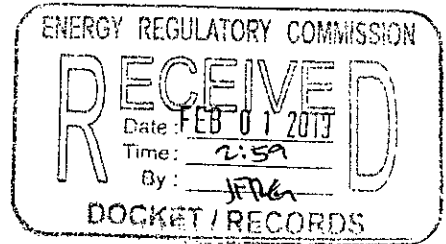


Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pacific Center Building
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
CAPITAL EXPENDITURE
PROGRAM FOR YEARS 2015
TO 2017, WITH MOTION FOR
PROVISIONAL AUTHORITY



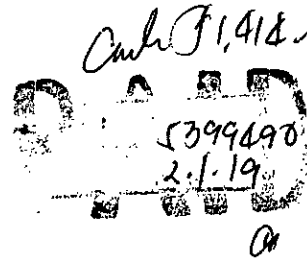
2019-007

ERC CASE NO. _____ RC

ISELCO IELECTRIC
COOPERATIVE, INC. (ISELCO
I),

Applicant.

x-----x



APPLICATION
WITH MOTION FOR PROVISIONAL AUTHORITY

Applicant, **ISABELA IELECTRIC COOPERATIVE, INC. (ISELCO I)**, through counsel, and to this Honorable Commission, respectfully alleges, that:

THE APPLICANT

1. ISELCO I is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Brgy. Victoria, Alicia, Isabela;

2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in the cities of Santiago and Cauayan and municipalities of Alicia, Angadanan, Cabatuan, Cordon, Echague, Jones, Luna, Ramon, Reina Mercedes, San Agustin, San Guillermo, San Isidro and San Mateo, all in the province of Isabela.

LEGAL BASIS FOR THE APPLICATION

3. 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, ISELCO I seeks approval, confirmation and authority from this Honorable Commission to implement its Capital Expenditure (CAPEX) Program for Years 2015 to 2017.

THE PROPOSED PROJECTS

4. ISELCO I's proposed CAPEX Projects subject of the instant Application are summarized hereunder, as follows:

PROPOSED NETWORK PROJECTS		Project Cost			
No.	Project Title	2015	2016	2017	Total
1	Upgrading of over extended service drop wire into Primary and Secondary Lines	8,651,931.88	8,872,856.68	7,477,714.37	25,002,502.93
2	Replacement of rotten pole/cross-arm and poles insertion	7,323,559.60	9,245,324.00	9,200,627.10	25,769,510.70
3	Relocation of Line Affected by Road Widening Project of DPWH	409,512.99	4,283,454.40	1,198,029.77	5,890,997.16
4	Relocation of 1.0 Km Three Phase Line at Dalibubun, Jones	-	384,016.83	-	384,016.83
5	Replacement of defective substation equipment protection				-
	1. Replacement of 3 units Defective Current Transformer	960,000.00	-	-	960,000.00
	2. Replacement of 4-Units defective and 4 units dilapidated Circuit Recloser	1,951,073.00	1,327,382.00	2,051,073.00	5,329,528.00
	3. Replacement of 3 units Defective Protection Relay	360,000.00	-	-	360,000.00
	4. Replacement of 1 unit Defective 69 KV Breaker of Cauayan Substation	3,800,000.00	-	-	3,800,000.00
6	Installation of New 20 MVA San Fermin Cauayan Substation	-	56,995,960.00	-	56,995,960.00
7	Upgrading of 10 MVA Cordon Substation into 20MVA	-	-	29,083,500.00	29,083,500.00
8	Installation of 10 MVA Garit Substation,	-	-	50,759,300.00	50,759,300.00
9	Construction 1.52kms 3 Phase line using 336 ACSR conductor from Pequeno to Tagaran	1,326,765.99	-	-	1,326,765.99

10	Construction of 5.8 kms three phase line at Minante, Cauayan City, Installation of Electronics Circuit Recloser a	5,779,395.75	-	-	5,779,395.75
11	Reconductoring of 3-Phase Line fromt Research to Nagrumbuan	1,419,396.75			1,419,396.75
12	Reconductoring of Feeder 2 Cordon	3,015,631.11	-	-	3,015,631.11
13	Conversion of line at Kaquilingan Cordon	1,016,422.79	-	-	1,016,422.79
14	Conversion of line at La Salette	-	97,748.82	-	97,748.82
15	Conversion of line at Patul	-	-	607,773.48	607,773.48
16	Conversion of line from Vee-phase to three phase and installation of capacitor at San Isidro	1,219,890.02	-	-	1,219,890.02
17	Conversion of line from Silawan to Anafunan and installation of capacitor	854,216.06	-	-	854,216.06
18	Conversion of line from Malini to Nabuan	445,500.46	-	-	445,500.46
19	Conversion of line from Vee phase to three phase at Buenavista, Santiago City	433,112.63	-	-	433,112.63
20	Conversion of line from single phase to three phase at Burgos	726,151.48	-	-	726,151.48
21	Conversion of line from single phase to three phase and installation of capacitor at San Pablo	-	1,690,327.94	-	1,690,327.94
22	Conversion of line from single phase to three phase at Centro, Cabatuan	-	-	137,239.67	137,239.67
23	Installation of capacitor	-	-	356,139.96	356,139.96
24	Expansion of Distribution Line at Far Flung areas	22,545,434.52	-	34,866,460.91	57,411,895.43
25	New Member Consumer's Kwhr Meters and Connection Accessories	1,760,214.72	2,895,606.00	3,336,360.48	7,992,181.20
26	Distribution Transformer Requirements	20,664,313.06	13,857,547.44	12,955,583.74	47,477,444.23
27	Expansion of Primary Distribution Lines	945,724.21	11,461,515.67	7,030,588.69	19,437,828.57
28	Expansion of Secondary Distribution Lines	597,617.53	175,911.03	-	773,528.55
29	Replacement of Old and Defective Kilowatt-hour Meters	8,633,139.80	7,435,333.68	9,692,548.60	25,761,022.08
Total Network Project		94,839,004.35	118,722,984.47	168,752,939.76	382,314,928.58

PROPOSED NON-NETWORK PROJECTS		Project Cost			
No.	Project Title	2015	2016	2017	Total
30	Development and Improvement of a Distribution Automation System	-	4,742,000.00	-	4,742,000.00
31	Improvement of Communication System and Communication Technology	2,174,500.00	1,801,200.00	14,167,750.00	18,143,450.00
32	Purchased of Tools and Instrument	3,707,444.40	1,807,131.00	3,249,583.00	8,764,158.40
33	Infrastructure Development	8,500,000.00	7,800,000.00	8,500,000.00	24,800,000.00
34	Purchased of additional Service and Maintenance Vehicle	6,113,000.00	26,289,200.00	20,810,000.00	53,212,200.00
Total Non Network Project		20,494,944.40	42,439,531.00	46,727,333.00	109,661,808.40

CAPITAL EXPENDITURE PLAN

5. The proposed projects together with justifications are discussed in detail in ISELCO I's CAPEX Plan for Years 2015 to 2017, with technical and financial analysis and supporting data presented in ERC-specified templates.

FINANCIAL AND ECONOMIC EVALUATION

5. **Financing Plan.** The proposed projects will be financed partly with funds to be acquired through loans from the National Electrification Administration (NEA), Rural Electrification Financing Corporation (REFC) and banks, and partly with its Reinvestment Fund for Sustainable Capital Expenditure (RFSC). Presented in the Table below are the CAPEX plan financiers to be pursued, to wit:

SOURCE OF FUNDS	PROJECT COST TO BE FINANCED	2015	2016	2017
RFSC	169,327,728.65	47,172,205.31	53,944,094.49	68,211,428.85
Bank Loans	92,326,645.83	29,250,629.79	22,242,933.04	40,833,083.00
REFC	105,661,827.94	6,113,000.00	27,979,527.94	71,569,300.00
NEA	124,660,534.56	32,798,113.65	56,995,960.00	34,866,460.91
	491,976,736.98	115,333,948.75	161,162,515.47	215,480,272.76

6. **Cash Flow and Rate Impact.** As shown in the following table, ISELCO I's cash flow shows that it is able to pursue and implement the 3-year CAPEX Plan without causing a significant increase in its electricity rates. For years 2015, 2016 and 2017, there is a minimal indicative additional rate requirement to cover the cost of the projects, new loan amortizations and permit fee, as follows, to wit:

Indicative Rate Impact of the Project				
	2015	2016	2017	Total
Forecasted energy sales, kWh	321,424,479	340,119,224	376,368,193	1,037,911,896
Cash balance beginning, PhP, excess/(shortfall)		(19,200,037.61)	(105,121,830.32)	(124,321,868)
CASH INFLOWS				-
current year collection @PhP0.2178/kWh	70,006,251.61	74,077,966.89	81,972,992.44	226,057,211
annual income on leased properties	1,730,237.82			1,730,238
loan proceeds from financial institutions (SEP), PhP	23,000,000.00	-	34,000,000.00	57,000,000
loan proceeds from financial institutions REFC, PhP	25,000,000.00	2,601,080.00	8,551,781.00	36,152,861
loan proceeds from financial institutions (hilux), PhP	1,938,000.00			1,938,000
loan proceeds from financial institutions (Fleet), PhP		27,319,200.00		27,319,200
loan proceeds from financial institutions (SS), PhP			67,387,781.00	67,387,781
Total Cash Inflows, PhP	121,674,489.43	103,998,246.89	191,912,554.44	417,585,291
Available cash for disbursement	121,674,489.43	84,798,209.29	86,790,724.11	293,263,423
CASH OUTFLOWS				-
CAPEX requirement	115,333,948.75	161,162,515.47	215,042,147.67	491,538,612
CAPEX debt service (old amortization)	19,608,656.72	17,863,880.72	13,604,836.72	51,077,374
CAPEX debt service (new amortization)	4,919,852.03	9,550,945.45	20,825,943.38	35,296,741
ERC Permit Fee, PhP	1,012,069.54	1,342,697.97	1,714,852.38	4,069,620
Total Cash Outflows, PhP	140,874,527.03	189,920,039.61	251,187,780.14	581,982,346.8
Cash balance ending, PhP, excess/(shortfall)	(19,200,037.61)	(105,121,830.32)	(164,397,056.03)	(288,718,924)
Excess/(shortfall) on RFSC, PhP/kWh	(0.0597)	(0.3091)	(0.4368)	(0.1584)

ALLEGATIONS IN SUPPORT OF THE MOTION FOR PROVISIONAL AUTHORITY

7. Applicant repleads the foregoing allegations as may be material herein;

8. Due to unforeseen situations or occurrences coupled with delays attributable to the filing of CAPEX applications, the cooperative has been constrained to implement the foregoing projects pending the filing of the instant application.

9. In view thereof, Applicant respectfully moves of the Honorable Commission to permit the implementation of those projects pending approval of the instant application, said implementation having enabled the cooperative to deliver a safe, efficient and more reliable electric service to its consumers.

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

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

Annex Markings	Nature of Document
A	Capital Expenditure Plan for Years 2015 to 2017 with supporting data in ERC-specified templates
B B-1	Affidavit of Posting Notice on the Proposed Projects
C	Affidavit of Undertaking that the corresponding application for approval of concerned agencies shall be filed, when required
D	Judicial Affidavit in Support of the Motion for Provisional Authority
E and series	Proof of furnishing copies of the application to the Sangguniang Bayan of Alicia and Sangguniang Panlalawigan of Isabela
F and series	Publication of the Application in a newspaper of general circulation in ISELCO I's franchise area or where it principally operates

PRAYER

WHEREFORE, premises considered, ISELCO I respectfully prays of this Honorable Commission that the cooperative's implementation of the proposed projects pending evaluation thereof be permitted and after due notice and hearing, the proposed projects be approved accordingly.

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

Pasig City, Metro Manila, October 10, 2018.

**DECHAVEZ LERIOS-AMBOY AND EVANGELISTA
LAW OFFICES¹**

Counsel for the Applicant
Isabela I Electric Cooperative, Inc. (ISELCO I)
Unit 2008, Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City 1605
Tel. Nos. 910-1587; 661-9357

By:


JEREMIAH D. FRANCISCO

Roll of Attorneys No. 62302

PTR No. 2535282, January 16, 2017, Pasig City

IBP No. 1054236, January 16, 2017, RSM

MCLE Compliance No. V - 0016881, valid until April 14, 2019

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
Ditas A. Lerios-Amboy	V-0016672	March 16, 2016
Nelson V. Evangelista	V-0008307	June 3, 2015

VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING

ENGR. VIRGILIO L. MONTANO, of legal age, Filipino and with office address at the main office of the Isabela I Electric Cooperative, Inc. (ISELCO I), Brgy. Victoria, Alicia, Isabela, after being sworn to according to law, depose and state that:

1. I am the General Manager of the Isabela I Electric Cooperative, Inc. (ISELCO I), 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. ISELCO I has not heretofore commenced any other action or proceedings involving the same issues 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.


VIRGILIO L. MONTANO
Affiant

SUBSCRIBED AND SWORN to before me in ECHAGUE, ISABELA this 11th day of August 2018, by the affiant who exhibited to me his SSS I.D. bearing No. 0104144037.

Doc. No. 96;
Page No. 21;
Book No. XIVIII;
Series of 2018.

