

# ANNEX "A"

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Jade 1 Drive, Pasig City

**IN THE MATTER OF THE  
APPLICATION FOR THE  
APPROVAL OF THE BUSINESS  
SEPARATION AND  
UNBUNDLING PLAN (BSUP)  
PURSUANT TO SECTION 36  
OF REPUBLIC ACT (R.A.) NO.  
9136, OTHERWISE KNOWN AS  
THE "ELECTRIC POWER  
INDUSTRY REFORM ACT", AND  
ITS IMPLEMENTING RULES  
AND REGULATIONS**

ERC CASE NO. 2025-034 MC

August 20, 2025

**SAMAR I ELECTRIC  
COOPERATIVE, INC.  
(SAMELCO I)**

*Applicant,*

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## **APPLICATION**

APPLICANT **SAMAR I ELECTRIC COOPERATIVE, INC. (SAMELCO I)**, by counsel and unto this Honorable Office, most respectfully state and aver that:

1. Applicant **SAMAR I ELECTRIC COOPERATIVE (SAMELCO I)** is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of Presidential Decree No. 269 (PD 269), as amended, and other laws of the Republic of the Philippines, herein represented by its Board President, Leonardo B. Piczon, Jr., and General Manager, Atty. Edson G. Piczon, evidenced by Board Resolution No. 21-2025 dated February 07, 2025, with principal office at Brgy. Carayman, Calbayog City, Samar, where it may be served with notices and

other processes of this Honorable Commission through its Counsel at the address indicated herein;

2. SAMELCO I is a duly franchised Distribution Utility engaged in the distribution of electricity within its franchise areas in the Municipalities of Sta. Margarita, Gandara, San Jorge, Matuguinao, Pagsanghan, Tarangnan, Sto. Nino, Almagro, Tagapul-an and City of Calbayog, all in the Province of Samar;
3. Section 36<sup>1</sup> of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” (EPIRA) provides that “any electric power industry participant shall functionally and structurally unbundle its business activities and rates in accordance with the sectors as identified in Section 5 hereof. The ERC shall ensure full compliance with this provision”;
4. Pursuant to the said mandate of the EPIRA Law as well Rule 10 of its Implementing Rules and Regulations (IRR), the Honorable Commission promulgated Resolution No. 49, Series of 2006 otherwise known as the “Business Separation Guideline, As Amended” as well as Resolution No. 07, Series of 2012 adopting the Accounting and Cost Allocation Manual (ACAM) for Electric Cooperatives;

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<sup>1</sup> **Section 36. Unbundling of Rates and Functions.** – Within six (6) months from the effectivity of this Act, NPC shall file with the ERC its revised rates. The rates of NPC shall be unbundled between transmission and generation rates and the rates shall reflect the respective costs of providing each service. Inter-grid and intra-grid cross subsidies for both the transmission and the generation rates shall be removed in accordance with this Act.

Within six (6) months from the effectivity of this Act, each distribution utility shall file its revised rates for the approval by the ERC. The distribution wheeling charge shall be unbundled from the retail rate and the rates shall reflect the respective costs of providing each service. For both the distribution retail wheeling and suppliers charges, inter-class subsidies shall be removed in accordance with this Act.

Within six (6) months from the date of submission of revised rates by NPC and each distribution utility, the ERC shall notify the entities of their approval.

Any electric power industry participant shall functionally and structurally unbundle its business activities and rates in accordance with the sectors as identified in Section 5 hereof. The ERC shall ensure full compliance with this provision. (Emphasis supplied)

5. Pursuant to and in compliance with the requirements of the foregoing law, rules and resolutions, SAMELCO I is submitting herewith for the Commission's evaluation and approval, its proposed BUSINESS SEPARATION AND UNBUNDLING PLAN (BSUP) for the business separation and structural and functional unbundling of its business activities with the end in view of separating its distribution activities into appropriate business segments and to have a clear separation of operations and accounts between its regulated and non-regulated activities;
6. SAMELCO I's proposed BSUP is composed of the following sections, to wit:

**A. DETAILS OF CURRENT STRUCTURE**

**i. CORPORATE PROFILE**

Name of Company : SAMAR I ELECTRIC COOPERATIVE, INC. (SAMELCO I)

Address : Brgy. Carayman, Calbayog City, Samar

Registration : In conformity with the provisions of Republic Act No. 6038 and Presidential Decree No. 269, as amended by Presidential Decree No. 1465

Date of Registration : February 27, 1974

Date of Franchise : January 09, 1980

Registration Number : Certificate of Franchise No. 051

Franchise Area : Calbayog City  
Municipality of Almagro  
Municipality of Gandara  
Municipality of Matuginao  
Municipality of Pagsanghan  
Municipality of Tagapul-an  
Municipality of Tarangnan

	Municipality of San Jorge Municipality of Sta. Margarita Municipality of Sto. Niño
Barangays Energized :	427
Registered Members :	81,355
Service Connections :	67,073
Sources of Power :	Coal/Fuel
Kilometers of Lines :	127.87
Total Sales :	107,620,016
Lifeline Customers :	720
Demand (kW) :	6,474
No. of Employees :	201

## ii. CORPORATE STRUCTURE

The Corporate Structure of the Samar I Electric Cooperative, Inc. (SAMELCO I) is composed of the following:

- a. General Assembly (MCOs)
- b. Office of the Board of Directors
- c. Office of the General Manager
- d. Internal Audit Office
- e. Member Services Department
- f. Finance Services Department
- g. Engineering Department
- h. Line Operations & Maintenance Department

## iii. DESCRIPTION OF FUNCTIONS

### *General Assembly*

The General Assembly is composed of the members of the electric cooperative who have the right to vote and be voted upon, inspect the books of accounts of the cooperative.

*Office of the Board of Directors*

The Board of Directors are the representatives of the members of the cooperative who are voted upon on a per district basis. They are the policy making body of the cooperative.

*Office of the General Manager*

This Office is responsible for the overall operation and performance of the electric cooperative.

*Internal Audit Office*

This Office is primarily responsible for the conduct of an independent appraisal of the various operating systems within SAMELCO I to ensure conformity of transactions and the implementation of policies, guidelines, and internal control.

*Member Services Department*

This Department promotes consumer and community relations.

*Finance Services Department*

This Department ensures high efficiency of collection revenue from sales and other revenue generating income activities. Computes the correct rates; and prepares the Monthly Financial Statistical Report.

*Engineering Department*

This Department ensures maximum utilization of the distribution assets and performance management.

### *Line Operations and Maintenance Department*

This Department operates and maintains the distribution lines to meet the standard system reliability indexes.

#### iv. DETAILS OF BUSINESS SEGMENTS

SAMELCO I has seven (7) business segments which should be unbundled into the following segments:

##### a. Generation of Electricity and Provision of Ancillary Services

The segment comprises the generation of electricity through the use of a co-generation facility and embedded generators with the provisions of Ancillary Services using generation assets.

In relation thereto, the Applicant shall perform the following:

- Billing, collection, and the provision of customer services to such end-users in their capacity as electricity consumers or to such other customers in their capacity as purchasers of electricity.
- Energy Trading (including the purchase of electricity and hedging activities) undertaken in connection with the sale of electricity to end-users who are included in the contestable market or to other customers who are not end-users.

##### b. Distribution Services (DS)

Using its distribution network, the Applicant intends to continue its major business of distributing power, a regulated business activity.

In relation thereto, the Applicant shall perform the following:

- Provision of regulated distribution services.
- Provision of ancillary services that are provided in

- using assets which form part of the distribution system.
- Planning, maintenance, augmentation and operation of the distribution system.
- Provision, installation, commissioning, testing, repair, maintenance, and reading of WESM-related meters (not also being meters used to measure the delivery of electricity).
- Billing, collection and customer service for customers purchasing distribution and distribution-connection services.

c. Distribution Connection Services (DCS)

This segment comprises the provision of capability at each Connection Point to a Distribution System to deliver electricity to or take electricity from the Connection Point, and the conveyance of electricity.

d. Regulated Retail Services

Having secured power supply through CSP-related power supply agreements (PSAs), herein Applicant remains determined to continue its retail service for its captive market. Through the PSAs, Applicant can guarantee the availability of reliable electricity sold at very competitive prices. In addition, Applicant is likewise a participant in the Wholesale Electricity Spot Market (WESM).

In relation thereto, the Applicant shall perform the following:

- Billing, collection customer service, energy trading, and electricity sales for the captive market.
- Provision, installation, commissioning, testing, repair, maintenance, and reading of meters for customers in the captive market.

e. Last Resort Supply

The Applicant was designated as a Supplier of Last Resort (SOLR) by this Commission and shall perform billing, collection, basic customer service, energy reading,

and electricity sales for the SOLR customer.

f. Non-Regulated Retail Services

The Applicant has four contestable customers within its franchise area and was allowed to supply as a Retail Electricity Supplier (RES).

In relation thereto, the Applicant shall perform the following:

- Billing, collection, customer service, energy trading, and electricity sales for the contestable market and other customers who are not end-users.
- Provision, installation, commissioning, testing, repair, maintenance, and reading of meters for customers in the contestable market and other customers who are not end-users.

g. Related Businesses

The Applicant is determined to continue with its related businesses utilizing distribution assets / facilities / staff such as transformer and pole rentals.

v. ACCOUNTING SEPARATION

Separate Financial Statements shall for each business segment shall be prepared in accordance with the Accounting and Cost Allocation Manual (ACAM) for Electric Cooperatives duly approved by the Energy Regulatory Commission (ERC).

To achieve the foregoing, the Applicant shall apply the following principles and processes:

- a. Principles to Achieve Accounting Separation
- b. Allocation Principles
- c. Basic Account Principles
- d. Chart Accounts
- e. Audit Requirements

- f. Audit Requirements
- g. Other Requirements

vi. DESCRIPTION OF SEPARATION

The costs of service and assets shall be allocated, whenever applicable, through Direct Assignment. However, whenever these costs of service and assets cannot be directly assigned, they shall be allocated using allocation factors as defined under the ERC-approved Accounting and Cost Allocation Manual for Electric Cooperatives.

In relation thereto, the Applicant will employ the following:

- a. General Structure Per Business Segment
- b. Detailed Structure Per Business Segment
- c. Detailed Structure Per Department

vii. PROGRAM FOR CODE OF CONDUCT

The Applicant undertakes to abide by the provisions Sections 43(t) and 45 of Republic Act No. 9136, otherwise known as the *“Electric Power Industry Reform Act of 2001” (EPIRA)* and Section 3 (c) (iv) of its Implementing Rules and Regulations (IRR).

viii. ACCOUNTING SEPARATION STATEMENTS

The Applicant prepared the Accounting Separation Statements in accordance with the Accounting and Cost Allocation Manual for Electric Cooperatives as well as the Philippine Financial Reporting Standards (PFRS).

ix. AUDITED FINANCIAL STATEMENTS FOR 2022-2023

The Audited Financial Statements for 2022-2023 were

used to prepare the Accounting Separation Statements

#### x. MILESTONES AND HIGHLIGHTS

February 9, 2012	Accounting and Cost Allocation Manual (ACAM) expository presentation, Cebu Business Hotel, Cebu City
June 11, 2012	Adoption of the ACAM for Electric Cooperatives by the ERC, ERC Resolution No. 7 s 2012.
June 14-15, 2012	Business Segregation and Unbundling Plan (BSUP) Orientation, Rajah Park Hotel, Cebu City

The Applicant shall prioritize the following activities within one year from the approval of the BSUP:

February 04, 2025	Presentation of the BSUP initial draft of the Management Committee.
February 07, 2025	Approval of the Board of Directors of the EC's BSUP initial draft.
February 07, 2025	Approval of the Board of Directors for the filing of the BSUP with the ERC.
April 04, 2025	Submission of the BSUP initial draft to the ERC for pre-filing.
	Filing of the BSUP with the ERC.

7. In support of the foregoing application, applicant will present the following documentary exhibits, to wit:

ANNEX	DOCUMENT
A	Business Separation and Unbundling Plan (BSUP)
B	Accounting Separation Statements (2022)
C	Accounting Separation Statements (2023)

<b>F</b>	Board Resolutions No. 20-2025 & 21-2025
<b>G</b>	2022 Audited Financial Statements
<b>H</b>	2023 Audited Financial Statements
<b>I</b>	2022 Generation Segment AFS
<b>J</b>	2023 Generation Segment AFS

8. To substantiate the allegations in the instant application, applicant shall likewise present the following witnesses:

- a. Larry O. Dawisan, Finance Services Department Manager - SAMELCO I Brgy. Carayman, Calbayog City, Samar.
- b. Sandy T. Montero, Engineering Department Manager - SAMELCO I Brgy. Carayman, Calbayog City, Samar.
- c. Divinagracia C. Balite, OIC, Member Services Department - SAMELCO I Brgy. Carayman, Calbayog City, Samar.
- d. Eduardo C. Antivo, OIC-Lines Operation and Maintenance Department  
SAMELCO I Brgy. Carayman, Calbayog City, Samar.

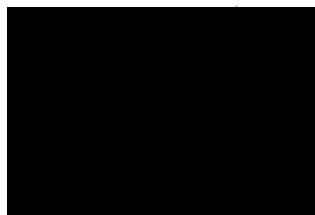
### **PRAYER**

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission, after due course and hearing, Applicant SAMELCO I's Business Separation and Unbundling Plan be APPROVED accordingly.

Other reliefs, just and equitable, are prayed for.

RESPECTFULLY SUBMITTED. 13 April 2025. Tacloban City for Pasig City, Philippines.

*Counsels for SAMELCO I:*



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Valid until 14 April 2025



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Valid until 14 April 2028

### **EXPLANATION OF FILING AND SERVICE BY ELECTRONIC MEANS**

Pursuant to the relevant ERC Rules and Resolutions, the undersigned counsel respectfully manifests that the foregoing *Application* will be filed and served by electronic means.



**PETER JOVEN Y. DE OÑO**