

REPUBLIC OF THE PHILIPPINES  
ENERGY REGULATORY COMMISSION  
SAN MIGUEL AVENUE, PASIG CITY

ENERGY REGULATORY COMMISSION  
**RECEIVED**  
Date: SEP 28 2018  
Time: 11:30  
By: [Signature]  
DOCKET / RECORDS

IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF THE SALE OF VARIOUS SUB-TRANSMISSION LINES/ASSETS OF THE NATIONAL TRANSMISSION CORPORATION (TransCo) TO COTABATO ELECTRIC COOPERATIVE, INC.-PPALMA (COTELCO-PPALMA), AS COVERED BY A LEASE PURCHASE AGREEMENT (LPA) DATED 11 JUNE 2018

*Auth*  
[Stamp: RECEIVED, DATE: 9-28-18]

OFFICE OF THE CITY MAYOR  
Date: SEP 25 2018  
Received By: EN'S  
Control #: \_\_\_\_\_  
Tel. #: 988 - 4242 Loc. 8306

ERC CASE No. 2018- 099 RC

NATIONAL TRANSMISSION CORPORATION (TransCo) AND COTABATO ELECTRIC COOPERATIVE, INC.-PPALMA (COTELCO-PPALMA),  
*Applicants.*

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VICE MAYOR'S OFFICE  
**RECEIVED**  
Date: 9/25/18 Time: 9:02  
Control No: 9076  
Received by: [Signature]

**JOINT APPLICATION**

Applicants, **NATIONAL TRANSMISSION CORPORATION (TransCo) and COTABATO ELECTRIC COOPERATIVE, INC.-PPALMA (COTELCO-PPALMA)**, through their respective counsels, and to this Honorable Commission, most respectfully aver that:

1. **TransCo** is a government-owned and controlled corporation (GOCC) created and existing by virtue of R.A. No. 9136, otherwise known as the *Electric Power Industry Reform Act of 2001 (EPIRA)*, with principal office address at the TransCo Main Building, Quezon Avenue corner BIR Road, Diliman, Quezon City.

2. **COTABATO ELECTRIC COOPERATIVE, INC.-PPALMA (COTELCO-PPALMA)** is an electric cooperative (EC) duly organized and existing under the laws of the Republic of the Philippines, with principal office address in Villarica, Midsayap, Cotabato, Philippines.

x-----x

3. By virtue of Section 8 of the EPIRA, TransCo assumed the electrical transmission functions of the National Power Corporation (NPC), and the responsibility of the latter for the planning, construction and centralized operation and maintenance of high voltage transmission facilities, including grid interconnections and ancillary services.

4. Section 8 of the EPIRA and Rule 6, Section 8(e) of its *Implementing Rules and Regulations (IRR)* also mandate the segregation of the transmission and sub-transmission functions and assets for transparency and disposal, and authorize TransCo to negotiate for, and to transfer such sub-transmission assets (STAs) and facilities to qualified distribution utilities (DUs), electric cooperatives (ECs) and consortia.

5. Pursuant thereto, this Honorable Commission promulgated the *"Guidelines on the Sale and Transfer of the TransCo's Subtransmission Assets and the Franchising of Qualified Consortiums"* (ERC Guidelines) dated 17 October 2003, as amended by *ERC Resolution No. 3, Series of 2005* dated 17 March 2005 which set forth, among others, the standards to distinguish TransCo's transmission assets from its sub-transmission assets, and establish the approval process prior to the final sale and transfer of sub-transmission assets to qualified DUs.

6. Consistent with the *ERC Guidelines*, TransCo adopted its own *Guidelines on the Sale of Sub-transmission Assets ("TransCo Guidelines")* [Annex "A"] as approved by *TransCo Board Resolution No. TC-2003-067* dated 28 November 2003 [Annex "A-1"], as further amended by *TransCo Board Resolution No. TC-2004-009* dated 16 March 2004 [Annex "A-2"].

7. On 16 July 2011, this Honorable Commission issued *Resolution No. 15, Series of 2011* entitled *"A Resolution Adopting the Amended Rules for the Approval of the Sale and Transfer of TransCo's Subtransmission Assets and the Acquisition by Qualified Consortiums."*

8. In accordance with the aforesaid ERC Guidelines, and based on a thorough evaluation conducted by TransCo, it was determined that the Nuling-Midsayap 69 kV Line and the improvements introduced by the National Grid Corporation of the Philippines (NGCP) thereon, are sub-transmission assets.

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Copies of the *Report on the Nature of the Assets, List of STAs for Sale to COTELCO-PPALMA* and the *Single Line Diagram* are attached as Annexes “B”, “C” and “D,” respectively.

9. TransCo has clearly established that COTELCO-PPALMA meets the financial and technical capability criteria under Article IV of the *ERC Guidelines* in acquiring, operating, maintaining, upgrading and expanding the subject STA and the improvements found thereon.

Attached are copies of the *Financial Qualification Evaluation* [Annex “E”] *Technical Qualification Evaluation* [Annex “F”] and *Audited Financial Statements* of COTELCO-PPALMA as of 31 December 2015 and 31 December 2016 [Annex “G”].

10. COTELCO-PPALMA is the only qualified DU that is directly connected to the subject asset and improvements erected thereon, as evidenced by the attached *List of Connected Distribution Utilities* [Annex “H”].

11. On 08 September 2017, the COTELCO-PPALMA Board of Directors issued *Resolution No. 71-2017* [Annex “I”] relative to the desired acquisition.

12. On 11 June 2018, TransCo and COTELCO-PPALMA executed a *Lease Purchase Agreement* [Annex “J”] covering the subject sub-transmission asset amounting to Ninety Five Million Six Hundred Seventy Three Thousand Four Hundred Twenty Nine and 69/100, Philippine Currency (PhP95,673,429.69), plus the corresponding twelve percent value-added tax (12% VAT) thereon, net of adjustments and deductions, subject to further adjustments for any major capital investments, expansions and additions, plus interest, payable in two hundred forty (240) equal monthly installments. This is consistent with the SKM Valuation [Annex “K”].

13. Finally, herein applicants also respectfully submit the following documents in compliance with the Honorable Commission’s requirements:

- a. Draft of the *Deed of Absolute Sale* [Annex “L”]; and,
- b. *Franchise Description* [Annex “M”].

14. The proposed sale has satisfied all of the requirements and criteria set by the *EPIRA* and its *IRR*, as well as the *ERC* and *TransCo Guidelines on the Sale of Subtransmission Assets*.

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15. The approval by this Honorable Commission of the instant *Joint Application* shall pave the way for the attainment of a reformed electricity industry under the *EPIRA*, which would ultimately best serve the interest of the consuming public.

### **PRAYER**

**WHEREFORE**, it is most respectfully prayed of this Honorable Commission that after due notice and hearing, a **DECISION** be rendered **APPROVING** the instant *Joint Application* pertaining to the sale of TransCo's sub-transmission asset, and the improvements erected thereon by the National Grid Corporation of the Philippines, in favor of **Cotabato Electric Cooperative, Inc.-PPALMA (COTELCO-PPALMA)** under the terms provided in the 11 June 2018 *Lease Purchase Agreement*.

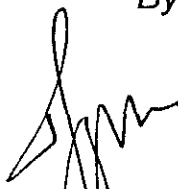
Applicants also pray for other just and equitable relief.

Quezon City and Cotabato City, for Pasig City, 05 July 2018.

### **NATIONAL TRANSMISSION CORPORATION**

TransCo Main Building, Quezon Avenue corner BIR Road,  
Diliman, Quezon City

By:



**NOEL Z. DE LEON**

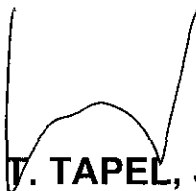
*General Counsel*

IBP No. 000917, 01-05-18, Quezon City

Roll No. 36660; April 1990

MCLE Compliance V- 0012407, 10 December 2015

Tel. Nos. (02) 902-1500 loc. 1503



**LEON T. TAPEL, JR.**

*Deputy Legal Counsel*

IBP 011437, 07-07-17, PPLM

Roll No. 34555; 30 May 1987

MCLE Compliance V-0007564, 14 May 2015



**NYERSON DEXTER TITO Q. TUALLA**

*Manager, Legal Counseling Department*

IBP 07135 (Lifetime), Quezon City

Roll No. 52294

MCLE Compliance No. V-0017377, 30 March 2016



**SOLEDAD T. DE LA VEGA-CABANGIS**

*Corporate Attorney III*

Roll of Attorneys No. 45797, 05.24.01

IBP No. 825514 (Lifetime), 04.23.10, Bulacan

MCLE Compliance No. V-0004031, effective until 14 April 2019

**COTABATO ELECTRIC COOPERATIVE, INC.-PPALMA  
(COTELCO-PPALMA)**

**By:**



**MELCHOR M. ALONZO**

*Counsel for Applicant COTELCO-PPALMA*

10E Banyan Tower, Bay Garden Club & Residences,  
Metropolitan Park, Macapagal Blvd. corner EDSA Ext., Pasay City  
PTR No. 5861647 / 19 January 2018 / Pasay City  
Lifetime IBP No. 0470  
Roll of Attorneys No. 36065  
MCLE Compliance No.V-0009606 / 5 August 2015

x-----x

**VERIFICATION and CERTIFICATION**  
**of NON-FORUM SHOPPING**

I, **ATTY. MELVIN A. MATIBAG**, Filipino, of legal age, married and with principal office address at the National Transmission Corporation (**TransCo**), TransCo Main Building, Quezon Avenue corner BIR Road, Diliman, Quezon City, after having been duly sworn to in accordance with law, do hereby depose and state, that:

1. I am **TransCo's** President and Chief Executive Officer who is duly authorized to represent it in this *Joint Application* as per the attached relevant section of *TransCo's Manual of Approvals (Annex "N")*;

2. I have caused the preparation of the instant *Joint Application* and read the contents thereof, and I attest that the allegations herein contained are true and correct based on my personal knowledge and on authentic records;


3. **TransCo** has not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and

4. Should I hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report said fact within five (5) days from discovery thereof to this Honorable Commission.

  
**MELVIN A. MATIBAG**  
Affiant

**SUBSCRIBED AND SWORN** to before me this AUG 16, 2018 day of           , 2018 at the National Transmission Corporation, TransCo Main Bldg., Quezon Avenue corner BIR Road, Diliman, Quezon City. Affiant who is personally known to me, exhibited to me his                      I.D. No. 12348-5 issued at                      on                      as competent evidence of identity. Said ID bears his picture and signature.

Doc. No. 494;  
Page No. 100;  
Book No. +;  
Series of 2018.

  
**NOTARY PUBLIC**  
SOLEDAD T. DELA VEGA-CABANGIS  
Notary Public For Quezon City  
Notarial Appointment No. MP-284 (2018-2019)  
Notarial Commission Until December 31, 2019  
Roll of Attorneys No. 45797  
PTR No. 6236380, Quezon City  
IBP Lifetime No. 09105, Bulacan Chapter  
National Transmission Corporation  
Transco Building, BIR Road Cor. Quezon Ave.,  
Diliman, Quezon City

x-----x

**VERIFICATION and CERTIFICATION**  
**of NON-FORUM SHOPPING**

I, **ERNESTO S. MANSILLA**, of legal age, Filipino, married and with office address at **Cotabato Electric Cooperative, Inc.-PPALMA (COTELCO-PPALMA)**, Villarica, Midsayap, Cotabato, Philippines, after having been duly sworn in accordance with law, do hereby depose and state that:

1. I am the Board President of **COTELCO-PPALMA** who is duly authorized to represent it in the above-entitled case, as evidenced by the attached **COTELCO-PPALMA** Board Resolution (Annex "O");.

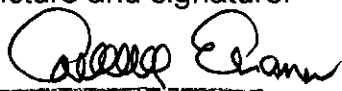
2. I have caused the preparation of the instant Joint Application and read the contents thereof, and I attest that the allegations herein contained are true and correct based on my personal knowledge and on authentic records of **COTELCO-PPALMA**.

3. **COTELCO-PPALMA** has not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and,

4. Should I hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report said fact within five (5) days from discovery thereof to this Honorable Commission.

**ERNESTO S. MANSILLA**  
Affiant

**SUBSCRIBED AND SWORN** to before me this July 24 day of 2018, 2018 at Midsayap, Cotabato City. Affiant who is personally known to me, exhibited to me his valid I.D. No. 5226 issued at Midsayap, Cotabato on July 25, 2011, as competent evidence of identity. Said ID bears his picture and signature.

  
**ALBERTOT L. RAMIS**  
Notary **NOTARY PUBLIC**  
OF THE PROVINCE OF COTABATO  
Until Dec. 31, 2018  
PTR - 8038556-1-3-18  
TIN - 178-199-762  
ROLL NO. 32,490  
IBP NO. 1085801-1-7-18  
Kidapawan City

Doc. No. 310 ;  
Page No. 62 ;  
Book No. XLV ;  
Series of 2018.