

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



**IN THE MATTER OF THE
APPLICATION FOR
CONFIRMATION AND
APPROVAL OF THE FORCE
MAJEURE EVENT CAPITAL
EXPENDITURE PROJECT,
RE: REPAIR, RESTORATION
AND/OR REPLACEMENT OF
DISTRIBUTION LINES AND
FACILITIES DAMAGED BY
TYPHOON LANDO**

ERC CASE NO. 2016-005 RC

**PANGASINAN I ELECTRIC
COOPERATIVE (PANELCO
I),**

Applicant.

X-----X

D O C K E T E D
Date: **FEB 17 2016**
By: *[Signature]*

O R D E R

On 18 January 2016, the Pangasinan I Electric Cooperative (PANELCO I) filed an application for confirmation and approval of the force majeure event capital expenditure project, re: repair, restoration and/or replacement of distribution lines and facilities damaged by Typhoon Lando.

In the said application, PANELCO I alleged, among others, the following:

1. PANELCO I is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with principal office at San Jose, Bani, Pangasinan, represented in this instance by its Acting General Manager Dionisio O. Opolento, Jr., of legal age, Filipino, married with office address at San Jose, Bani, Pangasinan, duly authorized by virtue of Board Resolution No. 15-216 dated 15 December 2015;

[Signature]

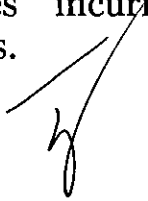
2. PANELCO I is the exclusive franchise holder of a Certificate issued by the National Electrification Commission on 08 January 1979 to operate an electric light and power services in the City of Alaminos and Municipalities of Agno, Anda, Bani, Bolinao, Burgos, Dasol, Infanta and Mabini, all in the Province of Pangasinan.
3. The filing of the application is likewise authorized under Board Resolution No. 15-215 dated 15 December 2015.
4. On 17 October 2015, public storm warning signals have been hoisted as Typhoon Lando intensified and moved closer to Luzon. Pangasinan was one of the provinces that the typhoon was partially devastated.
5. The powerful winds and heavy rains of Typhoon Lando caused destruction to the PANELCO I's distribution lines and facilities resulting to power interruption in the coverage area.
6. This application is filed in compliance with Section 3.3 of ERC Resolution No. 26 Series of 2009, which provides that if a Force Majeure or Fortuitous Event, as the case may be, occurs, the affected regulated entity shall seek the ERC's confirmation of the implementation of capital expenditure projects arising from such event.
7. The project consists of the repair, restoration and/or replacement of the cooperative's distribution lines, poles, distribution transformers, hardware and accessories damaged by Typhoon Lando.
8. The project ensured the power restoration in the coverage area of PANELCO I and provided an adequate, safe, reliable and efficient power supply to satisfy the needs of its member-consumers.



9. The total project cost amounts to Three Million Nine Hundred Eighty Three Thousand Three Hundred Twenty-Two Pesos and Sixty-Four Centavos (P3,983,322.64).
10. With the immediate need to restore the damaged lines and to provide power supply to the coverage area, PANELCO I purchased line materials from its suppliers on account and utilized the warehouse stocks intended for other projects.
11. The General Fund was temporarily used in paying the cost of materials as the account falls due and it was likewise used to finance other expenses relative to the restoration of lines. The total amount utilized from the General Fund will be reimbursed from Reinvestment Fund for Sustainable Capex (RFSC) upon confirmation and approval of the Commission.
12. Immediately after the typhoon, PANELCO I commenced the restoration of the damaged distribution lines and was completed by 05 November 2015.
13. The RFSC is intended to finance the approved capital expenditure projects. Shown below is the rate impact of the force majeure event capital expenditure project:

Particulars	2016	2017	2018
kWh Sales Projection	98,516,136	103,264,614	108,014,786
RFSC Rate/kWh	0.2508	0.2508	0.2508
Projected RFSC Revenue	24,707,846.91	25,898,765.19	27,090,108.33
Beg. Balance	45,273,479.40	54,698,003.67	24,096,768.86
Total CAPEX Fund	69,981,326.31	80,596,768.86	51,186,877.19
Amortization (Capex '09-'11)	11,300,000.00	56,500,000.00	-
Typhoon Lando Capex	3,983,322.64		
Proposed Capex Requirement	15,283,322.64	56,500,000.00	-
Excess(Shortfall)/kWh	0.555218728	0.2333	0.4739

The above schedule shows that the RFSC is sufficient to finance the total expenses incurred from the Typhoon Lando restoration activities.



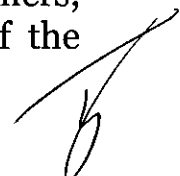
14. PANELCO I is currently paying the amortization of the PhP113,000,000.00 loan from the Bank of the Philippine Islands with a maximum of seven (7) years term and will mature on 25 November 2017 . The proceeds of the loan were used to finance the approved Capex 2009-2011.
15. In support of the application, PANELCO I is submitting the following documents which are being made integral parts of the application:

	Nature of Document
Annex A	Notice on the Force Majeure Event
Annex B	Executive Summary of the Project
Annexes C to C-9	Proof of furnishing copies of the Application together with all its supporting annexes and accompanying documents to the Local Government Units' legislative bodies within the franchise area
Annexes D to D-2	Publication of the Application in a newspaper of general circulation in the province of Pangasinan

16. PANELCO I prays that the Commission confirm and approve, after due notice and hearing, its CAPEX projects.

Finding the said application sufficient in form and substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **02 June 2016 (Thursday) at ten o'clock in the morning (10:00 A.M.) at PANELCO I's Main Office, San Jose, Bani, Pangasinan.**

PANELCO I 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 circulations 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, 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.

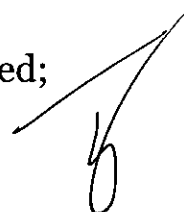
Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of Pangasinan and the City/Municipal Mayors within PANELCO I's franchise area for the appropriate posting thereof on their respective bulletin boards.

PANELCO I 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, PANELCO I 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 Mayors or their duly authorized representatives, bearing the seals of their offices, 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.

PANELCO I 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;



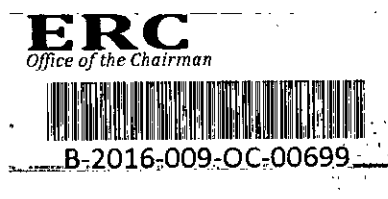
- c) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-trial Brief.

Failure of PANELCO I 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, PANELCO I 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, 09 February 2016.



FOR AND BY AUTHORITY OF
THE COMMISSION:


JOSE VICENTE B. SALAZAR
Chairman and CEO

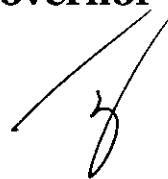

MLMG/APV/Initial Order_2016-005RC

Copy Furnished:

1. **ATTY. ALFRED FELIX E. DE CASTRO**
Counsel for the applicant
Don Solomon De Castro Compound
Suki Market, Palali, Poblacion,
Alaminos City, Pangasinan
2. **PANGASINAN I ELECTRIC COOPERATIVE
(PANELCO I)**
Attention: Mr. Dionisio O. Opolento, Jr.
Acting General Manager
San Jose, Bani, Pangasinan
3. **The Office of the Solicitor General**
234 Amorsolo Street, Legaspi Village, Makati City
Metro Manila
4. **The Commission on Audit**
Don Mariano Marcos Avenue
Diliman, Quezon City, Metro Manila
5. **The Committee on Energy**
Senate of the Philippines
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
6. **The Committee on Energy**
House of Representatives
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 Agno
Province of Pangasinan
9. **Office of the Municipal Mayor**
Municipality of Anda
Province of Pangasinan
10. **Office of the Municipal Mayor**
Municipality of Bani
Province of Pangasinan



11. **Office of the Municipal Mayor**
Municipality of Bolinao
Province of Pangasinan
12. **Office of the Municipal Mayor**
Municipality of Burgos
Province of Pangasinan
13. **Office of the Municipal Mayor**
Municipality of Dasol
Province of Pangasinan
14. **Office of the Municipal Mayor**
Municipality of Infanta
Province of Pangasinan
15. **Office of the Municipal Mayor**
Municipality of Mabini
Province of Pangasinan
16. **Office of the Provincial Governor**
Province of Pangasinan

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