

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Exquadra Tower, Jade Drive
Ortigas, Pasig City

**IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF CAPITAL EXPENDITURE
PROJECTS FOR THE CALENDAR
YEARS 2021 to 2023**

ERC CASE NO. 2026-083 RC

June 10, 2026

**PAMPANGA RURAL ELECTRIC
SERVICE COOPERATIVE, INC.
(PRESCO),**

Applicant.

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APPLICATION

Applicant **PAMPANGA RURAL ELECTRIC SERVICE COOPERATIVE, INC. (PRESCO)**, through the undersigned counsel, unto this Honorable Commission, respectfully states that:

1. PRESCO is a franchised electric cooperative duly organized and existing by virtue of the laws of the Republic of the Philippines, with principal office address at Brgy. Anao, Mexico, Pampanga, where it may be served with notices and other legal processes of this Honorable Commission, represented by its Project Supervisor/Acting General Manager, Engr. Lamberto M. Canlas, by virtue of Board Resolution No. 37-S-2026, dated April 29, 2026, hereto attached as **Annex “Y”**;
2. The Applicant has an exclusive franchise issued by the National Electrification Administration (NEA) to operate an electric light and power services in the Municipalities of Arayat (five [5] barangays), Magalang (one [1] barangay), Mexico (twenty-four [24] barangays) and Sta. Ana (four [4] barangays), all in the Province of Pampanga;
3. The Applicant may be served with notices, orders, and processes of the Honorable Commission through the undersigned counsel at the address indicated below;

Legal Basis of the Application

4. Republic Act No. 9136, or the Electric Power Industry Reform Act of 2001 ("EPIRA"), under Section 23 thereof, mandates a distribution utility, such as PRESCO, to provide distribution services and connections to its system for any end-user within its franchise area, consistent with the Philippine Distribution Code (PDC). In addition thereto, distribution utilities share in the objective of the EPIRA to ensure the quality, reliability, security and affordability of the supply of electric power;¹

5. Consistent with its mandate under the EPIRA, it is necessary for PRESCO to continuously invest in the improvement of its distribution network and services to better serve its member-consumers;

6. In addition, PRESCO is covered by the *Rules for Setting the Electric Cooperatives' Wheeling Rates* pursuant to ERC Resolution No. 20, Series of 2009 which provides the legal framework governing the new regulatory regime of on-grid electric cooperatives;

7. Also, ERC Resolution No. 8, Series of 2011 prescribes the timeline for the filing of multi-year CAPEX application which coincides with the timeline for the filing of the application under the Tariff Glide Path (TGP) Rule;

8. As such, PRESCO, in accordance with Section 20 (b) of the Public Service Act² and the aforesaid ERC Resolutions, hereby seeks this Honorable Commission's confirmation and approval of the implementation of its Capital Expenditure ("CAPEX") Program for Calendar Years ("CY") 2021-2023 ("CAPEX Program").

CAPEX PROGRAM

9. The CAPEX Program of PRESCO is categorized as follows:

- a. Network Projects; and
- b. Non-network Projects.

10. PRESCO's CAPEX Program under the category of *Network and Non-Network Projects* are briefly described and consists of the following:

¹ Section 2(b), EPIRA.

² Commonwealth Act No. 146, as amended by Republic Act No. 11659.

Proposed Projects		Rationale (Brief description/justification of the project)
No.	Title	
1	Replacement of Rotten Wood Poles	At present PRESCO's Distribution Network still has Wood Poles that started to rot due to old age which requires immediate replacement. Replacement of rotten and damaged wood poles addresses safety concerns in terms of public safety and potential risk to life and property.
2	Procurement of safety, electrical and ROW Clearing tools/equipment	PRESCO prioritizes the safety of its linemen during operation. Hence correct and good condition of protective equipment, electrical tools and ROW clearing tools for its personnel are needed. The procurement of sufficient and appropriate tools and equipment will ensure the safety of its personnel particularly the linemen during field operations Damaged and deteriorated protective equipment and electrical tools may cause danger to the user and inefficient operation of PRESCO personnel.
3	Extension of Primary Lines	Extension of primary lines is needed to address and accommodate the power requirements of PRESCO's consumers particularly those incoming new and big loads consumers. This will encourage more investments in its franchise area which is in line with the government policy. This project also aims to address the total electrification program and provide member-consumers access to electricity located in the viable areas within the franchise coverage of PRESCO. This will also ensure reliable and sufficient supply of power within its franchise area
4	Procurement and Installation of Pole Mounted Distribution Transformers	PRESCO's capacity should cope with the increasing demand of its consumers. Failure to implement this project will result to overloading of its distribution transformers that may result to power interruptions due insufficient capacity.
5	Replacement of Defective/Busted Distribution Transformers	This project aims to ensure the reliable and continuous delivery of electricity by procuring the necessary distribution transformers as replacement for those old, defective and overloaded units, which will support and sustain the quality of service across the distribution network of PRESCO. Failure to implement this project will result to overloading of its distribution transformers that may result to power interruptions.
6	Procurement and Installation of kWhr Meters, Base Meter and Service Drop Wires	This project aims to ensure the accuracy of all kWh meters in order to reduce non-technical losses and enhances customer satisfaction through fair billing practices. This project will also address new connection application.
7	Refurbishment of existing 10 MVA power Transformer	This project will address the additional capacity requirement of PRESCO's consumers when there is sudden increase in demand. This also aims to augment capacity in a specific substation to accommodate anticipated load growth, ensuring uninterrupted power supply. This will also ensure safe and

		reliable supply of power during its normal operation and contingency situations.
		Failure to implement this project will result to overloading of its substation and frequent power interruption when there is a sudden increase in demand.
8	Procurement of Line Hardware's, Accessories and Wires/Conductors for Buffer Stocks	Part of PRESCO's yearly Contingency plan is to procure warehouse buffer stocks to replace damaged distribution facilities caused by disaster/calamity and emergency situations. Maintaining a buffer stock of essential equipment ensures quick restoration of service in case of equipment failure, minimizing downtime. Unavailability of materials will result to delay of construction of projects especially during emergency and natural calamity.
9	Procurement of Fault Locator Equipment	This project aims to immediately trace line faults in the system and improve its operations. Failure to implement this project will result to slow tracing of fault location in the distribution network.
10	Replacement of Defective kWhr Meters	This will reduce the System Loss of PRESCO by replacing Stop/Defective Meters with accurate kWhr Meters. Failure to implement this project will result to inaccurate kWhr reading that may result to higher billing consumption of our consumers or higher system loss. This project also aims to ensure the accuracy of all kWh meters in order to reduce non-technical losses and enhances customer satisfaction through fair billing practices.
11	Procurement of Heavy Equipment	This project will address the replacement of deteriorated Heavy Equipment. Failure to implement this project will result to the delay and inefficient operation of PRESCO personnel.
12	Procurement of Service Utility Vehicle	Adequate logistics support ensures efficient personnel deployment and timely completion of tasks, contributing to service reliability. This project aims to address the growing workforce of PRESCO by having more groups of lineman and/or employees that can be dispatch in different location. With sufficient service vehicles, PRESCO could properly utilized its workforce given the fact that transportation vehicle plays a vital part on its everyday operations especially if there are power interruptions on different locations that requires immediate power restoration.

11. The total proposed project cost is **SIXTY MILLION SIX HUNDRED FOUR THOUSAND NINE HUNDRED NINETY-FOUR PESOS AND ONE CENTAVO (Php 60,604,994.01)**, broken down as follows:

Proposed Projects				Project Cost (PhP)			
No.	Asset Category	Title	Type	2021	2022	2023	Total
1	Network	Replacement of Rotten Wood Poles	Safety	453,290.00	226,464.00	690,000.00	1,369,754.00
2	Non-Network	Procurement of safety, electrical and ROW Clearing tools/equipment	Safety	541,310.00	692,060.00	301,345.00	1,534,715.00
3	Network	Extension of Primary Lines	Capacity	1,963,264.78	619,574.83	-	2,582,839.61
4	Network	Procurement and Installation of Pole Mounted Distribution Transformers	Capacity	1,395,270.00	2,192,680.00	1,124,490.00	4,712,440.00
5	Network	Replacement of Defective/Busted Distribution Transformers	Capacity	807,740.00	659,270.00	719,310.00	2,186,320.00
6	Network	Procurement and Installation of kWhr Meters, Base Meter and Service Drop Wires	Capacity	4,225,516.00	5,783,830.00	6,910,040.00	16,919,386.00
7	Network	Rehabilitation of existing 10 MVA power Transformer	Capacity	1,780,000.00	-	-	1,780,000.00
8	Network	Procurement of Line Hardware's, Accessories and Wires/Conductors for Buffer Stocks	Reliability	6,049,984.40	4,200,190.00	2,207,321.00	12,457,495.40
9	Network	Procurement of Fault Locator Equipment	Reliability	960,000.00	-	-	960,000.00
10	Network	Replacement of Defective kWhr Meters	System Loss	1,797,794.00	1,338,150.00	2,507,500.00	5,643,444.00
11	Non-Network	Procurement of Heavy Equipment	Service Efficiency	1,288,000.00	-	1,630,000.00	2,918,000.00
12	Non-Network	Procurement of Service Utility Vehicle	Service Efficiency	-	3,921,000.00	3,619,600.00	7,540,600.00
			Grand Total	21,262,169.18	19,633,218.83	19,709,606.00	60,604,994.01

12. In the event that the Honorable Commission approves the proposed CAPEX projects, the indicative rate impact to PRESCO’s member-consumers is as follows:

	2020	2021	2022	2023	TOTAL
Actual Energy Sales, kWh	64,860,353.00	72,152,610.00	76,034,025.00	82,156,268.00	295,203,256.00
Existing RFSC Rate, Php/kWh	0.2508	0.2508	0.2508	0.2508	0.2508
Beginning Balance, Php, excess/(shortfall)	7,041,200.74	7,055,531.20	7,066,150.82	7,073,318.44	7,041,200.74
CASH INFLOWS					
Actual RFSC Collection, Php	15,756,268.39	17,664,426.19	18,800,002.66	20,446,334.96	72,667,032.20
Proposed Loan proceeds from financial institutions, Php - from subject Application Note: indicate the recommended amount of the subject case	1,288,000.00		2,854,900.00	2,533,720.00	6,676,620.00
Transfer from General Fund	12,810,172.80	6,761,784.71	4,409,206.85	381,014.37	24,288,278.73
Available cash for disbursement	36,895,641.93	31,481,742.10	33,130,260.33	30,434,387.77	110,747,031.67
CASH OUTFLOWS					
Proposed CAPEX requirement, Php - from subject Application (total cost incurred / to be incurred) Note: Indicate the recommended amount for the subject case	29,840,110.73	21,188,169.18	19,633,218.83	19,709,606.00	90,445,104.74
Proposed Annual Amortization, Php - from subject Application Note: Indicate the recommended amount for the subject case	-	-	3,270,300.96	492,667.78	3,762,968.74
Proposed CAPEX requirement, Php - from pending CAPEX Application/s (approved total cost incurred / to be incurred)		3,153,422.10	3,153,422.10	3,153,422.10	9,460,266.30
Total Cash Outflows, Php	29,840,110.73	24,415,591.28	26,056,941.89	23,355,695.88	103,688,339.78
Ending balance, Php, excess / (shortfall)	7,055,531.20	7,066,150.82	7,073,318.44	7,078,691.89	7,078,691.89
Rate Impact on RFSC, Php/kWh, excess / (shortfall)	0.1088	0.0979	0.0930	0.0862	

13. As can be gleaned from the above table, the total projected collections based on the prevailing approved Reinvestment Fund for Sustainable Capital Expenditures (RFSC) rate of Php 0.2508/kWh will not be sufficient to fund the proposed projects. Hence, PRESCO will have to secure external borrowings or financial assistance to finance its CAPEX projects. Procurement and construction of applied projects will be on a priority basis to ensure the full and proper implementation of the projects.

14. The proposed CAPEX projects were designed to achieve the following objectives:

- Mitigate the possible rate impact to PRESCO’s member-consumers;
- Ensure that the proposed projects are implemented effeciently and without any delay;
- Provide adequate funding for the implementation of future CAPEX projects in support of the distribution system reliability, power quality, and service sustainability; and
- Enhance the Applicant’s credit worthiness, enabling access to financing from various financial institutions.

15. The detailed explanation, justifications and other information on Applicant's CAPEX Program are discussed in detail in the following annexes in support of this Application:

Annexes	Document
Annex A	PRESCO Capital Expenditure Projects (CAPEX) 2021-2023
Annex B	Certificate of Franchise
Annex C1	DDP for C.Y. 2021
Annex C2	DDP for C.Y. 2022
Annex C3	DDP for C.Y. 2023
Annex D1	Forecasted Demand
Annex D2	Forecasted Energized Household
Annex D3	Forecasted Energy Sales
Annex E1	Safety Assessment
Annex E2	Substation Capacity Assessment
Annex E3	Feeder Power Quality Assessment
Annex E4	System Reliability Report for C.Y. 2019
Annex E5	System Reliability Report for C.Y. 2020
Annex E6	System Reliability Report for C.Y. 2021
Annex E7	System Reliability Report for C.Y. 2022
Annex E8	System Reliability Report for C.Y. 2023
Annex F1	Finance-Excel, Source of Fund
Annex F2	Finance-Excel, Amortization Schedule
Annex F3	Finance-Excel, Utilization Report C.Y. 2020-2023
Annex F4	Finance-PRESCO AFS C.Y. 2021
Annex F5	Finance-PRESCO AFS C.Y. 2022
Annex F6	Finance-PRESCO AFS C.Y. 2023
Annex F7	Finance-Highlighted Beginning Balance of PRESCO AFS C.Y. 2022 and 2023
Annex F8	Finance-RFSC C.Y. 2019
Annex F9	Finance-RFSC C.Y. 2020
Annex G	NEA Memo to ECs No. 2015-023 - Policy on Electric Cooperatives' Resiliency Program
Annex H1	10MVA Power Transformer Test
Annex H2	ERC Case No. 2021-036RC PRESCO CAPEX Application
Annex I	Anao Substation
Annex J1	Feeder 2 Fault Indicator Location
Annex J2	Feeder 3 Fault Indicator Location
Annex J3	Feeder 4 Fault Indicator Location
Annex K1	CP-03 Activity 1_Staking Sheets
Annex K2	CP-03 Activity 2_Staking Sheets
Annex K3	CP-03 Activity 3_Staking Sheets
Annex K4	CP-03 Activity 4_Staking Sheets
Annex K5	CP-03 Activity 5_Staking Sheets
Annex K6	CP-03 Activity 6_Staking Sheets
Annex K7	CP-03 Activity 7_Staking Sheets
Annex L	Excel Detailed Costing Summary per Project
Annex M and Series	CP-01 P.O., Abstract of Quotation and Invoice/Receipt

Annex N and Series	CP-02 P.O., Abstract of Quotation and Invoice/Receipt
Annex O and Series	CP-03 P.O., Abstract of Quotation and Invoice/Receipt
Annex P and Series	CP-04 P.O., Abstract of Quotation and Invoice/Receipt
Annex Q and Series	CP-05 P.O., Abstract of Quotation and Invoice/Receipt
Annex R and Series	CP-06 P.O., Abstract of Quotation and Invoice/Receipt
Annex S and Series	CP-07 P.O., Abstract of Quotation and Invoice/Receipt
Annex T and Series	CP-08 P.O., Abstract of Quotation and Invoice/Receipt
Annex U and Series	CP-09 P.O., Abstract of Quotation and Invoice/Receipt
Annex V and Series	CP-10 P.O., Abstract of Quotation and Invoice/Receipt
Annex W and Series	CP-11 P.O., Abstract of Quotation and Invoice/Receipt
Annex X and Series	CP-12 P.O., Abstract of Quotation and Invoice/Receipt
Annex Y	PRESCO Board Resolution No. 37-S-2026

PRAYER

WHEREFORE, premises considered, Applicant **PAMPANGA RURAL ELECTRIC SERVICE COOPERATIVE, INC. (PRESCO)** respectfully prays that the Honorable commission **APPROVE** the Capital Expenditure (CAPEX) Projects for Calendar Years 2021 to 2023.

Other relief just and reasonable are likewise prayed for.

Quezon City for Pasig City, 30 April 2026.



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IBP No. 598102; 31 January 2026; Quezon City
e-mail address: greg_ofalsa@yahoo.com
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