

REPUBLIKA NG PILIPINAS
SANGGUNIANG PANLUNGSOD
LUNGSOD NG ORMOC



EXCERPT FROM THE MINUTES OF THE REGULAR SESSION OF THE ELEVENTH
SANGGUNIANG PANLUNGSOD NG ORMOC HELD AT THE HONORABLE
PLACIDO ENECIO HALL, SANGGUNIANG PANLUNGSOD
BUILDING ON APRIL 23, 2009

PRESENT:

Hon. Filomeno P. Maglasang,	Temporary Presiding Officer (City Councilor)
Hon. Claudio P. Larrazabal,	City Councilor, Floor Leader
Hon. Sotero M. Pepito,	City Councilor, Assist. Floor Leader
Hon. Demosthenes F. Tugonon,	City Councilor
Hon. Ruben R. Capahi,	City Councilor
Hon. Mariano Y. Corro,	City Councilor
Hon. Fe S. Lladoc,	City Councilor
Hon. Rafael C. Omega, Jr.,	City Councilor
Hon. Fernando P. Parrilla,	City Councilor
Hon. Jose C. Alfaro, Jr.,	City Councilor
Hon. Corinne M. Corro,	Ex-Officio City Councilor, SK Federation President

ABSENT:

Hon. Nepomuceno P. Aparis I,	(On Leave), Vice Mayor & Presiding Officer
Hon. Lea Doris C. Villar,	(On Leave), Ex-Officio City Councilor, Chapter President, Liga ng mga Barangay ng Ormoc

RESOLUTION NO. 2009-079

A RESOLUTION STRONGLY OPPOSING THE APPLICATION OF NATIONAL POWER CORPORATION (NPC) AND POWER SECTOR ASSETS AND LIABILITIES, MANAGEMENT CORPORATION (PSALM) TO INCREASE THE BASIC GENERATION RATE AND THE PROVISIONAL INCREASE GRANTED THERETO, AND LIKEWISE, SUPPORTING AND INDORSING THE OPEN-LETTER ADDRESSED TO HER EXCELLENCY, PRESIDENT MACAPAGAL ARROYO OPPOSING NAPOCOR'S PROVISIONAL INCREASE OF P1.1460/KWH IN THE VISAYAS GRID BY THE MEMBER CONSUMERS OF ALL ELECTRIC COOPERATIVES IN REGION 8.

WHEREAS, Information has been received by this Sanggunian that NPC and PSALM have applied with the Energy Regulatory Commission for an increase in the basic generation rate, and that ERC has granted a provisional increase thereto;

WHEREAS, the member consumers of all Electric Cooperatives in Region 8 addressed an open letter to Her Excellency President Gloria Macapagal - Arroyo opposing NAPOCOR'S provisional increase of P1.1460/KWH in the Visayas Grid, a machine copy of which is hereto attached and made an integral part of this resolution;

WHEREAS, LGU Ormoc City strongly opposes the application of NPC and PSALM to increase the basic generation rate, for the following reasons, to wit:

1. That the source of energy in Region 8, especially in LGU, Ormoc City, is purely geothermal which is considered to be one of the cheapest sources of electricity, and it is a fact that Leyte Geothermal Power Field which is located in the City of Ormoc and the Municipality of Kananga, Leyte is the second largest Geothermal Power Field in the world, is supplying power to the other parts of the country, hence, there cannot be any valid and convincing reason to increase the basic generation rate in Region 8, while the rates are lower in the other places;
2. That in spite of the possible negative impacts, on the environment and the community due to the development of geothermal power, the people of Ormoc City and surrounding areas consented to its development with the promise made and hope, that aside from maintaining power care of the environment, the energy cost would be lowered considerably compared to other areas, and any increase thereof would be a betrayal to that promise and commitment made by the developer to the community;
3. That to increase the basic rate generation rate at this time, is to say the least, HEARTLESS, UNCONSCIONABLE, INHUMAN and INOPPORTUNE considering the present economic situation of the country and the people, specially the jobless and those who were laid-off;

WHEREAS, the members of this Sanggunian wholly and sincerely support and indorse the validity and reasonableness of the grounds stated in the aforementioned open letter addressed to her Excellency in opposing NAPOCOR'S provisional increase of ₱1.1460/KWH in the Visayas Grid;

WHEREAS, in the event, that the Energy Regulatory Commission grants the application of NAPOCOR and PSALM, it is respectfully prayed that the LGU's which are hosting the Geothermal Power Plants should be exempted from, the increase in the basic generation rate for the simple reason that electricity generated therefrom are cheap, and should therefore be exempted;

FOREGOING, PREMISES CONSIDERED, on MASS MOTION of the Body; be it

RESOLVED, AS IT IS HEREBY RESOLVED, to pass a resolution STRONGLY OPPOSING THE APPLICATION OF NATIONAL POWER CORPORATION (NPC) AND POWER SECTOR ASSETS AND LIABILITIES, MANAGEMENT CORPORATION (PSALM) TO INCREASE THE BASIC GENERATION RATE AND THE PROVISIONAL INCREASE GRANTED THERETO, AND LIKEWISE, SUPPORTING AND INDORSING THE OPEN-LETTER ADDRESSED TO HER EXCELLENCY, PRESIDENT MACAPAGAL ARROYO OPPOSING NAPOCOR'S PROVISIONAL INCREASE OF ₱1.1460/KWH IN THE VISAYAS GRID BY THE MEMBER CONSUMERS OF ALL ELECTRIC COOPERATIVES IN REGION II;

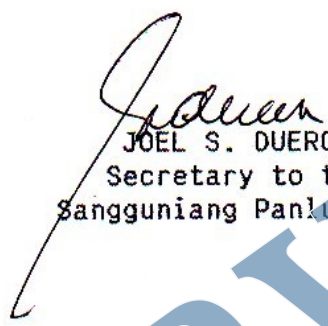
ADOPTED, April 23, 2009.

RESOLVED, FURTHER, to furnish copies of this resolution to - Her Excellency, President Gloria Macapagal-Arroyo, Malacañang Palace, Metro Manila; The Senate President, Hon. Juan Ponce Enrile; The Speaker of the House of Representative, Hon. Prospero Nograles; The Secretary of the Department of Energy, Hon. Angelo Reyes; The President of National Power Corporation, Hon. Froilan A. Tampingco; The Chairman, Energy Regulatory Commission; The City Mayor, Eric C. Codilla; The General Manager, LEYECO V, Jovenal R. Alesna; Board President of LEYECO V, Dir. Wilfredo P. Madjus, and others concerned;

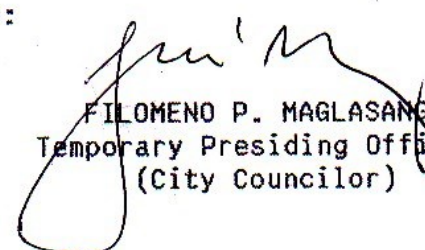
Res. No. 2009-079

CARRIED UNANIMOUSLY.

I HEREBY CERTIFY to the correctness of the foregoing resolution.


JOEL S. DUERO
Secretary to the
Sangguniang Panlungsod

ATTESTED:


FILOMENO P. MAGLASANG
Temporary Presiding Officer
(City Councilor)

DEMO COPY

0.9-042

AN OPEN LETTER

TO HER EXCELLENCY PRESIDENT GLORIA MACAPAGAL ARROYO

Subject: OPPOSITION TO NAPOCOR'S PROVISIONAL INCREASE OF P1.1460/ KWH
IN THE VISAYAS GRID

Madam President:

The NAPOCOR and PSALM are implementing a provisional rate increase in the generation cost in the amount of P1.1460 per kWh in the entire Visayas effective with its March 2009 power bill. Among the reasons for such increase, as claimed by them in their application with the Energy Regulatory Commission, are as follows:

- They are in financial distress.
- They want to increase their Return on Rate Base (or PROFIT) from 8% to 12%.

WE, the undersigned officers and members of the Federation of Electric Cooperatives in Region VIII (FRECOR VIII), STRONGLY CONDEMN AND OPPOSE said PROVISIONAL INCREASE OF P1.1460/ kWh in the Visayas Grid.

Our Reasons:

1. LACK OF DUE PROCESS

- NAPOCOR and PSALM did not notify and inform the Electric Cooperatives (EC) and the LGUs in our area, or even PHILRECA which is the association of all ECs in the Philippines, on their Joint Application;
- Considering the widespread and tremendous impact of the proposed adjustment, the Energy Regulatory Commission, in line with its mandate to "adequately promote" consumers' interest, should have extended its efforts in giving Notice and soliciting Comments from the electric cooperatives and the other LGUs which are to be affected by such increase, and
- Notice to LGUs should not have been confined to Makati and Quezon City since the law refers to "principally operates" not only to the "principal office". This is important because the operation of NPC and PSALM is on a nationwide scale.

2. QUESTIONABLE BASES OF NPC & PSALM

- More than 70% of NPC's Generating Capacity had already been sold/privatized, including the **\$930 Million** Masinloc Plant privatization and the **\$786 Million** Calaca Plant privatization in 2007. Where then are the revenue and the corresponding reduction in the cost of NPC's operation and accountabilities?
- **100%** (2006 data) of power generation in the **Region VIII is geothermal**, which is one of the cheapest sources of electricity in our country today.

AN OPEN LETTER TO PGMA

Re: OPPOSITION TO NAPOCOR'S PROVISIONAL INCREASE OF P1.1460/ KWH IN THE VISAYAS GRID

- The *P0.30 centavos rate reduction* granted under R.A. 9136 (EPIRA Law), or since 2001, and the *Prompt Payment Discount* given to NPC customers way back in the 1990s should not be made as among the bases of the increase being sought by NPC and PSALM because granting the same would be contrary to the purposes of granting these reduction/discount. If so, why only now?
- If NPC and PSALM are financially ailing, then why were they able to give more than **P500,000,000.00** financial assistance in 2007 alone to (recipient/s is not indicated in the reports)?
- If NPC is in financial distress, why is it that NPC in its website reported a **NET INCOME** of more than **P136.07 Billion** in 2007, even achieving a **14.80% RORB** for NPC instead of only 8% as allowed by law; it even stated in said annual report that NPC is "standing on solid ground".
- A 12% Return on Rate Base (RORB) under RA 7648 (a.k.a. The Power Crisis Act of 2002) is no longer applicable.
- Millions of funds under the Universal Charge collected from the consumers have been available for the use of NPC and PSALM, not to mention the **P200 Billion** NPC debts assumed by the National Government.

Our Immediate Calls:

1. Stop the implementation of the Provisional Increase of P1.1460 per kWh in the **Visayas Grid**, particularly in Region VIII where the geothermal plant is located;
2. Explore the possibility and, if applicable, utilize the national fund generated from the VAT on electricity (like the P500 power subsidy) to address the fund requirements of NPC and PSALM;
3. Issue an Order urging the DOE and advise Congress to implement measures to further lessen electricity cost in Region VIII, and.
4. Review and abolish the One-Grid, One-Rate Policy of NAPOCOR which does not provide the true cost of power as envisioned in the EPIRA.

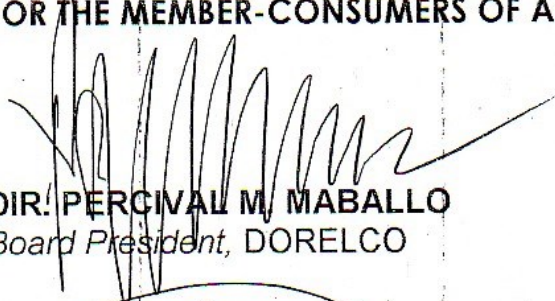
The Eastern Visayas region being a depressed region and owing to the world economic crisis affecting every sector of the country, our people are now groaning under its heavy yoke. This rate increase would be an additional burden, if not the final blow, to our long-suffering countrymen, particularly, in the depressed areas of the Visayas.

In pursuing quality, reliable and affordable power, INCREASE IN RATES IS NOT THE ANSWER!

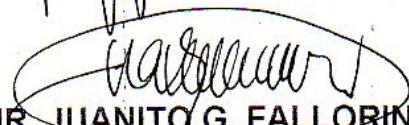
AN OPEN LETTER TO PGMA

Re: OPPOSITION TO NAPOCOR'S PROVISIONAL INCREASE OF P1.1460/ KWH IN THE VISAYAS GRID


FOR THE MEMBER-CONSUMERS OF ALL ELECTRIC COOPERATIVES IN REGION VIII,



DIR. PERCIVAL M. MABALLO
Board President, DORELCO


ATTY. EMMANUEL P. SAÑO
General Manager, DORELCO


DIR. JUANITO G. FALLORINA JR.
Board of Director, LEYECO III


MS. LOLITA CADAPAN
OIC-General Manager, LEYECO III


DIR. CARLITO SUBAAN
Board President, LEYECO IV


MS. HELEN B. YEANEZ
General Manager, LEYECO IV



DIR. WILFREDO P. MADJUS
Board President, LEYECO V


GM JOVENAL R. ALESNA
General Manager, LEYECO V



DIR. LEONARDO V. MADEJA JR.
Board President, BILECO



GM MARLON B. ROA
General Manager, BILECO



DIR. PEREGRINO R. REGIS
Board President, SOLECO



GM MR. ROSELLO B. GERONG
General Manager, SOLECO


DIR. FRANCISCO S. DE PAZ
Board President, ESAMELCO

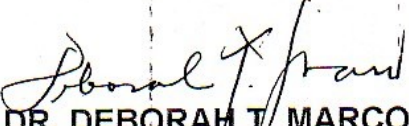

MS. MARILEN Q. REYES
OIC-General Manager, ESAMELCO


DIR. DANILO ANAVISO
Board President, NORSAMELCO


GM SALVADOR G. HERNANDEZ
General Manager, NORSAMELCO


DIR. REYNALDO A. LIM
Board President, SAMELCO I


MS. PLACIDA P. BALIOS
OIC-General Manager, SAMELCO I


DR. DEBORAH T. MARCO
Board President, SAMELCO II


MS. OLIVIA D. CABALIZA
OIC-General Manager, SAMELCO II