and published the Application in its entirety in a newspaper of general circulation in the Province of Bukidnon.

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 FIBECO, as follows:

RATE DESIGN		D	S	M
Residential:	Per kWh	0.5782	0.6001	0.4326
	Per Month			5.0000
CAPEX	Per kWh	0.2904		
Low Voltage:	Per kWh	0.7595		
	Per Month		42.92	35.94
CAPEX	Per kWh	0.2904		
Higher Voltage:	Per kW	219.68		
	Per Month		42.92	35.94
CAPEX	Per kWh	0.2904		

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.

Quezon City for Pasig City, this **9th** day of **October 2009.**

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