



202082234656090

**SECURITIES AND EXCHANGE COMMISSION**

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines  
Tel:(632) 818-0921 Fax:(632) 818-5293 Email: mis@sec.gov.ph

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**Company Information**

SEC Registration No. 0000023874  
Company Name TARLAC ELECTRIC INC.  
Industry Classification  
Company Type Stock Corporation

**Document Information**

Document ID 202082234656090  
Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)  
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Department  
Remarks REPORT OF INDEPENDENT AUDITORS ON FACTUAL FINDINGS



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER

1. 30 January 2022  
Date of Report (Date of earliest event reported)
2. SEC Identification Number 23874
3. BIR Tax Identification No. 004-070-881
4. TARLAC ELECTRIC INC.  
Exact name of issuer as specified in its charter
5. TARLAC CITY, TARLAC, PHILIPPINES  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. MABINI ST., TARLAC CITY, TALAC, PHILIPPINES  
Address of principal office
- 2300  
Postal Code
8. (045) 606 1834  
Issuer's telephone number, including area code
9. N/A  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA  

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>COMMON SHARES</u>	<u>5,750,000</u>
11. Indicate the item numbers reported herein: ITEM 9 - OTHER EVENTS  

TARLAC ELECTRIC INC. ("TEI" or the "Company") reports on the use of the proceeds of its primary offering to the general public as of 31 December 2021. Please see attached reports:

  1. Annual Progress Report on the Application of Proceeds from the Public Offer of Tarlac Electric Inc. as of and for the year ended December 31, 2021; and
  2. Report of Independent Auditors on Factual Findings.

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TARLAC ELECTRIC INC.

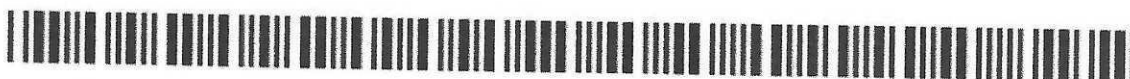
Issuer

31 January 2022

Date

A handwritten signature in black ink, appearing to read 'V. Romero', with a stylized flourish at the end.

VITUS M. ROMERO  
President and General Manager



202092233365537

**SECURITIES AND EXCHANGE COMMISSION**

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines  
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Document Code 17-A  
Period Covered December 31, 2021  
No. of Days Late  
Department  
Remarks REPORT OF INDEPENDENT AUDITORS ON FACTUAL FINDINGS

# COVER SHEET

for

## Annual Progress Report on the Application of Public Offer Proceeds with Certification by the Company's External Auditors

S.E.C. Registration Number

0 0 0 0 0 0 2 3 8 7 4

Company Name

T A R L A C  
E L E C T R I C I N C .

Principal Office ( No./Street/Barangay/City/Town/ Province)

M A B I N I S T . ,  
T A R L A C C I T Y ,  
T A R L A C

Form Type

Department requiring the report

Secondary License Type, If Applicable

S E C

E R C

### COMPANY INFORMATION

Company's Email Address

[corporate@teiph.com](mailto:corporate@teiph.com)

Company's Telephone Number/s

(045) 606 - 1834

Mobile Number

No. of Stockholders

49

Annual Meeting  
Month/Day

Every 3rd Friday of May

Fiscal Year  
Month/Day

12 / 31

### CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

FLORIZA D. FORLALES

Email Address

[fforlales@teiph.com](mailto:fforlales@teiph.com)

Telephone Number/s

(045)606-1834

Mobile Number

0920-951-0075

Contact Person's Address

Mabini St., Tarlac City, Tarlac

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.





January 31, 2022

**SECURITIES AND EXCHANGE COMMISSION**

Secretarial Building, PICC Complex  
Roxas Boulevard  
Pasay City

Attention: **HON. VICENTE GRACIANO P. FELIZMENIO, JR.**  
*Director*

Dear Sir:

In compliance with the disclosure requirements of the Securities and Exchange Commission, please find the following:

1. Annual Progress Report on the Application of Proceeds from the Public Offer of Tarlac Electric Inc. as of and for the period ended December 31, 2021; and
2. Report of Independent Auditors on Factual Findings.

Very truly yours,

**TARLAC ELECTRIC INC.**

**VITUS M. ROMERO**  
President and General Manager

January 31, 2022



**SECURITIES AND EXCHANGE COMMISSION**

Secretarial Building, PICC Complex,  
Roxas Boulevard, Pasay City 1307

Attention: **Hon. Vicente Graciano P. Felizmenio, Jr.**  
*Director*

Re: **Tarlac Electric Inc.**  
Annual Progress Report on the Application of Public Offer Proceeds with  
Certification by the Company's External Auditors

Gentlemen:

In connection with the Public Offer of **Tarlac Electric Inc.** (the "Company") on June 28, 2021, we submit herewith our report on the application of the offering proceeds. The details of the disbursements as of and for the period ended December 31, 2021 are as follows:

<hr/>		
Offering Proceeds		
(1,750,000 shares at Php380.00 per share)	P	665,000,000.00
<hr/>		
Less: Public offer-related expenses*		
Underwriting and financial advisory		9,975,000.00
Legal		8,000,000.00
Audit		1,750,000.00
Taxes		1,750,000.00
Securities and Exchange Commission registration fee		837,037.50
Publication		47,628.00
<b>Net Offering Proceeds</b>		<hr/>
		642,640,334.50

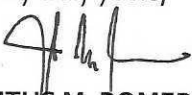
Less: Disbursement		
Costs incurred for the period ended December 31, 2021		<hr/>
		486,994,882.42

<b>Balance of the Offering Proceeds as of December 31, 2021</b>	<b>P</b>	<b>155,645,452.08</b>
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*\*Certain expenses were initially funded using the Company's internally generated funds and were subsequently reimbursed upon receipt of the Offering Proceeds.*

We hope you find everything in order.

Very truly yours,

  
**VITUS M. ROMERO**  
President and General Manager





**P&A**  
**Grant Thornton**

Report of Independent Auditors  
on Factual Findings

**Tarlac Electric Inc.**  
Annual Progress Report

December 31, 2021



## Report of Independent Auditors on Factual Findings

**Punongbayan & Araullo**

20th Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 8988 2288

**The Board of Directors and Stockholders**

**Tarlac Electric Inc.**

Mabini Street  
Tarlac City, Tarlac

We have performed the procedures agreed with you and enumerated in the succeeding page with respect to the attached Annual Progress Report (the Report) as of and for the period ended December 31, 2021 on the application of proceeds from the public offering (Offering Proceeds) of Tarlac Electric Inc. (the Company) on June 28, 2021. The procedures were performed solely to enable the Company to comply with the requirement of the Securities and Exchange Commission (SEC) to submit the Report relating to the application of the Offering Proceeds accompanied by an external auditor's report. Our engagement was undertaken and our report is issued in accordance with Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements.

We present below the summary of the breakdown and application of the Offering Proceeds as of December 31, 2021 based on the information we obtained from the Company.

	Allocation of Proceeds Per Prospectus	Allocation based on Actual Net Proceeds	Application of Offering Proceeds for the Period ended December 31, 2021	Balance of Offering Proceeds as of December 31, 2021
Retirement of Short-term Loans	P 308,000,000.00	P 308,000,000.00	P 308,000,000.00	P -
Capital Expenditure Project	202,000,000.00	202,073,290.74	46,951,724.88	155,121,565.86
General Working Capital	132,518,962.50	132,567,043.76	132,043,157.54	523,886.22
	<u>P 642,518,962.50</u>	<u>P 642,640,334.50</u>	<u>P 486,994,882.42</u>	<u>P 155,645,452.08</u>

**Agreed-upon Procedures**

The procedures we performed are as follows:

1. Obtained and checked the mathematical accuracy of the following:
  - a.) The Report;
  - b.) Schedule of planned use of proceeds from the Offering Prospectus; and
  - c.) Detailed schedule of disbursements of proceeds for the period ended December 31, 2021.
2. Agreed total amount of disbursements of the Offering Proceeds shown in the Report to the detailed schedule of disbursements of proceeds for the period ended December 31, 2021.
3. Compared the disbursements of the Offering Proceeds shown in the Report with the schedule of planned use of proceeds indicated in the Offering Prospectus.
4. Inquired and identified the nature of disbursements of the Offering Proceeds in the detailed schedule and checked that such disbursements were consistent with the planned use of the Offering Proceeds.
5. Traced to and examined supporting documents of the disbursements in the schedule and agreed the total amount of disbursements per category in the Report.

**Results of the Performance of Agreed-Upon Procedures**

1. With respect to item 1, we noted no exceptions on the mathematical accuracy of the Report and schedules.
2. With respect to item 2, we noted that the total amount of disbursements appearing in the Report agrees with the amount in the detailed schedule of disbursements of the Offering Proceeds.
3. With respect to item 3, we found the disbursements of proceeds in the Report as of and for the period ended December 31, 2021 consistent with the planned application of proceeds indicated in the Use of Proceeds section of the Offering Prospectus.
4. With respect to item 4, we noted the following:
  - a.) The details of the disbursements incurred for the period ended December 31, 2021 showed that the Company used the Offering Proceeds for the following purposes:

- ***Retirement of Short-term Loans***

The amount allocated is intended to repay short-term loans obtained by the Company from local banks to fund its general working capital requirement. Since the Company's collection level declined significantly due to the COVID-19 pandemic, the Company availed of several working capital loans to support its operations.

As of December 31, 2021, P308.0 million from the Offering Proceeds were allocated and fully used for this purpose.



• **Capital Expenditure Project**

The Company intends to use a portion of the offering proceeds to fund its capital expenditure projects to enable the Company to provide continuous and reliable service to its customers especially in line with its forecasted load growth. Some of the projects have already been started by the Company using its internally generated funds.

P202.1 million of the Offering Proceeds were allocated for this purpose. Disbursements for the period ended December 31, 2021 amounted to P47.0 million is broken down below.

	Allocation of Proceeds Per Prospectus	Allocation Based on Actual Net Proceeds	Application of Offering Proceeds for the Period Ended December 31, 2021	Balance of Offering Proceeds as of December 31, 2021
Construction of Three-story Headquarters	P 60,000,000.00	P 60,021,769.53	P 712,800.00	P 59,308,969.53
Upgrade to Full SCADA Implementation	20,000,000.00	20,007,256.51	349,084.73	19,658,171.78
Purchase and installation of distribution transformers	20,000,000.00	20,007,256.51	18,726,987.40	1,280,269.11
Purchase and installation of meters and metering equipment	10,000,000.00	10,003,628.25	10,000,000.00	3,628.25
Line extension, rehabilitation and upgrade	15,000,000.00	15,005,442.38	15,000,000.00	5,442.38
Construction of Ayala substation	20,000,000.00	20,007,256.51	-	20,007,256.51
Acquisition of additional cyber security and threat protection	19,000,000.00	19,006,893.68	-	19,006,893.68
Additional data domain capacity and disaster recovery software	14,000,000.00	14,005,079.56	-	14,005,079.56
Additional Private Branch Exchange (PBX) hardware and licenses and radio communication system	5,000,000.00	5,001,814.13	2,162,852.75	2,838,961.38
Installation of fiber optic loop	4,000,000.00	4,001,451.30	-	4,001,451.30
69Kv Line rehabilitation and upgrading to 795 mcm ACSR Conductor and conversion to ring-type system	10,000,000.00	10,003,628.25	-	10,003,628.25
Installation of 69Kv disconnect switches and fault indicators	5,000,000.00	5,001,814.13	-	5,001,814.13
	<b>P 202,000,000.00</b>	<b>P 202,073,290.74</b>	<b>P 46,951,724.88</b>	<b>P 155,121,565.86</b>

- **General Working Capital**

The Company intends to use a portion of the net proceeds to fund the Company's general working capital to support its operations.

P132.6 million from the Offering Proceeds were allocated for this purpose. Disbursements for the period ended December 31, 2021 amounted to P132.0 million is broken down below.

	Allocation of Proceeds Per Prospectus	Allocation Based on Actual Net Proceeds	Application of Offering Proceeds for the Period Ended December 31, 2021	Balance of Offering Proceeds as of December 31, 2021
Net purchased power	P 106,018,962.50	P 106,057,428.89	P 106,057,428.89	P <sup>1</sup> -
Salaries and employee benefits	5,000,000.00	5,001,814.13	5,001,814.13	-
Supply inventory and repairs and maintenance	7,000,000.00	7,002,539.78	7,002,539.78	-
Outside services	4,000,000.00	4,001,451.31	4,001,451.31	-
Taxes and licenses	2,000,000.00	2,000,725.65	2,000,725.65	-
Rent	2,000,000.00	2,000,725.65	2,000,725.65	-
Security services	2,000,000.00	2,000,725.65	2,000,725.65	-
Utilities	2,000,000.00	2,000,725.65	1,477,020.84	523,704.81
Professional fees	500,000.00	500,181.41	500,181.41	-
Office supplies	500,000.00	500,181.41	500,181.41	-
Insurance	500,000.00	500,181.41	500,181.41	-
Transportation and travel	500,000.00	500,181.41	500,181.41	-
Other operating expenses	500,000.00	500,181.41	500,000.00	181.41
	<u>P 132,518,962.50</u>	<u>P 132,567,043.76</u>	<u>P 132,043,157.54</u>	<u>P 523,886.22</u>

- b.) The remaining balance of the Offering Proceeds amounting to P155.6 million as of December 31, 2021 is expected to be applied on costs to be incurred in accordance with the planned use and estimated completion by the year 2022 as disclosed in the Offering Prospectus.

5. We found no exceptions with respect to item 5.

Because the foregoing procedures do not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), respectively, we do not express an assurance on the use of Offering Proceeds based on the said standards. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the information and items specified above and does not extend to any financial statements of the Company, taken as a whole.

**PUNONGBAYAN & ARAULLO**



**By: Anthony L. Ng**  
Partner

CPA Reg. No. 0109764

TIN 230-169-270

PTR No. 8852341, January 3, 2022, Makati City

SEC Group A Accreditation

Partner - No. 109764-SEC (until Dec. 31, 2023)

Firm - No. 0002 (until Dec. 31, 2024)

BIR AN 08-002511-038-2019 (until Sept. 4, 2022)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

January 26, 2022