

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

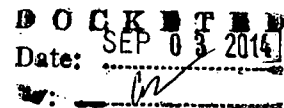


IN THE MATTER OF THE
APPLICATION FOR AUTHORITY
TO IMPLEMENT RE-ROUTING OR
RELOCATION OF THE 69 KV
TALISAY FEEDER (INCLUDING
INSTALLATION OF DISCONNECT
SWITCHES), WITH PRAYER FOR
PROVISIONAL AUTHORITY

ERC CASE NO. 2014-112 RC

CENTRAL NEGROS ELECTRIC
COOPERATIVE, INC. (CENECO),
Applicant.

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NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on August 5, 2014, the Central Negros Electric Cooperative, Inc. (CENECO) filed with the Commission an application for authority to implement re-routing or relocation of the 69 kV Talisay Feeder (including installation of disconnect switches), with prayer for provisional authority.

In the said application, CENECO alleged, among others, the following:

1. It is an electric cooperative existing under the laws of the Republic of the Philippines, with principal office located at Mabini corner Gonzaga Streets, Bacolod City, Negros Occidental. It may be served with notices and other processes of the Commission through its counsel at the address indicated in the application;

2. It has been granted a franchise by the National Electrification Commission (NEC) to operate and maintain a distribution system in the cities/municipalities of Bacolod, Bago, Silay Talisay, Murcia and Don Salvador Benedicto, all in the Province of Province of Negros Occidental and is authorized to charge all its customers for their electric consumption at the rates duly approved by the Commission;
3. It seeks the approval of the Commission through the instant application to implement an emergency project, more particularly, the re-routing/relocation of the existing 69 kV Talisay Feeder and installation of air break switches and/or disconnects along laterals. This case is being filed pursuant to Resolution No. 26, Series of 2009 issued by the Energy Regulatory Commission (ERC), otherwise known as *"Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditure Projects,"* pertinent portion of which provides:

"3.4 These are capital expenditure projects that require immediate implementation during an event other than those enumerated and covered in the definition of a force majeure, or fortuitous event in order to maintain safe, reliable, secure and efficient operation of the power system. These projects shall be filed with ERC for approval within sixty (60) days after the start of construction and shall be supported by documents indicating the following:

- a) Project Description;
- b) Justification or Benefits to be Delivered;
- c) Estimated Project Costs;
- d) Project Financing Plan; and
- e) Project Schedule."

Background of the Project

4. As a background, the existing 69 kV line Talisay Feeder is part of the subtransmission assets which it acquired from the National Power Corporation (NPC) through a Lease Purchase Agreement (LPA) executed on April 2005. The said LPA was approved by the Energy Regulatory Commission (ERC) last March 28, 2008. Accordingly, on

October 20, 2008, a Deed of Possession was entered into by the same parties with which NPC/TRANSCO transferred possession, operation and maintenance of the said assets to it. A single line diagram showing the 69 kV subtransmission asset acquired by it is thereto attached to the application as Annex "A" and made integral part thereof;

5. The acquired subtransmission lines are connected to the National Grid Corporation of the Philippines' (NGCP) Mansilingan Substation serving its substations as shown in the table below:

69 kV line	Substation Served	Length of Line (kms)	**No. of consumers	**Ave Load (kW)
	Burgos SS		15,405	5,692
	Mt View SS		12,598	14,600
	Talisay SS		20,964	5,729
	Panaogao SS		5,971	3,287
	Lopez SS		9,160	2,648
Talisay Feeder*		31.224	64,098	31,958
	Alijis SS		41,160	17,071
	Gonzaga SS		15,562	14,148
	Reclamation SS		8,999	8,268
Power Barge Fdr*		12.007	65,721	39,847
	Sum-ag SS		8,118	4,255
	Calumanggan SS		206	
	Hilangban SS		13,849	4,463
San Enrique Fdr		21.003	22,173	8,718
CENECO Total			151,992	80,164

Note : * CENECO Acquired Asset
 ** December 2012 Data

6. Portion of the acquired assets, more particularly the 69 kV Talisay Feeder Line, is presently serving its various substations in the north area, namely: Burgos, Mt. View, Talisay, Panaogao and Lopez Substations. These five (5) substations have average demand and number of customers as shown below:

Substation	Average Demand (kW)	No. of Consumers
Burgos (10 MVA)	5,692	15,405
Mt View (30 MVA)	14,601	12,598
Talisay (10 MVA)	5,730	20,964
Panaogao (5 MVA)	3,287	5,971
Lopez (5 MVA)	2,648	9,160
Total	31,958	64,908
Percentage to Total	42.17%	42%

7. The Talisay 69 kV Feeder line traverses through sugar cane fields and rice fields owned by private individuals and corporations. As a matter of fact, some of these sugar cane fields have already been converted to subdivisions. Since the said line passes through private properties, the reliability of the line is oftentimes compromise as it cannot immediately conduct its repair and maintenance operation as permission from the land owners need to be sought before it can enter the property. This situation always resulted in the delay in the conduct of repair and maintenance job;

8. Worst, in instances when landowners would totally refuse entry demanding for right-of-way (ROW) compensation, it was compelled to source the supply of power for its various substations (Talisay, Panaogao and Lopez Substations) from the National Grid Corporation of the Philippines' (NGCP) Cadiz Substation in the North. This resulted to delivery voltage of less than the prescribed limits as set forth in the Philippine Grid Code (PGC) much to the detriment of its consumers and the attendant problem brought by the said situation;

Description of the Project

9. The proposed project is for the re-routing or relocation of the existing 69 kV Subtransmission Line from NGCP's Mansilingan Substations. The line will have a length of 31.224 and will serve its Burgos, Mt. View, Talisay, Panaogao and Lopez Substations in the North. The project will include as well the installation of airbreak switches/disconnects along laterals. The said relocation or re-routing is a complementary project of its 69 kV looping projects which is part of its 2011-2013 CAPEX application pending before the Commission. Attached to the application as Annex "B" and made integral part thereof is the Single Line Diagram showing the proposed project;

Justification or Benefits of the Project

10. Recently, its 69 kV Talisay Feeder experienced prolonged interruption particularly its substations in the North¹ which were later traced to troubles in the subtransmission line

¹ Burgos SS, Mt. View SS, Talisay SS, Panaogao SS and Lopez SS.

serving the said substations, specifically the Talisay 69 kV Feeder Lines, serving its substations in the area. Since it has a problem in its access to the line, it took quite some time for it to troubleshoot and repair the lines, thereby resulting in prolonged power interruption to the detriment of its consumers;

11. This recurring problem prompted it to find ways to address the same. Thus, upon careful evaluation of the situation, it identified the relocation (re-routing) of the 69 kV Talisay Feeder Line and installation of air break switches and/or disconnects as the most practical solution;
12. Analysis for this project was based on its latest 69 kV feeder scenario for the three (3) 69 kV feeder lines serving CENECO's power substations.² Interruption data for the said 69 kV line feeders for the period of January 2013 to November 2013 were analyzed. From the count, duration and cause of the interruption, the failure/kms and the repair time of the individual 69 kV feeders were established. From the result, it was determined that the 69 kV Talisay Feeder line has the most count of failure, with longest duration and high percentage of failure/km and repair time. Attached to the application as Annexes "C," "D" and "E" and made integral part thereof are the Interruption Report, Technical Analysis and Economic Cost Analysis of the project;
13. The project aims to improve the reliability of the line by re-routing or relocating the 69 kV line along highways which can provide easy access to it in the conduct of emergency repair works. Likewise, this would enable it to conduct periodic inspection and the necessary maintenance and repair of the said line assets on a pre-determined schedule;
14. Corollary to that, the proposed project would also free it from future legal problems such as ROW claims, as the relocation would now be made along existing highways where ROW and/or easements were provided by Department of Public Works and Highways (DPWH) during the construction of these road networks;

² Talisay Feeder, Power Barge Feeder, Talisay Feeder.

15. Needless to state, the proposed project would redound to the benefit of its consumers in terms of adequate and reliable supply of electricity. It bears stressing that the substations being served by the line assets proposed to be relocated, supply power to various institutions such as hospitals, schools and even water pumping stations. Hence, in case of trouble in the said lines which is highly probable especially during pre-harvest season when sugarcanes are at its peak growth, consumers in these areas will experience an average of six (6) hours interruption, or even longer in case landowners refused entry to its maintenance personnel. Thus, the implementation of the project would assure steady and reliable supply of electricity to its consumers in the area;

Project Schedule

16. As per its planning data, the project would be implemented within a period of six (6) months from the issuance of the Commission's approval, provisional or otherwise. Attached to the application as Annex "F" and made integral part thereof is the Gantt Chart for the re-routing or relocation of the 69 kV line;

Project Cost Estimates and Financing Plan

17. The project requires an estimated capital investment of PhP58,476,819.77. Attached to the application as Annex "G" and "H" and made integral part thereof are the Staking Sheets and detailed breakdown of Project Cost Estimates;
18. Its proposed project will be financed through loans and would be amortized through its Reinvestment Fund for Sustainable Capital Expenditures (RFSC) Rate approved by the Commission under the Rules for Setting Electric Cooperatives' Wheeling Rates (RSEC-WR). Below is a cash flow analysis showing RFSC Fund for the year 2014:

CASH FLOW ANALYSIS

Cash Flow Analysis	2014
Forecasted sales (kWh)	622,976,064.44
RFSC Beginning Fund Balance	4,265,981.20
Funding Sources (Inflows):	

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Annual Revenue Cash Flow from RFSC*	94,567,766.58
NEA Loan - 69 kV Relocation Project	46,781,455.81
Loans - Bank and other sources	356,479,177.32
Total RFSC Inflows	502,094,380.92
CAPEX Projects (Outflows):	
69 kV Relocation Project	58,476,819.77
2014 Network Projects	127,142,307.69
2014 Other Network Projects	127,161,489.84
2014 Non-Network Projects	191,295,174.12
ERC CAPEX Approval Fees	43,857.61
Annual Capex Plan	504,119,649.04
Debt Service - NEA	13,266,606.00
Debt Service - REFC	9,949,524.00
Debt Service - 69 kV Relocation Project	6,971,816.44
Debt Service - 2014 CAPEX	53,125,909.53
Total Cash Outflow for Debt Service	83,313,855.97
Total RFSC Outflows	587,433,505.00
RFSC Ending Fund Balance	(81,073,142.88)

19. With an estimated capital investment of PhP58,476,819.77, the indicative RFSC would be:

Existing Reinvestment for Sustainable CAPEX Rate	0.1518
Indicative RFSC per kWh	0.1301
Capex Plan Cost Cash Flow Rate per kWh	0.2819

*Assuming 100% collection efficiency

Attached to the application as Annex "I" and made integral part thereof is the detailed Cash Flow Analysis and its supporting data;

**ALLEGATIONS IN SUPPORT OF THE PRAYER FOR
PROVISIONAL AUTHORITY**

20. In its Resolution No. 26, Series of 2009, the Commission provides, among other things, for specific regulatory procedure to be undertaken in cases of emergency significant projects such as the instant case in order to maintain safe, reliable, secure and efficient operation in the power system;
21. Thus, pursuant to the above-mentioned rule, it is extremely important for it to be able to immediately implement, without delay, the emergency project subject of the instant application in order to avert power interruptions. The implementation for the project would undeniably redound to the benefit of its consumers in terms of steady, adequate and reliable supply of electricity, particularly those being served by the line, such as hospitals, school and other public utilities (water pumping stations) located in the area;
22. Equally important, the immediate implementation of the said project is envisioned to promote new development in the affected areas in terms of economic opportunities and commercial activities as it will be able to accommodate new load applications with a reliable distribution line. Consequently, new jobs will be created and the growth of the local as well as the national economy will be promoted;
23. In view of the foregoing, there is an urgent need for the issuance of a provisional authority to allow it to immediately implement the aforesaid emergency significant capital projects. In support thereof, attached to the application as Annex "J", and made an integral part thereof, is the affidavit of Mr. JOSE TADLAS, its Head of Planning Development Division under the Corporate Planning Department; and
24. It prays that upon filing of the instant application, and pending hearing thereon, a provisional authority be immediately issued, and after hearing on the merits, a Decision be rendered approving the implementation of the re-routing or relocation of its 69 kV Talisay Feeder and installation of disconnect switches.

The Commission has set the application for initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 24, 2014 (Wednesday) at nine o'clock in the morning (9:00 A.M.) at the CENECO Main Office, Mabini corner Gonzaga Streets, Bacolod City.**

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (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.

All other persons who may want their views known to the Commission with respect to the subject matter of the proceeding may file their opposition to the application or comment thereon at any stage of the proceeding before the applicant concludes the presentation of its evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who may wish to have a copy of the application may request the applicant, prior to the date of the initial hearing, that they be furnished with a copy of the application. The applicant is hereby directed to furnish all those making such request with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the application and other pertinent records filed with the Commission during the usual office hours.

WITNESS, the Honorable Chairperson, **ZENAIDA G. CRUZ-DUCUT**, and the Honorable Commissioners, **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, and **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, Energy Regulatory Commission, this 2nd day of September, 2014 at Pasig City.



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ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III