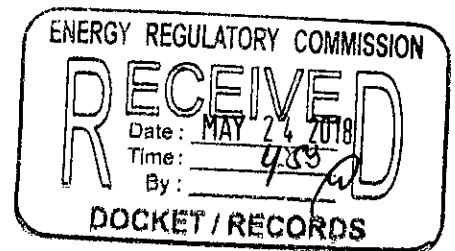


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

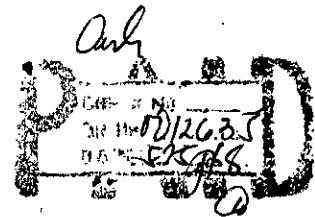
IN THE MATTER OF THE APPLICATION
FOR APPROVAL OF REGULATED
ENTITIES' CAPITAL EXPENDITURE
PROJECTS FOR 2010 TO 2017 AND
AUTHORITY TO SECURE LOAN
FROM THE NATIONAL
ELECTRIFICATION ADMINISTRATION
(NEA) AND BANK/OTHER FINANCING
INSTITUTION, WITH PRAYER FOR THE
ISSUANCE OF PROVISIONAL AUTHORITY



ERC Case No. 2018 - 049 RC

NUEVA ECIJA II ELECTRIC
COOPERATIVE, INC. - AREA 1
(NEECO II - AREA 1),
Applicant.

x-----x



APPLICATION

Applicant Nueva Ecija II Electric Cooperative, Inc. - Area 1
(NEECO II - AREA 1, for brevity) most respectfully states:

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Calipahan, Talavera, Nueva Ecija, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. NELSON M. DELA CRUZ, of legal age, Filipino, and with office address also at NEECO II AREA 1 main office;

2. It is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the municipalities and city of the province of Nueva Ecija, namely: Talavera, Lupao, Carranglan, Aliaga, Quezon, Licab, Sto. Domingo, Science City of Munoz, Guimba and Talugtug;
3. It hereby submits its proposed capital expenditure projects for the years 2010 to 2017 in accordance with the provisions of Republic Act No. 9136, otherwise known as "Electric Power Industry Reform Act of 2001 (EPIRA)", and the implementing guidelines adopted by the Energy Regulatory Commission (ERC) under Resolution No. 26, Series of 2009, more specifically the Amended Rules for the Approval of Regulated Entities' Capital Expenditure Projects;
4. In compliance with the ERC rules, it states clearly the description of each project and attaches relevant documents to support the following requirements: a) Project Code, b) Project Type, c) Project Category, d) Project Title, e) Project Cost, f) Project Duration, g) Project Description, h) Project Justification, i) Technical Analysis, j) Economic Analysis, k) Annexes, and l) Project Financing Plan;
5. The summary of the proposed capital projects are presented below;

A. NETWORK PROJECTS

<u>Code</u>	<u>Project Title</u>	<u>Project Cost</u>
N-01	Replacement of Rotten Wood Poles	P 18,746,358.93
N-02	Distribution System Maintenance Materials	6,223,833.56
N-03	Improvement of Existing Distribution Facilities	37,454,970.70
N-04	Relocation of Feeder 72 Backbone Line	2,873,649.00
N-05	Safety Project of Quezon Substation Protection	5,489,487.00
N-06	Construction of Lupao Substation 69KV Subtransmission Lines	70,962,850.90
N-07	Uprating of Talavera Substation	30,752,817.00

N-08	Uprating of Guimba Substation	38,326,066.00
N-09	Uprating of Aliaga Substation	7,291,065.00
N-10	Reconductoring of Feeder 11 Backbone Line	4,130,253.59
N-11	Reconductoring of Feeder 13 Backbone Line	11,265,467.00
N-12	Reconductoring/Reconfiguration of Feeder 41 Backbone Line	8,138,670.00
N-13	Installation of Sectionalizing & By-pass Switch	10,739,219.61
N-14	Kwh Meter Clustering	26,319,632.11
N-15	Replacement of Old and Defective kWhr Meter	<u>66,850,397.97</u>
	Sub-total	<u>P345,564,738.38</u>

B. OTHER NETWORK PROJECTS

ON-01	Installation of kWhr Meter & Service Drop	37,431,527.65
ON-02	Installation of Distribution Transformer	53,827,013.59
ON-03	Extension of Primary and Secondary Line	<u>6,326,851.09</u>
	Sub-total	<u>P97,585,392.34</u>

C. NON-NETWORK PROJECTS

NN-01	Building Structure & Improvements	13,837,945.02
NN-02	Transportation Equipment	19,397,400.00
NN-03	IT Equipment	18,820,548.03
NN-04	Lot for the Zone II Office	30,000,000.00
NN-05	Laboratory & Power Operated Equipment	<u>3,100,000.00</u>
	Sub-total	<u>P85,155,893.05</u>

D. NETWORK CAPEX

E-01	Construction of DX Lines to Sitios	<u>26,431,534.03</u>
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GRAND TOTAL **P554,737,557.80**
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6. The capital expenditure (CAPEX) projects are necessary for effective operation and maintenance of the distribution system of NEECO II - AREA 1 in order to provide safe, efficient, reliable, least cost and quality electric services to consumers;
7. The CAPEX projects are in compliance with the Philippine Grid Code (PGC), Philippine Distribution Code (PDC), the latest edition of the Philippine Electrical Code (PEC), the provisions of Republic Act No. 9136 and its implementing rules and regulations, and the implementing guidelines on CAPEX projects;
8. The CAPEX projects are consistent with NEECO II - AREA 1's Distribution Development Plan that was submitted to the Department of Energy (DOE);
9. The CAPEX projects will be financed by the Reinvestment Fund for Sustainable Capex (RFSC), loans from NEA and Bank/Other Financing Institution and Rural Electrification Subsidy;
10. In compliance with the pre-filing requirements, NEECO II - Area 1 is submitting the following:
 - a. Certification from the Sangguniang Bayan of Talavera, Nueva Ecija that a copy of the application, with all its annexes and accompanying documents, attesting to the fact that applicant has furnished the said legislative body of the aforesaid application;
 - b. Certification from the Sangguniang Panlalawigan of Nueva Ecija that it likewise has furnished the said pertinent documents; and
 - c. Affidavit of Publication and a newspaper issue containing the published Application in its entirety in a newspaper of general circulation in the Province of Nueva Ecija;

MOTION FOR ISSUANCE OF PROVISIONAL AUTHORITY

11. The replacement of Old and Defective kWhr Meters were implemented from 2010 up to 2017. This is necessary and the most effective countermeasures to correct the numerous consumers billing error complaints and to reduce the losses contributed by the inaccuracy of kWhr meter registration. The Honorable Commission was accordingly informed before the actual implementation. This particular CAPEX project was included in 2010-2014 CAPEX Application but required to re-apply the same in the next CAPEX Application;
12. Kwh Meter Clustering was likewise implemented to address the non-technical losses due to pilferages. This is in accordance with the ERC Resolution No. 11, Series of 2009 regarding the installation and relocation of residential electric meters by DUs. The Honorable Commission was likewise informed before its implementation and this project was also include in 2010-2014 wherein the applicant was mandated to include the same in the next CAPEX application;
13. In 2012, the Reconductoring of Feeder 11 Backbone Line was implemented because the result of the simulation showed that the projected power quality profile of Feeder 11 is predicted to get worse and also followed a corresponding increase in the technical loss. Thus, the Power Quality Problems must be corrected to comply with the requirement of the Philippine Grid Code and Philippine Distribution Code. In as much as this project qualified/passed to the technical and financial criteria as the technically feasible and the most economical project among the alternative taken, hence, it was selected project for implementation. This project was also include in 2010-2014 and the applicant was advised to include the same in the next CAPEX application;
14. The Construction of Lupao Substation and 69KV Subtransmission Lines, Reconductoring/Reconfiguration of Feeder 41 Backbone Line, and Safety Project of Quezon Substation Protection were included in 2010-2014 CAPEX Application but implemented in 2015, 2016 and 2017,

respectively, after proper information to the competent authority (Energy Regulatory Commission [ERC]);

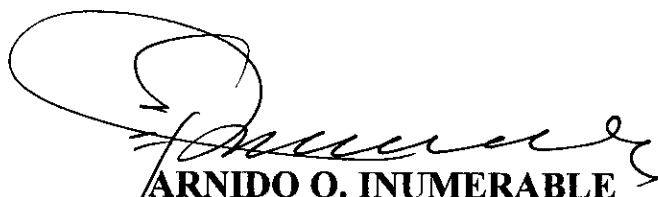
15. All other CAPEX projects were already implemented, after duly informing the Honorable Commission, except the uprating of the substations which are still on-going; and
16. The implementation of the CAPEX projects by the herein applicant actually avoided irreparable losses and deterioration of its services, danger and damage to the consumers. It also sustain the power needs of its customers. Confirmation, therefore, by the Honorable Energy Regulatory Commission of the said implementation of the CAPEX projects by the applicant, through issuance of provisional approval, is of urgent necessity.

PRAYER

WHEREFORE, premises considered, applicant Nueva Ecija II Electric Cooperative, Inc. - Area 1 (NEECO II - Area 1) respectfully prays of this Honorable Commission the following:

- a. Immediately issue a Provisional Authority (PA) authorizing and/or confirming the implementation made by NEECO II - AREA 1 of the CAPEX projects;
- b. After due notice and hearing and consideration, the Provisional Authority be made permanent; and
- c. Other reliefs, just or equitable, are likewise prayed for.

Cainta, Rizal for Pasig City, May 11, 2018.



ARNIDO O. INUMERABLE
Counsel for Applicant NEECO II AREA 1
405 Elisa Street, U.E. Village, Cainta, Rizal
PTR No. 5846984, 1-30-18, Q.C.
IBP No. AR002036, 1-30-18, Q.C.
Roll of Attorneys No. 28764
MCLE Compliance No. V-0007400, 4-23-15

REPUBLIC OF THE PHILIPPINES)
MUNICIPALITY OF TALAVERA) S.S.
PROVINCE OF NUEVA ECIJA)

**VERIFICATION AND CERTIFICATION
OF NON-FORUM SHOPPING**

I, **ENGR. NELSON M. DELA CRUZ**, of legal age, Filipino, married, with office address at Nueva Ecija II Electric Cooperative, Inc.- Area 1 (NEECO II - AREA 1), Calipahan, Talavera, Nueva Ecija, having been sworn in accordance with law hereby depose and say:

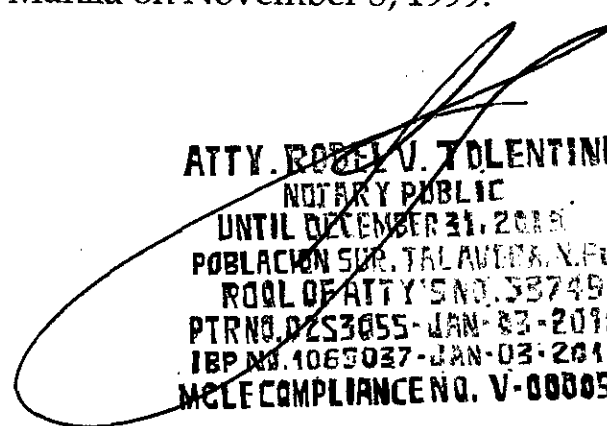
1. That I am the General Manager of NEECO II - AREA 1 and duly authorized by the Board of Directors to file or cause the filing of an Application with the Energy Regulatory Commission (ERC) for Approval of Regulated Entities' Capital Expenditure (CAPEX) Projects for 2010 to 2017 and Authority to Secure Loan from the National Electrification Administration (NEA) and Bank/Other Financing Institution, with Prayer for the Issuance of Provisional Authority as evidence by the Secretary's Certificate, hereto attached as Annex "A";
2. That I caused the preparation of the foregoing Application;
3. That I have read the said Application and I attest that the allegations therein are true and correct of my personal knowledge and based on authentic records;
4. That I further attest that NEECO II - AREA 1 has not theretofore commenced any action or filed any claim involving the same issues and parties in any court, tribunal or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and
5. That if I should hereinafter learn that the same or similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals, or any court, tribunal or quasi-judicial agency, I shall report the said fact within five (5) days from discovery thereof to the Honorable Commission.

IN WITNESS WHEREOF, I have set my hand and affixed my signature this 15th day of May, 2018 in Talavera, Nueva Ecija.


ENGR. NELSON M. DELA CRUZ
Affiant

SUBSCRIBED AND SWORN to before me this MAY 17 day of May, 2018 in Talavera, Nueva Ecija, Philippines, affiant exhibited to his Professional Identification Card No. 0022919 issued in Sampaloc, Manila on November 3, 1999.

Doc. No. 64 ;
Page No. 14 ;
Book No. XX ;
Series of 2018.


ATTY. ROEL V. TOLENTINO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2018
POBLACION SUR, TALAVERA, NUEVA ECIJIA
ROOL OF ATTY'S NO. 38749
PTR NO. 0253055 - JAN-03-2018
IBP NO. 1069037 - JAN-03-2018
MCLE COMPLIANCE NO. V-0000942