



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. 09 August 2024  
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, TARLAC, PHILIPPINES  
Address of principal office
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

2300  
Postal Code

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 5 - LEGAL PROCEEDINGS

Tarlac Electric Inc. ("TEI") reports on the filing of its application for the approval of its capital expenditure projects with the Energy Regulatory Commission (ERC) per ERC Case No. 2024-097 RC, dated 09 August 2024, entitled "In the Matter of the Application for Approval of Capital Expenditures Program for Regulatory Years (RY) 2023 and 2024".


Attached herewith as Annex "A" is a copy of the said application.

**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

21 August 2024  
Date

  
VENUS M. ROMERO  
Vice President and ITCS Head

REPUBLIC OF THE PHILIPPINES  
**ENERGY REGULATORY COMMISSION**  
 1 Jade Drive, Ortigas Center, Pasig City

RECEIVED BY:

DOY ANDRÉS PANTALEÓN

24 AUG -9 P12:05

**IN THE MATTER OF APPLICATION FOR APPROVAL OF CAPITAL EXPENDITURE PROGRAM FOR REGULATORY YEARS (RY) 2023 AND 2024**

ERC Case No. 2024-097 RC

**TARLAC ELECTRIC INC. (TEI),**  
 Applicant.  
 X-----X

August 02, 2024

**APPLICATION**

Applicant **TARLAC ELECTRIC INC. (TEI)**, thru counsel, respectfully states:

1. TEI is a Distribution Utility (DU) duly organized and existing under Philippine law with principal office address at Mabini Street, Tarlac City; franchised under [Republic Act No. 10795](#) and has a [Certificate of Public Convenience and Necessity](#) to construct, own, operate and maintain a Distribution System in Tarlac City from 18 October 2016 until 18 October 2041. It is represented herein by its President and General Manager, Vitus M. Romero.
2. TEI is part of the Third Entry Group (otherwise known as “Group C”) that entered the performance-based regulation (“PBR”) rate setting methodology on 01 July 2010. The Commission approved TEI’s Capital Expenditure Program for the entire 2<sup>nd</sup> Regulatory Period (RP) from 01 July 2010 to 30 June 2014 in TEI’s [Final Determination dated 08 March 2010 \(docketed as ERC Case No. 2009-042RC\)](#).
3. The last year of TEI’s Second Regulatory Period expired last 30 June 2014. The 3<sup>rd</sup> Regulatory Period (RP) for the Third Entry Group was supposed to have commenced on 01 July 2014 and ended on 30 June 2018. While the Commission has already released the Modified Rules for Setting Distribution Wheeling Rates (RDWR) under ERC Resolution No. 25, Series of 2016, TEI is still waiting for the go-ahead from the Commission to file its next RP reset application.
4. Given that there is no approved CAPEX program after 30 June 2014, TEI is proposing the following CAPEX program for RY 2023 and 2024 in accordance with Sections 16 (h) and 20(b) of the Public Service Act (C.A. No. 146), more particularly described as follows:

**TARLAC ELECTRIC INC.**  
**MAJOR CAPITAL EXPENDITURE PROJECTS FOR R.Y.2023 and 2024**

Project Code	Project Type	Proposed Projects	Description	TOTAL Project Cost net of VAT
001	Capacity	Primary Distribution Line Requirements	Extension and Upgrading of Medium Voltage Primary Distribution Lines	40,644,935.95

		R/2023 and R/2024		
002	Capacity	Distribution Transformer Requirements R/2023 and R/2024	Installation and Upgrading of Distribution Transformers	50,860,677.35
003	Capacity	Secondary Distribution Line Projects R/2023 and R/2024	Extension and Upgrading of Secondary Distribution Lines	13,232,504.60
004	Capacity	Service Drop Requirements R/2023 and R/2024	Extension and Upgrading of Service Drop Wires	21,456,376.11
005	Capacity	Various Metering Requirements R/2023 and R/2024	Installation of various billing meters, distribution transformer check meters, including current and potential transformers, and metering module	89,152,817.27
006	Capacity	Acquisition of Two (2) Parcels of Land for New Substations	Acquiring two (2) parcels of land with areas of 7,111 sqm and 2,975 sqm at Barangay Central, Tarlac City which will be used as locations for the planned substations	105,963,516.00
007	Non-Network	Acquisition of Meter and Transformer Accuracy Testing Equipment	Procurement of one (1) unit TESCO Meter Test board 2990 and one (1) unit MTE (PPI) PWS 2.3 Gen X for Single Phase Meter, Polyphase Meter, Potential Transformer and Current Transformer Accuracy Testing	5,044,642.86
008	Non-Network	Acquisition of Service Vehicles	This project involves the acquisition of:  1.) One (1) additional 4x4 pickup truck to be used by Lines Operations and Maintenance Department (LOMD);  2.) Two (2) additional units of 4x4 pickup truck with basket for Metering Services Department (MSD)  3.) One (1) unit of 4x2 pickup truck with double cab steel canopy and ladder rack as replacement for one 4x2 pickup truck that will be fully depreciated by April 2024 for MSD	9,926,785.71
009	Non-Network	Microsoft Dynamics 365 Business Central Software License and Implementation Services (Perpetual On-	Microsoft Dynamics 365 Business Central Software License (Dynamics 365 Business Central) shall replace the Company's existing Accounting Software, Microsoft Dynamics SL (Dynamics SL).	7,560,394.01

		Premise License)		
010	Non-Network	Acquisition of San Rafael Warehouse Forklift	This project involves the acquisition of a forklift that will be used at the San Rafael warehouse of Tarlac Electric Inc. The existing forklift that is currently used by TEI will be transferred and used in other warehouses, namely Lazatin, San Isidro, and San Vicente.	<b>1,491,071.43</b>
011	Non-Network	Acquisition of Furniture for Mabini Office (Customer Area)	This project involves the acquisition of new furniture to be used in the customer area of Tarlac Electric Inc.'s new building, located at Mabini St., Tarlac City.	<b>592,744.25</b>
012	Non-Network	Acquisition of Furniture for Mabini Office (Others)	This project involves the acquisition of new furniture to be used at the new building of Tarlac Electric Inc., which will serve as its main office, located at Mabini St., Tarlac City.	<b>4,429,376.53</b>
013	Non-Network	Acquisition and Integration of Building Management System	Acquisition, Design, Integration of Building Management System in the Mabini Building.	<b>3,228,764.58</b>
014	Non-Network	Acquisition and Installation of Fire Protection System	Installation, testing and commissioning of the Fire Detection and Alarm System, Fire Suppression System and the mechanical works for the Fire and Jockey Pump of the Mabini Building.	<b>14,584,502.16</b>
015	Non-Network	Acquisition and Installation of Elevator System	Design, Acquisition, and Installation of Elevator System for the Mabini Building.	<b>5,338,271.96</b>
016	Non-Network	Acquisition and Installation of HVAC (Heating, Ventilation, and Air Conditioning) System	Supply and Installation of HVAC System for the Mabini Building.	<b>25,014,670.54</b>
017	Non-Network	Structured Cabling and Integrated Security and Communication System	Design, Acquisition, Installation of Structured Cabling, and Integration of Security and Communications System	<b>16,561,590.64</b>
018	Non-Network	Acquisition and Installation of a Light Controller	Acquisition and Installation of a Light Controller for the centralized monitoring and control of the light fixtures in the Mabini Building.	<b>852,196.65</b>
019	Non-Network	Acquisition and Installation of a Data Network	Acquisition and Installation of a Data Network for interconnection of TEI's multiple systems.	<b>20,028,934.57</b>

020	Non-Network	Acquisition of Distribution Transformer and Reclosers for the Mabini Building	Acquisition of the Transformer, Recloser and its accessories to be used for the Mabini Building.	3,619,075.20
021	Non-Network	Acquisition and Installation of Uninterruptable Power Supply	Acquisition and Installation of additional Uninterruptable Power Supply for the IT servers and equipment in the Mabini Building	8,922,857.14
022	Non-Network	Acquisition of Advanced Distribution Management System (ADMS)	Installation, testing and commissioning of advanced distribution management system	90,723,073.31
<b>TOTAL CAPEX RY 2023-2024</b>				<b>539,229,778.83</b>

5. Funding for the proposed CAPEX program will be sourced from TEI's depreciation fund, unrestricted retained earnings, and borrowings from financial institutions.
6. The indicative rate impact of the proposed CAPEX program was calculated as follows:

Total Project Cost (Php)	539,229,778.83
Add: Working Capital (6.85% of OPEX)	369,372.40
Total Asset Base subject to return (Php)	539,599,151.23
Return On Rate Base (15.01%)	15.01%
Return on Capital	80,993,832.60
a) OPEX (1% of Project Cost)	5,392,297.79
b) Depreciation	37,385,536.05
c) Other taxes	4,044,223.34
TOTAL ARR (Php)	127,815,889.78
Forecasted Energy Sales (kWh)	513,291,232
<b>Indicative Rate Impact (Php/kWh)</b>	<b>0.2490</b>

7. Applicant TEI submits the following documents in support of this application:

ANNEX	DESCRIPTION OF DOCUMENT
<a href="#">A</a>	<a href="#">Executive Summary (Word file)</a>
<a href="#">B</a>	<a href="#">Rate Impact Simulation (Excel file)</a>
<a href="#">C</a>	<a href="#">Single Line and Topographical Diagram</a>
<a href="#">C.1</a>	<a href="#">TEI Single Line Diagram</a>
<a href="#">C.2</a>	<a href="#">TEI System Map</a>
<a href="#">D</a>	<a href="#">CAPEX Projects RY 2023-2024 ERC Comments and Status</a>
<a href="#">E</a>	<a href="#">CAPEX Projects RY 2023-2024 Disbursements</a>

FOLDER	DESCRIPTION OF FOLDERS
<a href="#">001</a>	<a href="#">Primary Distribution Line Requirements RY2023 and RY2024</a>
<a href="#">002</a>	<a href="#">Distribution Transformer Requirements RY2023 and RY2024</a>
<a href="#">003</a>	<a href="#">Secondary Distribution Line Projects for RY2023 and RY2024</a>

004	<a href="#">Service Drop Requirements RY2023 and RY2024</a>
005	<a href="#">Various Metering Requirements RY2023 and RY2024</a>
006	<a href="#">Purchasing of Property for Ayala Substation</a>
007	<a href="#">Acquisition of Meter Testing Equipment</a>
008	<a href="#">Acquisition of Service Vehicles</a>
009	<a href="#">Microsoft Dynamics 365 Business Central Software License and Implementation Services (Perpetual On-Premise License)</a>
010	<a href="#">Acquisition of San Rafael Warehouse Forklift</a>
011	<a href="#">Acquisition of Furniture for Mabini Office (Customer Area)</a>
012	<a href="#">Acquisition of Furniture for Mabini Office (Others)</a>
013	<a href="#">Acquisition and Integration of Building Management System</a>
014	<a href="#">Acquisition and Installation of Fire Protection System</a>
015	<a href="#">Acquisition and Installation of Elevator System</a>
016	<a href="#">Acquisition and Installation of HVAC System</a>
017	<a href="#">Installation of Structured Cabling and Integrated Security and Communication System</a>
018	<a href="#">Acquisition and Installation of a Light Controller</a>
019	<a href="#">Acquisition and Installation of Data Network</a>
020	<a href="#">Installation of Distribution Transformers</a>
021	<a href="#">Acquisition and Installation of Uninterruptable Power Supply</a>
022	<a href="#">Acquisition of Advanced Distribution Management System (ADMS)</a>
023	<a href="#">TEI Final DDP 2024-2033 Package</a>

## PRAYER

**WHEREFORE**, TEI respectfully prays for the approval of its proposed Capital Expenditure (CAPEX) Program for Regulatory Years (RY) 2023 and 2024 at an estimated total project cost of **Php539,229,778.82**.

TEI further prays for such other relief or remedy as may be just and equitable under the circumstances.

**RESPECTFULLY SUBMITTED** this 18<sup>th</sup> day of June 2024 at Pasig City.



**Ranulfo M. Ocampo**  
Counsel for TEI

7/F STRATA 100 Bldg. | F. Ortigas Jr. Road | Ortigas Center | Pasig City  
Roll No. 33872 | IBP Lifetime No. 1025756 | 18 January 2016 | RSM  
PTR No. 9759411 | 03 January 2024 | Marikina City | MCLE Compliance No. VII-0018049 valid until 14 April 2025  
Smart: 0920-938-4470 / Globe: 0917-301-2455 | Email: [ranulfoocampo@outlook.com](mailto:ranulfoocampo@outlook.com)