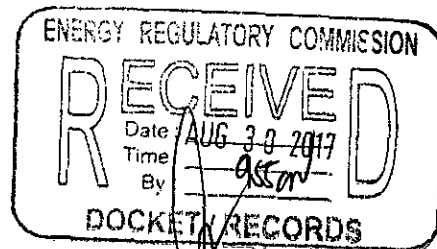


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE APPLICATION
FOR THE APPROVAL OF THE CAPITAL
EXPENDITURE PROJECTS OF MISAMIS
ORIENTAL RURAL ELECTRIC SERVICE
COOPERATIVE, INC. (MORESCO-1) FOR
THE YEAR 2015 TO 2017 WITH PRAYERS
FOR THE ISSUANCE OF PROVISIONAL
AUTHORITY AND TO SECURE LOAN FROM
THE NATIONAL ELECTRIFICATION
ADMINISTRATION (NEA) AND PRIVATE
LENDING INSTITUTIONS,



2017-078
ERC Case No. _____ RC

MISAMIS ORIENTAL RURAL ELECTRIC
SERVICE COOPERATIVE, INC. (MORESCO-
1) Applicant,

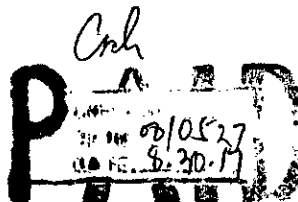
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APPLICATION

MISAMIS ORIENTAL RURAL ELECTRIC SERVICE COOPERATIVE, INC. (MORESCO I) hereinafter referred to as the Applicant), to this Honorable Commission most respectfully alleges:

1. That the Applicant is an electric cooperative existing pursuant to law (P.D. 269) with postal address at Laguindingan, Misamis Oriental, and represented in this Application by its president AGUSTIN CABERTE and OIC General Manager ENGR. COLLEN B. TARCELO, R.E.E., whose joint authority is hereto attached as Annex "A" and made an integral part of this Application. Applicant's franchise area includes nine (9) municipalities, one (1) city, all in the Province of Misamis Oriental, a portion of Cagayan de Oro City and two (2) municipalities in the Province of Bukidnon. Specifically, in the province of Misamis Oriental: El Salvador City, the municipalities of Alubijid, Initao, Opol, Lugait, Laguindingan, Manticao, Gitagum, Libertad, Naawan; and in the province of Bukidnon: the municipalities of Talakag and Baungon. For purposes of this application, ATTY. ELEUTERIO F. DIAO IV is appointed as legal counsel to represent the cooperative in the filing of the application, pre trial conference and evidentiary hearing, as well as in the filing of all necessary pleadings relative to the same;

1



2. That the **Applicant** pursuant to ERC Resolution No. 26, series of 2009 seeks the review and approval of the Honourable Commission for the following proposed capital projects, their justifications and corresponding estimated costs:

PROJECT DESCRIPTION	TYPE	NUMBER OF UNITS/MEASURE	COMMISSIONING YEAR	TOTAL COST
A. NETWORK PROJECTS:				
1. Re-routing and Relocation of affected lines	SAFETY	1 Lot	2017	P 47,832,700.00
2. Upgrade Lightning Protection Equipment	SAFETY	52 units	2017	30,145,200.00
3. Acquisition of Electric poles (Yr2015-Yr2017)	SAFETY	2,934 pieces	2015-2017	54,682,800.00
4. Construction of 12kms 69kV line from Mambuaya Substation to Talakag Substation with switch bay and upgrading of Talakag Substation from 1.5MVA to 10MVA 69/34.5-13.2K	CAPACITY	1 Lot	2017	95,621,271.50
5. Construction of 10 MVA 69/13.2kV substation and Switch Bay Taboc, Opol	CAPACITY	1 Lot	2017	70,374,812.38
6. Acquisition of Automated Load Break Switches	RELIABILITY	32 units	2017	12,950,000.00
7. Acquisition of Vacuum Circuit Recloser with Voltage Transformers	RELIABILITY	7 units	2017	7,528,000.00
8. Upgrade Line Insulation, 1963units	RELIABILITY	1,963 units	2017	9,997,500.00
NETWORK PROJECTS SUBTOTAL =				329,132,283.88
B. OTHER NETWORK PROJECTS				
9. Acquisition of Distribution Transformers (Yr2015-Yr2017)	CAPACITY	445 units	2015-2017	56,253,700.00
10. Acquisition of Metering Equipment for Sub-transmission line connection point, 69& 34.5kVsystem	DSOAR Compliance		2017	11,601,566.75
11. Acquisition of Electronic kWhr Meters, 10,590units & Acquisition of Metering equipment for potential industrial and large commercial customers (2015-2017)	DSOAR Compliance	10,590 units	2015-2017	46,200,377.22
OTHER NETWORK PROJECTS SUBTOTAL =				114,055,766.75
C. NON-NETWORK PROJECTS				
12. Additional Site and Equipment ID Labeling Requirements	PDC Compliance	24,442 units	2017	8,212,400.00
13. Property Developments	Customer Service	various	2017	100,888,100.00

14. Acquisition of Utility Vehicles	Customer Service	various	2017	71,900,000.00
15. Acquisition of Tools and Equipment	Customer Service	various	2017	14,363,177.50
16. Acquisition of Application Software Programs	Customer Service	various	2016-2017	10,475,000.00
17. ICT Infrastructure Update	Customer Service	various	2017	19,960,000.00
18. Acquisition of Hardware	Customer Service	various	2017	15,230,000.00
NON-NETWORK PROJECTS SUBTOTAL =				241,028,677.50
ERC FEES AND CHARGES =				5,133,288.24
OVERALL TOTAL =				Php 689,349,893.59

19. That Applicant intends to finance the above mentioned capital projects partly by internally generated source through the Reinvestment Fund for Sustainable Capital Expenditure (RFSC), and part of the fund shall be sourced through a financing program from the National Electrification Administration (NEA) and private lending institutions, which for purposes of applying for authority to secure such loan, Applicant reiterates and incorporates herein all the foregoing allegations;

20. That the implementation of the proposed Capital Projects shall bring forth an indicative rate impact as follows;

Indicative Rate Impact of the Project (if amortized)

		2017	2018	2019	2020	2021	2022	TOTAL
revised energy sales, kWh	A	153,695,551	162,171,313	172,607,291	185,850,531	194,110,156	202,438,019	1,070,872,861.15
balance beginning, PhP, (shortfall)	B	7,807,543.00	(38,683,016.70)	(104,956,023.83)	(201,014,857.18)	(337,002,503.30)	(456,702,528.70)	7,807,543.00
ASH INFLOWS								
current year collection @PhP0.6367/kWh	C = A x 0.6367	97,857,957.58	103,254,475.30	109,899,062.09	118,331,033.11	123,589,936.04	128,892,286.57	681,824,750.69
50% of income on leased properties								-
loan proceeds from financial institutions, PhP	D	577,091,268.99						577,091,268.99
Total Cash Inflows, PhP	E = C + D	674,949,226.57	103,254,475.30	109,899,062.09	118,331,033.11	123,589,936.04	128,892,286.57	1,258,916,019.68
available cash for disbursement	F = B + E	682,756,769.57	64,571,458.61	4,943,038.26	(82,683,824.07)	(213,412,567.27)	(327,810,242.13)	1,266,723,582.68
ASH OUTFLOWS								
CAPEX requirement		577,091,268.99						577,091,268.99
new amortization (new CAPEX), PhP		90,133,396.09	90,133,396.09	90,133,396.09	90,133,396.09	90,133,396.09	90,133,396.09	540,800,376.52
amortization of previous approved CAPEX, PhP		49,083,486.65	78,394,086.35	115,824,499.35	164,165,283.15	453,158,665.35	436,406,776.00	697,050,708.91
ERC Permit Fee, PhP		5,131,624.54						5,131,624.54
Total Cash Outflows, PhP	G	721,439,786.27	169,527,482.44	205,957,895.44	254,318,679.24	243,289,961.44	225,540,174.15	1,820,073,978.96
ash balance ending, PhP, (shortfall)	H = B + E - G	(38,683,016.70)	(104,956,023.83)	(201,014,857.18)	(337,002,503.30)	(456,702,528.70)	(553,350,416.28)	(553,350,416.28)
whr excess/(shortfall) per hr	I = H / A	(0.2517)	(0.6472)	(1.1646)	(1.8133)	(2.3528)	(2.7334)	
excess/(shortfall) on RFSC, PhP/kWh (cumulative)	J = H / ΣA	(0.2517)	(0.3323)	(0.4115)	(0.4998)	(0.5259)	(0.5167)	(0.5167)

21. That consistent with the requirement of the filing of applications for approval of capital projects, Applicant attaches and makes as an integral part of this application further

justifications, related and indispensable documents chronologically arranged and contained in Annex "B" hereof;

22. That finding the proposed capital expenditure projects reasonable, appropriate, necessary and beneficial to the members-consumers, these being envisioned to further their interests, the Board of Directors of the Applicant passed Resolution No. 2017-0607-15 series of 2017 approving the proposed CAPEX, copy of which is attached hereto as **Annex "C"**;

23. That the Applicant, in compliance with Section 2, Rule 6 of the ERC Rules of Practice and Procedure, copies of this Application together with all its annexes and accompanying documents had been furnished to the Legislative Body of the Municipality of Laguindingan, Misamis Oriental, where Applicant principally operates and the Legislative Body of the Province of Misamis Oriental. Furthermore, all the local government units, the office of the Mayor and Vice-Mayors, were furnished copy of the Application. Finally, a copy of the Application was published in Mindanao Gold Star Daily, a newspaper of general circulation within the franchise area of the Applicant.

24. As proof of such compliance are the certifications issued by the Secretaries of the Legislative Bodies of the Local Government Units concerned as Annexes "D" and "E", respectively. Likewise, attached herewith as Annexes "F" and "G" are the Affidavit of Publication executed by the General Manager of Mindanao Gold Star daily and the copy of July 29, 2017 issue containing the published Application.

WHEREFORE, foregoing premises considered, it is most respectfully prayed of this Honorable Commission, after due notice and hearing, to approve the aforementioned capital projects of the Applicant.

It is further prayed, that while the application may not yet be heard or is pending evaluation by the Honorable Commission, to provisionally approve the capital projects intended for 2015-2017 in order that Applicant's power distribution, the quality of power and reliability of distributed power supply will not be adversely affected.

28 July 2017, Laguindingan, Misamis Oriental.



ATTY. ELEUTERIO F. DIAO IV

Counsel for the Applicant

Roll No. 41679, Book # XVII, page No. 336,

MCLE Compliance No. V – 0009380

PTR No. 7909369 09-Jan-2017

IBP No. 1059573 09-Jan-2017

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Cp No. 09279760117

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Email Address: earldiao@yahoo.com;


earldiao@gmail.com


VERIFICATION AND NON FORUM SHOPPING CERTIFICATE

We, AGUSTIN CABERTE, married, and ENGR. COLLEN B. TARCELO, R.E.E, married, of legal ages, Filipinos with postal address at Laguindingan, Misamis Oriental after being duly sworn in accordance with law hereby depose and say:

1. That we are the President and OIC General Manager, respectively, of MISAMIS ORIENTAL RURAL ELECTRIC SERVICE COOPERATIVE, INC. (MORESCO-1) and we have been duly authorized to represent MORESCO-I in the instant application by virtue of Board Resolution No. 2017-0607-15, series of 2017.
2. That upon prior authority of the Board of Directors, we have caused the preparation and filing of the foregoing Application and we have read its contents which are true of our own personal knowledge and belief and based on authentic records and documents; and
3. That we have not caused the filing of a similar complaint or petition before the Supreme Court, the Court of Appeals or any of its subdivisions, or before the other judicial and quasi-judicial bodies involving the same parties and causes of action and should it come to our knowledge that one is pending or has been filed, we shall immediately inform this Honorable Office within five (5) days from receipt of such knowledge.

IN WITNESS WHEREOF, we hereunto affix our signatures this 28th day of July 2017 at Laguindingan, Misamis Oriental.


AGUSTIN CABERTE
Affiant


ENGR. COLLEN B. TARCELO, REE
Affiant

SUBSCRIBED AND SWORN to before me at the place and date above stated, Affiants, for purposes of identification, exhibited to me their identification cards as competent proof of their identities.

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Page No. 34
Book No. xxx
Series of 2017

CONCHITA L. OCLARIT
Notary Public
Until December 31, 2018
ISP Roll No. 25829 ; TIN 114-162-048
MCLE V-0024367 ; NC - 2017 - 063
PTR No. 3302241 ; 2017
ISP No. 1012085 ; 2017
Cagayan de Oro City