

EXCERPTS FROM THE MINUTES OF THE 19th REGULAR SESSION OF THE SANGGUNIANG BAYAN OF GUBAT, SORSOGON, HELD ON MONDAY, NOVEMBER 28, 2016 AT THE SANGGUNIANG BAYAN SESSION HALL.

PRESENT:

Hon. Sixto F. Estareja	- Municipal Vice Mayor, P.O.
Hon. John Paul E. Erlano	- Member, Sanggunian Bayan
Hon. Danilo E. Enaje	- Member, Sanggunian Bayan
Hon. Kenneth D. Escandor	- Member, Sanggunian Bayan
Hon. Anthony C. Callos	- Member, Sanggunian Bayan
Hon. Valentin A. Pura IV	- Member, Sanggunian Bayan
Hon. Ramon E. Entico	- Member, Sanggunian Bayan
Hon. Nelson E. Quiñones	- Liga ng mga Barangay President

ON OFFICIAL TRAVEL:

Hon. Cesar D. Esperida, Jr.	- Member, Sanggunian Bayan
Hon. Aiza E. Encinares	- Member, Sanggunian Bayan

RESOLUTION NO. 192 S-2016

A RESOLUTION STRONGLY OPPOSING THE LOAN APPLICATION OF SORSOGON II ELECTRIC COOPERATIVE, INC. (SORECO II) FOR FORCE MAJEURE CAPITAL EXPENDITURES (CAPEX) FOR TYPHOON "NONA".

WHEREAS, as per Notice of Public Hearing posted by the Energy Regulatory Commission (ERC) on the matter of the loan application of SORECO II for CAPEX, the loan proceeds shall be utilized for repair, restoration, replacement and/or rehabilitation of distribution lines, buildings, facilities and equipment damaged by typhoon "Nona" in the estimated cost of One Hundred Eight Million Six Hundred Forty Thousand Five Hundred Pesos (Php. 108,640,500.00);

WHEREAS, the above total estimated cost of the project is presently sourced through a calamity loan from the National Electrification Administration (NEA) and it will be converted into a subsidy in the event the National Government grants subsidy to the typhoon-ravaged electric cooperatives;

WHEREAS, in anticipation of the worse scenario, in the event that the calamity loan in the amount of Php. 108,640,500.00 which is presently applied to NEA is not converted into a subsidy from the government, the loan shall have an indicative rate impact to SORECO II's consumers, derived from the total cost against the forecasted KWH sales for ten (10) years of implementation at 6.5% interest;

WHEREAS, aside from the above proposed calamity loan, SORECO II is also applying for another loan with the Energy Regulatory Commission (ERC) to finance the proposed CAPEX projects for the years 2015-2017 amounting to Php505,411,823.50 to be sourced from the cooperative's Reinvestment Fund for Sustainable Capital Expenditures (RFSC) - P14,970,613,29 and National Electrification Administration (NEA) - P490,441,210.21;

WHEREAS, taking into consideration the huge amount of loans to be incurred by SORECO II, the burden of paying the amortization will definitely passed on to the cooperative's consumers;

WHEREAS, it is very reflective and convincing that restoration, repair and/or rehabilitation of distribution lines are not well undertaken by SORECO II considering that cooperative's consumers are still heavily burden of paying accumulated high percentage rate of generation and systems lost which was regularly charged to individual monthly electric consumption;

WHEREAS, this Sangguniang Bayan would like to accentuate that additional Force Majeure CAPEX loan of SORECO II is not feasible and appropriate this time showing findings of NEA Audit Report declaring the operation of Cable TV by the cooperative as a losing investment and liability of the cooperative in the amount of P 3,777,648.00;

WHEREAS, this Sangguniang Bayan further opined that there are projects component contained in the proposed loan which are not of significant and with urgency to the cooperative, which for same reason added to the conclusion of this entity to refuse support on the contemplated Force Majeure CAPEX loan application of SORECO II;

NOW THEREFORE, on motion of Hon. John Paul E. Erlano and unanimously seconded, it was;

RESOLVED, as it is hereby resolved, strongly opposing the loan application of Sorsogon II Electric Cooperative, Inc. (SORECO II) for force Majeure Capital Expenditures (CAPEX) for typhoon "Nona";

RESOLVED FURTHER, that copy of this resolution be furnished Sangguniang Panlalawigan, Province of Sorsogon, Sangguniang Panglungsod of Sorsogon, Energy Regulatory Commission (ERC), National Electrification Administration (NEA), Department of Energy Secretary and the Office of the President, for their information and appropriate action.

UNANIMOUSLY APPROVED.

I HEREBY CERTIFY TO THE
CORRECTNESS OF THE FOREGOING:

JOEY P. ENAJE
Secretary to the Sangguniang Bayan

Attested by:

HON. SIXTO F. ESTAREJA
Municipal Vice Mayor, Presiding Officer