

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

IN THE MATTER OF THE
APPLICATION FOR AUTHORITY TO
REHABILITATE AND RESTORE THE
DISTRIBUTION LINES DAMAGED
BY TYPHOON COSME, WITH
PRAYER FOR PROVISIONAL
AUTHORITY



ERC CASE NO. 2008-078-MC

PANGASINAN I ELECTRIC
COOPERATIVE, INC. (PANELCO I),
Applicant.

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DOCKETED

Date: NOV 17 2008

By: *[Signature]*

DECISION

Before this Commission for resolution is the application filed on July 18, 2008 by Pangasinan I Electric Cooperative, Inc. (PANELCO I) for authority to rehabilitate and restore its distribution lines damaged by typhoon Cosme, with prayer for provisional authority.

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 6, 2008, were issued setting the case for initial hearing on September 19, 2008.

In the same Order, PANELCO I was directed to cause the publication of the Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, at least 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.

[Handwritten signatures]

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.

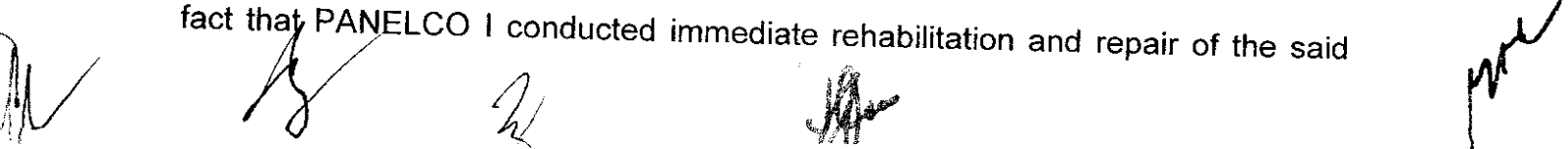
Likewise, the Offices of the Mayors of the Municipalities within PANELCO I's franchise area were furnished copies of the Order and the Notice of Public Hearing for the appropriate posting thereof on their respective bulletin boards.

On August 4, 2008, PANELCO I filed a "*Motion to Admit Board Resolution.*" Relative thereto, on August 5, 2008, the Commission issued an Order admitting said Resolution.

On September 12, 2008, PANELCO I filed its "*Pre-trial Brief*" and "*Compliance to the Jurisdictional Facts*".

During the September 19, 2008 initial hearing of this case, only PANELCO I appeared. No intervenor/oppositor appeared nor was there any intervention/opposition registered.

In the said hearing, PANELCO I adduced proofs of compliance with the Commission's posting and publication of notice requirements which were duly marked as Exhibits "A" to "I", inclusive. Thereafter, it conducted an expository presentation of its application and presented the following witnesses: 1) Engr. William S. Magno, its Technical Services Manager, who testified on the extent of damage on PANELCO I's distribution lines caused by typhoon Cosme and on the fact that PANELCO I conducted immediate rehabilitation and repair of the said



distribution lines which were completed on August 8, 2008; and 2) Mrs. Luvimin P. Cave, its Finance Services Department Manager, who testified on the cost of the restoration and rehabilitation of the distribution lines in the amount of Fifteen Million Nine Hundred Fifty Thousand Eighty-Seven Pesos and Sixty Centavos (PhP15,950,087.60). The direct examinations having been terminated, the Commission propounded clarificatory questions on the said witnesses.

On September 30, 2008 to October 2, 2008, the Commission conducted an ocular inspection on PANELCO I's assets subject of the instant application.

On October 8, 2008, PANELCO I filed its "*Offer of Evidence*" which is hereby admitted for being relevant and material to the final resolution of the case.

DISCUSSION

PANELCO I sought the Commission's approval of the following project:

a. Project Description:


- Rehabilitation and restoration of distribution lines

b. Rationale of the project:

- The project was intended to restore power supply to consumers
- It was also intended to provide safe, efficient and reliable electric service

c. Project Cost:

PhP14,819,111.86



PROJECT DESIGN

The rehabilitation and restoration of damaged distribution lines brought about by typhoon Cosme were aimed at restoring the ruined distribution lines structure into its original condition before it was damaged. PANELCO I submitted its conceptual engineering design which maintained the existing design prior to the destruction by typhoon Cosme and was in accordance with National Electrification Administration (NEA) Bulletin DX1320. Commonly used construction assemblies design was also submitted.

The rehabilitation of the distribution lines conformed with the applicable and widely-recognized international design standards of the American National Standards Institute (ANSI), the Institute of Electrical and Electronic Engineers (IEEE) and the National Electrical Manufacturers' Association (NEMA).

TECHNICAL ANALYSIS

The reliability analysis of the interruption experienced by PANELCO I during typhoon Cosme that hit Pangasinan in May 2008 showed that the System Average Interruption Frequency Index (SAIFI) is one (1) interruption per customer per month, which means that every customer suffered a power shortage. The System Average Interruption Duration Index (SAIDI), on the other hand, was measured at 19,272 minutes per customer per month, which means that every customer experienced having no electricity for the duration of eleven (11) hours per day.

The bottom of the page contains several handwritten signatures and initials in black ink. From left to right, there are approximately six distinct marks, including a large signature on the far left, a smaller signature, a stylized initial 'E', a signature with a vertical line through it, and a signature on the far right.

Two (2) options were taken into consideration by PANELCO I, namely: (a) construction of new distribution lines; and (b) rehabilitation and restoration. Construction of new distribution lines was found to be costly and entailed a longer time to restore power. Some line hardware of the damaged distribution lines structure like bolts, insulators and conductors could still be retrieved and used, while some existing and newly maintained line construction remained capable of distributing power, cost wise and time wise. Thus, rehabilitation and restoration of the distribution lines were found to be the most reasonable option to restore power to PANELCO I's customers.

COST ANALYSIS

PANELCO I manifested that the funding for such project, which has already been implemented, will be secured through a loan from government or commercial banks offering the least interest.

A perusal of the evidence presented herein showed that the completion of the aforesaid project redounded to the benefit of PANELCO I'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 authority to rehabilitate and restore the distribution lines damaged by typhoon Cosme, with prayer for provisional authority, filed by Pangasinan I Electric Cooperative, Inc. (PANELCO I) is hereby **APPROVED**.




Relative thereto, PANELCO I is hereby directed to pay a permit fee in the amount of One Hundred Eleven Thousand One Hundred Forty-Three Pesos and Thirty-Four Centavos (PhP111,143.34) within ten (10) days from receipt hereof, computed as follows:

$$\begin{array}{r} \text{PhP14,819,111.86} \\ \hline \text{PhP100.00} \end{array} \times \text{PhP0.75} = \text{PhP111,143.34}$$


SO ORDERED.

Pasig City, October 27, 2008.


ZENAIDA G. CRUZ-DUCUT
Chairperson


RAUF A. TAN
Commissioner


ALEJANDRO Z. BARIN
Commissioner


MARIA TERESA R. CASTAÑEDA
Commissioner


JOSE C. REYES
Commissioner

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7. **The Municipal Mayor**
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Province of Pangasinan
8. **The Municipal Mayor**
Municipality of Mabini
Province of Pangasinan
9. **The Municipal Mayor**
Municipality of Burgos
Province of Pangasinan
10. **The Municipal Mayor**
Municipality of Dasol
Province of Pangasinan
11. **The Municipal Mayor**
Municipality of Infanta
Province of Pangasinan
12. **The Municipal Mayor**
Municipality of Agno
Province of Pangasinan

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