

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



**IN THE MATTER  
OF THE APPLICATION FOR  
APPROVAL OF PROPOSED  
ELECTRIC UNPLANNED  
CAPITAL EXPENDITURE  
PROJECTS FOR THE YEAR  
2018 AND FOR PRAYER FOR  
PROVISIONAL AUTHORITY**

**ERC CASE NO. 2018-079 RC**

**TARLAC II ELECTRIC  
COOPERATIVE, INC.**

**Applicant.**

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**D O C K E T E D**  
Date: AUG 03 2018  
By: [Signature]

### **NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 19 July 2018, Tarlac II Electric Cooperative, Inc. (TARELCO II) filed an *Application* dated 21 May 2018, seeking approval of its proposed electric unplanned Capital Expenditure (CAPEX) Projects for the year 2018 with prayer for provisional authority.

TARELCO II alleged the following in its *Application*:

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 Capas, Bamban, Concepcion and La Paz in the Province of Tarlac and Municipality of Zaragoza in the Province of Nueva Ecija;

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 Unplanned Capital Expenditures Projects; and likewise in accordance with its mandate to render reliable, adequate and efficient electric service to all its consumer-members on an area coverage basis, herein applicant seeks the authority from this Hon. Commission for the approval of its One-year Unplanned Capital Expenditure projects for the year 2018, due to the sudden increased of demand causing Jefmin and Rizal Substation loading issue, as follows:

**Proposed Unplanned CAPEX Projects**

	<b>Project Title</b>	<b>Project Type</b>	<b>2018</b>	<b>Total Cost</b>
1	Construction of New 5 MVA S/S in Magunting, Sto. Rosario, Concepcion, Tarlac.	Capacity	32,289,155.29	32,289,155.29
2	Construction of New 10 MVA S/S in Zaragoza Nueva Ecija	Capacity	67,773,998.33	67,773,998.33
3	Purchase of Service Vehicles	Service efficiency	990,000.00	990,000.00
<b>Total Unplanned CAPEX Projects</b>				<b>₱101,053,153.62</b>

4. That in compliance with the guidelines and documentary requirements of this Hon. Commission, applicant herein hereby submits 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.

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**FINANCING PLAN & RATE IMPACT**

7. The implementation of the proposed Unplanned CAPEX will not entail any rate adjustment since the Cooperative will not secure any loan and will only utilize its Reinvestment Fund for Sustainable Capital Expenditures (RFSC) funds.

**A. ANNUAL COST**

SOURCE OF FUNDS	TOTAL COST FINANCED	2017	2018	2019
RFSC	101,053,153.62		101,053,153.62	
Total	101,053,153.62	-	101,053,153.62	-

**B. FINANCIAL REQUIREMENTS**

SOURCE OF FUNDS	TOTAL COST FINANCED	2017	2018	2019	REMARKS
RFSC	101,053,153.62		101,053,153.62		
CAPEX Permit Fee	757,898.65		757,898.65		Filing fee (Payable to ERC)
TOTAL	101,811,052.27	-	101,811,052.27	-	

**C. RATE IMPACT ANALYSIS**

	2017	2018	2019	2020	2021	2022	2023	TOTAL
Forecasted energy sales, kWh	281,266,218.41	311,489,219.63	342,327,921.72	373,574,917.87	405,074,561.58	436,708,856.23	468,387,611.99	2,618,829,307.43
Cash Balance beginning, PhP, excess/(shortfall)	22,861,869.54	2,422,595.78	(85,633,362.12)	(60,006,917.22)	50,410,864.59	169,976,142.94	298,728,020.44	22,861,869.54
<b>CASH INFLOWS</b>								
Current year collection @PhP0.2904/kWh	81,679,709.83	90,456,469.38	99,412,028.47	108,486,156.15	117,633,652.68	126,820,251.85	136,019,762.52	760,508,030.88
50% of income leased properties	1,931,625.66	1,931,625.66	1,931,625.66	1,931,625.66	1,931,625.66	1,931,625.66	1,931,625.66	13,521,379.62
Total Cash Inflows, PhP	83,611,335.49	92,388,095.04	101,343,654.13	110,417,781.81	119,565,278.34	128,751,877.51	137,951,388.18	774,029,410.50
Available cash for disbursement	106,473,205.03	94,810,690.82	15,710,292.00	50,410,864.59	169,976,142.94	298,728,020.44	436,679,408.63	796,891,280.04
<b>CASH OUTFLOWS</b>								
CAPEX requirement(per applicationERC Case No.2017-022RC)	103,276,038.95	78,047,643.35	75,153,557.54					256,477,239.84
Unplanned CAPEX		101,053,153.62						101,053,153.62
ERC Permit Fee, PhP	774,570.29	1,343,255.98	563,651.68	-	-	-	-	2,681,477.95
Total Cash Out flows, PhP	104,050,609.24	180,444,052.95	75,717,209.22	-	-	-	-	360,211,871.41
Cash balance ending, PhP, excess/(shortfall)	2,422,595.78	(85,633,362.12)	(60,006,917.22)	50,410,864.59	169,976,142.94	298,728,020.44	436,679,408.63	436,679,408.63
Excess/(shortfall) on RFSC, PhP/kWh	0.01	(0.27)	(0.18)	0.13	0.42	0.68	0.93	1.73
Reinvestment fund rate								0.2904

**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 being made integral parts hereof, to wit:

Annex No.	Nature of Document
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

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	Panlalawigan of Tarlac and 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 following:

- Proposed Capital Project in the total amount of Php. 101,053,153.62;

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

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **07 November 2018 (Wednesday) at nine o'clock in the morning (9:00 A.M.), at TARELCO II's Principal Office at Brgy. San Nicolas Poblacion, Concepcion, Tarlac.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial 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 and 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.

All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rest its case, subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure. No particular

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form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name and 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, 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.

Pasig City, 01 August 2018.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**AGNES VST DEVANADERA**  
*Chairman and CEO*

LS: LS/APV *meam*

