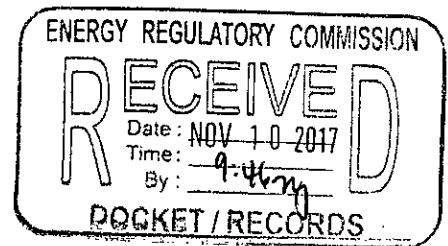


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City

IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF THE  
REGULATED ENTITIES  
MULTI YEAR CAPITAL  
EXPENDITURE PROJECT  
(CAPEX) FOR YEAR  
2017 TO 2019 WITH  
APPLICATION FOR  
AUTHORITY TO  
SECURE LOAN  
FROM THE NATIONAL  
ELECTRIFICATION  
ADMINISTRATION AND  
PRAYER FOR  
PROVISIONAL AUTHORITY

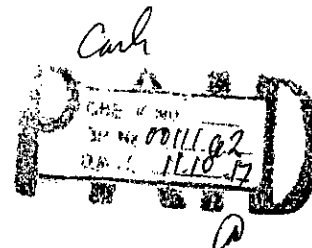


2017-105

ERC CASE NO. \_\_\_\_\_ RC

PANGASINAN I ELECTRIC  
COOPERATIVE (PANELCO I)

Applicant



X-----X

## **APPLICATION with MOTION FOR PROVISIONAL AUTHORITY**

Applicant, Pangasinan I Electric Cooperative (PANELCO I), by Counsel unto this Honorable Commission, most respectfully states that:

### **THE APPLICANT**

1. Applicant Pangasinan I Electric Cooperative (PANELCO I) is an Electric Cooperative duly organized and existing under and by virtue of the laws of the Philippines, with principal office at San Jose, Bani, Pangasinan, represented in this instance by its General Manager Dionisio O. Opolento, Jr., of legal age, Filipino, married with office address at San Jose, Bani, Pangasinan, duly authorized by virtue of Board Resolutions No. 17-187 dated October 19, 2017 of the Board of Directors;
2. Herein Applicant is the exclusive franchise holder of a Certificate issued by the National Electrification Commission on January 8, 1979 to operate an electric light and power services in the city of Alaminos and municipalities of Agno, Anda, Bani, Bolinao, Burgos, Dasol, Infanta and Mabini, all in the province of Pangasinan.
3. The filing of the instant application is likewise authorized under Board Resolutions No. 17-105 dated June 22, 2017.

### **The Application and its Purpose**

4. This application is filed in compliance with ERC Resolution No. 26, Series of 2009 (A Resolution Amending the Rules for Approval of regulated Entities' Capital Expenditure Projects)" adopted pursuant to the mandate of Section 43 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) and its Implementing Rules and Regulations, in relation to ERC Resolution No. 13, Series of 2006 entitled "A Resolution Adopting the Guidelines to govern the Submission, Evaluation and Approval of Electric Distribution Capital Projects", which categorically provides that all capital expenditure projects

(CAPEX) shall be submitted to and for the approval of the Commission prior to implementation;

5. The aforecited guidelines were adopted and issued by the Honorable Commission in furtherance of the following rationale:
  - a. To ensure that the projects are timely, appropriate, necessary, and cost efficient;
  - b. To ensure that the proposed capital projects are consistent with the Distribution Development Plan (DDP), the Philippine Grid Code (PGC), the Philippine Distribution Code (PDC), and other relevant government issuances; and
  - c. To ensure that the procurement of equipment, materials and services are transparent, competitive and compliant with the applicable laws and regulation.

### The Projects

6. In Accordance with ERC Resolution No. 20, Series of 2011 "A resolution adopting the revised timelines for the filing of Multi-Year Capital Expenditure (CAPEX) applications of electric cooperatives prescribed in Section 6.2 (Transitory Provision) of the Amended Rules for the approval of regulated entities' Capital Expenditure Projects", it provides for the filing of Interim CAPEX projects referred to as those capital projects for the period prior to the 1<sup>st</sup> regulatory CAPEX plan coverage. Furthermore, in accordance with ERC Resolution No. 20, Series of 2011 " A resolution adopting the revised timelines for the filing of Multi-Year Capital expenditure (CAPEX) applications of electric cooperatives prescribed in Section 6.2 (Transitory Provision) of the Amended Rules for the approval of regulated entities' Capital Expenditure Projects", the applicant states that the following projects sought to be approved in this application is consistent with its Distribution Development Plan with a total estimated cost of **Php 1,004,815,827.71**.

#### 6.1 THE CAPITAL PROJECTS:

##### 6.1.1 Network Projects

Capital Projects		SCHEDULE AND COST of Capital Expenditure Projects			Total
No.	Project Description	Implementation Year and Cost			
		2017	2018	2019	
	<b>Network Projects</b>				
	Substation and Subtransmission Dev. Plan				

1	Capacity	Acquisition and Installation of additional 10 MVA Power Transformer to the Existing Bani substation	60,631,254.72			60,631,254.72
2	Capacity / Power Quality	Acquisition and Installation of additional 20MVA Substation 5.5 km from Tara Ss		126,488,826.82		126,488,826.82
3	Capacity	Aquisition and Installation of additional 10 MVA Power Transformer to the Existing Palamis substation			48,075,311.54	48,075,311.54
4	Safety	Replacement of out modeled secondary protection devices, severed primary protection devices and severed panel board secondary protection devices	12,731,400.00	4,505,600.00		17,237,000.00
5	Power Quality	Installation and Replacement of existing Feeder Metering	411,587.00			411,587.00
6	Safety	Relocation of 69 kV Line (DPWH Widening Projects)	1,347,500.00			1,347,500.00

	<b>MV (13.2kv) Distribution Development Plan</b>					
7	Safety	Relocation of Electrical Lines due to Road Widening (DPWH Projects)	6,404,785.97	6,558,500.83	6,715,904.85	19,679,191.65
8	Capacity	Electrical Lines Requirement	21,089,407.98	18,925,509.31	19,379,721.53	59,394,638.82
9	Reliability	Replacement of Cut-Outs on Strategic Places		2,928,640.00		2,928,640.00
10	Reliability	Installation of Fault Indicator on Strategic Places		3,505,740.23		3,505,740.23
11	Safety / Capacity / Reliability	Rerouting and Upgrading From Single Phase primary line to three Phase from Gais Guipe Lake - Uli		23,288,094.19		23,288,094.19
12	Safety / Reliability	Rerouting of of 13.2 kV Three Phase Primary Line (Catubig to Mal-ong, Anda)			874,117.86	874,117.86
13	Capacity	Rural Electrification Projects	26,383,879.46	44,709,759.25	9,391,190.90	80,484,829.61
14	Reliability	Acquisition of Buffer Stock for Line Hard Wares	18,864,933.74	19,317,692.15	19,781,316.76	57,963,942.65

LV (240V) Service Development Plan						
15	Capacity	Replacement of Busted Distribution Transformers	5,694,684.19	5,831,356.61	5,971,309.17	17,497,349.97
16	Capacity	Distribution Transformer Requirement	13,549,835.41	15,691,082.36	18,202,042.98	47,442,960.75
17	System Loss	kWhr-meter Replacement Requirement	2,759,900.00	2,826,137.60	2,893,964.90	8,480,002.50
18	Capacity	kWhr-meter New Connection Requirement	43,039,829.82	46,693,049.13	52,114,546.45	141,847,425.40
19	Capacity	Service Drop Wires Requirement	3,354,813.00	3,644,371.91	4,019,995.11	11,019,180.02
20	System Loss	Crimping of Service Drops Wires	1,168,596.00	1,051,674.62	1,084,181.45	3,304,452.07
21	Capacity	Extension of Secondary Line Requirement	2,940,768.82	3,011,347.27	3,083,619.61	9,035,735.70
22	Safety	Replacement of PCB Contaminated Electrical Equipment	12,445,616.77	12,744,311.57	13,050,175.05	38,240,103.39
23	System Loss	Installation of Distribution Transformer Check-meters (kWhr-mtr)	11,859,287.00			11,859,287.00

## 6.1.2 Non-network Projects

Non-network Projects						
24	Non-network	Utility Vehicles requirement	17,109,400.00	21,445,529.60	15,234,550.99	53,789,480.59
25	Non-network	Construction of Sub-Office Buildings in the Town of Alaminos	4,792,038.11			4,792,038.11
26	Non-network	Construction of an Administrative Building		44,183,040.00	45,243,432.96	89,426,472.96
27	Non-network	Replacement of Network switch and Old unserviceable Computers with Brand New Units	611,077.50	264,535.04	270,883.88	1,146,496.42
28	Non-network	Acquisition of Wireless Communication System	5,348,805.00			5,348,805.00
29	Non-network	Acquisition and Installation of Back-Up Power Generator System			2,373,120.43	2,373,120.43
30	Non-network	Labeling Materials	1,648,003.50			1,648,003.50
31	Non-network	Software (Accounting System, Consumer Management System, electric Billing & Collection Integrated	11,206,654.94	5,420,385.35		16,627,040.29

		System, Warehouse & Inventory)				
32	Non-network	PCB Equipment Storage Facility and PCB Equipment Disposal	6,999,035.12	8,339,555.84	2,998,835.09	18,337,426.05
33	Non-network	Procurement of Testing Measuring Equipment for Substations, power quality and metering		3,469,312.00		3,469,312.00
34	Safety	Personal Protective Equipment and Safety Tools Requirement	2,610,696.00	1,530,056.70	2,668,307.15	6,809,059.85
35	Non-network	Procurement of Tools and Equipment for Line Maintenance	2,757,095.00	2,777,679.87	4,476,625.75	10,011,400.62
<b>Yearly TOTAL ( PHP )</b>			<b>297,760,885.05</b>	<b>429,151,788.25</b>	<b>277,903,154.41</b>	
<b>Grand TOTAL ( PHP )</b>			<b>1,004,815,827.71</b>			

**6.1.1 Type of the Capital Expenditure Projects in accordance with Section 2.3 of Resolution No. 26 Series of 2009.**

6.1 Item 6.1.1 above categorizes the project as Network CAPEX which will address safety, capacity, power quality reliability and system loss of the distribution system of the electric cooperative. It also includes rural electrification of lines to address demand for line extension.

**CAPITAL EXPENDITURE PLAN**

**7. Network CAPEX Projects**

With the current status of the electric power industry in relation to consumers demand, the Coop finds it fitting to undertake on asset development with the following justifications:

The Network Projects are provisions that have to be implemented to address and comply with the reforms in the power industry and the increasing demand of the consumers. Safety of life and property cannot be compromised, thus, it is very necessary to

rehabilitate over-extended and overlapping service drop wire connection in the area to avoid short circuit that may cause damage to life and property, to address the demand load growth and possible connection point of potential consumers.

Power quality and reliability is very essential to customer satisfaction and it will require the projects to be carried out such as the replacement of fuselink with auto link in strategic places to readily identify affected overhead lines, same as the installation of fault indicator to comply with the standard bandwidth set for SAIFI and MAIFI and most important of all is to minimize duration of interruption.

Non implementation of the Network CAPEX project will sacrifice safety and expose persons and property to risk. In addition, it will also have an adverse effect on the improvement of voltage delivery and duration of power interruption.

## **8. Non-Network CAPEX Projects**

Among the proposed projects will solve the complex steps and procedures of the day to day transaction through software that will smooth the flow of operation making it faster and accurate. The labeling of property will also be needed for the reliable output of system loss segregation using the Distribution System Application Software. And to protect the workforce who is the greatest asset of the company, personal protective equipment and tool set will be provided among others.

## **PROJECT FINANCING PLAN**

The Applicant in the implementation of the project shall source its funds from the collection of Reinvestment Fund from Sustainable CapEx (RFSC) from member-consumers and the availment of loan from the National Electrification Administration (NEA).

## INDICATIVE RATE IMPACT

9. Table below is the computed indicative rate impact

	2017	2018	2019	2020	2021	2022	TOTAL
Forecasted energy sales, kWh	114,531,289	125,617,079	138,035,010	151,951,599	167,533,366	184,946,828	882,615,170.85
Cash balance beginning, PhP, excess/(shortfall)	58,014,920.19	6,169,108.78	119,168,789.89	(139,610,162.12)	(178,158,520.45)	(211,868,716.47)	58,014,920.19
<b>CASH INFLOWS</b>							
current year collection @PhP0.2508/kWh	28,724,447.37	31,504,763.34	34,619,180.39	38,109,461.15	42,017,368.26	46,384,664.34	221,359,884.85
50% of income on leased properties	400,212.00	400,212.00	400,212.00	400,212.00	400,212.00	400,212.00	2,401,272.00
loan proceeds from financial institutions, PhP	250,000,000.00	500,000,000.00	50,000,000.00	-	-	-	800,000,000.00
government subsidy (if any), PhP	34,136,165.43	51,268,260.08	16,107,095.75	-	-	-	101,511,521.26
<b>Total Cash Inflows, PhP</b>	<b>313,260,824.80</b>	<b>583,173,235.42</b>	<b>101,126,488.14</b>	<b>38,509,673.15</b>	<b>42,417,580.26</b>	<b>46,784,876.34</b>	<b>1,125,272,678.11</b>
Available cash for disbursement	371,275,744.99	589,342,344.20	220,295,278.03	(101,100,488.97)	(135,740,940.19)	(165,083,840.13)	1,183,287,598.30
<b>CASH OUTFLOWS</b>							
CAPEX requirement	297,760,885.05	429,151,788.25	277,903,154.40	-	-	-	1,004,815,827.71
old debt (previous CAPEX), PhP	65,112,544.52	14,013,197.56	8,548,221.83	930,255.20	-	-	88,604,219.11
new amortization (new CAPEX), PhP	-	23,789,930.09	71,369,790.26	76,127,776.28	76,127,776.28	76,127,776.28	323,543,049.17
ERC Permit Fee, PhP	2,233,206.64	3,218,638.41	2,084,273.66	-	-	-	7,536,118.71
<b>Total Cash Outflows, PhP</b>	<b>365,106,636.21</b>	<b>470,173,554.31</b>	<b>359,905,440.15</b>	<b>77,058,031.48</b>	<b>76,127,776.28</b>	<b>76,127,776.28</b>	<b>1,424,499,214.70</b>
Cash balance ending, PhP, excess/(shortfall)	6,169,108.78	119,168,789.89	(139,610,162.12)	(178,158,520.45)	(211,868,716.47)	(241,211,616.41)	(241,211,616.41)
<b>Excess/(shortfall) on RFSC, PhP/kWh</b>	<b>0.0539</b>	<b>0.9487</b>	<b>(1.0114)</b>	<b>(1.1725)</b>	<b>(1.2646)</b>	<b>(1.3042)</b>	<b>(0.2733)</b>

## AUTHORITY TO SECURE LOAN FROM NEA

10. As shown above the proposed projects shall be financed partly through a loan from NEA considering that the cooperative's RFSC is not readily available and further not sufficient to finance the implementation of of the proposed projects as planned. In view thereof, the cooperative hereby applies for authority from the Honorable Commission to secure said loan from NEA.



## **MOTION FOR PROVISIONAL AUTHORITY**

11. As shown in the table of proposed projects, some of the projects will need implementation while the instant application is pending evaluation of the Honorable Commission, or unforeseen situations or occurrences may arise which might necessitate the immediate implementation of a particular proposed project.
12. In view thereof, application respectfully moves for a provisional authority while the application is pending, to implement said projects as may be deemed necessary and urgent under the circumstances, to enable the cooperative to deliver a safe, more reliable and efficient electric service to its consumers.

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

13. In compliance with Section 2, Rule 6 of the ERC Rules of Practice and Procedure, copies of this application together with all its supporting annexes and accompanying documents had been furnished to the Local Government Units' legislative bodies within the franchise area and published the Application in its entirety in a newspaper of general circulation in the province of Pangasinan.
14. The application is primarily intended to allow Applicant to improve its distribution system and to provide better reliable, adequate and efficient electric service to the member-consumers in the coverage area.
15. Finally, in compliance with the pre-filing and other documentary requirements under the ERC Rules of Practice and as well as ERC Resolution 26, Series of 2009, PANELCO I is submitting herewith the following documents which are made integral parts hereof, to wit:

<b>Annex No.</b>	<b>Nature of Document</b>
A	Executive Summary of the proposed projects

B	Affidavit of Undertaking that the corresponding application for approval of concerned agencies shall be filed, when required
C	Affidavit of Posting/Proof of Public Information Dissemination and notice to Consumers
D	Supporting documents for the Application for Authority to Secure Loan from NEA
E	Judicial Affidavit in Support of the Motion for Provisional Authority
F	PANELCO I Board Resolution approving the application and authorizing its General Manager to sign and execute the required documents.
G	Proof of Furnishing copies of the application to the Sanguniang Bayan of Agno, Anda, Bani, Bolinao, Burgos, Dasol, Infanta Mabini and City of Alaminos
H	Publication of the Application in a newspaper of general circulation within PANELCO I franchise area

## **PRAYER**

**WHEREFORE**, premises considered, applicant Pangasinan I Electric Cooperative (PANELCO I) respectfully prays of this Honorable Commission that:

1. upon initial review of the instant application and pending evaluation hereof, the cooperative be permitted to implement any of the proposed projects as well as secure loan from the National Electrification Administration (NEA) to finance the same, as may be deemed necessary and urgent under prevailing circumstances; and
2. after due notice and hearing , the cooperative's proposed additional Capital Expenditure Projects for Years 2017 to 2019 be granted and the loan being secured from NEA to finance some of the projects be authorized and approved accordingly.

Other and further reliefs just and equitable are also prayed for.

Alaminos City, Pangasinan for Pasig City, 27 day of October, 2017.

**ALFRED FELIX E. DE CASTRO**  
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PTR No. 0437682 / 01-03-2017, Alaminos City  
Roll of Attorneys No. 52719  
MCLE Comp. No. V 0024793 2-1-17

## **VERIFICATION AND CERTIFICATION**

I, Dionisio O. Opolento Jr., of legal age, Filipino, and with business address at San Jose, Bani, Pangasinan, under oath state that, I am the petitioner in the above caption case and have caused the preparation of the Application for Approval of the Regulated Entities' Multi Capital Expenditure Projects (CAPEX) for years 2017, 2018 and 2019. That I have read the same and that the contents thereof are true and correct to the best of my personal knowledge and authentic documents.

### **AND I CERTIFY THAT:**

I have not filed any case of the same nature in the Supreme Court or any other court, tribunal or administrative agency and I do not know of any case of the same nature pending before the court or any other court, tribunal or administrative agency, and if one should come to my knowledge, I shall inform this Commission within five (5) days from notice.

  
**DIONISIO O. OPOLENTO, JR.**  
General Manager

SUBSCRIBED AND SWORN TO before me this 27 day of OCT 2017  
2017 at ALAMINOS, PANGASINAN.

ATTY. ALFRED FELIX E. DE CASTRO  
Notary Public  
**NOTARY PUBLIC**  
IBP No 1015241-1-4-2017  
PTR No. 0437682-1-3-17  
Roll of Attorney No. 52719

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