

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



**IN THE MATTER OF THE APPLICATION FOR CONFIRMATION AND APPROVAL OF FORCE MAJEURE EVENT CAPITAL EXPENDITURE PROJECTS NAMELY: REPAIR, RECONSTRUCTION, REPLACEMENT, RESTORATION, REHABILITATION AND BUILDING BACK BETTER OF DISTRIBUTION NETWORK AS WELL AS NON-NETWORK ASSETS DAMAGED THE ONSLAUGHT OF TYPHOON ROLLY ON NOVEMBER 1, 2020 AND TYPHOON ULYSSES ON NOVEMBER 11, 2020 WITH APPLICATION FOR AUTHORITY TO SECURE LOAN FROM THE NATIONAL ELECTRIFICATION ADMINISTRATION**

**ERC CASE NO. 2021-011 RC**

**CAMARINES SUR I ELECTRIC COOPERATIVE, INC. (CASURECO I),  
Applicant.**

**Promulgated:**  
June 29, 2021

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**ORDER**

On 01 March 2021, Camarines Sur Electric Cooperative, Inc. (CASURECO I) filed an *Application* dated 05 February 2021, seeking the Commission's approval and confirmation of force majeure event capital expenditure projects namely: repair, reconstructions,

replacement, restoration, rehabilitation and building back of better distribution network as well as non-network assets damaged by the onslaught of typhoon Rolly on November 1, 2020 and typhoon Ulysses on November 11, 2020 with application for authority to secure loan from the National Electrification Administration.

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

1. CASURECO I is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of Philippine laws, with principal office at Libmanan, Camarines Sur;
2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in certain municipalities of the province of Camarines Sur, namely: Cabusao, Camaligan, Gainza, Libmanan, Lupi, Pamplona, Pasacao, Ragay, San Fernando and Sipocot;

#### **LEGAL BASES FOR THE APPLICATION**

3. The instant application is being filed pursuant to Section 3.3 of ERC Resolution No. 26, Series of 2009, which provides that if a Force Majeure or Fortuitous Event, as the case may be, occurs, the regulated entity shall seek the ERC's confirmation of the implementation of capital expenditure projects arising from such event;
4. On the other hand, the accompanying application for authority to secure loan from the National Electrification Administration (NEA) is being filed pursuant to Section 20 (e) of Commonwealth Act No. 146 otherwise known as the Public Service Act, which requires every public service to secure the approval and authorization of the Commission for issuance of any bonds or other evidence of indebtedness payable in more than one year;

#### **THE FORCE MAJEURE EVENTS**

(Super Typhoon Rolly and Typhoon Ulysses)

5. At 4:50 A.M. on November 1, 2020, Super Typhoon Rolly with international name "Goni", made its first landfall in Bato, Catanduanes at peak intensity, as a Category 5 - equivalent to super typhoon, with sustained winds of 315 kph. By 7:20 A.M. Super Typhoon Rolly made a second landfall in Tiwi, Albay bringing violent catastrophic winds to areas near the eye of the storm including the Province of Camarines Sur;
6. Just a few days after the onslaught of Super Typhoon Rolly, Typhoon Ulysses with international name "Vamco", roughly crossed the same track and made a landfall on November 11, 2020 in the Quezon Province as Category 2-equivalent

typhoon. The typhoon brought heavy rains in Central Luzon and nearby provinces, including the Province of Camarines Sur. Heavy rains caused by the typhoon overflowed rivers, causing severe flooding.

7. CASURECO I's franchise area experienced total black out until electric power was fully restored on December 12, 2020. Further, the storms left with extensive damage on the cooperative's distribution network as well as non-network assets.

#### **COMPLIANCE WITH NOTICE REQUIREMENT**

8. In compliance with Section 3.3 of ERC Resolution No. 26, Series of 2009, on January 27, 2021, CASURECO I submitted to the Honorable Commission through electronic filing, a Notice of Force Majeure Event pertaining to the damages sustained from the onslaught of Super Typhoon Rolly and Typhoon Ulysses.

#### **DESCRIPTION OF THE PROJECTS**

9. The Capital Expenditure (CAPEX) Projects subject of the instant application consist of the repair, reconstruction, replacement and rehabilitation, as the case may be, as well as upgrading and building back better of the distribution lines, substation and line equipment, service drop and kilowatt-hour meters, administrative facilities and information technology equipment, which were damaged by the onslaught of the two typhoons.

#### **PROJECT COST**

10. The funding requirement for the CAPEX projects is estimated at Sixty-Three Million Eight Hundred Sixteen Thousand Eight Hundred Sixty-Nine Pesos and Seventy-Eight Centavos (PhP63,816,869.78). A summary of the materials and labor cost is presented in the Table below, as follows:

SUMMARY OF PROJECT COST				
No.	Damaged Assets	Estimated Cost of Repairs, Restoration, Replacement and Rehabilitation (PhP)		
		2020 Actual Cost	2021 Estimated Cost	Total
	Typhoon Rolly			
1	Distribution Lines	17,163,054.99	13,527,896.67	30,690,951.66
2	Service drop and kwh meters	4,004,425.79	20,628,624.21	24,633,050.00
3	Administrative Facilities	41,799.00	596,201.00	638,000.00
	Sub-total	21,209,279.78	34,752,721.88	55,962,001.66

	Typhoon Ulysses			
4	Substation & Line Protection Equipment	1,456,908.90	4,870,084.22	6,326,993.12
5	Administrative Facilities	56,500.00	970,100.00	1,026,600.00
6	Information Technology		501,275.00	501,275.00
	Sub-total	1,513,408.90	6,341,459.22	7,854,868.12
	Grand Total	22,722,688.68	41,094,181.10	63,816,869.78

**PROJECT SCHEDULES**

11. The project schedules are presented below, as follows:

1	Repair of substation and line protection equipment	Completed on November 23, 2020
2	Repair and/or replacement of distribution lines	Started on November 2, 2020 and expected to be completed by December 31, 2021.
3	Reconnection of cut-off service drop and replacement of kilowatt-hour meters and transformer	Started on November 02, 2020 and completed on December 12, 2020
4	Replacement of computers, UPS and radio communication facilities	Started on November 23, 2020 and expected to be completed by March 2021
5	Repair of damaged buildings and offices	Commenced November 03, 2020 and is expected to be completed by March 31, 2021

**JUSTIFICATIONS AND BENEFITS TO BE DELIVERED BY THE PROJECTS**

12. The immediate reconstruction, repair and replacement of damaged distribution lines, substation, line equipment, cut-off service drop and kWh meters are essential to restore power and re-energize the affected government offices, vital facilities and member-consumer- owners. Damaged buildings and sub-offices must be restored to original condition in order to provide an environment conducive for working to effectively maintain and sustain the daily operations of the cooperative. The replacement of computers, UPS, WAN and radio communication facilities is needed in order to continue the online tellering of Consumer Assistance Office IV (CAO IV-Ragay) and to support the communication facilities needed by the engineers and maintenance personnel in the performance of their daily activities.

**PROJECT FINANCING PLAN**

13. The total project cost of PhP63,816,869.78 will be sourced out through a calamity loan from the National Electrification Administration (NEA), to be converted into a subsidy in the event that the National Government grants subsidy to the Bicol typhoon-ravaged electric cooperatives. The calamity loan with NEA is payable in ten (10) years with annual interest rate of 3.25%.

**INDICATIVE RATE IMPACT**

14. Should the funding from NEA be finally treated as a calamity loan, it will have a rate impact of PhPo.2635/kWh, to be added to the cooperative's existing Reinvestment Fund for Sustainable Capital Expenditure (RFSC) rate of PhPo.4004/kWh, which is derived from the total project cost against the forecasted kWh sales for four (4) years of implementation, as shown in the table below, as follows:

<b>RATE IMPACT COMPUTATON</b>					
<b>Particulars</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>TOTAL</b>
Cash Ending Balance based on the existing RFSC	59,049.44	62,370.76	(2,277,784.21)	(102,978,118.03)	(105,134,482.04)
KWH Sales Forecast	86,435,455.11	96,935,517.63	104,192,270.15	111,448,086.19	399,011,329.09
Indicative Rate Increase	(0.0007)	(0.0006)	0.0219	0.9240	0.2635
Average Rate Increase	0.2635	0.2635	0.2635	0.2635	0.2635
Cash Inflow from the Additional Rate	22,774,658.61	25,541,293.43	27,453,356.73	29,365,173.27	105,134,482.04
<b>Cash Ending Balance based on the new RFSC</b>	<b>22,833,708.05</b>	<b>48,437,372.25</b>	<b>73,612,944.76</b>		

**APPLICATION FOR AUTHORITY TO SECURE LOAN FROM NEA**

15. As shown above, the projects shall be financed through a calamity loan from the NEA. In view thereof, the cooperative hereby applies for authority from the Honorable Commission to secure said loan from the NEA, should the calamity loan not be converted into a subsidy from the government.

**COMPLIANCE WITH DOCUMENTARY AND PRE-FILING REQUIREMENTS**

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

Markings	Nature of Document
Annexes "A" to "A-1"	Notice of Force Majeure Event with acknowledgment receipt of the electronic filing
Annex "B"	Write up on the Force Majeure Event Capital Expenditure Projects
Annex "C"	Supporting documents for the application for authority to secure loan from the National Electrification Administration (NEA)
Annex "D" and series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Bayan of Libmanan and Governor and Sangguniang Panlalawigan of Camarines Sur
Annex "E" and series	Proof of publication of the Application in a newspaper of general circulation in CASURECO I's franchise area or where it principally operates

**PRAYER**

**WHEREFORE**, premises considered, Applicant Camarines Sur I Electric Cooperative, Inc. (CASURECO I) respectfully prays of this Honorable Commission that after due notice and hearing:

1. the repair, reconstruction, replacement and rehabilitation, as the case may be, as well as upgrading and building back better of the distribution lines, substation and line equipment, service drop and kilowatt-hour meters, administrative facilities and information technology equipment, which were damaged by the onslaught of Super Typhoon Rolly on November 1, 2020 and Typhoon Ulysses on November 11, 2020, be confirmed and approved; and

2. the calamity loan being secured from the National Electrification Administration (NEA) to finance the projects be likewise authorized and approved, should the same be not converted into a subsidy from the government; and the cooperative be allowed to recover the full cost of the projects.

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 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 2020<sup>1</sup> dated 24

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

September 2020 and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):<sup>2</sup>

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>27 July 2021</b> (Tuesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	Determination of compliance with jurisdictional requirements and expository presentation
<b>03 August 2021</b> (Tuesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	Pre-Trial Conference and Presentation of Evidence

**RELATIVE THERETO**, CASURECO I 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;
- 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 CASURECO I's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within CASURECO I'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

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<sup>2</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

(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.<sup>3</sup>

Within five (5) calendar days prior to the date of the virtual hearing, CASURECO I 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 the 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 CASURECO I 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

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<sup>3</sup> For the e-mail address of the applicant, please see page 12.



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

Moreover, CASURECO I 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, or Provincial Governor and Local Legislative Bodies, and to submit proof of its posting thereof.

CASURECO I 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; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

CASURECO I 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 CASURECO I 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.

CASURECO I 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.

CASURECO I 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. CASURECO I 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.

CASURECO I is further directed to submit, either through personal service, registered or ordinary mail/private courier, 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, CASURECO I, including its authorized representative/s and witness/es, is hereby directed to provide the Commission, thru [legal.virtualhearings@erc.gov.ph](mailto:legal.virtualhearings@erc.gov.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, 11 June 2021.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

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

**ERC**

*Office of the Chairperson*



\*AVSTD-2021-06-510-0067\*

  
LS: MSIA/CLB/MCCG

**ERC CASE NO. 2021-011 RC**  
**ORDER/ 11 June 2021**  
**Page 12 OF 13**

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Copy Furnished:

1. Camarines Sur I Electric Cooperative, Inc. (CASURECO I)  
*Applicant*  
Libmanan, Camarines Sur
2. Dechavez Lerios-Amboy and Evangelista Law Offices  
*Counsel of Applicant*  
Unit 2008 Tycoon Centre, Pearl Drive, Ortigas Center, Pasig City  
Email Address: [powerlawfirm@gmail.com](mailto:powerlawfirm@gmail.com)
3. Office of the Provincial Governor  
Province of Camarines Sur
4. Office of the Sangguniang Panlalawigan  
Province of Camarines Sur
5. Office of the Municipal Mayor  
Cabusao, Camarines Sur
6. Office of the LGU Legislative Body  
Cabusao, Camarines Sur
7. Office of the Municipal Mayor  
Camaligan, Camarines Sur
8. Office of the LGU Legislative Body  
Camaligan, Camarines Sur
9. Office of the Municipal Mayor  
Gainza, Camarines Sur
10. Office of the LGU Legislative Body  
Gainza, Camarines Sur
11. Office of the Municipal Mayor  
Libmanan, Camarines Sur
12. Office of the LGU Legislative Body  
Libmanan, Camarines Sur
13. Office of the Municipal Mayor  
Lupi, Camarines Sur
14. Office of the LGU Legislative Body  
Lupi, Camarines Sur
15. Office of the Municipal Mayor  
Pamplona, Camarines Sur
16. Office of the LGU Legislative Body  
Pamplona, Camarines Sur
17. Office of the Municipal Mayor  
Pasacao, Camarines Sur
18. Office of the LGU Legislative Body  
Pasacao, Camarines Sur
19. Office of the Municipal Mayor  
Ragay, Camarines Sur
20. Office of the LGU Legislative Body  
Ragay, Camarines Sur
21. Office of the Municipal Mayor  
San Fernando, Camarines Sur
22. Office of the LGU Legislative Body  
San Fernando, Camarines Sur
23. Office of the Municipal Mayor  
Sipocot, Camarines Sur

**ERC CASE NO. 2021-011 RC**  
**ORDER/ 11 June 2021**  
**Page 13 OF 13**

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24. Office of the LGU Legislative Body  
Sipocot, Camarines Sur
25. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village, Makati City  
E-mail: [doCKET@osg.gov.ph](mailto:doCKET@osg.gov.ph)
26. Commission on Audit  
Commonwealth Avenue, Quezon City  
E-mail: [cITIZENSdesk@coa.gov.ph](mailto:cITIZENSdesk@coa.gov.ph)
27. Senate Committee on Energy  
GSIS Bldg. Roxas Blvd., Pasay City  
E-mail: [senateenergycommittee@gmail.com](mailto:senateenergycommittee@gmail.com)
28. House Committee on Energy  
Batasan Hills, Quezon City  
E-mail: [committee.energy@house.gov.ph](mailto:committee.energy@house.gov.ph)
29. 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  
E-mail: [pcci@philippinechamber.com](mailto:pcci@philippinechamber.com) / [secretariat@philippinechamber.com](mailto:secretariat@philippinechamber.com)
30. Regulatory Operations Service (ROS)  
Energy Regulatory Commission  
17<sup>th</sup> Floor Pacific Center Building, San Miguel Avenue, Pasig City