

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF THE MULTI-YEAR CAPITAL
EXPENDITURE (CAPEX)
PROJECTS FOR YEARS 2022-2025
WITH PRAYER FOR
PROVISIONAL AUTHORITY OR
INTERIM RELIEF,

2026-110 RC

ERC CASE NO. 2025 - ____ RC

ZAMBOANGA CITY ELECTRIC
COOPERATIVE, INC.
(ZAMCELCO)

July 24, 2026

Applicant.

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APPLICATION

(with Motion for Provisional Authority or Interim Relief)

APPLICANT, ZAMBOANGA CITY ELECTRIC COOPERATIVE, INC. (ZAMCELCO), by counsel, and to this Honorable Commission, respectfully states that:

1. ZAMCELCO is a non-stock, non-profit electric cooperative duly organized and existing under the Philippine Laws, with principal office address at MCLL Highway, Putik, Zamboanga City.

2. ZAMCELCO holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in Zamboanga City¹.

3. Section 20(b) and 20(g) of *Commonwealth Act No. 146*, as amended by *Republic Act No. 11659*, and the *Distribution Services and Open*

¹ Currently, ZAMCELCO's management and operation is undertaken by an Investor-Manager, the Joint Venture of Crown Investment Holdings, Inc. and DESCO, Inc., by virtue of an Investment Management Contract.

Access Rules require any public service “to establish, construct, maintain, and operate any reasonable extension of its existing facilities, where in the judgment of the Honorable Commission, such extension is reasonable and practicable and will furnish sufficient business to justify the construction and maintenance of the same, and when the financial condition of the said public service reasonably warrants the original expenditure required in making and operating such extension.”

4. On 08 March 2006, the Honorable Commission promulgated *Resolution No. 13, Series of 2006, entitled “A Resolution Adopting the Guidelines to Govern the Submission, Evaluation and Approval of Electric Distribution Capital Projects.”* The said Rules prescribe a uniform system of filing the distribution utilities’ applications for approval of their respective capital projects.

5. On 15 December 2008, the Honorable Commission issued *Resolution No. 18, Series of 2008, entitled “A Resolution Adopting the Rules for Approval of Regulated Entities’ Capital Expenditure Projects.”*

6. On 09 December 2009, the Honorable Commission issued *Resolution No. 26, Series of 2009, entitled “A Resolution Amending the Rules for Approval of Regulated Entities’ Capital Expenditure Projects.”*

7. Pursuant to the above cited and other pertinent rules and regulations, this *Application* is filed for the approval of Applicant’s CAPEX Projects, with prayer for provisional authority or interim relief.

8. ZAMCELCO’s CAPEX Projects for 2022 to 2025 are divided into network and non-network projects, the summary and rationale of which are as follows:

No.	PROJECT TYPE	Asset Category	PROJECT TITLE	PROJECT RATIONALE
1	Safety	Network	Refurbishment of Poles	This project involves the procurement of poles for the replacement of existing old and dilapidated poles. For the year 2022-2024, ZAMCELCO has procured a total of 822 of 30ft, 35ft and 40ft of steel poles. Accomplishing 819 units of pole inclusive of replacement of wooden pole, relocation, resetting of inclined pole that pose hazards to the public. By implementing this project, ZAMCELCO improves not only its public safety and system reliability but the further improvement of its resiliency and efficiency in power delivery.

No.	PROJECT TYPE	Asset Category	PROJECT TITLE	PROJECT RATIONALE
2	Capacity	Network	Provision of Kilowatt-hour Meters and Metering Materials for New Customers	The indispensable role of ZAMCELCO, as an electric cooperative is to deliver electricity to its member-consumer-owners (MCOs). Pursuant to EPIRA of 2001, ZAMCELCO shall provide distribution services and connection to its system for any end-user within its franchise area. For the year 2022, the cooperative has energized 5,577 households, for the year 2023, 5,536 households and as of October for the year 2024, 4,344, totaling to 15,457 energized households for this CAPEX period.
3	Capacity	Network	Provision of Distribution Transformers and Accessories for New Customers	With the continued growth of Zamboanga City, it is imperative that ZAMCELCO accommodate incoming customers across its franchise. With this project, ZAMCELCO aims to optimize the utilization of its distribution assets to ensure that sufficient provision of transformers is available for incoming customers. 50KVA and 75KVA transformer rating is forecasted and proposed for the year 2025 due to the forecasted expansion of load demand and immediate loading of distribution facilities.
4	Capacity	Network	Construction of Cabatangan - Pasonanca Overhead Line Construction	Last December 3, 2019, ZAMCELCO successfully implemented and energized the construction of the 10 MVA Cabatangan substation. It has been an urgent measure to resolve and upgrade the then overloaded and existing 10 MVA Cabatangan Substation through the addition of 10 MVA under the CAPEX 2019-2021 Application. However, even with the addition of the 10MVA, the existing Pasonanca Feeder of the 10 MVA Changzou is expected to be loaded by 2026, with the power transformer within tolerable level. With the implementation of this project, Cabatangan Substation will be rehabilitated with the addition of the new Pasonanca feeder and the rehabilitation on proper right-of-way for the existing feeders, providing accessibility to troubleshooting and increasing capacity to cater to more customers.
5	Rural Electrification	Network	Implementation of 7 Sitios under 2019 SEP GAA	In support of NEA's flagship program of total electrification, ZAMCELCO has successfully energized 7 sitios under the 2019 Sitio Electrification Program (SEP) General Appropriations Act (GAA). These sitios are: (1) Sitio Sta. Clara, (2) Sitio Bagwak and (3) Sitio Cotalan of Barangay Tolosa; (4) Sitio Pole Diutay and (5) Sitio Sta Rita of Barangay La Paz; (6) Sitio Bagkay and (7) Sitio Nangkal of Barangay Baluno which were successfully energized last December 2022-January 2023. This project has energized a total of 149 beneficiaries with distribution line extending to 10.994 ckms of lines

No.	PROJECT TYPE	Asset Category	PROJECT TITLE	PROJECT RATIONALE
6	Rural Electrification	Network	Implementation of 6 Sitios under 2020 SEP GAA	For 2022 Sitio Electrification Program (SEP) General Appropriations Act (GAA), ZAMCELCO included six (6) sitios, all locating in Barangay Sibulao for implementation. This includes: (1) Sitio Bacolod; (2) Sitio Buug Mundo; (3) Sitio Lower Sibulao Pucutin; (4) Sitio Pat Goma; (5) Sitio Patmiagun; and (6) Sitio Rio Grande. This project aims to construct a total of 14,547 ckms of lines with a total potential beneficiary of 236 households
7	Systems Loss Reduction	Network	Massive Meter Replacement	ZAMCELCO's goal as an electric cooperative is to ensure a safe, reliable, and affordable energy supply to its MCOs. As of 2024, non-technical losses contributed 12.82% of the 20.44% total loss of ZAMCELCO. For the year 2025, ZAMCELO targets to replace 13,680 units of Class 100 electronic socket-type kilowatt-hour meters. This project will be pursued until 2026-2027 period of the next application to ensure the ZAMCELCO's corrective response on its prevailing issues of pilferage and electrical theft.
8	Systems Loss Reduction	Network	Replacement of Overloaded Distribution Transformers	This project involves the completed procurement of distribution transformers to replace the overloaded ones for the years 2022-2024. A total of 504 distribution transformers were replaced and augmented covering this capex period. This is to reduce/improve the system loss by reducing the transformer losses brought by overloaded units. If not implemented, this will cause voltage quality issues and possible risks to lives and properties.
9	System Loss Reduction	Network	Rehabilitation of Lines Alpha 2- Suterville & Campo Islam	This project shall ensure the integrity of electric lines and hardware, lessen issues required of troubleshooting and sustain the quality of electric supply especially in the areas of Suterville and Campo Islam. These areas are identified as the most contributors to the coop's overall system loss of 20.71% for the year 2024. It has become imperative that these locations undergo massive rehabilitation due to the wear, damage, or sagging electric facilities. By replacing and rehabilitating these areas, technical losses will be addressed, improved voltage stability and quality can be attained, adverse risk of overloaded and heavily aged distribution lines can be prevented and accommodate more customers within respective areas. It is simulated that with the implementation of these projects a total of 52,142kwhr will be recovered.
10	Systems Loss Reduction	Network	Installation of Elevated Meter Centering with frames (Arena Blanco, Baliwasan, Dedicated, Rio	The Elevated Meter Clustering (EMC) program will allow the cooperative to group several kWh meters together and install them high atop electric poles to prevent unauthorized access and tampering. The old frames and other equipment installed in our EMCs have already deteriorated, which can cause harm, unscheduled interruption, and attract more pilferages due to their state,

No.	PROJECT TYPE	Asset Category	PROJECT TITLE	PROJECT RATIONALE
			Hondo, Mercedes, Sta. Catalina)	which is why we need to rehabilitate and upgrade them. With the implementation of this project, a total of 486,801.53 kwhr will be recovered.
11	Customer Service Efficiency	Non-Network	Acquisition of Additional Service Vehicles, Heavy Equipment, and Motorcycle	Zamboanga City is ranked the third largest city by land area. With its aging and dilapidated system, various complaints arise especially during inclement weather conditions that calls for immediate action. The coverage of engineering areas also exposes the limited-service vehicles to wear and tear which expedites its deterioration due to prolonged usage. In order for ZAMCELCO to maintain the optimum utilization of vehicles and prevent multiple occurrences of vehicle failure, and the increased capacity to accommodate complaints promptly. For the year 2025, the project aims to acquire additional 22 units utility vehicles for the operations and maintenance, massive meter replacement and disconnection/reconnection purpose, 2 units of boom truck in addition to existing units needed for high voltage line operations and maintenance, and 11 units of motorcycle units for meter reading.
12	Customer Service Efficiency	Non-Network	Acquirement of Testing Devices and Equipment	Some of the instruments and equipment that ZAMCELCO has been employing are currently old and defective. There is some equipment that is not readily available and must be purchased. ZAMCELCO will benefit from this project by being able to carry out testing procedures with more accuracy and certainty. For 2025, this project includes the (1) Transformer Winding Analyzer (2) Current and Potential Transformer Tester and (3) Meter Test Board. Such equipment is classified as urgent measures for the cooperative to ensure the accuracy and protection of current and power transformers which are essential components in power systems. The Meter Test Bench will allow for increased meter test capacity especially for this CAPEX application where ZAMCELCO targets to address much of its non-technical losses.

9. The Summary Cost of the Proposed 2022-2025 CAPEX Projects are as follows:

No.	Project Code	Project Type	Asset Category	Project Title	Funding Source	2022	2023	2024	2025	Project Cost
1	ZC2022-NP001	Safety	Network	Refurbishment of Poles	General Fund	P4,130,000.00	P4,979,831.88	P8,975,200.00		P18,085,031.88
2	ZC2022-NP002	Capacity	Network	Provision of Kilowatt-hour Meters and Metering	General Fund	P180,000.00	P1,440,000.00	P5,118,000.00		P6,738,000.00

				Materials for New Customers	Infusion (Loan 15Years @8%)				P18,938,762.96	P18,938,762.96
3	ZC2022-NP003	Capacity	Network	Provision of Distribution Transformers and Accessories for New Customers	Infusion (Loan 15Years @8%)				P13,363,212.00	P13,363,212.00
4	ZC2022-NP004	Capacity	Network	Construction of New Feeder for Barangay Pasonanca	RFSC - On Hand				P7,547,587.14	P7,547,587.14
5	ZC2022-NP005	Rural Electrification	Network	Implementation of 7 Sitios under 2019 SEP GAA	NEA Subsidy	P7,433,340.95				P7,433,340.95
6	ZC2022-NP006	Rural Electrification	Network	Implementation of 6 Sitios under 2020 SEP GAA	NEA Subsidy				P17,756,380.86	P17,756,380.86
7	ZC2022-NP007	System Loss Reduction	Network	Massive Meter Replacement	Infusion (Loan: 4Years @8%)				P49,129,600.00	P49,129,600.00
					General Fund	P5,662,200.00	P12,341,300.00			P18,003,500.00
8	ZC2022-NP008	System Loss Reduction	Network	Replacement of Overloaded Transformer	General Fund	P12,600,000.00	P4,639,499.80	P26,434,200.00		P43,673,699.80
9	ZC2022-NP009	System Loss Reduction	Network	Rehabilitation of Distribution Lines (Alpha 2- Sutterville & Campo Islam)	RFSC - On Hand				P69,772,428.00	P69,772,428.00
10	ZC2022-NP010	System Loss Reduction	Network	Installation of Elevated Meter Centering with frames (Arena Blanco, Baliwasan, Dedicated, Rio Hondo, Mercedes, Sta. Catalina)	Infusion (Loan: 4Years @8%)				P29,371,469.53	P29,371,469.53
11	ZC2022-NNP011	Customer Service Efficiency	Non - Network	Acquisition of Additional Service Vehicles, Heavy Equipment, and Motorcycle	Infusion (Loan: 4Years @8%)				P47,774,500.00	P47,774,500.00
12	ZC2022-NNP012	Customer Service Efficiency	Non - Network	Acquirement of Testing Devices and Equipment	RFSC - On Hand				P21,950,000.00	P21,950,000.00
TOTAL						P30,005,540.95	P23,400,631.68	P40,527,400.00	P275,603,940.49	P369,537,513.12

10. The CAPEX Projects were identified and prioritized based on the result of technical performance assessments and distribution system evaluations by ZAMCELCO.

11. ZAMCELCO submits the following documents, which includes discussion on Company Profile, Distribution Planning Process, Forecasting, Performance Assessment, Summary of Identified Problems,

Proposed CAPEX Projects, Financial Plan, Rate Impact, and Project Justifications:

Annexes	Description of Document
"A"	Board Resolution No. 110, series of 2025
"B"	CAPEX Write-Up, including the Proposed Projects, detailed justifications, Rate Impact, and related documents.
"C"	Board Resolution No. 131, series of 2025 (approving the Proposed CAPEX Projects)
"D"	Affidavit of Posting
"E"	Notice of the CAPEX Projects

12. **Financing Plan.** The CAPEX Projects will be financed by obtaining loans from financial institutions, and the internally generated revenues from the Reinvestment Fund for Sustainable CAPEX (RFSC) will be utilized to pay amortization of the loans.

13. The total cost considerations for these Capital Expenditure (CAPEX) applications amount to **Php ₱758,482,255.50** broken down as follows: **₱388,944,742.38** for the 2019-2021 CAPEX projects (serving as a catch-up implementation plan for 2025 with rate impact considerations), **₱369,537,513.12** for the 2022-2025 CAPEX projects, and **Php 25,189,721.81** specifically allocated for the Sitio Electrification Program (SEP) projects through a NEA Subsidy received on February 17, 2022, with any unused balance returned according to NEA guidelines. Funding sources for these projects include RFSC and Investor Infusions (loans with 15-year and 4-year terms at 8%).

CAPEX APPLICATION	Source of Funds	Interest Rate Per Annum (%)	Term (Yrs)	2022	2023	2024	2025	Sub-Total
2022 - 2025	Infusion (Loan: 4Years @8%)	8.00%	4	-	-	-	₱264,904,638.37	₱264,904,638.37
	RFSC On Hand	N/A	N/A	-	-	-	₱239,321,269.30	₱239,321,269.30

	General Fund	N/A	N/A	₱22,572,200.00	₱23,400,631.68	₱40,527,400.00	-	₱86,500,231.68
	NEA Subsidy	N/A	N/A	₱7,433,340.95	-	-	₱17,756,380.86	₱25,189,721.81
	Infusion (Loan 15Years @8%)	8.00%	15	-	-	-	₱142,566,394.34	₱142,566,394.34
TOTAL				₱30,005,540.95	₱23,400,631.68	₱40,527,400.00	₱664,548,682.87	₱758,482,255.50

14. **Rate Impact.** The projected kWh sales are based on the Distribution Development Plan (DDP). The current Reinvestment Fund for Sustainable CAPEX (RFSC) Rate is Php 0.1518 per kilowatt-hour (kWh).

The rate impact of these capital projects when financing includes loan proceeds from the Investment Manager. Total energy sales over the 2022–2025 horizon is projected at 2.64 billion kWh, with the RFSC rate kept constant at ₱0.1518/kWh. While the RFSC fund posts surpluses through 2024, a fund deficit of ₱39.92 million emerges by year-end 2025, driven by the heavy CAPEX rollout. This translates into a rate shortfall of ₱-0.0567/kWh in 2025, underscoring the need for timely rate adjustments or alternative financing strategies to sustain the CAPEX implementation without jeopardizing fund stability.

Particulars	PROJECTIONS				
	2022	2023	2024	2025	TOTAL
ENERGY SALES, KWH	606,004,164.04	639,391,339.58	690,864,350.95	703,911,959.76	2,640,171,814.33
RFSC RATE, PhP/KWH	0.1518	0.1518	0.1518	0.1518	0.1518
Fund Beginning balance, PhP, excess/(shortfall)	₱197,951,134.43	₱674,816,372.06	₱669,383,427.82	₱654,637,318.39	₱197,951,134.43
FUND INFLOWS					
Forecasted /RFSC Collection, PhP	₱91,991,432.10	₱97,059,605.35	₱104,873,208.47	₱106,853,835.49	₱400,778,081.42
NEA Subsidy -SITIO,PhP	₱7,433,340.95	-	-	₱21,080,092.16	₱28,513,433.11
Loan Proceeds from Investor Management for the subject application, PhP	₱264,904,638.37	-	-	-	₱264,904,638.37

Infusion (Loan: 4Years @8%)					
Loan Proceeds from Investor Management for the subject application, PhP Infusion (Loan: 15 Years @8%)	₱142,566,394.34				₱142,566,394.34
Borrowed funds from General Fund, if any (PhP)	₱86,500,231.68				₱86,500,231.68
TOTAL FUND INFLOWS, PhP	₱593,396,037.44	₱97,059,605.35	₱104,873,208.47	₱127,933,927.65	₱923,262,778.92
Available Fund for Disbursement, PhP	₱791,347,171.87	₱771,875,977.41	₱774,256,636.29	₱782,571,246.04	₱1,121,213,913.35
FUND OUTFLOWS					
CAPEX REQUIREMENTS, PhP	₱30,005,540.95	₱23,400,631.68	₱40,527,400.00	₱664,548,682.87	₱758,482,255.50
NEA Subsidy -SITIO, PhP	₱7,433,340.95	₱0.00	₱0.00	₱21,080,092.16	₱28,513,433.11
CAPEX AMORTIZATION, PhP Infusion (Loan: 4Years @8%)	₱79,091,917.91	₱79,091,917.91	₱79,091,917.91	₱79,091,917.91	₱316,367,671.64
CAPEX AMORTIZATION, PhP Infusion (Loan: 15Years @8%)	₱16,655,966.97	₱16,655,966.97	₱16,655,966.97	₱16,655,966.97	₱66,623,867.90
Total Fund Outflows, PhP	₱116,530,799.81	₱102,492,549.59	₱119,619,317.91	₱764,720,692.94	₱1,103,363,360.25
Fund Ending Balance, PhP, excess/(shortfall)	₱674,816,372.06	₱669,383,427.82	₱654,637,318.39	₱17,850,553.10	₱17,850,553.10
EXCESS/(SHORTFALL) ON RFSC, PhP/KWH	1.1136	1.0469	0.9476	0.0254	

COMPLIANCE WITH PRE-FILING REQUIREMENTS

15. In compliance with the pre-filing requirements for the instant Application, it is submitting the following documents which are being made integral parts thereof, to wit:

Annexes	Description of Document
"F"	Judicial Affidavit in Support of the Prayer for Provisional Authority or Interim Relief
"G", series	Proof of receipt of copies of the Application to the concerned Offices of the Mayor/Governor and Sangguniang Panlungsod/Panlalawigan
"H"	Affidavit of Publication
"I"	Newspaper where the Application was published

PRAYER

WHEREFORE, premises considered, it is respectfully prayed to this Honorable Commission, that after hearing on the merits, a **DECISION** be rendered **APPROVING** ZAMCELCO's Proposed CAPEX Projects for 2022 to 2025.

Other reliefs, just equitable in the premises, are likewise prayed for.

Pasig City, Metro Manila,

27 March 2026.

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MCLE Compliance No. VIII – 0011677/ 08 August 2024



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MCLE Compliance No. VIII -0026824/ 10 April 2025

VERIFICATION AND CERTIFICATION

We, JEFFREY RUSS B. TARIPE, of legal age, Board President; ENGR. FLOYD ERIC O. BAUTISTA, of legal age, Acting General Manager; and ATTY. ROMMEL S. AGAN, CPA, of legal age, Chief Management Officer of ZAMBOANGA CITY ELECTRIC COOPERATIVE, INC. (ZAMCELCO), all with office address at ZAMCELCO, MCLL Highway, Putik, Zamboanga City, Philippines, after having been duly sworn in accordance with law, hereby depose and state that:

1. We are the duly authorized representatives and signatories of ZAMCELCO, and we caused the preparation of the foregoing Application for submission to the Honorable Energy Regulatory Commission;

2. The allegations therein are true and correct based on our personal knowledge, or based on authentic documents;

3. The foregoing Joint Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigations;

4. The factual allegations therein have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;

5. To the best of our knowledge, ZAMCELCO has not commenced any action or proceeding involving the same issues in the Supreme Court, or any of the regular courts, tribunal or quasi-judicial agency and that no such action or proceeding is pending before them involving issues that may be related to this Joint Application; and

6. If we should thereafter learn that a same or similar action or claim has been filed or pending, we shall undertake to promptly inform the Honorable Commission within five (5) calendar days from knowledge therefrom.


JEFFREY RUSS B. TARIPE
Board President


ENGR. ~~FLOYD ERIC O.~~ BAUTISTA
Acting General Manager


ATTY. ROMMEL S. AGAN
Chief Management Officer

SUBSCRIBED AND SWORN to before me this 04 MAY 2026 day of _____, 2026 at Zamboanga City, Affiants exhibited to me their Government issued I.D.

Affiant	Type of ID	ID Number and Expiry Date/Date Issued
Atty. Rommel S. Agan	Driver’s License	License No. J04-91-036005 Expiry date: 2032/12/18
Engr. Floyd Eric O. Bautista	Driver’s License	License No. N04-96-367173 Expiry date: 2032/06/01
Mr. Jeffrey Russ B. Taripe	Driver’s License	License No. J04-76-055910 Expiry date: 2032/02/23

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Book No. 11;
Series of 2025 ff.


ATTY. JAN WINICE E. LIM, CE
Notary Public for Zamboanga City
Notarial Commission No. 2025-38
Commissioned Feb. 4, 2025-Dec. 31, 2025
ALL LAW OFFICES SANTAKA & S VALDE ROSA ST., Z.C.
PTR No. 3325032; 12-26-2025; Z.C.
IBP No. 517333; 01-17-2025; Z.C.
Roll No. 86249; 05-02-23
MELE No. 68811446 No. VIII-0007701; 03/20/24