

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



IN THE MATTER OF THE  
APPLICATION FOR APPROVAL  
OF THE SUPPLEMENT TO THE  
ENERGY SUPPLY AGREEMENT  
BETWEEN ZAMBOANGA DEL  
SUR I ELECTRIC  
COOPERATIVE, INC.  
(ZAMSURECO I) AND THERMA  
MARINE, INC. (TMI), WITH  
MOTION FOR PROVISIONAL  
AUTHORITY AND MOTION FOR  
CONFIDENTIAL TREATMENT  
OF INFORMATION

ERC CASE NO. 2014-191 RC

ZAMBOANGA DEL SUR I  
ELECTRIC COOPERATIVE, INC.  
(ZAMSURECO I) AND THERMA  
MARINE, INC. (TMI),

Applicants.

X-----X

DOCKETS  
Date: FEB 10 2015  
By: CM

## ORDER

On December 22, 2014, Zamboanga Del Sur I Electric Cooperative, Inc. (ZAMSURECO I) and Therma Marine, Inc. (TMI) filed a joint application for the approval of their Supplement to the Energy Supply Agreement, with motion for provisional authority and motion for confidential treatment of information.

In the said joint application, ZAMSURECO I and TMI alleged, among others, the following:

1. ZAMSURECO I is a non-stock, non-profit electric cooperative, organized and existing under and by virtue of Presidential Decree No. 269, as amended, with principal address at Gov. Vicente M. Cerilles St., Pagadian City, Zamboanga Del Sur. It holds an exclusive franchise

issued by the National Electrification Commission to operate an electric light and power distribution service in Pagadian City, and certain municipalities of Zamboanga Del Sur, namely: Aurora, Dimataling, Diñas, Dumalinao, Dumingag, Guipos, Labangan, Lapuyan, Mahayag, Margosatubig, Midsalip, Molave R. Magsaysay, San Miguel, San Pablo, Tabina, Tambulig, Tigbao, Tukuran, Sominot (formerly Don Mariano Marcos), Pitogo, Josefina and Vincenzo Sagum, and the municipality of Don Victoriano in the Province of Misamis Occidental (Franchise Area);

2. TMI is a generation company duly organized and existing under the laws of the Republic of the Philippines with principal office address in Mobile 2, Lawis, Sta. Ana, Nasipit, Agusan del Norte. Copies of TMI's Securities and Exchange Commission Certificate of Registration, Articles of Incorporation and By-Laws, General Information Sheet and Audited Financial Statements are attached to the joint application as Annexes "A", "B", "C" and "D," respectively;
  - 2.1 TMI owns and operates the 100 MW Power Barge No. 117 (PB 117) in Nasipit, Agusan Del Norte and the 100 MW Power Barge No. 118 (PB 118) in Maco, Compostela Valley, which it acquired from the Power Sector Assets and Liabilities Management Corporation (PSALM) upon their privatization in accordance with Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 (EPIRA); and
  - 2.2 TMI is joining ZAMSURECO I as co-applicant in this case in order to assist it in securing approval of the terms and conditions of the Energy Supply Agreement dated 20 June 2011 (ESA), as amended by the Supplement to the Energy Supply Agreement dated 14 October 2014 (Supplement Agreement), entered into by and between ZAMSURECO I and TMI;

**NATURE OF THE APPLICATION**

3. The instant joint application seeks approval by the Commission of the ESA, as amended by the Supplement Agreement, entered into by and between ZAMSURECO I and TMI, pursuant to Rule 20 (B) of the Commission's Rules of Practice and Procedure (ERC Rules), and other pertinent rules and regulations.

Copies of the ESA and the Supplement Agreement are attached to the joint application as Annexes "E" and "F", respectively;

**STATEMENT OF FACTS**

4. ZAMSURECO I currently sources the bulk of its electricity requirements from the Power Sector Assets and Liabilities Management Corporation (PSALM) and the remainder from TMI and Mapalad Power Corporation (MPC).

- 4.1 On June 20, 2011, ZAMSURECO I entered into an ESA with TMI for the supply of 5MW for a term of three (3) years from Effective Date, or from January 7, 2012 to January 6, 2015 (Original Term). The ESA was approved by the Commission in a Decision dated October 22, 2012 in ERC Case No. 2011-114RC, with the following applicable rates:

<b>Cost Component</b>	<b>Approved Rates</b>
Capacity Fee (PhP/kW/month)	2012                      278
	2013                      296
	2014                      323
	2015                      305
Fixed O&M Fee (PhP/kW/month)	239
Energy Fee (PhP/kWh)	0.14864
Fuel and Lube Oil Rate	Pass thru cost based on fuel consumption rates of 0.2358 liter/kWh or actual, whichever is lower, for Heavy Fuel Oil (HFO) and 0.0024 liter/kWh or actual, whichever is lower, for Lube Oil (LO)

4.2 Details of ZAMSURECO I's other supply contracts are as follows:

SUPPLIER	CONTRACT CAPACITY	DATE OF EXECUTION OF SUPPLY CONTRACT	TERM	ERC APPROVAL
NPC/PSALM				
Mapalad Power Corp.	5MW	4 March 2013	3 years	Application for approval of the Energy Supply Agreement filed on 24 April 2013 docketed under ERC Case No. 2013-83RC
Therma South, Inc.	5MW	18 March 2013	25 years	Application for approval of the Energy Supply Agreement filed on 23 May 2014 docketed under ERC Case No. 2014-064RC
GNPower Ltd. Co.	24.24MW	21 November 2012	20 years	Application for approval of the Power Purchase and Sale filed on 12 February 2014 docketed under ERC Case No. 2014-001RC
San Ramon Power, Inc.	5MW	18 July 2014	25 years	Pre-filing in process.
King Energy Generation, Inc.	5MW	6 May 2013	10 years	For filing.

5. It is expected that the energy requirements of ZAMSURECO I's customers will significantly increase in the next few years as demonstrated by ZAMSURECO I's Distribution Development Plan ("DDP"), which is hereto attached as Annex "G";
6. The expiration of the Contract for the Supply of Electric Energy with PSALM in 2016, as well as the projected increase in the energy requirements of ZAMSURECO I's customers will result in a shortage of the energy available to it and its customers, even with the supply agreements it

executed with GN Power, San Ramon Power, and King Energy;

7. On October 14, 2014, ZAMSURECO I and TMI executed the Supplement Agreement extending the term of the ESA for an additional period of three (3) years from the expiration of the term (Additional Term) and stipulating the rights and obligations of the Parties during the Additional Term, which shall be under the same terms and conditions of the ESA, subject to the following:

**SALIENT PROVISIONS OF THE ESA AS AMENDED BY THE  
SUPPLEMENT AGREEMENT**

8. **Additional Term.** The Supplement to the ESA provides that the ESA shall remain in force for an additional period of three (3) years from the expiration of the Original Term, commencing on January 7, 2015 and shall terminate on January 6, 2018 unless either Party sends a written notice of pre-termination to the other Party at least sixty (60) days prior to the end of each contract year. The Supplement to the ESA further provides that it may be terminated effective on the Operations Effective Date defined in the Energy Supply Agreement between ZAMSURECO I and TSI covering the supply of power from the coal-fired power plant of TSI located in Toril Davao; provided that if Operations Effective Date has not yet occurred by the end of the Additional Term, the ESA shall be automatically renewed on a year-to-year basis, unless earlier terminated in accordance with the provisions of the ESA. Upon expiration of the Additional Term, and any extensions thereof, the Parties may agree to further extend the term of the Agreement under the same terms and conditions of the ESA, as amended by the Supplement Agreement;

9. **Electricity Fees.** Beginning on the expiration of the Original Term, the Electricity Fees shall be computed based on the following values:

		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
CF	PhP/kW/mo	296	323	305	287	268	250
FOM	PhP/kW/mo	239	314	314	314	314	314
EF	PhP/kWh	0.14864	0.15245	0.15245	0.15245	0.15245	0.15245
HFCR	L/kWh	0.23580	0.23580	0.23580	0.23580	0.23580	0.23580
LOCR	L/kWh	0.00240	0.00240	0.00240	0.00240	0.00240	0.00240

The CF and FOM for 2013 to 2015 and the EF for 2013 are based on the Decision of the Honorable Commission dated October 22, 2012 in ERC Case No. 2011-114 RC, while the HFCR and LOCR for 2013 to 2015 are based on the Decisions dated November 26, 2012 in ERC Case Nos. 2012-057 RC,<sup>1</sup> 2012-060 RC,<sup>2</sup> 2012-058 RC,<sup>3</sup> 2012-045 RC,<sup>4</sup> 2012-063 RC,<sup>5</sup> 2012-086 RC,<sup>6</sup> 2012-039 RC,<sup>7</sup> 2011-126 RC,<sup>8</sup> 2011-114 RC<sup>9</sup> and 2011-087 RC.<sup>10</sup>

<sup>1</sup> In the Matter of the Application for Approval of the Energy Supply Agreement (ESA) Between Bukidnon Second Electric Cooperative, Inc. (BUSECO) and Therma Marine, Inc. (TMI), With Prayer For Provisional Authority, Bukidnon Second Electric Cooperative, Inc. (BUSECO), Applicant.

<sup>2</sup> In the Matter of the Application for Approval of the Energy Supply Agreement (ESA) Between Camiguin Electric Cooperative, Inc. (CAMELCO) and Therma Marine, Inc. (TMI), With Prayer For Provisional Authority, Camiguin Electric Cooperative, Inc. (CAMELCO), Applicant.

<sup>3</sup> In the Matter of the Application for Approval of the Energy Supply Agreement (ESA) Between Cotabato Electric Cooperative, Inc. (COTELCO) and Therma Marine, Inc. (TMI), With Prayer For Provisional Authority, Cotabato Electric Cooperative, Inc. (COTELCO), Applicant.

<sup>4</sup> In the Matter of the Application for Approval of the Energy Supply Agreement (ESA) Between Misamis Occidental I Electric Cooperative, Inc. (MOELCI I) and Therma Marine, Inc. (TMI), With Prayer For Provisional Authority, Misamis Occidental I Electric Cooperative, Inc. (MOELCI I), Applicant.

<sup>5</sup> In the Matter of the Application for Approval of the Energy Supply Agreement (ESA) Between Misamis Occidental II Electric Cooperative, Inc. (MOELCI II) and Therma Marine, Inc. (TMI), With Prayer For Provisional Authority, Misamis Occidental II Electric Cooperative, Inc. (MOELCI II), Applicant.

<sup>6</sup> In the Matter of the Application for Approval of the Energy Supply Agreement (ESA) Between ZAMBOANGA DEL SUR I ELECTRIC Cooperative, Inc. (ZAMSURECO I) and Therma Marine, Inc. (TMI), With Prayer For Provisional Authority, Sultan Kudarat Electric Cooperative, Inc. (ZAMSURECO I), Applicant.

<sup>7</sup> In the Matter of the Application for Approval of the Energy Supply Agreement (ESA) Between Zamboanga City Electric Cooperative, Inc. (ZAMCELCO) and Therma Marine, Inc. (TMI), With Prayer For Provisional Authority, Zamboanga City Electric Cooperative, Inc. (ZAMCELCO), Applicant.

<sup>8</sup> In the Matter of the Application for Approval of the Energy Supply Agreement (ESA) Between Zamboanga Del Sur II Electric Cooperative, Inc. (ZAMSURECO II) and Therma Marine, Inc. (TMI), With Prayer For Provisional Authority, Zamboanga Del Sur II Electric Cooperative, Inc. (ZAMSURECO), Applicant.

<sup>9</sup> In the Matter of the Application for Approval of the Energy Supply Agreement (ESA) Between Zamboanga Del Sur I Electric Cooperative, Inc. (ZAMSURECO I) and Therma Marine, Inc. (TMI), With Prayer For Provisional Authority, Zamboanga Del Sur I Electric Cooperative, Inc. (ZAMSURECO I), Applicant.

<sup>10</sup> In the Matter of the Application for Approval of the Energy Supply Agreement (ESA) Between Zamboanga Del Norte Electric Cooperative, Inc. (ZANECO) and Therma Marine, Inc. (TMI), With

9.1 The formula for FC in item 2 (Contract Energy Fee per month) of Schedule III (Contract Energy Fee) of the ESA shall be deemed amended to read as follows:<sup>11</sup>

$$FC = [CF + (FOM)(IF_f)] BC + \left[ \left( \frac{INS}{12} \right) \frac{BC}{TotalBC} \right]$$

$$INS = INS_y - INS_1$$

Where:

INS<sub>y</sub> = actual insurance cost for the two barges for the current year

INS<sub>1</sub> = PhP43,035,782.00 for the two barges, representing insurance cost included in the FOM

9.2 Hence, the formula for Contract Energy Fee per Month as provided in the ESA shall be:<sup>12</sup>

$$CEF = FC + VC$$

$$FC = [CF + (FOM)(IF_f)] BC + \left[ \left( \frac{INS}{12} \right) \frac{BC}{TotalBC} \right]$$

$$VC = [(EF)(IF_v) + FLR]ED_m$$

For calendar month  $m = 1, 2, \dots, 12$

Where:

CEF = Contract Energy Fee in Php

EF = Energy Fee (before adding the applicable VAT) for the Billing Period in Php/kWh

FC = Fixed charge per month in Pesos

<sup>11</sup> Supplement Agreement, Section 2.1

<sup>12</sup> ESA, Schedule III, Item 2, as amended by the Section 2 of the Supplement Agreement.

VC	=	Variable charge per month in Pesos
CF	=	the Capacity fee in Php/kW/month for the current Contract Year
FOM	=	Fixed O&M fee in Php/kW/month
IF <sub>f</sub>	=	Inflation factor for fixed O&M fee
BC	=	Billing Capacity in kW or 5,000kW
INS	=	INS <sub>y</sub> – INS <sub>1</sub>

Where:

INS<sub>y</sub> = actual insurance cost for the two barges for the current year

INS<sub>1</sub> = PhP43,035,782.00 for the two barges, representing insurance cost included in the FOM

IF<sub>v</sub> = Inflation factor for Energy Fee

TotalBC= Total Billing Capacity for all Energy Supply Agreements entered into by Supplier which have achieved effectivity date and for the duration of such effectivity, as such terms and conditions are defined under the respective Energy Supply Agreements

FLR = Fuel oil, lube oil and related fuel rate in Php/kWh

ED<sub>m</sub> = The Sum of the hourly volumes of Contract Energy as found in the Contract Energy Schedule (or as revised by the Parties or by MSO/MSO RCC) for the Billing Period primarily associated with calendar month *m* (for example December 26-January 25 is associated with January) (and adjusted for transmission losses, if any, imputed by the transmission service provider if measured at a meter other than the Generator Metering Point), in kWh

The Fixed Charge ("FC") shall be proportionately adjusted if:

- a. The Contract Energy Delivery days in a Billing Period are less the total number of days in the Billing Period (to adjust to first and last Billing Periods of the ESA); and
- b. The non-delivery days (or fraction thereof) in any Billing Period caused by Allowed Downtime described under Section 8 of the ESA.



9.3 Finally, the base indices in Item 3 (Inflation Factor) of Schedule III (Contract Energy Fee) of the ESA shall be deemed amended to read as follows:<sup>13</sup>

PCPI<sub>b</sub> = Philippine CPI of 126.4 as of June 2011

UCPI<sub>b</sub> = US CPI of 225.722 as of June 2011

ECPI<sub>b</sub> = EURO CPI of 113.10 as of June 2011

JCPI<sub>b</sub> = Japan CPI of 99.9 as of June 2011

10. **Billing Capacity.** In the event that TMI is required to reduce its installed capacity in order to remain compliant with Section 45 of the EPIRA, TMI shall have the right to reduce the Billing Capacity of ZAMSURECO I to the extent of the reduction required under Section 45 of the EPIRA, provided that, the reduction in the Billing Capacity of ZAMSURECO I shall not exceed its pro rata share in the total Billing Capacity of TMI in relation with other offtakers of TMI<sup>14</sup>;
11. **Contract Energy.** Under the ESA, TMI shall make available, on a monthly basis, the capacity of 5MW, to be delivered in accordance with the Schedule of Contract of Energy under the ESA;
12. **Additional Energy.** TMI may, at its option, make available to ZAMSURECO I such energy in excess of the contracted energy for which ZAMSURECO I shall be liable to pay the Additional Energy Fee consisting of variable and fixed charges pro-rated for the hours of delivery of the additional energy, subject to annual adjustments. The same formula for the Additional Energy Fee Rate under the ESA shall continue to be in effect;

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<sup>13</sup>Supplement Agreement, Section 2.3.

<sup>14</sup> Supplement Agreement, Clause 2.9

13. **Load Curtailment Adjustment.** For Contract Energy subject of load curtailment, ZAMSURECO I shall pay the Load Curtailment Adjustment in lieu of the Capacity Fee component of the Contract Energy Fee. The same formula for the Load Curtailment Adjustment Rate under the ESA shall continue to be in effect;
14. **Replacement Energy.** TMI has the option but not the obligation to source replacement or alternative supply from its own back-up facility and/or any third party to supply all or part of the Contract Energy;
15. **Security Deposit.** Before the commencement of the second (2<sup>nd</sup>) Contract Year and each Contract Year thereafter, ZAMSURECO I shall provide TMI a Renewal Security Deposit in the form of a Standby Letter of Credit in an amount equivalent to the estimated average one month Invoice projected for the next twelve (12) months as agreed by TMI and ZAMSURECO I or, in case of disagreement, in an amount equal to the highest Invoice issued by TMI to ZAMSURECO I in the twelve (12) months immediately preceding the Commencement of such Contract Year;<sup>15</sup>
16. **Application Costs.** The Supplement Agreement provides that ZAMSURECO I shall bear the costs of all filing fees, costs of publication, legal fees and similar costs arising from the preparation and filing of the instant application<sup>16</sup>;
17. The extension of the Contract Term under the Supplement Agreement and the implementation thereof will redound to the benefit of ZAMSURECO I's consumers which may otherwise be forced to bear the cost of 5MW purchased from the Interim Mindanao Electricity Market (IMEM) or to suffer a corresponding amount of brownouts. In undertaking the extension of the ESA under the Supplement to the ESA, ZAMSURECO I seeks to comply with its obligation of providing stable and continuous power supply, pursuant

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<sup>15</sup>ESA, Clause 6.1.2, as amended by Section 2.4 of the Supplemental Agreement.

<sup>16</sup> Supplement Agreement, Section 2.7

to the Department Circular No. DC 2012-03-004 dated March 19, 2012 of the Department of Energy (DOE);

### SUBMISSIONS

18. In support of the instant application and in compliance with Rule 20 (B) of the ERC Rules of Practice and Procedure, it submits the following additional documents:
  - a. Board of Investments (BOI) Certificate of Registration of TMI (Annex "H" of the joint application);
  - b. Environmental Compliance Certificate (ECC) issued by the Department of Environment and Natural Resources (DENR) to TMI (Annex "I" of the joint application);
  - c. Certification dated November 25, 2014 issued by the National Grid Corporation of the Philippines (NGCP) (Annex "J" of the joint application);
  - d. Certificate of Compliance (COC) issued by the Energy Regulatory Commission (ERC) to TMI (Annex "K" of the joint application);
  - e. Relevant Technical and Economic Characteristics of TMI's Power Barges (Annex "L" of the joint application);
  - f. Sources of Funds/Financial Plans (Annex "M" of the joint application);
  - g. Purchased Power Rate (Annex "N" of the joint application);
  - h. Cash Flow (Annex "O" of the joint application);
  - i. Financial Model (Annex "P");

- j. Fuel Procurement Process of TMI (Annex "Q" of the joint application);
  - k. Transmission Service Agreement (TSA) executed between ZAMSURECO I and NGCP (Annex "R" of the joint application);
  - l. Certification from PSALM of the insufficiency of its supply to meet ZAMSURECO I's requirements (Annex "S" of the joint application); and
  - m. Procurement Process of ZAMSURECO I (Annex "T" of the joint application);
19. In further compliance with the requirements of the Commission, they considered several scenarios and derived a Rate Impact Simulation based on the said scenarios, which is attached to the joint application as Annex "U" and may be summarized as follows:

Year	Scenario without TMI* PhP/kWh	Scenario with TMI PhP/kWh	Increase/ (Decrease) PhP/kWh	Supply Deficiency without TMI (kw)	Supply Deficiency with TMI (kw)
2015	4.5044	4.7458	.2414	(12,261)	(7,261)
2016	4.6634	5.0147	.3513	(9,446)	(4,446)
2017	4.7420	4.8657	.1237	(15,604)	(10,604)

**MOTIONS FOR PROVISIONAL AUTHORITY AND  
 CONFIDENTIAL TREATMENT OF INFORMATION**

20. They move for the issuance of a provisional approval of the Supplement Agreement, pending trial on the merits thereof, upon the following reasons:
- a. **Mindanao Power Crisis.** The power shortage in Mindanao has remained a critical problem for ZAMSURECO I which continues to suffer rotating brownouts in the grid. A bilateral agreement, such as the Supplement Agreement, will significantly aid

ZAMSURECO I in minimizing or even eliminating the rotating brownouts in its franchise area which has had a debilitating impact upon the local economy;

- b. **Insufficiency of NPC/PSALM Supply.** The reduction of the NPC/PSALM CSEE capacity from ZAMSURECO I's portfolio renders imperative a bilateral supply contract to answer for the equivalent capacity, lest ZAMSURECO I be compelled to resort to the unpredictable and expectedly higher prices in the IMEM or worse, be curtailed for insufficient contracted capacity; and
  - c. **Continuing Demand Growth.** As illustrated in its DDP, ZAMSURECO I is expecting a growth in the total demand of its end-users so that, coupled with reduction of the NPC/PSALM capacity, there is a wide supply gap that urgently needs to be filled. Without the Supplement Agreement, ZAMSURECO I will be incapable of satisfying the electricity requirements of its end-users who must be forced to suffer brownouts resulting from its curtailment;
21. Considering the foregoing, they request the Commission for the provisional approval of the ESA, as amended by the Supplement Agreement to enable ZAMSURECO I to draw under the said agreement. This will avoid the power interruptions which have caused irreversible losses upon economic productivity within its franchise area. The Affidavit in support of the prayer for the issuance of Provisional Authority is attached to the joint application as Annex "V";
  22. Under Section 13 of the ESA, each Party undertook to keep in strict confidence and not to disclose to any third party any and all Confidential Information of the other Party;
  23. Under Rule 4 of the ERC Rules, the Commission may, upon request of a party and determination of the existence of conditions which would warrant such remedy, treat certain information submitted to it as

confidential. Pursuant to its undertaking, ZAMSURECO I and TMI move that Annexes "M", "N", "O", "P", and "Q" not be disclosed and be treated as confidential documents in accordance with Rule 4 of the ERC Rules and accordingly, not be disclosed to persons other than the officers and staff of the Commission, as necessary. These documents contain certain non-public information, data and calculations involving business operations and financial trade secrets reflecting TMI's investment and business calculations;

24. They submitted one (1) copy of Annexes "M", "N", "O", "P" and "Q" in a sealed envelope, with the envelope and each page of the document stamped with the word "Confidential"; and
25. They pray that the Commission:
  - a. Issue an Order treating Annexes "M", "N", "O", "P" and "Q" and the information contained therein as confidential, directing their non-disclosure to persons other than the officers and staff of the Commission, pursuant to Rule 4 of the ERC Rules, and prescribing the guidelines for the protection thereof;
  - b. Pending trial on the merits, provisionally approve the ESA, as amended by the Supplement Agreement, effective January 7, 2015; and
  - c. After trial on the merits, approve with finality the ESA, as amended by the Supplement Agreement, including the rates, Security Deposit and Application Costs which shall be for the account of ZAMSURECO I.

Finding the said joint application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, pre-trial conference, expository presentation and evidentiary hearing on **March 10, 2015 (Tuesday) at nine o' clock in the morning (9:00 A.M.) at ZAMSURECO I's Principal Office, Gov. Vicente M. Cerilles St., Pagadian City, Zamboanga Del Sur.**

ZAMSURECO I and TMI are hereby directed to cause the publication of the attached Notice of Public Hearing, at their own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing. They are also directed to inform the consumers within ZAMSURECO I's franchise area, by any other means available and appropriate, of the filing of the instant joint application, its reasons therefor, and of the scheduled hearing thereon.

Let copies of the joint application, this Order and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governors of Zamboanga del Sur and Misamis Occidental and the Mayors of the Municipalities within the franchise area of ZAMSURECO I for appropriate posting thereof on their respective bulletin boards.

ZAMSURECO I and TMI are hereby directed to furnish all those making requests therefor with copies of the joint application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, ZAMSURECO I and TMI must submit to the Commission their written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governors, Mayors or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

ZAMSURECO I, TMI and all other interested parties are directed to submit, at least five (5) days before the date of initial hearing and pre-trial conference, their respective Pre-trial Briefs containing, among others:

- (a) a summary of admitted facts and proposed stipulation of facts;
- (b) the issues to be tried or resolved;
- (c) the documents or exhibits to be presented, stating the purposes thereof and proposed markings therefor; and
- (d) the number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-trial Brief.

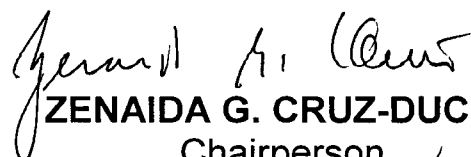
Failure of ZAMSURECO I and TMI to submit the required Pre-Trial Brief and Judicial Affidavits of their witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.

As part of the pre-trial conference, ZAMSURECO I and TMI must also be prepared to make an expository presentation of their joint application, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the joint application is all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, February 3, 2015.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson *per se*

  
LFB/NJS



**Copy Furnished:**

1. **Atty. Ditas A. Lerios-Amboy**  
**LERIOS-AMBOY PINGOL & GONZALES LAW OFFICES**  
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**& Maria Theresa L. Ventura-Pugeda**  
**PUYAT, JACINTO & SANTOS**  
Counsel for TMI  
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6772 Ayala Avenue, Makati City
3. **Zamboanga del Sur Electric Cooperative, Inc. (ZAMSURECO I)**  
Gov. Vicente M. Cerilles St.  
Pagadian City, Zamboanga Del Sur
4. **Office of the Solicitor General**  
134 Amorsolo Street, Legaspi Village  
Makati City, Metro Manila
5. **Commission on Audit**  
Commonwealth Avenue  
Quezon City, Metro Manila
6. **Senate Committee on Energy**  
GSIS Bldg. Roxas Blvd., Pasay City  
Metro Manila
7. **House Committee on Energy**  
Batasan Hills, Quezon City, Metro Manila
8. **Office of the President**  
Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, ECC Building, Sen. Gil Puyat Avenue  
Makati City
9. **Office of the Provincial Governor**  
Zamboanga del Sur
10. **Office of the Provincial Governor**  
Misamis Occidental
11. **Office of the Municipal Mayor**  
Tambulig, Zamboanga del Sur
12. **Office of the Municipal Mayor**  
Molave, Zamboanga del Sur

13. **Office of the Municipal Mayor**  
Dumingag, Zamboanga del Sur
14. **Office of the Municipal Mayor**  
Mahayag, Zamboanga del Sur
15. **Office of the Municipal Mayor**  
Josefina, Zamboanga del Sur
16. **Office of the Municipal Mayor**  
Aurora, Zamboanga del Sur
17. **Office of the Municipal Mayor**  
Ramon Magsaysay, Zamboanga del Sur
18. **Office of the Municipal Mayor**  
Suminot, Zamboanga del Sur
19. **Office of the Municipal Mayor**  
Tukuran, Zamboanga del Sur
20. **Office of the Municipal Mayor**  
Labangan, Zamboanga del Sur
21. **Office of the Municipal Mayor**  
Dumalinao, Zamboanga del Sur
22. **Office of the Municipal Mayor**  
Tigbao, Zamboanga del Sur
23. **Office of the Municipal Mayor**  
San Pablo, Zamboanga del Sur
24. **Office of the Municipal Mayor**  
Guipos, Zamboanga del Sur
25. **Office of the Municipal Mayor**  
San Miguel, Zamboanga del Sur
26. **Office of the Municipal Mayor**  
Lapuyan, Zamboanga del Sur
27. **Office of the Municipal Mayor**  
Margosatubig, Zamboanga del Sur
28. **Office of the Municipal Mayor**  
Margosatubig, Zamboanga del Sur
29. **Office of the Municipal Mayor**  
Vincenzo Sagun, Zamboanga del Sur

30. **Office of the Municipal Mayor**  
Dinas, Zamboanga del Sur
31. **Office of the Municipal Mayor**  
Dimataling, Zamboanga del Sur
32. **Office of the Municipal Mayor**  
Tabina, Zamboanga del Sur
33. **Office of the Municipal Mayor**  
Pitogo, Zamboanga del Sur
34. **Office of the Municipal Mayor**  
Don Victoriano, Misamis Occidental