

Revising the EC Groups¹

ANNEX “A”

This note presents the results of work done to consider the following proposals:

1. Divide Group A into 2 groups – A1 will have less than 25,000 customers while A2 will have 25,001 to 50,000 customers
2. Merge groups with small differences in costs

The revisions are a result of the inputs of ECs from the 3rd expository hearing as well as additional instructions given by Commissioner Rauf Tan in a meeting on June 4.

The mergers are considered given that the differences between the unbundled rates (which are the bases of the benchmark costs) of some of the proposed groups are small.

The profile of the revised groups is as follows:

Group	Number of Ecs	Group Characteristics	
		Consumption	Number of customers
A1	11	< 1	10,000 to 25,000
A2	16	< 1	25,001 to 50,000
B	5	< 1	50,001 to 100,000
C*	17	1 to 2	10,000 to 50,000
D*	28	1 to 2	50,001 to 100,000
E*	15	1 to 3	20,000 to 150,000
F*	6	3 to 5	30,000 to 150,000

¹ Draft as of June 13, 2008

The revision in the groupings resulted in more moderate rate adjustments, even assuming that it is the 2009 level of the median EC that is the basis of the benchmark rate.

	Group						
	A1	A2	B	C	D	E	F
benchmark cost [note 1]							
2006 level (median)	2.19	1.64	1.52	1.03	1.19	0.89	0.63
2006 level (70th percentile)	2.27	1.73	2.25	1.21	1.31	0.95	0.65
2009 level (median)	2.54	1.91	1.77	1.20	1.39	1.04	0.73
2009 level (70th percentile)	2.64	2.01	2.61	1.41	1.52	1.10	0.75
actual 2006 dsm costs							
Average	1.88	1.57	1.65	1.07	1.05	0.91	0.53
Maximum	2.50	2.25	2.39	1.50	1.53	1.38	0.73
Minimum	1.37	1.15	1.27	0.70	0.65	0.65	0.37
std dev	0.33	0.35	0.48	0.25	0.23	0.21	0.15
unbundled rates [note 2]							
Average	1.71	1.29	1.46	0.89	1.46	0.74	0.47
Maximum	2.13	1.68	2.08	1.39	2.08	1.03	0.57
Minimum	1.20	0.93	1.00	0.62	1.00	0.60	0.35
std dev	0.24	0.21	0.47	0.18	0.47	0.13	0.09
rate increase (decrease) [note 3]							
Average	0.83	0.61	0.31	0.31	0.31	0.30	0.26
Maximum	1.35	0.98	0.77	0.58	0.77	0.44	0.38
Minimum	0.41	0.23	(0.31)	(0.19)	(0.31)	0.01	0.16
std dev	0.24	0.21	0.47	0.18	0.47	0.13	0.09
% rate increase (decrease)							
Average	52%	51%	31%	39%	31%	44%	60%
Maximum	112%	105%	77%	93%	77%	73%	107%
Minimum	19%	14%	-15%	-14%	-15%	1%	27%
std dev	24%	25%	39%	24%	39%	22%	32%
number of Ecs with rate decrease							
			2	1	1		
total number of Ecs in group	11	16	5	17	28	15	6
1/ 95% of the wage rate index-adjusted unbundled costs (5% is ORI adjustment)							
2/ based on the ERC unbundling decisions							
3/ unbundled rate less benchmark cost (median - 2009 level)							

Inclusion of a possible floor (2006 median benchmark cost) and ‘middle ground’ (2009-level costs of the 30th percentile EC) produces the following ranges of possible rate adjustments per group:

Group

QUEZON II (QUEZELCO II)	A1
GUIMARAS (GUIMELCO)	A1
BILIRAN (BILECO)	A1
AURORA (AURELCO)	A1
CAMIGUIN (CAMELCO)	A1
LEYTE III (LEYECO III)	A1
MT. PROVINCE (MOPRECO)	A1
IFUGAO (IFELCO)	A1
SIARGAO (SIARELCO)	A1
QUIRINO (QUIRELCO)	A1
KALINGA-APAYAO (KAELCO)	A1

SO. LEYTE (SOLECO)	A2
SAMAR I (SAMELCO I)	A2
SORSOGON (SORECO I)	A2
SURIGAO SUR II (SURSECO II)	A2
SURIGAO SUR I (SURSECO I)	A2
SAMAR II (SAMELCO II)	A2
LEYTE IV (LEYECO IV)	A2
EASTERN SAMAR (ESAMELCO)	A2
LANAO NORTE (LANECO)	A2
ANTIQUE (ANTECO)	A2
MISAMIS OCCIDENTAL I (MOELCI I)	A2
LEYTE I (LEYECO I/DORELCO)	A2
NORTHERN SAMAR (NORSAMELCO)	A2
CAMARINES SUR I (CASURECO I)	A2
ABRA (ABRECO)	A2
CAMARINES SUR IV (CASURECO IV)	A2

ISABELA II (ISELCO II)	B
BOHOL II (BOHECO II)	B
CAGAYAN II (CAGELCO II)	B
CAMARINES SUR III (CASURECO III)	B
SORSOGON (SORECO II)	B

MISAMIS ORIENTAL RURAL ELECTRIC SERVICE II (MORESCO II)	C
CEBU III (CEBECO III)	C
SULTAN KUDARAT (SUKELCO)	C
ZAMBALES II (ZAMECO II)	C
ZAMBALES I (ZAMECO I)	C
BUKIDNON II (BUSECO)	C
NEGROS ORIENTAL I (NORECO I)	C
SURIGAO NORTE (SURNECO)	C
MISAMIS OCCIDENTAL II (MOELCI II)	C
DAVAO ORIENTAL (DORECO)	C
FIRST LAGUNA (FLECO)	C
PAMPANGA RURAL ELECTRIC SERVICE (PRESCO)	C
PANGASINAN I (PANELCO I)	C
AGUSAN SUR (ASELCO)	C
MAGUINDANAO (MAGELCO)	C
NUEVA VIZCAYA (NUVELCO)	C
ILOILO III (ILECO III)	C

PAMPANGA I (PELCO I)	D
ZAMBOANGA NORTE (ZANECO)	D
CEBU I (CEBECO I)	D
CAGAYAN I (CAGELCO I)	D
CEBU II (CEBECO II)	D
DAVAO SUR (DASURECO)	D
LEYTE V (LEYECO V)	D

V-M-C RURAL ELECTRIC SERVICE (VRESCO)	D
PANGASINAN III (PANELCO III)	D
NEGROS ORIENTAL II (NORECO II)	D
BUKIDNON I (FIBECO)	D
TARLAC II (TARELCO II)	D
CAPIZ (CAPELCO)	D
ZAMBOANGA SUR II (ZAMSURECO II)	D
NUEVA ECIJA I (NEECO I)	D
TARLAC I (TARELCO I)	D
NEGROS OCCIDENTAL (NOCECO)	D
NORTH COTABATO (COTELCO)	D
ILOILO I (ILECO I)	D
QUEZON I (QUEZELCO I)	D
ZAMBOANGA SUR I (ZAMSURECO I)	D
LA UNION (LUELCO)	D
NUEVA ECIJA II (NEECO II) Area I	D
AKLAN (AKELCO)	D
ILOILO II (ILECO II)	D
CAMARINES NORTE (CANORECO)	D
NUEVA ECIJA II (NEECO II) Area II	D
BOHOL I (BOHECO I)	D

PAMPANGA II (PELCO II)	E
SO. COTABATO I (SOCOTECO I)	E
ALBAY (ALECO)	E
DAVAO NORTE (DANECO)	E
ISABELA I (ISELCO I)	E
BENGUET (BENECO)	E
ILOCOS SUR (ISECO)	E
BATANGAS I (BATELEC I)	E
CENTRAL PANGASINAN (CENPELCO)	E
SAN JOSE CITY (SAJELCO)	E
PENINSULA (PENELCO)	E
CAMARINES SUR II (CASURECO II)	E
AGUSAN NORTE (ANECO)	E
ILOCOS NORTE (INEC)	E
MISAMIS ORIENTAL RURAL ELECTRIC SERVICE I (MORESCO I)	E

SO. COTABATO II (SOCOTECO II)	F
ZAMBOANGA CITY (ZAMCELCO)	F
CENTRAL NEGROS (CENECO)	F
BATANGAS II (BATELEC II)	F
LEYTE II (LEYECO II)	F
PAMPANGA III (PELCO III)	F