

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

IN THE MATTER OF THE APPLICATION
FOR CONFIRMATION OF CAPITAL ASSETS
PURCHASED FROM THE NATIONAL
ELECTRIFICATION ADMINISTRATION
(NEA), WITH PRAYER FOR ISSUANCE
OF PROVISIONAL AUTHORITY,

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2010-004 RC
ERC CASE NO. 2009-__ MC

NUEVA ECIJA II ELECTRIC
COOPERATIVE, INC. - AREA 2 (NEECO II,
AREA 2),

Applicant.

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APPLICATION

COMES NOW, the applicant Nueva Ecija II Electric Cooperative, Inc, - Area 2 (NEECO II – Area 2) through the undersigned counsel and unto this Honorable Commission, most respectfully states:

1, The applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Maharlika Highway, Diversion, San Leonardo, Nueva Ecija, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Ramon M De Vera, of legal age, Filipino, married and with office address also at Maharlika Highway, Diversion, San Leonardo, Nueva Ecija;

2. That herein applicant is the exclusive franchise holder issued by the National Electrification Administration to operate an electric light and power services in the areas formerly covered by the defunct Nueva Ecija III Electric Cooperative, Inc. (NEECO III, for brevity) and previously owned, operated and managed by the National Electrification Administration (NEA) through its Management Team (NEA-NMT). NEECO III was

dissolved by the NEA in 1992. The properties of the said defunct electric cooperative located in its franchise area were acquired by NEA as creditor by way of "*dacion en pago*";

3. That the NEECO II – Area 2 franchise area covers the Municipalities of Sta. Rosa, San Leonardo, Penaranda, Gen. Tinio, Bongabon, Rizal, Llanera, Natividad, Laur, Gabaldon, all in the Province of Nueva Ecija, and the City of Palayan;

4. That in May of 1992, NEECO II was granted a provisional franchise to operate the area of the defunct NEECO III, however, on account of its own problems, NEECO II encountered difficulties that forced the cooperative to pass a resolution surrendering its provisional franchise of the area of the defunct NEECO III to NEA. In turn, NEA created a Management Team (NMT) to operate the non-operational cooperative and, unfortunately, the management faced serious legal problems since it does not have legal personality;

5. That in response to the problems faced by the NMT, NEECO II was granted by the National Electrification Commission (NEC) a permanent expansion franchise to operate light and power services in the franchise area of the defunct NEECO III on November 24, 2004. This franchise took effect on its first day of operation until the expiration of its original franchise or up to January 21, 2040;

6. That on April 4, 2006, the assets of NEA, consisting of land, building, electric distribution system, motor vehicles and office equipment, acquired from the defunct NEECO III, were sold, transferred and conveyed to NEECO II, through a Deed of Conditional Sale, copy of which is hereto attached and duly marked as Annex "A", for a purchase price of Three Hundred Four Million Pesos (P304 M), payable in three hundred (300) monthly installment, for twenty five (25) years with an interest rate of seven (7%) percent per annum and a graced period of nine (9) months. Upon full payment of the purchase price, the parties agreed to execute a Deed of Absolute Sale for the above-mentioned properties;

7. That NEECO II existing franchise areas (such as Aliaga, Sto. Domingo, Licab, Quezon, Munoz, Guimba, Talugtog and Caranglan) is called NEECO II – Area I, and

areas covered by its new franchise or areas formerly served by the defunct NEECO III (such as San Leonardo, Sta. Rosa, Penaranda, Gen. Tinio, Palayan City, Bongabon, Laur, Gabaldon, Rizal, Llanera and Gen. Natividad) is called NEECO II with separate books of accouts;

8. That herein applicant has obtained/secured from the NEA the total principal loan of Three Hundred Four Million Two Hundred Seventy Three Thousand Five Hundred Twenty Seven Pesos (P304,273,527.00), payable in three hundred (300) monthly installments for twenty five (25) years with an interest rate of 7% per annum and a grace period of nine (9) months. The proceeds of loan was utilized to pay the purchase price of the capital assets acquired by NEA from the defunct NEECO III, and more particularly described in Annex "B" hereto attached and made an integral part of this application;

9. That the applicant, in support of this application for the confirmation of the capital assets purchased from NEA, has attached the following pertinent documents:

- a. Description of properties purchased from the NEA by the applicant;
- b. Deed of Conditional Sale for the purchase of the properties between NEA and NEECO II;
- c. Schedule of Amortization. *(ANNEX "C")*

NEECO II – Area 2 is reserving its right to submit other documents, either in the course of the hearing or as may be required by this Honorable Commission;

10. That NEECO II – Area 2, 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.

P R A Y E R

WHEREFORE, premises considered, it is respectfully prayed of this Honorable

Commission that pending hearing, the herein submitted application for confirmation of capital assets purchased from the National Electrification Administration be provisionally approved *ex-parte*.

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.

Cainta, Rizal for Pasig City, Metro Manila, Philippines, November 23, 2009.



ARNIDO O. INUMERABLE

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MCLE Compliance II-0015415, 1-8-09

EXPLANATION

Filing and service of the foregoing compliance were done by registered mail instead of personal service due to manpower constraint.



ARNIDO O. INUMERABLE