Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF RATE ADJUSTMENT IN ACCORDANCE WITH R.A. 9136, WITH PRAYER FOR PROVISIONAL AUTHORITY

ERC CASE NO. 2026-002 RC

ORIENTAL MINDORO ELECTRIC COOPERATIVE, INC.,
Applicant.

Promulgated:
February 26, 2026

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 08 January 2026, Oriental Mindoro Electric Cooperative, Inc. (ORMECO) filed its *Application* dated 24 October 2025, seeking the Commission's approval of its rate adjustment in accordance with Republic Act No. 9136 also known as the "Electric Power Industry Reform Act of 2001".

On 16 February 2026, ORMECO filed a *Motion for Correction*, of even date, stating that the date of the scheduled second hearing in the *Order* and *Notice of Virtual Hearing* dated 11 February 2026 was indicated as "16 March 2026 (Friday)". However, 16 March 2026 actually falls on a Monday and not a Friday.

In view of thereof, the Commission hereby issues hearing schedules anew bearing the new, correct and actual hearing dates for the instant *Application*.

The docketed copy of the *Application*, excluding its annexes, is attached as Annex "A" hereof.

The Commission has set the *Application* for hearing, pursuant to the pertinent rules of the Commission, as follows:

Date and Time	Platform	Activity
24 March 2026 (TUESDAY) at two o'clock in the afternoon (2:00 P.M.)	MS Teams Application	Jurisdictional Compliance and Expository Presentation
31 March 2026 (TUESDAY) at two o'clock in the afternoon (2:00 P.M.)		Pre-trial Conference and Presentation of Evidence

Accordingly, ORMECO is hereby directed to mirror the virtual hearings, to be hosted by the Commission, at **ORMECO's principal office located at Brgy. Isabel, Calapan City, Oriental Mindoro,** as the designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, ORMECO shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its comments and/or clarifications at least **one (1) calendar day** prior to the scheduled initial virtual hearing, via e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, any person who has an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at docket@erc.ph, a verified Petition to Intervene at least **five (5) calendar days** prior to the date of the initial virtual hearing. The verified Petition to Intervene must follow the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case, and state the following:

1) The petitioner's name, mailing address, and e-mail address;

2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and

3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

1) The name, mailing address, and e-mail address of the person;

2) A concise statement of the Opposition or Comment; and

3) The grounds relied upon.

All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgement receipt e-mail sent by the Commission.

Finally, all interested persons may be allowed to join the scheduled virtual hearings by providing the Commission, through legal.virtualhearings@erc.ph, their respective e-mail addresses, indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

WITNESS, the Honorable Chairperson and CEO **FRANCIS SATURNINO C. JUAN** and the Honorable Commissioners **FLORESINDA G. BALDO-DIGAL, MARKO ROMEO L. FUENTES, AMANTE A. LIBERATO** and **PARIS G. REAL**, Energy Regulatory Commission in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:

Maria Corazon C. Gines

ATTY. MARIA CORAZON C. GINES[1]
Director III, Legal Service

LS: BBB/ JGGW

[1] Authority granted per Office Order No. 71, Series of 2025 dated 20 August 2025, with the subject "Approving/Signing Authorities for Consumer Complaints Cases and Interlocutory Orders".

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Ortigas Center, Pasig City

IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF RATE ADJUSTMENT IN ACCORDANCE WITH R.A. 9136, WITH PRAYER FOR PROVISIONAL AUTHORITY

ERC CASE NO. 2026-002 **RC**
January 08, 2026

ORIENTAL MINDORO ELECTRIC COOPERATIVE, INC. (ORMECO),
Applicant.
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APPLICATION
-with-
PRAYER FOR PROVISIONAL AUTHORITY

Applicant **ORIENTAL MINDORO ELECTRIC COOPERATIVE, INC. (ORMECO)**, through the undersigned counsel, respectfully states:

1. Applicant **ORMECO** is an Electric Cooperative ("EC") duly organized by virtue of Presidential Decree No. 269, as amended, with principal office at Brgy. Isabel, Calapan City, Oriental Mindoro. Applicant ORMECO serves the power requirements of the Municipalities of Baco, San Teodoro, Puerto Galera, Naujan, Victoria, Socorro, Pola, Pinamalayan, Gloria, Bansud, Bongabong, Roxas, Mansalay, Bulalacao, and Calapan City, all in the province of Oriental Mindoro. For purposes of this *Application*, applicant ORMECO is represented herein by its General Manager, **MR. HUMPHREY A. DOLOR, PECE, MBA.**[1]

2. Applicant ORMECO may be served with the orders, notices, and other processes of the Honorable Commission through the undersigned counsel at the addresses indicated herein.

NATURE OF THE APPLICATION

3. This *Application* for the approval of applicant ORMECO's rate adjustments in accordance with Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 ("EPIRA") is being submitted to the Honorable Commission for its review and approval pursuant to Section 1, Rule 20 of the Honorable Commission's Resolution No. 01, Series of 2021[2] (the "*ERC Revised Rules of Practice and Procedure*").

4. In compliance with Section 2, Rule 6 of the *ERC Revised Rules of Practice and Procedure*, a copy of the instant *Application* (with all its annexes and accompanying documents) shall be furnished to the following offices:

a. Office of the Mayor of Calapan City;
b. Office of the *Sangguniang Panlungsod* of Calapan City;
c. Office of the Provincial Governor of Oriental Mindoro ; and
d. Office of the *Sangguniang Panlalawigan* of Oriental Mindoro

5. Further, this *Application* shall also be published in a newspaper of general circulation.

STATEMENT OF FACTS

6. On 17 August 2009, the Honorable Commission in the case of ***"In the Matter of the Application for Approval of Over-All Tariff Adjustment with Prayer for Issuance of Provisional Authority"***, docketed as ERC Case No. 2009-039 RC, issued its *Decision* of even date (the "*ERC Decision*"), granting applicant ORMECO a Total Revenue Requirement of **ONE HUNDRED SEVENTY-FIVE MILLION SIX THOUSAND EIGHT HUNDRED FIFTY-SIX PESOS (PHP175,006,856.00)**, and an overall average rate adjustment of PhP0.3512/kWh on its total Distribution, Supply and Metering ("DSM") Charges. A copy of the *ERC Decision* is attached as **Annex "A"**.

7. To date, or for 15 years since the approval of its overall average rate adjustment, applicant ORMECO has maintained a consistent tariff rate of PhP0.3512/kWh despite rising operational costs and an increasing demand for electricity. Given the circumstances, applicant ORMECO is thus constrained to seek a rate adjustment to properly reflect and account for the rising costs of delivering service to its franchise area and its Member-Consumer-Owners ("MCOs"). The increase in these costs, among others, are described as follows:

Increase in applicant ORMECO's Operations and Maintenance ("O&M") expenses

8. For context, the Honorable Commission in the *ERC Decision* at the time only considered two hundred thirty-two (232) employees in the computation of applicant ORMECO's current rate.[3] The Honorable Commission then approved a payroll expense of **SIXTY-TWO MILLION NINE HUNDRED NINETY-ONE THOUSAND FIVE HUNDRED THIRTY-NINE PESOS (PHP62,991,539.00)** for applicant ORMECO's employees when it rendered the *ERC Decision*.[4] This likewise considered applicant ORMECO's share in employee mandatory contributions under the Social Security System ("SSS") at **7.07%** of an employee's monthly salary credit.[5]

9. Applicant ORMECO currently employs five hundred twenty-one (521) people out of a possible six hundred seventeen (617) approved plantilla positions. In 2019, the National Electrification Administration ("NEA") has since realigned applicant ORMECO's salary scale, resulting in an **increase in salary of thirty-two percent (32%)** from its last approved salary scale for its employees.[6]

10. Moreover, the SSS' currently mandated employer's share in the mandatory contributions has since been increased to **10%**, not to mention the other resulting increases in statutory monetary benefits and allowances to defray the ever-rising cost of goods. These increases in applicant ORMECO's expenses relative to employee salaries and benefits resulted in **at least ONE HUNDRED EIGHTY MILLION FIVE HUNDRED FORTY-ONE THOUSAND THIRTY-EIGHT PESOS (PHP180,541,038) for the year 2023 alone[7] – or a 186.61% increase from the Honorable Commission's allowed payroll expense**.[8]

11. It also bears stressing that applicant ORMECO has shifted to 24/7 operations to maintain continuous services for its MCOs. This resulted in increased meal and rice allowances for employees, rising costs of technology, materials, fuel, and equipment. Applicant ORMECO has also faced additional costs for repairs, maintenance, and rehabilitation work. Furthermore, the large number of employees who opted for the regular and special/early retirement programs has incurred significant costs.

12. Applicant ORMECO will also **need debt** servicing to fund the upgrade and rehabilitation of substations and distribution lines. Furthermore, the applicant ORMECO continues to bear the financial obligation associated with the rehabilitation projects carried out to address the damage caused by Typhoon Nona. These projects were funded through a loan obtained from the National Electrification Administration (NEA). The expected graduation of applicant ORMECO's annual amortizations for its loans with the NEA and the Philippine National Bank ("PNB") is scheduled for 2028 and 2029, respectively.

13. Moreover, applicant ORMECO's proposed Capital Expenditures ("CAPEX") fund has substantially risen in response to increasing energy demand, the rising cost of materials and equipment, and the continuously growing number of consumers.

14. Applicant ORMECO's existing rates are **no longer enough to sustain applicant ORMECO's operation** and are no longer adequate to meet the demands and requirements of its operations. In fact, applicant ORMECO's *2023 AFS* shows that it is suffering continuous losses which trend upward each year:[9]

YEAR	NET INCOME/(LOSS)
2023	(PHP17,135,979.00)
2022	(4,004,060.00)

15. The above clearly justify the need for applicant ORMECO's overall tariff adjustment to sustain its operations and infrastructure development, to ensure its quality service to its MCOs.

Applicant ORMECO's proposed Revenue Requirement based on Test Year 2023

16. To address the foregoing, following applicant ORMECO's *2023 AFS* and using the Cash Based Methodology under the Uniform Filing Requirements ("UFR"), applicant ORMECO's proposed revenue requirements are as follows:

PROPOSED REVENUE REQUIREMENT			
Particulars	Total Company* (PhP) (1)	Electric Adjustment (PhP) (2)	Proposed Revenue Requirement (PhP) (1) + (2)
Payroll	210,937,510	181,132,138	392,069,649
Operations and Maintenance (less fuel, PP & Payroll)	197,769,942	23,067,257	220,837,199
ECs Debt Service	52,353,934	673,158	53,027,092
Less : ORI (Other Revenue Items)	120,899,790	(61,809,655)	59,090,136
Add: Reinvestment Fund	80,289,448	78,576,821	158,866,269
TOTAL REVENUE REQUIREMENT	**420,451,044**	**345,259,030**	**765,710,074**

*Per Audited Financial Statement

Table 1: Proposed Revenue Requirement

The revenue requirement of **SEVEN HUNDRED SIXTY FIVE MILLION SEVEN HUNDRED TEN THOUSAND SEVENTY FOUR PESOS (PHP765,710,074.00)** was determined from applicant ORMECO's *2023 AFS* total company revenue requirement of Four Hundred Twenty Million Four Hundred Fifty One and Forty Four Pesos (PhP420,451,044.00), adjusted by Three Hundred Forty Five Million Two Hundred Fifty Nine Thousand and Thirty Pesos (PhP345,259,030.00) due to the following reasons:

A. The proposed payroll includes the implemented increase due to wage orders and the adoption of the 4th Tranche Salary Scale pursuant to NEA Memorandum 2018-002 dated 17 January 2018,[10] the latest SSS, Philhealth and Pag-IBIG Fund Contributions Schedules effective January 2025;[11] and 13th month pay based on NEA *Memorandum* 2018-002. The implementation of the newly approved organizational structure to support applicant ORMECO's 24/7 operations likewise increased personnel costs.

B. The shift to 24/7 operations has likewise resulted to higher O&M expenses, such as increased meal and rice allowances for employees and rising costs of technology, materials, fuel, and equipment. Moreover, the adjustment for the actual contribution to the retirement plan, based on the minimum funding amount required by the actuarial valuation as the current year's accrual, results in substantial expenditures totaling P31,019,354.

C. Proposed debt service in the instant *Application* includes loans for funding the upgrade and rehabilitation of substations and distribution lines, which are essential for the improvement of applicant ORMECO's operations. Applicant ORMECO is still likewise paying the calamity loan for the rehabilitation of damages caused by Typhoon Nona.

D. The proposed increase in reinvestment fund is due to the rising costs of materials and equipment and the increasing number of consumers. There is a need to continue expanding infrastructure to meet the growing needs of its member-consumers and to maintain system reliability.

Applicant ORMECO's proposed rates

17. Applicant ORMECO respectfully presents its proposed rates *vis-à-vis* its existing rates per customer class, with a detailed breakdown of the rate impact of its proposed rates in terms of **PHP/kWh** for each customer classification:

Customer Class		Proposed Rates	Existing Rates	Difference
Residential:				
Distribution	PhP/kWh	1.8003	1.0979	0.7024
Supply	PhP/kWh	0.5852	0.5313	0.0539
Metering	PhP/kWh	0.6718	0.1448	0.5270
Metering	PhP/meter/mo.	5.0000	5.0000	0.0000
Commercial:				
Distribution	PhP/kWh	0.4684	0.7832	-0.3148
Supply	PhP/cust./mo.	53.0565	34.4700	18.5865
Metering	PhP/meter/mo.	65.9064	121.1900	-55.2836
Industrial:				
Distribution Demand Charge	PhP/kW	17.6000	17.6000	0.0000
Distribution	PhP/kWh	0.6221	0.4344	0.1877
Supply	PhP/cust./mo.	53.0565	34.4700	18.5865
Metering	PhP/meter/mo.	65.9064	121.1900	-55.2836
Public Buildings:				
Distribution	PhP/kWh	0.6517	0.5341	0.1176
Supply	PhP/cust./mo.	53.0565	34.4700	18.5865
Metering	PhP/meter/mo.	65.9064	24.1300	41.7764
Street Lights:				
Distribution	PhP/kWh	2.3166	2.4003	-0.0837
Supply	PhP/cust./mo.	53.0565	34.4700	18.5865
Metering	PhP/meter/mo.	65.9064	24.1300	41.7764

Table 2: Comparison of applicant ORMECO's Proposed and Existing Rates

18. Applicant ORMECO's Lifeline Rate Discount for marginalized end-users under the *ERC Decision* shall remain unchanged, in accordance with the approved Lifeline Rate Discounts and Subsidy determined in the ***ERC Case***. Otherwise stated, the discounted rate for low-income or marginalized customers will not be affected by the rate impact of applicant ORMECO's proposed rate adjustments:

kWh Consumption	Level of Discount (Sample)
0 - 15 kWh	50%
16 - 20 kWh	15%
21 - 25 kWh	5%

Table 3: Lifeline Rate Discounts and Subsidy