IN THE MATTER OF THE APPLICATION FOR THE AFFIRMATIVE ACTION OF THE SALE OF VARIOUS SUB-TRANSMISSION LINES/ASSETS OF THE NATIONAL TRANSMISSION CORPORATION (TransCo) TO AGUSAN DEL SUR ELECTRIC COOPERATIVE, INC. (ASELCO), AS COVERED BY A LEASE PURCHASE AGREEMENT (LPA) DATED 15 OCTOBER 2019

ERC CASE No. 2019- ____ RC

NATIONAL TRANSMISSION CORPORATION (TransCo) AND AGUSAN DEL SUR ELECTRIC COOPERATIVE, INC. (ASELCO), Applicants.

JOINT APPLICATION

Applicants, NATIONAL TRANSMISSION CORPORATION (TransCo) and AGUSAN DEL SUR ELECTRIC COOPERATIVE, INC. (ASELCO), through their respective counsels, and to this Honorable Commission, most respectfully aver that:

1. TransCo is a government-owned and controlled corporation (GOCC) created and existing by virtue of R.A. No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), with principal office address at the TransCo Main Building, Quezon Avenue corner BIR Road, Diliman, Quezon City.

2. AGUSAN DEL SUR ELECTRIC COOPERATIVE, INC. (ASELCO) is an electric cooperative (EC) duly organized and existing under the laws of the Republic of the Philippines, with principal office address in San Isidro, San Francisco, Agusan Del Sur, Philippines.

3. By virtue of Section 8 of the EPIRA, TransCo assumed the electrical transmission functions of the National Power Corporation
(NPC), and the responsibility of the latter for the planning, construction and centralized operation and maintenance of high voltage transmission facilities, including grid interconnections and ancillary services.

4. Section 8 of the EPIRA and Rule 6, Section 8(e) of its Implementing Rules and Regulations (IRR) also mandate the segregation of the transmission and sub-transmission functions and assets for transparency and disposal, and authorize TransCo to negotiate for, and to transfer such sub-transmission assets (STAs) and facilities to qualified distribution utilities (DUs), electric cooperatives (ECs) and consortia.

5. Pursuant thereto, this Honorable Commission promulgated the “Guidelines on the Sale and Transfer of the TransCo’s Sub-transmission Assets and the Franchising of Qualified Consortiums” (ERC Guidelines) dated 17 October 2003, as amended by ERC Resolution No. 3, Series of 2005 dated 17 March 2005 which set forth, among others, the standards to distinguish TransCo’s transmission assets from its sub-transmission assets, and establish the approval process prior to the final sale and transfer of sub-transmission assets to qualified DUs.


7. On 16 July 2011, this Honorable Commission issued Resolution No. 15, Series of 2011 entitled “A Resolution Adopting the Amended Rules for the Approval of the Sale and Transfer of TransCo’s Sub-transmission Assets and the Acquisition by Qualified Consortiums.”

8. In accordance with the aforesaid ERC Guidelines, and based on a thorough evaluation conducted by TransCo, it was determined that the San Francisco-ASELCO 69 kV Line is a sub-transmission asset.


9. TransCo has clearly established that ASELCO meets the financial and technical capability criteria under Article IV of the ERC
Guidelines in acquiring, operating, maintaining, upgrading and expanding the subject sub-transmission asset.


10. ASELCO is the only qualified DU that is directly connected to the subject asset, as evidenced by the attached List of Connected Distribution Utilities [Annex "J"].

11. On 01 April 2019, the ASELCO Board of Directors issued Resolution No. 41, Series of 2019 [Annex "K"] relative to the desired acquisition.

12. On 15 October 2019, TransCo and ASELCO executed a Lease Purchase Agreement [Annex "L"] covering the subject sub-transmission asset amounting to Nine Million Eight Hundred Twenty Nine Thousand Five Hundred Ten and 20/100, Philippine Currency (PhP9,829,510.20), plus the corresponding twelve percent value-added tax (12% VAT) thereon, net of adjustments and deductions, subject to further adjustments for any major capital investments, expansions and additions, plus interest, payable in two hundred forty (240) equal monthly installments. This is consistent with the SKM Valuation [Annex "M"].

13. Finally, herein applicants also respectfully submit the following documents in compliance with the Honorable Commission’s requirements:

   a. Draft of the Deed of Absolute Sale [Annex "N"]; and,
   b. Franchise Description [Annex "O"].

14. The proposed sale has satisfied all of the requirements and criteria set by the EPIRA and its IRR, as well as the ERC and TransCo Guidelines on the Sale of Sub-transmission Assets.

15. The approval by this Honorable Commission of the instant Joint Application shall pave the way for the attainment of a reformed electricity industry under the EPIRA, which would ultimately best serve the interests of the consuming public.

PRAYER

WHEREFORE, it is most respectfully prayed of this Honorable Commission that after due notice and hearing, a DECISION be
rendered APPROVING the instant *Joint Application* pertaining to the sale of TransCo’s San Francisco-ASELCO 69 kV Line in favor of **AGUSAN DEL SUR ELECTRIC COOPERATIVE, INC. (ASELCO)** under the terms provided in the 15 October 2019 *Lease Purchase Agreement*.

Applicants also pray for other just and equitable relief.

Respectfully submitted, Quezon City and Agusan Del Sur, for Pasig City, 29 October 2019.

**NATIONAL TRANSMISSION CORPORATION**  
TransCo Main Building, Quezon Avenue corner BIR Road,  
Diliman, Quezon City  
Telephone 902-1500 loc. 1589

*By:*

NOEL Z. DE LEON  
*General Counsel*  
IBP No.AR15772438; 01/07/19/ Quezon City  
MCLE Compliance No. VI-002339; May 8, 2019  
Roll of Attorney No. 36660 dated April 1990

LEON T. TAPEL, JR.  
*Deputy Legal Counsel*  
IBP No. 083780; 04/17/19/ PPLM  
MCLE Compliance No. VI-0024894; April 17, 2019  
Roll of Attorney No. 34555 dated May 30, 1987

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MCLE Compliance No. VI-0008473; April 14, 2018  
Roll of Attorneys 44968

ANNE ROSE R. DE GUIA  
*Corporate Attorney, Corporate Legal Services Department*  
IPE No. 064496; 01/08/2019/ Bulacan  
MCLE Compliance No. VI-0025194; April 8, 2019  
Roll of Attorney No. 64369 dated May 2009
AGUSAN DEL SUR ELECTRIC COOPERATIVE, INC.
(ASELCO)
(Co-Applicant)

By:

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ALAN C. GAVIOLA
PTR No. 236611; Province of Cebu; Jan. 10, 2019
IBP O.R. 068855; Cebu City; Jan. 18, 2019
Roll No. 30385
MCLE Compliance III, 0019612; Dec. 14, 2010

[Signature]

ALAN BYRNE S. GAVIOLA
PTR No. 236610; Province of Cebu; Jan. 10, 2019
IBP O.R. 068856; Cebu City; Jan. 18, 2019
Roll No. 62695
MCLE Compliance VI, 0027706; Apr. 14, 2022
VERIFICATION and CERTIFICATION
of NON-FORUM SHOPPING

1. I, ATTY. MELVIN A. MATIBAG, Filipino, of legal age, married and with principal office address at the National Transmission Corporation (TransCo), TransCo Main Building, Quezon Avenue corner BIR Road, Diliman, Quezon City, after having been duly sworn in accordance with law, do hereby depose and state, that:

   1. I am TransCo's President and Chief Executive Officer who is duly authorized to represent it in this Joint Application as per the attached relevant section of TransCo's Manual of Approvals (Annex "P").

   2. I have caused the preparation of the instant Joint Application and read the contents thereof, and I attest that the allegations herein contained are true and correct based on my personal knowledge and on authentic records.

   3. TransCo has not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein.

   4. Should I hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report said fact within five (5) days from discovery thereof to this Honorable Commission.

   [Signature]

   MELVIN A. MATIBAG
   Affiant

SUBSCRIBED AND SWORN to before me this __ day of ___, 2019 at the National Transmission Corporation, TransCo Main Bldg., Quezon Avenue corner BIR Road, Diliman, Quezon City. Affiant exhibited to me his _______ I.D. No. _______ issued at _______ on _______. Said ID bears his picture and signature.

[Signature]

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VERIFICATION and CERTIFICATION of NON-FORUM SHOPPING

We, EMANUEL B. GALARSE, Filipino, of legal age, married and CORAZON D. CULLANTES, Filipino, of legal age, single with principal office address at San Isidro, San Francisco, Agusan del Sur, after having been duly sworn in accordance with law, do hereby depose and state, that:

1. We are the General Manager and Board President of Agusan del Sur Electric Cooperative, Inc. (ASELCO) who are duly authorized to represent and sign all the documents pertinent in this Joint Application for the approval of the sale of various sub-transmission assets to ASELCO;

2. We have caused the preparation of the instant Joint Application and read the contents thereof, and we attest that the allegations herein contained are true and correct based on our personal knowledge and on authentic records;

3. ASELCO has not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein.

4. Should we hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, We shall report said fact within five (5) days from discovery thereof to this Honorable Commission.

EMANUEL B. GALARSE
Affiant

CORAZON D. CULLANTES
Affiant

SUBSCRIBED AND SWORN to before me this 19 NOV 2019 at San Francisco, Agusan del Sur. Affiants exhibited to me their Tax Identification Cards with Numbers 108-873-287 and 114-083-810 issued at the Province of Agusan del Sur, said identification cards bear their pictures and signatures.

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ATTY. JULIE L. BANSAAET
NOTARY PUBLIC FOR AGUSAN DEL SUR
until November 31, 2020

ROLL OF NOTARIES PUBLIC NO. 28622/05-02-05
SAN FRANCISCO, AGUSAN DEL SUR
11/04/2018

PLAQUE COMPLIANCE NO. V-001693/05-02-05
SAN FRANCISCO, AGUSAN DEL SUR

SUR

17/03/2019