

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




**IN THE MATTER OF THE  
APPLICATION FOR THE  
APPROVAL OF EMERGENCY  
CAPITAL PROJECT,  
INSTALLATION OF NEW 10-  
MVA, 69/13.2 KV SUBSTATION  
AT BRGY. SALMAN,  
AMPATUAN, MAGUINDANAO  
FOR THE YEAR 2016 WITH  
PRAYER FOR PROVISIONAL  
AUTHORITY**

**ERC CASE NO. 2016-173 RC**

**MAGUINDANAO ELECTRIC  
COOPERATIVE, INC.  
(MAGELCO),**

**Applicant.**

**X-----X**

**D O C K E T E D**  
Date: **NOV 26 2016**  
By: 

**ORDER**

On 22 September 2016, Maguindanao Electric Cooperative, Inc. (MAGELCO) filed an *Application* seeking the Commission's approval of its emergency capital expenditure project for 2016 involving the installation of a new 10-MVA, 69/13.2 kV substation at Barangay Salman in the Municipality of Ampatuan, Maguindanao, with prayer for the issuance of provisional authority.

In support of the said Application, MAGELCO alleged, among others, the following:

1. It is an electric cooperative duly organized under Philippine law, with principal office address in Brgy. Capiton, Datu Odin Sinsuat, Maguindanao where it may be served with summons and other legal processes;
2. Applicant has been granted by the National Electrification Administration (NEA) an authority to operate and distribute electric light and power in the Municipalities of Ampatuan, Datu Abdullah Sangki, Shariff Aguak, Mamasapano, Datu Unsay, Datu Piang, Datu Saudi Ampatuan, Guidulungan,

Talayan, Datu Anggal Midtimbang, Talitay, Datu Odin Sinsuat, Kabuntalan, Northern Kabuntalan, Upi, South Upi, Sultan sa Barongis, Rajah Buayan, Datu Blah Sinsuat, Sultan Kudarat, Sultan Mastura, Parang, Matanog, Barira, Buldon, all in the Province of Maguindanao;

3. This Application is filed due to load growth in its franchise area and there is a need to install a new 10-Mva, 69/13.2KV Substation at Brgy. Salman, Ampatuan, Maguindanao;
4. The load growth in the area caused overloading of the Salbu Substation with the following circumstances:
  - 4.a. For the years starting 2010 up to 2014, it implemented load curtailment in its franchise area due to generation deficiency in Mindanao Grid. In 2015, MAGELCO was under rehabilitation by the NEA. With negotiations made with the Power Sector Assets and Liabilities Management Corporation (PSALM), it has not implemented load curtailment in its franchise area starting January, 2015. The shoot up system demand was not foreseen because of the previously constrained load curtailment imposed in the previous years;
  - 4.b. The applicant conducted re-assessment of system performance, and based on load forecast, Salbu Substation is predicted to experience capacity problem starting 2016. Salbu Substation shall be 100.18% loaded, serving 4.94 MW peak demand requirement in 2016. Feeder 1- Maganoy Feeder of Salbu Substation shall also experience power quality issues starting 2016 given the load forecast of its existing customers particularly at the load end of feeder line which stretched 30 kilometers distance from the substation; and
  - 4.c. Due to additional bid loads to be connected to Salbu Substation in 2016, namely Delinanas and Amardi Banana Plantation, re-assessing the system performance of Salbu Substation by the end of 2016 through load flow simulation, will have a new maximum load forecast at substation end at 6.23 MW and shall have loading percentage of 132% with lowest voltage level of 0.76.
5. Based on its simulation, installation of 10-MVA substation at Salman, Ampatuan and transferring of Maganoy Feeder to the new substation is the only technically feasible solution, at least cost, to address not only capacity problem of existing Salbu Substation but also power quality issues at Maganoy Feeder;
6. The proposed emergency capital expenditure project is necessary with the following reasons:

- a. The proposed new substation shall relieve the existing Salbu Substation from capacity congestion;
- b. The project shall also correct the power quality issues of the Salbu Substation, specifically on its Feeder 1 – Maganoy Feeder by loading the said feeder to the propose new substation;
- c. The project shall also correct the power quality issues of the Capiton Substation, specifically on its Feeder 1- DOS Feeder by transferring portion of this feeder to Salbu Substation; and
- d. The project will relieve the existing Capiton Substation from projected capacity congestion in the year 2019 by transferring portion of the load of its Feeder 1 – DOS Feeder to Salbu Substation.

7. Without the said project, the following consequences are expected:

- a. Critical loading of existing Salbu 5MVA Substation, 69 kV / 13.2 kV Power Transformer at 132% by year 2016; and
- b. The existing Salbu 5MVA Substation, 69 kV / 13.2 kV Power Transformer will fail anytime due to old age and frequent transformer trouble, resulting in prolonged power outages and unserved load of about 6.23 MW due to lack of tying facilities from adjacent substation.

8. The Cost Estimate of the Proposed Emergency CAPEX Project is as follows:

MATERIALS AND WORK DESCRIPTION	QTY	UNIT PRICE	AMOUNT
69KV Revenue Metering/Protection			
Instrument Current Transformer, 100/200:5A	6	275,000.00	1,650,000.00
Instrument Potential Transformer, 350:1	6	295,000.00	1,770,000.00
Surge Arresters, Outdoor, Station Class, 60KV,	6	55,000.00	330,000.00
Disconnect Switch, 3-Pole, 1200A, 31.5kA	1	500,000.00	500,000.00
Power Circuit Breaker, SF6, Live Tank	1	1,600,000.00	1,600,000.00
69KV/15KV Protection, Control and Metering Panel with protection relays and meters	1	1,800,000.00	1,800,000.00
Power Transformer, 10MVA	1	11,700,000.00	11,700,000.00
15KV Protection and Monitoring			

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	15KV Medium Voltage Switchgear	3	1,400,000.00	4,200,000.00
	15KV Protection Relay	3	98,845.63	296,536.89
	Voltage transformer, 70:1, CA 0.3, 30VA	3	72,000.00	216,000.00
	Current transformer, 15KV	3	60,000.00	180,000.00
	Surge arrester, 12KV, Class 3	12	27,000.00	324,000.00
	Load break switch, 15KV, 3P with HRC Fuse, 5A, and surge arrester	1	600,000.00	600,000.00
	Disconnect Switch, 1200A, Single Pole	9	15,000.00	135,000.00
<b>Substation auxiliary supply</b>				
	Distribution Transformer, 10KVA	3	50,000.00	150,000.00
	AC/DC Distribution Panel	1	150,000.00	150,000.00
	Battery Bank	1		320,000.00
	Battery Charger	1		350,000.00
<b>Steel Structures and Civil Works</b>				
	A-Frame Receiving Structure, including:			800,000.00
	69KV PCB Structures			
	69KV PT Structures			
	69KV CT Structures			
	69KV Disconnect Switch Structures			
	Equipment foundations and take-off pedestals			700,000.00
	Construction of oil catch basin for power transformer			300,000.00
	Site Development, grading, gravelling			350,000.00
	Power House, control and switchgear room			750,000.00
	Fencing			500,000.00
<b>Electrical Works</b>				
	Incoming 69KV line and feeder take-off lines			700,000.00
	Wires, hardwares and accessories			200,000.00
	Control cables and conduit, XLPE power cables with indoor and outdoor terminating kits			693,000.00
	Complete grounding mat system			700,000.00
	Supervision, installation of electrical and metering equipment			800,000.00
	Testing and Commissioning			250,000.00
	<b>TOTAL SUBSTATION INSTALLATION COST</b>			<b>PHP 33,014,536.89</b>

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The simulated estimated rate impact of the said Project is as follows:

With Emergency CAPEX Project (Average) = Php 0.2911 /kWh

Without Emergency CAPEX Project (Unbundled Rate) = Php 0.2037 /kWh

Estimated Rate Impact (Average) = Php 0.0874 /kWh

9. In support of the application, MAGELCO has attached to the Application the following:

Annex	Information Provided
A	Detailed Project Discussion
A-1	Load Flow Simulation for 2016-2020 Existing Loads of Salbu Substation; Load Flow Simulation for 2016-2020 Existing Loads of Capiton Substation
A-2	Load Flow Simulation for 2016 Existing Loads with Additional Big Loads of Salbu Substation
A-3	Load Flow Simulation for 2016-2010 Existing Loads with Additional Big Loads of the New Substation; Load Flow Simulation for 2016-2020 Loads of Salbu Substation without Feeder 1-Maganoy Feeder and with Talayan Feeder; Load Flow Simulation for 2016-2020 Loads of Capiton Substation without Talayan Line Portion.
A-4	Load Flow Simulation of Alternate Solution 4 – 2016 Existing Loads with Additional Big Loads of Salbu Substation for Uprating of Salbu Substation to 10-MVA Capacity and with Uprating of Feeder 1-Maganoy Feeder Conductor Size from 4/0 ACSR to 336.4 MCM ACSR.
B	Per Substation Load Forecasts, Forecasting Methodology and Summary Results
C	Capacity Planning, Economic Evaluation and Cost of Proposed Project and Alternate Projects, including Basis of Costing
D	Bidding Documents, Resolutions, and Award

	of Contract for the Engineering, Procurement, and Construction of 10-MVA 69/13.2KV Substation
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10. In the exigency of the need, MAGELCO has conducted competitive bidding on 25 September 2015;
11. The proposed commissioning date of this Emergency CAPEX Project is on October 2016. Given the amount of time needed to complete the project and its critical importance to the operations of MAGELCO, a Provisional Authority is needed to allow it to immediately proceed with the project in order to meet the scheduled commissioning date;
12. The Project is a “turn-key” project payable in five (5) years through monthly amortization to the winning bidder;
13. MAGELCO prays of this Commission that, after due notice and hearing, it be allowed to:
  1. Provisionally approve its Emergency Capital Project;
  2. Granting it, if necessary, the authority to enter into borrowings with public or private agency;
  3. Allowing it to start constructing the project pending final approval of this Application; and
  4. After trial on the merits, an Order be issued for the final approval of MAGELCO’s Emergency Capital Project for the installation of 10 MVA 69/13 2KV Substation at Barangay Salman, Ampatuan, Maguindanao.

The Commission, having found the said Application to be sufficient in form and substance with the required fees having been paid, issued an *Order* and a *Notice of Public Hearing*, both dated 01 December 2016, setting the case for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on 06 January 2017 at the Energy Regulatory Commission-Mindanao Field Office (ERC-MFO), Mintrade Building, Monteverde Avenue corner Sales Street, Davao City.

On 15 December 2016, however, the Commission received a letter dated 12 December 2016 from MAGELCO requesting the Commission to reschedule the said hearing because of MAGELCO’s prior engagements with the National Electrification Administration (NEA) on 06 January 2017.

On 16 December 2016, the Commission issued an Order granting the said motion.

On 25 January 2017, the Commission issued anew an *Order* and a *Notice of Public Hearing* setting the instant Application for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on 11 April 2017 at the ERC-MFO, Davao City.

During the 11 April 2017 hearing, Applicant MAGELCO appeared and presented its proofs of compliance with the Commission's posting and publication of notice requirements. However, upon review of the documents submitted, the Commission noted that MAGELCO failed to comply with the said requirements set forth in the 25 January 2017 Order. Hence, the hearing was cancelled.

As such, the Commission issued another Order and a Notice of Public Hearing both dated 19 June 2018, setting the instant Application for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on 09 August 2018 at the ERC-MFO, Davao City.

During the 09 August 2018 hearing, Applicant MAGELCO failed to appear despite due notice.

On 27 September 2018, MAGELCO filed a *Motion to Schedule the Hearing*. In the said Motion, it alleged that the reasons for its failure to attend at the 09 August 2018 hearing were due to personal and official leave of its personnel assigned to this Application.

In view thereof, the Commission hereby sets, for the last time, the instant Application for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **24 January 2019 (Thursday) at ten o'clock in the morning (10:00 A.M.) at MAGELCO's Main Office in Brgy. Capiton, Datu Odin Sinsuat, Maguindanao.**

Accordingly, MAGELCO is hereby directed anew 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 of the filing of the *Application*, the reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, 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 the attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the 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 were 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, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;



- 3) The evidence of other means employed by Applicant to inform of the filing of the *Application*, the reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 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 the attachments by all those making requests therefor, if any; and
- 6) Such other proofs 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 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 therefore; 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 MAGELCO to comply with the above requirements within the prescribed period shall be a ground for the dismissal of the Application.

MAGELCO 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

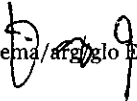
all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, 09 November 2018.

**FOR AND BY AUTHORITY  
OF THE COMMISSION:**

  
**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**  
*Commissioner*

  
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**COPY FURNISHED:**

1. Maguindanao Electric Cooperative, Inc. (MAGELCO)  
*Applicant*  
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2. Atty. Ganie G. Abubacar  
*Counsel for MAGELCO*  
Awang Capiton, Datu Odin Sinsuat, Maguindanao
3. Office of the Mayor  
Ampatuan, Maguindanao
4. Office of the Local Government Unit (LGU) legislative body  
Ampatuan, Maguindanao
5. Office of the Mayor  
Barira, Maguindanao
6. Office of the Local Government Unit (LGU) legislative body  
Barira, Maguindanao
7. Office of the Mayor  
Buldon, Maguindanao
8. Office of the Local Government Unit (LGU) legislative body  
Buldon, Maguindanao
9. Office of the Mayor  
Datu Abdullah Sangki, Maguindanao

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10. Office of the Local Government Unit (LGU) legislative body  
Datu Abdullah Sangki, Maguindanao
11. Office of the Mayor  
Datu Anggal Midtimbang, Maguindanao
12. Office of the Local Government Unit (LGU) legislative body  
Datu Anggal Midtimbang, Maguindanao
13. Office of the Mayor  
Datu Blah Sinsuat, Maguindanao
14. Office of the Local Government Unit (LGU) legislative body  
Datu Blah Sinsuat, Maguindanao
15. Office of the Mayor  
Datu Odin Sinsuat, Maguindanao
16. Office of the Local Government Unit (LGU) legislative body  
Datu Odin Sinsuat, Maguindanao
17. Office of the Mayor  
Datu Piang, Maguindanao
18. Office of the Local Government Unit (LGU) legislative body  
Datu Piang, Maguindanao
19. Office of the Mayor  
Datu Saudi Ampatuan, Maguindanao
20. Office of the Local Government Unit (LGU) legislative body  
Datu Saudi Ampatuan, Maguindanao
21. Office of the Mayor  
Datu Unsay, Maguindanao
22. Office of the Local Government Unit (LGU) legislative body  
Datu Unsay, Maguindanao
23. Office of the Mayor  
Guidulungan, Maguindanao
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Guidulungan, Maguindanao
25. Office of the Mayor  
Kabuntalan, Maguindanao
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Kabuntalan, Maguindanao
27. Office of the Mayor  
Mamasapano, Maguindanao
28. Office of the Local Government Unit (LGU) legislative body  
Mamasapano, Maguindanao
29. Office of the Mayor  
Matanog, Maguindanao
30. Office of the Local Government Unit (LGU) legislative body  
Matanog, Maguindanao
31. Office of the Mayor  
Northern Kabuntalan, Maguindanao
32. Office of the Local Government Unit (LGU) legislative body  
Northern Kabuntalan, Maguindanao

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33. Office of the Mayor  
Parang, Maguindanao
34. Office of the Local Government Unit (LGU) legislative body  
Parang, Maguindanao
35. Office of the Mayor  
Rajah Buayan, Maguindanao
36. Office of the Local Government Unit (LGU) legislative body  
Rajah Buayan, Maguindanao
37. Office of the Mayor  
Talayan, Maguindanao
38. Office of the Local Government Unit (LGU) legislative body  
Talayan, Maguindanao
39. Office of the Mayor  
Talitay, Maguindanao
40. Office of the Local Government Unit (LGU) legislative body  
Talitay, Maguindanao
41. Office of the Mayor  
Shariff Aguak, Maguindanao
42. Office of the Local Government Unit (LGU) legislative body  
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43. Office of the Mayor  
South Upi, Maguindanao
44. Office of the Local Government Unit (LGU) legislative body  
South Upi, Maguindanao
45. Office of the Mayor  
Sultan sa Barongis, Maguindanao
46. Office of the Local Government Unit (LGU) legislative body  
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47. Office of the Mayor  
Sultan Kudarat, Maguindanao
48. Office of the Local Government Unit (LGU) legislative body  
Sultan Kudarat, Maguindanao
49. Office of the Mayor  
Sultan Mastura, Maguindanao
50. Office of the Local Government Unit (LGU) legislative body  
Sultan Mastura, Maguindanao
51. Office of the Mayor  
Upi, Maguindanao
52. Office of the Local Government Unit (LGU) legislative body  
Upi, Maguindanao
53. Office of the Governor  
Province of Maguindanao
54. Office of the Local Government Unit (LGU) legislative body  
Province of Maguindanao

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55. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village, Makati City
56. Commission on Audit  
Commonwealth Avenue, Quezon City
57. Senate Committee on Energy  
GSIS Bldg. Roxas Blvd., Pasay City
58. House Committee on Energy  
Batasan Hills, Quezon City
59. Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, Chamber and Industry Plaza (CIP),  
1030 Campus Avenue corner Park Avenue,  
McKinley Town Center, Fort Bonifacio, Taguig City
60. Standards, Compliance and Monitoring Division  
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