

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



**IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF THE  
POWER SUPPLY  
AGREEMENT (PSA)  
ENTERED INTO BY AND  
BETWEEN TAWI-TAWI  
ELECTRIC COOPERATIVE,  
INC. (TAWELCO) AND  
KALTIMEX ENERGY  
PHILIPPINES, INC.  
(KEPI), DULY ASSIGNED  
TO KALTIMEX RURAL  
ENERGY CORPORATION  
(KREC), WITH PRAYER  
FOR CONFIDENTIAL  
TREATMENT OF  
INFORMATION AND  
ISSUANCE OF  
PROVISIONAL  
AUTHORITY,**

**ERC CASE NO. 2017 -005 RC**

**TAWI-TAWI ELECTRIC  
COOPERATIVE, INC.  
(TAWELCO) AND  
KALTIMEX RURAL  
ENERGY CORPORATION  
(KREC),**

**Applicants.**

X-----X

**D O C K E T E D**  
Date: MAR 30 2017  
By: \_\_\_\_\_

**ORDER**

On 26 January 2017, Tawi-tawi Electric Cooperative, Inc. (TAWELCO) and Kaltimex Rural Energy Corporation (KREC) filed an *Application* dated 20 December 2016 (Application) for Approval of the Power Supply Agreement (PSA) dated 01 February 2016 between TAWELCO and Kaltimex Energy Philippines, Inc. (KEPI), with prayer for confidential treatment of information and the issuance of provisional authority.

TAWELCO and KREC alleged the following in their *Application*:

**THE PARTIES**

1. TAWELCO is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal offices at Tubog Boh, Bongao, Province of Tawi-Tawi. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in the municipalities of Bongao, Panglima, Sugala, Sibutu, Simunul and Tandubas, Province of Tawi-Tawi. Copies of TAWELCO's Articles of Incorporation, By-Laws, Certificate of Franchise and List of Members of the Board of Directors are attached hereto as **Annexes "A", "B", "C" and "D"**, respectively, to form as integral parts of this Joint Application.

2. KREC is a private corporation, organized and existing under the laws of the Republic of the Philippines and is engaged in the business of developing, constructing, operating and owning power generation facilities, with principal office at 4<sup>th</sup> Floor Glass Tower, 115 Palanca Street, Legazpi Village, Makati City, Metro Manila. Copies of KREC's Articles of Incorporation, By-laws, General Information Sheet, and SEC Certificate of Registration are hereto attached as **Annexes "E", "F", "G" and "H"**, respectively, to form as integral parts of this Joint Application.

3. Applicants may be served with orders, notices and other legal processes of this Honorable Commission through the address of the undersigned counsel.

**NATURE OF THE APPLICATION**

4. Pursuant to Rule 20 (B) of the ERC Rules of Practice and Procedure ("ERC Rules"), and other pertinent rules and regulations, this Joint Application is being submitted to this Honorable Commission for its due consideration and approval of the Power Supply Agreement ("PSA") executed by and between TAWELCO and KEPI, duly assigned to KREC.

**STATEMENT OF FACTS**

5. TAWELCO is currently dependent on the National Power Corporation-Small Power Utilities Group (NPC-SPUG) for all its power requirements. However, due to limitations imposed by Republic Act No. 9136 (R.A. No. 9136), the existing generation facilities of NPC-SPUG are already ageing, de-rated and are thus, no longer efficient.

6. Also, by reason of the limitation under R.A. No. 9136, it is expected that NPC-SPUG will not be able to produce capacity addition, or increase the efficiency of existing generation facilities in the Bongao area of Tawi-Tawi in the immediate term.

7. As a result of having only NPC-SPUG as source of power requirements, with inadequate power supply and limited generation capacity as it is not expected to produce capacity addition, and its generation facilities are performing below its efficiency, TAWELCO's franchise area has been enduring power outages for a number of years now.

8. Such condition is to continue, and will even worsen in the coming years because of the steadily increasing demand for electricity coupled with the lack of available reliable power supply.

9. In addition, TAWELCO periodically suffers from payment of minimum off-take but at the same time being penalized for excess maximum load whenever it has increased its load due to commercial development in the area.

10. It is expected that the power requirements of TAWELCO's customers will significantly increase in the next few years as demonstrated by DDP Summary, Historical Data, Supply-Demand Scenario, and Load and Demand Curve. Copies of which are hereto attached as **Annexes "I", "J", "K" and "L"**, respectively, to form as integral parts of this Joint Application.

11. In view of the increasing demand for power in its franchise area and the inability of NPC-SPUG to produce capacity addition, or increase the efficiency of existing generation facilities in the immediate term, TAWELCO received an unsolicited proposal for the supply of six (6) megawatt energy from KEPI.

12. The Board of Directors of TAWELCO passed Resolution No. 12-03, Series of 2015 on December 21, 2015 approving to conduct a competitive selection bidding process thru Swiss Challenge for the supply of six (6)-megawatt energy.

13. An Invitation "For Competitive Challenge to Unsolicited Proposal" was published by TAWELCO in a newspaper on December 30, 2015. Also, the Mayor's Office of the Municipality of Bongao, was furnished with a copy of the newspaper containing the Invitation for Competitive Challenge to an Unsolicited Proposal published by TAWELCO.

14. Based on the Invitation For Competitive Challenge to Unsolicited Proposal, the submission of Eligibility, Technical and Financial Documents of any interested party to challenge the unsolicited proposal of KEPI was set on January 4, 2016.

15. GridNorth Corporation responded to the Invitation for Competitive Challenge to the unsolicited proposal of KEPI and

submitted its Eligibility, Technical and Financial Documents to TAWELCO's Bids and Awards Committee (BAC).

16. After a thorough evaluation of the Eligibility, Technical and Financial Documents submitted by GridNorth Corporation, TAWELCO's BAC found the eligibility requirements incomplete and declared GridNorth Corporation as ineligible. The bid proposal of GridNorth was returned by reason of its ineligibility.

17. The BAC evaluated the unsolicited proposal of KEPI to be technically and financially sound, and KEPI as eligible to be the Primary Proponent as New Power Provider for TAWELCO. Accordingly, the BAC recommended to award to KEPI the contract to supply the energy requirements of TAWELCO for six (6) Megawatts using the Modular Diesel Power Plant to replace the aging and insufficient power supply provided by NPC-SPUG's diesel power plant.

18. On January 28, 2016, the Board of Directors of TAWELCO approved the finding of the BAC that KEPI is eligible to be the Primary Proponent and the New Power Provider for TAWELCO and the challenger Grid North Corporation to be ineligible. Consequently, on February 6, 2016, Resolution No. 02-01 confirming the award of contract for the Supply of 6 Megawatts using the Modular Diesel Power Plant, was issued by the Board of Directors of TAWELCO.

Documents relative to the Conduct of the Competitive Challenge to Unsolicited Proposal are hereto attached as **Annexes "M" and Series**, to form as integral parts of this Joint Application.

19. On February 1, 2016, TAWELCO and KEPI entered into a Power Supply Agreement (PSA). Pursuant to Section 19.1 of the PSA, on March 11, 2016, KEPI incorporated Kaltimex Rural Energy Corporation (KREC), a wholly owned subsidiary, to act as the special purpose vehicle to undertake the Project. Copy of the PSA is hereto attached as **Annex "N"**, to form as an integral part of this Joint Application.

20. On May 30, 2016, KEPI and KREC executed an Accession Agreement whereby KEPI assigned, transferred, and conveyed all its rights, title, interest, covenants, liabilities and obligations in and to the PSA, and KREC accepted such assignment, transfer, and conveyance. KREC further agreed to assume all rights, title and interest and perform and comply with all the covenants and obligations of KEPI under the PSA as it had been a party to the PSA at the date of execution. Copies of the Accession Agreement and the Secretary's Certificate attesting that KEPI Board of Directors affirmed and ratified the signing/execution of the Accession Agreement between KEPI and KREC on May 30, 2016 are hereto attached as **Annexes "O" and "O-1"**, to form as integral parts of this Joint Application.

**ABSTRACT OF THE POWER SUPPLY AGREEMENT  
AND RELATED INFORMATION**

21. **The Power Facility.** To supply power under the PSA, KREC shall finance, build, construct, develop and operate the Six (6) Megawatt Diesel Power Plant located in Municipality of Bongao, Tawi-Tawi. Copy of the Plant Description is hereto attached as **Annex "P"** to form as an integral part of this Joint Application.

22. **Salient Features of PSA.** The PSA between TAWELCO and KEPI has the following salient provisions, to wit:

*Effectivity and Term of the Agreement*

22.1 *This Agreement shall become effective upon execution hereof (the "Effective Date") and shall have a term (the "Term") commencing on the Effective Date this Agreement is executed and delivered by the Parties thereto and expiring on the last day of the fifteenth (15<sup>th</sup>) year of the Commercial Operations Period, unless renewed or earlier terminated in accordance with this Agreement.*

*Commercial Operations*

22.2 *The Parties shall use reasonable efforts to achieve Commercial Operations Date within six (6) months after the Effective Date ("Target Commercial Operations Date"), or such later date as may be mutually agreed by the Parties in writing.*

*Operation and Maintenance*

22.5 *Supplier shall, at its own cost and at all times during the Commercial Operations Period, be responsible for the management, operation, maintenance and repair of the Power Facility.*

22.6 *The Parties agree that Supplier is allowed to incur Scheduled Outage and Un-scheduled Outage (the "Allowable Outage") per Contract Year in accordance with Schedule 2.*

22.6.1 *Scheduled Outage. Supplier shall notify Customer at least thirty (30) days prior to start of each Contract Year the schedule of any planned inspection, testing, maintenance (including preventive and corrective maintenance), repair, replacement, improvement or overhaul of the Power Facility or its related facilities ("Scheduled Outage"). Any desired changes to the schedule shall be communicated by Supplier to Customer at least fifteen (15) days prior to such Scheduled Outage.*

22.6.2 *Un-Scheduled Outage. Supplier shall notify Customer no later than twenty four (24) hours after undertaking or incurring any outage of the Power Facility or its related facilities caused by inspection, testing, maintenance (including preventive and corrective maintenance), repair, replacement, improvement or overhaul of the Power Facility or its related*

*facilities which could be postponed until next Scheduled Outage ("Unscheduled Outage").*

*22.6.3 In any Contract Year, the difference between the Allowable Outage and the actual days used by Supplier for Scheduled and Unscheduled Outage in such Contract Year shall be credited and may be used by Supplier to undertake Scheduled and Unscheduled Outage during the succeeding contract years in addition to the Allowable Outage allowed for such relevant succeeding Contract Year.*

*22.6.4 Supplier is excused from its obligation to deliver energy during the occurrence of Scheduled or Unscheduled Outage, in which case the Contract Energy for the affected Billing Period may be adjusted pro rata or agreed upon by the Parties.*

#### *Replacement Energy*

*22.7 Notwithstanding any provision to the contrary, Supplier has the right (but not the obligation) to source replacement or alternative supply of energy from its other current or future facilities or any third party, at Supplier's sole discretion. Supply of Contract Energy, in whole or in part, pursuant to this Section shall have the same effects as though sourced from Supplier's Power Facility. The Supplier shall not bill higher than that indicated in Schedule 3 of this Agreement. However, if the cost of the source of energy is lower to produce, then the Parties shall agree on the pass on savings.*

#### *Payment of Fees, Charges and Adjustments*

*22.8 Supplier shall charge Customer the Contract Energy Charge indicated in Schedule 3, subject to the approval of the ERC. Customer shall pay, in respect of each Billing Period, the monthly power bill (the "Monthly Power Bill"), which shall include total generation service charges computed in accordance with Schedule 3 of this Agreement.*

#### *Energy Fee Schedule, Fees and Adjustments*

*22.9 For electricity generated and delivered by Supplier, TAWELCO shall pay a Total Monthly Payment composed of Capital Recovery Fee (CRF), Fixed Operating and Maintenance (FOM) Fee, Variable Operating and Maintenance (VOM) Fee, and Fuel Fee, computed in accordance with the formulae indicated in Schedule 3 – Energy Fee Schedule of the PSA as follows:*

	<i>PhP/kWh</i>
<i>Capital Recovery Fee</i>	<i>15.3337</i>
<i>Fixed O&amp;M (FOM) Fee</i>	<i>2.7250</i>
<i>Variable O&amp;M (VOM) Fee</i>	<i>1.8213</i>
<i>Fuel Fee</i>	
<i>    Diesel Consumption Rate set as 0.275 Liter/kWh</i>	
<i>    Lube Oil Consumption rate expressed in 0.0006 Liter/kWh</i>	

**RATE IMPACT**

23. The PSA will have no direct impact in the generation rate for TAWELCO's customers considering that TAWELCO is one of the Missionary areas in the Philippines entitled for Missionary Electrification subsidy, the generation rate to be charged will still be the ERC approved SAGR of PhP4.8024/kWh.

24. The difference between KREC's TCGR shall be collected from NPC-SPUG through the Universal Charge – Missionary Electrification (UC-ME) fund which is being collected from all electricity end-users.

25. The Table below shows the effect of purchasing the electricity supply from KREC, as opposed to NPC.

*Impact on the UC-ME*

	TCGR PhP/kWh (a)	TAWELCO's SAGR, PhP/kWh (b)	Subsidy Rate, (PhP/kWh (c=a-b)	Energy Generation, kWh (d)	Total Required Subsidy, PhP (e=c*d)
If source from NPC	28.5551	4.8024	23.7527	21,600,000	513,058,320
If source from KREC	31.0000	4.8024	26.1976	21,600,000	565,868,160
Increase/(Decrease) in Subsidy Requirement by Sourcing From KREC					52,809,840.00
Philippine Sales, mWh*					86,808,000
<b>Rate Impact on UC-ME Rate. PhP/kWh</b>					<b>0.00061</b>

\*Projected CY2018 sales for entire Luzon, Visayas, and Mindanao Grid per DOE's Power Development Plant 2009-2030

26. As can be seen from the above table, the new PSA will result to an increase in UC-ME rate of PhP0.00061/kWh. KREC believes that the impact is very minimal or negligible in the monthly billing of typical residential end-users as shown in the table below:

*Estimated Rate Impact to End-Users*

Typical End-users Consumption (kWh)	Increase in Monthly Billing (PhP)
100 kWh	PhP0.0608
150 kWh	PhP0.0913
200 kWh	PhP0.1217
300 kWh	PhP0.1825
400 kWh	PhP0.2433
500 kWh	PhP0.3042

27. It must be emphasized that the minimal increase in the subsidy rate would redound to a significant benefit for TAWELCO and may relieve the government from serious losses in the operation of SPUG areas missionary electrification. Following

are the major benefits that TAWELCO will enjoy on the entry of KREC as its power supplier:

1. The power capacity for TAWELCO area will be doubled and 24 hours supply of power will be available and thus provide more reliable supply.
2. Reliable supply creates economic development and generate employment and may eventually improve the peace and order situation in the area.
3. KREC will extend technical and non-technical assistance to TAWELCO to improve its distribution system and management.
4. The 24 hour supply may improve the quality of life in the area in terms of consumers' burden in enduring long brownouts.

Copy of the Rate Impact Analysis and Computation is hereto attached as **Annex "Q"**, to form as an integral part of this Joint Application.

**RELATED INFORMATION**

28. In support of the Joint Application and in compliance with the documentary requirements of the Honorable Commission as provided under Article VI, Section 2 of the "Guidelines for the Recovery of Costs for the Generation Component by Distribution Utilities" as well as the pre-filing requirements mandated under Rule 6, Sections 2 to 4 of the ERC Rules of Practice and Procedure, Applicants further submits the attached documents to form as integral parts of this Joint Application, as follows:

ANNEX	NATURE OF DOCUMENT
<b>R</b>	TAWELCO's Latest Audited Financial Statements
<b>R-1</b>	KEPI's Latest Audited Financial Statements
<b>S</b>	TAWELCO's Board Resolution Approving the PSA with KEPI
<b>T</b>	KEPI's Board Resolution Approving the PSA with TAWELCO
<b>U</b>	Written Explanations or Write-up on Shareholders' Agreement, Ultimate Parent Company, its Subsidiaries and its Affiliates, No Transition Supply Contract (TSC) is expected to be available
<b>U-1</b>	Certification that TAWELCO has no Demand Side Management Program with Explanation
<b>V</b>	Board of Investment (BOI) Certificate of Registration with Attached Terms and Conditions
<b>W</b>	Environmental Compliance Certificate (ECC) issued by the DENR
<b>X</b>	Proof of Filing an Application for Issuance Certificate of Compliance (COC) with ERC
<b>Y</b>	Certificate of Endorsement issued by the DOE
<b>Z</b>	Highlights/Summary of the PSA
<b>AA</b>	Summary of Project Cost ( <i>Confidential</i> )
<b>BB</b>	Sources of Funds//Financial Plans ( <i>Confidential</i> )



<b>CC</b>	Generation Rate and Derivation ( <i>Confidential</i> )
<b>DD</b>	Cash Flow ( <i>Confidential</i> )
<b>EE</b>	Fuel Procurement Process ( <i>Confidential</i> )
<b>FF</b>	KREC Engineering, Procurement and Construction Contract (EPC) ( <i>Confidential</i> )
<b>FF-1</b>	KREC Feasibility Study ( <i>Confidential</i> )
<b>GG</b>	Cost Analysis related to generation in support of the proposed pricing provisions of the contract
<b>HH</b>	Judicial Affidavit in support of the Motion for Issuance of a Provisional Authority
<b>II to II-2</b>	Proof of furnishing copies of the Joint Application to the Sangguniang Panlalawigan of Tawi-Tawi, Sangguniang Bayan of Bongao and Sangguniang Panlungsod of Makati
<b>JJ to JJ-2</b>	Publication of the Joint Application in a newspaper of general circulation in TAWELCO'S franchise area or where it principally operates, with Affidavit of Publication

**ALLEGATIONS IN SUPPORT OF THE PRAYER FOR  
ISSUANCE OF A PROVISIONAL AUTHORITY**

29. All the foregoing allegations are re-pleaded by reference in support of the Prayer for Issuance of a Provisional Authority.

30. The basis by which Applicants TAWELCO and KREC are praying for the issuance of a Provisional Authority or interim relief prior to final decision is *Rule 14* of the *ERC Rules of Practice and Procedure*:

***“Section 3. Action on the Motion. – Motions for provisional authority or interim relief may be acted upon with or without hearing. The Commission shall act on the motion on the basis of the allegations of the application or petition and supporting documents and other evidences that applicant or petitioner has submitted and the comments or opposition filed by any interested person, if there be any.” [Emphasis Supplied]***

31. TAWELCO is sourcing its power requirements solely from NPC-SPUG. However, with inadequate power supply as a result of NPC-SPUG's limited generation capacity and its generation facilities are performing below its efficiency, TAWELCO's franchise area has been enduring power outages for a number of years now.

32. Such condition is to continue, and will even worsen in the coming years because of the steadily increasing demand for electricity coupled with the lack of available reliable power supply.

It is expected that the power requirements of TAWELCO's customers will significantly increase in the next few years as shown in its Distribution Development Plan (DDP).

33. In view of the increasing demand for power in its Franchise Area and the inability of NPC-SPUG to produce capacity addition, or increase the efficiency of existing generation facilities in the immediate term, there is an urgent necessity to implement the PSA between TAWELCO and KEPI, duly assigned to KREC, pending the hearing, evaluation and resolution of the Joint Application.

34. In addition, TAWELCO periodically suffers from payment of minimum off-take but at the same time being penalized for excess maximum load whenever it has increased its load due to commercial development in the area.

35. To emphasize the necessity for the issuance of provisional approval of this Joint Application, a Judicial Affidavit to support the prayer for issuance of provisional authority is attached hereto to form as an integral part of this Joint Application.

36. In view thereof and in recognition of the fact that a substantial amount of time is customarily needed to evaluate the documents submitted to support the approval of this Joint Application, Applicants TAWELCO and KREC respectfully seek the kind consideration of the Honorable Commission to approve the instant Joint Application immediately, albeit, provisionally.

**ALLEGATIONS IN SUPPORT OF THE PRAYER**  
**FOR CONFIDENTIAL TREATMENT OF**  
**INFORMATION**

37. Under Rule 4 of the ERC Rules of Practice and Procedure, the Honorable Commission may, upon request of a party and determination of the existence of conditions which would warrant such remedy, treat certain information submitted to it as confidential.

38. The following documents contain certain non-public information, data and projections involving business operations and trade secrets reflecting KREC's investment and financial calculations, to wit:

Annex	Description of Document
AA	KREC's Summary of Project Cost
BB	KREC's Sources of Funds//Financial Plans
CC	KREC's Generation Rate and Derivation
DD	KREC's Cash Flow
EE	KREC's Fuel procurement Process
FF	KREC Engineering, Procurement and Construction Contract (EPC)
FF-1	KREC Feasibility Study

39. Under Section 20.6 of the PSA, each party agrees that it, its employees, officers, directors, and agents will hold in confidence all information, documentation, data or know-how (confidential information) disclosed to it by the other party shall not be disclosed to any third party or use any part thereof without the other party's prior written approval and shall be kept confidential.

40. Considering the foregoing, TAWELCO and KREC respectfully move that **Annexes "AA", "BB", "CC", "DD", "EE", "FF" and "FF-1"** be not disclosed and be treated as confidential documents in accordance with Rule 4 of the ERC Rules.

41. TAWELCO and KREC hereby submit one (1) copy of **Annexes "AA", "BB", "CC", "DD", "EE", "FF" and "FF-1"** in sealed envelope, with the envelope and each page of the document stamped with the word "Confidential".

#### **PRAYER**

**WHEREFORE**, premises considered, Joint Applicants TAWELCO and KREC respectfully pray that this Honorable Commission:

- (1) Upon filing of the Joint Application and pending hearing thereon, issue an Order:
  - a) Granting **PROVISIONAL AUTHORITY** for the immediate implementation of the provisions of the Power Supply Agreement dated February 1, 2016 as well as the generation rates and adjustment mechanisms indicated therein, and allowing TAWELCO to pass-on the same to its consumers.
  - b) Treating **Annexes "AA", "BB", "CC", "DD" and "EE"** and the information contained therein as **CONFIDENTIAL**, directing their non-disclosure pursuant to Rule 4 of the ERC Rules, and prescribing the guidelines for the protection thereof.
- (2) After due hearing, render judgment approving with finality the Power Supply Agreement, generation rates and adjustment mechanisms indicated therein allowing TAWELCO to pass-on the same to its consumers and draw from the [sic].
- (3) Applicants pray for other just and equitable relief under the premises.

Finding the said *Application* sufficient in substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference,

and presentation of evidence on **21 April 2017 (Friday) at ten o'clock in the morning (10:00 A.M.) at TAWELCO's principal office in Tubog Boh, Bongao, Province of Tawi-tawi.**

Accordingly, TAWELCO and KREC are hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing in two (2) newspapers of nationwide circulation in the Philippines at their own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearing; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicants must submit to the Commission their written compliance with the

aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicants to inform of the filing of the *Application*, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicants and all interested parties are also required to submit, at least five (5) days before the date of initial hearing and Pre-Trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;

- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicants to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from the said date of cancellation.

Applicants must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the *Application* is all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, 24 March 2017.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSE VICENTE B. SALAZAR**  
Chairman and CEO

  
LS: ACA/PAR/APV

**ERC**



Office of the Chairman and CEO



\*C-2017-029-OC-01278\*

Copy furnished:

1. **Dechavez & Evangelista Law offices**  
Atty. Nelson Evangelista  
*Counsel for Applicants TAWELCO and KEPI*  
Units 1609- 1610, Tycoon Centre  
Pearl Drive, Ortigas Centre, Pasig City 1605
2. **Tawi-tawi Electric Cooperative (TAWELCO)**  
Tubog Boh, Bongao, Tawi-tawi
3. **Kaltimex Rural Energy Corporation (KREC)**  
4<sup>th</sup> Floor, Glass Tower  
115 Palanca Street, Legazpi Village, Makati City
4. **Office of the Solicitor General**  
134 Amorsolo Street, Legaspi Village  
Makati City, Metro Manila
5. **Commission on Audit**  
Commonwealth Avenue  
Quezon City, Metro Manila
6. **Senate Committee on Energy**  
GSIS Building, Roxas Boulevard  
Pasay City, Metro Manila
7. **House Committee on Energy**  
Batasan Hills, Quezon City, Metro Manila
8. **Office of the Provincial Governor**  
Province of Tawi-tawi 7500
9. **Office of the LGU Legislative Body**  
Province of Tawi-tawi 7500
10. **Office of the Municipal Mayor**  
Bongao, Tawi-tawi 7500
11. **Office of the LGU Legislative Body**  
Bongao, Tawi-tawi 7500
12. **Office of the Municipal Mayor**  
Languyan, Tawi-tawi 7509
13. **Office of the LGU Legislative Body**  
Languyan, Tawi-tawi 7509
14. **Office of the Municipal Mayor**  
Manukmangkaw, Tawi-tawi
15. **Office of the LGU Legislative Body**  
Manukmangkaw, Tawi-tawi
16. **Office of the Municipal Mayor**

Panglima Sugala, Tawi-tawi

17. **Office of the LGU Legislative Body**  
Panglima Sugala, Tawi-tawi
18. **Office of the Municipal Mayor**  
Sapa-sapa, Tawi-tawi 7503
19. **Office of the LGU Legislative Body**  
Sapa-sapa, Tawi-tawi 7503
20. **Office of the Municipal Mayor**  
Sibutu, Tawi-tawi
21. **Office of the LGU Legislative Body**  
Sibutu, Tawi-tawi
22. **Office of the Municipal Mayor**  
Simunul, Tawi-tawi 7505
23. **Office of the LGU Legislative Body**  
Simunul, Tawi-tawi 7505
24. **Office of the Municipal Mayor**  
Sitangkai, Tawi-tawi 7506
25. **Office of the LGU Legislative Body**  
Sitangkai, Tawi-tawi 7506
26. **Office of the Municipal Mayor**  
South Ubian, Tawi-tawi 7504
27. **Office of the LGU Legislative Body**  
South Ubian, Tawi-tawi 7504
28. **Office of the Municipal Mayor**  
Tabawan Island, Tawi-tawi
29. **Office of the LGU Legislative Body**  
Tabawan Island, Tawi-tawi
30. **Office of the Municipal Mayor**  
Tandubas, Tawi-tawi 7502
31. **Office of the LGU Legislative Body**  
Tandubas, Tawi-tawi 7502
32. **Regulatory Operations Services (ROS)**  
Energy Regulatory Commission  
17th Floor, Pacific Center, San Miguel Avenue, Pasig City