

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



IN THE MATTER OF THE APPLICATION FOR CONFIRMATION AND APPROVAL OF 2018 EMERGENCY CAPITAL EXPENDITURE PROJECTS, RE: (1) UPRATING OF AMPAYON SUBSTATION POWER TRANSFORMER TO 20/25/33 MVA; (2) RELOCATION OF EXISTING 10 MVA AMPAYON SUBSTATION POWER TRANSFORMER TO REPLACE THE BUSTED 5 MVA CABADBARAN SUBSTATION POWER TRANSFORMER; AND (3) HAULING/TRANSPORT OF SERVICE UNIT POWER TRANSFORMER

ERC CASE NO. 2018-044 RC

AGUSAN DEL NORTE ELECTRIC COOPERATIVE, INC. (ANECO),

Applicant.

X-----X

DOCKETED
Date: JUN 18 2018
By: [Signature]

ORDER

On 15 May 2018, an *Application* dated 26 April 2018 was filed by applicant Agusan del Norte Electric Cooperative, Inc. (ANECO) seeking the Commission's confirmation and approval of its 2018 emergency capital expenditure projects in uprating its Ampayon Substation power transformer to 20/25/33 MVA, relocating the existing 10 MVA Ampayon Substation power transformer to replace the busted 5 MVA Cabadbaran Substation power transformer, and hauling/transporting the service unit power transformer.

ANECO alleged the following in its *Application*:

THE APPLICANT

1. ANECO is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of Philippine laws, with principal office at Km 2 J.C. Aquino Avenue, Butuan City;

2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in Cabadbaran City and Butuan City as well as all the municipalities of the Province of Agusan Del Norte, namely: Buenavista, Carmen, Kitcharao, Jabonga, Las Nieves, Magallanes, Nasipit, Remedios Trinidad Romualdez, Santiago and Tubay.

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, ANECO submits for the Honorable Commission's confirmation and approval its Emergency Capital Expenditure (CAPEX) Projects for 2018, namely: Uprating of Ampayon Substation Power Transformer to 20/25/33 MVA, Relocation of existing 10MVA Power Transformer at Ampayon Substation to replace the busted 5MVA Power Transformer of Cabadbaran Substation and Hauling/Transport of Service Unit 10 MVA Power Transformer for temporary installation at Ampayon Substation while the uprating activity is on-going, all subject of the instant application.

THE ANTECEDENT FACTS

4. The 10 MVA Ampayon Substation is currently distributing electric power to the residential, commercial and large load industrial customers in certain barangays of Butuan City. However, due to the significant increase of the load growth in the area served by said substation, the 10 MVA Ampayon Substation Power Transformer registered an overloading in 2014 but had been temporarily remedied by shifting some of its load to adjacent substations;

5. On the other hand, the 5 MVA Cabadbaran Substation is serving Cabadbaran City and the Municipality of Tubay, Agusan Del Norte which hosts two (2) large mining firms. After its 5 MVA power transformer was hit by a lightning, a third party who conducted a comprehensive test declared it damaged. Thus, the substation's load was transferred to a neighboring substation as a temporary solution;

6. Thereafter, ANECO's mobile substation was also pulled out from the Ampayon Substation which was used to supply industrial customers to augment the shortage capacity in Cabadbaran City while the loads of industrial customers being served by the mobile substation were temporarily transferred to the 20/25MVA Bayanihan Substation. The Bayanihan Substation has still capacity to cater the load from the mobile substation however,

there is already a power quality problem at the receiving end of the transferred feeder;

7. On September 18, 2017, the 5 MVA power transformer of Cabadbaran Substation experienced internal trouble after sensing the line to ground fault from the secondary 13.2kV line. The substation tender on duty tried to restore the substation since the fault is only line to ground but the primary and secondary protections still sensed the fault followed by a strong explosion inside the power transformer.

8. On the same day, power in the Cabadbaran Substation's coverage areas were restored through immediate load transferring of its demand to the neighboring Santiago and Soriano Substations. On the following day, an insulation/resistance testing was conducted on the Cabadbaran Substation power transformer, and results showed that there was a problem inside said power transformer.

9. On September 20, 2017, the Cepalco Energy Services Corporation (CESCO) conducted a comprehensive testing of the 5 MVA power transformer, the results of which showed that the power transformer is severely damaged and recommended to be out-of-service.

PROJECT DESCRIPTION

10. The projects subject of the instant application are: (1) Uprating of the Ampayon Substation Power Transformer to 20/25/33 MVA; (2) Relocation of the existing 10MVA Power Transformer of Ampayon Substation to replace the busted 5MVA Power Transformer of Cabadbaran Substation, and; (3) Hauling/Transport of Service Unit 10 MVA Power Transformer for temporary installation at Ampayon Substation while the uprating activity is on-going. The projects are described, as follows:

PROJECT CODE	PROJECT TITLE	COMISSIONING DATE	PROJECT COST (PhP)
Emergency Capital Expenditure Project	Uprating of Ampayon Substation Power Transformer to 20/25/33 MVA	3 rd Quarter of 2018	22,900,000.00
	Relocation of the existing 10MVA Power Transformer at Ampayon Substation to Replace the Busted 5MVA Power Transformer of Cabadbaran Substation		1,500,000.00
	Hauling/Transport of Service Unit 10MVA Power Transformer (for temporary installation at Ampayon Substation while the uprating activity is on-going)		578,800.00
Total			24,978,800.00

PROJECT SCHEDULE

11. Public bidding for the supply, delivery, installation, testing, commissioning and uprating of the Ampayon Substation Power Transformer was conducted on October 24, 2017 and the contract was eventually awarded to the ASIAPHIL Incorporated. As of even date, project completion is still in progress. On the other hand, the relocation of the existing 10MVA Ampayon Substation Power Transformer to replace the busted power transformer of Cabadbaran Substation and the hauling/transport of the cooperative's Service Unit 10 MVA Power Transformer for temporary installation at the Ampayon Substation will be undertaken on the third quarter of 2018.

PROJECT FINANCING

12. The total cost of the projects subject of the instant application shall be funded out of the cooperative's existing and available Reinvestment Fund for Sustainable Capital Expenditure (RFSC). As such, the implementation of the projects will have no impact on the ANECO consumers' electricity rates.

**JUSTIFICATIONS AND BENEFITS TO BE DELIVERED
BY THE PROJECTS**

13. The uprating of the Ampayon Substation power transformer is aimed to relieve the overloading of the Ampayon Substation Power Transformer and meet the growing demand and unexpected large load growth rate in Butuan City, particularly within the Ampayon Substation coverage area;

14. The relocation of the existing 10MVA Ampayon Substation Power Transformer to the Cabadbaran Substation will address the urgent need for a replacement of the busted Cabadbaran Substation Power Transformer which is currently undergoing load shifting to adjacent distribution substations and the mobile substation;

15. The immediate implementation of subject projects will provide a safe, adequate, reliable, and efficient electric service to the consumers being served by the substations.

**SUBMISSION DOCUMENTARY AND PRE-FILING
REQUIREMENTS**

16. Finally, in compliance with the documentary as well as pre-filing requirements under ERC Resolution 26, Series of 2009 and the ERC Rules of Practice and Procedure, respectively, the following documents are being submitted herewith to from integral parts hereof, to wit:

	Nature of Document
Annex "A"	Executive Summary of the Projects

Annexes "B" and series	Proof of furnishing of copies of the Application to the Sangguniang Panlungsod of Butuan City and Sangguniang Panlalawigan of Agusan Del Norte
Annexes "C" and series	Proof of publication of the Application in a newspaper of general circulation in ANECO's franchise area or where it principally operates.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission that after due notice and hearing, ANECO's uprating of the Ampayon Substation Power Transformer to 20/25/33 MVA, relocation of the existing Ampayon Substation 10MVA Power Transformer to replace the busted 5MVA Power Transformer of the Cabadbaran Substation and Hauling/Transport of Service Unit 10 MVA Power Transformer for temporary installation at the Ampayon Substation while the uprating activity is on-going, be confirmed and approved accordingly.

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

Finding the said *Application* to be 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 **16 August 2018 at ten o'clock in the morning (10:00 A.M.), at ANECO's principal office at Km 2 J.C. Aquino Avenue, Butuan City, Agusan del Norte.**

Accordingly, ANECO 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 Governor, the Cities 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 Governor, 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.

ANECO 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, 4 June 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal


LS: SLAN/ARG/GLS/APV

Copy furnished:

- 1. Agusan del Norte Electric Cooperative, Inc. (ANECO)**
Applicant
Km 2 J.C. Aquino Avenue, Butuan City, Agusan del Norte
- 2. Atty. Ronald Ryan A. Sandigan**
Dechavez Lerios-Amboy & Evangelista Law Offices
Counsel for Applicant ANECO
Unit 2008, Tycoon Centre, Pearl Drive, Ortigas Center, Pasig City 1605
- 3. Office of the Mayor**
City of Butuan
- 4. Office of the LGU legislative body**
City of Butuan
- 5. Office of the Mayor**
City of Cabadbaran
- 6. Office of the LGU legislative body**
City of Cabadbaran
- 7. Office of the Mayor**
Buenavista, Agusan del Norte
- 8. Office of the LGU legislative body**
Buenavista, Agusan del Norte
- 9. Office of the Mayor**
Carmen, Agusan del Norte
- 10. Office of the LGU legislative body**
Carmen, Agusan del Norte
- 11. Office of the Mayor**
Kitcharao, Agusan del Norte
- 12. Office of the LGU legislative body**
Kitcharao, Agusan del Norte
- 13. Office of the Mayor**
Jabonga, Agusan del Norte
- 14. Office of the LGU legislative body**
Jabonga, Agusan del Norte
- 15. Office of the Mayor**
Las Nieves, Agusan del Norte
- 16. Office of the LGU legislative body**
Las Nieves, Agusan del Norte
- 17. Office of the Mayor**
Magallanes, Agusan del Norte
- 18. Office of the LGU legislative body**
Magallanes, Agusan del Norte
- 19. Office of the Mayor**
Nasipit, Agusan del Norte
- 20. Office of the LGU legislative body**
Nasipit, Agusan del Norte

- 21. Office of the Mayor**
Remedios Trinidad Romualdez, Agusan del Norte
- 22. Office of the LGU legislative body**
Remedios Trinidad Romualdez, Agusan del Norte
- 23. Office of the Mayor**
Santiago, Agusan del Norte
- 24. Office of the LGU legislative body**
Santiago, Agusan del Norte
- 25. Office of the Mayor**
Tubay, Agusan del Norte
- 26. Office of the LGU legislative body**
Tubay, Agusan del Norte
- 27. Office of the Governor**
Province of Agusan del Norte
- 28. Office of the LGU legislative body**
Province of Agusan del Norte
- 29. Office of the Solicitor General (OSG)**
134 Amorsolo Street, Legaspi Village, Makati City
- 30. Commission on Audit (COA)**
Commonwealth Avenue, Quezon City
- 31. Senate Committee on Energy**
GSIS Building, Roxas Boulevard, Pasay City
- 32. House of Representatives Committee on Energy**
Batasan Hills, Quezon City
- 33. Philippine Chamber of Commerce and Industry (PCCI)**
3rd Floor, Chamber and Industry Plaza
1030 Campus Avenue corner Park Avenue
McKinley Town Center, Fort Bonifacio, Taguig City
- 34. Regulatory Operations Service (ROS)**
[Standards and Compliance Monitoring Division (SCMD)]
17th Floor, Pacific Center Building, San Miguel Avenue, Pasig City