

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 CYCLONE EMONG,
WITH PRAYER FOR PROVISIONAL
AUTHORITY


ERC CASE NO. 2009-072 MC

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

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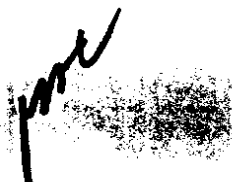
Date: FEB 16 2010

By: 

DECISION

Before the Commission for resolution is the application filed on August 17, 2009 by Pangasinan I Electric Cooperative, Inc. (PANELCO I) for authority to rehabilitate and restore the distribution lines damaged by Cyclone Emong, 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 October 26, 2009, were issued setting the case for initial hearing on December 1, 2009.



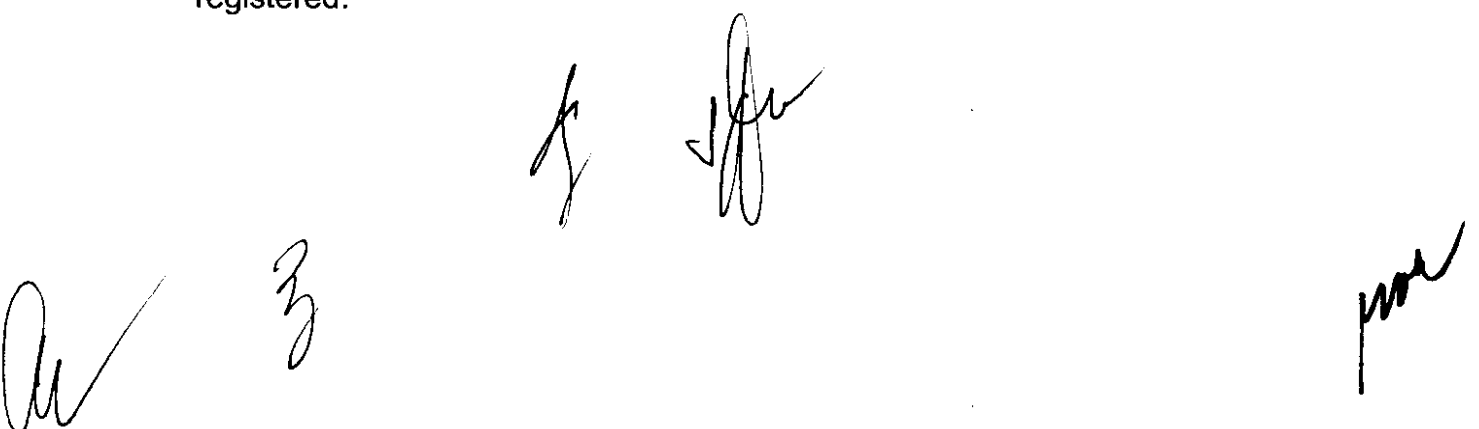
In the same Order, PANELCO I was directed to cause the publication of the Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, not later than ten (10) days before the scheduled date of initial hearing. It was also directed to inform the consumers, 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 City/Municipalities within PANELCO I's franchise area were furnished with copies of the Order and Notice of Public Hearing for the appropriate posting thereof on their respective bulletin boards.

On November 25, 2009, PANELCO I filed its "*Pre-Trial Brief*".

During the December 1, 2009 initial hearing, only PANELCO I appeared. No intervenor/oppositor appeared nor was there any intervention/opposition registered.

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At the said hearing, PANELCO I presented its proofs of compliance with the Commission's posting and publication of notice requirements which were duly marked as Exhibits "A" to "S-4", inclusive. Thereafter, it conducted an expository presentation of its application.

At the termination of the expository presentation, PANELCO I presented the following witnesses: 1) Ms. Luvimin P. Cave, its Finance Services Department Manager, who testified, among others, on her responsibility in the supervision of the financial operations, particularly the accuracy of computing power rates and revenue to meet its maturing obligations; and 2) Engr. William S. Magno, its Technical Services Department Manager, who testified, among others, on his responsibilities in the engineering and operation activities related to the design, construction, maintenance, operations of system facilities in conformity with the technical standards and the restoration and repairs undertaken on the damaged facilities due to Typhoon Emong.

In the course of their direct examinations, additional documents were presented and duly marked as exhibits. The direct examinations having been terminated, the Commission propounded clarificatory questions on the said witnesses.

On December 14 to 16, 2009, the Commission conducted an ocular inspection on PANELCO I's assets subject of the instant application.



On December 21, 2009, PANELCO I filed its "*Formal Offer of Evidence*" which is hereby admitted for being relevant and material in the final resolution of this case.

DISCUSSION

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

Rehabilitation and Restoration of Damaged Distribution Lines

a. Project Description:

- Rehabilitation and restoration of damaged distribution lines

b. Rationale of the Project:

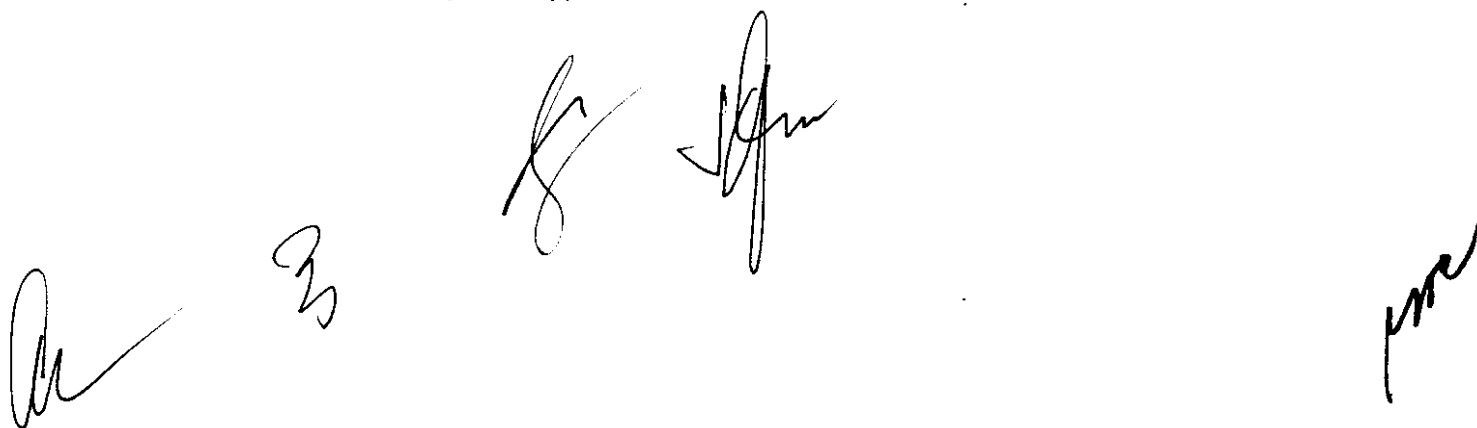
- To provide adequate, safe, efficient and reliable electric service

c. Project Cost:

PhP51,319,684.78

TECHNICAL ANALYSIS

PANELCO I's proposed projects consist of rehabilitation and restoration of its distribution line facilities damaged by Typhoon Emong on May 7, 2009. The City of Alaminos and the Municipalities of Bani, Anda, Bolinao and Agno were heavily affected by said typhoon.

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Immediately after the typhoon, PANELCO I commenced the restoration of its damaged distribution facilities with the assistance of several distribution utilities, to wit:

- a. The replacement of 901 pieces of collapsed subtransmission and distribution poles;
- b. Restoration of 543 leaning poles;
- c. Repair of 333 poles;
- d. The replacement and repair of 38 assorted units of distribution transformers; and
- e. Replacement of twisted-defective conductors and 823 pieces of kWh meters.

Shown below is the actual date of power restoration on a per feeder basis:

Particulars	Date Started	Date Finished
Bani-Tara 69KV Subtransmission Line	May 11, 2009	May 24, 2009
Feeder 1 – Bani to Upland	May 8, 2009	May 24, 2009
Feeder 2 – Bani to San Miguel	May 8, 2009	August 15, 2009
Feeder 3 – Bani to Agno	May 10, 2009	July 29, 2009

In the course of the ocular inspection, it was disclosed that the aforesaid projects were completed and the details of the expenses incurred by PANELCO I were submitted in support of its application.

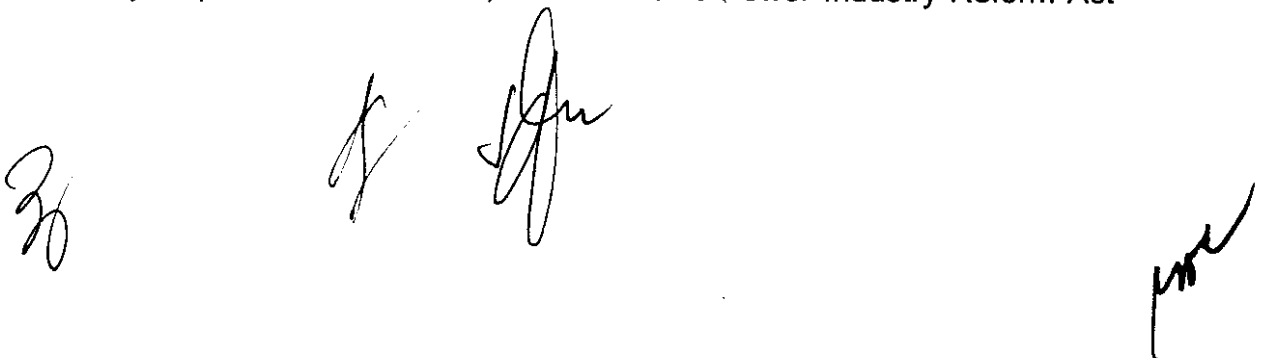
COST ANALYSIS

The total project cost incurred by PANELCO I for the rehabilitation and restoration of its power supply in the affected area amounted to PhP51,319,684.78. Shown below is the breakdown of the expenses incurred by PANELCO I:

PARTICULARS	Cut-Off Dates	AMOUNT (PhP)
Material Issuances	August 21, 2009	44,761,955.49
Honoraria	September 30, 2009	2,193,527.83
Labor	September 30, 2009	1,150,318.99
Accommodations	October 31, 2009	1,983,605.94
Trucking Fee	September 30, 2009	320,000.00
Fuel Issuances	August 07, 2009	910,276.53
Total		51,319,684.78

PANELCO I secured loans from its suppliers to finance the cost of materials and utilized its available funds to address other expenses. It submitted an amortization schedule covering the amount of PhP51,319,684.78 which shall be amortized for a period of five (5) years from 2010 to 2014 with an interest rate of twelve percent (12%) per annum. Its annual amortization amounts to PhP14.1 Million.

A perusal of the evidence presented herein showed that the rehabilitation and restoration of PANELCO I's distribution facilities redounded to the benefit of its consumers in terms of continuous, reliable and efficient power supply as mandated by Republic Act No. 9136, or the Electric Power Industry Reform Act



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of 2001 (Section 2. Declaration of Policy – (b) “to ensure the quality, reliability, security and affordability of the supply of electric power”).

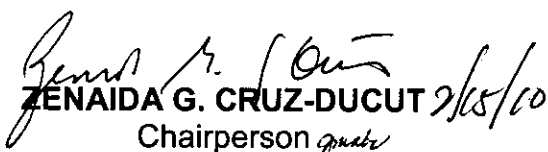
WHEREFORE, the foregoing premises considered, the application filed by Pangasinan I Electric Cooperative, Inc. (PANELCO I) for authority to rehabilitate and restore its distribution facilities damaged by Typhoon Emong, with prayer for provisional authority, is hereby **APPROVED**.

Relative thereto, PANELCO I is hereby directed to pay a permit fee in the amount of **Three Hundred Eighty-Four Thousand Eight Hundred Ninety-Seven Pesos and Sixty Three Centavos (PhP384,897.63)**, computed as follows:

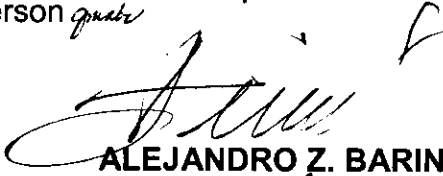
$$\frac{\text{PhP}51,319,684.78}{\text{PhP}100.00} \times \text{PhP}0.75 = \text{PhP}384,897.63$$

SO ORDERED.

Pasig City, February 8, 2010.


ZENAIDA G. CRUZ-DUCUT
Chairperson


RAUF A. TAN
Commissioner


ALEJANDRO Z. BARIN
Commissioner


MARIA TERESA A. R. CASTAÑEDA
Commissioner


JOSE C. REYES
Commissioner

Copy furnished:

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2. **Mr. Rolando O. Reinoso**
General Manager
Pangasinan I Electric Coop., Inc. (PANELCO I)
San Jose, Bani, Pangasinan
3. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
4. **Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila
5. **Senate Committee on Energy**
GSIS Bldg., Roxas Blvd., Pasay City
Metro Manila
6. **House Committee on Energy**
Batasan Hills, Quezon City, Metro Manila
7. **Office of the City Mayor**
City of Alaminos
Province of Pangasinan
8. **Office of the Municipal Mayor**
Municipality of Mabini
Province of Pangasinan
9. **Office of the Municipal Mayor**
Municipality of Burgos
Province of Pangasinan
10. **Office of the Municipal Mayor**
Municipality of Dasol
Province of Pangasinan
11. **Office of the Municipal Mayor**
Municipality of Infanta
Province of Pangasinan
12. **Office of the Municipal Mayor**
Municipality of Agno
Province of Pangasinan

13. **Office of the Municipal Mayor**
Municipality of Bani
Province of Pangasinan
14. **Office of the Municipal Mayor**
Municipality of Bolinao
Province of Pangasinan
15. **Office of the Municipal Mayor**
Municipality of Anda
Province of Pangasinan