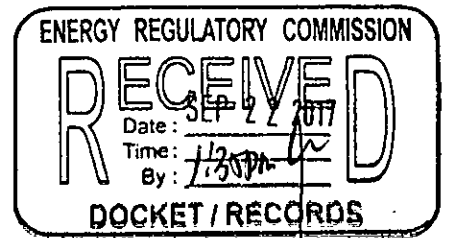


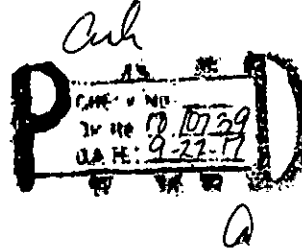
Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pacific Center Building
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
CAPITAL EXPENDITURE
PROJECTS FOR 2017, WITH
APPLICATION FOR
AUTHORITY TO SECURE
LOAN FROM THE NATIONAL
ELECTRIFICATION
ADMINISTRATION (NEA)
AND MOTION FOR
PROVISIONAL AUTHORITY



2017-084
ERC CASE NO. _____ RC

GUIMARAS ELECTRIC
COOPERATIVE
(GUIMELCO),
Applicant.
X-----X



APPLICATION
With Motion for Provisional Authority

Applicant, **GUIMARAS ELECTRIC COOPERATIVE, (GUIMELCO)**, through counsel, unto this Honorable Commission, respectfully alleges, that:

THE APPLICANT

1. GUIMELCO is an electric cooperative, duly organized and existing under and by virtue of Philippine laws, with principal office at San Miguel, Jordan, Guimaras;

2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in the five (5) municipalities of the Province of Guimaras, namely: Buenavista, Jordan, Nueva Valencia, San Lorenzo and Sibunag.

LEGAL BASES FOR THE APPLICATION

3. The instant application is being filed for the Honorable Commission's consideration and approval of GUIMELCO's proposed Capital Expenditure (CAPEX) Project for 2017 pursuant to Republic Act No. 9136, ERC Resolution 26, Series of 2009 and other laws and rules, and in line with its mandate to provide safe, quality, efficient and reliable electric service to its consumers;

4. On the other hand, the accompanying application for authority to secure loan from the National Electrification Administration (NEA) in connection with the funding source for the proposed projects, is being filed pursuant to Section 20 (e) of Commonwealth Act No. 146 otherwise known as the Public Service Act, which requires every public service to secure the approval and authorization of the Commission for issuance of any bonds or other evidence of indebtedness payable in more than one year.

THE PROPOSED PROJECTS

5. GUIMELCO's proposed CAPEX Projects subject of the instant application are presented hereunder, as follows:

Project Type	Project Category	Description	Cost (PhP)	Commissioning Year
Capacity & Power Quality	Substation: Additional	Additional 10/12.5MVA San Miguel Substation	47,456,375.16	2017
	Primary Distribution Project	Construction of 69kV Subtransmission Line	70,505,746.89	
		Total Cost	117,962,122.05	

FINANCIAL AND ECONOMIC EVALUATION

6. **Financing.** GUIMELCO's proposed projects will be financed partly with its Reinvestment Fund for Sustainable Capital Expenditure (RFSC) and partly with funds to be acquired through loans

National Electrification Administration (NEA). Presented in the Table below are the project financiers to be pursued and the corresponding costs to be financed, to wit:

Source of Fund	Project Cost
RFSC	19,660,746.88
NEA Loan	98,301,375.17
Total	117,962,122.05

7. **Annual CAPEX Plan Costs.** The following table shows the annual CAPEX Plan costs including the Permit Fee for the projects:

SUMMARY OF ANNUAL CAPEX PLAN COST

PARTICULARS	2016 (PhP)	2017 (PhP)	TOTAL
RFSC	14,702,205.91	4,958,540.97	19,660,746.88
NEA	0	98,301,375.17	98,301,375.17
CAPEX Permit Fee	0	884,716.00	884,716.00
Total CAPEX Plan Cost to Consumers	14,702,205.91	104,144,632.14	118,846,838.05

8. **Cash Flow.** GUIMELCO's cash flow shows that it can viably pursue and implement the proposed projects without necessarily resulting in significant increase in its electricity rates, to wit:

SUMMARY OF CASH FLOW COST OF CAPEX PLAN

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Forecasted energy sales, kWh	28,181,678.00	31,471,345.00	35,099,080.00	38,891,582.00	42,799,027.00	46,785,120.00	50,823,024.00	54,892,647.00	58,978,789.00
Cash balance beginning, PhP, excess/(shortfall)	21,571,140.27	14,702,205.91	10,389,320.37	16,228,214.89	22,495,052.32	30,634,181.10	40,683,286.20	52,667,193.38	66,601,101.12
CASH INFLOWS									
current year collection @PhP0.5324/kWh	14,702,205.91	16,232,577.34	18,207,347.52	18,635,290.43	20,507,581.78	22,417,558.10	24,352,360.18	26,302,360.74	28,260,276.54
loan proceeds from financial institutions, PhP	0	98,301,375.17	0	0	0	0	0	0	0
government subsidy (if any), PhP	0	0	0	0	0	0	0	0	0
50% of income on leased properties	0	0	0	0	0	0	0	0	0
Total Cash Inflows, PhP	14,702,205.91	114,533,952.51	18,207,347.52	18,635,290.43	20,507,581.78	22,417,558.10	24,352,360.18	26,302,360.74	28,260,276.54
Available cash for disbursement	36,273,346.18	129,236,158.42	28,596,667.89	34,863,505.32	43,002,634.10	53,051,739.20	65,035,646.38	78,969,554.12	94,861,377.65
CASH OUTFLOWS									
CAPEX requirement	21,571,140.27	117,962,122.05	0	0	0	0	0	0	0
old debt (old amortization)	0	0	0	0	0	0	0	0	0
new amortization (new CAPEX), PhP	0	0	12,368,453.00	12,368,453.00	12,368,453.00	12,368,453.00	12,368,453.00	12,368,453.00	12,368,453.00
ERC Permit Fee, PhP	0	884,716.00	0	0	0	0	0	0	0
Total Cash Outflows, PhP	21,571,140.27	118,846,838.05	12,368,453.00	12,368,453.00	12,368,453.00	12,368,453.00	12,368,453.00	12,368,453.00	12,368,453.00
Cash balance ending, PhP, excess/(shortfall)	14,702,205.91	10,389,320.37	16,228,214.89	22,495,052.32	30,634,181.10	40,683,286.20	52,667,193.38	66,601,101.12	82,492,924.65
Excess/(shortfall) on RFSC, PhP/kWh	0.5217	0.3301	0.4624	0.5784	0.7158	0.8696	1.0363	1.2133	1.3987

9. **Rate Impact.** The CAPEX Plan is envisioned to have the least rate impact focusing on a capital expenditure plan that will bring the most value to GUIMELCO's customers at the most reasonable and justifiable electricity rate or at the least cost of service. Presented in the Table below is the annual rate impact on the RFSC of the CAPEX Plan, to wit:

**EXCERPTS FROM CASH FLOW ANALYSIS SHOWING
RATE IMPACT IN TERMS OF RATE PER KWH**

	2025	2026	2027	2028	2029	Entire 13 Years
Forecasted energy sales, kWh	63,069,855.00	67,156,943.00	71,233,193.00	75,293,302.00	79,333,170.00	715,827,077.00
Cash balance beginning, PhP, excess/(shortfall)	82,492,924.65	100,345,023.37	120,155,491.18	141,919,134.94	165,628,220.53	21,571,140.27
Current year collection @PhP0.5324/kWh	30,220,551.72	32,178,920.81	34,132,096.76	36,077,538.59	38,013,281.74	360,239,948.15
Loan proceeds from financial institutions, PhP	0.00	0.00	0.00	0.00	0.00	98,301,375.17
Government subsidy (if any), PhP	0.00	0.00	0.00	0.00	0.00	0.00
50% of income on leased properties	0.00	0.00	0.00	0.00	0.00	0.00
Total Cash Inflows, PhP	30,220,551.72	32,178,920.81	34,132,096.76	36,077,538.59	38,013,281.74	458,541,323.31
Available cash for disbursement	112,713,476.37	132,523,944.18	154,287,587.94	177,996,673.53	203,641,502.26	480,112,463.58
CAPEX requirement	0.00	0.00	0.00	0.00	0.00	139,533,262.32
Old debt (old amortization)	0.00	0.00	0.00	0.00	0.00	0.00
New amortization (new CAPEX), PhP	12,368,453.00	12,368,453.00	12,368,453.00	12,368,453.00	12,368,453.00	148,421,436.00
ERC Permit Fee, PhP	0.00	0.00	0.00	0.00	0.00	884,716.00
Total Cash Outflows, PhP	12,368,453.00	12,368,453.00	12,368,453.00	12,368,453.00	12,368,453.00	288,839,414.32
Cash balance ending, PhP, excess/(shortfall)	100,345,023.37	120,155,491.18	141,919,134.94	165,628,220.53	191,273,049.26	191,273,049.26
Excess/(shortfall) on RFSC, PhP/kWh	1.5910	1.7892	1.9923	2.1998	2.4110	0.2672

Nature of Document
AUTHORITY TO SECURE LOAN FROM NEA

10. As shown above, the proposed projects shall be financed partly through a loan from NEA considering that the cooperative's RFSC is not readily available and further not sufficient to finance the implementation of the proposed projects as planned. In view thereof, the cooperative hereby applies for authority from the Honorable Commission to secure said loan from NEA that the cooperative hereby applies for approval of concerned agencies and other agencies as required.

**ALLEGATIONS IN SUPPORT OF THE MOTION FOR
PROVISIONAL AUTHORITY**

11. Applicant respectfully repleads herein the foregoing allegations;

12. As shown in the Table on Paragraph 5 above, the proposed projects are scheduled for immediate commissioning, and expected to happen while the instant application is pending;

13. Furthermore, unforeseen situations or occurrences may arise which might necessitate the immediate implementation of the proposed projects;

14. In view thereof, applicant respectfully moves for a provisional authority while the instant application is pending, to implement the proposed projects as may become necessary and urgent under specific circumstances, as well as obtain loan from the NEA to finance the same, to enable the cooperative to deliver a safe, more reliable and efficient electric service to its consumers.

**SUBMISSION OF DOCUMENTARY AND
PRE-FILING REQUIREMENTS**

15. Finally, in compliance with the documentary as well as pre-filing requirements for the instant application, applicant is submitting herewith the following documents which are being made integral parts hereof, to wit:

Annex Markings	Nature of Document
A	Capital Expenditure Plan Executive Summary
B to B-1	Affidavit of Posting of Notice to Consumers and The Notice to Consumers
C	Affidavit of Undertaking that the corresponding application for approval of concerned agencies shall be filed, when required.

D	Supporting documents for the application for authority to secure loan from the National Electrification Administration
E	Judicial Affidavit in Support of the Motion for Provisional Authority
F and series	Proof of furnishing of copies of the Application to the Sangguniang Bayan of Jordan and Sangguniang Panlalawigan of Guimaras
G and series	Publication of the Application in a newspaper of general circulation within GUIMELCO's franchise area or where it principally operates, with Affidavit of Publication.

PRAYER

WHEREFORE, premises considered, GUIMELCO respectfully prays of this Honorable Commission that:

1. upon initial review of the instant application, GUIMELCO be permitted to implement the proposed projects as deemed necessary and urgent under the circumstances, and to secure loan from the National Electrification Administration to finance the same; and

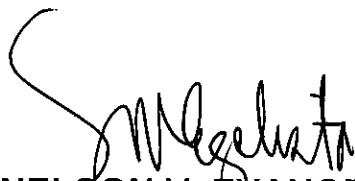
2. after due notice and hearing, the cooperative's proposed Capital Expenditure Projects for 2017 as well as availment of loan from the National Electrification Administration to partly finance the same, be approved accordingly.

Other reliefs, just and equitable in the premises are likewise prayed for.

Pasig City, Metro Manila, September 15, 2017.

DECHAVEZ & EVANGELISTA LAW OFFICES¹
Counsel for the Applicant
GUIMARAS ELECTRIC COOPERATIVE (GUIMELCO)
Unit 2008, Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City 1605
Tel. Nos. 9101587; 6619357

By:



NELSON V. EVANGELISTA

Roll of Attorneys No. 38075

PTR No. 2535714, February 08, 2017, Pasig City
IBP Lifetime Member Roll No. 010192, Bulacan Chapter
MCLE Compliance No. V - 0008307, June 3, 2015

¹Pursuant to Office of the Court Administrator Circular No. 56-2015, hereunder are the MCLE Compliance Numbers of the undersigned Firm's name partners, to wit:

Partners	MCLE Compliance No.	Date of Issuance
Joseph Ferdinand M. Dechavez	V-0005240	Jan. 7, 2015
Nelson V. Evangelista	V-0008307	June 3, 2015

VERIFICATION AND CERTIFICATION OF NON FORUM-SHOPPING

I, Shirley S. Laurente, of legal age, Filipino and with office address at Guimaras Electric Cooperative (GUIMELCO) San Miguel, Jordan 5045 Guimaras, after being sworn to according to law, depose and state that:

1. I am the OIC-General Manager of the Guimaras Electric Cooperative (GUIMELCO), duly authorized to represent the cooperative in filing the instant application, copy of the corresponding Board Resolution is attached hereto and made integral part hereof;

2. I caused the preparation and filing of the foregoing Application; have read the allegations contained therein, and certify that the same are true and correct based on my personal knowledge and on authentic records;

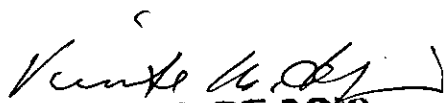
3. GUIMELCO has not heretofore commenced any other action or proceedings involving the same issues and parties before any court, tribunal or quasi-judicial agency; to the best of my knowledge no such action or proceeding is pending, and if I should learn that the same or similar action or proceeding has been filed or is pending, I undertake to report such fact to this Honorable Commission, within five (5) days therefrom.

Further, affiant sayeth naught.


SHIRLEY S. LAURENTE
Affiant

SUBSCRIBED AND SWORN to before me in ~~Province of Guimaras~~
~~On~~ 18 day of September 2017, by the affiant who exhibited to me her SSS ID bearing No. 07-2182032-3.

Doc. No. 742 ;
Page No. 70 ;
Book No. 57 ;
Series of 2017.


VICENTE B. DE ASIS
Notary Public
REG. NO. 2017-01-01-01-01-01 DECEMBER 31, 2018
BP NO. 36271, JAN. 5, 2017, IBP-GUIMARAS CHAPTER
PTR NO. 1555200, JAN. 5, 2017, PTO GUIMARAS
TIN NO. E38-648-244
ROLL NO. 30760