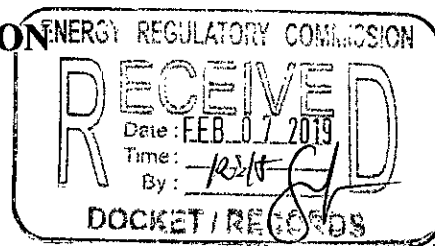
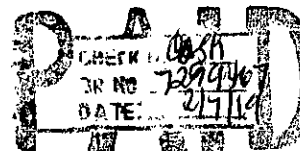


ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



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. 2019-09 RC

ZAMBALES I ELECTRIC
COOPERATIVE, INC.
(ZAMECO I),

Applicant.

x ----- x

APPLICATION

Applicant Zambales I Electric Cooperative, Inc. (ZAMECO I), 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 main office at San Vicente, Palauig, Zambales, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. RENE A. DIVINO, of legal age, Filipino, and with office address also at ZAMECO I main office, duly authorized by the Board of Directors as evidence by the Secretary's Certificate, hereto attached as **Annex "A"**;
2. Herein applicant 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 Zambales, namely: Botolan, Candelaria, Iba, Masinloc, Palauig, and Sta. Cruz;
3. The Iba Substation has capacity problem. Shown in the table below is the actual and forecasted demand and loading of Iba Substation. Based from the table, the Technical Working Group of ZAMECO I was able to identify that Iba Substation already has a critical loading due to the extensive load growth in the area. According to

the Electric Cooperative Distribution Planning Manual (ECDUPM), consider planning for augmentation of substation capacity if it will be 70% loaded. The Iba Substation is under critical loading, therefore there is a need to file for augmentation project to meet the present and future load requirement of the area and to have an accessible capacity that can accommodate emergency load transfers from other substations or feeders.

DEMAND AND PERCENT LOADING OF IBA SUBSTATION			
SUBSTATION	YEAR	ACTUAL AND FORECASTED DEMAND (MVA)	PERCENT LOADING (%)
IBA 10/12.5 MVA	2018	10.63	85.05%
	2019	11.34	90.70%
	2020	12.03	96.27%
	2021	12.73	101.84%
	2022	13.41	107.32%
	2023	14.09	112.72%
	2024	14.75	118.03%
	2025	15.42	123.35%
	2026	16.06	128.50%
	2027	16.71	133.64%

4. On July 17, 2018, severe damage was sustained by the two (2) units of 13.2kV MVSG Vacuum Circuit Breaker of Candelaria Substation caused by water intrusion due to excessive rain brought by the Habagat. This created instant short-circuit and insulation breakdown that caused flashover and burning of the switchgear. This incident left the 22,916 consumers of affected parts of Masinloc, Candelaria and Sta. Cruz with no electricity. In order to resume the power supply in the affected areas, ZAMECO I had to replace the burned equipment immediately;
5. Since it was identified that there is a capacity problem at Iba District, an installation of a New 20-MVA Power Transformer at Iba Substation is necessary to meet the present and future load requirement in the area;
6. Considering that there is pressing need to address the 22,916 consumers of affected parts of Masinloc, Candelaria and Sta. Cruz with no electricity, ZAMECO I immediately purchased two (2) units of 15 kV Vacuum Circuit Recloser through Negotiated Procurement Process. The equipment purchased was immediately installed and energized due to urgency and the extent of the affected areas;

7. The proposed projects are generated to address the identified problems as shown above. The table below shows the summary of project for each problem that was identified:

PROPOSED EMERGENCY PROJECTS			PROJECT COST (PHP)
NO.	TITLE	TYPE	2018
1	Installation of a New 20-MVA Power Transformer at Iba Substation	Capacity	46,101,000.00
2	Replacement of medium voltage switchgear with 2 units 15 kV Vacuum Circuit Recloser at Candelaria Substation	Safety	2,221,507.20
Grand Total			48,322,507.20

8. The estimated cost of installation of a New 20-MVA Power Transformer is **Forty Six Million One Hundred One Thousand (P46,101,000.00) Pesos**, which will be funded by a loan from the National Electrification Administration (NEA) with a fixed interest rate of six (6%) percent per annum and to be paid within ten (10) years or on or before the expiration of its franchise on November 27, 2028. On the other hand, the actual project cost incurred for the replacement of medium voltage switchgear with 2 units 15 kV Vacuum Circuit Recloser was **Two Million Two Hundred Twenty One Thousand Five Hundred Seven and 20/100 (P2,221,507.20) Pesos** was funded by the existing Reinvestment Fund for Sustainable Capital Expenditures (RFSC). The aggregate cost of the two (2) capital expenditure projects is **Forty Eight Million Three Hundred Twenty Two Thousand Five Hundred Seven and 20/100 (P48,322,507.20) Pesos**;

9. For purposes of and in connection with this application, ZAMECO I 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;

10. 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";

11. That in compliance with the pre-filing requirements, ZAMECO I is submitting the following:

- a) Certification from the Sangguniang Bayan of Palauig, Zambales, 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 Zambales 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 Zambales; and

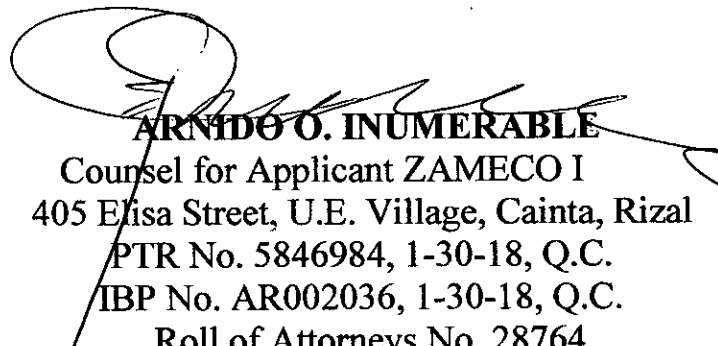
12. That the approval of these Emergency Capital Expenditure Projects are needed to maintain efficient, reliable, and safety delivery of power to ZAMECO I's existing and future consumers, and will redound to the benefits of the consuming public within its franchise area.

PRAYER

WHEREFORE, premises considered, applicant Zambales I Electric Cooperative, Inc. (ZAMECO I) 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, January 22, 2019.


ARNIDO O. INUMERABLE
Counsel for Applicant ZAMECO I
405 Elisa Street, U.E. Village, Cainta, Rizal
PTR No. 5846984, 1-30-18, Q.C.
IBP No. AR002036, 1-30-18, Q.C.
Roll of Attorneys No. 28764
MCLE Compliance No. V-0007400, 4-23-15
CP #09298408040; Landline No. 647-3056
E Mail: attyinumerable@yahoo.com.ph

Republic of the Philippines)
Province of Zambales) S.S.
Municipality of Iba)

VERIFICATION/CERTIFICATION

I, ENGR. RENE A. DIVINO, of legal age, Filipino, and with office address located at San Vicente, Palauig, Zambales, after having been sworn to in accordance with law, hereby depose and state:

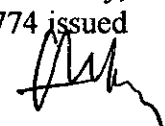
1. That I am the General Manager of Zambales I Electric Cooperative, Inc. (ZAMECO I);
2. That I have caused the preparation and filing of the application for the approval of regulated entities' emergency capital expenditure projects with authority to secure loan from National Electrification Administration (NEA);
3. That I have read and know the contents thereof as true and correct to the best of my knowledge;
4. That I hereby certify that I have not commenced any action by 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, I must state the status thereof;
7. That I should thereafter learn a similar action or proceeding has been filed or pending before the Supreme Court, the Court of Appeals or any other tribunal or agency, I will undertake to report that fact within five (5) days therefrom to the Court or agency wherein the original pleading has been filed.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of January 2019 at San Vicente, Palauig, Zambales, Philippines.


ENGR. RENE A. DIVINO
Affiant

SUBSCRIBED AND SWORN to before me this 23rd day of January, 2019 affiant exhibited to me his Community Tax Certificate No. 27627774 issued on January 3, 2019 at Masinloc, Zambales

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Series of: 2019


ATTY. SANCHE A. ABASTA JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2019
PTR NO. 9417505/01-02-19
LIFE MEMBER NO. 04810
ROLL NO. 88697