

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

**IN THE MATTER OF APPLICATION  
FOR APPROVAL OF EMERGENCY  
CAPITAL EXPENDITURE PROJECT TO  
CONSTRUCT A 10 MVA SUBSTATION  
AT CARIG, TUGUEGARAO CITY**

2010-003  
ERC Case No. \_\_\_\_\_ - RC

**CAGAYAN I ELECTRIC COOPERATIVE  
(CAGELCO I),**

**Applicant.**

X-----X

**APPLICATION**

JUL 2 2010  
1520

CAGELCO I, thru counsel, unto this Honorable Commission, respectfully states that-

1. CAGELCO I is an electric cooperative duly organized and existing under Philippine law with principal office address at Maddarulug, Solana, Cagayan; franchised to construct, operate and maintain an electric distribution network in the city of Tuguegarao, and in the municipalities of Rizal, Tuao, Piat, Sto. Niño, Solana, Enrile, Peñablanca, Iguig, Amulung, Alcala and Baggao, all in the Province of Cagayan; represented herein by its General Manager, Engr. Tito R. Lingan.

2. This application seeks approval of emergency capital expenditure project to construct a 10 MVA substation at Carig, Tuguegarao City to maintain a safe, reliable, secure and efficient operation of the power system.
3. The design of the Substation consists of the selection and installation of various physical components including Power Transformer, Metering Equipment, Protection Equipment, and Grounding. The layout design follows specifications to comply with the R.A. 9136 or the Electric Power Industry Reform Act, Grid and Distribution Codes.
4. The proposed 10 MVA Substation will be constructed at the Regional Center, Carig, Tuguegarao City which is 1 kilometer away from the existing 69 KV line of National Grid Corporation of the Philippines (NGCP).
5. Since the establishment of the Regional Center at Carig, demand growth in the area has increased rapidly, having already reached 2 MW. The Regional Center and its surrounding loads are presently served by one of three feeders out of the NGCP 15 MVA Substation located at Larion Alto, Tuguegarao City.
6. In addition to Regional Center area, the NGCP substation also serves Tuguegarao City and the Municipality of Peñablanca. The loading of this

NGCP substation is already reaching a critical level of 97% of its thermal rating in 2010.

7. Cagelco I has in fact received several written notification from NGCP that it can no longer accommodate additional capacity on the Cagelco I feeders emanating from the 15 MVA NGCP substation. NGCP has thus requested Cagelco I to install additional substation capacity to avoid load curtailment to the latter's power system.
8. In addition, the loading of CAGELCO I's Alcala Substation, which serves areas adjacent to and just to the east of the NGCP substation, is likewise reaching a critical level of 97%, exacerbating further the emergency situation.
9. The establishment of the new 10 MVA Substation at Carig under this emergency capex project application will relieve the overloading situation on both the NGCP Substation and the Alcala Substation, and permit Cagelco I to continue serving the growing loads in the areas of the Regional Center, as well as within Tuguegarao City.
10. In addition, the proposed Carig substation will reduce system losses and increase reliability by shortening feeders and placing transformer capacity much closer to the growing loads.

11. The main Project Driver for this project is Load Growth. It is required to meet the rapidly growing electricity demand of existing and new customers in the Carig area of Tuguegarao City as well as in the areas served by the Alcala Substation.
12. The Capital Expenditure Type is Growth. The new assets are being installed to meet growing demand at the required service level requirements of the Distribution Code. The existing assets can no longer meet the growing electricity demands in the area.
13. The purpose of the project is to meet the new load growth of customers in the Carig area. If the project is not implemented soon, public safety will be seriously compromised due to transformer overloading of the NGCP Substation and Alcala Substation.
14. The commissioning date for the facilities is scheduled to occur as soon as possible but should not be later than last quarter of 2010.
15. The proposed project, estimated to cost Php 41,500,000, will be partially funded by a loan from the Rural Electric Financing Corporation (REFC) in the amount of P39 million, and the balance of P2.5 million will be funded from the Reinvestment (now MCC) Fund of the cooperative. The REFC loan will

have an interest rate of 10.0% per annum. The term will be for 10 years with a six month grace period on principal repayment.

16. The indicative rate impact of the proposed project is Php 0.0655/kWhr computed as follows:

Term of Loan	10 years
Annual Interest Rate	10%
Grace Period	6 months
1 yr. Amortization requirement	7,956,635
Billing Determinant (total kWhr sales for 2009)	<u>121,476,785</u>
	<u>Php0.0655</u>

#### **PRAYER**

WHEREFORE, applicant CAGELCO I respectfully prays that after due notice and hearing, the proposed emergency capital expenditure to construct a 10 MVA substation at Carig, Tuguegarao City, be approved.

RESPECTFULLY SUBMITTED this 29<sup>th</sup> day of June 2010 at Pasig City.

**RANULFO M. OCAMPO**

Counsel for CAGELCO I

PTR No. 2758146 / 1-27-09 / Marikina City

IBP No. 803844 / 12-28-09 / Rizal chapter

IBP Roll No. 33872 / MCLE Compliance No. II-0004193

8/F STRATA 100, F. Ortigas Jr. Road, Ortigas Center, Pasig City

Phone: 635-6291 | Fax: 631-2901 | Email: [ranvocampo@yahoo.com](mailto:ranvocampo@yahoo.com)

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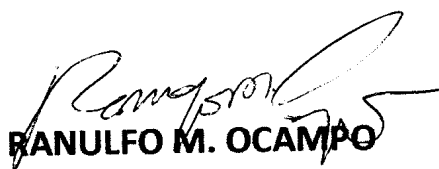
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**RANULFO M. OCAMPO**  
Counsel for CAGELCO I

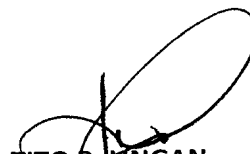
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### VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING

I, **TITO R. LINGAN**, of legal age, married, with office address c/o Cagayan I Electric Cooperative Inc. (CAGELCO I) at Maddarulug, Solana, Cagayan, after having sworn in accordance with law, depose and state:

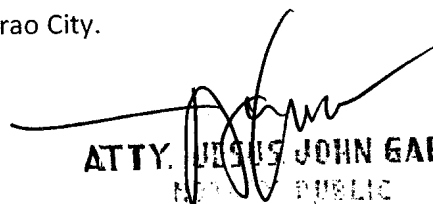
1. That I am the General Manager of CAGELCO I and I have been authorized by CAGELCO to verify and certify under oath the foregoing application.
2. In behalf of CAGELCO I, I caused the preparation of the foregoing application; read and understood the allegations contained therein insofar as CAGELCO I is concerned; and all the facts stated therein are true and correct based on my own knowledge and the authentic records of CAGELCO I made available to me in the ordinary course of business.
3. CAGELCO I has not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals, or any other tribunal or agency; that to the best of my knowledge, no such action or proceeding is pending in the Supreme Court, the Court of Appeals, or different Divisions thereof, or any other tribunal or agency, which involve issues that may somehow be related to this Application; and that, if I should learn that a similar action or proceeding has been filed or is pending before the Supreme Court, the Court of Appeals, or different divisions thereof, or any other tribunal or agency, I undertake to promptly inform this Honorable Commission within five (5) days from receipt of such knowledge of such fact.

IN WITNESS WHEREOF, I have hereunto set my hand this June 29, 2010.

  
**TITO R. LINGAN**  
Affiant

SUBSCRIBED AND SWORN to before me this JUL 02 2010, affiant exhibited to me his BIR

TIN No. 136-127-276 issued on March 10, 1992 at Tuguegarao City.

  
**ATTY. JESUS JOHN GARMA**  
NOTARY PUBLIC  
UNTIL JULY 31, 2011  
PTR No. 2513261 - 1/4/10  
ROLL No. 37953  
TUGUEGARAO CITY

Doc. No. 70;

Page No. 14;

Book No. I;

Series of 2010.

**SECRETARY'S CERTIFICATE**

**I, MA. ARABELLA M. BINARAO**, of legal age, with office address at c/o Cagayan I Electric Cooperative, Inc. (CAGELCO I), after having been duly sworn according to law, hereby depose and state:

1. That I am the Board Secretary of the Cagayan I Electric Cooperative, Inc. (CAGELCO I), with principal office address at Maddarulug, Solana, Cagayan;
2. At the regular meeting of the Board of Directors of CAGELCO I held on July 2, 2010, during which meeting a quorum was existing and acting throughout, the following resolutions were unanimously passed and approved:

**Resolution No. 21 Series of 2010**

**RESOLVED**, as it is hereby resolved, that CAGELCO I, be authorized to file an application with the Energy Regulatory Commission (ERC) an application for approval of Emergency Capital Expenditure Project to construct a 10 MVA substation at Carig, Tuguegarao City with a total project cost of P41,500.00

**RESOLVED FURTHER**, that the General Manager, Engr. Tito R. Lingan, be authorized to verify and certify under oath said application, and that Atty. Ranulfo M. Ocampo be retained as the legal counsel of CAGELCO I, in said application for approval of Emergency Capital Expenditure Project to construct a 10 MVA substation at Carig, Tuguegarao City.

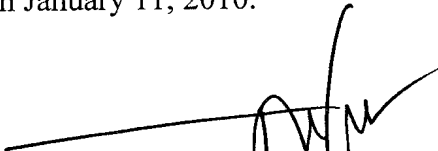
3. I hereby attest to the correctness of the foregoing Resolutions and certify that the same has not been modified, amended or revoked, and is in full force and effect.



**MA. ARABELLA M. BINARAO**

SUBSCRIBED AND SWORN to before me this **JUL 02 2010** day of July 2010 in the City of Tuguegarao, affiant exhibiting to me her Residence Certificate Number – 126-47072 issued at Tuguegarao City, Cagayan on January 11, 2010.

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**ATTY. JESAL JOHN GARMA**  
NOTARY PUBLIC  
UNTIL 07 FEBRUARY 31, 2011  
PTR No. 2513281 - 1/4/10  
ROLL No. 37953  
TUGUEGARAO CITY