

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
REGULATED ENTITIES'
CAPITAL EXPENDITURE
PROJECTS FOR 2010 TO
2017 AND AUTHORITY
TO SECURE LOAN FROM
THE NATIONAL
ELECTRIFICATION
ADMINISTRATION
(NEA) AND
BANK/OTHER
FINANCING
INSTITUTION, WITH
PRAYER FOR THE
ISSUANCE OF
PROVISIONAL
AUTHORITY**

ERC CASE NO. 2018-049 RC

**NUEVA ECIJA II
ELECTRIC
COOPERATIVE, INC.
AREA 1 (NEECO II-AREA
1),**

Applicant.

X-----X

D O C K E T E D
Date: JUL 06 2018
By: [Signature]

ORDER

On 24 May 2018, the Nueva Ecija II Electric Cooperative Inc. Area 1 (NEECO II-Area 1) filed an *Application* dated 11 May 2018, seeking the approval of regulated entities' capital expenditure projects for 2010 to 2017 and authority to secure loan from the National Electrification Administration (NEA) and bank/ other financing institution, with a prayer for the issuance of provisional authority.

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N-08	Uprating of Guimba Substation	38,326,066.00
N-09	Uprating of Aliaga Substation	7,291,065.00
N-10	Reconductoring of Feeder 11 Backbone Line	4,130,253.59
N-11	Reconductoring of Feeder 13 Backbone Line	11,265,467.00
N-12	Reconductoring/Reconfiguration of Feeder 41 Backbone Line	8,138,670.00
N-13	Installation of Sectionalizing & By-pass Switch	10,739,219.61
N-14	Kwh Meter Clustering	26,319,632.11
N-15	Replacement of Old and Defective kWhr Meter	<u>66,850,397.97</u>
Sub-total		<u>P345,564,738.38</u>
B.	OTHER NETWORK PROJECTS	
ON-01	Installation of kWhr Meter & Service Drop	37,431,527.65
ON-02	Installation of Distribution Transformer	53,827,013.59
ON-03	Extension of Primary and Secondary Line	6,326,851.09
Sub-total		<u>P97,585,392.34</u>
C.	NON-NETWORK PROJECTS	
NN-01	Building Structure & Improvements	13,837,945.02
NN-02	Transportation Equipment	19,397,400.00
NN-03	IT Equipment	18,820,548.03
NN-04	Lot for the Zone II Office	30,000,000.00
NN-05	Laboratory & Power Operated Equipment	3,100,000.00
Sub-total		<u>P85,155,893.05</u>
D.	NETWORK CAPEX	
E-01	Construction of DX Lines to Sitios	<u>26,431,534.03</u>
GRAND TOTAL		<u>P554,737,557.80</u>

- The capital expenditure (CAPEX) projects are necessary for effective operation and maintenance of the distribution system of NEECO II - AREA 1 in order to provide safe, efficient, reliable, least cost and quality electric services to consumers;
- The CAPEX projects are in compliance with the Philippine Grid Code (PGC), Philippine Distribution Code (PDC), the latest edition of the Philippine Electrical Code (PEC), the provisions of Republic Act No. 9136 and its implementing rules and regulations, and the implementing guidelines on CAPEX projects;
- The CAPEX projects are consistent with NEECO II - AREA 1's Distribution Development Plan that was submitted to the Department of Energy (DOE);
- The CAPEX projects will be financed by the Reinvestment Fund for Sustainable Capex (RFSC), loans from NEA and

Bank/Other Financing Institution and Rural Electrification Subsidy;

10. In compliance with the pre-filing requirements, NEECO II – Area 1 is submitting the following:
 - a. Certification from the Sangguniang Bayan of Talavera, Nueva Ecija that a copy of the application, with all its annexes and accompanying documents, attesting to the fact that applicant has furnished the said legislative body of the aforesaid application;
 - b. Certification from the Sangguniang Panlalawigan of Nueva Ecija that it likewise has furnished the said pertinent documents; and
 - c. Affidavit of Publication and a newspaper issue containing the published Application in its entirety in a newspaper of general circulation in the Province of Nueva Ecija;

**MOTION FOR ISSUANCE OF PROVISIONAL
AUTHORITY**

11. The replacement of Old and Defective kWh Meters were implemented from 2010 up to 2017. This is necessary and the most effective countermeasures to correct the numerous consumers billing error complaints and to reduce the losses contributed by the inaccuracy of kWh meter registration. The Honorable Commission was accordingly informed before the actual implementation. This particular CAPEX project was included in 2010-2014 CAPEX Application but required to re-apply the same in the next CAPEX Application;
12. Kwh Meter Clustering was likewise implemented to address the non-technical losses due to pilferages. This is in accordance with the ERC Resolution No. 11, Series of 2009 regarding the installation and relocation of residential electric meters by DUs. The Honorable Commission was likewise informed before its implementation and this project was also include in 2010-2014 wherein the applicant was mandated to include the same in the next CAPEX application;
13. In 2012, the Reconductoring of Feeder 11 Backbone Line was implemented because the result of the simulation showed that the projected power quality profile of Feeder 11 is predicted to get worse and also followed a corresponding increase in the technical loss. Thus, the Power Quality Problems must be corrected to comply with the requirement of the Philippine Grid Code and Philippine Distribution Code. In as much as this project qualified/passed to the technical and financial criteria as the technically feasible and the most economical project among the alternative taken, hence, it was selected

project for implementation. This project was also include in 2010-2014 and the applicant was advised to include the same in the next CAPEX application;

14. The Construction of Lupao Substation and 69KV Subtransmission Lines, Reconductoring / Reconfiguration of Feeder 41 Backbone Line, and Safety Project of Quezon Substation Protection were included in 2010-2014 CAPEX Application but implemented in 2015, 2016 and 2017, respectively, after proper information to the competent authority (Energy Regulatory Commission [ERC]);
15. All other CAPEX projects were already implemented, after duly informing the Honorable Commission, except the uprating of the substations which are still on-going; and
16. The implementation of the CAPEX projects by the herein applicant actually avoided irreparable losses and deterioration of its services, danger and damage to the consumers. It also sustains the power needs of its customers. Confirmation, therefore, by the Honorable Energy Regulatory Commission of the said implementation of the CAPEX projects by the applicant, through issuance of provisional approval, is of urgent necessity.

PRAYER

WHEREFORE, premises considered, applicant Nueva Ecija II Electric Cooperative, Inc. – Area 1 (NEECO II – Area 1) respectfully prays of this Honorable Commission the following:

- a. Immediately issue a Provisional Authority (PA) authorizing and/or confirming the implementation made by NEECO II - AREA 1 of the CAPEX projects;
- b. After due notice and hearing and consideration, the Provisional Authority be made permanent; and
- c. Other reliefs, just or equitable, are likewise prayed for.

Finding the said *Application* sufficient in substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **08 November 2018 (Thursday) at ten o'clock in the morning (10:00 AM) at NEECO II- Area 1's Principal Office in Calipahan, Talavera, Nueva Ecija.**

Accordingly, NEECO II-Area 1 is hereby directed to:

Accordingly, NEECO II-Area 1 is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing in two (2) newspapers of nationwide 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, and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies, within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the affected franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing 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; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing was published, and the complete issues of the said newspapers;

- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governors, Mayor, LGU legislative body, General Manager, or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicants to inform the consumers within the affected franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments by all those making requests therefor, if any; and
- 6) Such other proof of compliance with the requirements of the Commission.

Applicant and all interested parties are also required to submit, at least five (5) days before the date of the initial hearing and Pre-Trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefor; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements 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 the said date of cancellation.

NEECO II-Area 1 must also be prepared to make an expository presentation of the instant *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, 28 June 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Commissioner


LS/JTB/LSI/APV

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Copy Furnished:

1. Atty. Arnido O. Inumberable
Counsel for Applicant NEECO II-Area 1
405 Elisa Street, U.E. Village, Cainta, Rizal
2. Nueva Ecija II Electric Cooperative, Inc.
Applicant
Calipahan, Talavera, Nueva Ecija
3. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit
Commonwealth Avenue, Quezon City
5. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
6. House Committee on Energy
Batasan Hills, Quezon City
7. Philippine Chamber of Commerce and Industry (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 Governor
Province of Nueva Ecija
9. Office of the LGU legislative body
Province of Nueva Ecija
10. Office of the Mayor
Talavera, Nueva Ecija
11. Local Government Unit (LGU) legislative body
Talavera, Nueva Ecija
12. Office of the Mayor
Lupao, Nueva Ecija
13. Office of the LGU legislative body
Lupao, Nueva Ecija
14. Office of the Mayor
Carranglan, Nueva Ecija
15. Office of the LGU legislative body
Carranglan, Nueva Ecija
16. Office of the Mayor
Aliaga, Nueva Ecija
17. Office of the LGU legislative body
Aliaga, Nueva Ecija
18. Office of the Mayor
Quezon, Nueva Ecija
19. Office of the LGU legislative body
Quezon, Nueva Ecija
20. Office of the Mayor
Licab, Nueva Ecija

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21. Office of the LGU legislative body
Licab, Nueva Ecija
22. Office of the Mayor
Sto. Domingo, Nueva Ecija
23. Office of the LGU legislative body
Sto. Domingo, Nueva Ecija
24. Office of the Mayor
Science City of Munoz, Nueva Ecija
25. Office of the LGU legislative body
Science City of Munoz, Nueva Ecija
26. Office of the Mayor
Guimba, Nueva Ecija
27. Office of the LGU legislative body
Guimba, Nueva Ecija
28. Office of the Mayor
Talugtug, Nueva Ecija
29. Office of the LGU legislative body
Talugtug, Nueva Ecija
30. Regulatory and Operations Service (ROS)-Investigation and Enforcement Division (IED)
Energy Regulatory Commission
17th Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City