

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
2014 TO 2017 WITH
AUTHORITY TO SECURE
LOAN FROM NEA**

ERC CASE NO. 2015-191 RC

**PAMPANGA RURAL
ELECTRIC SERVICE
COOPERATIVE, INC.
(PRESCO),**

Applicant.

X-----X

D O C K E T E D
Date: MAY 20 2016
By: [Signature]

ORDER

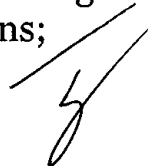
On 04 November 2015, the Pampanga Rural Electric Service Cooperative, Inc. (PRESCO) filed an application for approval of its proposed electric capital projects for years 2014-2017, with authority to secure loan from the National Electrification Administration (NEA).

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

1. PRESCO is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Anao, Mexico City, Pampanga where it may be served with summons and other legal processes, represented in this instance by its General Manager, **Efren M. Tongol** of legal age, Filipino, married and with office address also at Anao, Mexico City, Pampanga;

A handwritten signature in black ink, appearing to be 'Efren M. Tongol', located below the first item of the list.

2. That pursuant to ERC Resolution No. 26 Series of 2009, and in accordance with Section 3.5 and other provision 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, PRESCO seeks the authority from the Commission for the approval of its four-year capital expenditure projects for the years covering 2014 up to 2017, due to the deteriorating condition of old distribution lines and equipment as well as to acquire various additional equipment to augment old ones and to improve its office building for more efficient and comfortable service to its consumer-members ;
3. PRESCO is the exclusive franchise holder issued by NEA to operate an electric light and power services in the (4) municipalities, namely the municipalities of Arayat, Magalang, Mexico, and Sta. Ana, all in the Province of Pampanga;
4. That PRESCO's consumer profile showed that almost 15,464 of the consumers are residential 96.74%, commercial 2.16%, and the rest are classified as Public Building and irrigation;
5. That PRESCO gets the bulk of power for distribution to its coverage area through the transmission system facilities operated and maintained by the National Grid Corporation of the Philippines (NGCP) which derived its power from Masinloc Power Partners Company, Ltd (MPPCL);
6. PRESCO has identified three (3) major projects, classified according to the projects that intend to address load growth, projects that intend to reduce losses in transformers and feeders. The following are the proposed projects:
 - A. **NETWORK PROJECTS**- in the total amount of Php. **19,509,146.00**- which include the rehabilitation of its substation at Anao by the replacement of OCB; re-routing of primary lines, re-routing of Single-phase lines and V-Phase lines at Mabalacat; Rerouting of Three-Phase lines in Brgy. Arenas and other locations;

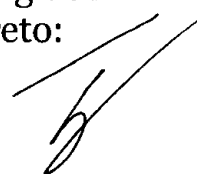


B. OTHER NETWORK PROJECTS- in the total amount of Php. **25,995,995.00-** which include the procurement of distribution Transformers, procurement of Kwhr meters with Base for stopped and defective meters; Distribution Transformers for additional capacity requirements; Procurement of Kwhr Meter for New Connections; Procurement of Duplex Wires and Procurement of Distribution Poles;

C. NON-NETWORK PROJECTS- in the total amount of Php. **40,182,639.00-** consisting of a) Renovation of PRESCO Office Building; b) Procurement of Equipment to Measure Accuracy such as Oil Dielectric Test Set , Power Factor Meter, Transformer Turns Ratio Tester and others; c) Procurement of Safety Equipment and Gadgets; d) Procurement of Operation and maintenance Equipment- such as Service Vehicles, Maintenance /Utility Truck, Grounding Cluster, Fault Locators and Ultrasonic Detector; e) Computerization Program- such as Computer and Accessories, Lap Top, Time Keeping Machine, Projector, and SCADA; f) Musical Instruments- such as Mic Mixer, Active Speaker Sub Woofer and other accessories;

D. ERC CAPEX SUPERVISORY FEES – computed at 0.75% or the total amount of Php. **642,658.00**
TOTAL PROJECT COST: Php. 86,330,440.00

7. That the above projects will be implemented on a staggered basis starting 2014 to 2017 and financing of the said projects will be taken from NEA loan and PRESCO's Reinvestment Fund;
8. That the proposed projects are consistent with the Distribution Development Plan (DDP), the Philippine Grid Code (PGC) and other relevant government issuances, and in accordance with ERC Resolution on capital projects;
9. For purposes of and in connection with this application, PRESCO hereby submit the following documents in compliance with the requirements pertinent hereto:



A. EXECUTIVE SUMMARY:

1. Corporate Profile;
2. Historical Demand Profile;
3. Historical Sales Profile;
4. Customer Profile;
5. System Loss Profile;
6. Source of Power

B. FORECASTING:

1. Forecasted Demand;
2. Forecasted Purchased;
3. Forecasted Sales;
4. Forecasted Consumers;
5. Forecasted System Loss;

C. PERFORMANCE ASSESSMENT;

D. PROJECT FORMULATION, GOAL SETTINGS AND PRIORITIZATION

E. RATE IMPACT COMPUTATION:

	(Actual) 2013	(2014	2015	2016	2017
Existing Reinvestment Fund	0.2508	0.2508	0.2508	0.2508	0.2508
Indicative – Additional Rate					0.0166
Capex Plan Cost Cash Flow Rate (Per kWh)	0.2508	0.2508	0.2508	0.2508	0.2674

F. COMPLIANCE WITH PRE-FILING REQUIREMENTS:

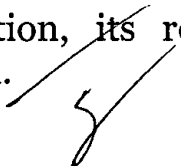
1. Certification from the Presiding Officer or Secretary of the Legislative bodies of the Franchise Area and of the Sangguniang Panlalawigan of Pampanga, or their duly authorized representatives attesting to the fact that applicant has furnished the respective legislative bodies of the local government units within the Franchise Area and

the Sangguniang Panlalawigan the copy of the application and annexes thereof: and

2. Affidavit of Publication and Newspaper issue containing the published Application in its entirety in a newspaper of general circulation in PRESCO's franchise area/or of national circulation in the country.
10. That the approval of the proposed capital expenditure projects is needed to maintain efficient, reliable, and safety delivery of power to PRESCO's existing and future consumers, and will redound to the benefit of the consuming public.
11. PRESCO prays that the Commission,
 - a.) Provisionally approve, pending hearing, its proposed electric capital projects in the total amount of **Php86,330,440.00** and authority to secure loan from NEA and authorize it to adopt and implement the same effective upon such approval;
 - b.) Approve, after due notice and hearing, its application.

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 **15 July 2016 (Friday) at ten o'clock in the morning (10:00 A.M.) at PRESCO's Principal Office at Anao, Mexico City, Pampanga.**

PRESCO 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 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.

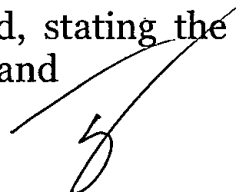
Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of the Province of Pampanga, as well as the Mayor and the Local Government Legislative Body of the city or municipality within PRESCO'S franchise area for the appropriate posting thereof on their respective bulletin boards.

PRESCO 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, PRESCO 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 Governor, Mayor, and Local Government Legislative Body, 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.

PRESCO 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 PRESCO 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, PRESCO 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.

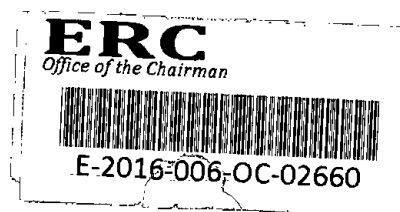
SO ORDERED.

Pasig City, 03 May 2016.

FOR AND BY AUTHORITY OF
THE COMMISSION:

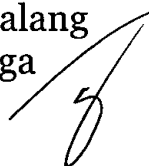

JOSE VICENTE B. SALAZAR
Chairman and CEO


MLMG/APV/IO_2015-191RC



Copy Furnished:

1. **ATTY. ZENON S. SUAREZ**
Counsel for PRESCO
Rm. 506 Web-Jet Bldg. 64 Quezon Ave
Cor. BMA St., Quezon City
2. **Pampanga Rural Electric Service Cooperative, Inc. (PRESCO)**
Attention: Mr. Efren M. Tongol
General Manager
Anao, Mexico City, Pampanga
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 President of PCCI**
3rd Floor, Chamber and Industry Plaza (CIP)
1030 Campus Avenue corner Park Avenue
McKinley Town Center, Fort Bonifacio, Taguig City
8. **Office of the Municipal Mayor and
Office of the Local Government Legislative Body**
Municipality of Arayat
Province of Pampanga
9. **Office of the Municipal Mayor and
Office of the Local Government Legislative Body**
Municipality of Magalang
Province of Pampanga



10. **Office of the Municipal Mayor and
Office of the Local Government Legislative Body**
Municipality of Mexico
Province of Pampanga
11. **Office of the Municipal Mayor and
Office of the Local Government Legislative Body**
Municipality of Sta. Ana
Province of Pampanga
12. **Office of the Provincial Governor**
Province of Pampanga

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