

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



**IN THE MATTER OF THE
APPLICATION FOR AUTHORITY
TO SECURE LOAN TO FINANCE
THE INTERIM CAPITAL
EXPENDITURE PROJECT FOR
2013 AND REGULAR CAPITAL
EXPENDITURE PROJECTS FOR
2014 TO 2016, WITH PRAYER
FOR ISSUANCE OF
PROVISIONAL AUTHORITY**

ERC CASE NO. 2015-018 MC

**AGUSAN DEL NORTE
ELECTRIC COOPERATIVE,
INC., (ANECO),
Applicant.**

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DOCKETED
Date: JUL 27 2015
By: M

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on April 29, 2015, the Agusan del Norte Electric Cooperative, Inc. (ANECO) filed an application for authority to secure loan to finance the interim capital expenditure project for 2013 and regular capital expenditure projects for 2014 to 2016, with prayer for provisional authority.

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

1. It is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Km. 2. J.C. Aquino Avenue, Butuan City, Agusan Del Norte;

2. It holds an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in the municipalities of Las Nieves, Remedios Trinidad Romualdez, Santiago, Tubay, Magallanes, Jabonga, Kitcharao, Nasipit, Buenavista and Carmen, and the cities of Butuan and Cabadbaran, all in the Province of Agusan Del Norte;
3. On June 6, 2013, it filed its interim capital expenditure project for 2013 and regular capital expenditure projects for 2014 to 2016 docketed as ERC Case No. 2013-129 RC, "In the Matter of the Application for Approval of the Interim Capital Expenditure Project for 2013 and Regular Capital Expenditure Projects for 2014 to 2016, with Prayer for Provisional Authority";
4. Its proposed capital projects to be financed are as follows:

Project Type	Project Description	Project Cost (PhP)	Year of Implementation
INTERIM CAPEX			
Capacity	Construction of 20 MVA Substation	36,560,000.00	2013
ANNUAL CAPEX			
Safety	Procurement of Three Phase Reclosers	5,940,000.00	2014 - 2016
Power Quality	Relocation of 5 MVA Santiago S/S	4,000,000.00	2015
OTHER CAPEX (Network)	Procurement, Replacement and Installation of kWh Meters 1P and 3P	42,026,460.00	2014 - 2016
	Procurement of Distribution Transformer	37,452,637.75	2014 - 2016
	Replacement of Rotten poles	25,416,472.65	2014 - 2016
	Procurement and Replacement of Current and Potential Transformer for primary metering of customer with station transformer 300 kVA and above	5,112,591.07	2014 - 2016
	Acquisition of Test Bench	4,000,000.00	2016
	Acquisition of Portable kWh-meter Calibrator Standard	1,500,000.00	2014

	Procurement of ACSR wires	15,591,300.00	2014 - 2016
	Procurement of Microprocessors Relay GE F650	3,000,000.00	2014 - 2016
OTHER CAPEX (Non- Network)	Acquisition of SCADA	50,000,000.00	2014 - 2016
	Construction of Fiber Optic Networks	15,421,750.00	2015-2016
	Acquisition of Software and Facilities for GIS	500,000.00	2014
	Procurement of Maintenance/Utility Vehicle	9,000,000.00	2014 - 2016
	Procurement of Crane Truck 30 tons	14,000,000.00	2014
TOTAL PROJECT COST (PhP)		269,521,211.47	2013 - 2016

5. It applied with the National Electrification Administration (NEA), Rural Electrification Financing Corporation (REFC) and Development Bank of the Philippines (DBP) for a loan accommodation/availment to finance its interim CAPEX for 2013 and the regular CAPEX 2014 to 2016:
 - 5.a. REFC granted to finance its interim CAPEX for 2013 amounting to PhP33,291,169.00, through a 5-year loan at 7.75% interest per annum;
 - 5.b. NEA granted to partially finance its regular CAPEX for 2014 to 2016 amounting to PhP97,961,211.47, through a 15-year loan at 6.2% interest per annum; and
 - 5.c. DBP granted to partially finance its regular CAPEX for 2014 to 2016 amounting to PhP135,000,000.00, through a 10-year loan at 5.4% interest per annum loan;
6. REFC has already released the total amount of PhP30,450,000.00 to finance its interim CAPEX for 2013, more particularly the construction of a new 20 MVA substation;
7. In line with its mandated commitment to provide its customers within its franchise area with a safe, efficient, quality, reliable and affordable supply of electric power, it seeks authority from the Commission to secure loan in the amount applied for granted by NEA, DBP and REFC in order to finance its interim and regular capital expenditure projects in ERC Case No. 2013-129 RC;

ALLEGATION IN SUPPORT OF THE PRAYER FOR PROVISIONAL APPROVAL

8. It repleads herein the foregoing allegations in support of its application for the issuance of provisional authority;
9. It has already obtained loan releases from REFC to finance its Interim CAPEX for 2013 which is the construction of a 20 MVA substation. The construction was necessitated in order to address its capacity problem, and was implemented with prior permission from the Commission;
10. Shown in the previous table of the proposed annual CAPEX Projects are the commissioning schedules;
11. Likewise, unforeseen situations or occurrences may arise which might necessitate the immediate implementation of any of the proposed CAPEX projects;
12. It moves that upon filing and initial evaluation of the application, a provisional authority be issued, allowing it to secure loans from NEA, DBP and REFC to finance the proposed projects, as it becomes necessary and urgent under specific circumstances, to implement and finance any of the proposed projects under ERC Case No. 2013-129 RC and to enable it deliver safe, reliable, quality and affordable electric service to its consumers;
13. In support of the application, it submitted the following documents:

Annex	Nature of Document
A	Certified True Copy of ANECO's Audited Financial Statements including notes for the years 2010 to 2013
B	Loan Approval and Agreements (NEA, REFC and DBP): <ol style="list-style-type: none"> 1. NEA Approval of ANECO's Loan Availment for, the REFC; 2. NEA Certification of Authority to Secure Loan (ASL), Loan Approval and Loan Agreement of ANECO's Loan Availment with NEA and Development Bank of the Philippines (DBP) under

	<p>Co-Financing Program;</p> <ol style="list-style-type: none"> 3. REFC Loan Approval; 4. REFC Loan Agreement; 5. DBP Loan Approval and Loan Agreement; 6. REFC Letter Indicating the 3 Tranche of Loan Releases; and 7. REFC Letter Indicating the difference between the Approved Loan & Actual Loan Released.
C	<p>Details or Specification of the Equipment/Projects and/or Items to be Purchased/Built and their Estimated Cost to which the Proceeds of the Loan will be Utilized.</p> <ol style="list-style-type: none"> 1. Detail and Specifications of Equipment, Projects and Items to be Purchased and Built; 2. Yearly Estimated Cost of Equipment, Projects, and Items to be Purchased and Built; 3. Yearly Amount of Loan Proceeds to be Utilized; and 4. Details of Specification of Equipment per Project.
D	<p>Bases/Reasonableness of the Estimated Cost per Project</p>
E	<p>Schedule of Amount Released and Corresponding Assets Acquired</p>
F	<p>Amortization Schedule Showing Principal and Interest Payments of Loans</p> <ol style="list-style-type: none"> 1. REFC Loan Amortization Schedule <ul style="list-style-type: none"> - First Released Loan Amortization - Second Released Loan Amortization - Third and Final Released Loan Amortization; 2. DBP Loan Amortization; and 3. NEA Loan Amortization Schedule.
G	<p>Copy of the ANECO's pending CAPEX Application docketed as ERC Case No. 2013-129 RC</p>
H	<p>Detailed Schedule of RFSC Utilization for the period of January 2010 to September 2014</p>

I	Indicative Rate Impact of the Project(s), with & without Loan
J	<p>Computation of Financial Ratios, Operating Results, Balance Sheet and Cash Flow</p> <ol style="list-style-type: none"> 1. Historical (2009-2013) and Projected Financial Ratios (2014-2023); 2. Historical (2013) and Projected Operating Results (2014-2023); 3. Historical (2013) and Projected Balance Sheet (2014-2023); and 4. Historical (2013) and Projected Cash Flow (2014-2023).
K	<p>Justification, Study, Computation and Benefits Resulting from Securing Loans</p> <ol style="list-style-type: none"> 1. Technical; and 2. Financial.
L	ANECO's Loan Profile with NEA
M	<p>ANECO's Board Resolutions:</p> <ol style="list-style-type: none"> 1. Resolution No. 21, Series of 2013, "A Resolution Authorizing the Filing with ERC of ANECO's Multi-Year CAPEX Application"; 2. Resolution No. 12, Series of 2013, "A Resolution Approving the 20-mVa Power Substation Project and a Loan Application with Rural Electrification Financing Corporation (REFC) in the Amount of PhP33,291,169.00"; 3. Resolution No. 22, Series of 2013, "A Resolution to Avail of Loan from REFC in the amount of PhP33,291,169.00 payable in five (5) years at 7.75% Annual Interest Rate; 4. Resolution No. 30, Series of 2014, "A Resolution Authorizing the Loan with the Development Bank of the Philippines (DBP) in the amount of PhP135 Million to partly finance the Coop's CAPEX projects for the years 2014-2016; and 5. Resolution No. 69, Series of 2014, "A Resolution

	Authorizing an Additional Loan with the NEA in the amount of PhP97,961,211.47 to Co-Finance with the Coop's CAPEX Projects for the years 2014-2016.
N	Judicial Affidavit in support of the Prayer for Provisional Authority

14. It prays that the Commission:

- a) Approve the application for authority to secure loan; and
- b) Issue, immediately upon filing of the application, a provisional authority to allow it to draw amounts from REFC, NEA and DBP to implement the CAPEX when approved.

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 3, 2015 (Thursday) at ten o'clock in the morning (10:00 A.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

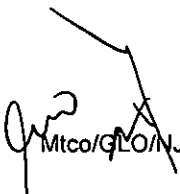
All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and 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 a 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 Commissioners, **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 20th day of July, 2015 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III


Mitco/GLO/NJS/2015-018MC/capex/aneco.NPH