

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

**IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF CAPITAL EXPENDITURE
PROJECTS FOR THE YEARS 2020
TO 2022 AND AUTHORITY TO
SECURE LOANS FROM
NATIONAL ELECTRIFICATION
ADMINISTRATION (NEA) AND
OTHER FINANCIAL AND/OR
BANKING INSTITUTIONS IN
ACCORDANCE WITH THE
PROVISIONS OF R.A. NO. 9136
AND THE RULES FOR THE
APPROVAL OF REGULATED
ENTITIES' CAPITAL
EXPENDITURE PROJECTS, WITH
PRAYER FOR ISSUANCE OF
PROVISIONAL AUTHORITY**

103
ERC Case No. 2021- _ RC

December 07, 2021

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

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APPLICATION

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

1. FLECO 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 4014, where it may be served with summons and other legal processes, represented in this

instance by its Board President, ALLAN S. GUALBERTO, of legal age, Filipino, and with office address also at FLECO main office;

2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA), which will expire on May 16 2028, 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, Mabitac and Sta. Maria. Copy of FLECO's Certificate of Franchise is hereto attached and duly marked as **Annex "A"**;

3. Applicant hereby submits its proposed capital expenditure (CAPEX) projects for the years 2020 – 2022, in accordance with the specific provisions of Republic Act No. 9136 and the implementing guidelines adopted by the Energy Regulatory Commission (ERC) under Resolution No. 26, Series of 2009, more specifically the Amended Rules for the Approval of Regulated Entities' Capital Expenditure Projects;

4. The applicant, in support of this application for the approval of the CAPEX projects, has attached its feasibility study on the Capital Expenditure Projects for the years 2020-2022, duly marked as **Annex "B"**, which contained the following required documents as provided in the ERC guidelines:

- a. Company Profile;
- b. Distribution Planning Process, Methodologies and Criteria;
- c. Forecasting;
- d. Performance Assessment of Existing Distribution System;
- e. Summary of Identified Problems;
- f. Goal Setting and Prioritization;
- g. Summary of the Proposed Capital Projects;
- h. Financing Plan;
- i. Indicative Rate Impact of the Project; and
- j. Details of the Proposed Capital Projects:
 - i. Project Code;
 - ii. Project Type;
 - iii. Priority Rank;
 - iv. Project Category
 - v. Project Title;
 - vi. Project Cost;
 - vii. Project Duration;
 - viii. Project Description;
 - ix. Project Justification;
 - x. Technical Analysis; and
 - xi. Economic Analysis

FLECO is reserving its right to submit other documents, either in the course of the hearing or as may be required by this Honorable Commission;

5. The summary of the proposed capital expenditure projects (in pesos) are presented below:

SUMMARY OF THE PROPOSED CAPEX PROJECTS							
Network Projects							
No.	Project Description	Project Code	Project Type	Total Project Cost	Cost per Year		
					2020	2021	2022
1	Replacement of 69KV Oil Circuit Breaker with 69KV SF6 Circuit Breaker of Pakil Substation	SFT-01	Safety	4,490,000.00		4,490,000.00	
2	Revamp of Three-Phase Primary Line (Backbone Line)	SFT-02	Safety	49,190,827.67		24,147,085.28	25,043,742.68
SUB-TOTAL:				53,680,827.96		28,637,085.28	25,043,742.68
Other Network Projects							
No.	Project Description	Project Code	Project Type	Project Cost	2020	2021	2022
3	Distribution Transformer Requirement	OTW-01	Capacity	8,955,650.00	4,038,500.00	2,369,000.00	2,548,150.00
4	Kilowatt-hour Meter Requirement	OTW-02		13,151,357.30	4,625,064.50	4,391,041.00	4,135,251.80
5	Secondary Service Drop Requirement	OTW-03		3,714,637.50	1,342,800.00	1,189,500.00	1,182,337.50
6	Secondary Line Requirement	OTW-04		4,846,161.60	353,750.00	2,186,243.52	2,306,168.08
SUB-TOTAL:				30,667,806.40	10,360,114.50	10,135,784.52	10,171,907.38
Non-Network Projects							
No.	Project Description	Project Code	Project Type	Project Cost	2020	2021	2022
7	Installation of Supervisory Control and Data Acquisition (SCADA) System	NNW-01	Service Efficiency	15,528,048.08		5,389,729.00	10,138,319.08

8	Procurement of Personal Protective Equipment	NNW-02	4,852,629.90	299,417.40	2,248,500.00	2,304,712.50
9	Procurement of Tools and Equipment	NNW-03	6,404,715.05	208,113.80	3,060,050.00	3,136,551.25
10	Purchase of Generator Set	NNW-04	733,600.00		733,600.00	
11	Acquisition of Two (2) Units Service Vehicles for Audit Department and Office of the General Manager	NNW-05	2,665,000.00			2,665,000.00
12	Construction of New Main Office Building	NNW-06	11,923,789.38		11,923,789.38	
13	Construction of Function Hall and Boardroom	NNW-07	7,344,826.59			7,344,826.59
14	Construction of Perimeter Fence	NNW-08	6,328,898.85			6,328,898.85
15	Acquisition of 1 Unit 2.5-toner Boom Truck with Manlift	NNW-09	5,700,000.00		5,700,000.00	
16	Procurement of Lots and Construction of Area Offices:	NNW-10				
	-Siniloan, Laguna		3,000,000.00		3,000,000.00	
	-Sta. Maria, Laguna		2,050,000.00			2,050,000.00
	-Cavinti, Laguna		2,050,000.00			2,050,000.00
17	Acquisition of Four (4) Units Service Vehicles for Emergency Crews	NNW-11	6,478,000.00			6,478,000.00
SUB-TOTAL:			75,059,507.84	507,531.20	32,055,668.38	42,496,308.26
TOTAL COST:			159,408,142.21			
TOTAL COST PER YEAR:				10,867,645.70	70,828,538.18	77,711,958.33

6. The actual cost of its proposed capital expenditure (CAPEX) projects for the years 2020 – 2022 is One Hundred Fifty Nine Million Four Hundred Eight Thousand One Hundred Forty Two Pesos and Twenty One Centavos (P159,408,142.21);

7. The CAPEX projects for the years 2020-2022 will be financed through utilization of the Reinvestment Fund for Sustainable CAPEX (RFSC) and Loans from NEA and other financial/banking institutions;

8. Considering that the CAPEX projects for the years 2020-2022 will partly be financed through loans from NEA and other financial/banking institutions due to insufficiency of RFSC, FLECO hereby applies from the Honorable Commission to authorize the said loans;

9. These capital expenditure projects are necessary for the Operation and maintenance of the distribution system of FLECO in order to extend dependable and quality electric service to consumers;

10. These capital expenditure projects are in compliance with the Philippine Grid Code, Philippine Distribution Code, and specific provisions of Republic Act No. 9136, and the implementing guidelines on capital projects;

11. These CAPEX projects are consistent with the Distribution Development Plan of FLECO submitted to the Department of Energy;

12. Under Rule 14 of the ERC Rules of Practice and Procedure, the Honorable Commission is authorized to issue provisional authority or interim relief prior to a final decision, provided the facts and circumstances alleged warrant such remedy. Thus, applicant most respectfully request for immediate relief and/or approval of this application in order to avoid irreparable losses which will ultimately result in the deterioration of its services, to the damage, and prejudice of the public, in general, and its members/consumers, in particular. To support the Motion for Provisional Authority, the Affidavit of Engr. Richard B. Mondez is attached herewith as **Annex "C"** of this application;

13. 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;
- d) Certification from the Office of the Municipal Mayor of Lumban, Laguna where the principal office of the applicant is situated; and
- e) Certification from the Office of the Governor of Laguna.

14. The approval of these Capital Expenditure Projects are Necessary 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.

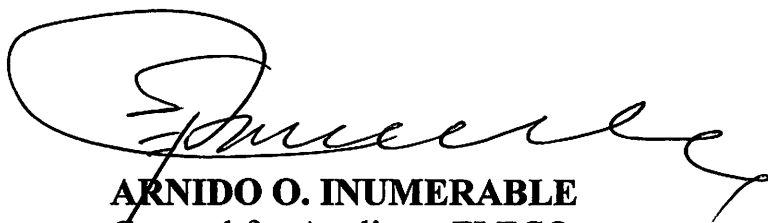
PRAYER

WHEREFORE, premises considered, applicant First Laguna Electric Cooperative, Inc. (FLECO) respectfully prays of this Honorable Commission that pending hearing, the herein submitted capital expenditure projects be provisionally approved *ex-parte*, that the applicant be authorized to adopt and implement the same, and that the applicant's loans from the National Electrification Administration (NEA) and other financial/banking institutions be authorized.

And after due notice and hearing and consideration, this application be approved permanently.

Other relief/s, just or equitable under the premises, are likewise prayed for.

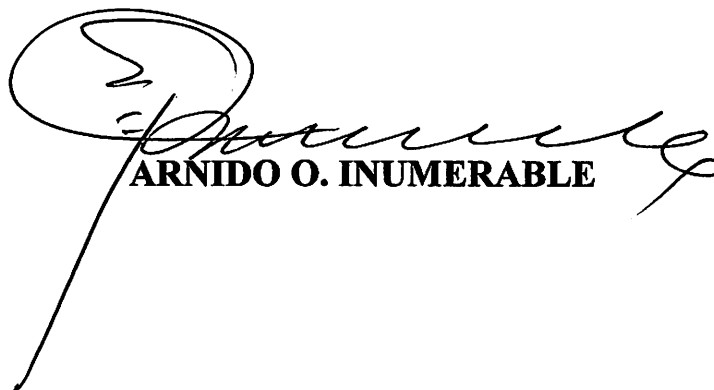
Cainta, Rizal for Pasig City, November 3, 2021.



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EXPLANATION

This Application will be filed through electronic means pursuant to ERC Resolutions No. 8 and 9, Series of 2020.



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