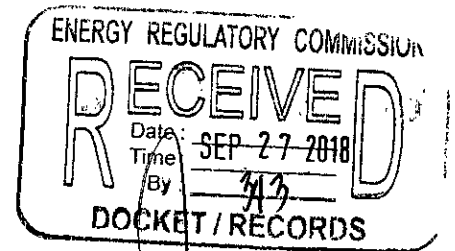


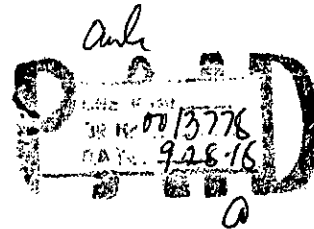
REPUBLIC OF THE PHILIPPINES  
ENERGY REGULATORY COMMISSION  
San Miguel Avenue, Pasig City



IN THE MATTER OF THE  
APPLICATION FOR APPROVAL OF  
PROPOSED ELECTRIC CAPITAL  
PROJECTS FOR THE YEAR 2017-2021  
WITH AUTHORITY TO SECURE LOAN  
FROM NEA AND PRAYER FOR  
PROVISIONAL AUTHORITY

2018-098  
ERC CASE NO. \_\_\_\_\_ RC

MARINDUQUE ELECTRIC COOPERATIVE,  
INC.(MARELCO),  
X \_\_\_\_\_ X



APPLICATION

Applicant, Marinduque Electric Cooperative, Inc. (MARELCO) through counsel, unto this honorable Commission, most respectfully alleges that

1. MARELCO is an electric cooperative duly established and existing pursuant to the provision of P.D. 269 as amended by P.D. 1645 and was issued a fifty (50) year Franchise to operate by the National Electrification Administration (NEA). MARELCO has for its principal office located at Brgy. Ihatub, Boac, Marinduque and represented herein by its General Manager Engr. Gaudencio M. Sol, Jr., also with office address located at Brgy. Ihatub, Boac, Marinduque;
2. That pursuant to ERC Resolution No. 26 Series of 2009, and in accordance with Section 3.5 and other provision of Article III of the Amended Rules for the Approval of Regulated Entities Capital Expenditures Projects; and likewise in accordance with its mandate to render reliable, adequate and efficient electric service to all its consumer-members on an area coverage basis, herein applicant seeks the authority from this Hon. Commission for the approval of its Five-Year Capital Expenditure projects for the years 2017 to 2021, due to the deteriorating condition of old equipment and to acquire various additional equipment to augment old ones, as follows:
  - a. **Network CAPEX Project-** consisting of Primary and Secondary distribution projects, Relocation of Poles affected by Road widening, Replacement of Deteriorated Transformers, Installation of 3-Phase Reclosers at Lateral Lines and at Bgy. Cagpo, Torrijos, Construction of 5 MVA Substation and Reconductoring of line segment from Bgy. Cagpo, Torrijos to Bgy. Manlibunan, Sta Cruz and installation of 150 KVAR Capacitor;

Sub-total Cost: For 2017 - Php. 0 ;  
For 2018 - Php. 26,307,761.17;  
For 2019 - Php 43,206,120.04 ;

For 2020 - Php 2,460,669.34;

For 2021 - Php 1,261,741.67

- b. **Other Network CAPEX Project** – Distribution Transformer for New Customers; Standard Connection Facilities such as Kwh Meters and Service Drop Wires; Replacement of Defective Kwh Meters and Buffer Stock;

Sub-total Cost: For 2017 - Php. 8,227,150.00;

For 2018 - Php. 26,339,837.69;

For 2019 – Php 22,861,057.61;

For 2020 – Php 22,521,317.69;

For 2021 - Php 22,721,177.69;

- c. **Non-Network CAPEX Project-** Construction of New Office Building; Acquisition of Lot; Construction of Open Garage; Construction of Carwash Station, Installation of Fuel and Gas Station; Renovation of MCIL; Construction of Perimeter Fence; Fabrication of Metal Strut for Warehouse; Office Furniture and Equipment; Laboratory Equipment; Information Technology Equipment; Tools, Shop, Safety Gadgets and Garage Equipment; Transportation Equipment;

Sub-total Cost: For 2017 – Php. 3,543,417.55;

For 2018 - Php.26,164,933.85;

For 2019 - Php 39,631,077.93;

For 2020 - Php 18,113,529.15;

For 2021 - Php 5,140,982.20;

**TOTAL AMOUNT OF CAPEX – Php. 268,500,773.66**

3. That in compliance with the guidelines and documentary requirements of this Hon. Commission, applicant herein hereby submits the following documents, as follows:

- Historical and Forecast Planning Data
- Technical and Engineering Analysis
- Project Financial and Economic Cost Benefit Analysis
- Project Cost Estimates
- Project Descriptions and System Study of The Projects
- Proposed GANTT CHART Schedule
- System Map
- Single Line Diagram of the System
- Board Resolution approving the Proposed Projects
- Sworn Statement

PROJECT DESCRIPTION

4. These CAPEX PROJECTS are also part of its E-ICPM and Distribution Development Plan, applicant intends to request for the provisional approval of the proposed Capital Expenditures Project for the year 2017-2021 due to the deteriorating condition of old equipment; and further intend to purchase new ones to augment and/or replace the old equipment and line materials;

5. The components of this Capital Expenditures Project is a continuation of the expansion, rehabilitation and upgrading of various facilities of the electric cooperative for sustainable growth and development in order to render a more reliable and efficient service to all its customers in all its area coverage.

BENEFITS

6. It aims to further enhance the reliability and power quality programs geared towards the delivery of a more efficient and satisfying electric service to its member consumers.

RATE IMPACT

7. Funding for the acquisition and purchase of technical and non-technical capital expenditures will be taken from the approved Php0.4265/kwh Member's Contribution for Capital Expenditures or the Reinvestment Fund for Sustainable Capital Expenditures (RFSC) based on the projected load growth (conservatively computed based on simulated normal growth rate) of the cooperative.

	2017	2018	2019	2020	2021	TOTAL
<b>CASH INFLOWS:</b>						
Collection from RFSC @ Php 0.4265/kwh	17,508,469.87	19,532,664.46	20,562,055.05	21,584,553.40	22,602,901.05	101,790,643.83
Add: Balance , beg	3,930,797.70	8,150,716.76	(5,523,679.08)	(17,425,353.46)	(31,652,671.65)	3,930,797.70
Loans from NEA		65,674,586.61	97,806,275.66	36,158,882.18	24,262,407.56	223,902,152.01
<b>Total Cash Available</b>	<b>21,439,267.57</b>	<b>93,357,967.83</b>	<b>112,844,651.62</b>	<b>40,318,082.11</b>	<b>15,212,636.96</b>	<b>283,172,606.10</b>
<b>CASH OUTFLOWS:</b>						
<b>Cash for Capital Expenditures:</b>						
Network Projects		26,307,761.17	43,206,120.04	2,460,669.34	1,261,741.67	73,236,292.22
Other Network projects	8,227,150.00	26,339,837.69	22,861,057.69	22,521,317.69	22,721,177.69	102,670,540.76
Non-Network Projects	3,543,417.55	26,164,933.85	39,631,077.93	18,113,529.15	5,140,982.20	92,593,940.68
ERC Capex Approval Fees	88,279.26	591,094.00	792,736.92	323,216.37	218,429.26	2,013,755.80
<b>Sub-Total</b>	<b>11,858,846.81</b>	<b>79,403,626.71</b>	<b>106,490,992.58</b>	<b>43,418,732.55</b>	<b>29,342,330.82</b>	<b>270,514,529.46</b>
<b>Cash for Debt Service:</b>						
Existing Loans	1,429,704.00	2,803,304.00	3,546,336.00	2,060,272.00	2,803,304.00	12,642,920.00
New Loans		16,674,716.21	20,232,676.51	26,491,749.21	26,543,652.80	89,942,794.73
<b>Sub-Total</b>	<b>1,429,704.00</b>	<b>19,478,020.21</b>	<b>23,779,012.51</b>	<b>28,552,021.21</b>	<b>29,346,956.80</b>	<b>102,585,714.73</b>
<b>Total Cash Outflows</b>	<b>13,288,550.81</b>	<b>98,881,646.91</b>	<b>130,270,005.09</b>	<b>71,970,753.76</b>	<b>58,689,287.62</b>	<b>373,100,244.19</b>
<b>Cash Balance End</b>	<b>8,150,716.76</b>	<b>(5,523,679.08)</b>	<b>(17,425,353.46)</b>	<b>(31,652,671.65)</b>	<b>(43,476,650.66)</b>	<b>(89,927,638.10)</b>
<b>Excess/(Shortfall) on RFSC Rate</b>	<b>0.19855</b>	<b>(0.12061)</b>	<b>(0.36144)</b>	<b>(0.62544)</b>	<b>(0.82037)</b>	<b>(0.37679)</b>

## 8. Summary of CAPEX Project

SUMMARY OF NETWORK PROJECT						
PROJECT CODE	PROJECT TITLE	IMPLEMENTING YEARS				
		2017	2018	2019	2020	2021
MNS001-1821	Primary and Secondary Distribution Project		963,082.42	926,867.50	985,169.34	886,241.67
MNS002-1819	Relocation of Poles Affected by Road Widening		4,533,337.38	13,523,252.54		
MNS003-1821	Replacement of Deteriorated Transformers		548,900.00	488,000.00	375,500.00	375,500.00
MNS004-1821	Installation of Three Phase Recloser at Lateral Lines			1,100,000.00	1,100,000.00	
MNS005-1821	Installation of three phase Recloser at Bgry. Cagpo, Torrijos		1,100,000.00			
MNPQ001-0020	Construction of 5 MVA substation			27,000,000.00		
MNPQ002-1821	Reconductoring of Line Segment from Cagpo Torrijos to Brgy Manlibunan SC and Installation of 150 kvar capacitor		19,162,441.37	168,000.00		
<b>SUB-TOTAL</b>			<b>26,307,761.17</b>	<b>43,206,120.04</b>	<b>2,460,669.34</b>	<b>1,261,741.67</b>

### SUMMARY OF OTHER NETWORK PROJECT

PROJECT CODE	PROJECT TITLE	IMPLEMENTING YEARS				
		2017	2018	2019	2020	2021
MONC001-1721	Standard Connection Facilities	2,366,800.00	4,592,660.00	4,291,980.00	4,412,240.00	4,612,100.00
MONC002-1721	Distribution Transformer for Additional Customer	498,600.00	6,577,100.00	3,022,500.00	2,937,500.00	2,937,500.00
MONC003-1721	Replacement of Defective Meters	3,524,250.00	7,633,000.00	7,634,500.00	7,634,500.00	7,634,500.00
MONC004-1721	Buffer Stock	1,837,500.00	7,537,077.69	7,912,077.69	7,537,077.69	7,537,077.69
<b>SUB-TOTAL</b>		<b>8,227,150.00</b>	<b>26,339,837.69</b>	<b>22,861,057.69</b>	<b>22,521,317.69</b>	<b>22,721,177.69</b>

### SUMMARY OF NON NETWORK PROJECT

PROJECT CODE	PROJECT TITLE	IMPLEMENTING YEARS				
		2017	2018	2019	2020	2021
MNNC001-1821	Construction of a New Office Building		2,998,050.00	5,976,900.35	1,427,547.15	
MNNC002-1718	Acquisition of Lot	720,000.00	6,000,000.00	3,600,000.00	2,400,000.00	
MNNC003-0018	Construction of Open Garage			4,304,400.00		
MNNC004-0018	Construction of Car Wash Station		50,000.00			
MNNC005-0018	Installation of Fuel and Gas Station			3,500,000.00		
MNNC006-0018	Renovation of MCIL		2,395,286.10			
MNNC007-0018	Construction of Perimeter Fence of Main HQ		3,719,772.00			

MNNC008-0018	Fabrication of Metal Strut Assembly for Warehouse Rack		100,000.00			
MNNC009-1721	Office Furniture and Equipment	275,384.00	2,086,781.20	1,774,446.20	124,394.00	124,394.00
MNNC010-1721	Laboratory Equipment	75,000.00	2,940,000.00	5,875,000.00	3,015,000.00	125,000.00
MNNC011-1721	Information Technology Equipment	1,113,750.00	916,400.00	4,794,600.00	3,610,000.00	
MNNC012-1721	Tools, Shop, Safety Gadgets and Garage Equipment	1,359,283.55	2,058,644.55	1,601,991.38	1,282,848.00	887,848.20
MNNC013-1721	Transportation Equipment		2,900,000.00	8,203,740.00	6,253,740.00	4,003,740.00
<b>SUBTOTAL</b>		<b>3,543,417.55</b>	<b>26,164,933.85</b>	<b>39,631,077.93</b>	<b>18,113,529.15</b>	<b>5,140,982.20</b>
<b>TOTAL</b>		<b>11,770,567.55</b>	<b>78,812,532.71</b>	<b>105,698,255.66</b>	<b>43,095,516.18</b>	<b>29,123,901.56</b>
<b>GRAND TOTAL</b>		<b>268,500,773.66</b>				

9. **SOURCE OF FUNDS:** MARELCO shall partly utilize its reinvestment funds and the rest shall be covered by loans from NEA and other financial institutions;

**COMPLIANCE WITH PRE-FILING  
AND OTHER DOCUMENTARY REQUIREMENTS**

10. Finally, in compliance with the pre-filing and other documentary requirements under the ERC Rules of Practice and as well as ERC Resolution 26, Series of 2009, MARELCO is submitting herewith the following documents which are being made integral parts hereof, to wit:

Annex No.	Nature of Document
A	MARELCO Board Resolution approving the application and authorizing its General Manager to sign and execute the required documents.
B	Proof of Furnishing copies of the application to the Sangguniang Bayan and Municipality of Boac and Provincial Government and Sangguniang Panlalawigan of Marinduque
C	Publication of the Application in a newspaper of general circulation within MARELCO franchise area

## **PRAYER**

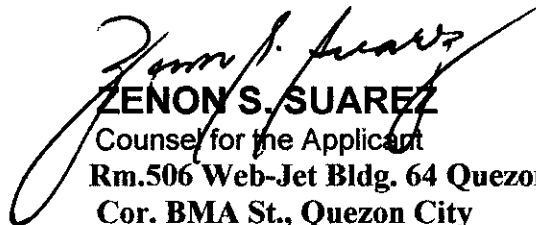
WHEREFORE, premises considered, it is respectfully prayed to the Honorable  
Commission to render a decision approving the following:

- 1. Proposed Capital Projects in the total amount of Php 268,500,773.66;**
- 2. Authority to secure loan from NEA;**

In view of the need to immediately implement the various projects which are necessary to replace the old equipment and to acquire new or additional materials and equipment, it is further prayed for the issuance of a provisional authority.

Other relief/s just and equitable in the premises are likewise prayed for.

Quezon City for Pasig City this 14<sup>th</sup> day of September, 2018.

  
**ZENON S. SUAREZ**  
Counsel for the Applicant  
Rm.506 Web-Jet Bldg. 64 Quezon Ave.,  
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IBP LRN 01592 6/24/99 Pasig City  
Attorney Roll No. 25041  
MCLE COMPLIANCE NO. IV-0002676  
CP No. 09081461208  
Email ad: suarezzenon\_412@yahoo.com

**VERIFICATION/CERTIFICATION**

REPUBLIC OF THE PHILIPPINES)  
In Boac, Marinduque )SS.

That I, GAUDENCIO M. SOL, JR., of legal age, Filipino, married and with Office address located at Ihatub, Boac, Marinduque, after having been duly sworn to in accordance with law hereby depose and say:

1. That I am the General Manager of Marinduque Electric Cooperative, Inc. (MARELCO) duly authorized to represent the cooperative in the filing of the Approval of Proposed Electric Capital Projects for the year 2017 to 2021 and authority to secure loan from NEA and other financing institution;
2. That I have caused the preparation and filing of the said Application;
3. That I have read and know the contents thereof as true and correct to the best of my own knowledge and authentic records;
4. That I hereby certify that I have not therefore commenced by any other action or proceeding involving the same in the Supreme Court, the Court of Appeals or any other tribunal or agency;
5. That to the best of my knowledge, no such action or proceeding is pending in the Supreme Court, the Court of Appeals or any other tribunal or agency;
6. That if there is such action or proceedings which is either pending or may have been terminated, we must state the status thereof;
7. That should I thereafter learn that similar action or proceedings has been filed or pending before the Supreme Court, the Court of Appeals or any other tribunal or agency , we will undertake to report that fact within five (5) days there from to the Court or agency wherein the original pleading has been filed;

IN WITNESS WHEREOF, I have hereunto set my hand this 18<sup>th</sup> day of September, 2018.

GAUDENCIO M. SOL JR.  
Affiant

SUBSCRIBED AND SWORN to before me at Quezon City this 18<sup>th</sup> day of September, 2018 by GAUDENCIO M. SOL JR. with ~~SSS~~ No. 33-00665210.

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Book No. 1  
Series of 2018

DESARIO E. [Signature]  
NOTARY PUBLIC  
JUVENIL DELA CRUZ JR. No. 12  
PTR No. 3814153 1-4-12  
ISSUED IN QUEZON CITY  
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