

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF PROPOSED
ELECTRIC CAPITAL
PROJECTS FOR THE YEARS
2015 TO 2019 AND FOR
PRAYER FOR PROVISIONAL
AUTHORITY**

ERC CASE NO. 2015-202 RC

**TICAO ISLAND ELECTRIC
COOPERATIVE, INC.
(TISELCO),**

Applicant.

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D O C K E T E D

Date: FEB 22 2016

By: W

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 2 December 2015, the Ticao Island Electric Cooperative, Inc. (TISELCO) filed with the Commission an application for the approval of its proposed electric capital projects for the years 2015 to 2019, with prayer for provisional authority.

In the said application, TISELCO alleged, among others, that:

1. TISELCO is an electric cooperative duly established and existing pursuant to the provision of P.D. 269 as amended by P.D. 1645 and was issued a fifty (50) year Franchise to operate by the National Electrification Administration (NEA). TISELCO has for its principal office located at San Jacinto, Ticao Island, Masbate and represented by its General Manager, Ricardo P. Largo, also with office address also at San Jacinto, Ticao Island, Masbate;

2. Pursuant to ERC Resolution No. 26, Series of 2009, and in accordance with Section 3.5 and other provision of Article III of the Amended Rules for the Approval of Regulated Entities Capital Expenditure Projects, and likewise in accordance with its mandate to render reliable, adequate and efficient electric service to all its consumer-members on an area coverage basis, TISELCO seeks the authority from this Commission for the approval of its Five-year Capital Expenditure Projects (CAPEX) for the years 2015 and 2019, due to the deteriorating condition of old equipment and to acquire additional equipment to augment old ones, as follows:
 1. **Network CAPEX Project** – consisting of rehabilitation of distribution lines, replacement of poles, meters and others, as follows:
 - a. Conversion of 10.48 circuit-km Single-Phase Line to Three-Phase Line in the amount of PhP6,429,481.28;
 - b. Reconductoring of loaded Secondary Lines which Transformer loading is at least 70% from No. 2 ACSR to 1/10 ACSR in the amount of PhP1,624,000.00;
 - c. Replacement and Installation of Grounding for all Distribution Transformers in the amount of PhP988,980.00;
 - d. Replacement of Old, Ageing, Inappropriate Dilapidated, Stop and Inaccurate Electro-Mechanical Meters with Electronic meters (Mechanical Register) in the amount of PhP6,260,000.00;
 - e. Installation of two Vacum Circuit Reclosers at midstreams for both feeders in the amount of PhP1,623,155.27;
 - f. Installation and Splitting of Load of Distribution Transformers in the amount of PhP2,189,433.09;
 - g. Replacement of Rotten Poles, Damaged Crossarms and Guying in the amount of PhP1,988,685.50;
 - h. Acquisition of Buffer Stocks for 10% of Whole Distribution System Materials in the amount of PhP3,360,376.00; and

i. Rural Electrification Projects (GAA SE/BLEP Subsidy) in the amount of PhP100,814,408.00;

2. **Other Network CAPEX Project** – Distribution Transformer; Low Voltage Distribution Lines; Service Drop Wires; and Metering Requirements for the year 2015-2019:

a. Distribution Transformer	-	PhP	2,840,001.85
b. Low Voltage Distribution Lines	-	PhP	1,898,675.82
c. Service Drop Wires	-	PhP	1,108,602.00
d. Metering Requirements	-	<u>PhP</u>	<u>1,927,074.00</u>
Sub-total		PhP	7,774,353.67

3. **Non-Network CAPEX Project (For the year 2016)**

a. Acquisition of Onsite Accuracy Meter Test Equipment	-	PhP	400,000.00
b. Building Expansion	-	PhP	3,000,000.00
c. Acquisition of Linemen Tools and Equipment	-	PhP	603,250.00
d. Acquisition of Vehicle	-	PhP	<u>1,207,500.00</u>
Sub-total		PhP	5,210,750.00

TOTAL AMOUNT OF CAPEX PhP138,263,622.81

3. In compliance with the guidelines and documentary requirements of this Commission, TISELCO submits the following documents which are attached to the application, as follows:

- Historical and Forecast Planning Data;
- Technical and Engineering Analysis;
- Project Financial and Economic Cost Benefit Analysis;
- Project Cost Estimates;
- Project Descriptions and System Study of The Projects;
- Proposed GANTT CHART Schedule;
- System Map;
- Single Line Diagram of the System;
- Board Resolution approving the Proposed Projects; and
- Sworn Statement;

PROJECT DESCRIPTION

4. These CAPEX Projects are also part of TISELCO's Distribution Development Plan. TISELCO intends to request for the provisional approval of the proposed CAPEX Projects for the year 2015-2019 due to the deteriorating condition of old equipment. TISELCO intends to purchase new ones to augment and/or replace the old equipment and line materials as well as needed vehicles such as utility vehicles and repair/extension of its office building;

5. The components of this CAPEX Projects are also geared towards rehabilitation, expansion, acquisition of needed tools and equipment such as kWhr meters and upgrading of various facilities of TISELCO for sustainable growth and development in order to render a more reliable and efficient service to all its customers within its area coverage;

BENEFITS

6. TISELCO aims to further enhance as well as maintain reliability programs geared towards the delivery of a more efficient and satisfying electric service to its member consumers;

RATE IMPACT

7. Funding for the acquisition and purchase of technical and non-technical capital expenditures will be taken from the Member's Contribution for Capital Expenditures or the Reinvestment Fund for Sustainable Capital Expenditures (RFSC) based on the projected load growth (conservatively computed based on simulated normal growth rate) of the TISELCO, as shown below:

Particulars	2015	2016	2017	2018	2019	5-Year Impact
RFSC Balance (beginning of year)	-	(323,729.33)	(6,746,812.04)	(8,898,153.75)	(10,780,960.71)	-
Forecasted Sales (kWh)	5,480,698.63	5,725,710.81	5,948,242.38	6,151,454.52	6,338,116.57	29,644,222.92
CASH INFLOWS						
RFSC collected funds @ 0.3761	2,061,290.76	2,153,439.84	2,237,133.96	2,313,562.05	2,383,765.64	11,149,192.24

ERC CASE NO. 2015-202 RC
Notice of Public Hearing/15 February 2016
Page 5 of 7

Rent from property (50%)	252,658.50	252,658.50	252,658.50	252,658.50	252,658.50	1,263,292.48
Loan Proceeds		27,027,314.47	-			27,027,314.47
Government Subsidy						-
Total Cash Inflows	2,313,949.25	29,433,412.81	2,489,792.46	2,566,220.54	2,636,424.14	12,412,484.72
Available cash for disbursement	2,313,949.25	29,109,683.48	(4,257,019.59)	(6,331,933.21)	(8,144,536.57)	39,439,799.19
CASH OUTFLOWS						
CAPEX Project	1,679,907.28	32,416,069.89	1,638,971.76	1,448,295.17	1,389,447.15	38,572,691.25
Amortization payments old loan	945,172.00	322,875.00	115,440.00	115,440.00	115,440.00	1,614,367.00
Amortization TransCo starting 2012						
Amortization Payments starting 2016		2,874,430.11	2,874,430.11	2,874,430.11	2,874,430.11	11,497,720.44
ERC permit fee	12,599.30	243,120.52	12,292.29	10,862.21	10,420.85	289,295.18
Total Cash Outflows	2,637,678.58	35,856,495.52	4,641,134.16	4,449,027.50	4,389,738.12	51,974,073.88
EXCESS/ (SHORTFALL) PhP	(323,729.33)	(6,746,812.04)	(8,898,153.75)	(10,780,960.71)	(12,534,274.69)	(12,534,274.69)
EXCESS/ (SHORTFALL) on RFSC PhP/kWh	(0.06)	(1.18)	(1.50)	(1.75)	(1.98)	(0.4228)

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

8. Finally, in compliance with the pre-filing and other documentary requirements under the ERC Rules of Practice and Procedure as well as ERC Resolution 26, Series of 2009, TISELCO is submitting the following documents which are attached to the application, to wit:

Annex No.	Nature of Document
A	TISELCO Board Resolution approving the application and authorizing its General Manager to sign and execute the required documents;
B	Proof of furnishing copies of the application to the Sanguniang Bayan of San Jacinto, Ticao, Masbate, and Sanguniang Panlalawigan of Masbate; and
C	Publication of the application in a newspaper of general circulation within TISELCO's franchise area;

9. TISELCO prays of this Commission to render a decision approving the following:
 - a. Proposed Capital Projects in the total amount of PhP138,263,622.81; and
 - b. Payment of permit fee on installment basis; and
10. In view of the need to immediately implement the various projects which are necessary to replace the old equipment and to acquire new or additional materials and equipment, it is further prayed for the issuance of a provisional authority.

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **25 May 2016 (Wednesday) at nine o'clock in the morning (9:00 A.M.) at the TISELCO Main Office, San Jacinto, Ticao Island, Masbate.**

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 wish to have a copy of the application may request from the applicant that they be furnished with the same, prior to the date of the initial hearing. The 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 Chairman, **JOSE VICENTE B. SALAZAR**, and 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 15th day of February, 2016 at Pasig City.


ATTY. NATHAN J. MARASIGAN
Chief of Staff
Office of the Chairman and CEO