

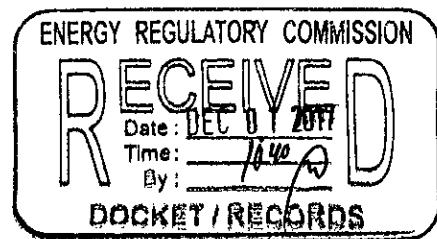
Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City

**IN THE MATTER OF THE  
APPLICATION FOR APPROVAL  
OF REGULATED ENTITIES'  
EMERGENCY CAPITAL  
EXPENDITURE PROJECTS,  
WITH AUTHORITY TO SECURE  
LOAN FROM THE  
NATIONAL ELECTRIFICATION  
ADMINISTRATION,**

ERC Case No. 2017-109 RC

**FIRST LAGUNA ELECTRIC  
COOPERATIVE, INC. (FLECO),**  
Applicant.

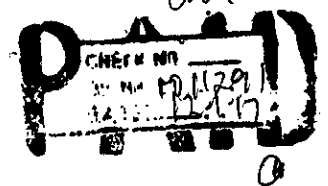
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**APPLICATION**

Applicant First Laguna Electric Cooperative, Inc. (FLECO, for brevity), by and through the undersigned counsel, and unto this Honorable Commission most respectfully states:

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Barangay Lewin, Lumban, Laguna, where it may be served with summons and other legal processes, represented in this instance by its Board President, LAZARO M. MERCADO, of legal age, Filipino, and with office address also at FLECO main office;
2. FLECO is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the municipalities of the province of Laguna, namely: Pagsanjan, Cavinti, Lumban, Kalayaan, Paete, Pakil, Pangil, Siniloan, Famy and Sta. Maria;
3. The 5 MVA Power Transformer at Lumban 1 Substation serves as the source of power in the municipalities of Lumban and Cavinti.



with the total peak demand of 3.8 MW. The existing deficiency of the equipment has been identified and quantified;

4. The said 5 MVA Power Transformer became defective and unserviceable on June 19, 2016. The initial field test results on the equipment showed that the transformer was busted due to its defective primary winding. This caused the 5 MVA Power Transformer insulation system to break down and resulted in the ultimate failure of the power transformer. Copy of the Test Result is hereto attached and duly marked as **Annex "A"**;
5. The aforesaid defective power transformer has already exceeded its economic life having been in service for thirty three (33) years. It has shown signs of deterioration considering its age, frequent transformer trouble and technical obsolescence;
6. Due to its defect, there is a need for its immediate replacement and uprate it to 10 MVA capacity for the following reasons:
  - a. To meet the present and future load requirement in the area;
  - b. To ensure safety in the operation of the facilities;
  - c. To enhance the reliability of delivery of power to customers being supplied by the substation;
  - d. To have an accessible capacity that could accommodate emergency requirements on transferring of loads, from other substations or feeders; and
  - e. To have a continuously available distribution services and a substation that will provide reserve capacity margins for future interruption contingency to meet the reliability performance standards;
7. The new 10 MVA Power Transformer can accommodate the energy demand requirement of the adjacent substation, such as Pagsanjan 10 MVA and Lumban 2 MVA Substation in instances of power transformer shutdown due to maintenance activities and power interruption. Hence, the loss of revenue of the application shall be avoided;
8. The estimated cost of this emergency capital expenditure project is **Thirteen Million Seven Hundred Seventy Six Thousand Three Hundred Fifty Three (P13,776,353.00) Pesos**, which will be funded by a loan from the National Electrification Administration (NEA) with an interest rate of six (6%) percent per annum for a period of eleven (11) years;
9. The new 10 MVA Power Transformer shall be commissioned and energized in December 2017;

10. For purposes of and in connection with this application, FLECO hereby attached hereto the following documents, duly marked collectively as **Annex “B”**, in compliance with the requirements pertinent thereto, to wit:

- a) Project Description;
- b) Justifications or Benefits to be delivered;
- c) Estimated Project Costs;
- d) Project Financing Plan; and
- e) Project Schedule;

11. That the above project is consistent with the Distribution Development Plan (DDP), the Philippine Grid Code (PGC), the Philippine Distribution Code (DDP), and other relevant government issuances; and in accordance with ERC Resolution No. 26, Series of 2009, “Resolution Amending the Rules for Approval of Regulated Entities’ Capital Expenditure Projects”;

12. That in compliance with the pre-filing requirements, FLECO is submitting the following:

- a) Certification from the Sangguniang Bayan of Lumban, Laguna that a copy of the application, with all its annexes and accompanying documents, attesting to the fact that applicant has furnished the said legislative body of the aforesaid application;
- b) Certification from the Sangguniang Panlalawigan of Laguna that it likewise has furnished the said pertinent documents; and
- c) Affidavit of Publication and Newspaper issue containing the published Application in its entirety in a newspaper of general circulation in the Province of Laguna; and

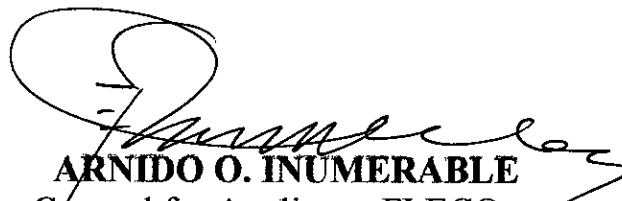
13. That the approval of this Emergency Capital Expenditure Project is needed to maintain efficient, reliable, and safety delivery of power to FLECO’s existing and future consumers, and will redound to the benefits of the consuming public.

## **PRAYER**

**WHEREFORE**, premises considered, applicant First Laguna Electric Cooperative, Inc. (FLECO) respectfully prays of this Honorable Commission that, after due notice and hearing and consideration, this application be approved.

Other relief, just or equitable, is likewise prayed for.

Cainta, Rizal for Pasig City, November 13, 2017.



**ARNIDO O. INUMERABLE**

Counsel for Applicant FLECO

405 Elisa Street, U.E. Village, Cainta, Rizal

PTR No. 4022915, 1-27-17, Q.C.

IBP No. 1068164, 1-27-17, Q.C.

Roll of Attorneys No. 2876

MCLE Compliance V No. 0007400, 4-23-15

REPUBLIC OF THE PHILIPPINES )  
 ) S.S.  
Santa Cruz, Laguna )

**VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING**

I, **LAZARO M. MERCADO**, Filipino, of legal age, married and with office address at Barangay Lewin, Lumban, Laguna, Philippines, Zip Code – 4014, after having been sworn to in accordance with law, depose and say that:

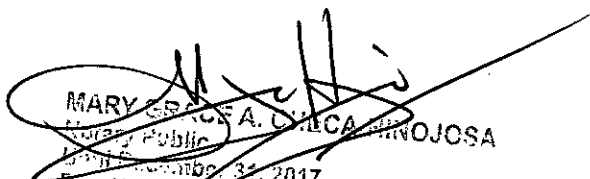
1. That I am the Board President of **FIRST LAGUNA ELECTRIC COOPERATIVE, INC. (FLECO, Inc.)**, the applicant in this case;
2. That I have caused the preparation of the Application;
3. That I have read and know the contents of the said application as true and correct to the best of my knowledge;
4. That I hereby certify that I have not therefore commenced any other action or proceeding involving the same in the Supreme Court, The Court of Appeals or other tribunal or agency;
5. That if there is such action or proceedings which is either pending or may have been terminated. I must state the status thereof; and
6. That should I thereafter learn a similar action or proceedings has been files or pending before the Supreme Court, the Court Appeals or any other tribunal or agency, I will undertake to report that fact within five (5) days from discovery thereof to the Honorable Court.

IN WITNESS WHEREOF, I have hereunder set my hand this NOV 15 2017 day of NOV 15 2017 at Kalayaan, Laguna.

  
**LAZARO M. MERCADO**  
Affiant

SUBSCRIBED AND SWORN to before me this NOV 15 2017 of NOV 15 2017 in Santa Cruz, Laguna, affiant exhibiting to me his Senior License No. 1704 DSCA-Kalayaan, Lag.

Doc. No. 517;  
Page No. 104;  
Book No. 40;  
Series of 2017.

  
**MARY GRACE A. OMEZA**  
Notary Public  
Notary Commission No. 31, 2017  
P.O. No. 659, Santa Cruz, Laguna-1500  
IBP No. Member Roll No. 010228  
MCL Compliance No. V-0018183, April 14, 2016  
Roll of Attorney No. 49916  
Santa Cruz, Laguna, Philippines