

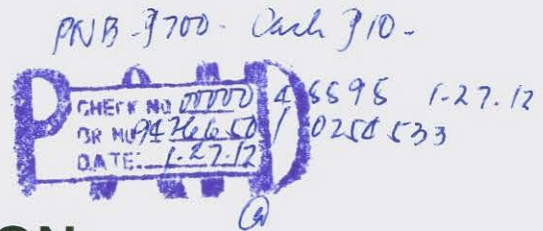
Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF FORCE MAJEURE EVENT CAPITAL EXPENDITURE PROJECT, RE: REPAIR AND RESTORATION OF DAMAGED DISTRIBUTION SYSTEM DUE TO TYPHOONS "PEDRING" AND "QUIEL", WITH PRAYER FOR AUTHORITY TO SECURE LOAN FROM THE NATIONAL ELECTRIFICATION ADMINISTRATION (NEA)



ERC CASE NO. 2012- 012 RC

ISABELA I ELECTRIC COOPERATIVE, INC. (ISELCO I),
Applicant.
X-----X



APPLICATION

APPLICANT, ISABELA I ELECTRIC COOPERATIVE, INC. (ISELCO I), through the undersigned counsel, and unto this Honorable Commission, most respectfully states that:

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Victoria, Alicia, Isabela;

2. It is the exclusive franchise holder issued by the National Electrification Commission (NEC), to operate an electric light and power distribution service in the municipalities of Alicia, Angadanan, San Guillermo, San Agustin, Jones, Echague, San Isidro, Santiago City, Cauayan City, Reina

Mercedes, Luna, Cabatuan, San Mateo, Ramon, Cordon, all in the province of Isabela;

CAUSE OF ACTION

a) Typhoon Pedring

3. Sometime on September 28, 2011, Typhoon Pedring slashed Northern Luzon with a sustained wind of 120kph near the center and gustiness of up to 150kph. The typhoon also carried rainfall estimated from between 15 to 25 mm per hour within its 650-kilometer diameter. Even as the storm signal in Isabela, among other provinces, has been lowered to Signal No. 1, ISELCO I's distribution lines sustained damages.

b) Typhoon Quiel

4. Barely three (3) days after Typhoon Pedring swiped Northern Luzon including the province of Isabela, the province of Isabela was again battered by Typhoon "Quiel" when it made landfall early morning of October 1, 2011. The strong winds peaking up to 195 kilometers per hour caused some trees to be uprooted while its strong rains cause almost zero visibility in major highways. The onslaught lasted for about 3 hours starting from 8 a.m. up to 11 a.m. But unlike Typhoon "Pedring", which exhibited more of winds than rains when it made landfall in Aurora province, Quiel brought simultaneous strong winds and strong rains to Isabela. Many structures were damaged. The series of main barriers of the Isabela highway were destroyed. Electric posts were toppled down and cable wires swayed as if they are being pulled by the winds.

5. Typhoons Pedring and Quiel caused power blackout for three (3) days to 151,133 electric consumers in Isabela. Gradual restoration of power in the distribution system was implemented as soon as power in the NGCP sub-transmission line was restored.

PROJECT DESCRIPTION

6. The repair and restoration of ISELCO I's damaged distribution facilities brought about by Typhoons Pedring and Quiel, is the subject of the instant application.

ESTIMATED PROJECT COST

7. The estimated cost of repair and restoration of ISELCO I's facilities is Ten Million Seven Hundred Fifty Four Thousand Nine Hundred Forty Five Pesos and Fourthly Nine Centavos (P10,754,945.49).

PROJECT FINANCING PLAN

8. The restoration and repair of ISELCO I's damaged distribution system was immediately started after the typhoon. Materials used in the on-going repair and restoration works was loaned from suppliers.

9. ISELCO I's Reinvestment Fund for Sustainable Capital Expenditures (RFSC) is not enough to pay its above-mentioned suppliers. This necessitated the cooperative to apply for loan accommodation from the National Electrification Administration (NEA) in the amount of Ten Million Pesos (P10,000,000.00) to partially finance the payment of said loans from its suppliers.

PROJECT SCHEDULE

10. Immediately after Typhoons Pedring and Quiel exited the country, ISELCO I started repair and restoration of the damaged distribution facilities in order to restore electricity to affected customers.

JUSTIFICATIONS OR BENEFITS TO BE DELIVERED

11. The immediate repair and restoration of ISELCO I's damaged distribution system was necessitated in order to restore the delivery of electricity to its customers who were affected by the typhoons.

RATE IMPACT

12. As stated above, ISELCO I needed to raise additional funds through borrowings from the NEA to finance the repair and restoration of ISELCO I's distribution system. The impact thereof would be an increase in rate increase per kWh, as tabulated below, to wit.

Proposed Rate Increase-FORCE MAJEURE EVENT CAPEX APPLICATION			
Year	NEA Loan Amortization (Pesos)	Sales Forecast (kWh)	Proposed Add'l rate (Peso per kWh)
2012	5,592,940.56	243,153,167	0.02300
2013	5,592,940.56	254,558,457	0.02197

13. Finally, in compliance with the pre-filing and other documentary requirements under ERC Rules of Practice and Procedure as well as ERC Resolution 26, Series of 2009, the following documents are being submitted herewith, to wit :

Annex No.	Nature of Document
A to A-1	ISELCO I Board Resolutions approving the filing of the application and authorizing its General Manager to sign and execute the required documents
B to B-1	Certifications issued by the Sangguniang Bayan of Alicia and Sangguniang Panlalawigan of Isabela
C to C-2	Publication of the Application in a newspaper of general circulation within ISELCO I's franchise area or where it principally operates, with Affidavit of publication

D	Comprehensive presentation of the Project Description, Justifications, Estimated Project Cost, Project Financing Plan and Project Schedule
E	Notice of Force Majeure Event to the Energy Regulatory Commission

PRAYER

WHEREFORE, premises considered, ISELCO I respectfully prays of this Honorable Commission that immediately upon filing hereof and during the pendency of the application, a provisional authority be issued, allowing ISELCO I to secure a loan from the National Electrification Administration (NEA) to partially finance the repair and restoration of its damaged distribution facilities, and after due notice and hearing, the repair and restoration works being undertaken on its damaged distribution facilities brought about by Typhoons Pedring and Quiel be approved accordingly and the authority to secure loan be made permanent.

Other reliefs, just and equitable in the premises are likewise prayed for.

Pasig City, January 5, 2012.

LERIOS-AMBOY & DELOS REYES LAW OFFICES

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Pearl Drive, Ortigas Center, Pasig City 1605

By:



DITAS A. LERIOS-AMBOY

Roll No. 40628

PTR No.6659777 Jan. 13, 2011/Pasig City
IBP No.850568 Jan. 14, 2011/RSM Chapter
MCLE Compliance Cert. No. III-0006100



SORAYDA M. OMAR

Roll No. 59470

PTR No. 6638339 Jun. 21, 2011/Pasig City
IBP No. 859585 Mar. 28, 2011/RSM Chapter
MCLE Compliance Cert. No.: N/A