

19. The above-described proposed rates are designed particularly to address and be consistent with the following:

19.1. **Payroll Expenses:** These include: basic salaries, Employer's share for applicant ORMECO's 617 employees under the SSS, contributions for the Philippine Health Insurance Corporation ("Philhealth"), Home Development Mutual Fund ("Pag-Ibig Fund"), and 13th Month Pay.

19.2. **O&M Expenses:** applicant ORMECO's proposed O&M Expenses amount to **TWO HUNDRED TWENTY MILLION EIGHT HUNDRED THIRTY-SEVEN THOUSAND ONE HUNDRED NINETY-NINE PESOS (PHP220,837,199.00)**, with a conservative increase of 5.14% from the base year, based further on applicant ORMECO's Cash Operating Budget ("COB") for the year 2024¹² for distribution, consumers' accounts, and general and administrative expenses, excluding incentives, gratuities, and excesses in allowances.

19.3. **Debt Servicing:** applicant ORMECO's remaining annual amortizations amounting to **FIFTY-THREE MILLION TWENTY-SEVEN THOUSAND NINETY-TWO AND 26/100 PESOS (PHP53,027,092.26)** with the NEA and the PNB are expected to graduate in the years 2028 and 2029 respectively.

19.4. **Reinvestment Fund:** applicant ORMECO's proposed Reinvestment Fund amounting to **ONE HUNDRED FIFTY-EIGHT MILLION EIGHT HUNDRED SIXTY-SIX THOUSAND TWO HUNDRED SIXTY-NINE PESOS (PHP158,866,269.00)** is calculated under the Honorable Commission's Resolution No. 5, s. 2005, and shall be used to finance the upgrading, expansion, rehabilitation, and construction projects for its existing power and distribution systems.

19.5. **Other Revenue Items ("ORI"):** applicant ORMECO's proposed ORI includes only the following items:

Particulars	Regulated Items		Non-Regulated Items	
	100%	50%	100%	50%
Banking Fees	168,253.60			
Construction fee - EPP (labor, equipment and fuel)			3,084,504.19	
Disbanking Fees	56,100.00			
Inspection Fees	365,307.46			
Inspection/Connection Fee	633,228.19			
Meter Calibration Fee	42,036.00			
Meter Testing Fee	47,149.79			
Other Revenues	397,198.04			
Rental Fee - ATM Offsite			10,700.00	
Pilferage Recoveries	245,607.35			
Service Fee	23,573,956.37			
Surcharge	28,772,724.28			
Transformer Rental	12,037.51			
Transformer Testing Fee	258,418.39			
Sub-Total	54,572,016.98		3,095,204.19	
TOTAL		57,667,221.17		

Applicant ORMECO's proposed ORI also includes the following miscellaneous income per its 2023 AFS:

PARTICULARS	AMOUNT
Rent from Electric Property (Poles/Transformer)	9,036,237.51
Prompt Payment Discount	33,121,481.87
Miscellaneous Non-Operating Income	8,684,847.33
Interest Income	347,822.09
Income from Government Grant	12,042,180.36
TOTAL	63,232,569.16

Functionalization, Classification and Customer Allocation

20. Applicant ORMECO for the data presented herein used the functionalization and allocation factors contained in the UFR as issued and held by the Honorable Commission in the *ERC Decision*. Based thereon, applicant ORMECO respectfully presents its proposed allocated revenue by function and customer category:

Customer Class	Total Revenue	Distribution Related Revenue	Supply Related Revenue	Metering Related Revenue
Residential	652,724,022	377,540,129	122,729,767	152,454,127
Commercial	59,734,421	41,072,006	8,323,284	10,339,130
Industrial	17,866,733	17,371,229	131,792	163,711
Public Buildings	28,032,652	21,541,564	2,894,972	3,596,116
Street Lights	7,552,246	6,123,264	637,314	791,668
TOTAL	765,710,074	463,648,191	134,717,130	167,344,752

Table 4: Revenue Requirement by Function and by Customer Class

Customer Class	kWh Sales	kW billing demand	No. of Customers
Residential	209,711,117		192,766
Commercial	87,694,329		13,073
Industrial	27,622,776	10,620.00	207
Public Buildings	33,052,664		4,547
Street Lights	2,643,261		1,001
TOTAL	360,724,146	10,620.00	211,594

Table 5 - Billing Determinants by Customer Class

21. The above-described functionalization, classification and customer allocation result in the following rate design:

Particulars	Customer Class				
	Residential	Commercial	Industrial	Public Bldg.	Street Lights
Distribution (Peso/kWh)	1.8003	0.4684	0.6221	0.6517	2.3166
Distribution Demand Charge (PhP/kW)			17.6000		
Supply (PhP/kWh)	0.5852				
Supply (PhP/cust./Mo.)		53.0565	53.0565	53.0565	53.0565
Metering (Peso/kWh)	0.6718				
Metering (Peso/Cust./Mo.)	5.0000	65.9064	65.9064	65.9064	65.9064

Table 6: Rate Schedule

22. **Distribution Charge:** applicant ORMECO proposes to bill a distribution charge based on a fixed rate per kilowatt-hour for Residential, Commercial, and Public Buildings and Street Lights. For its Industrial customers, applicant ORMECO proposes to bill a distribution charge using a combination of fixed rate per kilowatt (kW) and fixed rate per kilowatt-hour (kWh).

23. **Supply Charge:** applicant ORMECO proposes a supply charge using a monthly rate per kilowatt-hour for Residential customers. All other end-users shall be billed a fixed monthly customer charge for the supply function.

24. **Metering Charge:** applicant ORMECO proposes to bill a metering charge based on a fixed monthly rate per meter for all its customer classes except Residential which will be billed using a combination of a fixed monthly rate per meter of PhP5.00 and fixed monthly rate per kilowatt-hour (PhP/kWh).

25. The foregoing should result in the following rate impact on the monthly bill of a Residential end-user with an average consumption of 100 kWh:

Basic Charges	Based on Actual Existing Rates		Based on Proposed Rates		Variance Inc./Dec.
	PhP/kWh	Amount (PhP)	PhP/kWh	Amount (PhP)	
Distribution System Charge	1.0979	109.7900	1.8003	180.0300	70.2400
Supply Charge	0.5313	53.1300	0.5852	58.5200	5.3900
Metering Charges:					
Retail Metered Charge	5.0000	5.0000	5.0000	5.0000	-
Metering System Charge	0.1448	14.4800	0.6718	67.1800	52.7000
TOTAL		182.4000		310.7300	128.3300
Effective PhP/kWh		1.8240		3.1073	1.2833

Table 7: Estimated Impact on Average Consumption of Residential Customers

26. In support of this Application, applicant ORMECO hereby submits the following documents and/or information as annexes and made as integral parts hereof:

Annex	Documents/Information
A	<i>Decision in ERC Case No. 2009-039 RC</i>
B and series	<i>UFR Spreadsheet Model and Tables</i>
C and series	<i>Audited Financial Statements</i>
D and series	<i>MFSR/ URR Submissions</i>
E	<i>Sample Bills (per customer type)</i>
F	<i>ORMECO Historical List of Plantilla Personnel and Salaries</i>
F-1	<i>2023 Payroll Register</i>
F-2	<i>Proposed Payroll Cost</i>
G and series	<i>DOLE Wage Orders</i>
H	<i>NEA Approved Board Resolution on increase in salaries</i>
H-1	<i>NEA Memorandum No. 2018-002 – "Revised 2018 Salary Scale for EC Employees in Four Tranches"</i>
H-2	<i>List of Movement of Employees</i>
I	<i>Reconciliation of Plantilla Payroll and Payroll Cost</i>
J	<i>Justification on the proposed payroll cost</i>
K	<i>O&M Detailed Entries per Account</i>
L	<i>2023 Approved Cash Operating Budget</i>
L-1	<i>2024 Approved Cash Operating Budget</i>
L-2	<i>2024 Approved Cash Operating Budget with Supplemental Board Resolution 24-037</i>
M	<i>NEA Memorandum 2023-30</i>
M-1	<i>NEA approved ORMECO Board Resolution No. 23-193</i>
N	<i>Supporting Computation of Proposed O&M Adjustment</i>
O	<i>Justification for the proposed O&M Revenue Requirement</i>
P	<i>NEA Loan Profile</i>
Q and series	<i>Bank Loans</i>
R	<i>Breakdown of Loans</i>
S	<i>List of CAPEX Applications</i>
T	<i>List of Authority to Secure Loan Applications</i>
U and series	<i>Other Supporting Documents</i>
V	<i>Affidavit in Support of the Prayer for Provisional Authority</i>
W	<i>ORMECO Board Resolution No. 25-168</i>
W-1	<i>ORMECO Board Resolution No. 45-259</i>

Allegations in Support of the Motion for Provisional Authority

27. Applicant ORMECO by way of reference pleads the foregoing as is relevant to the following discussion:

28. To reiterate, since the Honorable Commission in the *ERC Decision* granted applicant ORMECO its current rate adjustment and Total Revenue Requirement, several socio-economic factors, among others, have arisen directly affecting ORMECO's financial capacity:

28.1. **First**, applicant ORMECO's payroll costs have risen due to the implementation of various wage orders, which have led to higher employee compensation and increased employer contribution for benefits. This also resulted in substantially higher retirement packages for applicant ORMECO's retirees which it has, and continues, to pay out. ORMECO in 2023 spent roughly at least at least **ONE HUNDRED EIGHTY MILLION FIVE HUNDRED FORTY-ONE THOUSAND THIRTY-EIGHT PESOS (PHP180,541,038)** for employee salaries alone. This number amounts to already one hundred three percent (103%) of its current approved total revenue requirement.

28.2. **Second**, applicant ORMECO has also shifted to 24/7 operations to ensure continuous and uninterrupted supply in electricity in its franchise area have substantially increased its Operations and Maintenance ("O&M") O&M expenses, which includes, but are not limited to, includes increased meal and rice allowances for employees, and rising costs of technology, materials, fuel, and equipment. The cooperative has also faced additional costs for repairs, maintenance, and rehabilitation work.

28.3. **Third**, applicant ORMECO's Capital Expenditure requirement has also substantially increased in response to the increasing energy demands of its franchise area, the rising costs of materials and equipment, and the continuously growing number of consumers.

29. The above-cited instances in the rise of applicant ORMECO's O&M expenses, among others, have resulted in it suffering massive net losses, with applicant ORMECO reporting a net loss of **FOUR MILLION FOUR THOUSAND SIXTY PESOS (PHP4,004,060.00)** and **SEVENTEEN MILLION ONE HUNDRED THIRTY-FIVE THOUSAND NINE HUNDRED SEVENTY-NINE PESOS (PHP17,135,979.00)**, for the years 2022 and 2023 respectively.

30. It is clear that applicant ORMECO's current approved tariff and rate requirement is not anymore enough to sustain its operations, as the sole distribution utility in the Province of Oriental Mindoro. ORMECO is therefore forced to file an Application with the ERC to adjust its rate and revenue requirements as proposed herein.

31. The immediate grant of a provisional authority to implement ORMECO's proposed rate adjustments will enable it to operate without further compromising its financial position.

PRAYER

WHEREFORE, premises considered, applicant **ORIENTAL MINDORO ELECTRIC COOPERATIVE, INC. (ORMECO)** most respectfully prays for the following:

a. That the Honorable Commission, pending a trial on the merits, **GRANT PROVISIONAL AUTHORITY** or **INTERIM RELIEF** allowing applicant ORMECO to implement its proposed rate adjustment and Total Revenue Requirement as follows:

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/kWh 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

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	-	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

b. After hearing on the merits, **ISSUE** a Decision **APPROVING** the instant *Application in toto*, approving all proposed rate adjustments, revenue requirements, and/or any matters incidental thereto and consistent with applicant ORMECO's prayer herein, allowing it to charge and collect such rates, fees, charges from its customers.

Other reliefs, just and equitable under the premises, are likewise prayed for.

Quezon City for Pasig City, 24 October 2025.

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Republic of the Philippines)
Calapan City) s.s.

VERIFICATION AND CERTIFICATION AGAINST FORUM SHOPPING

I, **MR. HUMPHREY A. DOLOR, PECE, MBA**, of legal age, married, with principal office at Brgy. Isabel, Calapan City, Oriental Mindoro, after having been duly sworn to in accordance with law, do hereby depose and state for Oriental Mindoro Electric Cooperative, Inc. ("ORMECO") that:

- I am the **General Manager** of ORMECO with authority to commence, initiate, sign, and file the foregoing Application with the Energy Regulatory Commission ("ERC") for the approval of the Rate Adjustment applied for by ORMECO with prayer for provisional authority (the "Application").
- I have read the Application and the allegations therein. are true and correct based on my personal knowledge or the authentic records of CIPC;
- The Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;
- The factual allegations in the Application have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;
- I or ORMECO have not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, and, to the best of my knowledge, no such other action or claim is pending therein; and
- If I or ORMECO should hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals, or any court, tribunal, or quasi-judicial agency, I shall report the said fact within five (5) days from discovery thereof to the Honorable Commission.

IN WITNESS WHEREOF, I have hereunto affixed my signature this day of Oct 24 2025 at Calapan City.

HUMPHREY A. DOLOR
Affiant

SUBSCRIBED and SWORN TO before me this day of Oct 24 2025, with affiant having presented to me his PRC which will expire on _____, as competent and reliable evidence of his/her identity.

ATTY. JOAN M. ESCALA, MCLC
Roll of Attorneys No. 74545
Notary Public until December 31, 2026
Unit 3, Madrog-Escala Bldg., Lumangbayon, Calapan, Oriental Mindoro
IBP OR NO. 468571711 No. 1405141 - Calapan City
MCLE Compliance No. VIII-001935-April 14, 2028
ULAS Compliance No. N/A

Doc. No. 67;
Page No. 15;
Book No. 54;
Series of 2025.

¹ See ORMECO Board Resolution Nos. 25-168 and 24-259, Annexes "W" and "W-1" hereof.
² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.
³ See p. 9 of the *ERC Decision*, Annex "A" hereof.
⁴ See p. 8 of the *ERC Decision*, Annex "A" hereof.
⁵ See the SSS' Fact Sheet, available at <https://www.sss.gov.ph/wp-content/uploads/2022/04/ANNEX-A-2.pdf?form=MG0AV3>.
⁶ See Annex "F" hereof.
⁷ See applicant ORMECO's monthly payroll register for the CY 2023, Annex "L"
⁸ See applicant ORMECO's 2023 AFS, Annex "C" hereof.
⁹ See the 2023 AFS, Annex "C" hereof.
¹⁰ See Annex "H-1" hereof.
¹¹ See Annex "G" and series hereof.
¹² See the 2024 Approved Cash Operating Budget, Annex "K" hereof.