

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pasig City



**IN THE MATTER OF  
THE APPLICATION FOR  
APPROVAL OF PROPOSED  
UNPLANNED ELECTRIC  
CAPITAL EXPENDITURE  
PROJECTS FOR THE YEAR 2019  
AND FOR PRAYER FOR  
PROVISIONAL AUTHORITY**

**ERC CASE NO. 2020-003 RC**

**TARLAC II ELECTRIC  
COOPERATIVE,  
INC. (TARELCO II),  
*Applicant.***

**Promulgated:  
August 28, 2020**

**X ----- X**

**NOTICE OF VIRTUAL HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 17 January 2020, the Tarlac II Electric Cooperative, Inc. (TARELCO II) filed an *Application* dated 25 October 2019 (Application), seeking the Commission's approval of its proposed unplanned electric Capital Expenditure (CAPEX) projects for the year 2019, with prayer for provisional authority.

The pertinent portions of the said *Application* are hereunder quoted as follows:

1. Applicant is an electric cooperative duly organized and existing under and by the virtue of the laws of the Republic of the Philippines, with principal office at Brgy. San Nicolas Poblacion, Concepcion, Tarlac;
2. It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution services in the five (5) municipalities, namely the Municipalities of Bamban, Capas, Concepcion, and La Paz in the Province of Tarlac and Municipality of Zaragoza in the Province of Nueva Ecija;

**ERC CASE NO. 2020-003 RC**  
**NOTICE OF VIRTUAL HEARING/18 AUGUST 2020**  
**PAGE 2 of 6**

---

3. That pursuant to ERC Resolution No. 26 Series of 2009, and in accordance with Section 3.5 and other provision of Article III of the Amended Rules for the Approval of Regulated Entities Capital Expenditure Projects; and likewise in accordance with its mandate to render reliable, adequate and efficient electric service to all its member- consumers on an area coverage basis, herein applicant seeks the authority from this Honorable Commission for the approval of its Unplanned Capital Expenditure Projects for the year 2019, for the replacement of overloaded transformer due to the sudden increased of demand causing Dolores and Sto Rosario Substations loading issue, as follows:

| NO.                                   | PROJECT CODE | PROPOSED PROJECT  | IMPLEMENTING YEAR    |
|---------------------------------------|--------------|---|----------------------|
|                                       |              | <i>TITLE</i>  | <i>2019</i>          |
| 1.                                    | 2019-01      | Replacement of existing 20MVA to 30MVA S/S in Dolores, Capas, Tarlac.                     | 34,250,000.00        |
| 2.                                    | 2019-02      | Replacement of existing 5MVA to 20MVA S/S in Magunting, Sto. Rosario, Concepcion, Tarlac. | 1,000,000.00         |
| <b>Total Unplanned CAPEX Projects</b> |              |   | <b>35,250,000.00</b> |

4. That in compliance with the guidelines and documentary requirements of this Honorable Commission, applicant herein hereby submit the following documents, as follows:
- Historical and Forecast Planning Data
  - Technical and Engineering Analysis
  - Project Financial and Economic Cost Benefit Analysis
  - Project Cost Estimates
  - Project Descriptions and System Study of the Projects
  - Proposed GANTT CHART Schedule
  - System Map
  - Single Line Diagram of the System
  - Board Resolution Approving the Proposed Projects
  - Sworn Statement

**PROJECT DESCRIPTION**

5. The components of this Unplanned Capital Expenditures Project is a continuation of the expansion, rehabilitation and upgrading of various facilities of the electric cooperative for sustainable growth and development in order to render a more reliable and efficient service to all its customers in all its area coverage;

**BENEFITS**

6. It aims to further enhance the reliability programs geared towards the delivery of a more efficient and satisfying electric service to its member consumers;

**FINANCING PLAN & RATE IMPACT**

7. Funding for the acquisition and purchase of technical capital expenditures will be taken from the approved Php0.2904/kwh Member's Contribution for Capital Expenditures or the Reinvestment Fund for Sustainable Capital Expenditures (RFSC) based on the projected load growth (conservatively computed based on simulated normal growth rate) of the cooperative;

| <b>TARELCO II UNPLANNED CAPEX PROJECTS 2019</b>                    |                |                |                |                |                  |
|--|----------------|----------------|----------------|----------------|------------------|
| <b>Capital Budgeting</b>   |                |                |                |                |                  |
|  | 2019           | 2020           | 2021           | 2022           | TOTAL            |
| <b>Forecasted energy sales, kWh</b>                                | 334,587,060.00 | 357,621,930.00 | 379,260,420.00 | 399,502,530.00 | 1,470,971,940.00 |
| <b>Cash Balance beginning, PhP, excess/(shortfall)</b>             | 22,861,869.54  | 10,989,414.72  | 117,037,870.36 | 229,370,143.51 | 22,861,869.54    |
| <b>CASH INFLOWS</b>  |                |                |                |                |                  |
| <b>Current year collection @ PhPo.2904/kWh</b>                     | 97,164,082.22  | 103,853,408.47 | 110,137,225.97 | 116,015,534.71 | 427,170,251.38   |
| <b>50% of income leased properties</b>                             | 2,195,047.18   | 2,195,047.18   | 2,195,047.18   | 2,195,047.18   | 8,780,188.70     |
| <b>Total Cash Inflows, PhP</b>                                     | 99,359,129.40  | 106,048,455.65 | 112,332,273.14 | 118,210,581.89 | 435,950,440.08   |
| <b>Available cash for disbursement</b>                             | 122,220,998.94 | 117,037,870.36 | 229,370,143.51 | 347,580,725.39 | 458,812,309.62   |
| <b>CASH OUTFLOWS</b>   |                |                |                |                | -                |
| <b>CAPEX requirement (per application ERC Case No. 2017-022RC)</b> | 75,153,557.54  |                |                |                | 75,153,557.54    |
| <b>Unplanned CAPEX</b>   | 35,250,000.00  |                |                |                | 35,250,000.00    |
| <b>ERC Permit Fee, PhP</b>   | 828,026.68     | -              | -              | -              | 828,026.68       |
| <b>Total Cash Out flows, PhP</b>                                   | 111,231,584.22 | -              | -              | -              | 111,231,584.22   |
| <b>Cash balance ending, PhP, excess/(shortfall)</b>                | 10,989,414.72  | 117,037,870.36 | 229,370,143.51 | 347,580,725.39 | 347,580,725.39   |
| <b>Excess/(shortfall) on RFSC, PhP/kWh</b>                         | 0.03           | 0.33           | 0.60           | 0.87           | 1.83             |
| <b>Reinvestment fund rate</b>                                      | <b>0.2904</b>  |                |                |                |                  |

**COMPLIANCE WITH PRE-FILING AND OTHER DOCUMENTARY REQUIREMENTS**

8. Finally, in compliance with the pre-filing and other documentary requirements under the ERC Rules of Practice and as well as ERC Resolution 26, Series of 2009, TARELCO II is submitting herewith the following documents which are made integral parts hereof, to wit:

| <b>Annex</b> | <b>Nature of Document</b>   |
|--------------|---|
| A            | TARELCO II Board Resolution approving the application and authorizing its General Manager to sign and execute the required documents.                                       |
| B            | Proof of Furnishing copies of the application to the Sanguniang Bayan of Bamban, Capas, Concepcion, Lapaz, & Zaragoza, and Sanguniang Panlalawigan of Tarlac & Nueva Ecija. |
| C            | Publication of the Application in a newspaper of general circulation within TARELCO II franchise area.  |

**PRAYER**

WHEREFORE, premises considered, it is respectfully prayed to the Honorable Commission to render a decision approving the

**ERC CASE NO. 2020-003 RC**  
**NOTICE OF VIRTUAL HEARING/18 AUGUST 2020**  
**PAGE 4 of 6**

---

following proposed capital projects in the total amount of Php35,250,000.00;

In view of the need to immediately implement the various projects which are necessary to replace the old equipment and to acquire new or additional materials and equipment.

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

In the *Order* dated 03 July 2020, the Commission has set the instant *Application* for the determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on 10 September 2020 at TARELCO II's main office.

However, due to the continuous threat to public health and safety brought about by the coronavirus disease 2019 (COVID-19), the Commission deemed it necessary to conduct all previously scheduled physical hearings through virtual hearings.

**IN VIEW OF THE FOREGOING**, the Commission hereby cancels the physical hearing scheduled on 10 September 2020 and shall convene the virtual hearing through video conferencing, subject to certain limitations as set forth herein.

**ACCORDINGLY**, the Commission hereby sets anew the instant *Application* for the determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on **10 September 2020 (Thursday) at half past ten o'clock in the morning (10:30 A.M.)**, through a virtual hearing using the **Zoom Application** as the online platform for the conduct thereof.

**RELATIVE THERETO**, the Commission hereby directs TARELCO II to host the virtual hearing **at its Main Office at Brgy. San Nicolas Poblacion, Concepcion, Tarlac**, as the designated venue, and ensure that the same is open to the public and that the community quarantine guidelines are observed at all times. Moreover, TARELCO II shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via e-mail at [records@erc.gov.ph](mailto:records@erc.gov.ph) and [records.erc.gov.ph@gmail.com](mailto:records.erc.gov.ph@gmail.com), copy furnish the Legal Service through

[legal.erc.gov.ph@gmail.com](mailto:legal.erc.gov.ph@gmail.com). The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via electronic mail (e-mail) at [records@erc.gov.ph](mailto:records@erc.gov.ph) and [records.erc.gov.ph@gmail.com](mailto:records.erc.gov.ph@gmail.com), copy furnish the Legal Service through [legal.erc.gov.ph@gmail.com](mailto:legal.erc.gov.ph@gmail.com), a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name, mailing address, and e-mail address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may likewise file through e-mail at [records@erc.gov.ph](mailto:records@erc.gov.ph) and [records.erc.gov.ph@gmail.com](mailto:records.erc.gov.ph@gmail.com), their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, through any of the available modes of service, upon their

**ERC CASE NO. 2020-003 RC**  
**NOTICE OF VIRTUAL HEARING/18 AUGUST 2020**  
**PAGE 6 of 6**

---

agreement, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours. In the alternative, those persons who wish to have an electronic copy of the *Application* may request the Commission for the e-mail address of the Applicant by sending an e-mail to [records@erc.gov.ph](mailto:records@erc.gov.ph) and [records.erc.gov.ph@gmail.com](mailto:records.erc.gov.ph@gmail.com), copy furnish the Legal Service through [legal.erc.gov.ph@gmail.com](mailto:legal.erc.gov.ph@gmail.com). Nonetheless, any person may also access the *Application* as posted by the Commission in its official website at [www.erc.gov.ph](http://www.erc.gov.ph).

Finally, all interested persons may be allowed to join the scheduled initial virtual hearing by providing the Commission, thru [legal.virtualhearings.erc.gov.ph@gmail.com](mailto:legal.virtualhearings.erc.gov.ph@gmail.com), with their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission shall send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

**WITNESS**, the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 18<sup>th</sup> day of August 2020 in Pasig City.

  
**AGNES VST DEVANADERA**  
*Chairperson and CEO*

  
LS: KPF/MCC/MCCG