

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

**IN THE MATTER OF THE APPLICATION  
FOR APPROVAL OF EMERGENCY CAPITAL  
PROJECTS IN ACCORDANCE WITH THE  
PROVISIONS OF R.A. NO. 9136 AND THE  
GUIDELINES TO GOVERN THE  
SUBMISSION, EVALUATION, AND  
APPROVAL OF ELECTRIC CAPITAL  
PROJECTS, WITH PRAYER FOR ISSUANCE  
OF PROVISIONAL AUTHORITY,**

**ERC CASE NO. 2009-177RC**

**ISABELA II ELECTRIC COOPERATIVE, INC.  
(ISELCO II),**

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## **APPLICATION**

**COMES NOW**, Applicant **Isabela II Electric Cooperative, Inc. (ISELCO II, for brevity)** through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. That applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Provincial Government Center, Barangay Alibagu, Ilagan, Isabela where it may served with summons and other legal processes, represented in this instance by its President, Joel Mari M. Bigornia, of legal age, Filipino, Married and with office address also at Barangay Alibagu, Ilagan, Isabela;

2. That herein applicant is the exclusive franchise holder issued by the National Electrification Commission to operate an electric light and power services in the Northern part of the Province of Isabela covering twenty one (21) municipalities namely: **Ilagan, Gamu, Burgos, Roxas, Aurora, San Manuel, Quirino, Quezon, Mallig, San Pablo, Santa Maria, Delfin Albano, Sto. Tomas, Tumauini, Cabagan, Naguilian, Benito Soliven, San Mariano, Maconacon, Palanan, and Divilacan.**

3. That on April 03, 2009, ISELCO II's power transformer at Muñoz Substation suffered internal explosion due to electrical stress and was it was subsequently discovered that one phase of the secondary winding 10 MVA power transformer was cut. As a result thereof, the municipalities of Quezon, Mallig, Roxas, Quirino, San Manuel, Aurora, five barangays of Burgos and three barangays of Ilagan were not supplied with electric power for a period of eight days that paralyze residential, commercial and industrial activities as well as public services in the aforesaid areas;

4. That in order to replace the aforesaid 10 MVA power transformer, the herein applicant rented a reconditioned 10 MVA power transformer from Delta Star Power Manufacturing Corporation and the lease agreement commenced on April 11, 2009 at a rate of P500,000.00 per month. Unfortunately, on August 24, 2009, the aforesaid rented power transformer bogged down and this was due to the damage on the secondary winding of Phase C. Thus, the Roxas substation needs a brand new 10MVA power transformer, a 69 kV power circuit breaker and several other support/ancillary equipment.

5. ISELCO II hereby submits its proposed emergency capital projects for the replacement, repair and restoration of major electric and non-electric capital projects that were not programmed or aligned for implementation during 2008 which is in accordance with the specific provision of Republic Act No. 9136 and the implementing guidelines issued by the Energy Regulatory Commission (ERC), and in conformity with the Implementing Rules and Guidelines on pre-filing requirements, as follows, to with:

- a) Board Resolution authorizing the filing of the instant application;
- b) Board Resolution authorizing Officer-In-Charge Antonio Young & other key officers to verify the application for the approval of Emergency Capital Projects;
- c) Certification from the Local Government Units, principally the LGU where the Main Office of applicant is located;
- d) Affidavit of Publication from the local newspaper; and
- e) Issues of the local newspaper;

6. That the applicant, in support of this application for the approval of the emergency capital projects, has attached the following required documents contained in the guidelines:

- a) Project Description
- b) Justification
- c) Option/Alternatives
- d) Technical Analysis
- e) Impact/Effect on Rate Base
- f) Engineering Design and Drawing
- g) Project Cost
- h) Project Financing
- i) Gantt Chart

ISELCO II is reserving its right to submit other documents, either in the course of the hearing or as may be required by this Honorable Commission;

7. That the summary of the proposed emergency capital projects (in pesos) are presented below:

<b>A. 69kV HIGH VOLTAGE PROTECTION</b> 69kV Circuit Breaker, SF6 Live Tank Type, Complete with structure	<b>1 Lot</b>	<b>P2,350,000.00</b>
<b>B. 10MVA TRANSFORMER</b> Power Transformer, 10/12.5 MVA, No Load Tap Changer (NLTC), OA/FA, 67/13.2 kV, with Bushing CT on HV side (relaying and metering)	<b>1 Unit</b>	<b>P10,500,000.00</b>
<b>C. 13.2 kV SWITCHGEAR</b> Three feeders complete with 69 and 13.2 kV protection relaying and metering panel, housed in a 20 footer container.	<b>1 Lot</b>	<b>P5,980,000.00</b>
<b>D. OTHER COST</b> Delivery of equipment at site (Loading, Unloading and Spotting), Re-assembly of transformer, Insurance, Control and Power Wiring, Testing and Commissioning.	<b>1 Lot</b>	<b>P1,570,000.00</b>
<b>E. TOTAL COST OF PROJECT</b>	<b>Php</b>	<b>20,400,000.00</b>

8. That these emergency capital projects are necessary to maintain safe, reliable, secure and efficient operation of power distribution system in Northern part of the province of Isabela whereby all five hundred forty five (545) barangays of its franchised area are being served;

9. That these emergency capital projects are in compliance with the Philippine Grid Code, Philippine Distribution Code, and specific provisions of Republic Act No. 9136, and the implementing guidelines on capital projects;

10. That these emergency capital project was not included and aligned in the submitted annual work plan to the National Electrification Administration (NEA) for the year 2008 nor it was included in the Distribution Development Plan/Long-Term Development Plan (DDP/TDP) submitted to the Department of Energy (DOE);

**11. That the funds necessary for the financing of these emergency capital projects will emanate from ISELCO's Internal Generated Fund (IGP) / Reinvestment Fund with a Rate of Nine (9) percent interest annually for a period of five (5) years in a Rent-to-Own Scheme. The mode of payment is presented as follows:**

FINANCING PLAN (SCHEDULE OF PAYMENT)				
COST OF PROJECT		20,400,000.00		
DOWN PAYMENT		6,120,000.00		
BALANCE		14,280,000.00		
INTEREST		8,568,000.00		
TOTAL (5 years to pay)		28,968,000.00		
MONTH	AMORTIZATION	INTEREST	PRINCIPAL	BALANCE
1	380,800.00	241,688.99	139,111.01	14,140,888.99
2	380,800.00	239,334.53	141,465.47	13,999,423.52
3	380,800.00	236,940.23	143,859.77	13,855,563.75
4	380,800.00	234,505.40	146,294.60	13,709,269.15
5	380,800.00	232,029.37	148,770.63	13,560,498.51
6	380,800.00	229,511.42	151,288.58	13,409,209.94
7	380,800.00	226,950.86	153,849.14	13,255,360.80
8	380,800.00	224,346.97	156,453.03	13,098,907.77
9	380,800.00	221,699.00	159,101.00	12,939,806.77
10	380,800.00	219,006.22	161,793.78	12,778,012.99

11	380,800.00	216,267.86	164,532.14	12,613,480.84
12	380,800.00	213,483.15	167,316.85	12,446,163.99
13	380,800.00	210,651.31	170,148.69	12,276,015.30
14	380,800.00	207,771.55	173,028.45	12,102,986.85
15	380,800.00	204,843.04	175,956.96	11,927,029.89
16	380,800.00	201,864.97	178,935.03	11,748,094.86
17	380,800.00	198,836.49	181,963.51	11,566,131.35
18	380,800.00	195,756.76	185,043.24	11,381,088.11
19	380,800.00	192,624.90	188,175.10	11,192,913.02
20	380,800.00	189,440.04	191,359.96	11,001,553.06
21	380,800.00	186,201.27	194,598.73	10,806,954.33
22	380,800.00	182,907.69	197,892.31	10,609,062.03
23	380,800.00	179,558.36	201,241.64	10,407,820.39
24	380,800.00	176,152.35	204,647.65	10,203,172.74
25	380,800.00	172,688.69	208,111.31	9,995,061.43
26	380,800.00	169,166.40	211,633.60	9,783,427.83
27	380,800.00	165,584.51	215,215.49	9,568,212.34
28	380,800.00	161,941.98	218,858.02	9,349,354.32
29	380,800.00	158,237.81	222,562.19	9,126,792.13
30	380,800.00	154,470.95	226,329.05	8,900,463.08
31	380,800.00	150,640.33	230,159.67	8,670,303.41
32	380,800.00	146,744.88	234,055.12	8,436,248.28
33	380,800.00	142,783.49	238,016.51	8,198,231.78
34	380,800.00	138,755.06	242,044.94	7,956,186.84
35	380,800.00	134,658.45	246,141.55	7,710,045.30
36	380,800.00	130,492.51	250,307.49	7,459,737.81
37	380,800.00	126,256.05	254,543.95	7,205,193.86
38	380,800.00	121,947.90	258,852.10	6,946,341.76
39	380,800.00	117,566.83	263,233.17	6,683,108.59
40	380,800.00	113,111.61	267,688.39	6,415,420.19
41	380,800.00	108,580.98	272,219.02	6,143,201.17
42	380,800.00	103,973.67	276,826.33	5,866,374.84
43	380,800.00	99,288.39	281,511.61	5,584,863.23
44	380,800.00	94,523.80	286,276.20	5,298,587.04
45	380,800.00	89,678.58	291,121.42	5,007,465.62
46	380,800.00	84,751.35	296,048.65	4,711,416.97
47	380,800.00	79,740.73	301,059.27	4,410,357.70
48	380,800.00	74,645.30	306,154.70	4,104,202.99
49	380,800.00	69,463.63	311,336.37	3,792,866.63

50	380,800.00	64,194.26	316,605.74	3,476,260.89
51	380,800.00	58,835.71	321,964.29	3,154,296.60
52	380,800.00	53,386.47	327,413.53	2,826,883.07
53	380,800.00	47,844.99	332,955.01	2,493,928.06
54	380,800.00	42,209.73	338,590.27	2,155,337.79
55	380,800.00	36,479.09	344,320.91	1,811,016.88
56	380,800.00	30,651.46	350,148.54	1,460,868.34
57	380,800.00	24,725.20	356,074.80	1,104,793.54
58	380,800.00	18,698.63	362,101.37	742,692.16
59	380,800.00	12,570.06	368,229.94	374,462.23
60	380,800.00	6,337.77	374,462.23	0.00

12. That herein applicant applies for an authority to approve the aforesaid emergency capital expenditure for the replacement, repair and restoration of major electric and non-electric capital projects contracted by ASIAPHIL Manufacturing Industries, Inc. amounting to **Twenty Eight Million Nine Hundred Sixty Eight Thousand (P28,968,000.00) Pesos inclusive of interest.**

13. That ISELCO II most respectfully requests for immediate relief and/or approval of this application in order to avoid irreparable losses which will ultimately result in the deterioration of its services to the damage and prejudice of the public, in general, and its members/consumers, in particular.

### PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission that pending hearing, the herein submitted emergency capital projects be provisionally approved ex-parte, and that the applicant be authorized to adopt and implement the same effective upon such approval.

And after due notice and hearing and consideration, the application be approved permanently.

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

Pasay City for Pasig City, Metro Manila, Philippines, December 10, 2009.

ANCHETA & ASSOCIATES  
Counsel for the Applicant  
Penthouse Park Avenue Mansions  
Park Avenue, Pasay City

By:

REY ANTHONY ROBLES  
PTR No. 1422899/01-06-09/Pasay  
IBP No. 765675/01-06-09/Isabela  
Roll of Attorney's No. 46218  
MCLE Compliance No. II-0003681  
Issued on July 24, 2009.

Republic of the Philippines )  
Province of Isabela ) s.s.  
Municipality of Ilagan )

**VERIFICATION/CERTIFICATION**

I, ANTONIO A. YOUNG, of legal age, Filipinos, married and, with office address at Provincial Government Center, Alibagu, Ilagan, Isabela, Philippines, after having been sworn to in accordance with law, hereby depose and state:

1. That I am the OIC General Manager of Isabela II Electric Cooperative, Inc. (ISELCO II);
2. That I have caused the preparation and filing of the Application for Approval of Emergency Capital Projects in accordance with the Provisions of R.A. No. 9136 and the Guidelines to Govern the Submission, Evaluation, and Approval of Electric Capital Projects, with Prayer for Issuance of Provisional Authority;
3. That I have read and know the contents of the said application as true and correct to the best of my knowledge;
4. That I hereby certify that I have not therefore commenced any other action or proceeding involving the same in the Supreme Court, the Court of Appeals or any other tribunal or agency;
5. That to the best of my knowledge, no such action or proceeding is pending in the Supreme Court, the Court of Appeals or any other tribunal or agency;
6. That if there is such action or proceedings which is either pending or may have been terminated, I must state the status thereof;
7. That should I thereafter learn that a similar action or proceeding has been filed or pending before the Supreme Court, the Court of Appeals or any other tribunal or agency, I will undertake to report that fact within five (5) days therefrom to the Court or agency wherein the original pleading has been filed.

IN WITNESS WHEREOF, I have set my hand this 10th day of December at Ilagan, Isabela, Philippines.

ANTONIO A. YOUNG  
Affiant

SUBSCRIBED AND SWORN To before me this \_10th\_ day of December at Ilagan, Isabela, Philippines, affiant exhibiting to me his Community Tax Certificate No. 25283085 issued at Roxas, Isabela on February 6, 2009.

Doc. No. \_\_\_\_;  
Page No. \_\_\_\_;  
Book No. \_\_\_\_;

Notary Public

Series of 2009.