



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

**IN THE MATTER OF THE  
AMENDED APPLICATION FOR  
APPROVAL OF UNPLANNED  
CAPITAL EXPENDITURES  
PROJECT: A) INSTALLATION  
OF THE PREVIOUS NEW 5  
MVA TO 10 MVA SUBSTATION;  
B) ACQUISITION OF  
LOGISTICS FOR  
MAINTENANCE OF 69 KV  
SUBTRANSMISSION LINE  
(FROM BALINGASAG TO  
ESPERANZA, KINOGUITAN,  
MISAMIS ORIENTAL); C)  
ACQUISITION OF RIGHT-OF-  
WAY AND APPROVAL OF  
LOAN APPLICATION WITH  
NEA OR OTHER FINANCIAL  
INSTITUTIONS WITH PRAYER  
FOR PROVISIONAL**

**ERC CASE NO. 2014-005 RC**

**CAMIGUIN ELECTRIC  
COOPERATIVE, INC.  
(CAMELCO),**

**Applicant.**

X-----X

**D O C K E T E D**  
Date: APR 18 2016  
By: [Signature]

**O R D E R**

On 22 January 2014, Camiguin Electric Cooperative, Inc. (CAMELCO) filed an application for the approval of its unplanned capital expenditure projects: a) installation of new 5 MVA substation; b) acquisition of logistics for maintenance of 69 kV subtransmission line (from Balingasag to Esperanza, Kinoguitan, Misamis Oriental); and c) acquisition of right-of-way, and approval of loan application with the National Electrification Administration (NEA), with prayer for provisional authority.

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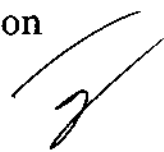
On 19 May 2015, CAMELCO filed its *Manifestation and Motion To Admit the Amended/Upgrading of Submitted Project*” praying that: (1) an additional hearing be scheduled to further elucidate the request for the upgrading of the previously filed 5 MVA substation transformer to 10 MVA substation transformer; and (2) the documents it submitted be admitted and given due consideration for the requested upgrading.

On 22 June 2015, the Commission issued an Order directing CAMELCO to file an amended application considering that the aforesaid manifestation and motion constitute a substantial amendment on the instant application.

On 27 November 2015, CAMELCO filed an “Amended Unplanned Capex Application”.

In the said amended application, CAMELCO alleged, among others, that:

1. CAMELCO is non-stock non-profit and service oriented electric cooperative organized and existing under and by virtue of the provisions of P.D. 269 as amended by P.D. 1645, with principal office address located at Mambajao, Camiguin Province represented herein by its General Manager Adriano Ebcas;
2. CAMELCO, being an electric cooperative, has been granted by the National Electrification Administration (NEA) a fifty (50) years franchise to distribute electric service to its member-consumers in the Island Province of Camiguin, namely: Catarman, Guinsiliban, Mahinog, Mambajao, and Sagay;
3. Pursuant to ERC Resolution No. 26, Series of 2009, and in accordance with Section 3.5 and other provisions of Article III of the Amended Rules for the Approval of Regulated Entities Capital Expenditures Projects and likewise in accordance with its mandate to render reliable, adequate and efficient electric service to all its consumer-members on an area coverage basis, CAMELCO seeks the authority from the Commission for the approval of the Emergency Capital Projects: (1) Installation of a New 10 MVA Substation at Brgy. Esperanza, Misamis Oriental; (2) Acquisition of Logistics for the Maintenance of 69 kV Subtransmission



Lines; and (3) Acquisition of Right-of-Way for the proposed 69 kV Maintenance Office and Warehouse/Stockyard;

4. The said projects are unplanned but were found necessary in order to properly and safely connect the submarine cable to the transmission lines from the mainland to the Island of Camiguin;
5. In view of this development, its technical staff of CAMELCO and with the approval of the Board of Directors have decided not to wait for the filing of the Emergency Capital Expenditure (CAPEX) application;
6. In compliance with the guidelines and documentary requirements of the Commission, CAMELCO hereby submits the following documents:

1. PROFILE

- 1.1 Brief History of CAMELCO
- 1.2 Facilities Profile
- 1.3 Status of Operation

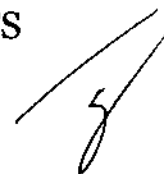
2. LOAD FORECASTING

- 2.1 Energy Sales forecasting
- 2.2 System Demand Forecast

3. PERFORMANCE ASSESSMENT AND TECHNICAL EVALUATION

- 3.1 Substation Loading Analysis

4. PROPOSED CAPEX PROJECTS



Project Code	Project Description	Estimated Cost
SDP-1	Installation of a New 10 MVA Substation at Bgy. Esperanza, Misamis Oriental	P 57,244,893
NNP-1	Acquisition of Logistics for the Maintenance of 69KV Sub-Transmission lines	P 71,000,000
	a) 1 - unit, 6-wheeler Boom Truck, Tadano	P 5,000,000
	b) 2- units 4x4 Pick-up, Toyota Hi-Lux with maintenance accessories	4,000,000
	c) 1 – unit Motorized Utility Boat	2,000,000
	d) 69 KV Hotline Maintenance Tools, Equipment and trainings	8,000,000
	e) Assorted 69KV Line Materials	35,000,000
	f) 1 hectare lot for 69 KV Stockyard, Pole yard & Building	10,000,000
	g) Construction of Office Building, Warehouse and Motorpool	7,000,000.
NNP-2	Acquisition of Right-of-Way Along Existing 69 Kv Line	P 10,000,000
<b>Total Unplanned CAPEX</b>		<b>P 138,244,893</b>

## 5. FINANCIAL/ECONOMIC ANALYSIS

- 5.1 Historical Financial Performance Assessment
- 5.2 Financing Plan
- 5.3 Projected Financial Performance Assessment
  - 5.3.1 Projected Financial Assessments
  - 5.3.2 Projected Financial Ratios
- 5.4 Rate Impact Analysis
- 5.5 Cost Benefit Analysis
- 5.6 Sensitivity Analysis
  - 5.6.1 Rate Impact
  - 5.6.2 Financial Performance Assessment
- 5.7 Assumptions

## 6. CAPITAL EXPENDITURE PROJECTS JUSTIFICATION

- 6.1 Network Asset Projects
  - 6.1.1 Installation of a new 10 MVA substation at Esperanza
- 6.2 Non-network Asset Projects
  - 6.2.1 Acquisition of logistics for the maintenance of 69 kV subtransmission lines
  - 6.2.2 Acquisition of Right-of-Way

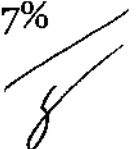
7. ANNEXES

I. TECHNICAL

- Annex A - Construction, Installation and Commissioning of a new 10 MVA substation
- Annex B - Logistics for the 69 kV Subtransmission Line
- Annex C - Right-of-way Acquisition along 69 kV Line
- Annex D - Verification of Non-forum Shopping
- Annex E - Board Resolution

II. FINANCIAL

- Annex "Fin 001" - Projected income statement
- Annex "Fin 002" - Projected balance sheet
- Annex "Fin 003" - Projected cash flow statement
- Annex "Fin 004" - Indicative Rate Impact with 10 MVA Substation
- Annex "Fin 005" - Economic Analysis - 10 MVA Substation
- Annex "Fin 006" - Economic Analysis - 10 MVA Substation
- Annex "Fin 007" - Rate Impact – Sales is 10% Above Target
- Annex "Fin 008" - Rate Impact – Sales is 10% Below Target
- Annex "Fin 009" - Rate Impact – Interest Rate is 6%
- Annex "Fin 010" - Rate Impact – Interest Rate is 7%



Indicative Rate Impact						ANNEX FIN-04
Unplanned Capex Projects with 10 MVA Substation						
	2015	2016	2017	2018	2019	TOTAL
Forecasted Energy Sales, KWh (Sch. 1)	18,475,138	19,232,730	20,033,561	20,880,387	21,775,765	100,397,581
RFSC Balance Beg. Php, Excess (Shortfall)	1,879,327	7,152,467	(3,198,541)	(13,925,362)	(24,924,212)	1,879,327
<b>Cash Inflows:</b>						
RFSC Rate	3,3004	2,9595	2,6126	2,3410	2,2055	2,2175
RFSC Annual Collection (Sch. 2)	60,975,347	56,818,680	52,340,305	48,681,121	48,026,450	267,142,102
Annual Income on Leased Properties	769,922	808,418	848,839	891,281	935,845	4,254,305
Loan Proceeds from Financial Institutions, Php						
NEA	138,645,000					138,645,000
Total Cash Inflows, Php	200,390,269	57,727,298	53,189,144	49,772,402	48,962,295	410,041,407
Available Cash for Capex Projects	202,269,596	64,879,765	49,990,603	35,847,040	24,038,083	411,920,734
<b>Cash Outflows:</b>						
<b>CAPEX Requirement:</b>						
Funded by Loans	138,645,000					138,645,000
Debt Service -Unplanned Capex (Sch. 3)						
NEA Loan (inclusive of capitalized interest)		16,333,870	16,333,870	16,333,870	16,333,870	65,335,478
Debt Service for Existing Old Loans						
NEA	8,149,276	8,149,200	8,129,419	7,737,428	7,606,747	39,772,070
BPI - LGUGC	37,685,086	36,360,302	35,002,973	33,667,223	32,333,473	175,049,969
REFC	5,640,336	3,277,341	492,560			9,410,237
TRANSCO	3,957,593	3,957,593	3,957,143	3,032,731	3,957,593	18,662,653
<b>ERC Permit Fees:</b>						
Unplanned Capex	1,039,838					1,039,838
Total Cash Outflows, Php	195,117,128	68,078,306	63,915,965	60,771,252	60,231,683	448,114,334
RFSC Balance Ending, Php Excess (Shortfall)	7,152,467	(3,198,541)	(13,925,362)	(24,924,212)	(36,193,600)	(36,193,600)
Excess(Shortfall) on RFSC, Php/Kwh	0.3871	(0.1663)	(0.6951)	(1.1937)	(1.6621)	(0.3605)

7. CAMELCO will initially undertake to finance the said project from its internally generated funds and will later apply for a loan from the National Electrification Administration (NEA) to replace said funds in order to be able to replenish the funds for other equally important projects;
8. The unplanned capital expenditures for year 2013 will cost CAMELCO the amount of PhP138,244,893.00;
9. This application is definitely intended to allow CAMELCO to render a more reliable, adequate and efficient electric service in compliance to its mandate of total electrification on an area coverage basis;
10. CAMELCO requests the issuance of a provisional approval for the benefit of its consumer-members; and
11. It prays of this Commission that an Order be issued:

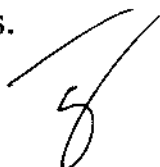
- 1) Granting immediately the provisional authority/approval for this Amended Unplanned Capital Expenditure Projects for the year 2013 in the amount of PhP138,244,893.00;
- 2) Allowing CAMELCO to proceed with the a) Installation of the new 10 MVA substation; b) Acquisition of logistics for the maintenance of the 69 kV Sub-transmission Lines; and c) Acquisition of Right of Way projects; and
- 3) To approve the loan application with NEA.

Finding the said application sufficient in form and in 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 **2 June 2016 (Thursday) at two o'clock in the afternoon (2:00 P.M.) at the CAMELCO Main Office, Mambajao, Camiguin.**

CAMELCO is hereby directed to cause the publication of the attached Notice of Public Hearing, in two (2) newspapers of general circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart, with the date of last publication made not later than ten (10) days before the date of the scheduled initial hearing. It is also directed to inform the consumers within the franchise area of CAMELCO, by any other means available and appropriate, of the filing of the Amended Unplanned Capex 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 Camiguin and Mayors of the Municipalities within the franchise area of CAMELCO for the appropriate posting thereof on their respective bulletin boards.



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

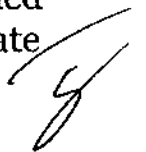
On the date of the initial hearing and pre-trial conference, CAMELCO must submit to the Commission its respective written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor and Mayors or their duly authorized representatives, bearing the seals of their offices, and the affidavit 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.

CAMELCO 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 thereof; 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 CAMELCO 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, CAMELCO 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, 11 April 2016.

FOR AND BY AUTHORITY  
OF THE COMMISSION:



  
**JOSE VICENTE B. SALAZAR**  
Chairman 

**Copy Furnished:**

- 1. ATTY. ZENON S. SUAREZ**  
Counsel for Applicant  
Rm. 601 Web-Jet Building  
64 Quezon Avenue cor. BMA St.,  
Quezon City
- 2. Camiguin Electric Cooperative, Inc. (CAMELCO)**  
Pandan, Mambajao, Camiguin
- 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 Municipal Mayor**  
Catarman, Camiguin
- 8. Office of the Municipal Mayor**  
Guisiliban, Camiguin
- 9. Office of the Municipal Mayor**  
Mahinog  
Province of Camiguin
- 10. Office of the Municipal Mayor**  
Municipality of Mambajao  
Province of Camiguin
- 11. Office of the Municipal Mayor**  
Municipality of Sagay  
Province of Camiguin
- 12. Office of the Provincial Governor**  
Province of Camiguin

