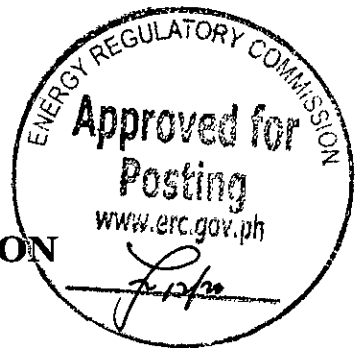


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
EMERGENCY ELECTRIC
CAPITAL EXPENDITURE
PROJECT RE:
INSTALLATION OF 10 MVA
SUBSTATION IN BRGY.
ALCALA, MA. AURORA AND
AUTHORITY TO SECURE
LOAN FROM NEA**

ERC CASE NO. 2018-102 RC

**AURORA ELECTRIC
COOPERATIVE, INC.
(AURELCO) Applicant.**

X-----X

D O C K E T E D
Date: DEC 17 2018
By: _____

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 5 October 2018, Applicant Aurora Electric Cooperative, Inc. (AURELCO) filed an *Application* dated 7 September 2018, seeking the Commission's approval of its Emergency Electric Capital Expenditure Project for the installation of a 10 MVA Substation in Barangay Alcala, Ma. Aurora in the province of Aurora, and authority to secure loan from the National Electrification Administration (NEA).

In the said *Application*, AURELCO alleged, among others, the following:

1. The Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Brgy. Reserva, Baler, Aurora where it may be served with summons and other legal processes. It is represented in this instance by its General Manager, Noel DV. Vedad of legal age, Filipino, married and with office address also at Brgy. Reserva, Baler, Aurora;

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2. It has the exclusive franchise, issued by the National Electrification Administration (NEA), to operate an electric light and power services in the (8) municipalities of the province of Aurora, namely the municipality of Baler, San Luis, Ma. Aurora, Dipaculao, Casiguran, Dinalungan, Dilasag and Dingalan. It also serves the municipality of Dinapigue in the province of Isabela, Alfonso Castañeda in the province of Nueva Vizcaya and Brgy. Umiray, General Nakar, Quezon province;
3. AURELCO consumer profile showed that of the total 47,609 consumers; 43,621 are residential, 3,984 Low Voltage and 4 Higher Voltage customers;
4. AURELCO's energy demand reached approximately 45,161,612 kWhr at the end of 2017 and forecast estimates indicate that the applicant will have an average energy demand growth rate of 8.94% from 2018-2021. It is expected that the energy demand will reach as high as 72,062,989 kWh at the year 2021;
5. AURELCO gets the bulk of power for distribution to its coverage area through the transmission system facilities operated and maintained by the National Grid Corporation of the Philippines (NGCP) which derived its power from Masinloc Power Partners Company, Ltd (MPPCL);
6. That applicant has identified the installation of 10 MVA Substation in Brgy. Alcala, Ma. Aurora, Aurora as emergency capital expenditure project to address the increasing demand and to avoid the overloading of the only existing 10 MVA San Isidro substation of AURELCO;

THE EMERGENCY CAPITAL EXPENDITURE PROJECT (CAPEX 2018)

No.	Project Name	Project Type	Proposed Project Cost (Php)	Total (Php)
Substation and Subtransmission Line Development Projects				
01	Installation of 10 MVA Substation at Brgy. Alcala, Ma. Aurora, Aurora	Capacity	34,695,085.00	34,695,085.00

7. That as a result of the said project, the cooperative has calculated the indicative rate impact as follows:

Indicative Rate Impact of the Project

	2018	2019	2020	2021	TOTAL
Forecasted energy sales, kWh	49,681,805	54,190,146	58,715,512	63,253,260	225,840,723.00
Cash balance beginning, Php, excess/(shortfall)	28,279,117.00	(5,122,853.62)	(80,456,358.48)	(156,154,664.46)	28,279,117.00
CASH INFLOWS					

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current year collection @PhPo.5324/kWh	26,450,592.98	28,850,833.73	31,260,138.59	33,676,035.62	120,237,600.92
loan proceeds from financial institutions, PhP	440,382,580.33	61,840,130.96	45,781,630.96	36,223,130.96	584,227,473.21
Emergency CAPEX - 10MVA, PhP	31,606,592.92				31,606,592.92
50% of income on leased properties	166,230.00	166,230.00	166,230.00	166,230.00	664,920.00
Total Cash Inflows, PhP	498,605,996.23	90,857,194.69	77,207,999.55	70,065,396.58	736,736,587.05
Available cash for disbursement	526,885,113.23	85,734,341.07	(3,248,358.93)	(86,089,267.87)	765,015,704.05
CASH OUTFLOWS					
CAPEX requirement	488,577,690.17	84,737,418.91	68,914,882.91	59,475,162.91	701,705,154.90
old debt (old amortization)	15,957,800.00	15,408,142.00	13,212,017.00	7,720,808.00	52,298,767.00
new amortization (CAPEX2014-2018), PhP	20,460,548.00	55,506,844.00	55,506,844.00	55,506,844.00	186,981,080.00
new amortization (new CAPEX 2019-2021), PhP		6,555,168.00	11,408,104.00	15,247,820.23	33,211,092.23
emergency CAPEX(10MVA)	3,347,596.00	3,347,596.00	3,347,596.00	3,347,596.00	13,390,384.00
ERC Permit Fee, PhP	3,664,332.68	635,530.64	516,861.62	446,063.72	5,262,788.66
Total Cash Outflows, PhP	532,007,966.85	166,190,699.55	152,906,305.53	141,744,294.86	992,849,266.79
Cash balance ending, PhP, excess/(shortfall)	(5,122,853.62)	(80,456,358.48)	(156,154,664.46)	(227,833,562.73)	(227,833,562.73)
Excess/(shortfall) on RFSC, PhP/kWh	(0.1031)	(1.4847)	(2.6595)	(3.6019)	(1.0088)

reinvestment fund rate 0.5324
lease properties annual income 332,460

8. That the above project will be implemented and financing of the said project will be taken from NEA loan and from Reinvestment Fund for Sustainable CAPEX;
9. That the Applicant will request to secure a Php. 31,714,071.43 loan from National Electrification Administration (NEA) and Php 3,088,492.08 from RFSC;
10. That the emergency capital expenditure project is compliant with the Philippine Distribution Code (PDC), the Philippine Grid Code (PGC) and other relevant government issuances, and in accordance with ERC Resolution on capital projects;
11. For purposes of and in connection with this application, AURELCO hereby submit the following documents in compliance with the requirements pertinent hereto:
 - a. Description of the Project; Justification and Impact study on the System and; Option/Alternatives considered in lieu of the proposed project;
 - b. Project Financing Plan
 - c. Five-Year Historical and Forecast planning Data
 - d. Technical Analysis
 - e. Project Financial and Economic Cost Analysis
 - f. Project Cost Estimates
 - g. Single Line Diagram
 - h. Conceptual Engineering Design and Drawings

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- i. Board Resolution approving the emergency capital expenditure project
 - j. Sworn Statement
 - k. Compliance with the pre-filing requirements:
 - i. Certification from the Presiding Officer or Secretary of the Sangguniang Bayan of Baler, Aurora and of the Sangguniang Panlalawigan of Aurora and, or their duly authorized representatives attesting to the fact that applicant has furnished the respective legislative body of the local government unit and the Sangguniang Panlalawigan; and
 - ii. Affidavit of Publication and Newspaper issue containing the published Application in its entirety in a newspaper of general circulation in AURELCO's franchise area.
12. That the approval of the proposed emergency capital expenditure projects is needed to maintain efficient, reliable, and safety delivery of power to AURELCO's existing and future consumers, and will redound to the benefit of the consuming public;
13. AURELCO prays of this Commission that the Application for approval of emergency capital expenditure project and authority to secure loan from the National Electrification Administration (NEA) be provisionally approved ex-parte; and the Applicant be authorized to adopt and implement the same effective upon such approval and after due notice and hearing, the Application be approved permanently.

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and evidentiary hearing on **24 January 2019 (Thursday) at nine o'clock in the morning (9:00 A.M.) at AURELCO's Principal Office at Brgy. Reserva, Baler, Aurora.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name and address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

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All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same, prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours.

WITNESS, the Honorable Chairperson and CEO **AGNES VST DEVANADERA** and the Honorable Commissioners **ALEXIS M. LUMBATAN** and **CATHERINE P. MACEDA**, Energy Regulatory Commission, this 3rd day of December 2018 in Pasig City.


JOSEFINA PATRICIA M. ASIRIT
Commissioner


LS: MED/ARG/GJO