

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

**IN THE MATTER OF THE APPLICATION FOR
APPROVAL OF PROPOSED ELECTRIC
CAPITAL PROJECTS FOR THE YEAR 2010 to
2012.**

ERC CASE NO. 2010-051RC

**DAVAO DEL NORTE ELECTRIC
COOPERATIVE, INC. (DANECO)**
Applicant.

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APPLICATION

COMES NOW, applicant **DAVAO DEL NORTE ELECTRIC COOPERATIVE, INC**, by and through the undersigned counsel, and unto this Honorable Commission most respectfully states:

1. That applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Tipaz District, Tagum City, Province of Davao del Norte where it may be served with summons and other legal processes, represented in this instance by its OIC-General Manager, **NELSON N. BALANGAN** of legal age, Filipino, married and with office address also at Tipaz District, Tagum City, Province of Davao Del Norte. Herein applicant is the exclusive franchise holder issued by the National Electrification Commission to operate an electric light and power services in the Municipalities of Asuncion, Kapalong, New Corella, Talaingod, Compostela, Laak, Mabini, Maco, Montevista, Monkayo, Mawab, Nabunturan, New Bataan, Pantukan, Maragusan, Cities of Tagum and Samal and the Provinces of Davao del Norte and Compostela Valley.

2. As Part of its Distribution Development Plan, applicant Davao del Norte Electric Cooperative, Inc. (DANECO) intends to apply for approval of the following Electric projects :

Table 1 : Summary of the proposed projects for three (3) years (2010-2012).

PROJECT TITLE	Total	1st year	2nd year	3rd year
Network Projects	Cost	2010	2011	2012
Load Growth / Power Capacity Requirement	230,649,715.00	90,850,000.00	139,799,715.00	0.00
15 MVA ASUNCION SUBSTATION (Uprating)	42,260,000.00	42,260,000.00	0.00	0.00
20 MVA CANOCOTAN SUBSTATION (Uprating)	48,590,000.00	48,590,000.00	0.00	0.00
10 MVA SAMAL SUBSTATION (new)	38,049,000.00	0.00	38,049,000.00	0.00
Upgrading of Samal Submarine cable	101,750,715.00	0.00	101,750,715.00	0.00
Power Quality	234,705,880.63	80,371,442.61	68,407,418.39	85,927,019.63
Installation of AVR	34,290,000.00	13,500,000.00	9,900,000.00	10,890,000.00
Installation of Line Capacitors	36,635,000.00	17,000,000.00	9,350,000.00	10,285,000.00
Distribution Transformers	139,367,550.00	42,105,000.00	46,315,500.00	50,947,050.00
Line Improvement & Conversion				
Brgy. Kapatagan to crossing Bullocan Laak	4,502,631.53	4,502,631.53	0.00	0.00
Nuevo Iloco to Kinuban	3,263,811.09	3,263,811.09	0.00	0.00
Kinuban to Elizalde line	4,992,537.89	0.00	0.00	4,992,537.89
Tagmanok to Pob. Mawab	470,014.08	0.00	0.00	470,014.08
Tuburan to Tagmanok, Mawab	1,484,039.27	0.00	0.00	1,484,039.27
Pob. New Corella to Brgy Sto. Nino New Corella	2,841,918.39	0.00	2,841,918.39	0.00
Pob. Montevista-Canidkid line	6,858,378.38	0.00	0.00	6,858,378.38
System Reliability	191,993,466.21	83,124,135.45	49,968,530.77	58,900,799.99
Rehab/Revamp existing 69 KV line	6,620,000.00	2,000,000.00	2,200,000.00	2,420,000.00
New line constructions				
Canocotan Substation to Crossing KM 48	2,710,630.86	2,710,630.86	0.00	0.00
Canocotan Substation - Citi Hardware, Highway, Tagum	1,921,064.19	1,921,064.19	0.00	0.00
Crossing Makulay-Cr. Seminary Drive	1,107,685.82	1,107,685.82	0.00	0.00
Apokon Substation - CR. Zafra, Apokon (G MALL)	11,070,891.48	11,070,891.48	0.00	0.00
Apokon Substation - Gaisano Grand (Lapu 2x ext.)	12,412,556.90	12,412,556.90	0.00	0.00
Apokon Herbo to Hijo Madaum	1,723,680.43	0.00	0.00	1,723,680.43
La Filipina to Asing Suaybagiuo	1,595,994.83	0.00	0.00	1,595,994.83
Asuncion Ss via cabaywa to Crossing Del Pilar New Corella	6,914,487.13	6,914,487.13	0.00	0.00
Asuncion Ss-Kapalong line (Crossing Clementa)	12,857,661.87	12,857,661.87	0.00	0.00
Pindasan SS to USP Mampising	4,432,410.21	0.00	0.00	4,432,410.21
Compostela SS to Alegria-Panag	10,145,223.98	0.00	0.00	10,145,223.98
Caliclic Subst to Kinawitnon Mambago B line DC	15,282,617.29	0.00	15,282,617.29	0.00
USP Apokon to Crossing Dumlan (2011)	4,098,490.54	0.00	0.00	4,098,490.54
Line Rehabilitation				
Natl Hiway (Sobrearcy st.) to Misa St.	1,170,141.67	1,170,141.67	0.00	0.00
Curvada Petron to Crossing Citihardware	1,618,285.90	1,618,285.90	0.00	0.00
Jolibee High way to Visayan Vill	840,729.62	840,729.62	0.00	0.00
Quirante 1 to Rizal-Sobrearcy	1,135,913.49	0.00	1,135,913.49	0.00
System Loss reduction				
Meter replacement and upgrading	94,335,000.00	28,500,000.00	31,350,000.00	34,485,000.00
Project that will address safety	120,225,060.00	42,626,000.00	38,968,600.00	38,630,460.00
69 KV Breaker	18,935,000.00	7,000,000.00	7,700,000.00	4,235,000.00
13.2 KV Recloser	12,496,000.00	8,800,000.00	1,760,000.00	1,936,000.00
Poles & Wires	88,794,060.00	26,826,000.00	29,508,600.00	32,459,460.00
Project that will address EPIRA compliance	493,129,813.02	83,795,454.29	353,041,684.78	56,292,673.95
Sub-transmission / 69KV Acquisition cost	290,275,631.11	0.00	290,275,631.11	0.00
Sub-transmission single metering	18,900,000.00	9,000,000.00	9,900,000.00	0.00
Logistic Support	116,949,964.46	56,863,720.00	29,690,753.71	30,395,490.75
Add-on new connection	67,004,217.45	17,931,734.29	23,175,299.95	25,897,183.21
Total Network Projects Cost	1,270,703,934.85	380,767,032.35	650,185,948.94	239,750,953.57
Non-Network Projects	Total Cost	2010	2011	2012
Construction of Headquarters - Tagum Area Office *	49,661,362.84	49,661,362.84	0.00	0.00
Logistic -Vehicles	45,492,500.00	16,700,000.00	12,760,000.00	16,032,500.00
Logistic - Test Equipment	34,506,000.00	13,320,000.00	11,022,000.00	10,164,000.00
Logistic - Hardware , Software & System Control Upgrading	7,874,000.00	900,000.00	440,000.00	6,534,000.00
ICT Requirements *	21,098,400.00	11,172,340.00	4,600,150.00	5,325,910.00
Substation lot	6,134,000.00	1,134,000.00	0.00	5,000,000.00
Total General Assets or NonNetwork Projects	164,766,262.84	92,887,702.84	28,822,150.00	43,056,410.00
TOTAL Capex Requirement	1,435,470,197.69	473,654,735.19	679,008,098.94	282,807,363.57

3. That the above project is implemented on a staggered basis starting 2010 to 2012 and financing of the said projects will be taken from the MEMBER'S Contribution for Capital Expenditures, Rural Electrification Financing Corporation and loan from NEA/Banks ;

4. For Purposes of and in connection with this application, DANECO hereby attaches/submit the following documents in compliance with the requirements pertinent hereto:
 - ❖ Historical and Forecast Planning Data
 - ❖ Technical and Engineering Analysis
 - ❖ Project Economic Cost Analysis
 - ❖ Projected Financial and Financing Analysis
 - ❖ Projected Costs and Estimates
 - ❖ Description of the Project; Justification and Impact Study on the System and; Options/ Alternatives.
 - ❖ Proposed GANTT CHART Schedule
 - ❖ Single Line Diagrams
 - ❖ Project Designs and Electrical Layouts
 - ❖ Board Resolution

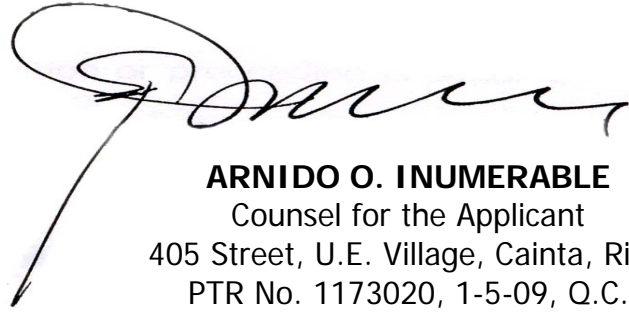
PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission to render a decision approving the following:

- Proposed Capital Project ;
- Authority to secure loan;
- Payment of Permit Fee on instalment basis; and

Other reliefs and equitable under the premises are likewise prayed for.

Cainta, Rizal for Pasig City, Metro Manila, Philippines, May 18, 2010.

A handwritten signature in black ink, appearing to read 'Arnido O. Inumberable', with a long, sweeping underline that extends downwards and to the left.

ARNIDO O. INUMERABLE
Counsel for the Applicant
405 Street, U.E. Village, Cainta, Rizal
PTR No. 1173020, 1-5-09, Q.C.
IBP No. 769143, 1-6-09, Pasig
Roll of Attorneys No. 28764
MCLE Compliance II-0015415, 1-8-09

Republic of the Philippines)
City of Tagum)
Province of Davao del Norte) S.S.

VERIFICATION/CERTIFICATION

We, **NELSON N. BALANGAN, PEE, BENEDICTO D. ONGKING, REE, NIELO A. JAPAY, REE** and **JOSEPHINE N. ARMIDILLA, MBA**, of legal ages, Filipino, married, with office address located at Tipaz District, Tagum City, Davao del Norte, after having been sworn to in accordance with law hereby depose and say:

1. That we are the **OIC-General Manager, Technical, Operation and Maintenance Department Manager, Operation and Maintenance Chief, and Accountant**, respectively, of the Davao del Norte Electric Cooperative, Inc (DANECO), who are duly authorized to represent the cooperative in the filing of the application for the approval of Proposed Capital Projects;
2. That we have caused the preparation and filing of the said application;
3. That we have read and know the contents thereof as true and correct to the best of our own knowledge;
4. That we hereby certify that we have not therefore commence by any other action or proceeding involving the same in the Supreme Court, the Court of Appeals or any other tribunal or agency;
5. That to the best of our knowledge, no such action or proceeding is pending in the Supreme Court, the Court of Appeals or any other tribunal or agency;
6. That if there is such action or proceeding which is either pending or may have been terminated, we must state the status thereof;
7. That should we therefore learn that a similar action or proceeding has been filed or pending before the Supreme Court, the Court of Appeals or any other tribunal or agency, we will undertake to report that fact within five (5) days therefrom to the Court or agency wherein the original pleading has been filed.

IN WITNESS WHEREOF, we have hereunto set our hands this ____ day of May 2010, at Tagum City, Province of Davao del Norte, Philippines.

NELSON N. BALANGAN, PEE

Affiant

CTC No. 05485771
Date Issued: January 9, 2010
Place Issued: Montevista

BENEDICTO D. ONGKING, REE

Affiant

CTC No. 04610679
Date Issued: January 22, 2010
Place Issued: Tagum City

NIELO A. JAPAY, REE

Affiant

CTC No. 0410684
Date Issued: January 22, 2010
Place Issued: Tagum City

JOSEPHINE N. ARMIDILLA, MBA

Affiant

CTC No. 04619654
Date Issued: January 4, 2010
Placed Issued: Montevista

SUBSCRIBED AND SWORN to before me this _____ day of May, 2010 at Tagum City, Province of Davao del Norte, Philippines.

JESUS T. ALBACITE

NOTARY PUBLIC

Until Dec. 31, 2010

PTR No. 0766605/1-06-09

IBP No. 725366/1-05-09

Roll No. 23275/3-10-71

TIN -114-403-783

ALL AT TAGUM CITY

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Series of 2010

Executive Summary

As part of the Distribution Development Plan, Davao del Norte Electric Cooperative, Inc. (DANECO) intends to apply its three-year Capex plan from year 2010 to 2012. These projects will address load growth, power quality, reliability, and system loss ; Safety ; EPIRA compliance; and non-network asset.

1. Project that will address load growth, power quality, reliability, and System loss reduction

❖ Load Growth

- Upgrading of M7-Canocotan substation from 10 MVA to 20 MVA
- Upgrading of M11-Asuncion substation from 5 MVA to 15 MVA
- Installation of new 10 MVA substation in Samal Island
- Upgrading of Samal submarine cable from 13.8 KV to 69KV line

❖ Power Quality

- Installation of Automatic Voltage Regulator
- Installation of Capacitor bank
- Installation and upgrading of distribution transformers
- Line improvement and conversion
 - Brgy Kapatagan to Crossing Bullocan Laak
 - Brgy Nuevo Iloco to Brgy Kinuban, Mawab
 - Brgy Kinuban to Brgy Elizalde, Maco
 - Brgy Tagmanok to Pob. Mawab
 - Brgy Tuburan to Brgy Tagmanok, Mawab
 - Poblacion New Corella to Brgy Sto. Nino, New Corella
 - Poblacion Montevista to Brgy Canidkid , Montevista

❖ System Reliability

- Rehabilitation/Revamp of 69KV line
- New line constructions
 - Canocotan Substation to km 48, Highway, Tagum
 - Canocotan Substation to Citi Hardware, Highway, Tagum
 - Makulay Restaurant to Jolibee Misa, Pioneer ave., Tagum City
 - Apokon Substation to Crossing Zafra, Apokon, Tagum City
 - Apokon Substation to Gaisano Grand, Lapu-lapu ext., Tagum City
 - Apokon Herbco to Crossing Hijo Madaum, Tagum City
 - La Filipina to Crossing Suaybagiuo, Tagum City
 - Asuncion Substation via Cabaywa to Del Pilar , New Corella
 - Asuncion Substation to Crossing Clementa, Kapalong
 - Pindasan Substation to USP Mampising, Mabini
 - Compostela Substation via Alegria to Panag Compostela
 - Caliclic to Kinawitnon Mambago B, IGACOS

- USP Apokon to Crossing Dumlan, Maco
- Line rehabilitation
 - National highway –Sobrecary St. to Misa St., Tagum City
 - Curvada Petron to Citi Hardware, Highway , Tagum City
 - Jolibee to Visayan Village, Highway, Tagum City
 - Quirante 1 to Rizal St –Sobrecary, Tagum City
- System Loss reduction
 - Replacement of defective kwhr meter and upgrading of polyphase meter

2. Project that will address safety

- Procurement of new 69 KV breakers
- Procurement of new 13.2 KV recloser/breaker
- Massive rehabilitation of dilapidated poles

3. Project that will address EPIRA compliance

- Acquisition of 69KV sub-transmission line of NGCP
- Procurement of 69 KV logistic support

4. Non Network projects

- Construction of new Headquarter office, Tagum City
- Procurement of coop logistic such as vehicles, test equipment, hardware, software & system control upgrading
- Information and Communication Technology (ICT) upgrading
- Procurement of substation lot

The total amount of the CAPEX program reached **Php 1,435,470,197.69**, which is to be spread annually as follows:

(i) 2010	–	Php 473,654,735.19
(ii) 2011	–	Php 679,008,098.94
(iii) 2012	–	Php 282,807,363.57

The capital projects will be financed by obtaining loans from the National Electrification Administration, Rural Electrification Finance Corporation and banks.