

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



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
PROPOSED THREE (3)
YEAR CAPITAL
EXPENDITURE PROJECTS**

ERC CASE NO. 2016-015 RC

**ZAMBOANGA DEL NORTE
ELECTRIC COOPERATIVE,
INC. (ZANECO),**

Applicant.

X-----X

D O C K E T E D
Date: JUN 17 2016
By: [Signature]

ORDER

On 23 February 2016, Zamboanga del Norte Electric Cooperative, Inc. (ZANECO) filed an application for the approval of the proposed three (3) year capital expenditure projects (2016-2018).

In support of said application, ZANECO alleged the following:

THE APPLICANT

1. Applicant ZANECO is an Electric Cooperative created and existing pursuant to the provisions of Presidential Decree No. 269 as amended, with principal office located at General Luna Street, Central Barangay, Dipolog City, Province of Zamboanga del Norte, Philippines, represented herein by its General Manager, ADELMO P. LAPUT, duly authorized by virtue of Resolution No. 126, Series of 2015 dated October 18, 2015 of the Board of Directors, copy of which is attached hereto as **Annex "A"** and made an integral part hereof;

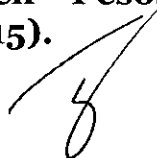
The filing of the instant Application is likewise authorized under the afore-mentioned Resolution;

2. Applicant has been granted by the National Electrification Administration (NEA) an authority to operate and distribute electric light and power within

the coverage area comprising the Cities of Dipolog and Dapitan, and the Municipalities of Godod, Gutalac, Jose Dalman, Katipunan, Kalawit, La Libertad, Leon Postigo, Liloy, Labason, Manukan, Mutia, Piñan, Polanco, Rizal, Roxas, Salug, Sergio Osmeña, Siayan, Sibutad, Sindangan and Tampilisan, all in the Province of Zamboanga del Norte;

THE APPLICATION AND ITS PURPOSE

3. This Application is filed in compliance with ERC RESOLUTION NO. 26, Series of 2009 (A Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditure Projects)" adopted pursuant to the mandate of Section 43 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) and its implementing Rules and Regulations, which categorically provides that all capital expenditure projects (CAPEX) shall be submitted to and for the approval of the Commission prior to its implementation, in relation to ERC Resolution No. 20, Series of 2011 which sets the timelines for the filing of the instant application;
4. The aforecited amended rules was issued by the Honorable Commission to ensure that the projects are timely, appropriate, necessary and cost efficient; to ensure that the proposed capital projects are consistent with the Distribution Development Plan (DDP), the Philippine Grid Code (PGC), the Philippines Distribution Code (PDC), and other relevant government issuances; and to ensure that the procurement of equipment, materials and services are transparent, competitive and compliant with the applicable laws and regulations.
5. In accordance with the Amended CAPEX Rules, consistent with the Distribution Development Plan and the Philippine Distribution Code, Applicant shall acquire, construct and implement the following three (3) year capital expenditure projects with a total approximate cost of **Six Hundred Fifteen Million Four Hundred Eighty Two Thousand Four Hundred Ninety Seven Pesos and Fifteen Centavos (615,482,497.15).**



**THE PROPOSED CAPITAL EXPENDITURE
PROJECTS**

5.a.1 Network CAPEX Projects

• SAFETY PROJECTS

Project Code	Project Description	FUND SOURCE	Amount per Year of Implementation			Total Cost (Php)
			2016	2017	2018	
DXS - 01	Uprating of 10 MVA Polo, Dapitan Substation to 20 MVA (SCADA Ready)	NEA		54,844,752.82		54,844,752.82
DXS - 02	Rehabilitation of dilapidated/corroded distribution line of Lamao (2.302 km), Antonino (1 km) & G. Sanchez, Liloy (1km) Coastal Areas using insulated conductors <i>(Feeder 1 of Comunal, Liloy Substation – M51)</i>	NEA	8,604,000.00			8,604,000.00
DXS - 03	Line Rehabilitation on certain dilapidated primary line sections on the Feeder 1 of Polo, Dapitan Substation (M11) using insulated conductors	NEA	35,807,376.46			35,807,376.46
DXS - 04	Rehabilitation & Uprating of dilapidated 3-kilometer Sicayab-Bucana primary line (from No. 2 ACSR to No. 1/0 ACSR) using insulated conductors <i>(Feeder 2 of Polo, Dapitan Substation – M12)</i>	RFSC	5,625,000.00			5,625,000.00
DXS - 05	Rehabilitation and conductor uprating of 20.1-kilometer dilapidated 3 phase line from 1/0 ACSR to 4/0 ACSR of Sulangon to Potongan Distribution Line using insulated conductors <i>(Feeder 3 of Polo, Dapitan Substation – M13)</i>	NEA	40,200,000.00			40,200,000.00
DXS - 06	Rehabilitation of dilapidated distribution line of Barangay Balakan, Salug (1.15 km) and Barangay Raba, Godod (1 km) using insulated conductors <i>(Feeder 3 of Mucas, Salug Substation – M23)</i>	RFSC	4,009,615.63			4,009,615.63

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DXS - 07	Rehabilitation of 20-kilometer dilapidated backbone line of Salug - Sindangan Section using insulated conductors (Feeder 1 of Mucas, Salug Substation - M21)	NEA	40,000,000.00			40,000,000.00
DXS - 08	Rehabilitation of dilapidated 10-kilometer Guisokan to Disud backbone line using insulated conductors (Feeder 1 of Mucas, Salug Substation - M21)	NEA	20,000,000.00			20,000,000.00
Sub-total (Php)						209,090,744.91

Table 1

• **POWER QUALITY PROJECTS**

Project Code	Project Description	FUND SOURCE	Amount per Year of Implementation			Total Cost
			2016	2017	2018	
DPQ - 01	Relocation & Refurbishing of M2 Substation from Mucas, Salug to Malintubonan, Labason with Construction of 15-kilometer 69 kV line from Comunal, Liloy to Malintubonan, Labason	NEA	96,365,666.20			96,365,666.20
DPQ - 02	Construction of new M4 - Obay, Polanco Substation Feeder (M44)	RFSC	5,728,982.58			5,728,982.58
Sub-total (Php)						102,094,648.78

Table 2

• **SYSTEM RELIABILITY PROJECTS**

Project Code	Project Description	FUND SOURCE	Amount per Year of Implementation			Total Cost
			2016	2017	2018	
DSR - 01	Purchase of reclosers to improve the reliability of Dipolog Area	RFSC	4,900,000.00			4,900,000.00
Sub-total (Php)						4,900,000.00

Table 3

5.a.2 Other Network CAPEX Projects

• **OTHER CAPEX**

Project Code	Project Description	FUND SOURCE	Amount per Year of Implementation			Total Cost
			2016	2017	2018	
DOC -	Purchase of kilowatthour	NEA	43,997,811.88	47,364,950.96	50,825,094.65	142,187,857.49

01	meters, metering materials and service drops					
DPQ - 02	Purchase of Distribution Transformers for new consumers	NEA	29,889,650.00	37,387,950.00	46,251,750.00	113,529,350.00
Sub-total (Php)						255,717,207.49

Table 4

5.a.3 Non - Network CAPEX Projects

• *INSTRUMENTS (SPECIAL EQUIPMENT)*

Project Code	Project Description	FUND SOURCE	Amount per Year of Implementation			Total Cost
			2016	2017	2018	
DSE - 01	Purchase of Digital Power Analyzer	RFSC	550,000.00			550,000.00
DSE - 02	Purchase of Insulation Resistance Tester	RFSC	285,000.00			285,000.00
DSE - 03	Purchase of Thermal Imagers	RFSC	1,075,000.00			1,075,000.00
DSE - 04	Purchase of Load Profilers and Wireless Ammeters	RFSC	2,220,000.00			2,220,000.00
DSE - 05	Acquisition of Ultrasonic Detector	RFSC	1,200,000.00			1,200,000.00
DSE - 06	Purchase of portable working standard	RFSC	1,300,000.00			1,300,000.00
DSE - 07	Acquisition of Testing Equipment for Substation Transformers	RFSC			1,000,000.00	1,000,000.00
Sub-total (Php)						7,630,000.00

Table 5

• *TOOLS*

Project Code	Project Description	FUND SOURCE	Amount per Year of Implementation			Total Cost
			2016	2017	2018	
PST - 01	Purchase of linemen's tools	RFSC	5,409,896.00			5,409,896.00
Sub-total (Php)						5,409,896.00

Table 6

• *BUILDINGS*

Project Code	Project Description	FUND SOURCE	Amount per Year of Implementation			Total Cost
			2016	2017	2018	
OMB - 01	Construction of satellite office for collection and	NEA	9,700,000.00			9,700,000.00

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	maintenance crew station.				
OMB - 02	Construction of Motorpool and Linemen's Quarter	RFSC		1,000,000.00	1,000,000.00
Sub-total (Php)					10,700,000.00

Table 7

• **VEHICLES**

Project Code	Project Description	FUND SOURCE	Amount per Year of Implementation			Total Cost
			2016	2017	2018	
OMB - 01	Purchase motorcycle (15 units for area offices)	RFSC	1,425,000.00			1,425,000.00
OMB - 02	Acquisition of Insulated Boom Truck for 69 kV line maintenance -30 meters (1 unit)	NEA	15,000,000.00			15,000,000.00
Sub-total (Php)					16,425,000.00	

Table 8

• **COMMUNICATION SYSTEM**

Project Code	Project Description	FUND SOURCE	Amount per Year of Implementation			Total Cost
			2016	2017	2018	
RCS - 01	Purchase and Acquire Radio Communication System	RFSC	514,999.98			514,999.98
Sub-total (Php)					514,999.98	

Table 9

• **SOFTWARE**

Project Code	Project Description	FUND SOURCE	Amount per Year of Implementation			Total Cost
			2016	2017	2018	
EAS - 01	Purchase of licensed Engineering Analysis Software	RFSC			3,000,000.00	3,000,000.00
Sub-total (Php)					3,000,000.00	

Table 10

5.a.4 Sitio Electrification Projects

5.a.4.1. The Sitio Electrification Projects shall be financed through a government subsidy, thus costing therefore is not included herein.

No	PUROK/SITIO	BARANGAY	MUNICIPALITY	KILOMETER OF LINES		
				1Ø	U.B.	O.S.
1	Purok Camote 2, Sitio Leop, Barcelona,	Barcelona	Dapitan City	0.81	0.81	0.68

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	Dapitan City					
2	Sitio Kawayan	Maria Christina	Dapitan City	0.88	0.88	0.715
3	Sitio Tiwi	Sulangon	Dapitan City	2	2	-
4	Purok Molave	Antipolo	Dapitan City	1.65	1.65	0.845
5	Purok 1B	Teresita	Piñan	1.43	1.34	0.8
6	Sitio Luyungon	Villahermosa	Polanco	2.134	2.134	0.265
7	Sitio Balingbing	Villahermosa	Polanco	2.205	2.205	0.27
8	Purok 3	Rizalina	Rizal	2.22	1.715	-
9	Purok 2	Rizalina	Rizal	4.1	4.1	0.29
10	Purok Camote	Antonino	Sergio Osmeña	1.045	1.045	0.54
11	Purok Bob-A	Depane	Manukan	1.5	0.8	0.51
12	Sitio Bualan	Mangilay	Siayan	3.93	3.93	0.9
13	Sitio Tugop	Paranglumba	Siayan	1	1	0.585
14	Sitio Lower Calihan	Balok	Siayan	1.02	0.23	1.8
15	Sitio Gundok-2	Polayo	Siayan	2.424	2.424	-
16	Sitio Litalip	Dumpilas	Siayan	2.07	2.07	0.495
17	Purok 3	Batayan	Kalawit	0.96	0.96	1.46
18	Sitio Demolation	Poblacion	Tampilisan	2.29	2.29	0.98
19	Sitio Verbena Slaughter	Poblacion	Tampilisan	0.68	0.32	1.04
20	Purok Walingwaling	Situbo	Tampilisan	1.16	1.16	0.42
21	Sitio Danlugan	New Dapitan	Tampilisan	1.125	1.125	0.18
22	Sitio Lubak-Lubak	New Dapitan	Tampilisan	0.79	0.79	0.735
23	Sitio Beradahan	Balacbaan	Tampilisan	2.015	2.015	1.315
24	Purok 1	Galingon	Tampilisan	0.69	0.69	1.5
25	Purok 2	Fatima	Salug	2.06	2.06	0.4
26	Sitio Labag	Fatima	Salug	0.68	0.68	0.435
27	Sitio Tambalang Ii	Tambalang	Salug	1.855	1.855	0.365
28	Purok 4	Fatima	Salug	2.06	2.06	0.56
29	Sitio San Miguel	Caracol	Salug	1.1	1.1	0.52
30	Sitio Lumbayao	Delusom	Salug	3.02	3.02	0.58
31	Sitio San Isidro	Sta. Maria	Leon B. Postigo	2.87	2.87	0.51
32	Sitio Villacura	San Juan	Gutalac	1.65	1.65	0.875
33	Sitio Bilwak	Lux	Gutalac	1.65	1.65	0.8
34	Sitio Baybay	Sibalic	Gutalac	1.71	1.71	1.39
35	Purok Pandan Pass by Sitio Isdaan,	Dela Paz	Liloy	1.12	1.12	1.33
36	Purok 3,	Comunal	Liloy	1.24	1.24	0.27
37	Purok Laurel	Baybay	Liloy	0.63	0.63	0.54
38	Sitio Jordan	Lapatan	Labason	2.91	2.91	0.45

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39	Purok 3	Patawag	Labason	1.445	1.445	-
40	Purok Tugap	Lawigan	Labason	2	2	1.3
41	Sitio Tayagan	Osukan	Labason	2.01	2.01	0.52
42	Purok 2 Gabu (Subanen Area)	Gabu	Labason	3.105	3.105	-
43	Sitio Sipit Pass by Purok Sibay	Rambon	Godod	5.865	5.865	0.85
44	Sitio Lantanayan	Poblacion	Godod	5.015	5.015	-
45	Sitio River Side	San Jose	Dipolog City	1.7	1.7	0.51
46	Purok Violita A, Sitio Looc,	Estaka	Dipolog City	0.51	0.51	0.595
47	Sitio Tugap,	Cape	Roxas	1.49	1.49	0.085
48	Purok Jasmin,	Bucana Sicayab	Dapitan City	0.645	0.645	-
49	Purok Bypass Road	Turno	Dipolog City	1.3	1.3	-
50	Purok Duranta,	Turno	Dipolog City	0.62	0.62	-
51	Purok Ting-An Pass by Purok Lansones	Burgos	Dapitan City	1.875	1.875	0.765
52	Purok Bouguinvilla,	Diwa-an	Dapitan City	1.19	1.19	-
53	Purok Parpagayo	Olingan	Dipolog City	1.44	0.88	0.34
54	Upper Banicap Dike Pass by Sitio Tubod, Purok 3,	Galas	Dipolog City	1.345	1.04	1.19
55	Sitio Bangahan,	Serongan	Manukan		for Ocular Survey	
56	Purok 3, Sitio Baybay	Lopoc	Labason		for Ocular Survey	
57	Purok Maria Clara	Pian	Polanco		for Ocular Survey	
58	Sitio Igdanan	Serongan	Manukan		for Ocular Survey	
59	Sitio Zona	Diohinob	Roxas		for Ocular Survey	
60	Purok 3,	Liang	Dapitan City		for Ocular Survey	
61	Sitio Gasa	Serongan	Manukan		for Ocular Survey	

SUMMARY OF PROJECTS:

Capital Expenditure Project Type	Source of Funds	Project Costs to be Financed	Annual Project Costs		
			2016	2017	2018
Network CAPEX Projects					
Safety Projects	National Electrification Administration	199,456,129.28	144,611,376.46	54,844,752.82	
	Reinvestment Fund for Sustainable CAPEX	9,634,615.63	9,634,615.63		
Power Quality Projects	National Electrification Administration	96,365,666.20	96,365,666.20		
	Reinvestment Fund for Sustainable CAPEX	5,728,982.58	5,728,982.58		
System Reliability Projects	Reinvestment Fund for Sustainable CAPEX	4,900,000.00	4,900,000.00		
Sub-total			261,240,640.87	54,844,752.82	0.00
Other Network CAPEX Projects					
Customer Service Drops and Metering Equipment	National Electrification Administration	142,187,857.49	43,997,811.88	47,364,950.96	50,825,094.65
Distribution Transformers	National Electrification Administration	113,529,350.00	29,889,650.00	37,387,950.00	46,251,750.00
Sub-total			73,887,461.88	84,752,900.96	97,076,844.65
Non - Network CAPEX Projects					
Tools and Instruments	Reinvestment Fund for Sustainable CAPEX	13,039,896.00	12,039,896.00		1,000,000.00
Buildings	National Electrification Administration	9,700,000.00	9,700,000.00		
	Reinvestment Fund for Sustainable CAPEX	1,000,000.00		1,000,000.00	
Vehicles	National Electrification Administration	15,000,000.00	15,000,000.00		
	Reinvestment Fund for Sustainable CAPEX	1,425,000.00	1,425,000.00		
Communication System	Reinvestment Fund for Sustainable CAPEX	514,999.98	514,999.98		
Software	Reinvestment Fund for Sustainable CAPEX	3,000,000.00			3,000,000.00
Sub-total			38,679,895.98	1,000,000.00	4,000,000.00
GRAND TOTAL per Year (in Php)			373,807,998.73	140,597,653.78	101,076,844.65

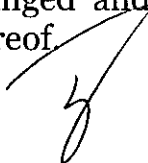
5.c TYPE OF THE CAPITAL EXPENDITURE PROJECTS IN ACCORDANCE WITH SECTION 2.3 OF RESOLUTION NO. 26, SERIES OF 2009;

- 5.c.1 As described above in Section 5.a.1, the projects are categorized as Network CAPEX which will address safety, power quality and reliability of the distribution system of the electric cooperative.
- 5.c.2. The Other Network CAPEX projects as shown in 5.a.2 are necessary in terms of additional distribution transformers, meters and metering materials due to annual customer growth as forecasted including replacement.
- 5.c.3 And the Non-Network CAPEX projects of the cooperative as categorized and indicated in 5.a.3 will enhance its capability in responding customer requests and concerns for better and efficient electric service. Further, its facilities and equipment will be responsive to the quality service that the consumers deserve.

JUSTIFICATION OF THE CAPITAL PROJECTS

6. With the prevailing situation in the electric power industry vis-à-vis the consumers' demand, Applicant deems it appropriate to embark on asset development and expansion in order to meet the growing demands; and
7. The procurement of the aforementioned project is of great necessity in the schedules herein provided, otherwise service decline is eminent, to the prejudice of the consumers.
8. If a Force Majeure or Fortuitous event, as the case may be, occurs, the Applicant shall seek the ERC's confirmation of the implementation of the capital projects arising from such event.

RELATED AND INDISPENSABLE DOCUMENTS

9. Consistent with the requirement of the filing of applications for approval of capital projects, Applicant attached and made an integral part of this Application the detailed justifications, related and indispensable documents chronologically arranged and contained in **Annex "B"** and **Annex "C"** hereof.
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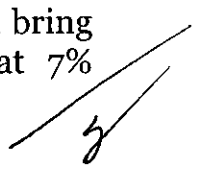
BOARD APPROVAL
OF THE PROPOSED PROJECTS

10. Finding the proposed capital expenditure projects reasonable, appropriate, necessary and beneficial to the consumers, it being envisioned to further their interests; there being no adverse effects on its implementation, but rather results to service decline if not achieved and implemented on the periods it is projected to occur, the Board of Directors of the Applicant passed Resolution No. 125 Series of 2015 dated October 18, 2015 approving the proposed CAPEX, copy of which is attached hereto as **Annex "D"**;

11. Information on the proposed capital projects had been widely disseminated through posting in the conspicuous places of the Cities of Dipolog and Dapitan, and the Municipalities of Godod, Gutalac, Jose Dalman, Katipunan, Kalawit, La Libertad, Leon Postigo, Liloy, Labason, Manukan, Mutia, Piñan, Polanco, Rizal, Roxas, Salug, Sergio Osmeña, Siayan, Sibutad, Sindangan and Tampilisan as certified to by Clifford Ruiz and Virgilia Ampong, both employees of the Applicant tasked to undertake such dissemination, copy of which is attached hereto as **Annexes "E" and "E-1"**. The Notices posted in the areas aforementioned specifically contained the following:
 - a. the proposed projects;
 - b. the reasons for proposing said projects;
 - c. the source of fund for the said projects;
 - d. indicative rate impact of the said projects;

SOURCES OF FUNDS FOR THE PROJECTS

12. In the implementation of the proposed projects, the Applicant shall partly utilize its internally generated funds out of the Reinvestment Fund For Sustainable Capital Expenditures (RFSC), and part of the fund shall be sourced through a financing program from the National Electrification Administration (NEA).

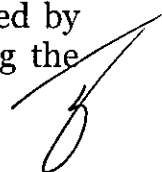
 13. The implementation of the proposed CAPEX shall bring forth an indicative rate impact as follows (at 7% inflation rate):
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PARTICULARS	Unit	2015	2016	2017	2018	2019	TOTAL
Cash balance, beginning, excess/(shortfall)	PhP	36,367,375.61	73,158,199.38	(19,790,737.21)	(83,005,462.76)	(151,823,116.02)	(145,093,741.00)
kilowatt-hour Sales	kWh	167,752,327	181,994,268	193,643,182	206,452,946	220,539,645	970,382,368
CASH INFLOWS							
RFSC collected funds @ 0.2904 PhP/kWh	PhP	48,715,275.77	52,851,135.39	56,233,979.92	59,953,935.44	64,044,713.03	281,799,039.54
Income from leased properties (50%)	PhP						
Gov't. Subsidy	PhP						
Income from disposal of scrapped materials	PhP						
Loan Proceeds from NEA	PhP	49,612,500.00	339,564,504.54	139,597,653.78	97,076,844.65	-	625,851,502.97
Loan Proceeds from Bank	PhP		-	-	-	-	-
Loan Proceeds from NEA (Remaining Approved 5-year & Unplanned Capex)	PhP		118,213,500.00				118,213,500.00
Total Cash Inflows	PhP	98,327,775.77	510,629,139.93	195,831,633.70	157,030,780.08	64,044,713.03	1,025,864,042.51
Available Cash for Disbursement	PhP	134,695,151.38	583,787,339.31	176,040,896.49	74,025,317.33	(87,778,402.99)	880,770,301.51
CASH OUTFLOWS							
Capex Requirements	PhP	49,612,500.00	373,807,998.72	140,597,653.78	101,076,844.65	-	665,094,997.15
Capex Requirements (Remaining Approved 5-year & Unplanned Capex)	PhP		118,213,500.00				118,213,500.00
Rural Electrification Projects	PhP						-
Amortizations of existing loans	PhP	11,924,452.00	37,789,856.61	19,934,469.36	11,924,452.00	11,924,450.00	93,497,679.97
Amortization of new loans (Remaining Approved 5-year & Unplanned Capex)	PhP		18,052,189.56	18,052,189.56	18,052,189.56	18,052,189.56	72,208,758.24
Amortizations of new loans (Regular Capex)	PhP		52,910,971.63	79,407,564.14	94,036,870.81	93,507,335.77	319,862,742.35
ERC Permit Fee	PhP		2,803,559.99	1,054,482.40	758,076.33	-	4,616,118.73
Total Cash Outflows	PhP	61,536,952.00	603,578,076.51	259,046,359.24	225,848,433.35	123,483,975.33	1,273,493,796.44
Cash balance, ending, excess/(shortfall)	PhP	73,158,199.38	(19,790,737.21)	(83,005,462.76)	(151,823,116.02)	(211,262,378.32)	(392,723,494.92)
Excess/(shortfall) on RFSC	PhP/kWh	0.4361	(0.1087)	(0.4287)	(0.7354)	(0.9579)	(0.4047)

COMPLIANCE
WITH PRE-FILING REQUIREMENTS

14. In compliance with Section 2, Rule 6 of the ERC Rules of Practice and Procedure, copies of this Application together with all its annexes and accompanying documents had been furnished by Applicant the Legislative Body of the City of Dipolog, where Applicant principally operates and the Legislative Body of the Province of Zamboanga del Norte. Likewise the Application was published in Press Freedom, a newspaper of general circulation within the franchise area of the Applicant.

15. As proof of such compliances is the Affidavit of Service executed by Clifford Ruiz, an employee of the Applicant, and the first page of the Application bearing the stamp "RECEIVED", herewith attached as **Annex "F", "G" and "H"**, and the Affidavit of Publication executed by the Editor, and original copy of the issue showing the



published application, copies of which are attached hereto as **Annexes "I" and "J"**, respectively;

16. Moreover, prior to the filing of this Application, a pre-filing conference with the concerned staff of the Commission was conducted pursuant to Section 4 of Rule 6, and for purposes of determining completeness of the supporting documents attached to the Application.

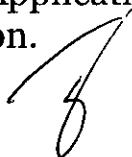
PRAYER

WHEREFORE, foregoing premises considered, Applicant most respectfully prays:

1. That after due notice and hearing the proposed capital projects/expenditures subject of this application be **APPROVED**, declared just, reasonable, and equitable pursuant to the provisions of ERC Resolution No. 26, Series of 2009, and other related laws, rules and regulations.
2. That, Applicant be allowed/authorized to recover from the members-consumers its expenditures/costs incurred in the implementation of the Capital Expenditure Projects.

Finding the said application to be sufficient in form and 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 **02 August 2016 (Tuesday) at ten o'clock in the morning (10:00 A.M.) at the ZANECO Principal Office, General Luna Street, Central Barangay, Dipolog City, Province of Zamboanga del Norte.**

ZANECO is hereby directed to cause the publication of the attached Notice of Public Hearing in two (2) newspapers of general circulation in the Philippines at their own expense, twice (2x) within (2) successive weeks, the dates of publication not being less than seven (7) days apart, with the date of last publication made not later than ten (10) days before the date of the scheduled initial hearing. They are also directed to inform the consumers within the franchise area of ZANECO by any other means available and appropriate, of the filing of the Application, its reasons therefor, and of the scheduled hearing thereon.



Let copies of the application, this Order, and the attached Notice of Public Hearing be furnished 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.

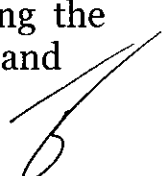
Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of the Province of Zamboanga del Norte, as well as the Mayors and the Local Government Legislative Bodies of the cities or municipalities within ZANECO's franchise area for the appropriate posting thereof on their respective bulletin boards.

ZANECO is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing and pre-trial conference, ZANECO must submit to the Commission their written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidence of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and Local Government Legislative Bodies, or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

ZANECO, and all interested parties are directed 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:

- (a) A summary of admitted facts and proposed stipulation of facts;
- (b) The issues to be tried or resolved;
- (c) The documents or exhibits to be presented, stating the purposes thereof and proposed markings therefore; and



- (d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-Trial Brief.

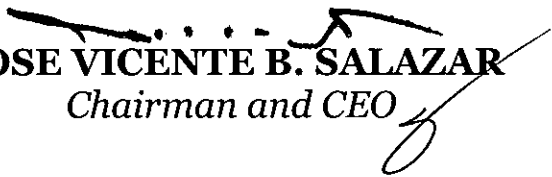
Failure of ZANECO to submit the required Pre-Trial Brief and Judicial Affidavits of their witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.

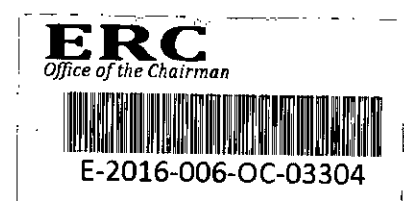
As part of the pre-trial conference, ZANECO must also be prepared to make an expository presentation of their application, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

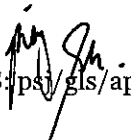
SO ORDERED.

Pasig City, 2 June 2016.

FOR AND BY AUTHORITY
OF THE COMMISSION:

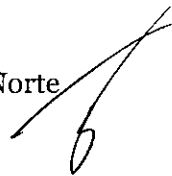

JOSE VICENTE B. SALAZAR
Chairman and CEO



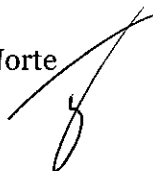

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Copy furnished:

1. **Atty. Alan C. Gaviola and
Atty. Alan Byrne S. Gaviola**
Counsels for Applicant ZANECO
A.C. Gaviola Law Office
Rm. 203, 2/F Crown Port View Hotel
3rd Ave., North Reclamation Area, Zamboanga del Norte City
2. **Zamboanga del Norte Electric Cooperative**
General Luna Street, Central Barangay,
Dipolog City, Province of Zamboanga del Norte
3. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
4. **Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila
5. **Senate Committee on Energy**
GSIS Building, Roxas Boulevard
Pasay City, Metro Manila
6. **House Committee on Energy**
Batasan Hills
Quezon City, Metro Manila
7. **Office of the City Mayor**
City of Dipolog, Zamboanga del Norte
8. **Office of the LGU Legislative Body**
City of Dipolog, Zamboanga del Norte
9. **Office of the City Mayor**
City of Dapitan, Zamboanga del Norte
10. **Office of the LGU Legislative Body**
City of Dapitan, Zamboanga del Norte
11. **Office of the Municipal Mayor**
Municipality of Godod, Zamboanga del Norte
12. **Office of the LGU Legislative Body**
Municipality of Godod, Zamboanga del Norte
13. **Office of the Municipal Mayor**
Municipality of Gutalac, Zamboanga del Norte
14. **Office of the LGU Legislative Body**
Municipality of Gutalac, Zamboanga del Norte
15. **Office of the Municipal Mayor**
Municipality of Jose Dalman, Zamboanga del Norte
16. **Office of the LGU Legislative Body**
Municipality of Jose Dalman, Zamboanga del Norte
17. **Office of the Municipal Mayor**
Municipality of Katipunan, Zamboanga del Norte



18. **Office of the LGU Legislative Body**
Municipality of Katipunan, Zamboanga del Norte
19. **Office of the Municipal Mayor**
Municipality of Kalawit, Zamboanga del Norte
20. **Office of the LGU Legislative Body**
Municipality of Kalawit, Zamboanga del Norte
21. **Office of the Municipal Mayor**
Municipality of La Libertad, Zamboanga del Norte
22. **Office of the LGU Legislative Body**
Municipality of La Libertad, Zamboanga del Norte
23. **Office of the Municipal Mayor**
Municipality of Leon Postigo, Zamboanga del Norte
24. **Office of the LGU Legislative Body**
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25. **Office of the Municipal Mayor**
Municipality of Liloy, Zamboanga del Norte
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Municipality of Manukan, Zamboanga del Norte
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Municipality of Mutia, Zamboanga del Norte
32. **Office of the LGU Legislative Body**
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33. **Office of the Municipal Mayor**
Municipality of Piñan, Zamboanga del Norte
34. **Office of the LGU Legislative Body**
Municipality of Piñan, Zamboanga del Norte
35. **Office of the Municipal Mayor**
Municipality of Polanco, Zamboanga del Norte
36. **Office of the LGU Legislative Body**
Municipality of Polanco, Zamboanga del Norte
37. **Office of the Municipal Mayor**
Municipality of Rizal, Zamboanga del Norte



38. **Office of the LGU Legislative Body**
Municipality of Rizal, Zamboanga del Norte
39. **Office of the Municipal Mayor**
Municipality of Roxas, Zamboanga del Norte
40. **Office of the LGU Legislative Body**
Municipality of Roxas, Zamboanga del Norte
41. **Office of the Municipal Mayor**
Municipality of Salug, Zamboanga del Norte
42. **Office of the LGU Legislative Body**
Municipality of Salug, Zamboanga del Norte
43. **Office of the Municipal Mayor**
Municipality of Sergio Osmeña, Zamboanga del Norte
44. **Office of the LGU Legislative Body**
Municipality of Sergio Osmeña, Zamboanga del Norte
45. **Office of the Municipal Mayor**
Municipality of Siayan, Zamboanga del Norte
46. **Office of the LGU Legislative Body**
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47. **Office of the Municipal Mayor**
Municipality of Sibutad, Zamboanga del Norte
48. **Office of the LGU Legislative Body**
Municipality of Sibutad, Zamboanga del Norte
49. **Office of the Municipal Mayor**
Municipality of Sindangan, Zamboanga del Norte
50. **Office of the LGU Legislative Body**
Municipality of Sindangan, Zamboanga del Norte
51. **Office of the Municipal Mayor**
Municipality of Tampilisan, Zamboanga del Norte
52. **Office of the LGU Legislative Body**
Municipality of Tampilisan, Zamboanga del Norte
53. **Office of the Provincial Governor**
Province of Zamboanga del Norte
54. **Office of the LGU Legislative Body**
Province of Zamboanga del Norte
55. **Standards & Compliance Monitoring Division,
Regulatory Operations Service**
Energy Regulatory Commission,
Pacific Center Building, San Miguel Avenue,
Ortigas Center 1600, Pasig City

