

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pacific Center Building, San Miguel Avenue
Ortigas Center, Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE
CONTRACT FOR THE SUPPLY
OF ELECTRIC ENERGY (CSEE)
AND THE SUBSEQUENT
EXECUTION OF THE LETTER
OF AGREEMENT WITH
PAMPANGA II ELECTRIC
COOPERATIVE, INC. (PELCO
II), IN THE LUZON GRID
WITH PRAYER FOR
ISSUANCE OF PROVISIONAL
AUTHORITY (PA),**

ERC CASE NO. [2021-080 RC](#)

[September 30, 2021](#)

**POWER SECTOR ASSETS
AND LIABILITIES
MANAGEMENT
CORPORATION (PSALM),**

Applicant,

X-----X

APPLICATION

Applicant **POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT (PSALM) CORPORATION**, through undersigned counsel and unto to this Honorable Commission, most respectfully states:

1. This is an Application for the Approval of the terms and conditions of the Contract for the Supply of Electric Energy (CSEE) in the Luzon Grid entered into by and between Applicant PSALM and Pampanga II Electric Cooperative, Inc. (PELCO II) and the subsequent Letter of Agreement (LOA) executed between the parties extending the contract period. The filing of the instant application is being made

pursuant to Section 67 of Republic Act No. 9136, otherwise known as the "*Electric Power Industry Reform Act (EPIRA) of 2001*".

2. Applicant PSALM is a government-owned and controlled corporation created by virtue of the EPIRA, with principal office address at 24th Floor Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Quezon City.

3. Pursuant to Section 49 of the EPIRA and the consequent assignment on 11 May 2009 (the Letter of Agreement is hereto attached as Annex "A") of all NPC power supply contracts to PSALM, NPC assigned and transferred to PSALM all its rights and obligations in, to and under its CSEEs and other similarly or substantially equivalent power supply contracts with NPC power customers (collectively referred to as "Power Supply Contracts").

4. On and from 11 May 2009, the power supply contracts were deemed amended as follows: (i) all references to NPC therein shall be treated as references to PSALM; (ii) PSALM shall be deemed the SUPPLIER under said Power Supply Contracts; and (iii) the rights and obligations of the Parties shall be governed by and construed in accordance with said Power Supply Contracts, as amended by the 11 May 2009 Letter Agreement. Thus, this instant application by PSALM.

5. The subject CSEE was executed based on the ERC-approved template under ERC Resolution No. 08, Series of 2005 issued on 07 July 2005. On 09 August 2005, said template was later on amended by this Honorable Commission in its Resolution No. 15, Series of 2005.

6. In ERC Resolution No. 33, Series of 2006, "Resolution Clarifying the Purpose of the Adoption of the TSC Template," the ERC clarified that the TSC Template should merely serve as a guide for the Distribution Utilities ("DUs") and NPC, and should not be construed as the contract contemplated under Section 67 of the EPIRA.

7. PSALM then entered into CSEE with CAMARINES SUR IV ELECTRIC COOPERATIVE, INC. (CASURECO IV), in the Luzon Grid from 26 November 2019 to 25 June 2021. On 20 July 2020, PSALM filed an application for the approval of the said CSEE with prayer for issuance of provisional authority (PA) under ERC Case No. 2020-015 RC. The same is now for resolution of this Honorable Commission.

8. On 20 February 2020, the PSALM Board approved the execution of the CSEE with PELCO II for the period effective 26 May 2020 to 25 December 2020.

9. Pursuant to Section 5, Article III of the ERC's Guidelines for the Recovery of Costs for the Generation Component of the Distribution Utilities' Rate, PSALM is filing the instant Application for the approval of the CSEE duly negotiated with PELCO II, hereto attached as Annex "B".

10. The foregoing CSEE was executed based on the template approved by this Honorable Commission under Resolution No. 8, Series of 2005 as amended by Resolution No. 15, Series of 2005

11. The CSEE subject of this Application has the following salient provisions, to wit:

(i) SERVICE SPECIFICATIONS

CONTRACT ENERGY

4.1 Contract Energy and Equivalent Demand as indicated in Annex I maybe changed by PSALM due to a change in the projected available capacity of PSALM's power plants and at any time during the duration of the Contract due to the privatization of any of the assets of PSALM pursuant to the EPIRA.

4.1.1 PELCO II shall nominate month-ahead its hourly and daily energy quantity requirements three (3) days before the start of the next billing period based on its Daily Load Profile as reflected in Annex 1a. On a day to day transaction, PELCO II shall confirm the schedule of hourly energy requirements to PSALM on the day ahead. PSALM shall declare to WESM the schedule of hourly energy requirements delivered to customers immediately on the day after.

AVAILABILITY OF SUPPLY

4.2 PSALM shall supply the Contract Energy in accordance with good utility practice and in compliance with appropriate rules and regulations such as the Philippine Grid Code, and Open Access Transmission Service (OATS). Supply of energy shall be available except for interruption or reduction due to: a) causes beyond the control of PSALM despite the exercise of due care, including but not limited to the conditions stated in Section 4.1 of this Contract; b) transmission failure; c) maintenance to ensure system stability and safety reasons as may be provided by laws, rules or regulation.

In case of shortage in the generation capacity of PSALM, PELCO II shall be informed of the deficiency and allocation of the available supply of electricity to PELCO II shall be proportionate to the contracted energy and equivalent demand as provided for in this Contract.

CONSUMPTION IN EXCESS OF CONTRACT ENERGY

4.3 Whenever available, in accordance with good utility practice, PSALM may, but shall not be obliged to provide electricity to PELCO II in excess of Contract Energy provided that PELCO II shall pay the appropriate charges as provided for in Section 6.1 of this Contract.

ASSIGNABILITY

4.8 PSALM may assign or transfer part or all of its rights and obligations in the supply of Contract Energy herein stated, to any such entity, provided that prior written notice is given to PELCO II thirty (30) days before the actual transfer. This Contract shall remain binding to Parties, their successors and assignees. PSALM warrants that any sale, assignments, transfer, or subcontracting of the Contract shall not affect or impair PELCO II's rights and obligations with respect to quantity and price of electricity, Contract effectivity, incentives, discounts and other terms and conditions of this Contract. The assignee shall, by written instrument, assume the rights and obligations of PSALM to PELCO II. When PELCO II has been assigned by PSALM to a Successor Generating Company (SGC) by virtue of the privatization of the PSALM Generating Plant pursuant to the EPIRA, the SGC has the option to renegotiate this Contract with PELCO II within six (6) months from the actual transfer of PELCO II to the SGC. If PELCO II and the SGC fail to reach an agreement, either Party shall have the right to terminate this Contract.

4.9 PELCO II may assign, sell or transfer a part or all of its Contract Energy and/or Equivalent Demand either permanently or for a certain number of billing periods, subject to the written consent of PSALM under the following conditions, and which consent shall not be unreasonably withheld:

- a.** PELCO II has obtained certification from NGCP, that the transmission, sub-transmission, substation and other facilities

can accommodate the increase in the power requirements of the assignee/transferee.

- b. PELCO II has submitted necessary proof that the buyer, assignee or transferee has no outstanding obligation to PSALM, and undertakes to assume the obligations of PELCO II and to pay for the additional expenses necessary or incidental to the transfer.
- c. Assignment of PELCO II to assignee shall comply with the forms provided under Annex F-1 and Annex F-2 of this Contract.

(ii) SECURITY DEPOSIT

AMOUNT

- 5.1 The Security Deposit shall be equivalent to 100% of the estimated average monthly power bill for the duration of this Contract.

FORM AND TIME OF POSTING

- 5.2 The Security Deposit is required to be posted upon privatization of the generating asset/s to which this Contract is allocated or assigned as provided for in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form of cash, cash bond, manager's or cashier's check, bank certified check, irrevocable stand-by letter of credit, performance bond or bank guarantee "callable on demand" issued by a financial institution, or any other forms of security such as but not limited to escrow account to be administered by a bank acceptable to PSALM. In the event the Security Deposit of PELCO II becomes nil, PSALM reserves the right to refuse or discontinue supply of electric energy. In cases of partial depletion of the Security Deposit, PELCO II shall replace the Security Deposit not later than thirty (30) days thereafter. PSALM reserves the right to continue supply of electric energy to the extent of Security Deposit of PELCO II".

RELEASE OF SECURITY DEPOSIT

- 5.3 The Security Deposit (for the portion that should be settled within the WESM) shall be returned to PELCO II within thirty (30) days upon presentation of proof of compliance with the prudential

requirements of the WESM. PSALM shall return or release the Security Deposits to PELCO II including interest earned, subject to deductions for any amounts owed by PELCO II to PSALM. Security Deposits, except those in the form of letter of credit or performance bond, shall earn interest based on prevailing savings deposit rate of the Land Bank of the Philippines (LBP).

(iii) **BASIC ENERGY CHARGE**

6.1 The Basic Energy Charge (BEC) applied to PELCO II's hourly energy consumption shall be the ERC-approved NPC/PSALM's Time of Use (TOU) generation rates, which is attached as Annex G, plus adjustments in the tariff such as, but not limited to Deferred Accounting Adjustments (DAAs) and the Incremental Currency Exchange Rate Adjustments (ICERA), the RA 9136 Mandatory Rate Reduction Adjustments. The basic energy charge to be applied to the contracted energy shall be in accordance with Section 8.1 of this Contract.

Energy consumption higher than the contracted level shall be sourced by the Customer from the Wholesale Electricity Spot Market at the Wholesale Electricity Spot Market rate and paid directly to the Philippine Electricity Market Corporation (PEMC).

6.1.1 The BEC shall be applied to PELCO II's hourly energy consumption based on the hourly nominated energy quantity mentioned in Section 4.1.1.

MINIMUM CHARGES

6.2 PELCO II shall pay the minimum charge based on the Contract Energy per billing period as indicated in Section 4.1 of this Contract using the basic energy charge if PELCO II has not fully taken or failed to consume the Contract Energy, subject to deductions and adjustments as expressly provided for in this Contract.

SERVICE INTERRUPTION ADJUSTMENT

6.3 Should the supply of electricity be interrupted or curtailed to a level below the Contract Energy due to the fault or lack of generation capacity of PSALM, even if PELCO II was at that time unable to take or consume electricity, the Contract Energy shall be adjusted taking into account the ratio of the number of hours that electric service was interrupted to the total number of hours in the billing period. The adjusted Contract Energy shall be used in the

calculation of Minimum Charge. (This Section shall only apply if there are no Time-Of-Use rates).

- 6.4 Should the supply of electricity be interrupted or curtailed to a level below the Contract Energy due to the fault or lack of generation capacity of PSALM, even if PELCO II was at that time unable to take or consume electricity, the Contract Energy shall be adjusted to actual off-take below contract level for all hours when service was curtailed or interrupted based on declaration of power curtailment issued by the NGCP. (This Section shall only apply if there are Time-Of-Use rates).
- 6.5 Contract Energy not taken due to PELCO II's fault or negligence or other causes affecting PELCO II's ability to take or consume electricity shall not entitle PELCO II to interruption adjustment.

MAINTENANCE SERVICE ADJUSTMENT

- 6.6 PELCO II may avail of the service adjustment during the **scheduled maintenance** of its facilities, not to exceed two (2) billing periods in one year. The minimum charge on the energy consumption shall be fifty percent (50%) of the Contract Energy. To be able to avail of this adjustment, PELCO II must inform PSALM in writing thirty (30) days prior to the commencement of the scheduled maintenance.

FORM OF PAYMENT

- 6.7 Payment may be in the form of cash, demand drafts, checks or other cash equivalents. Bank charges shall be borne by PELCO II.

PROMPT PAYMENT DISCOUNT

- 6.10 Subject to ERC's approval, the Prompt Payment Discount (PPD) shall be in accordance with PSALM's credit and collection policies duly approved by the PSALM Board.

DISPUTED BILLS

- 6.11 Disputed bills shall be questioned in writing by PELCO II within sixty (60) days from the date of its receipt and PSALM shall act on such disputed bills on a best effort basis and commit to resolve the claim within sixty (60) days from the date of filing of the claim. Failure by PELCO II to question the power bills on time shall constitute a waiver by PELCO II of any claim on such bills.

- 6.12** Disputed bills shall be paid by PELCO II without deductions or offsets and PSALM shall evaluate the claim and adjust the billings in accordance with its findings. Disputed billing shall not be an excuse or ground for PELCO II to delay payment of succeeding billings or to unilaterally deduct any amount there from.
- 6.13** PELCO II and PSALM shall seek to resolve disputed billings. If the dispute cannot be resolved by the Parties, the matter shall be resolved as provided in Sections 9.9 and 9.10 provisions of this Contract.
- 6.14** PELCO II shall be entitled to a refund of any overpayment plus interest equivalent to the 91-day T-Bill rate from the date that the payment was made, if such demand is later found to be meritorious.

OVERDUE ACCOUNT

- 6.15** In the event that a power bill remains unpaid within five (5) days after its due date, PSALM has the option to call on or draw against the Security Deposit as provided for under Section 5 (Security Deposit) of this Contract.
- 6.16** Any power bill or account of PELCO II not paid on due date shall bear a floating rate of interest computed from the first day after it becomes due and payable, based on the non-prime lending rate for each quarter of the Land Bank of the Philippines or the Philippine National Bank, whichever is higher. Interest on overdue accounts shall be computed based on a 360-day year.
- 6.17** If the account of PELCO II is overdue for more than six (6) months, PELCO II shall pay an additional penalty of one percent (1%) per month for every additional month of delay beyond six (6) months. Moreover, a restructuring agreement of the overdue account shall be executed by PELCO II, with the following salient terms and conditions:
- 6.17.1** The restructured account shall be subject to interest as prescribed under the current credit and collection policies of PSALM.
- 6.17.2** PELCO II cannot avail of the Prompt Payment Discount during the restructuring period.

- 6.17.3 Automatic power service disconnection without need of notice, for failure to pay the monthly amortization, current bill and other charges.
 - 6.17.4 Non-renewal of contract for failure to pay the monthly amortization, current bill and other charges.
 - 6.17.5 PELCO II shall grant PSALM auditorial rights.
 - 6.17.6 Restructured account shall rank *pari-passu* with other creditors.
 - 6.17.7 Execution of real estate/chattel mortgage by PELCO II over eligible properties or assets as security on the restructured account.
 - 6.17.8 PELCO II's reduction of systems loss by at least 20% if such loss is above the industry standard.
 - 6.17.9 PELCO II's reduction of Average Days Outstanding (ADO) in receivables to sixty (60) days within one year.
 - 6.17.10 No cash dividends shall be issued without prior approval of PSALM during the restructuring period.
- 6.18 To evaluate PELCO II's restructuring proposal, PELCO II shall be required to submit its audited financial statements for last two (2) years stamped received by the Bureau of Internal Revenue (BIR), the latest interim statements and current tax clearance certificate. The projected cash flows covering the restructuring period shall likewise be submitted together with the assumptions made for such projections. The proposed measures to be adopted to improve the PELCO II's payment performance shall also be indicated. Cash flows shall show that funds would be sufficient to cover the monthly amortization due.

**ADJUSTMENT DUE TO INACCURATE METERS AND
ERRONEOUS BILLINGS WITHIN A BILLING PERIOD.**

- 6.19 In the event that a billing is found erroneous due to wrong reading, incorrect use of kWh meter multiplier, arithmetical mistakes,

omissions or typographical error, PSALM shall send PELCO II a debit or credit memo to correct the error.

BILLING PROCEDURE FOR A RATE REVISION WITHIN A BILLING PERIOD

6.20 Should the effective date of a new and duly approved rate schedule fall within a billing period, two computation sheets shall be prepared. The first sheet shall be calculated by applying the old rate schedule to PELCO II's Billing Energy (as if the old rate schedule was in effect for the entire billing period), and then multiplying the resulting charges including any Billing Adjustments by the ratio of the number of days that the old rate schedule was effective during the billing period to the total number of days in the billing period. The second sheet, on the other hand, shall be calculated by applying the new rate schedule to PELCO II's Billing Energy (as if the new rate schedule was in effect for the entire billing period), and then multiplying the resulting charges including any Billing Adjustments by the ratio of the number of days that the new rate schedule was effective during the billing period to the total number of days in the billing period. These shall be consolidated into a single power bill.

DISCONNECTION OF POWER SERVICE

6.21 In addition to the above-stated penalty interest charges and without prejudice to its right under Section 9.11 of this Contract, PSALM shall have the right, subject to not less than seven (7) days advance written notice to PELCO II, to discontinue supplying electric services and to refuse to resume electric service for failure of PELCO II to post the required Security Deposit, for non-payment of bills, or if any amount including any accrued interest and other charges not necessarily limited to the foregoing, remains unpaid. Notwithstanding such discontinuance of electric service, PELCO II shall pay at least the Minimum charge based on the Contract Energy, and failure by PELCO II to make full payment within a period of six (6) months shall entitle PSALM to terminate the Contract without prejudice to the right of PSALM to recover unpaid bills and other penalties from PELCO II.

(IV) MISCELLANEOUS PROVISIONS

LIABILITIES

9.1 Except as expressly provided, PSALM shall not be liable for any damage suffered by PELCO II due to the failure of PSALM to supply electric energy to PELCO II in accordance with prescribed standards, except when such failure is caused by PSALM's bad faith, gross negligence or malicious intent. This provision, however, shall not affect the rights of PELCO II to applicable deduction in its electricity charges provided in this Contract.

FORCE MAJEURE

9.2 Force majeure is an extraordinary event which cannot be foreseen or which though foreseen, cannot be avoided. The event must render it impossible for a party to fulfill its obligation in a normal manner despite the exercise of due care. Force majeure shall not excuse either party from exercising due care to prevent it or minimize its effects. Force majeure includes a storm, typhoon, lightning, flood, earthquake, tsunami, fire, war, rebellion, insurrection, riot, naval or other blockade, labor disturbance, civil unrest, and other events, which are entirely beyond the control of either or both parties. A party shall not be excused from its failure to perform its obligations under this Contract even if the same is caused by force majeure except as provided in this Section and Sections 9.6 to 9.8.

9.3 Insolvency or business losses shall not be considered as an event of force majeure.

9.4 The affected party shall notify the other in writing of a force majeure situation. The other party shall have sixty (60) days to verify or deny in writing that such situation exists.

9.5 A verified event of force majeure, which prevents a party from supplying or taking electricity for at least six (6) months, or agreed upon by both parties to prevent the supply or taking of electricity for a continuous period of at least six (6) months shall entitle either party to terminate this Contract. Buy-out shall not apply to such termination.

DEDUCTION DUE TO FORCE MAJEURE

- 9.6** PSALM shall have a maximum of seventy-two (72) hours from the time a force majeure event prevented it from supplying electricity and perform its other obligations under the Contract to resume supply. PELCO II shall not be entitled to interruption adjustment for such period, unless interruptions exceed seventy-two (72) hours and PELCO II failed to fully take or consume its Contract Energy.
- 9.7** Likewise, PELCO II shall have a maximum of seventy-two (72) hours from the time a force majeure event prevented it from fully taking its Contract Energy to resume taking electricity. PELCO II shall be entitled to interruption adjustment based on the actual number of hours that it was unable to receive electricity, should its consumption be curtailed below the levels of Contract Energy. The number of hours that PELCO II can claim for interruption adjustments is limited to a maximum of 72 hours per force majeure event. However, if both PSALM and PELCO II were simultaneously unable to supply and consume electricity by reason of Force Majeure, PELCO II shall be entitled to interruption adjustment.
- 9.8** The number of hours of interruptions or of failure to receive electricity caused by one force majeure event shall be cumulated.

SETTLEMENT OF DISPUTES

- 9.9** The Parties shall exert reasonable efforts to amicably settle all disputes arising in connection with this Contract, as a condition precedent to dispute resolution, which will be filed by either party with the ERC.
- 9.10** Any dispute arising in connection with this Contract and to which exclusive jurisdiction has not been vested in the ERC or any appropriate government agency the dispute may be submitted for arbitration in accordance with Republic Act (RA) 9285. The exclusive venue for the Arbitration shall be the principal office of PSALM No court action shall be initiated except as provided under the Philippine Arbitration Law.

CONTRACT TERMINATION

- 9.11** Either party will have the right to terminate this Contract upon failure of the other to perform its obligation under this Contract,

provided that the party at fault will have to pay all its outstanding account and reimburse the costs incurred by the other party as a result of the termination.

VALIDITY AND BINDING EFFECT

9.15 This Contract shall bind the Parties, their respective assigns, buyers, transferees, or successors-in-interest. If for any reason, competent courts must declare any provision of this Contract invalid during its effectivity, the other provisions hereof which are not affected thereby shall continue to be in full force and effect.

12. Subsequently, upon PELCO II's request a Letter of Agreement (LOA) dated 21 December 2020 was executed between PELCO II and PSALM.

13. The only revision introduced in the LOA is the extension of the period of the contract from 26 December 2020 until 25 April 2021. A copy of the LOA is attached hereto as Annex "C".

14. It is further understood that this LOA shall be an integral part of the CSEE and the terms and conditions not otherwise affected by the above-mentioned amendment shall remain valid and effective.

15. Further, in compliance with Section 2, Rule 6 (Pre-Filing Requirements) of this Honorable Commission's Resolution No. 01, Series of 2021,11 and in support of the instant Application for the CSEE and LOA's approval, a copy of the instant Application (including Annexes) was furnished to the offices of the City Mayor and the Sangguniang Panlungsod of Quezon City (Annexes "D" and series). The Application (excluding Annexes) was also published in a newspaper of general circulation (Annex "E").

ALLEGATIONS IN SUPPORT FOR THE ISSUANCE OF PROVISIONAL AUTHORITY

16. PSALM acknowledges that the continued operation of the Distribution Utilities is indispensable to the economic efficiency of the franchise area they service, not to mention the ripple effect of that efficiency to the economic growth of the entire country. In order for these Distribution Utilities to continue lawfully drawing electricity from the grid, it is imperative that they enter into agreement/s with PSALM

as Supplier for the supply of electricity, through a contract of sale for electricity, hence the respective CSEE.

17. A grant of provisional authority to execute the CSEE effective 26 May 2020 to 25 December 2020 will benefit PELCO II and will ultimately redound to the benefit of end consumers.

18. Attached as Annex "F" is the Judicial Affidavit of Eng. James Marvin Mamaradlo, Corporate Staff Officer B of the Electricity Trading Department (ETD) under the Office of the Vice President - Privatization and Asset Management Group attesting to the truth of the above matters.

19. Pursuant to ERC rules of practice and procedure, this Honorable Commission may exercise its discretion by granting provisional authority or interim relief prior to a final decision.

20. It is understood that the interim relief sought by Applicant PSALM that may be granted by this Honorable Commission, shall be subject to adjustments and other conditions that this Honorable Commission may impose after its hearing and final determination.

PRAYER

WHEREFORE, Applicant PSALM most respectfully prays that this Honorable Commission approve the duly negotiated PELCO II CSEE covering the period of 26 May 2020 to 25 December 2020 and the LOA subsequently entered into by the parties covering the period 26 December 2020 until 25 April 2021. It is likewise prayed that a Provisional Authority (PA) be issued authorizing PSALM to implement the subject CSEE and LOA with PELCO II in the Luzon Grid.

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

Quezon City for Pasig City, 01 July 2021.

-signatories on the following page-

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MANAGEMENT CORPORATION**

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CRISTINA P. CASTILLO- LIM

Corporate Attorney

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MCLE Compliance No. VI-0004087

Roll of Attorney No. 61075

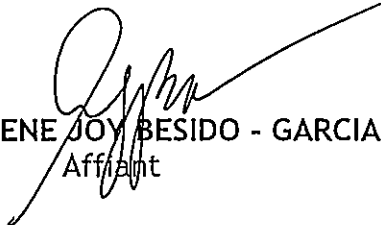
(Republic of the Philippines)
(Quezon City) S.S.

VERIFICATION AND CERTIFICATION

I, **IRENE JOY BESIDO - GARCIA**, of legal age, married, with office address at the Power Sector Assets and Liabilities Management (PSALM) Corporation, 24th Floor Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Quezon City, after having been duly sworn to in accordance with law, do hereby depose and state for myself and for PSALM, that:

- (1) I am the designated President and Chief Executive Officer of the Power Sector Assets and Liabilities Management (PSALM) Corporation with authority to commence, initiate, sign and file the foregoing Application for the Approval of the Contract for the Supply of Electric Energy (CSEE) and Letter of Agreement (LOA) in the Luzon Grid with Pampanga II Electric Cooperative, Inc. (PELCO II), with Prayer for Issuance of Provisional Authority pursuant to Board Resolution No. 2018-0525-01 dated 25 May 2018, in relation to PSALM Board Resolution No. 04-38 dated 25 May 2004, copies of which are hereto attached as Annexes "A" and "B" and made integral parts hereof;
- (2) I have read the Application and the allegations therein are true and correct based on my personal knowledge or the authentic records available to PSALM;
- (3) The Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;
- (4) The factual allegations in the Application have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;
- (5) I or PSALM have not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and
- (6) If I or PSALM should hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report the said fact within five (5) days from discovery thereof to the Honorable Commission.

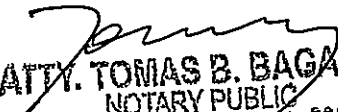
02 July 2021, Quezon City.


IRENE JOY BESIDO - GARCIA
Affiant

SUBSCRIBED and SWORN TO before me this JUL 02 2021 day of _____ 2021, with affiant IRENE JOY BESIDO - GARCIA presenting to me her Philippine Passport I.D. No. P0087701B, issued at DFA Manila valid until 02 January 2029, known to me and to me known to be the same person who executed the foregoing Verification and Certification.

NOTARY PUBLIC

Doc. No. 48;
Page No. 98
Book No. XU;
Series of 2021.


ATTY. TOMAS B. BAGA, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
ADM. NO. NA-017 (2020-2021)
ATTYS. ROLL NO. 13003
IBP NO. 156177/2-5-2021
PTR. NO. CP 0624050, 1/19/21 COT.
MCLE NO. VI-0028822
RCM BLDG. TIMOG COR. PANAY AVE. C.C.



POWER SECTOR
ASSETS & LIABILITIES
MANAGEMENT CORPORATION



Management
System
ISO 9001:2016
www.tuv.com
ID 9104074939



BOARD RESOLUTION NO. 2018-0525-01

Election of President and Chief Executive Officer
of the Power Sector Assets and Liabilities Management (PSALM) Corporation

WHEREAS, on 24 May 2018, PSALM received a letter from the Office of the President dated 21 May 2018 appointing Atty. Irene Joy J. Besido-García as Member of the PSALM Board of Directors;

WHEREAS, a copy of the letter from the Office of the President to the Department of Energy dated 21 May 2018 was also received approving the nomination of Atty. Besido-García as President/CEO of PSALM Corporation;

WHEREAS, In consideration of the approval of the nomination of Atty. Besido-García as President and CEO of PSALM Corporation, the PSALM Board of Directors conducted the Election of the President and CEO of PSALM Corporation.

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that the Board of Directors unanimously elected Atty. Irene Joy J. Besido-García as President and CEO of PSALM Corporation.

APPROVED and CONFIRMED,
25 May 2018.





POWER SECTOR
ASSETS & LIABILITIES
MANAGEMENT CORPORATION

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Telephone No.: (632) 893-3202 Fax No.: (632) 840-3341

BOARD RESOLUTION No. 04-38

WHEREAS, the Power Sector Assets and Liabilities Management Corporation (PSALM Corp.), a government-owned and controlled corporation created under Section 4D of Republic Act No. 9136 otherwise known as the "Electric Power Industry Reform Act of 2001", is mandated to take ownership of all existing NPC generation assets, liabilities, IPP contracts, real estate and all other disposable assets;

WHEREAS, the principal purpose of the PSALM Corporation pursuant to Section 3D of R.A. No. 9136 is to manage the orderly sale, disposition, and privatization of NPC generation assets, real estate and other disposable assets, and IPP contracts with the objective of liquidating all NPC financial obligations and stranded contract costs in an optimal manner;

WHEREAS, pursuant to Section 51 of R.A. No. 9136, the PSALM Corp. is vested with corporate powers to carry out the purpose for which it was created and to perform its functions and conduct its business and operations in accordance with its mandate under R.A. No. 9136;

WHEREAS, PSALM Corporation has the power to sue and be sued in its name;


WHEREAS, the President of PSALM Corporation, as the Chief Executive Officer of the corporation, is authorized under Section 53(g) of R.A. No. 9136 to exercise such other powers and duties as may be vested in him by the Board from time to time, including but not limited to the corporate power to sue and be sued;

NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, That the President of PSALM Corp. or his duly authorized representative, be and is hereby authorized, for and in behalf of the corporation, to commence, initiate and file an action, complaint, claim for relief or other initiatory pleading asserting the rights, claims and interests of the corporation; to defend the corporation from suits or claims against it in any court, tribunal or quasi-judicial agency; to verify and certify under oath the filing of such initiatory and responsive pleadings; and to perform all other acts necessary for the pursuit of the foregoing acts;

RESOLVED FURTHER, that the President of PSALM Corp. is authorized to designate the lawyers of the Office of the Vice President-General Counsel and its statutory counsel, the Office of the Government Corporate Counsel, to appear and represent the corporation in the pre-trial conference of cases involving the corporation and to perform such other acts necessary to assert the rights, claims and interests of the corporation, defend the corporation from suits or claims against it, and to perform all other acts necessary for the pursuit of the foregoing acts as may be authorized by the President of PSALM Corp.

APPROVED AND CONFIRMED, May 25, 2004

Certified True Copy:


MARIA BELEN P. MONTES-NERA
Corporate Secretary, PSALM Corp.

VERIFIED DECLARATION

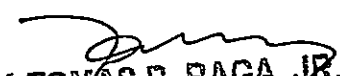
I, CRISTINA CASTILLO-LIM, Corporate Attorney of the Power Sector Assets and Liabilities Management Corporation (PSALM), hereby declare that all the documents relative to the instant pre-filing of PSALM's Application for the Approval of the Contract for the Supply of Electric Energy (CSEE) and Letter of Agreement (LOA) in the Luzon Grid with Pampanga II Electric Cooperative, Inc. (PELCO II), with Prayer for Issuance of Provisional Authority in accordance with Resolution No. 09, Series of 2020, are complete and true copies of the original documents that will filed with the Commission.

IN WITNESS WHEREOF, I hereby affix my signature this JUL 02 2021
_____ 2021 at Quezon City.


CRISTINA CASTILLO-LIM
Corporate Attorney

SUBSCRIBED and SWORN TO before me this JUL 02 2021 day of July 2021, at Quezon City, with PSALM ID. No. 19900522.

Doc. No. 480;
Page No. 97;
Book No. XV;
Series of 2021.


ATTY. TOMAS B. BAGA, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
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ATTYS. ROLL NO. 13003
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