

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



IN THE MATTER OF THE  
APPLICATION FOR APPROVAL OF  
EMERGENCY CAPITAL  
EXPENDITURE PROJECTS FOR  
2013, RE: REPLACEMENT OF  
RECLOSERS IN THE CATICLAN,  
NABAS, LEZO AND ALTAVAS  
SUBSTATIONS, ERECTION OF STEEL  
STRUCTURES AND GANTRIES IN  
THE CATICLAN, NABAS AND  
ALTAVAS SUBSTATIONS, AND  
REPAIR AND TERMINATION OF XLPE  
13.2 KV CATICLAN-BORACAY  
SUBMARINE CABLE

ERC CASE NO. 2014-010 RC

AKLAN ELECTRIC COOPERATIVE,  
INC. (AKELCO),

Applicant.

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DOCKETED  
Date: FEB 04 2015  
By: [Signature]

## ORDER

On February 10, 2014, Aklan Electric Cooperative, Inc. (AKELCO) filed an application for the approval of its emergency capital expenditure projects for 2013, re: replacement of reclosers in the Caticlan, Nabas, Lezo and Altavas Substations, erection of steel structures and gantries in the Caticlan, Nabas and Altavas Substations, and repair and termination of XLPE 13.2 kV Caticlan-Boracay Submarine Cable.

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

1. It is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Poblacion, Lezo, Aklan;
2. It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC), to operate electric light and power distribution services in the seventeen (17) municipalities of the Province of Aklan, namely: Malay, Buruanga, Nabas, Ibajay, Tangalan, Makato, Madalag, Libacao, Malinao, Numancia, Lezo, Banga, Kalibo, New Washington, Batan, Altavas, Balete, and two (2) northern towns of the Province of Antique, namely: Pandan and Libertad;
3. Pursuant to ERC Resolution No. 26, Series of 2009 and other pertinent rules and regulations, this application is being submitted to the Commission for its consideration and approval of AKELCO's Emergency Capital Expenditure Projects for 2013, consisting of replacement of reclosers in the Caticlan, Nabas, Lezo and Altavas Substations, erection of steel structures and gantries in the Caticlan, Nabas and Altavas Substations, and repair and termination of XLPE 13.2 kV Caticlan-Boracay Submarine Cable;

#### **CAUSE OF ACTION**

4. Considering the annual increase in demand and energy sales in the Boracay Island, on June 2013, it embarked on the rehabilitation of its idle 10 MVA Caticlan Substation, as the 25 MVA Boracay Substation in Boracay Island has already surpassed its ideal loading at 22 MW during the peak months of 2013;
5. The project includes the replacement of the unoperational main feeders' protection KFME FX 3-Phase Recloser and Type L3 – 1 Phase Recloser with two (2) sets of microprocessor-controlled 3-Phase Reclosers. And since the Caticlan Substation wooden structures were already dilapidated, one lot of galvanized substation steel structure was simultaneously erected in its place;
6. However, before the scheduled re-commissioning of said substation, the 13.2 kV XLPE Submarine Cable supplying power from Boracay Island to Caticlan and vice-versa was

accidentally hit by docking barge MV Bantayog in Manoc-Manoc, Boracay. Due to the damaged submarine cable, Caticlan as well as the municipalities of Malay and Buruanga (Feeder 11) were left out without stable supply of electricity;

7. In order to temporarily supply power to the aforementioned areas, it re-configured its distribution lines for load transfers. The affected area was supplied by Feeder 6 of Nabas Substation, portion of Feeder 5 of Nabas Substation was supplied by Feeder 8 of Lezo Substation while portion of Feeder 8 was fed by Feeder 2-1 of Andagao Substation. These feeders' tie-ups however, have caused additional burden to the installed feeder protection devices. Feeder 8 main interrupting recloser device was damaged beyond repair on the same day the submarine cable was hit;
8. After a few weeks, when Caticlan Substation was already put in service, Feeder 6 main recloser was also damaged due to line faults caused by strong wind Habagat;
9. Upon review of available short-circuit current level along the feeders, it was found out that the fault duties of other operational reclosers at the main buses of the feeders are below the maximum fault current. This is primarily attributed to the energization and commissioning of 2-50 MVA 138/69 kV NGCP Substation at Nabas, Aklan in year 2011;
10. In addition to the proposed replacement of feeders' main protective devices, it is also imperative to immediately replace the dilapidated substations' structures. Aside from the Caticlan Substation structures which were already implemented, it is also urgently necessary to re-build the structures at the Nabas and Altavas Substations. In order to suitably hold and encase the substations' overhead equipments and cables and to effectively maintain safe clearances, steel structures and gantries for Nabas and Altavas Substations should be installed;

#### **PROJECT DESCRIPTION, JUSTIFICATIONS AND COSTS**

11. The table below shows the description for the projects, together with their respective justifications and costs, to wit:

	Description	Justification	Cost (PhP)
1	Installation and commissioning of main protection devices (15.5 kV Microprocessor Controlled Reclosers) for Feeder 11 and Feeder 14; Installation of 15 kV steel structures and acquisition, preventive maintenance servicing of 10 MVA Caticlan Substation.	Overloading and oil leakages at the 25 MVA Boracay Substation necessitate the re-energization of the Caticlan Substation. The Caticlan Substation's wooden structures at the 13.2 kV side are already rotten. One of the feeders' main protective devices has been damaged since 2009, while the operational reclosers were deemed underrated considering the increased fault current level at the AKELCO substations.	1,996,000.00
2.	Repair, testing and recommissioning of 13.2 kV XLPE Power and Fiber Optic Boracay – Caticlan Submarine Cable	Portion of Boracay Island's power demand must be supplied by the 10 MVA Caticlan Substation to attain ideal loading for both the Caticlan and Boracay Substations. Reliability of power supply is improved through the interconnection of these two substations.	2,226,756.00
3	Installation and commissioning of main protection devices (15.5 kV Microprocessor-controlled Feeder Reclosers) for Feeder 5, Feeder 6 and Feeder 7 and steel towers and structures for 5 MVA Nabas Substation	The Nabas Substation's 69 kV and 13.2 kV wooden structures are already rotten. One of the feeders' main protective devices incurred irreparable damage on September 2013, while the other operational reclosers were deemed underrated considering the increased fault current level at the AKELCO substations.	4,900,000.00
4	Installation and commissioning of main protection devices (15.5 kV	One of the feeders' main protective devices incurred unreparable damage on July 2013, while the other operational	1,950,000.00

	Microprocessor-Controlled Reclosers) for Feeder 8 and Feeder 9 of 5 MVA Lezo Substation	reclosers were deemed underrated considering the increased fault current level at the AKELCO substations.	
5	Installation and commissioning of main protection devices (15.5 kV Microprocessor-Controlled Reclosers) for Feeder 4 and Feeder 16 and steel towers and structures for 5 MVA Altavas Substation	The Altavas Substation's 69 kV and 13.2 kV wooden structures are already rotten. One of the feeders' main protective devices incurred irreparable damage on September 2013, while the other operational reclosers were deemed underrated considering the increased fault current level at the AKELCO substations.	4,900,000.00
	<b>Total Cost</b>		<b>15,972,756.00</b>

**PROJECT SCHEDULE**

12. Considering the emergency nature of the projects, Projects 1 and 2 were already implemented while the other projects will be implemented in the first quarter of 2014;

**PROJECT FINANCING**

13. The total project cost of Fifteen Million Nine Hundred Seventy-Two Thousand Seven Hundred Fifty-Six Pesos (PhP15,972,756.00) will be funded through a loan from the United Coconut Planters Bank (UCPB) for a term of 10 years at 6% interest per annum;

**RATE IMPACT**

14. The impact of the loan on its rate is shown below:

Year	Annual Payment (PhP)	Projected Sales (kWh)	Rate Impact (PhP)
2014	958,365.37	257,682,000.00	0.00372
2015	2,666,526.42	283,625,000.00	0.00940

2016	2,560,041.38	309,649,000.00	0.00827
2017	2,453,556.34	338,042,000.00	0.00726
2018	2,347,071.30	369,776,000.00	0.00635
2019	2,240,586.26	406,229,000.00	0.00552
2020	2,134,101.22	449,355,000.00	0.00475
2021	2,027,616.18	499,587,000.00	0.00406
2022	1,921,131.23	554,334,000.00	0.00347
2023	1,814,646.10	613,676,000.00	0.00434

**COMPLIANCE WITH PRE-FILING REQUIREMENTS**

15. Finally, in compliance with the pre-filing and other documentary requirements for the instant application, it is submitting the following documents which are attached to the application and shall form integral parts hereof, as follows:

Annex No.	Nature of Document
A	AKELCO Board Resolution approving the filing of the instant application and authorizing its General Manager to cause its filing and to sign and execute all the necessary documents;
B	Executive Summary of the Project;
C to C-1	Proof of furnishing of copies of the Application to the Sangguniang Bayan of Lezo and the Sangguniang Panlalawigan of Aklan; and
D to D-2	Publication of the Application in a newspaper of general circulation within AKELCO's franchise area or where it principally operates, with Affidavit of Publication; and

16. It prays that after due notice and hearing, its emergency capital expenditure projects for 2013 consisting of replacement of reclosers in the Caticlan, Nabas, Lezo and Altavas Substations, erection of steel structures and gantries in the Caticlan, Nabas and Altavas Substations, and repair and termination of XLPE 13.2 kV Caticlan-Boracay Submarine Cable be confirmed and approved accordingly and it be allowed to recover the costs thereof.

Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **April 10, 2015 (Friday) at nine o'clock in the morning (9:00 A.M.) at the AKELCO Main Office, Poblacion, Lezo, Aklan.**

AKELCO is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing. It is also directed to inform the consumers within its franchise area, by any other means available and appropriate, of the filing of the instant application, its reasons therefor, and of the scheduled hearing thereon.

Let copies of the application, this Order and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governors of Aklan and Antique and the Mayors of the Cities/Municipalities within AKELCO's franchise area for the appropriate posting thereof on their respective bulletin boards.

AKELCO is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, AKELCO must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governors and Mayors or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing were published together with

the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

AKELCO and all interested parties are directed to submit, at least five (5) days before the date of initial hearing and pre-trial conference, their respective Pre-trial Briefs containing, among others:

- a) A summary of admitted facts and proposed stipulation of facts;
- b) The issues to be tried or resolved;
- c) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-trial Brief.

Failure of AKELCO to submit the required Pre-trial Brief and Judicial Affidavits of its witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.

As part of the pre-trial conference, AKELCO must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, February 2, 2015.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson *per 4*





Copy Furnished:

1. Lerios-Amboy Pingol & Gonzales Law Offices  
Attention: Attys. Ditas A. Lerios-Amboy, Precious Ellen  
L. Pingol and Marvey Jay A. Gonzales  
Counsel for AKELCO  
Unit 1609-1610, Tycoon Centre  
Pearl Drive, Ortigas Center, Pasig City 1605
2. Aklan Electric Cooperative, Incorporated (AKELCO)  
Poblacion, Lezo, Aklan
3. Office of the Solicitor General  
234 Amorsolo Street, Legaspi Village, Makati City
4. Office of the Commission on Audit  
Don Mariano Marcos Avenue, Diliman, Quezon City
5. The Committee On Energy  
Senate of the Philippines  
GSIS Building, Roxas Blvd., Pasay City
6. The Committee On Energy  
House of Representatives  
Batasan Hills, Quezon City
7. Office of the Municipal Mayor  
Altavas, Aklan
8. Office of the Municipal Mayor  
Balete, Aklan
9. Office of the Municipal Mayor  
Banga, Aklan
10. Office of the Municipal Mayor  
Batan, Aklan
11. Office of the Municipal Mayor  
Buruanga, Aklan
12. Office of the Municipal Mayor  
Ibajay, Aklan
13. Office of the Municipal Mayor  
Kalibo, Aklan

14. Office of the Municipal Mayor  
Lezo, Aklan
15. Office of the Municipal Mayor  
Libacao, Aklan
16. Office of the Municipal Mayor  
Madalag, Aklan
17. Office of the Municipal Mayor  
Makato, Aklan
18. Office of the Municipal Mayor  
Malay, Aklan
19. Office of the Municipal Mayor  
Malinao, Aklan
20. Office of the Municipal Mayor  
Nabas, Aklan
21. Office of the Municipal Mayor  
New Washington, Aklan
22. Office of the Municipal Mayor  
Numancia, Aklan
23. Office of the Municipal Mayor  
Tangalan, Aklan
24. Office of the Municipal Mayor  
Libertad, Antique
25. Office of the Municipal Mayor  
Pandan, Antique
26. Office of the Governor  
Province of Aklan
27. Office of the Governor  
Province of Antique
28. Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> floor, Chamber and Industry Plaza (CIP)  
1030 Campus Avenue corner Park Avenue  
McKinley Town Center, Fort Bonifacio, Taguig City