

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



**IN THE MATTER OF THE  
APPLICATION FOR  
CONFIRMATION AND  
APPROVAL OF FORCE  
MAJEURE EVENT CAPITAL  
EXPENDITURE PROJECT  
FOR THE YEAR 2020, RE:  
REPAIR, RESTORATION,  
REPLACEMENT AND/OR  
REHABILITATION OF  
DISTRIBUTION LINES,  
FACILITIES AND  
EQUIPMENT DAMAGE BY  
TYPHOON TISOY, AND FOR  
PRAYER FOR PROVISIONAL  
AUTHORITY**

**ERC Case No. 2021-038 RC**

**MARINDUQUE ELECTRIC  
COOPERATIVE, INC.  
(MARELCO),**

*Applicant.*

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**Promulgated:**

June 21, 2021

**NOTICE OF VIRTUAL HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 26 May 2021, the Marinduque Electric Cooperative, Inc. (MARELCO) filed an *Application* dated 25 August 2020, for confirmation and approval of force majeure event capital expenditure project for the year 2020 for the repair, restoration, replacement and/or rehabilitation of distribution lines, facilities, and equipment damaged by Typhoon Tisoy, with prayer for provisional authority.

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

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. Ihatub, Boac, Marinduque.

1. It is the holder of an exclusive franchise issued by the National Electrification Administration (NEA), to operate an electric light and power distribution services in the six (6) municipalities, namely the municipalities of Boac, Mogpog, Sta. Cruz, Torrijos, Buenavista and Gasan in the province of Marinduque, for a period of 50 years from December 1, 1979 and will expire on December 1, 2029
2. That this application is being filed pursuant to section 3.3 of ERC Resolution no.26, series of 2009, which provides that if a force majeure or fortuitous event, as the case may be, occurs, the regulated entity shall seek the ERC's confirmation of the implementation of the capital expenditure projects arising from such event.

**FORCE MAJEURE EVENT  
(TYPHOON TISOY)**

3. According to PAG-ASA, Typhoon Tisoy made its first landfall near Gubat, Sorsogon with reported winds of 135km/hr with a total accumulated rainfall of 605.5mm within the course of 24 hours on December 2.
4. December 3, 2019 Tuesday 8:30 AM Typhoon Tisoy, made its third landfall at Torrijos, Marinduque area bringing heavy rains and fierce wind and generates a gustiness of 200km/hr, that results to ripping of rooftops from houses and knocking down trees and power lines.
5. The storm left extensive damage to MARELCO's distribution lines, distribution transformers, hardware and accessories, service drop wires, kilowatt-hour meters and other equipment.

**DESCRIPTION OF THE PROJECT**

6. Due to immediate restoration of line most of the materials and line hardware are temporarily repaired for us to immediately provide power in the whole province. This project is consist of repair, restoration, replacement of MARELCO's damaged distribution poles and lines, distribution transformers, hardware and accessories, service drop wires, kilowatt-hour meters, and other line equipment necessary to restore power.

**ESTIMATED PROJECT COST**

7. The funding requirement for the repair, restoration, replacement and/or rehabilitation of the damaged properties was estimated at Twenty-One Million Nine Hundred Forty-Three Thousand One Hundred Ninety-Nine and 76/100 (Php21,943,199.76).

**PROJECT SCHEDULE**

8. At around 1:00 PM of December 3, 2019, shortly after the storm subsided, MARELCO’s work force started the restoration of damage distribution lines striving to immediately restore back the power. With the shortage of local linemen manpower and considering the large damage, we seek the help of Task Force Kapatid thru NEA and PHILRECA to supply additional manpower and help fast track rehabilitation activities. Working before sun rise until nightfall, MARELCO was able to completely energize all its distribution lines in all municipalities on January 10, 2020.

**JUSTIFICATION OR BENEFITS TO BE DELIVERED**

9. The project will ensure the delivery of more reliable and efficient service to its member consumers. It is also intended to restore the safety and protection of the cooperative’s entire distribution system.

**PROJECT FINANCING PLAN**

10. The total cost of restoration and rehabilitation of MARELCO’S damaged properties is being sourced through a calamity loan from the National Electrification Administration (NEA), It will be converted into a subsidy in the event that the National Government would grant subsidy to the typhoon-ravaged electric cooperatives. On the last week of December 2019, MARELCO submitted to NEA its initial report of damage cost in the amount of Php16,715,564.53 for the purpose of requesting financial assistance in the form of calamity loan amounting to Sixteen Million Pesos (Php 16,000,000.00). The initial amount of Php2,248,581.18 was released by NEA on January 30, 2020 payable in 9 years in thirty six (36) equal quarter installment starting March 20, 2021 to December 2029 with an interest rate of 3.25% per annum.

**INDICATIVE RATE IMPACT**

11. In the event that the funding for the restoration and rehabilitation works is not converted into a subsidy from the government, the loan shall have an indicative rate impact to MARELCO’s consumers, derived from the total project cost against the forecasted KWHr sales for Seven (7) years of implementation, as follows:

	2020	2021	2022	2023	2024
Forecasted Energy Sales, Kwh	56,817,140	62,385,876	66,082,703	69,788,814	73,501,919
Add: Balance, beg.	1,575,212.86	7,285,361.82	841,125.44	(4,440,900.98)	(10,809,358.59)
<b>CASH INFLOWS:</b>					
Current Year Collection @ 0.4265/kwh	24,232,510.21	26,607,576.11	28,184,272.83	29,764,929.17	31,348,568.45
Loan from Nea		60,041,249.23	84,283,023.12	36,158,882.18	24,262,407.56
Force Majeure Loan	21,943,199.76				
<b>TOTAL CASH INFLOWS</b>	<b>46,175,709.97</b>	<b>86,648,825.34</b>	<b>112,467,295.95</b>	<b>65,923,811.35</b>	<b>55,610,976.01</b>

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	2020	2021	2022	2023	2024
Total	47,750,922.83	93,934,187.16	113,308,421.39	61,482,910.37	44,801,617.42
<b>CASH OUTFLOW</b>					
Cash for Capital Expenditures					
Line Repair and Rehabilitation (FM)	21,943,199.76				
Safety Projects	-	20,674,423.79	29,682,867.50	2,460,669.34	1,261,741.67
Capacity Projects	8,227,150.00	26,339,837.69	22,861,057.69	22,521,317.69	22,721,177.69
Non-Network Projects	3,543,417.55	23,769,647.75	39,631,077.93	18,113,529.15	5,140,982.20
FM Capex Approval Fee	164,574.00				
ERC Capex Approval Fees	88,279.26	530,879.32	691,312.52	323,216.37	218,429.26
Subtotal	33,966,620.56	71,314,788.55	92,866,315.64	43,418,732.55	29,342,330.82
<b>CASH FOR DEBT SERVICE</b>					
Existing Loans	4,482,384.00	3,769,102.00	1,952,228.00	411,952.00	411,952.00
Regular CAPEX Loan		13,976,058.28	18,897,665.84	24,428,471.52	24,480,375.11
FM Loan (New)	2,016,556.44	4,033,112.89	4,033,112.89	4,033,112.89	4,033,112.89
Subtotal	6,498,940.44	21,778,273.17	24,883,006.73	28,873,536.41	28,925,440.00
<b>TOTAL OUTFLOWS</b>	<b>40,465,561.01</b>	<b>93,093,061.72</b>	<b>117,749,322.37</b>	<b>72,292,268.97</b>	<b>58,267,770.82</b>
Balance, End	7,285,361.82	841,125.44	(4,440,900.98)	(10,809,358.59)	(13,466,153.40)
Excess (Shortfall) on RFSC Rate	0.12822	0.01348	(0.06720)	(0.15489)	(0.18321)

	2025	2026	2027	Total
Forecasted Energy Sales, Kwh	77,218,865	80,935,860	84,648,624	571,379,801
Add: Balance, beg.	(13,466,153.40)	(7,134,023.65)	879,442.46	1,575,212.86
<b>CASH INFLOWS:</b>				
Current Year Collection @ 0.4265/kwh	32,933,845.92	34,519,144.29	36,102,638.14	243,693,485.13
Loan from Nea				204,745,562.09
Force Majeure Loan				21,943,199.76
<b>TOTAL CASH INFLOWS</b>	<b>32,933,845.92</b>	<b>34,519,144.29</b>	<b>36,102,638.14</b>	<b>470,382,246.98</b>
Total	19,467,692.52	27,385,120.64	36,982,080.60	445,112,952.93
<b>CASH OUTFLOW</b>				
Cash for Capital Expenditures				
Line Repair and Rehabilitation (FM)				21,943,199.76
Safety Projects				54,079,702.30
Capacity Projects				102,670,540.76
Non-Network Projects				90,198,654.58
FM Capex Approval Fee				164,574.00
ERC Capex Approval Fees				1,852,116.73
Subtotal				270,908,788.13
<b>CASH FOR DEBT SERVICE</b>				
Existing Loans	411,952.00	308,964.00		11,748,534.00
Regular CAPEX Loan	22,156,651.29	22,163,601.29	22,171,012.29	148,273,835.62
FM Loan (New)	4,033,112.89	4,033,112.89	2,016,556.44	28,231,790.22
Subtotal	26,601,716.18	26,505,678.18	24,187,568.73	188,254,159.84
<b>TOTAL OUTFLOWS</b>	<b>26,601,716.18</b>	<b>26,505,678.18</b>	<b>24,187,568.73</b>	<b>459,162,947.97</b>
Balance, End	(7,134,023.65)	879,442.46	12,794,511.87	(14,049,995.04)
Excess (Shortfall) on RFSC Rate	(0.09239)	0.01087	0.15115	(0.02459)

COMPLIANCE WITH PRE-FILING  
AND OTHER DOCUMENTARY REQUIREMENTS

12. 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, MARELCO is submitting herewith the following documents which are being made integral parts hereof, to wit:

Annex No.	Nature of Document
A	Notice of Force Majeure Event
B	Executive Summary of the Force Majeure Event Capital Expenditure Project
C	Request for Extension of Filing of Application
D	MARELCO Board Resolution approving the application and authorizing its General Manager to sign and execute the required documents.
E	Proof of furnishing copies of the application to the Sanguiang Bayan of Boac, Mogpog, Sta. Cruz, Torrijos, Buenavista & Gasan and Sanguniang Panlalawigan of Marinduque
F	Publication of the Application in a newspaper of general circulation within MARELCO franchise area.

PRAYER

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

- Proposed Force Majeure Capital Project in the total amount of Php 21,943,199.76;

In view of the need to immediately implement the project which are necessary to replace, restore and rehabilitate materials and equipment damage by the typhoon.

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

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 the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020<sup>1</sup>, dated 24 September 2020:

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<sup>1</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>17 August 2021</b> (Tuesday) at two o'clock in the afternoon (2:00 P.M.)	<b>Microsoft Teams Application</b>	Determination of compliance with jurisdictional requirements and Expository Presentation
<b>24 August 2021</b> (Tuesday) at two o'clock in the afternoon (2:00 P.M.)		Pre-trial Conference and Presentation of Evidence

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled initial virtual hearing, via electronic mail (e-mail) at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph). 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 e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), 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 ERC Revised 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 file through e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), their Opposition or Comment thereon at least five (5) calendar days prior to the scheduled virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

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- 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.


Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at [www.erc.gov.ph](http://www.erc.gov.ph).

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

**WITNESS**, the Honorable Commissioners **CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 4<sup>th</sup> day of June 2021 in Pasig City.



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



LS: KMS/ARG/MCCG

**ERC**

Office of the Chairperson



\*AVSTD-2021-06-510-0051\*