

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL/CONFIRMATION OF
FORCE MAJEURE PROJECT
DUE TO TYPHOON SANTI**

ERC CASE NO. 2015-052 RC

**TARLAC ELECTRIC, INC. (TEI),
Applicant.**

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DOCKETS
Date: APR 24 2015
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ORDER

On March 25, 2015, Tarlac Electric, Inc. (TEI) filed an application for approval/confirmation of force majeure project due to Typhoon Santi.

In the said application, TEI alleged, among others, the following:

1. It is a distribution utility duly organized and existing under Philippine law, with principal office address at Mabini Street, Tarlac City and is franchised under Republic Act No. 7606 to construct, own, operate and maintain an electric distribution system in Tarlac City. It's President and General Manager is Engr. Vivencio M. Romero Jr.;
2. On October 11, 2013, Typhoon Santi battered the province of Tarlac and other provinces in Luzon, with a sustained wind of 150kph near the center and gustiness of up to 185kph;
3. The strong winds and rains devastated its coverage area, including its distribution lines, poles and other facilities. The collapsed electric posts and wires caused power blackout affecting over sixty-five thousand (65,000) consumers;

4. Immediately after Typhoon *Santi* left, TEI's linemen began clearing the scattered and damaged parts of the distribution system to avoid further damage to life and property and to allow people to pass conveniently;
5. The gradual restoration of power in the distribution system was implemented as soon as power in the NGCP subtransmission line was restored. It took 26 days for it to restore power in the whole city;
6. Repair and restoration of the damaged facilities were done in phases immediately started after the typhoon. As a result thereof, it incurred un-programmed capital expenditures in the estimated amount of Php 36,775,216.87;
7. A simulation of the estimated rate impact of the restoration project cost is shown below:

Rate Impact Simulation of FM Capex due to Typhoon Santi	
Total Project Cost	36,775,216.87
Add: Working Capital	0.00
Total Asset Base Subject to Return	36,775,216.87
Return on Rate Base/WACC	15.01%
Return on Capital	5,519,960.05
OPEX	0.00
Regulatory Depreciation	0.00
Corporate Income tax	0.00
Other Taxes	275,814.13
ARR	5,795,774.18

Forecasted Energy Sales 2015 kWh	320,940,680.12
Rate Impact Php/kWh	0.181

8. This capital project was done purely to repair and restore its distribution system to its condition before Typhoon *Santi* struck. Thus, this project will not affect any pending capital expenditure or loan application;
9. This application thus seeks approval/confirmation of the repair and restoration works undertaken by it on its distribution lines and facilities destroyed by Typhoon *Santi*;

10. The following documents are attached in support of this application:

Reference	Particulars
Annex 1	Commission's acknowledgment of TEI Force Majeure (FM) Notice dated 20 January 2014;
Annex 2 & 2a	TEI requests for extension to file FM capex application dated 17 September 2014 and 25 February 2015;
Annex 3, 3a & 3b	List and cost of materials and equipment installed to repair and restore the system due to Typhoon Santi; and related rate impact simulation; and
Annex 4 & 4a	List and cost of assets damaged due to Typhoon Santi; and

11. It prays of the Commission that after due notice and hearing, the Commission issue a Decision approving and ratifying the Force Majeure capital expenditure project implemented due to Typhoon Santi, and that it be authorized to adjust its distribution charges by PhP0.0181/kWh.

Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **June 3, 2015 (Wednesday) at ten in the morning (10:00 A.M.) at the TEI Main Office, Mabini Street, Tarlac City.**

TEI is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing. It is 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.

Let copies of the application, this Order and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Office of the Mayor of Tarlac City for the appropriate posting thereof on its respective bulletin board.

TEI is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, TEI must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Mayor or his/her duly authorized representatives, bearing the seals of his/her office, and the affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

TEI and all interested parties are directed to submit, at least five (5) days before the date of initial hearing and pre-trial conference, their respective Pre-trial Briefs containing, among others:

- a) A summary of admitted facts and proposed stipulation of facts;
- b) The issues to be tried or resolved;
- c) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-trial Brief.

Failure of TEI to submit the required Pre-trial Brief and Judicial Affidavits of its witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.

As part of the pre-trial conference, TEI must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for

the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, April 20, 2015.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson

Copy Furnished:

1. **ATTY. RANULFO M. OCAMPO**
Counsel for TEI
8/F STRATA 100 Building
F. Ortigas Jr. Road, Ortigas Center, Pasig City
2. **TARLAC ELECTRIC INC. (TEI)**
Mabini Street, Tarlac City, Tarlac
3. **Commission on Audit**
Commonwealth Avenue
Quezon City
4. **Senate Committee on Energy**
GSIS Building, Roxas Boulevard
Pasay City
5. **House Committee on Energy**
Batasan Hills, Quezon City
6. **Office of the President of PCCI**
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, ECC Building, Sen. Gil Puyat Avenue
Makati City
7. **Office of the City Mayor**
Tarlac City, Tarlac