

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



IN THE MATTER OF THE
APPLICATION FOR APPROVAL OF
AN EMERGENCY CAPITAL
PROJECT

ERC CASE NO. 2007-134 RC

**AKLAN ELECTRIC COOPERATIVE,
INC. (AKELCO),**

Applicant.

x-----x

D O C K E T E D
Date: JAN 21 2009
By: [Signature]

DECISION

Before this Commission for resolution is the application filed on July 20, 2007 by Aklan Electric Cooperative, Inc. (AKELCO) for approval of its Emergency Capital Project.

Having found said application sufficient in form and in substance with the required fees having been paid, an Order and a Notice of Public Hearing, both dated August 22, 2007, were issued setting the case for initial hearing on October 25, 2007.

In the same Order, AKELCO was directed to cause the publication of the Notice of Public Hearing, at its own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of nationwide circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the scheduled date of initial hearing. It was also directed to inform the consumers, within its franchise area, by any other means available and appropriate, of the

filing of the instant application, its reasons therefor, and of the scheduled hearing thereon.

The Office of the Solicitor General (OSG), the Commission on Audit (COA) and the Committees on Energy of both Houses of Congress were furnished with copies of the Order and the Notice of Public Hearing and were requested to have their respective duly authorized representatives present at the initial hearing.

Likewise, the Offices of the Mayors of the Municipalities within AKELCO's franchise area were furnished copies of the Order and Notice of Public Hearing for the appropriate posting thereof on their respective bulletin boards.

On October 23, 2007, AKELCO filed its "*Pre-trial Brief.*"

During the October 25, 2007 initial hearing, AKELCO and Mr. Rodson Mayor appeared. Mr. Mayor was provisionally accepted as intervenor subject to the filing of his petition-in-intervention and pre-trial brief.

In the said hearing, AKELCO presented its proofs of compliance with the Commission's posting and publication of notice requirements which were duly marked as Exhibits "PreF-A" to "PreF-W" and Exhibits "Post A" to "Post MM," inclusive. Thereafter, AKELCO conducted its expository presentation of its application.

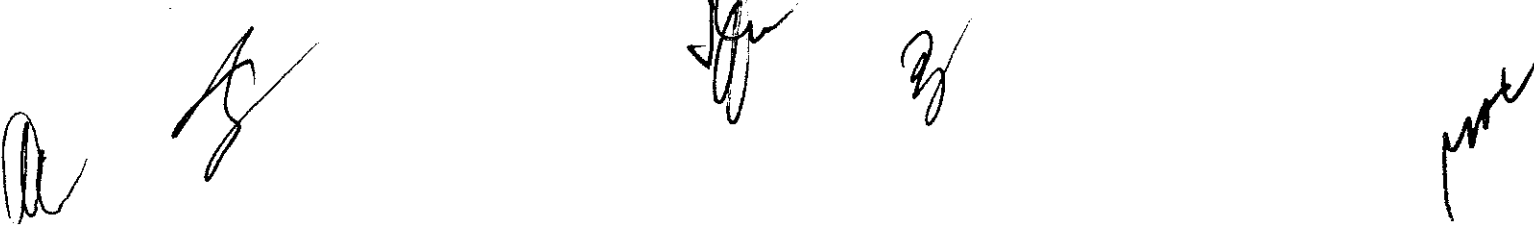


At the continuation of hearing on November 20, 2007, AKELCO appeared while Mr. Mayor failed to appear. The Commission considered Mr. Mayor as oppositor in view of his failure to submit the required petition-in-intervention and pre-trial brief.

On January 7, 2008, the Commission issued an Order setting the continuation of hearing on January 28, 2008. On even date, the Commission issued a "*Subpoena Ad Testificandum and Subpoena Duces Tecum*" directing Mr. Phillip Dasalla, Division Manager for Project Planning Development of the National Transmission Corporation (TRANSCO), to appear in person and answer questions on the next scheduled hearing. Mr. Dasalla was also directed to bring with him pertinent documents which may be relevant and necessary in the instant application.

On January 25, 2008, AKELCO filed its "*Motion to Admit Attached Documents.*"

During the January 28, 2008 hearing, AKELCO and TRANSCO appeared. In the said hearing, TRANSCO manifested that it is willing to provide all the required information, documents and data should the need arise and that Mr. Dasalla will be presented by virtue of a subpoena issued him by the Commission. TRANSCO further manifested that the subpoena issued to Mr. Dasalla should have referred to ERC Case No. 2007-127 RC (*In the Matter of the Application for the Approval of Major Capital Projects for Calendar Year 2007 with Prayer for Provisional Authority – AKELCO as Applicant*). Said manifestation was noted by



the Commission. AKELCO then presented its first witness, Mr. Ricardo Iletto, its Corplan Manager, who testified in support of the application.

On July 18, 2008, the Commission issued an Order directing AKELCO to submit its "*Formal Offer of Evidence.*"

On August 29, 2008, AKELCO submitted its "*Formal Offer of Evidence (FOE)*" which is hereby admitted for being relevant and material to the final resolution of the case.

DISCUSSION



AKELCO sought the Commission's approval of the following projects:

1. Repair of Submarine Cable

a. Project Description:

- Repair of 1400 meters of 13.2 kV Submarine XLPE Power and Fiber Optic (16 Fibers) Cable installed in 2005, with the following features:

Type:	13.2/24kV 3 x 185/25 mm ² Cu Armored
Standard:	IEC 60502-2; 4 IEC 60287: EN HD 620.21 HEP Standard No. 100; 2002
Rated Voltage:	24 kV
Nominal Voltage:	13.2 kV



- Repair of a 3-core plastic insulated three phase cable installed in 1989, with the following features:

Cable Length:	1400 meters
Cable Size:	325 mm ²
Type:	3 core plastic insulated
Voltage:	15 kV
Capacity:	8 MW

b. Rationale of the Project:

- To restore power in Boracay Island and maintain the submarine cables

c. Project Cost: **PhP4,032,558.00**

COST ANALYSIS

AKELCO manifested that it conducted negotiated bidding instead of competitive bidding given the emergency nature and urgency of the project. The funding of the project was sourced from its five percent (5%) Reinvestment Fund.

A perusal of the evidence presented herein showed that the completion and acquisition of the aforesaid projects redounded to the benefit of AKELCO's consumers in terms of continuous, reliable and efficient power supply as mandated by Republic Act No. 9136, or the Electric Power Industry Reform Act of 2001 (Section 2. Declaration of Policy – (b) *“to ensure the quality, reliability, security and affordability of the supply of electric power*).



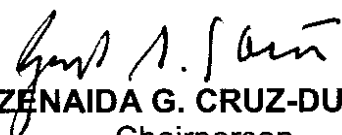
WHEREFORE, the foregoing premises considered, the application for approval of its Emergency Capital Project filed by Aklan Electric Cooperative, Inc. (AKELCO) is hereby **APPROVED**.

Relative thereto, AKELCO is hereby directed to pay a permit fee in the amount of Thirty Thousand Two Hundred Forty-Four Pesos (PhP30,244.00), within ten (10) days from receipt hereof, computed as follows:

$$\frac{\text{PhP}4,032,558.00}{\text{PhP}100.00} \times \text{PhP}0.75 = \text{PhP}30,244.00$$

SO ORDERED.

Pasig City, January 12, 2009.


ZENAIDA G. CRUZ-DUCUT
Chairperson


RAUF A. TAN
Commissioner


ALEJANDRO Z. BARIN
Commissioner


MARIA TERESA R. CASTAÑEDA
Commissioner


JOSE C. REYES
Commissioner

Copy Furnished:

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Aklan Electric Cooperative, Inc. (AKELCO)
Lezo, Aklan
3. **Hon. Rodson Mayor**
Oppositor
Altavas, Aklan
4. **Boracay Foundation, Inc.**
Balabag Plaza, Boracay Island
Malay, Aklan
5. **Boracay Chamber of Commerce**
Boracay Island
Malay, Aklan
6. **National Electrification Administration (NEA)**
NIA Road, Diliman, Quezon City
7. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village,
Makati City, Metro Manila
8. **Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila
9. **Senate Committee on Energy**
GSIS Building, Roxas Boulevard
Pasay City, Metro Manila
10. **House Committee on Energy**
Batasan Hills, Quezon City, Metro Manila
11. **The Municipal Mayor**
Altavas, Aklan
12. **The Municipal Mayor**
Balete, Aklan
13. **The Municipal Mayor**
Banga, Aklan
14. **The Municipal Mayor**
Batan, Aklan

15. **The Municipal Mayor**
Buruanga, Aklan
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Nabas, Aklan
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New Washington, Aklan
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Numancia, Aklan
29. **The Municipal Mayor**
Pandan, Aklan
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31. **The Municipal Mayor**
Tangalan, Aklan