

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City



**IN THE MATTER OF THE  
APPLICATION FOR  
CONFIRMATION AND  
APPROVAL OF 2017  
EMERGENCY CAPITAL  
EXPENDITURE PROJECT,  
RE: INSTALLATION OF  
NEW 10 MVA POWER  
TRANSFORMER AS  
REPLACEMENT FOR THE  
DAMAGED 5 MVA POWER  
TRANSFORMER AT NABAS  
SUBSTATION,**

**ERC CASE NO. 2017-082 RC**

**AKLAN ELECTRIC  
COOPERATIVE, INC.  
(AKELCO),  
Applicant.  
X-----X**

**D O C K E T E D**  
Date: NOV 06 2017  
By: [Signature]

**ORDER**

On 15 September 2017, Aklan Electric Cooperative, Inc. (AKELCO) filed an *Application* seeking the Commission's confirmation and approval of its 2017 emergency capital expenditure project for the installation of new 10 MVA power transformer as replacement for the damaged 5 MVA power transformer at Nabas Substation.

AKELCO alleged the following in its *Application*:

**THE APPLICANT**

1. AKELCO is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of Philippine laws, with principal office at Poblacion, Lezo, Aklan;
2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in the seventeen (17) municipalities of the Province of Aklan, namely: Altavas, Balete, Banga, Batan, Buruanga, Ibajay, Kalibo, Lezo, Libacao, Madalag, Makato, Malay, Nabas, New Washington, Numancia and Tangalan, and two (2) northern

municipalities of the Province of Antique, namely: Libertad and Pandan.

### **LEGAL BASIS FOR THE APPLICATION**

3. Pursuant to Republic Act No. 9136, ERC Resolution 26, Series of 2009 and other laws and rules, and in line with its mandate to provide safe, quality, efficient and reliable electric service to its consumers, AKELCO submits for the Honorable Commission's confirmation and approval its Emergency Capital Expenditure (CAPEX) Project for 2017, namely: Installation of new 10MVA Power Transformer as replacement for the damaged 5MVA Power Transformer at Nabas Substation, subject of the instant application.

### **THE ANTECEDENT FACTS**

4. On May 03, 2017, at around 9:50 P.M., power was disrupted when lightning struck the Nabas - Panit-an transmission line of the National Grid Corporation of the Phils. (NGCP). By 10:38 P.M., power was restored.

5. A few moments later, one of the power fuses at the 69kV side of the 5MVA Power Transformer at the Nabas Substation of AKELCO burnt and one of the cut-out assemblies of the Feeder 5 was burned. In order to prevent further damage, the lineman on duty immediately opened the Air Brake Switch and informed the personnel posted at the Andagao Station that the Nabas Substation had already been cut off from the grid and that the transmission line can already be energized.

6. After replacing the burnt cut-out and busted power fuse, and after energizing the 5MVA Power Transformer at the Nabas Substation and all the feeders, the lineman on duty noticed a strange sound coming from the power transformer.

7. Upon careful inspection of the power transformer, it was discovered that one of the suspension insulators holding the bus bar going to the secondary side of the power transformer was broken and had flash-over marks indicating that it was struck by lightning which caused serious and irreparable damage to the power transformer.

8. AKELCO has determined that the old 5MVA Power Transformer should be replaced with a new 10MVA Power Transformer.

### **PROJECT DESCRIPTION**

9. The project subject of the instant application is the emergency procurement of a new 10MVA Power Transformer as replacement for the damaged 5MVA Power Transformer at the Nabas Substation, including protection and safety accessories incidental to the acquisition and operation of the new power transformer. The project is summarized, as follows:

<b>Network Capital Expenditure Project</b>	
Project Code	SSX - 1
Project Type	Capacity
Priority Rank	1st Priority
Project Category	Network Requirements
Project Title	Supply, Delivery, Installation, Testing, Commissioning of 10MVA Power Transformer at Nabas Substation and Retirement of 5MVA Power Transformer (Substation Uprating)
Project Cost	PhP14,395,000.00
Project Duration	May 20 – 26, 2017
Project Description	<ul style="list-style-type: none"> <li>• Acquisition, installation and energization of brand new 10MVA Power Transformer with the following specifications: 10/12.5MVA, OA/FA Cooling, 67KV HV / 13.2 – 7.62KV LV, 3-Phase, Delta-Wye, Dyn11, 60Hz with Protective Relays, Control Panel and Wiring Accessories.</li> <li>• Retirement of the damaged 5MVA Power Transformer</li> </ul>

#### **PROJECT SCHEDULE**

10. The procurement, supply, delivery, installation, testing and commissioning of the 10MVA Power Transformer at the Nabas Substation and retirement of the busted 5MVA Power Transformer in the same substation was commenced on May 20, 2017 and was accomplished by May 26, 2017.

#### **PROJECT FINANCING**

11. The total cost for the procurement, supply, delivery, installation, testing and commissioning of the 10MVA Power Transformer in the amount of PhP14,395,000.00 was paid to the winning bidder out of existing and available Reinvestment Fund for Sustainable Capital Expenditure (RFSC) of the cooperative.

#### **JUSTIFICATIONS AND BENEFITS DELIVERED BY THE PROJECT**

12. The immediate procurement and installation of the new 10MVA Power Transformer to replace the damaged 5MVA Power Transformer at the Nabas Substation was a must, to immediately restore power and provide a safe, adequate, efficient and reliable electric service to the consumers being served by the substation.

13. An upgraded 10MVA power transformer was procured since the busted 5MVA power transformer was no longer sufficient to meet present and future load requirements due to influx of commercial and industrial establishments in the area.

14. The Nabas Substation demand forecast indicates that the same is 98% loaded. By implementing the present project, the substation loading goes down to an ideal level of 49%.

15. The feeders' voltages improved from 75% to 97% of the nominal value.

16. The simulated technical system loss for affected substations and feeders is 8,695 kWh per day. This system loss has been reduced to 4,436 kWh per day with the commissioning of the brand new 10MVA power transformer.

17. In view of the foregoing, the technical and economic analysis conducted showed that the replacement with a new 10MVA power transformer was the most technically feasible and more economically viable project.

**SUBMISSION DOCUMENTARY AND PRE-FILING REQUIREMENTS**

18. Finally, in compliance with the documentary as well as pre-filing requirements for the instant application, the following documents are being submitted herewith to from integral parts hereof, to wit:

	Nature of Document
Annex "A"	Executive Summary of the Project
Annexes "B" and series	Proof of furnishing of copies of the Application to the Sangguniang Bayan of Lezo and Sangguniang Panlalawigan of Aklan
Annexes "C" and series	Proof of publication of the Application in a newspaper of general circulation in AKELCO's franchise area or where it principally operates, with Affidavit of Publication

**PRAYER**

**WHEREFORE**, premises considered, it is respectfully prayed of this Honorable Commission that after due notice and hearing, AKELCO's emergency procurement of a new 10MVA Power Transformer together with protection and safety accessories, in replacement of the 5MVA Power Transformer at the Nabas Substation be confirmed and approved.

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

Finding the said Application sufficient in substance with the required fees having been paid, the same is hereby set for

determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **18 January 2018 at ten o'clock in the morning (10:00 A.M.), at AKELCO's principal office at Poblacion, Lezo, Aklan.**

Accordingly, AKELCO is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing in two (2) newspapers of nationwide circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governors and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearing; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavits of the Editors or Business

Managers of the newspapers where the said Notice of Public Hearing was published, and the complete issues of the said newspapers;

- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing, consisting of certifications issued to that effect, signed by the aforementioned Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the *Application*, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required to submit, at least five (5) days before the date of initial hearing and Pre-Trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements within the prescribed period shall be a ground for cancellation of the

scheduled hearing, and the resetting of which shall be six (6) months from the said date of cancellation.

AKELCO must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the *Application* is all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, 23 October 2017.

FOR AND BY AUTHORITY  
OF THE COMMISSION:



**ALFREDO J. NON**

*Officer-in-Charge Chairman and CEO*

  
LS:SLAN/ARC/APV

**COPY FURNISHED:**

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42. Office of the LGU legislative body  
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43. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village, Makati City
44. Commission on Audit (COA)  
Commonwealth Avenue, Quezon City
45. Senate Committee on Energy  
GSIS Bldg. Roxas Blvd., Pasay City
46. House Committee on Energy  
Batasan Hills, Quezon City
47. Philippine Chamber of Commerce and Industry (PCCI)  
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