

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



**IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF  
EMERGENCY ELECTRIC  
CAPITAL EXPENDITURE  
PROJECT RE:  
INSTALLATION OF 10 MVA  
SUBSTATION IN BRGY.  
ALCALA, MA. AURORA AND  
AUTHORITY TO SECURE  
LOAN FROM NEA**

**ERC CASE NO. 2018-102 RC**

**AURORA ELECTRIC  
COOPERATIVE, INC.  
(AURELCO)**

***Applicant.***

X-----X

**D O C K E T E D**  
Date: DEC 17 2018  
By: *[Signature]*

**ORDER**

On 5 October 2018, Applicant Aurora Electric Cooperative, Inc. (AURELCO) filed an *Application* dated 7 September 2018, seeking the Commission's approval of its Emergency Electric Capital Expenditure Project for the installation of a 10 MVA Substation in Barangay Alcala, Ma. Aurora in the province of Aurora, and authority to secure loan from the National Electrification Administration (NEA).

In the said *Application*, AURELCO alleged, among others, the following:

1. The Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Brgy. Reserva, Baler, Aurora where it may be served with summons and other legal processes. It is represented in this instance by its General Manager, Noel DV. Vedad of legal age, Filipino, married and with office address also at Brgy. Reserva, Baler, Aurora;
2. It has the exclusive franchise, issued by the National Electrification Administration (NEA), to operate an electric light and power services in the (8) municipalities of the province of Aurora, namely the municipality of Baler, San Luis, Ma. Aurora,

Dipaculao, Casiguran, Dinalungan, Dilasag and Dingalan. It also serves the municipality of Dinapigue in the province of Isabela, Alfonso Castañeda in the province of Nueva Vizcaya and Brgy. Umiray, General Nakar, Quezon province;

3. AURELCO consumer profile showed that of the total 47,609 consumers; 43,621 are residential, 3,984 Low Voltage and 4 Higher Voltage customers;
4. AURELCO's energy demand reached approximately 45,161,612 kWhr at the end of 2017 and forecast estimates indicate that the applicant will have an average energy demand growth rate of 8.94% from 2018-2021. It is expected that the energy demand will reach as high as 72,062,989 kWh at the year 2021;
5. AURELCO gets the bulk of power for distribution to its coverage area through the transmission system facilities operated and maintained by the National Grid Corporation of the Philippines (NGCP) which derived its power from Masinloc Power Partners Company, Ltd (MPPCL);
6. That applicant has identified the installation of 10 MVA Substation in Brgy. Alcala, Ma. Aurora, Aurora as emergency capital expenditure project to address the increasing demand and to avoid the overloading of the only existing 10 MVA San Isidro substation of AURELCO;

**THE EMERGENCY CAPITAL EXPENDITURE PROJECT (CAPEX 2018)**

No.	Project Name	Project Type	Proposed Project Cost (Php)	Total (Php)
Substation and Subtransmission Line Development Projects				
01	Installation of 10 MVA Substation at Brgy. Alcala, Ma. Aurora, Aurora	Capacity	34,695,085.00	<b>34,695,085.00</b>

7. That as a result of the said project, the cooperative has calculated the indicative rate impact as follows:

**Indicative Rate Impact of the Project**

	2018	2019	2020	2021	TOTAL
Forecasted energy sales, kWh	49,681,805	54,190,146	58,715,512	63,253,260	225,840,723.00
Cash balance beginning, PhP, excess/(shortfall)	28,279,117.00	(5,122,853.62)	(80,456,358.48)	(156,154,664.46)	28,279,117.00
<b>CASH INFLOWS</b>					
current year collection @PhPo.5324/kWh	26,450,592.98	28,850,833.73	31,260,138.59	33,676,035.62	120,237,600.92
loan proceeds from financial institutions, PhP	440,382,580.33	61,840,130.96	45,781,630.96	36,223,130.96	584,227,473.21
Emergency CAPEX - 10MVA, PhP	31,606,592.92				31,606,592.92

**ERC CASE NO. 2018-102 RC  
ORDER/3 DECEMBER 2018  
PAGE 3 OF 8**

50% of income on leased properties	166,230.00	166,230.00	166,230.00	166,230.00	664,920.00
Total Cash Inflows, PhP	498,605,996.23	90,857,194.69	77,207,999.55	70,065,396.58	736,736,587.05
Available cash for disbursement	526,885,113.23	85,734,341.07	(3,248,358.93)	(86,089,267.87)	765,015,704.05
<b>CASH OUTFLOWS</b>					
CAPEX requirement	488,577,690.17	84,737,418.91	68,914,882.91	59,475,162.91	701,705,154.90
old debt (old amortization)	15,957,800.00	15,408,142.00	13,212,017.00	7,720,808.00	52,298,767.00
new amortization (CAPEX2014-2018), PhP	20,460,548.00	55,506,844.00	55,506,844.00	55,506,844.00	186,981,080.00
new amortization (new CAPEX 2019-2021), PhP		6,555,168.00	11,408,104.00	15,247,820.23	33,211,092.23
emergency CAPEX(10MVA)	3,347,596.00	3,347,596.00	3,347,596.00	3,347,596.00	13,390,384.00
ERC Permit Fee, PhP	3,664,332.68	635,530.64	516,861.62	446,063.72	5,262,788.66
Total Cash Outflows, PhP	532,007,966.85	166,190,699.55	152,906,305.53	141,744,294.86	992,849,266.79
Cash balance ending, PhP, excess/(shortfall)	(5,122,853.62)	(80,456,358.48)	(156,154,664.46)	(227,833,562.73)	(227,833,562.73)
<b>Excess/(shortfall) on RFSC, PhP/kWh</b>	<b>(0.1031)</b>	<b>(1.4847)</b>	<b>(2.6595)</b>	<b>(3.6019)</b>	<b>(1.0088)</b>

reinvestment fund rate  
lease properties annual income

0.5324  
332,460

8. That the above project will be implemented and financing of the said project will be taken from NEA loan and from Reinvestment Fund for Sustainable CAPEX;
9. That the Applicant will request to secure a Php. 31,714,071.43 loan from National Electrification Administration (NEA) and Php 3,088,492.08 from RFSC;
10. That the emergency capital expenditure project is compliant with the Philippine Distribution Code (PDC), the Philippine Grid Code (PGC) and other relevant government issuances, and in accordance with ERC Resolution on capital projects;
11. For purposes of and in connection with this application, AURELCO hereby submit the following documents in compliance with the requirements pertinent hereto:
  - a. Description of the Project; Justification and Impact study on the System and; Option/Alternatives considered in lieu of the proposed project;
  - b. Project Financing Plan
  - c. Five-Year Historical and Forecast planning Data
  - d. Technical Analysis
  - e. Project Financial and Economic Cost Analysis
  - f. Project Cost Estimates
  - g. Single Line Diagram
  - h. Conceptual Engineering Design and Drawings
  - i. Board Resolution approving the emergency capital expenditure project
  - j. Sworn Statement
  - k. Compliance with the pre-filing requirements:
    - i. Certification from the Presiding Officer or Secretary of the Sangguniang Bayan of Baler, Aurora and of the Sangguniang Panlalawigan of Aurora and, or

their duly authorized representatives attesting to the fact that applicant has furnished the respective legislative body of the local government unit and the Sangguniang Panlalawigan; and

- ii. Affidavit of Publication and Newspaper issue containing the published Application in its entirety in a newspaper of general circulation in AURELCO's franchise area.
12. That the approval of the proposed emergency capital expenditure projects is needed to maintain efficient, reliable, and safety delivery of power to AURELCO's existing and future consumers, and will redound to the benefit of the consuming public;
  13. AURELCO prays of this Commission that the Application for approval of emergency capital expenditure project and authority to secure loan from the National Electrification Administration (NEA) be provisionally approved ex-parte; and the Applicant be authorized to adopt and implement the same effective upon such approval and after due notice and hearing, the Application be approved permanently.

Finding the said *Application* to be sufficient in form and 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 **24 January 2019 (Thursday) at nine o'clock in the morning (9:00 A.M.) at AURELCO's Principal Office at Brgy. Reserva, Baler, Aurora.**

Accordingly, AURELCO 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, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within AURELCO's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within AURELCO's franchise area of the filing of the *Application*, their reasons therefor, and of

the scheduled hearing thereon, 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, AURELCO 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 were 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 Provincial 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 AURELCO to inform the consumers within the affected areas of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the OSG, the 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.

AURELCO 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 AURELCO 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.

AURELCO 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, 3 December 2018.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSEFINA PATRICIA M. ASIRIT**  
*Commissioner*

  
LS: MFD/ARG/CLO

**ERC CASE NO. 2018-102 RC**  
**ORDER/3 DECEMBER 2018**  
**PAGE 7 OF 8**

---

COPY FURNISHED:

1. Atty. Zenon S. Suarez  
*Counsel for Applicant AURELCO*  
Rm. 506 Web-Jet Bldg., 64 Quezon Ave.,  
Corner BMA St., Quezon City
2. Aurora Electric Cooperative, Inc. (AURELCO)  
*Applicant*  
Brgy. Reserva, Baler,  
Aurora
3. Office of the Solicitor General (OSG)  
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit (COA)  
Commonwealth Avenue, Quezon City 1121
5. Senate Committee on Energy  
GSIS Building, Roxas Boulevard, Pasay City 1307
6. House Committee on Energy  
Batasan Hills, Quezon City 1126
7. Office of the Governor  
Province of Aurora
8. Office of the Local Government (LGU) legislative body  
Province of Aurora
9. Office of the Mayor  
Municipality of Baler, Aurora
10. Office of the Local Government (LGU) legislative body  
Municipality of Baler, Aurora
11. Office of the Mayor  
Municipality of San Luis, Aurora
12. Office of the Local Government (LGU) legislative body  
Municipality of San Luis, Aurora
13. Office of the Mayor  
Municipality of Ma. Aurora, Aurora
14. Office of the Local Government (LGU) legislative body  
Municipality of Ma. Aurora, Aurora
15. Office of the Mayor  
Municipality of Dipaculao, Aurora
16. Office of the Local Government (LGU) legislative body  
Municipality of Dipaculao, Aurora
17. Office of the Mayor  
Municipality of Casiguran, Aurora
18. Office of the Local Government (LGU) legislative body  
Municipality of Casiguran, Aurora
19. Office of the Mayor  
Municipality of Dinalungan, Aurora
20. Office of the Local Government (LGU) legislative body  
Municipality of Dinalungan, Aurora
21. Office of the Mayor  
Municipality of Dilasag, Aurora
22. Office of the Local Government (LGU) legislative body  
Municipality of Dilasag, Aurora

**ERC CASE NO. 2018-102 RC**  
**ORDER/3 DECEMBER 2018**  
**PAGE 8 OF 8**

---

23. Office of the Mayor  
Municipality of Dingalan, Aurora
24. Office of the Local Government (LGU) legislative body  
Municipality of Dingalan, Aurora
25. Office of the Governor  
Province of Isabela
26. Office of the Local Government (LGU) legislative body  
Province of Isabela
27. Office of the Mayor  
Municipality of Dinapigue, Isabela
28. Office of the Local Government (LGU) legislative body  
Municipality of Dinapigue, Isabela
29. Office of the Provincial Governor  
Province of Nueva Vizcaya
30. Office of the Local Government (LGU) legislative body  
Province of Nueva Vizcaya
31. Office of the Mayor  
Municipality of Alfonso Castañeda, Nueva Vizcaya
32. Office of the Local Government (LGU) legislative body  
Municipality of Alfonso Castañeda, Nueva Vizcaya
33. Office of the Provincial Governor  
Province of Quezon
34. Office of the Local Government (LGU) legislative body  
Province of Quezon
35. Office of the Mayor  
Municipality of General Nakar, Quezon
36. Office of the Local Government (LGU) legislative body  
Municipality of General Nakar, Quezon
37. Regulatory Operations Service (ROS)  
Energy Regulatory Commission  
17th Floor, Pacific Center, San Miguel Avenue, Pasig City