

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



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
INCREASE IN CAPITAL
STOCK**

ERC CASE NO. 2018-003 MC

**TARLAC ELECTRIC INC.
(TEI),**

Applicant.

X-----X

D O C K E T E D
Date: APR 17 2018
By: fr

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 15 March 2018, an *Application* dated 6 March 2018 was filed by applicant Tarlac Electric Inc. (TEI) seeking the Commission's approval of the increase of its capital stock.

TEI alleged the following in its *Application*:

1. TEI is a corporation duly organized and existing under Philippine law with principal office address at Mabini Street, Tarlac City; franchised to construct, operate and maintain an electric distribution system in Tarlac City; represented herein by its General Manager, Vitus M. Romero.
2. At the meeting of the stockholders of TEI held at its principal office on October 20, 2017, at which there was a quorum, the stockholders representing at least two-thirds (2/3) of the outstanding capital stock in person or by proxy, approved the increase of TEI's authorized capital stock from TWO HUNDRED MILLION PESOS (P200,000,000.00), divided into Two Hundred Thousand (200,000) shares with a par value of ONE THOUSAND PESOS (P1,000.00) per share, to ONE BILLION PESOS (P1,000,000,000.00), divided into Class A, common, Two Hundred Thousand (200,000) shares of the par value of ONE THOUSAND PESOS (P1,000.00) each and Class B, common, Eight Million (8,000,000) shares of the par value of ONE HUNDRED PESOS (P100.00) each.

fr

ERC CASE NO. 2018-003 MC
NOTICE OF PUBLIC HEARING/5 APRIL 2018
PAGE 2 OF 5

3. The increase was likewise approved by at least majority of the directors at the meeting held on October 20, 2017.
4. Of the net increase of Eight Hundred Million Pesos (P800,000,000.00) in the authorized capital stock, Twenty-Five percent (25%) has been subscribed equivalent to Two Million (2,000,000) shares with a par value of TWO HUNDRED MILLION PESOS (P200,000,000.00) and of the amount subscribed, the amount of TWO HUNDRED MILLION PESOS (P200,000,000.00) has been actually paid and received by the Company in stock for the benefit and to the credit of the Corporation and that said payment represents stock dividend and additional paid in capital of the Corporation.
5. The increase in authorized capital stock is necessary to finance the capital expenditure program of TEI for the next 10 years for purposes of distribution capacity expansion to meet load growth, enhancing its reliability, keep its power quality up to standards and manage its level of system loss to within the cap set by law and its pertinent rules and regulations.
6. Based on its Distribution Development Plan (DDP) for the years 2018 to 2027, TEI's capital expenditure program will entail a total cost of around One Billion One Hundred Fifty-Nine Million Three Hundred Thousand Pesos (P1,159,300,000.00), as shown below:

Year	Amount in Million
2018	553.40
2019	113.90
2020	23.40
2021	23.30
2022	61.90
2023	46.40
2024	38.10
2025	142.00
2026	23.70
2027	133.20
TOTAL	1,159.30

Jan

ERC CASE NO. 2018-003 MC
NOTICE OF PUBLIC HEARING/5 APRIL 2018
PAGE 3 OF 5

7. TEI's existing paid-up capital as of December 31, 2017, stands at TWO HUNDRED MILLION PESOS (P200,000,000.00) representing One Hundred Percent (100%) of its present authorized capital. TEI intends to finance most of its capital expenditure program from its depreciation fund and its retained earnings. This can be achieved through the declaration of stock dividends from its present as well as its future retained earnings.
8. In support of this application, TEI submits the following documents:
 - a. 2016 Audited Financial Statement;
 - b. List of projects and/or items of equipment and their estimated cost;
 - c. SEC Certificate of approval of increase of capital stock dated January 22, 2018;
 - d. Joint Stockholder's and Board of Director's Certificate of Increase of Capital Stock with list of present stockholders and their holding dated November 28, 2017;
 - e. Treasurer's Affidavit as required by Sec. 17 of the Corporation Code dated November 28, 2017; and
 - f. SEC Certificate of Filing of Amended Articles of Incorporation dated January 22, 2018 with attached TEI Amended Articles of Incorporation.

PRAYER

WHEREFORE, TEI respectfully prays that the Commission approve TEI's application to increase its authorized capital stock from TWO HUNDRED MILLION PESOS (P200,000,000.00) to ONE BILLION PESOS (P1,000,000,000.00).

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **8 May 2018 at ten o'clock in the morning (10:00 A.M.), at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

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 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 rests its case, subject to the requirements under Rule 9 of the 2006 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 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 it 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.

(Intentionally left blank)

Jan

WITNESS, the Honorable Chairperson and CEO **AGNES VST DEVANADERA**, and the Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC** and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 5th day of April 2018 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal


LS:SLAN/KTB/APV