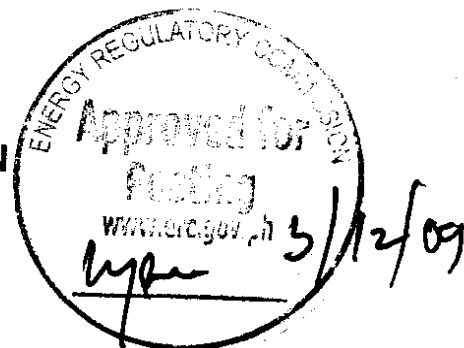


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City



IN THE MATTER OF THE  
APPLICATION FOR APPROVAL OF  
EMERGENCY CAPITAL PROJECTS  
- RE: REHABILITATION AND  
REPAIR OF DAMAGED  
DISTRIBUTION LINES AND REPAIR  
OF ANDAGAO OFFICE BUILDING  
AND REPLACEMENT OF DAMAGED  
COMPUTER EQUIPMENT DUE TO  
TYPHOON "FRANK", WITH PRAYER  
FOR PROVISIONAL AUTHORITY

ERC CASE NO. 2008-082 MC

AKLAN ELECTRIC COOPERATIVE,  
INC. (AKELCO),

Applicant.

x-----x

D O C K E T E D

Date: MAR 12 2009

By: *W*

**DECISION**

Before this Commission for resolution is the application filed on September 3, 2008 by Aklan Electric Cooperative, Inc. (AKELCO) for approval of its emergency capital projects - re: rehabilitation and repair of damaged distribution lines, and repair of damaged Andagao office building and replacement of damaged computer equipment due to typhoon "Frank", 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 September 15, 2008, were issued setting the case for initial hearing on November 6, 2008.

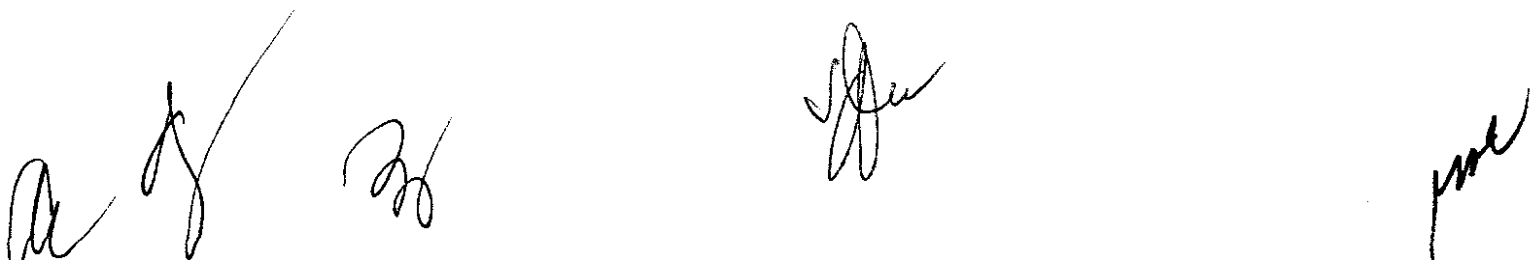
In the same Order, AKELCO was directed to cause the publication of the Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, not later than ten (10) days before the scheduled date of initial hearing. It was also directed to inform the consumers, 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 30, 2008, AKELCO filed its "*Pre-trial Brief.*"

During the November 6, 2008 initial hearing of this case, only AKELCO appeared. No intervenor/oppositor appeared nor was there any intervention/opposition registered.



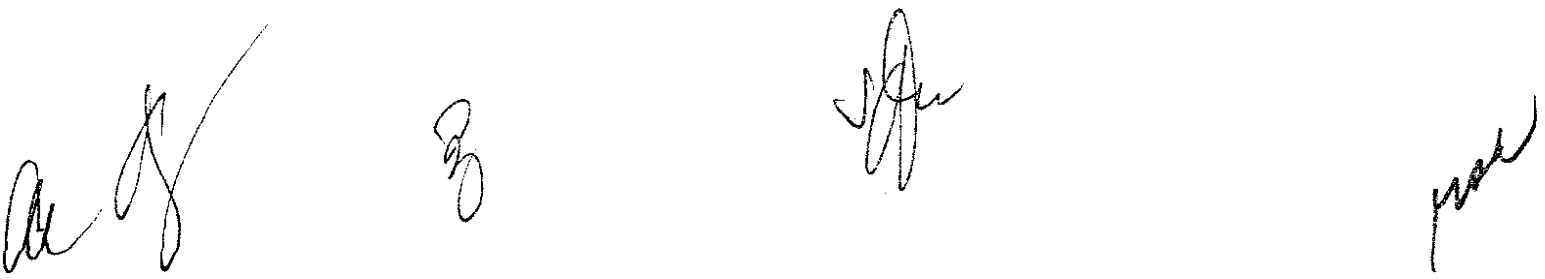
At the said hearing, AKELCO presented its proofs of compliance with the Commission's posting and publication of notice requirements which were duly marked as Exhibits "G" to "O-3-b" inclusive. Thereafter, it conducted an expository presentation of its application.

At the termination of the expository presentation, AKELCO presented its lone witness, Engr. Rogen De los Reyes, its Assistant General Manager for Operations, who testified, among others, on the extent of damage on the distribution lines of AKELCO caused by typhoon "Frank". In the course of his direct examination, the witness identified various documents in support of the application. Said documents were duly marked as exhibits. The said witness was, likewise, required to address the clarificatory questions propounded by the Commission.

On December 2 to 3, 2008, the Commission conducted an ocular inspection on AKELCO's assets subject of the instant application.

To facilitate the evaluation of the instant application, the Commission issued an Order on January 9, 2009, directing AKELCO to submit various documents.

On January 30, 2009, AKELCO filed its "*Formal Offer of Evidence*" 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. Rehabilitation and Repair of Damaged Distribution Lines**

a. Project Description:

- Rehabilitation and repair of distribution lines including replacement of damaged poles, transformers, capacitors, switches, fuses, conductors, service drop wires, kilowatt-hour meters and other equipment and hardware

b. Rationale of the Project:

- To restore power supply in the areas affected by typhoon "Frank"

c. Project Cost:

**PhP61,306,615.75**

**2. Repair of the Andagao Office Building and Replacement of Damaged Office Equipment**

a. Project Description:

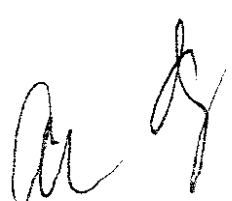
- Repair of the Andagao Office Building in Kalibo, Aklan and the replacement of various computer equipment in the main office and four (4) sub-offices

b. Rationale of the Project:

- To improve the commercial operations and business dealings of AKELCO

c. Project Cost:

**PhP4,459,619.62**



Thus, the total project cost is as follows:

DESCRIPTION	COST(PHP)
Rehabilitation and Repair of Damaged Distribution Lines	61,306,615.75
Repair of the Andagao Office Building and Replacement of Damaged Office Equipment	4,459,619.62
<b>TOTAL</b>	<b>65,766,235.37</b>

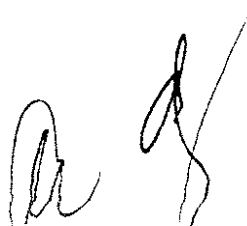
### COST ANALYSIS

AKELCO manifested that the total project cost of PhP65,766,235.77 was financed through a project financing loan with the National Electrification Administration (NEA).

AKELCO further manifested that it did not conduct any bidding for the procurement and acquisition of the materials used in the projects. Instead, it procured and acquired said materials from the first available suppliers. Only materials that conformed with the accepted standards and the reasonableness of prices were considered.

Based on the ocular inspection conducted, all projects were already implemented.

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”).

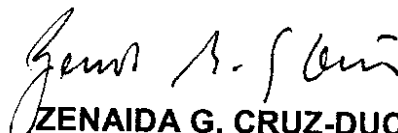
**WHEREFORE**, the foregoing premises considered, the application for approval of its emergency capital project – re: rehabilitation and repair of damaged distribution lines, and repair of damaged Andagao office building and replacement of damaged computer equipment due to typhoon “Frank” filed by Aklan Electric Cooperative, Inc. (AKELCO) is hereby **APPROVED**.

Relative thereto, AKELCO is hereby directed to pay a permit fee in the amount of **Four Hundred Ninety-Three Thousand Two Hundred Forty-Six Pesos and Seventy-Seven Centavos (PhP493,246.77)**, within ten (10) days from receipt hereof, computed as follows:

$$\frac{\text{PhP}65,766,235.37}{\text{PhP}100.00} \times \text{PhP}0.75 = \text{PhP}493,246.77$$

**SO ORDERED.**


Pasig City, March 2, 2009.

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson

  
**RAUF A. TAN**  
Commissioner

  
**MARIA TERESA A. R. CASTAÑEDA**  
Commissioner

  
**ALEJANDRO Z. BARIN**  
Commissioner

  
**JOSE C. REYES**  
Commissioner

**Copy Furnished:**

1. **DECHAVEZ BUGAYONG CONCEPCION**  
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Unit 1609-1610 16<sup>th</sup> Floor  
Tycoon Center Condominium  
Pearl Drive, Ortigas Center  
Pasig City
2. **Aklan Electric Cooperative, Inc. (AKELCO)**  
Kalibo, Aklan
3. **MR. CHITO R. PERALTA**  
General Manager  
Aklan Electric Cooperative, Inc. (AKELCO)  
AKELCO Office, Poblacion, Lezo,  
Province of Aklan
4. **Office of the Solicitor General**  
134 Amorsolo Street, Legaspi Village,  
Makati City, Metro Manila
5. **Commission on Audit**  
Commonwealth Avenue  
Quezon City, Metro Manila
6. **Senate Committee on Energy**  
GSIS Building, Roxas Boulevard  
Pasay City, Metro Manila
7. **House Committee on Energy**  
Batasan Hills, Quezon City, Metro Manila
8. **The Municipal Mayor**  
Altavas, Aklan
9. **The Municipal Mayor**  
Balete, Aklan
10. **The Municipal Mayor**  
Banga, Aklan
11. **The Municipal Mayor**  
Batan, Aklan

- 12. The Municipal Mayor**  
Buruanga, Aklan
- 13. The Municipal Mayor**  
Ibajay, Aklan
- 14. The Municipal Mayor**  
Kalibo, Aklan
- 15. The Municipal Mayor**  
Lezo, Aklan
- 16. The Municipal Mayor**  
Libacao, Aklan
- 17. The Municipal Mayor**  
Libertad, Aklan
- 18. The Municipal Mayor**  
Antique, Aklan
- 19. The Municipal Mayor**  
Madalag, Aklan
- 20. The Municipal Mayor**  
Makato, Aklan
- 21. The Municipal Mayor**  
Malay, Aklan
- 22. The Municipal Mayor**  
Malinao, Aklan
- 23. The Municipal Mayor**  
Nabas, Aklan
- 24. The Municipal Mayor**  
New Washington, Aklan
- 25. The Municipal Mayor**  
Numancia, Aklan
- 26. The Municipal Mayor**  
Pandan, Aklan
- 27. The Municipal Mayor**  
Antique, Aklan
- 28. The Municipal Mayor**  
Tangalan, Aklan