IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF THE SALE OF VARIOUS SUB-TRANSMISSION LINES/ASSETS OF THE NATIONAL TRANSMISSION CORPORATION (TRANSCO) TO LA UNION ELECTRIC COOPERATIVE, INC. (LUELCO), AS COVERED BY A LEASE PURCHASE AGREEMENT (LPA) DATED 02 DECEMBER 2020

ERC CASE NO. 2020-047 RC

NATIONAL TRANSMISSION CORPORATION (TransCo) AND LA UNION ELECTRIC COOPERATIVE, INC. (LUELCO),

Applicants.

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 29 December 2020, National Transmission Corporation (TransCo) and La Union Electric Cooperative, Inc. (LUELCO) filed a Joint Application dated 10 December 2020, seeking the Commission’s approval of the sale of various sub-transmission lines or assets of TransCo to LUELCO, as covered by a Lease Purchase Agreement (LPA) dated 02 December 2020.

The pertinent provisions of the said Joint Application are hereunder quoted as follows:

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. **LUELCO** is an electric cooperative (EC) duly organized and existing under the laws of the Republic of the Philippines, with principal office address at Brgy. Sta. Rita East, Aringay, La Union.

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 Consortia” (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 Consortia.”

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


10. LUELCO 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 23 July 2020, the LUELCO Board of Directors issued Resolution No. 075-2020 [Annex “K”] relative to the desired acquisition.

12. On 02 December 2020, TransCo and LUELCO executed a Lease Purchase Agreement [Annex “L”] covering the subject sub-transmission asset amounting to Seven Million Eight Hundred Fifty-Eight Thousand Four Hundred Forty Pesos, Philippine Currency (PhP7,858,440.00), 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 Manuel – NCC 69kV Line in favor of LA UNION ELECTRIC COOPERATIVE, INC. (LUELCO) under the terms provided in the 02 December 2020 Lease Purchase Agreement.

Applicants also pray for other just and equitable relief.

The Commission has set the instant Joint Application 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 09, Series of 2020¹, dated 24 September 2020:

<table>
<thead>
<tr>
<th>Date</th>
<th>Platform</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 March 2021</td>
<td>Microsoft Teams</td>
<td>Determination of compliance with the jurisdictional requirements and Expository Presentation</td>
</tr>
<tr>
<td>(Friday) at nine o’clock in the morning (9:00 A.M.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26 March 2021</td>
<td>Microsoft Teams</td>
<td>Pre-trial Conference and Presentation of Evidence</td>
</tr>
<tr>
<td>(Friday) at nine o’clock in the morning (9:00 A.M.)</td>
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Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled initial virtual hearing, via electronic mail (e-mail) at docket@erc.ph and records@erc.gov.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.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at docket@erc.ph and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph, a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

¹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.
1) The petitioner’s name, mailing address, and e-mail address;

2) The nature of petitioner’s interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and

3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at docket@erc.ph and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

1) The name, mailing address, and e-mail address of such person;

2) A concise statement of the Opposition or Comment; and

3) The grounds relied upon.

All such persons who wish to have a copy of the Joint Application may request from Applicants that they be furnished with the same prior to the date of the initial hearing. Applicants are hereby directed to furnish all those making such request with copies of the Joint Application and its attachments, through any of the available modes of service, upon their agreement, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the Joint Application and other pertinent records filed with the Commission during the standard office hours. In the alternative, those persons who wish to have an electronic copy of the Joint Application may request the Commission for the e-mail addresses of the Applicants by sending an e-mail to docket@erc.ph and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph. Nonetheless, any person may also access the Joint Application as posted by the Commission in its official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled virtual hearings by providing the Commission, thru legal.virtualhearings@erc.ph with their respective e-mail addresses
and indicating therein the case number of the instant *Joint Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.


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