

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF REGULATED
ENTITIES' EMERGENCY
CAPITAL EXPENDITURE
PROJECT**

ERC CASE NO. 2021-035 RC

**NUEVA ECIJA II ELECTRIC
COOPERATIVE, INC. – AREA
2 (NEECO II – AREA 2),**

Applicant.

X-----X

Promulgated:

June 21, 2021

ORDER

On 20 May 2021, Nueva Ecija II Electric Cooperative, Inc. – Area 2 (NEECO II – AREA 2) filed an *Application* dated 19 August 2020 (Application), seeking the Commission's confirmation and approval of its Emergency Capital Expenditure (CAPEX) for the new 20 MVA Power Transformer as replacement of the damaged 10 MVA power transformer.

The pertinent allegations of the *Application* are hereunder quoted as follows:

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Maharlika Highway, Brgy. Diversion, San Leonardo, Nueva Ecija, where it may be served with summons and other legal processes, represented in this instance by its General Manager, RAMON M. DE VERA, of legal age, Filipino, and with office address also at NEECO II – AREA 2 main office;
2. NEECO II – AREA 2 is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the following city and municipalities in the province of Nueva Ecija, namely: Sta. Rosa, San Leonardo, Peñaranda, Gen. Tinio, Bongabon, Laur, Gabaldon, Rizal, Llanera, Gen. Natividad and the City of Palayan;

3. The 10 MVA Power Transformer at San Leonardo Substation, Brgy. Diversion, San Leonardo, Nueva Ecija was damaged due to unexpected explosion occurred last May 9, 2020 which causes the power transformer breakdown;
4. The said power transformer breakdown resulted to two (2) days straight brownout and four (4) days rotational brownout in the area affecting 12,973 power consumers;
5. The herein applicant, in its desire to continuously provide electric services to the Municipality of San Leonardo, some barangays in the said municipality were temporarily connected to 10 MVA Sta. Rosa Substation and 10 MVA Penaranda Substation;
6. To immediately restore the quality, reliable, safe power supply and solve the exceeded capacity limit requirement of 70% of the transformer's rated capacity, NEECO II – AREA 2 replaced the damaged 10 MVA to 20 MVA Power Transformer due to the following reasons:
 - a. To restore the electric service and meet the future load requirements in the area;
 - b. To enhance the power quality, reliability, safe and efficient delivery of power service to the areas served by the San Leonardo Substation; and
 - c. To have a continuous electric distribution service and a substation that will provide reserve capacity margin for outage contingent (N-1) scenario in the event of substation failures and/or preventive maintenance at the adjacent substations in the NEECO II – AREA 2 coverage areas;
7. The existing damaged 10 MVA power transformer of San Leonardo Substation actual demand this year 2020 indicates that the same is already exceeded the ERC capacity requirement of 70% loading. Actual loading capacity this year was 70.290%. Upon implementation of the new project, the substation loading percentage will be at an ideal level of 35.14% as compare to 70.290%;
8. The new 20MVA Power Transformer can accommodate the energy demand requirements of the adjacent substations in instances of power transformer shutdown due to maintenance activities (N-1 contingency) and power interruptions. Hence, loss of revenue will be avoided;
9. The cost of this emergency capital expenditure project was Twenty Three Million Nine Hundred Ninety One Thousand Six Hundred Pesos and Seventy Nine Centavos (P23,991,600.79), which was financed through Reinvestment Fund for Sustainable CAPEX (RFSC) funds, hence, applicant did not avail of any loan for this project;

10. For purposes of and in connection with this application, NEECO II – AREA 2 hereby attached hereto the following documents, duly marked collectively as Annex “B”, in compliance with the requirements pertinent thereto, to wit:
 - a) Project Description;
 - b) Justifications or Benefits to be delivered;
 - c) Estimated Project Costs;
 - d) Project Financing Plan; and
 - e) Project Schedule;
11. That the above project is consistent with the Distribution Development Plan (DDP), the Philippine Grid Code (PGC), the Philippine Distribution Code (DDP), and other relevant government issuances; and in accordance with ERC Resolution No. 26, Series of 2009, “Resolution Amending the Rules for Approval of Regulated Entities’ Capital Expenditure Projects”;
12. That in compliance with the pre-filing requirements, NEECO II – AREA 2 is submitting the following:
 - a) Certification from the Sangguniang Bayan of San Leonardo, 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 Newspaper issue containing the published Application in its entirety in a newspaper of general circulation in the Province of Nueva Ecija; and
13. That the approval of this Emergency Capital Expenditure Project is needed to maintain efficient, reliable, and safety delivery of power to NEECO II – AREA 2’s existing and future consumers, and will redound to the benefits of the consuming public within its franchise area.

PRAYER

WHEREFORE, premises considered, applicant Nueva Ecija II Electric Cooperative, Inc. – Area 2 (NEECO II – AREA 2) respectfully prays of this Honorable Commission that, after due notice and hearing and consideration, this application be approved.

Other reliefs, just and equitable, is likewise prayed for.

Finding the said *Application* to be sufficient in form with the required fees having been paid, the Commission hereby sets the same for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020¹ dated 24 September 2020:

Date and Time	Platform	Activity
18 August 2021 (Wednesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	Determination of compliance with the jurisdictional requirements and Expository presentation
25 August 2021 (Wednesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	Pre-trial Conference, and presentation of evidence

Accordingly, NEECO II – AREA 2 is hereby directed to host the virtual hearings at its **Principal Office in Brgy. Diversion, San Leonardo, Nueva Ecija**, as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community guidelines are observed at all times. Moreover, Applicant shall guarantee that, during the conduct of the Expository Presentation, the participation of the public shall not be impaired.

RELATIVE THERETO, NEECO II - AREA 2 is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* in two (2) newspapers of nationwide circulation in the Philippines at their 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

¹ Entitled: *A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.*

- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Provincial Governor, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within NEECO II - AREA 2's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within NEECO II - AREA 2's 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 Virtual 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 the resolution of the prayer for confidential treatment of information, if any, and reimbursement of reasonable photocopying costs.²

Within five (5) calendar days prior to the date of the virtual hearing, NEECO II - AREA 2 must submit to the Commission via electronic mail (e-mail) at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, the scanned copies of their 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 Virtual Hearing* consisting of the affidavit of the Editors or Business Managers of the newspapers where the said *Notice of Virtual 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 Virtual Hearing* consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;

² For the e-mail address of the applicant, please see page 9.

- 3) The evidence of other means employed by NEECO II - AREA 2 to inform the consumers within the affected 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 Virtual Hearing* by the OSG, the 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, except those covered by any motion for confidential treatment of information, if any; and
- 6) Such other proof of compliance with the requirements of the Commission.

Moreover, NEECO II - AREA 2 is hereby required to post on its bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publication and certifications issued by the concerned Office of the Mayors, Provincial Governor and Local Legislative Bodies, and to submit proof of its posting thereof.

NEECO II - AREA 2 and all interested parties are also required to submit via e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, at least five (5) calendar days before the date of the scheduled virtual 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, which should also be attached to the Pre-trial Brief; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

NEECO II - AREA 2 must ensure that all the documents or exhibits proposed to be presented have already been duly submitted to the Commission at least five (5) calendar days before the date of the scheduled initial virtual hearing and Pre-trial Conference pursuant to the preceding paragraph.

Failure of NEECO II - AREA 2 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 2 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, the nature of the *Application* with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

NEECO II - AREA 2 is further directed to file a copy of its Expository Presentation via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, at least five (5) calendar days prior to the scheduled virtual hearing. NEECO II - AREA 2 shall also be required, upon the request of any stakeholder, to provide an advance copy of its expository presentation, at least five (5) calendar days prior to the scheduled virtual hearing.

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

NEECO II - AREA 2 is further directed to submit, either through personal service, registered or ordinary mail/private courier, one (1) set of the original or certified true hard/printed copy/ies of its Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavit/s of witness/es, within five (5) working days from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission. Similarly, all interested parties who filed their Petition for Intervention or Opposition are required to submit the

hard/printed copy thereof within the same period through any of the available modes of service.

Finally, NEECO II - AREA 2, including its authorized representative/s and witness/es, are hereby directed to provide the Commission, thru legal.virtualhearings@erc.ph, with their respective e-mail addresses upon receipt of this *Order*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.


SO ORDERED.

Pasig City, 09 June 2021.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson and CEO




LS: MBVM/MCCG

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Copy Furnished:

1. Atty Arnido O. Inumerable
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Applicant
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San Leonardo, Nueva Ecija
E-mail: neecoi_area2@yahoo.com
3. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, Makati City
docket@osg.gov.ph
4. Commission on Audit (COA)
Commonwealth Avenue, Quezon City
citizensdesk@coa.gov.ph
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City
senateenergycommittee@gmail.com
6. House Committee on Energy
Batasan Hills, Quezon City
committee.energy@house.gov.ph
7. Office of the Governor
Province of Nueva Ecija
8. Office of the Local Government Unit (LGU) Legislative Body
Province of Nueva Ecija
9. Office of the City Mayor
City of Palayan, Nueva Ecija
10. Office of the Local Government Unit (LGU) Legislative Body
City of Palayan, Nueva Ecija
11. Office of the Municipal Mayor
San Leonardo, Nueva Ecija
12. Office of the Local Government Unit (LGU) Legislative Body
San Leonardo, Nueva Ecija
13. Office of the Municipal Mayor
Sta. Rosa, Nueva Ecija
14. Office of the Local Government Unit (LGU) Legislative Body
Sta. Rosa, Nueva Ecija
15. Office of the Municipal Mayor
Papaya (Gen. Tinio), Nueva Ecija
16. Office of the Local Government Unit (LGU) Legislative Body
Papaya (Gen. Tinio), Nueva Ecija
17. Office of the Municipal Mayor
Peñaranda, Nueva Ecija
18. Office of the Local Government Unit (LGU) Legislative Body
Peñaranda, Nueva Ecija

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19. Office of the Municipal Mayor
Bongabon, Nueva Ecija
20. Office of the Local Government Unit (LGU) Legislative Body
Bongabon, Nueva Ecija
21. Office of the Office of the Municipal Mayor
Laur, Nueva Ecija
22. Office of the Local Government Unit (LGU) Legislative Body
Laur, Nueva Ecija
23. Office of the Municipal Mayor
Gabaldon, Nueva Ecija
24. Office of the Local Government Unit (LGU) Legislative Body
Gabaldon, Nueva Ecija
25. Office of the Municipal Mayor
Rizal, Nueva Ecija
26. Office of the Local Government Unit (LGU) Legislative Body
Rizal, Nueva Ecija
27. Office of the Municipal Mayor
Llanera, Nueva Ecija
28. Office of the Local Government Unit (LGU) Legislative Body
Llanera, Nueva Ecija
29. Office of the Municipal Mayor
Gen. M. Natividad, Nueva Ecija
30. Office of the Local Government Unit (LGU) Legislative Body
Gen. M. Natividad, Nueva Ecija
31. Office of the President of PCCI
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP)
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McKinley Town Center, Fort Bonifacio, Taguig City
32. Regulatory Operations Service
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