

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pasig City



**IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF CAPITAL  
EXPENDITURE PROJECT  
FOR 2020, NAMELY:  
PURCHASE AND  
INSTALLATION OF NEW 10  
MVA POWER  
TRANSFORMER FOR  
CALABA SUBSTATION**

**ERC CASE NO. 2021-039 RC**

**ABRA ELECTRIC  
COOPERATIVE, INC.  
(ABRECO),**  
*Applicant.*

**Promulgated:**  
June 29, 2021

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**ORDER**

On 27 May 2021, Abra Electric Cooperative, Inc. (ABRECO) filed an *Application* dated 27 January 2021, for approval of its Capital Expenditure (CAPEX) Project for 2020, namely, the purchase and installation of new 10 MVA power transformer for Calaba Substation.

The pertinent allegations in the said *Application* are hereunder quoted, as follows:

**THE APPLICANT**

1. ABRECO is an electric cooperative duly organized and existing by virtue of the laws of the Republic of the Philippines, with principal office address at Calaba, Bangued, Abra;
2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in the twenty-seven (27) municipalities of the province of Abra, namely: Bangued, Baay-Licuan, Boliney, Bucay, Bucloc, Daguoman, Danglas, Dolores, Lacub, Lagangilang, Lagayan, La Paz, Langiden, Luba, Malibcong, Manabo, Peñarrubia, Pidigan, Pilar, Sallapadan, San Isidro, San Juan, San Quintin, Tayum, Tineg, Tubo and Villaviciosa.

**LEGAL BASES FOR THE APPLICATION**

3. Pursuant to Republic Act No. 9136, ERC Resolution 26, Series of 2009 and other laws and rules, and in line with its mandate to provide safe, quality, efficient and reliable electric service to electric consumers in its franchise area, ABRECO submits the instant application for the Honorable Commission's consideration, permission and approval of its Capital Expenditure (CAPEX) Project for 2020, namely: Purchase and Installation of New 10 MVA Power Transformer for its Calaba Substation located at Brgy. Calaba, Bangued, Abra.

**STATEMENT OF FACTS**

4. ABRECO's Calaba Substation located at Brgy. Calaba, Bangued, Abra, has three (3) units of 5MVA power transformers. The substation is serving eighteen (18) municipalities of Abra, namely: Tayum, Dolores, San Juan, Tineg, Lagangilang, Licuan-Baay, Malibcong, Bucay, Sallapadan, Bucloc, Boliney, Daguioman, Manabo, Lacub, Luba, Tubo, Bangued and Lagayan.
5. On May 5, 2020, at around 3:37 P.M., a fire occurred at the Calaba Substation, wherein one of the substation's three (3) 5MVA power transformers, Osaka Brand with Serial No. 590051004, got busted.
6. As a result, the cooperative immediately implemented rotating power interruptions which lasted up to May 11, 2020, to prevent overloading of the remaining two (2) units of power transformers;
7. As a temporary measure to restore electricity in the affected areas, the cooperative rented from the Delta Star Manufacturing Corporation a 10 MVA power transformer for four (4) months at PhP700,000.00 per month;
8. ABRECO urgently needed to replace the busted power transformer and at the same time upgrade Calaba Substation to ensure reliability and stability of power supply to consumers in the affected municipalities, as well as to meet the growing demand in the years to come. Hence, the cooperative purchased a new 10MVA power transformer for Calaba Substation.

**PROJECT DESCRIPTION**

9. The project subject of the instant application involves the replacement of the busted 5 MVA power transformer of Calaba Substation with a new 10 MVA power transformer.

**PROJECT JUSTIFICATION**

10. The immediate installation of a new 10 MVA power transformer at Calaba Substation was necessitated to ensure reliability and

stability of power supply to consumers in the affected 18 municipalities. It will likewise significantly improve the loading of Calaba Substation and prevent the occurrence of forecasted overloading of one of the two other transformers in year 2022, which will have an ideal load until 2027 and tolerable load from 2028 to 2035.

**PROJECT SCHEDULE**

11. The project was implemented from September 12 to 13, 2020.

**PROJECT COST**

12. The cost of the purchase and installation of the new 10 MVA power transformer is Twelve Million Four Hundred Forty-Seven Thousand Three Hundred Eighty Pesos (PhP12,447,380.00).

**FINANCING PLAN**

13. The project cost of PhP12,447,380.00 is being paid on installment basis to ABRECO's supplier, out of the cooperative's internally-generated Reinvestment Fund for Sustainable Capital Expenditure (RFSC), as follows: 15% paid after 100% project accomplishment and final acceptance; 75% is being paid in twelve (12) monthly installments starting November 15, 2020; the remaining 10% is being retained and 70% of which will be released to supplier after 12 months from the acceptance and the remaining 30% thereof to be released to supplier after lapse of the warranty period of 36 months from acceptance; provided, that all conditions imposed under the contract have been fully met.
14. Shown in the Table below is the amount the Cooperative needs to cover the cost of the project, including CAPEX Permit Fee.

	Amount (Php)
RFSC	12,447,380.00
ERC Permit Fee	710,000.00
Total	13,157,380.00

**INDICATIVE RATE IMPACT**

15. The implementation of the project will have minimal rate impact of PhP.0440/ kWh on the cooperative's RFSC rate, as shown in the Table below, as follows:

RATE IMPACT	ACTUAL	PROJECTED			3-Year Impact
		2020	2021	2022	
Particular					
Cash Ending Balance based on the existing RFSC	13,951,434.00				
KWH Sales Forecast	55,839,000.00	59,759,000.00	64,072,000.00	68,540,000.00	248,208,000.00
Indicative Rate Increase	.0440				

Average Rate Increase	.4444			
Cash Inflow from the Additional Rate		2,629,396	2,819,168	3,015,760
Cash Ending Balance based on the new RFSC		53,237,396	8,206,168	4,264,760

**SUBMISSION OF DOCUMENTARY AND PRE-FILING REQUIREMENTS**

16. Finally, in compliance with the documentary as well as pre-filing requirements for the instant application under ERC Resolution 26, Series of 2009 and the ERC Rules of Practice and Procedure, respectively, the following documents are being submitted herewith to from integral parts hereof, as follows, to wit:

Annex Markings	Description of Document
"A"	Write Up on the CAPEX Project for Year 2020
"B" "B-1"	Affidavit of Posting of Notice to Consumers; Notice to Consumers
"C"	Affidavit of Undertaking that corresponding application shall be filed, whenever required by concerned agencies
"D" and series	Proof of furnishing of copies of the Application to the Sangguniang Bayan of Bangued and Sangguniang Panlalawigan of Abra
"E" and series	Proof of publication of the Application in a newspaper of general circulation in ABRECO's franchise area or where it principally operates.

**PRAYER**

**WHEREFORE**, premises considered, Applicant Abra Electric Cooperative (ABRECO) respectfully prays of this Honorable Commission that after due notice and hearing, the Capital Expenditure Project for 2020 consisting of the Purchase and Installation of New 10 MVA Power Transformer at Calaba Substation, be confirmed and approved accordingly.

Other reliefs, just and equitable in the premises are likewise prayed for.

Finding the said *Application* to be sufficient in form with the required fees having been paid, the same is hereby set for the 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 2020,<sup>1</sup> dated 24 September 2020:

<sup>1</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>18 August 2021</b> (Wednesday) at nine o'clock in the morning (9:00 A.M.)	<b>Microsoft Teams Application</b>	Determination of compliance with jurisdictional requirements and Expository Presentation
<b>25 August 2021</b> (Wednesday) at nine o'clock in the morning (9:00 A.M.)		Pre-trial Conference and Presentation of Evidence

Accordingly, ABRECO is hereby directed to host the virtual hearings at **ABRECO's Principal Office in Calaba, Bangued, Abra**, as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine 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**, ABRECO 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 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 Virtual Hearing* the Offices of the Provincial Governor, the Mayors and the Local Government Unit (LGU) legislative bodies within ABRECO's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within ABRECO's franchise area, by any other means available and appropriate, of the filing of the *Application*, its reasons therefor, and of the scheduled virtual hearings thereon;
- 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 and attend the scheduled hearings; 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 the reimbursement of reasonable photocopying costs.<sup>3</sup>

Within five (5) calendar days prior to the date of the initial virtual hearing, Applicant must submit to the Commission via electronic mail (e-mail) at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), the scanned copies of 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 Virtual Hearing* consisting of affidavits 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;
- 3) The evidence of other means employed by ABRECO to inform the consumers within its franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearings thereon;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Virtual Hearing* by the OSG, 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

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<sup>3</sup> For the e-mail address of the applicant, please see page 10.

- 6) Such other proof of compliance with the requirements of the Commission.

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

ABRECO and all interested parties are also required to submit via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto: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.

ABRECO 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 ABRECO to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearings, and the resetting of which shall be six (6) months from the said date of cancellation.

ABRECO 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.

ABRECO is hereby directed to file a copy of its Expository Presentation via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), at least five (5) calendar days prior to the scheduled virtual hearing. ABRECO 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](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto: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.

ABRECO is hereby 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.

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Finally, ABRECO, including its authorized representative/s and witness/es, are hereby directed to provide the Commission, through [legal.virtualhearings@erc.ph](mailto: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 hearings.

**SO ORDERED.**

Pasig City, 08 June 2021.

FOR AND BY AUTHORITY  
OF THE COMMISSION:



**AGNES VST DEVANADERA**  
*Chairperson and CEO*

*KPA-arg 3*  
LS: KPA/ARG/MCCG



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COPY FURNISHED:

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11. Office of the Municipal Mayor  
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Danglas, Abra

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Pilar, Abra

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