

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE SALE FOR
RESALE AGREEMENT
BETWEEN LANA DEL
NORTE ELECTRIC
COOPERATIVE, INC.
(LANECO) AND ILIGAN
LIGHT & POWER, INC. (ILPI),
WITH PRAYER FOR
PROVISIONAL AUTHORITY**

ERC Case No. 2021-087 RC

**LANA DEL NORTE
ELECTRIC COOPERATIVE,
INC. (LANECO) AND ILIGAN
LIGHT & POWER, INC. (ILPI),
*Applicants.***

Promulgated:
December 14, 2021

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ORDER

On 02 November 2021, Lanao Del Norte Electric Cooperative, Inc. (LANECO) and Iligan Light & Power, Inc. (ILPI) filed their *Joint Application* dated 10 May 2021, for the approval of their Sale for Resale Agreement (SRA), with prayer for provisional authority.

The pertinent portions in the said *Joint Application* are hereunder quoted, as follows:

THE PARTIES

1. Applicant LANECO 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 office address at Sagadan, Tubod, Lanao del Norte. It holds and exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in all the municipalities of the province of Lanao del Norte, namely: Linamon, Matungao, Poona Piagapo, Kauswagan, Bacolod, Munai, Maigo, Kolambugan, Tangkal, Magsaysay, Tubod, Baroy, Lala, Salvador, Kapatagan, Sapad, Sultan Naga Dimaporo, and Baloi;

2. Applicant ILPI is a private distribution utility duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Bro. Jeffrey Road, Pala-o, Iligan City, Lanao del Norte. It holds an exclusive franchise from the Congress of the Phils. to construct, maintain and operate an electric light, heat and power system for the purpose of generating and distributing electric light, heat and power in Iligan City.

LEGAL BASIS FOR THE APPLICATION

3. Joint applicants are filing the instant Application with the Honorable Commission for the approval of their Sale for Resale Agreement dated 26 July 2019 pursuant to ERC Resolution 02, Series of 2009 dated January 26, 2009 otherwise known as the "Rules for Recovery of Costs Associated with the "Sale for Resale Agreements" By, Between or Among Distribution Utilities" and other pertinent laws, rules and regulations applicable hereto.

STATEMENT OF FACTS

4. The Municipality of Tagoloan is within the service area of LANECO. However, two (2) of its barangays namely, Bgry. Dimayon and Bgry. Inagongan, are isolated from the cooperative's main distribution system. In case LANECO will extend its existing distribution lines to said barangays, it would be financially costly and technical problems involving power reliability and efficiency in the area are anticipated to occur;
5. Brgys. Dimayon and Inagongan are geographically closer to ILPI's existing electric power distribution network at Sitio Fatima, Brgy. Abuno, Iligan City. Thus, for purposes of maintaining a reliable and efficient power supply to these two barangays, it is deemed reasonable and more practical for LANECO to source out the supply of electricity from ILPI;
6. LANECO offered to connect the two barangays to ILPI's nearest distribution system and for ILPI to supply the power requirements of these barangays on the basis of Sale for Resale arrangement governed by ERC Resolution No. 02, Series of 2009. ILPI agreed with the said proposal of LANECO;
7. Hence, on 26 July 2019, LANECO and ILPI executed the Sale for Resale Agreement (SRA) subject matter of the instant Application. Under the SRA, LANECO will connect Brgys. Dimayon and Inagongan to the distribution system of ILPI and will source power from ILPI for resale to all end-users in the two barangays to ensure a continuous, stable, reliable and efficient supply of electricity.

SALIENT PROVISIONS OF THE SALE FOR
RESALE AGREEMENT (SRA)

8. The salient provisions of the SRA are quoted hereunder, as follows:

“1. EFFECTIVITY, TERM and COVERAGE

1.1 ILPI shall provide, and LANECO hereby agrees to take and pay, the power supply and distribution services rendered, in accordance with this Sale for Resale Agreement (SRA).

1.2 Subject to the approval of ERC, either provisional in nature or with finality, this Agreement shall take effect upon execution and shall remain binding and effective for a period of three (3) years (counted from its execution) and shall, upon expiration, be automatically renewed for another three (3) years, unless the following occurs:

1.2.1. Before the expiry, ILPI or LANECO will terminate the Agreement; or

1.2.2. After expiry, ILPI or LANECO will not renew the Agreement; or

1.2.3. ILPI cannot provide the capacity and energy to LANECO due to unavailability of power supply; or

1.2.4. ILPI cannot provide the capacity and energy to LANECO due to security issues at the delivery point.

The party terminating shall submit (to the other party) a Notice of Termination to the other Party not later than sixty (60) days prior to the expiry of the Agreement.

1.3 In case LANECO will avail the automatic renewal clause provided in Section 1.2, it shall submit to ILPI its Annual Contract Demand and Energy requirement for succeeding twelve (12) months, amending "Annex A" of this Agreement, not later than sixty (60) days prior to expiry, subject to confirmation by ILPI based on supply availability, otherwise, ILPI shall have the right to determine the supply allocation to LANECO.

1.3.1. In the event that LANECO failed to submit its Annual Contract Demand and Energy, as indicated in "Annex A" hereof, ILPI shall use the immediately preceding year's Annual Contract Demand and Energy.

1.4 In the event that LANECO will terminate this Agreement before the expiration (either the original period or the extended period), it undertakes and fully agree to pay ILPI the book value of the assets subject of this agreement.

1.4.1. Upon full payment, ownership of such assets shall be transferred to LANECO.

1.4.2. Book value (of the subject assets) is computed by deducting the accumulated depreciation from the total costs of the assets installed.

1.5 It is understood that Parties shall jointly file and seek approval with the Energy Regulatory Commission (ERC) to undertake this Agreement.

1.5.1. Actual costs incurred associated to this endeavor shall be equally shared by the Parties.

2. **TERMS and CONDITIONS**

The following Terms and Conditions of this Agreement shall be governed under the provisions provided for in the ERC Resolution No. 02, Series of 2009; Amended Distribution Service and Open Access Rules (DSOAR); Philippine Distribution Code (PDC); the Philippine Electrical Code (PEC), Wholesale Electricity Spot Market (WESM), if applicable; Republic Act No. 7832 otherwise known as the Anti-Pilferage Law; and other applicable laws relative to the operation of ILPI in the performance to this Agreement:

2.1 Service Specifications

ILPI shall, and LANECO confirms, deliver electric power and energy to LANECO with the following service specifications:

2.1.1 Customer Classification: GENERAL POWER

2.1.2 Rate Schedule : Schedule 41

2.1.3 Delivery Voltage : 13.8 kV, 3 phase, 60 Hz

2.1.4 Metering Installation Specification: Primary Metering

2.1.5 Delivery Point: Brgy. Dimayon, Tagoloan, Lanao del Norte

2.2 Safety, Power Quality and Reliability

ILPI and LANECO shall ensure that all equipment installed at the connection point shall comply with the technical standards as prescribed in the above-mentioned regulations.

2.3 Prompt Notification of Contingency

The Party shall provide the other Party with prompt verbal notification by phone or other means of any contingency or event involving their respective equipment that may reasonably be expected to affect the other Party's operation of its equipment or facilities. This notification shall indicate the reasons for the contingency, the contingency's expected effect on the operation of the other's facilities and operations, the contingency's expected duration and the corrective action to be taken. Said notification shall be followed by written notification not later than the following day after the occurrence of such contingency or event.

2.4 Meters for Billing Purposes

2.4.1 ILPI shall install and maintain the necessary billing meter or meters, instrument transformers, and other devices at the Delivery Point with accuracy class conforming to power industry standards set by ERC or appropriate government agency.

2.4.2 Meter reading shall be conducted every 26th day of the billing month. LANECO's representatives, if they so desire, may witness each meter reading.

2.4.3 The meters and other metering devices shall be sealed with ILPI's ERC-authorized meter seals.

- 2.4.3.1. For purposes of inspection, testing, or adjustment/s, LANECO confirms that ILPI have the full authority to break the meter seal/s with ILPI having the obligation sending written notice three (3) days from the date intended.
- 2.4.3.2. LANECO confirms that three (3) day notice may be dispensed (by ILPI) if upon its judgment, inspection, testing, or adjustment/s is immediately necessary.
- 2.4.4. At least once every two (2) years, ILPI shall conduct an accuracy and reliability test on the installed kWh meters (for billing purposes). The test shall be at no cost to LANECO and the presence of authorized LANECO personnel is necessary.
 - 2.4.4.1. In addition to the test mentioned in 2.4.4, LANECO may request ILPI to conduct additional testing; activity that is free of charge unless no defect or inaccuracy being determined, in which case, LANECO will pay ILPI the actual cost incurred in the requested additional testing.
- 2.4.5. If any of the test/s would disclose that the error of any billing meter exceeds +/- 2%, ILPI shall, at no cost to LANECO, immediately replace the said billing meter with a new billing meter having accuracy level allowed by the Rules.

2.5 Disconnection of Power Service

- 2.5.1. Subject to 2.5.2., and written notice to LANECO at least five (5) days prior to the scheduled date of disconnection, LANECO recognizes that ILPI has the full authority to disconnect power service provided to LANECO.
 - 2.5.1.1. Notice of disconnection to LANECO shall specify the grounds and the basis for disconnection, as supported by relevant information.
 - 2.5.1.2. In cases of emergency, however, ILPI may proceed with the disconnection of LANECO's line after failure of LANECO to remedy the cause/s within reasonable time.
- 2.5.2. The following shall be grounds for disconnection:
 - 2.5.2.1. Hazardous condition exists (including peace and order) in going to, or within the area of, subject installation.
 - 2.5.2.2. LANECO is operating any installation or equipment in such manner as to create objectionable operating conditions for ILPI or would adversely affect ILPI's equipment or service to other consumers;
 - 2.5.2.3. Any of ILPI's equipment relating to the provision of distribution service to LANECO has been tampered or interfered with by LANECO;

2.5.2.4. Failure to permit ILPI, without justifiable reasons, reasonable access to its premises or equipment where metering facilities are installed for purposes of meter reading, testing, inspection or any other related purpose; or,

2.5.2.5. Failure to pay on time any outstanding obligation to ILPI in relation to this Agreement.

2.6. Interference and Tampering with Metering Facilities

2.6.1. LANECO shall comply with the provisions set forth in Republic Act No. 7832 or the Anti-Pilferage Law and violation thereof shall give ILPI, in addition to item 2.5, the right to:

2.6.1.1. Disconnect and discontinue supply service and demand for the cost of the unmetered demand and energy consumption as determined by ILPI in accordance with the methods prescribed by law, rules and regulations, without prejudice to the imposition of surcharges and filing of criminal charges under the Anti-Pilferage Law.

2.6.1.2. Recover from LANECO the cost of repair and replacement of ILPI's equipment and facilities.

2.6.1.3. Reconnection shall be subject to payment of a reconnection fee equivalent to PHP 10,000.00, subject to ERC approval.

2.7. Failure of Billing Meters

2.7.1. Should the billing meter/s fail to operate normally or in case of loss of data of the billing meter during the billing period, the power consumption shall be estimated in accordance with the methods prescribed by law, rules and regulations. ILPI will, on the basis of its records, available technical evidence, LANECO's consumption history and other relevant circumstances, make retrospective adjustment to LANECO's account with respect to the consumption and demand, to such extent and for such period as may be determined by ILPI, subject to the concurrence of LANECO.

2.8. Billing and Applicable Charges

2.8.1. ILPI shall bill LANECO based on its applicable rate schedule (Rate Schedule 41 - General Power), as indicated hereof.

2.8.2. The charges that ILPI shall bill LANECO every billing period shall be as follows:

2.8.2.1. Generation

2.8.2.2. Transmission

2.8.2.3. System Loss

2.8.2.4. Distribution

2.8.2.5. Supply Charge

2.8.2.6. Metering Charge

2.8.2.7. Senior Citizen Subsidy

2.8.2.8. Feed-In Tariff Allowance, subject to ERC Resolution and Approval

2.8.2.9. Local Franchise Tax

2.8.2.10. Other Charges and Adjustments which shall include, but not be limited to, Over/Under Recoveries and other pass-through charges as approved by the ERC.

2.8.3. In compliance to ERC Resolution No.2, Series of 2009, ILPI shall not include in its billing to LANECO the Universal Charges and the applicable Lifeline Rates (these are charges imposable only on electricity end-users).

2.9. Contract Demand and Energy

2.9.1. The Contract Demand and Energy shall be as enumerated in "ANNEX A" hereof.

2.9.2. For consumption in excess of one hundred twenty percent (120%) of the contracted levels as indicated in "ANNEX A", the generation charge shall be 10% higher than the blended generation rate, applicable to the billing period, as computed by ILPI based on prevailing ERC-approved guidelines.

2.9.3. In the event that LANECO fails to consume the Contracted Demand and Energy, LANECO shall be billed based on the Contracted Demand and Energy, as indicated in "ANNEX A" hereof.

2.9.4. In addition, LANECO shall be billed of any applicable penalties imposed on ILPI by PSALM, Mindanao Wholesale Electricity Spot Market (Mindanao WESM) and other generators supplying power to ILPI, due to non-consumption or under-consumption by LANECO of the Contracted Demand and Energy.

2.9.5. Without prejudice to the right of ILPI to implement the buy-out provision and subject to submission of a written request and approval of ILPI, LANECO may be allowed to reduce its Contract Energy and Capacity. Provided, further, that the written notice is received by the ILPI not later than thirty (30) days prior to the effectivity of the reduction.

2.10. Billing Demand and Energy

2.10.1. Billing demand for transmission, distribution and other ERC-approved demand-related charges of ILPI shall be the Actual Registered Demand or the Contract Demand, whichever is higher, subject to other provisions hereof.

2.10.2. Billing energy for generation, distribution and other ERC-approved energy-related charges of ILPI shall be the Actual Registered Energy or the Contract Energy, whichever is higher, subject to other provisions hereof.

2.11. Form of Payment

Payments may be in the form of cash, demand drafts, checks or other cash equivalents.

2.12. Time and Place of Payment

2.12.1. Power bills for the services rendered by ILPI to LANECO during a billing period shall be served by ILPI to LANECO through email or courier not later than five (5) days from the conduct of meter reading and shall be paid by LANECO within nine (9) days from receipt of the said billing without necessity of demand.

2.12.2. Payments shall be made at ILPI's principal business office, through its authorized collecting agents or its depository banks.

2.13. Disputed Bills

2.13.1. Bills may be disputed in writing by LANECO within thirty (30) days from the date of its receipt and shall be resolved within thirty (30) days from the date of filing of the claim.

2.13.2. Unless the ground for the dispute could not have reasonably been determined by LANECO within the period prescribed in Section 2.13.1, failure to question such bills on the specified period shall constitute a waiver by LANECO of any claim on such bills. Failure of ILPI to act on the claim of LANECO within the thirty (30) days from receipt of the claim shall be deemed decided by ILPI in favor of LANECO.

2.13.3. Disputed bills shall be paid by LANECO without deductions or offsets and ILPI shall evaluate the claim and adjust the billings in accordance with its findings. Disputed billing shall not be an excuse or ground for LANECO to delay payment of succeeding billings or unilaterally deduct any amount therefrom.

2.13.4. In the event that the billing dispute is found in favor of LANECO, LANECO shall be entitled to a refund of any overpayment plus interest equivalent to the Peso Savings Account Interest Rate of the Land Bank of the Philippines from the date the overpayment was made until the same is fully settled by ILPI.

2.14. Overdue Accounts

2.14.1. Any power bill or account of LANECO not paid on its due date shall be imposed an interest of 1.16% per month, or a fraction thereof, on all unpaid accounts.

2.14.2. In the event that a power bill remains unpaid within five (5) days after its due date, ILPI has the option to call on or draw against the Bill Deposit as provided for in this Agreement.

2.15. Adjustment due to inaccurate Meters

In the event that a billing is found to be erroneous due to wrong reading, arithmetical mistakes or omissions, ILPI shall send LANECO a debit/credit memo, as soon as reasonably practicable, following the discovery of the error.

2.16. Bill Deposit

2.16.1. The Bill Deposit shall be equivalent to 100% of the estimated monthly power bill of LANECO and shall be updated annually in the event that the actual average monthly bill for the immediately preceding year is less than ten percent (10%) of the prevailing Bill Deposit. The updated Bill Deposit shall be calculated based on the average monthly billings of the immediately preceding year.

2.16.2. The Bill Deposit shall be paid upon effectivity of this Agreement and shall be in the form of cash, manager's check or cashier's check.

2.16.2.1. Once the Bill Deposit is drawn partially or fully by ILPI, LANECO shall replace the Bill Deposit within fifteen (15) days following notice of such drawing by ILPI.

2.16.2.2. LANECO undertakes and fully confirms that it shall, at all times, maintain the Bill Deposit equivalent to 100% of the estimated monthly power bill.

2.16.3. ILPI shall pay interest equivalent to Peso Savings Account Interest Rate of the Land Bank of the Philippines or other government banks on the first working day of the year, as approved by the ERC. The interests shall be credited yearly (on the anniversary date) to the bills of LANECO.

2.16.4. The Bill Deposit shall be refunded within one month from the termination of service provided all bills have been paid and documentary requirements have been complied with.

2.16.5. In the event that LANECO has paid its power bills on or before its due date for three (3) consecutive years, LANECO may, at any time during the effectivity of this Agreement, demand for the full refund of the Bill Deposit prior to the termination of service.

2.16.6. In the event that LANECO fails to post or replace in full amount the Bill Deposit as herein required, LANECO fully recognize and confirms that ILPI may, at its sole option, disconnect and discontinue the service until LANECO's posting of the required bill deposit and full compliance other requirements.

3. DISPUTE SETTLEMENT

3.1 The Parties shall exert reasonable efforts to amicably settle all disputes arising in connection with this Agreement, within thirty (30) days from notice of the dispute by either Party.

3.2 Should the Parties fail to agree within the said period of time, the matter in dispute, unless under the exclusive jurisdiction of the ERC, shall be finally settled by arbitration in accordance with the Philippine Dispute Resolution Center, Inc.'s arbitration rules as presently in force, and the details in respect of the conduct of such arbitration shall be as follows:

- 3.2.1 The number of arbitrators shall be three (3);
- 3.2.2 The Parties shall each appoint one (1) arbitrator and the two (2) appointed arbitrators shall appoint the third (3rd) arbitrator, who shall be the Chairperson;
- 3.2.3 The place of arbitration shall be in Iligan City; and
- 3.2.4 The language to be used in the arbitration proceedings shall be English.
- 3.3. Any award of the arbitrator(s) shall be final and binding and not subject to appeal.
- 3.4. An amount of twenty percent (20%) of the value of the award by the arbitrator or the ERC shall be paid by the losing party to cover legal fees and other expenses of litigation, but in no case shall such amount be less than Fifty Thousand Pesos (₱50,000.00).

4. FORCE MAJEURE EVENTS

- 3.3 ILPI and LANECO shall be relieved of their respective obligations to supply electricity and receive electricity under circumstances constituting to Force Majeure.
- 3.4 Neither party shall be considered in default in the performance of any of its obligations under this Agreement when failure in performance is due to Force Majeure Event.
- 3.5 The Force Majeure event must render it impossible for a Party to fulfil its obligation in a normal manner despite the exercise of due care.
- 3.6 Force Majeure shall not excuse either Party from exercising due care to prevent it or minimize its effects.
- 3.7 The affected Party shall in writing notify the other party of the occurrence of force majeure, which shall not be later than forty-eight (48) hours from the occurrence of the event.

IMPACT ON THE OVERALL SELLING RATES OF ILPI AND RETAIL RATES OF LANECO

- 9. In compliance with Section 2 "Selling Rates", Article III of ERC Resolution No. 02, Series of 2009, the selling rates of ILPI to LANECO shall be consistent with Section 2.8 - Billing and Applicable Charges, in the SRA.
- 10. On the other hand, the proposed retail rates of LANECO shall be consistent with Section 3 "Retail Rates", Article III of ERC Resolution No. 02, Series of 2009 of which, the purchased power/generation cost is based solely on the power bill of ILPI.
- 11. In the calculation of proposed monthly selling and retail rates for year 2020, the actual charges for the months of 2019 and 2020 were the bases of calculation, incorporating the changes stated in the SRA and the forecasted energy requirement in the area. The applicable charges that ILPI will be billing

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LANECO, on a monthly basis, and the monthly retail rates of LANECO, are as follows:

a. ILPI's Monthly Billing to LANECO

Rates Schedule: LANECO (GENERAL POWER - Schedule 41)
 Billing Month : October 2020

Contract Energy: 30,240	Allowable Energy (120%): 33,869	Actual Energy: 50,400
Contract Demand: 60		Actual Demand: 100

CHARGES		Billing Determinant	Rate	Amount (Php)
GENERATION CHARGE				
PhP/kWh		50,400	7.6426	385,185.02
TRANSMISSION CHARGE				
PhP/kWh		100.00	303.27	30,327.00
PhP/kWh		50,400	0.6839	34,468.56
SYSTEM LOSS CHARGE				
PhP/kWh		50,400	0.2241	11,294.64
DISTRIBUTION CHARGE				
PhP/kWh		100	102.05	10,205.00
PhP/kWh		50,400	0.5991	30,194.64
SUPPLY CHARGE				
PhP/Customer		1	33.16	33.16
PhP/kWh				
METERING CHARGE				
PhP/Customer	Primary Metering	1	3,150.14	3,150.14
LIFELINE SUBSIDY				
PhP/kWh		50,400	0.0897	4,520.88
SENIOR CITIZEN SUBSIDY				
PhP/kWh		50,400	0.0001	4.91
FEED-IN-TARIFF ALLOWANCE		50,400	0.0495	2,494.80
LOCAL FRANCHISE TAX - % of Bill			0.0075	3,839.09
VALUE ADDED TAX				
	On Generation, PAR, System Loss - Generation		0.1028	39,615.12
	On Transmission, System Loss - Transmission		0.0992	7,546.63
	On Others		0.1200	6,072.42
TOTAL BILLING, Php				568,952.02
EFFECTIVE RATE, Php/kWh				11.2887

b. Simulated Rate Impact on LANECO's Residential Rates

For 100W

Particular	Basic Rate (PhP/kWh)	VAT Rate (PhP/kWh)	Total Rate (PhP/kWh)
Existing Rates	10.5213	1.1634	11.6847
Proposed Rates	14.4541	1.4968	15.9509
Increase	3.9328	0.3334	4.2662

SUBMISSION OF DOCUMENTARY AND
PRE-FILING REQUIREMENTS

12. In compliance with the documentary requirements for the application and pre-filing requirements under the ERC Revised Rules of Practice and Procedure, copies of the following documents are being submitted herewith and attached hereto to form integral parts hereof, as follows:

ANNEX MARKINGS	DESCRIPTION OF DOCUMENTS
A	Sale for Resale Agreement between LANECO and ILPI dated 26 July 2019
B	LANECO's Board Resolution bearing No. 155, s. 2019 authorizing the execution of the Sale for Resale Agreement with ILPI
C	ILPI's Board Resolution authorizing the execution of the Sale for Resale Agreement with LANECO and the filing of Application for its approval
D	LANECO's Board Resolution bearing No. 012, s. 2021 authorizing the filing of the Application for Approval of the Sale for Resale Agreement with ILPI
E	LANECO's Certificate of Franchise issued by the National Electrification Commission
F	LANECO's Actual Calculation of Retail Rates per Customer Type per Month for Year 2019
G	LANECO's Actual Power Bills per Supplier per Month for Year 2019
H	LANECO's Actual Sample Bills of per Customer Type per Month for Year 2019
I	LANECO's Calculation of Proposed Residential Retail Rates for Brgys. Dimayon and Inagongan for October 2020, with Justifications
J	LANECO's Existing and Proposed Unbundled Retail Rates (Rate Schedule October 2020)
K	Customer Profile of the target consumers in Brgys. Dimayon and Inagongan for Year 2019 as reflected in the Total Electrification Masterplan for Tagoloan
L	LANECO's MFSR (Sections B and E) for Year 2019
M	LANECO's Audited Financial Statements for Year 2019
N	Single Line Diagram of LANECO's distribution system in the Municipality of Tagoloan
O	ILPI's Certificate of Franchise
P	ILPI's Sample Bills per Customer Class per Month for Year 2019
Q	ILPI's Actual Charges for the applicable Customer Class of LANECO for Year 2019 (Rates Schedule for year 2019)
R	ILPI's Actual Charges for Applicable Customer Class of LANECO (Rates Schedule for October 2020)

ANNEX MARKINGS	DESCRIPTION OF DOCUMENTS
S	Existing and Proposed Unbundled Selling Rates of ILPI to LANEKO
T	ILPI's Monthly Operation Report to DOE for Year 2019
U	ILPI's Audited Financial Statements for Year 2019
V	Single Line Diagram of ILPI's distribution system connected to the Municipality of Tagoloan
W	LANEKO's Initial DSM Rate Caps
X	Rate Impact on LANEKO's Residential Rates
Y	ILPI's Distribution Rates per Decision in ERC Case No. 2011-176 RC
Z	Judicial Affidavit in Support of the Motion for Provisional Authority
AA and series	Proof of furnishing copies of the Joint Application to the Offices of the Mayor and Sangguniang Bayan of Tubod, Offices of the Mayor and Sangguniang Panlungsod of Iligan City, and Offices of the Governor and Sangguniang Panlalawigan of Lanao del Norte
BB and series	Proof of publication of the Joint Application in a newspaper of general circulation in the franchise areas of LANEKO and ILPI

ALLEGATIONS IN SUPPORT OF THE MOTION FOR PROVISIONAL AUTHORITY

13. Joint Applicants replead the above allegations in support of their prayer for issuance of a provisional authority during the pendency of the instant *Application*;
14. To emphasize, the residents of Brgy. Dimayon and Brgy. Inagongan in the Municipality of Tagoloan have been suffering from lack of power supply for the longest period, leaving them with no opportunity for progress and very much behind in terms of benefits of modern technology;
15. LANEKO has already completed the construction of the distribution lines connecting Brgy. Dimayon and Brgy. Inagongan to the distribution network of ILPI to enable the latter to supply electricity to these barangays;
16. The immediate delivery of power services by LANEKO to its end-users in Brgys. Dimayon and Inagongan will be most beneficial to the latter who will be assured of a continuous, reliable and efficient electric service they have long been dreaming of;
17. Further, the immediate connection of Brgys. Dimayon and Inagongan to the whole distribution network of ILPI could generate significant progress and trigger economic development in these communities;

18. In support of the prayer for provisional authority, the Judicial Affidavit of Engr. Marlon L. Gapol is attached hereto as Annex "Z".
19. Hence, this prayer for provisional authority, to implement the Sale for Resale Agreement while the application is pending evaluation of the Honorable Commission.

PRAYER

WHEREFORE, premises considered, Joint Applicants LANECO and ILPI respectfully pray of this Honorable Commission that:

1. Upon initial review of the instant Joint Application and pending evaluation thereof, this Honorable Commission issue an **Order** granting provisional authority for the Joint Applicants to implement the provisions of the Sale for Resale Agreement; and
2. After due notice and hearing, a permanent approval of the Sale for Resale Agreement be issued.

Other relief, just and equitable under the premises, are likewise being prayed for.

Finding the *Joint Application* to be sufficient in form with the required fees having been paid, the Commission hereby sets the same for the determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020,¹ dated 24 September 2020, and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):²

Date	Platform	Activity
14 January 2022 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and Expository Presentation
21 January 2022 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Pre-trial Conference and Presentation of Evidence

¹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

Accordingly, Applicants are hereby directed to host the virtual hearings at **LANECO's Principal Office in Sagadan, Tubod, Lanao del Norte**, as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. Moreover, Applicants shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

RELATIVE THERETO, LANECO and ILPI are hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual 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 virtual hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Mayors, Governors, and the Local Government Unit (LGU) legislative bodies within LANECO's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within LANECO's franchise area, by any other means available and appropriate, of the filing of the *Joint Application*, the reasons therefor, and of the scheduled virtual hearings thereon;
- 4) Furnish with copies of this *Order* and the attached *Notice of Virtual 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 and attend the scheduled hearings; and
- 5) Furnish with copies of the *Joint Application* and its attachments all those making requests thereof, subject to the resolution of the prayer for confidential treatment of information, if any, and reimbursement of reasonable photocopying costs.³

³ For the e-mail address of the applicants, please see page 19.

Within five (5) calendar days prior to the date of the initial virtual hearing, Applicants must submit to the Commission via electronic mail (e-mail) at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, the scanned copies of 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 Virtual Hearing* consisting of affidavit of the Editors or Business Managers of the newspapers where the said *Notice of Virtual 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 Virtual Hearing* consisting of certifications issued to that effect, signed by the aforementioned Mayors, Governors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by LANECO and ILPI to inform the consumers within the affected franchise area of the filing of the *Joint Application*, the reasons therefor, and of the scheduled hearings thereon;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Virtual Hearing* by the OSG, the COA, and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Joint Application* and its attachments, except those covered by motion for confidential treatment of information, by all those making requests therefor, if any; and
- 6) Such other proof of compliance with the requirements of the Commission.

Moreover, LANECO and ILPI are hereby required to post on their bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publications and certifications issued by the concerned Offices of the Mayors, Governors, and Local Legislative Bodies, and to submit proof of their posting thereof.

LANECO, ILPI and all interested parties are also required to submit via e-mail at docket@erc.ph, copy furnish the Legal Service

through legal@erc.ph, at least five (5) calendar days before the date of the scheduled virtual 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 therefor, which should also be attached to the Pre-trial Brief; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

LANECO and ILPI must ensure that all the documents or exhibits proposed to be presented have already been duly submitted to the Commission at least five (5) calendar days before the date of the scheduled initial virtual hearing and Pre-trial Conference pursuant to the preceding paragraph.

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

LANECO and ILPI must also be prepared to make an expository presentation of the instant *Joint 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, the nature of the *Joint Application* with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

LANECO and ILPI are hereby directed to file a copy of their expository presentation via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, at least five (5) calendar days prior to the scheduled virtual hearing. LANECO and ILPI shall also be required, upon the request of any stakeholder, to provide an advance copy of their expository presentation, at least five (5) calendar days prior to the scheduled virtual hearing.

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

LANECO and ILPI are hereby directed to submit, either through personal service, registered or ordinary mail/private courier, one (1) set of the original or certified true hard/printed copy/ies of their Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavit/s of witness/es, within five (5) working days from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission. Similarly, all interested parties who filed their Petition for Intervention or Opposition are required to submit the hard/printed copy thereof within the same period through any of the available modes of service.

Finally, Applicants, including their authorized representative/s and witness/es, are hereby directed to provide the Commission, through legal.virtualhearings@erc.ph, their respective e-mail addresses upon receipt of this *Order*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

SO ORDERED.

Pasig City, 16 November 2021.

FOR AND BY AUTHORITY
OF THE COMMISSION:



AGNES VST DEVANADERA
Chairperson and CEO


LS: KMS/ARG/MCCG

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Copy Furnished:

1. Lanao Del Norte Electric Cooperative, Inc. (LANECO)
Co-Applicant
Sagadan, Tubod
Lanao del Norte
Email: laneco_energycenter@yahoo.com
2. Iligan Light & Power, Inc. (ILPI),
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3. DECHAVEZ LERIOS-AMBOY AND EVANGELISTA LAW OFFICES
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6. Commission on Audit
Commonwealth Avenue, Quezon City
citizensdesk@coa.gov.ph
7. Senate Committee on Energy
GSIS Bldg., Roxas Boulevard, Pasay City
senateenergycommittee@gmail.com
8. House Committee on Energy
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committee.energy@house.gov.ph
9. Office of the President of PCCI
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3rd Floor, Chamber and Industry Plaza (CIP), 1030 Campus Avenue corner Park Avenue, McKinley Town
Center, Fort Bonifacio, Taguig City
secretariat@philippinechamber.com
10. Office of the Provincial Governor
Province of Lanao Del Norte
11. Office of the Sangguniang Panlalawigan
Province of Lanao del Norte
12. Office of the Mayor
Linamon, Lanao del Norte
13. Office of the LGU Legislative Body
Linamon, Lanao del Norte
14. Office of the Mayor
Matungao, Lanao del Norte
15. Office of the LGU Legislative Body
Matungao, Lanao del Norte
16. Office of the Mayor
Poona Piagapo, Lanao del Norte
17. Office of the LGU Legislative Body
Poona Piagapo, Lanao del Norte
18. Office of the Mayor
Kauswagan, Lanao del Norte

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19. Office of the LGU Legislative Body
Kauswagan, Lanao del Norte
20. Office of the Mayor
Bacolod, Lanao del Norte
21. Office of the LGU Legislative Body
Bacolod, Lanao del Norte
22. Office of the Mayor
Munai, Lanao del Norte
23. Office of the LGU Legislative Body
Munai, Lanao del Norte
24. Office of the Mayor
Maigo, Lanao del Norte
25. Office of the LGU Legislative Body
Maigo, Lanao del Norte
26. Office of the Mayor
Kolambugan, Lanao del Norte
27. Office of the LGU Legislative Body
Kolambugan, Lanao del Norte
28. Office of the Mayor
Tangkal, Lanao del Norte
29. Office of the LGU Legislative Body
Tangkal, Lanao del Norte
30. Office of the Mayor
Magsaysay, Lanao del Norte
31. Office of the LGU Legislative Body
Magsaysay, Lanao del Norte
32. Office of the Mayor
Tubod, Lanao del Norte
33. Office of the LGU Legislative Body
Tubod, Lanao del Norte
34. Office of the Mayor
Baroy, Lanao del Norte
35. Office of the LGU Legislative Body
Baroy, Lanao del Norte
36. Office of the Mayor
Lala, Lanao del Norte
37. Office of the LGU Legislative Body
Lala, Lanao del Norte
38. Office of the Mayor
Salvador, Lanao del Norte
39. Office of the LGU Legislative Body
Salvador, Lanao del Norte
40. Office of the Mayor
Kapatagan, Lanao del Norte
41. Office of the LGU Legislative Body
Kapatagan, Lanao del Norte
42. Office of the Mayor
Sapad, Lanao del Norte
43. Office of the LGU Legislative Body
Sapad, Lanao del Norte
44. Office of the Mayor
Sultan Naga Dimaporo, Lanao del Norte

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45. Office of the LGU Legislative Body
Sultan Naga Dimaporo, Lanao del Norte
46. Office of the Mayor
Baloi, Lanao del Norte
47. Office of the LGU Legislative Body
Baloi, Lanao del Norte
48. Office of the Mayor
Iligan City, Lanao del Norte
49. Office of the LGU Legislative Body
Iligan City, Lanao del Norte
50. Office of the Mayor
Tagoloan, Lanao del Norte
51. Office of the LGU Legislative Body
Tagoloan, Lanao del Norte
52. Office of the Mayor
Nunungan, Lanao del Norte
53. Office of the LGU Legislative Body
Nunungan, Lanao del Norte
54. Regulatory Operations Service (ROS)
17th Floor, Pacific Center Building, San Miguel Avenue, Ortigas Center 1600, Pasig City