

PLANNING & DEVELOPMENT DIVISION
TACLOBAN CITY
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July 12, 2011

Mr. ROLAND HIDALGO

Board President, Leyte II Electric Cooperative, Inc. (LEYECO II)
Real St., Tacloban City

Attn: **Atty. Jerry Gwen Conde**
General Manager

Subject: **Compliance with DOE Circular 2003-12-011**

Dear Mr. Hidalgo,

Greetings!

This refers to LEYECO II's application with the Energy Regulatory Commission (ERC) for the approval of its Power Sales Contract and Commissioning Power Sales Contract with the Cebu-based KEPCO-SPC Power Sales Corporation with a higher generation rate per kilowatt-hour than the rates coming from our geothermal plants in the Province of Leyte.

ERC has scheduled the initial public hearing of the said application on Thursday, July 14, 2011, 1:00 P.M. at the LEYECO II premises.

The prayer portion of the application seeks for an ORDER to be issued for the following:

1. Approving the Power Sales Contract dated January 20, 2011 and Commissioning Power Sales Contract dated December 10, 2010 between KEPCO -SPC Power Corporation and LEYECO II.
2. Granting KEPCO SPC Power Corporation's request for a provisional authority to sell its power and commissioning and commercial power to LEYECO II from the Commissioning dated on Oct. 8, 2010 (for the Commissioning Power) and from the start of KSPC's Commercial Operations on 28 February 2011 (for Unit 1) and 31 May 2011 (for Unit 2) for the main power.
3. Granting KEPCO SPC Power Corporation's request for a **retroactive effect** of any provisional authority and provisional rate that may be granted by this Honorable Commission for the sale of KSPC's commercial and commissioning power to LEYECO II from the time of the first sale of the commercial and commissioning power.

Based on the above-cited prayer, it clearly appears that LEYECO II has already been buying from KEPCO-SPC Power Corporation; otherwise, it would have not prayed for a "RETROACTIVE EFFECT" of any of the provisional authority and rate that may be granted by the ERC.

Relevant to the said application, we are reminded of the DOE issued Circular 2003-12-011, **ENJOINING ALL DISTRIBUTION UTILITIES TO SUPPLY ADEQUATE, AFFORDABLE, QUALITY AND RELIABLE ELECTRICITY** which begs the question:

1. What was LEYECO II's compliance with the said DOE Circular?
2. Why did LEYECO II not buy its entire power requirement from the Geothermal Plant in Leyte which has a capacity of almost 700 megawatts (MW)? LEYECO II's total power requirement including its peak demand is only around 36 MW.
3. Why is LEYECO II now buying from a COAL Plant based in Cebu?
4. Who are the current power suppliers of LEYECO II?
5. May we be furnished copy of the Power Sales Contracts of LEYECO II with all its current power suppliers?
6. When did LEYECO II enter into a Power Sales Contract with these Power Suppliers?
7. May we be furnished copy of these Contracts so we will know the terms and rate per kilowatt-hour (kWh)?
8. May we be furnished copy of the individual Suppliers' monthly billings from July 2009 to June 2011 and the corresponding official receipts?

This request is anchored on our desire to understand more LEYECO II's application and we hope you will support us on this.

We look forward to your immediate and most favorable response.

Thank you.

Very truly yours,



ERLINDA L. BUTALID

President, NASECORE Leyeco II Chapter

cc: Hon. Jose Rene D. Almendras, Secretary, Department of Energy
Hon. ERC Commissioners
Hon. Jericho L. Petilla, Governor, Leyte
Hon. Vincent Emnas, Leyte Provincial Administrator
Hon. Members of the Sangguniang Panlalawigan
Hon. Alfred S. Romualdez, Tacloban City Mayor
Hon. Members of the Sangguniang Panglunsod, Tacloban City
Hon. Remedios L. Petilla, Mayor Municipality of Palo
Hon. Members of the Sangguniang Bayan, Municipality of Palo
Hon. Charita M. Chan, Mayor Municipality of Babatngon
Hon. Members of the Sangguniang Bayan, Municipality of Babatngon
Pete Ilagan, Nasecore President
Member Consumers
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