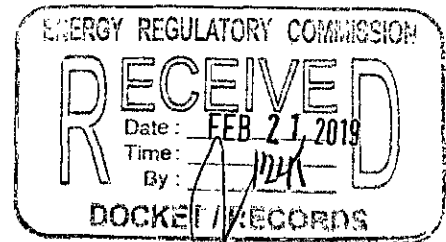


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pacific Center Building  
San Miguel Avenue, Pasig City

IN THE MATTER OF THE  
APPLICATION FOR  
CONFIRMATION AND  
APPROVAL OF  
EMERGENCY CAPITAL  
EXPENDITURE PROJECT  
RE: UPGRADING AND  
UPRATING OF LAGANOY  
SUBSTATION



2019-012  
ERC CASE NO. \_\_\_\_\_ RC

CAMARINES SUR IV  
ELECTRIC COOPERATIVE  
(CASURECO IV), INC.,  
Applicant.

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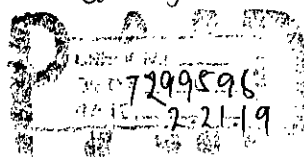
## APPLICATION

**APPLICANT CAMARINES SUR IV ELECTRIC  
COOPERATIVE, INC. (CASURECO IV)**, thru counsel and unto this  
Honorable Commission, most respectfully alleges that:

### THE APPLICANT

1. CASURECO IV is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of Philippine laws, with principal office at Brgy. Talojongon, Tigaon, Camarines Sur.

2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in the following municipalities of the Province of



Camarines Sur, namely: Caramoan, Garchitorena, Goa, Lagonoy, Ocampo, Presentacion, Sagnay, San Jose and Tigaon.

### **LEGAL BASIS FOR THE APPLICATION**

3. Pursuant to Republic Act No. 9136, ERC Resolution 26, Series of 2009 and other laws and rules, and in line with its mandate to provide safe, quality, efficient and reliable electric service to its consumers, CASURECO IV submits for the Honorable Commission's confirmation and approval its Emergency Capital Expenditure (CAPEX) Project of Upgrading and Uprating of Lagonoy Substation from 5MVA to 10MVA, which is the subject of the instant Application.

### **THE ANTECEDENT FACTS**

4. The 5MVA Lagonoy Substation located in Lagonoy, Camarines Sur, is the first substation constructed at CASURECO IV's franchise area and is currently distributing electric power in the municipalities of Goa, San Jose and parts of Lagonoy;

5. Sometime in June 2018, an annual substation testing and preventive maintenance was conducted by CASURECO IV. Based on the result of testing, the Lagonoy Substation's integrity had already failed the testing standard;

6. Currently, the substation's loading percentage had already reached 80.85%. This loading percentage does not conform to the requirement of Section 3.2.1. of EC-DU Planning Manual per ERC Resolution No. 26, Series of 2009;

7. Consequently, CASURECO IV transferred some loads from Lagonoy Substation to the new Presentacion 5MVA Substation. Despite said transfer of some loads to the Presentacion Substation, the updated Lagonoy Substation forecast still shows occurrence of capacity violation;

8. In order to address the problem, it is necessary that the Lagonoy Substation's 5MVA Power Transformer, including its protection, both at primary and secondary side, be upgraded and uprated to 10MVA. This will likewise accommodate the other requirements set by the Philippine Distribution and Grid Code.

9. In addition, the upgrading will eventually comply with the Department of Environment and Natural Resources' (DENR) recommendation in its letter to CASURECO IV dated July 6, 2018 to replace the existing Lagonoy Substation 5MVA Power Transformer due to PCB contamination.

### PROJECT DESCRIPTION

10. The project subject of the instant application is the Upgrading and Uprating of Lagonoy Substation from 5 MVA to 10 MVA, which includes the following: (a) supply, delivery, installation, testing and commissioning of materials and equipment needed for the upgrading and uprating of the existing Lagonoy Substation situated in Lagonoy, Camarines Sur, to 10-MVA Substation; and (b) supply, delivery and installation of (i) 1. 69 kV protection equipment; (ii) 10/12.5 MVA, off load, 69/13.2 kV power transformer; (iii) 13.2 kV protection; (iv) 13.2 kV structures; and (v) civil and other electrical works.

### PROJECT SCHEDULE

11. Implementation of the Emergency CAPEX Project was started in the last quarter of 2018 as stated in the Table below, as follows:

No.	Description	No. of Days	Project Implementation and Construction Schedule								Remarks		
			2018			2019							
			Oct	Nov	Dec	Jan	Feb	Mar	Apr	May		Jun	
1	Budget Request, availment of loan from Development Bank of the Philippines (DBP)	30	■										
2	Publication and Bidding or Procurement Process	40		■	■								
3	Notice of Award, Contract Signing of the Winning Bidder and Notice to Proceed	14			■								
4	Mobilization, transfer of loads to another Substation, Tigaon and Presentacion Substation.	7			■								
5	Construction and Installation of 10-MVA Power Transformer and its protective equipment.	151				■	■	■	■	■	■		
6	Testing and Commissioning of Substation	7										■	

### PROJECT FINANCING

12. The total cost of the project in the amount of Twenty Seven Million Nine Hundred Eighty Five Thousand Pesos (PhP 27,985,000.00) shall be funded through a loan from the Development Bank of the Philippines (DBP), with a term of ten (10) years, payable

in quarterly installments, with an indicative annual interest rate of 4.75%. CASURECO IV shall use its projected revenues from its Reinvestment Fund for Sustainable Capital Expenditure (RFSC) collections to repay the annual amortization of the loan.

### **RATE IMPACT**

13. Financial analysis and evaluation made indicate that CASURECO IV's current RFSC Rate of PhP0.4004/kWh is enough to finance the upgrading and uprating of the Lagonoy Substation from 5MVA to 10MVA. The probable effect of the project will bring about an excess rate impact for 10-years collection with an average of PhP 1.3561/kWh. Based on sales forecast, the project will have an annual average carrying charge of PhP3,474,921.21 for the next ten (10) years.

### **JUSTIFICATIONS AND BENEFITS TO BE DELIVERED BY THE PROJECT**

14. The upgrading and uprating of the Lagonoy Substation from 5MVA to 10MVA is aimed to relieve the overloading of the Ampayon Substation Power Transformer and meet the growing demand and unexpected large load growth within the Lagonoy Substation coverage area. It will further eliminate the PCB contaminated Lagonoy 5MVA Power Transformer;

15. The immediate implementation of the project will likewise provide a safe, adequate, reliable, and efficient electric service to the consumers being served by the substation.

### **SUBMISSION OF DOCUMENTARY AND PRE-FILING REQUIREMENTS**

16. Finally, in compliance with the documentary as well as pre-filing requirements under ERC Resolution 26, Series of 2009 and the ERC Rules of Practice and Procedure, respectively, CASURECO IV is submitting herewith the following documents to form integral parts of this Application as follows, to wit:

Annex Markings	Nature of Document
"A"	Executive Summary of the Project
"B" and series	Proof of furnishing of copies of the Application to the Sangguniang Bayan of Tigaon and Sangguniang Panlalawigan of Camarines Sur
"C" and series	Proof of publication of the Application in a newspaper of general circulation in CASURECO IV's franchise area or where it principally operates.

### PRAYER

**WHEREFORE**, premises considered, CASURECO IV respectfully prays of this Honorable Commission that after due notice and hearing, the upgrading and uprating of its Lagonoy Substation from 5 MVA to 10 MVA, be confirmed and approved accordingly.

Other equitable reliefs are likewise prayed for.

Pasig City, Metro Manila, December 21, 2018.

#### **DECHAVEZ LERIOS-AMBOY AND EVANGELISTA LAW OFFICES<sup>1</sup>**

Counsel for the Applicant  
**Camarines Sur IV Electric Cooperative, Inc. (CASURECO IV)**  
 Unit 2008, Tycoon Centre  
 Pearl Drive, Ortigas Center, Pasig City 1605  
 Tel. Nos. 9101587; 6619357

By:

  
**MAUD EISEL H. ANGEL- MALANG**  
 Roll of Attorneys No. 68771<sup>2</sup>

<sup>1</sup>Pursuant to Office of the Court Administrator Circular No. 56-2015, hereunder are the MCLE Compliance Numbers of the undersigned Firm's name partners, to wit:

Partners	MCLE Compliance No.	Date of Issuance
Joseph Ferdinand M. Dechavez	V-0005240	Jan. 7, 2015
Ditas A. Lerios-Amboy	V-0016672	March 16, 2016
Nelson V. Evangelista	V-0008307	June 3, 2015

<sup>2</sup>Explanation (Re: MCLE Compliance) - Admitted to the Philippine Bar in 2017. Pursuant to **Board Order No. 1, s. 2008** of the MCLE Governing Board, otherwise known as "Guidelines for MCLE Compliance

PTR No. 3897263, January 16, 2018, Pasig City  
IBP Lifetime No. 018968, May 09, 2017, Quezon City

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

Renato Z. San Jose, of legal age, Filipino and with office address at Camarines Sur IV Electric Cooperative, Inc. (CASURECO IV), Brgy. Talojongon, Tigaon, Camarines Sur, after being sworn to according to law, depose and state that:

1. I am the General Manager of CASURECO IV, duly authorized to represent the cooperative in filing the instant Application, copy of the Board Resolution is attached to the Application and made integral part hereof.

2. I caused the preparation and filing of the foregoing Application; have read the allegations contained therein, and certify that the same are true and correct based on my personal knowledge and on authentic records of CASURECO IV.

3. CASURECO IV has not heretofore commenced any other action or proceedings involving the same issues and parties before any court, tribunal or quasi-judicial agency; to the best of my knowledge no such action or proceeding is pending, and if I should learn that the same or similar action or proceeding has been filed or is pending, I undertake to report such fact to this Honorable Commission, within five (5) days therefrom.

Further, Affiant sayeth naught.

*Call*  
**RENATO Z. SAN JOSE**  
Affiant

**SUBSCRIBED AND SWORN** to before me in Cern, Cam. Sur, this 10 day of JAN 2019 by Renato Z. San Jose who exhibited to me his PRC Professional License bearing No. 0075272 with validity until Dec. 16, 2020.

*[Signature]*  
NOTARY PUBLIC  
FOR THE PROVINCE OF CAM. SUR  
UNTIL DECEMBER 31, 2023  
BP ROLI NO. 45826  
IBP NO. 818176  
PTR NO. 014498 PASIG CITY  
308, GRANDE ST. 600, CAM. SUR

**Notary Public**

Doc. No. 2 ;

Page No. 1 ;

Book No. I ;

Series of 2019.