

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



IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF FORCE MAJEURE CAPITAL
EXPENDITURE PROJECTS: (1)
RESTORATION AND
REHABILITATION OF
DISTRIBUTION LINES AND LINE
ACCESSORIES AND
KILOWATTHOUR METERS
DAMAGED BY TYPHOON
GLENDA COSTING A TOTAL OF
PHP65,239,833.00; AND TO
SECURE LOAN FROM NEA, WITH
PRAYER FOR PROVISIONAL
AUTHORITY

ERC CASE NO. 2015-127 RC

NORTHERN SAMAR ELECTRIC
COOPERATIVE, INC.
(NORSAMELCO),

Applicant.

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DOCKETED
Date: OCT 19 2015
By: W

ORDER

On July 7, 2015, the Northern Samar Electric Cooperative, Inc. (NORSAMELCO) filed an application for approval of its capital expenditure projects due to force majeure event (Typhoon Glenda): 1) the restoration and rehabilitation of distribution lines and line accessories and replacement of kilowatthour meters amounting to PhP65,239,833.00; and 2) authority to secure loan from the National Electrification Administration (NEA), with prayer for provisional authority.

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

1. It is an electric cooperative existing pursuant to Presidential Decree No. 269 (P.D. 269), as amended by P.D. 1645 located at Brgy. Magsaysay, Bobon Norther Samar;
2. It holds a 50-year franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in certain municipalities in the Province of Northern Samar, namely: San Isidro, Victoria, Allen, Lavezares, Rosario, San Jose, Bobon, Lope de Vega, Mondragon, Catarman, San Vicente, Capul, San Antonio, Biri, San Roque, Pambujan, Silvino Lobos, Laoang, Catubig, Las Navas, Palapag, Mapanas, Gamay and Lapinig;
3. Pursuant to Section 3.3, Article III of the Commission's Resolution No. 26, Series of 2009, and other pertinent rules and regulations, the application was filed for the approval of the following force majeure capital project: (1) restoration and rehabilitation of distribution lines and line accessories, and replacement of kilowatthour meters damaged by Typhoon Glenda on July 15, 2014 amounting to PhP65,239,833.00; and (2) authority to secure loans from NEA;
4. After the typhoon, it immediately commenced the restoration of the damaged distribution lines and line accessories including the kilowatthour meters;
5. The following information were submitted in support of the application:
 - I. Restoration and Rehabilitation of Distribution Lines and Line accessories and replacement of kilowatthour meters damaged by Typhoon Glenda amounting to PhP65,239,833.00
 - a) Project Title - Restoration and Rehabilitation of Distribution Lines and line accessories and replacement of damaged kilowatthour meters;
 - b) Project Description – Recovery of expenses for the restoration and rehabilitation of distribution lines, line line accessories and the replacement of damaged kilowatthour meters;



- c) Schedule and Cost Estimates - PhP65,239,833.00;
 - d) Technical Evaluation of Alternative Solutions; and
 - e) Difficulties and problems met.
- II. Authority to secure loan from NEA – Releases of all loans for the two (2) projects: the restoration and rehabilitation of lines and replacement of kilowatthour meters and repairs of the substations.
- a) Typhoon Glenda Amortization Schedule for ten (10) years from September 2015 to September 2025;
6. It requested NEA to release the funds needed to purchase the materials and equipment for the restoration and rehabilitation of the damaged distribution lines;
7. The estimated total cost of the project is Sixty-Five Million Two Hundred Thirty-Nine Thousand Eight Hundred Thirty-Three Pesos (PhP65,239,833.00);
8. It also submitted the following documents in support of the application:
- a) Budget request to NEA;
 - b) Assembly Unit;
 - c) Bill of Materials and cost estimate;
 - d) Typhoon damage report;
 - e) Photographs of damaged lines;
 - f) NEA disbursement voucher amounting to PhP29,168,450.10;
 - g) NEA disbursement voucher amounting to PhP23,334,763.08;
 - h) NEA schedule of amortization amounting to PhP36,888,995.00; and
 - i) NEA schedule of amortization amounting to PhP28,350,838.00;
9. The total calamity loan of PhP65,239,833.00 shall have an indicative rate impact to its consumers derived from the total project cost;



10. The implementation of the project will ensure power restoration in its entire coverage area and delivery of more reliable and efficient service to its consumers. It is also intended to restore the safety and protection of its entire distribution system;
11. The approval of the capital expenditure projects due to force majeure (Typhoon Glenda) is needed to maintain efficient, reliable and safety delivery of power to its existing and future consumers, and will redound to the benefit of the consuming public; and
12. It prays that the Commission:
 - a. Issue, immediately upon filing of the application, a provisional authority for the approval of the following force majeure capital projects:
 - 1) Restoration and rehabilitation of distribution lines and line accessories and replacement kilowatt-hour meters damaged by Typhoon Glenda amounting to total of PhP65,239,833.00; and
 - 2) Approval of the loan amortization secured from NEA for the expenses incurred in the two (2) force majeure capital projects; and
 - b. Approve and allow the recovery of the costs of the project.

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 jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **November 26, 2015 (Thursday) at two o'clock in the afternoon (2:00 P.M.) at the NORSAMELCO's Main Office, Barangay Magsaysay, Bobon, Northern Samar.**

NORSAMELCO 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 Governor of Northern Samar and the Mayors of the Municipalities within NORSAMELCO's franchise area for the appropriate posting thereof on their respective bulletin boards.

NORSAMELCO 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, NORSAMELCO 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 Governor and Municipal 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.

NORSAMELCO 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 NORSAMELCO 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.

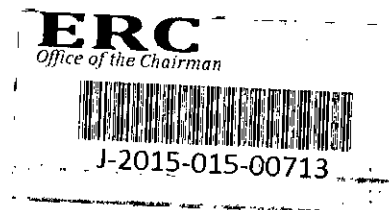
As part of the pre-trial conference, NORSAMELCO must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned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

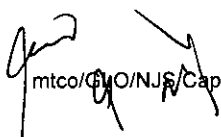
SO ORDERED.

Pasig City, October 6, 2015.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSE VICENTE B. SALAZAR
Chairman 




mtco/GO/NJS/Capex/2015-127 RC NORSAMELCO/initial order.doc

Copy Furnished:

1. **ATTY. ZENON S. SUAREZ**
Counsel for Applicant NORSAMELCO
Rm. 506 Web-Jet Bldg. 64 Quezon Avenue
Cor. BMA St. Quezon City
2. **Mr. Hector N. Tabilisima**
Project Supervisor/Acting General Manager
Northern Samar Electric Coop., Inc. (NORSAMELCO)
Brgy. Magsaysay, Bobon
Northern Samar
3. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
4. **Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila
5. **Senate Committee on Energy**
GSIS Bldg., Roxas Blvd., Pasay City
Metro Manila
6. **House Committee on Energy**
Batasan Hills, Quezon City, Metro Manila
7. **Office of the Provincial Governor**
Province of Northern Samar
8. **Office of the Municipal Mayor**
Municipality of San Vicente
Province of Northern Samar
9. **Office of the Municipal Mayor**
Municipality of San Antonio
Province of Northern Samar
10. **Office of the Municipal Mayor**
Municipality of Lavezares
Province of Northern Samar
11. **Office of the Municipal Mayor**
Municipality of Allen
Province of Northern Samar
12. **Office of the Municipal Mayor**
Municipality of Victoria
Province of Northern Samar



13. **Office of the Municipal Mayor**
Municipality of San Isidro
Province of Northern Samar
14. **Office of the Municipal Mayor**
Municipality of Rosario
Province of Northern Samar
15. **Office of the Municipal Mayor**
Municipality of San Jose
Province of Northern Samar
16. **Office of the Municipal Mayor**
Municipality of Bobon
Province of Northern Samar
17. **Office of the Municipal Mayor**
Municipality of Lope de Vega
Province of Northern Samar
18. **Office of the Municipal Mayor**
Municipality of Catarman
Province of Northern Samar
19. **Office of the Municipal Mayor**
Municipality of Mondragon
Province of Northern Samar
20. **Office of the Municipal Mayor**
Municipality San Roque
Province of Northern Samar
21. **Office of the Municipal Mayor**
Municipality of Silvino Lobos
Province of Northern Samar
22. **Office of the Municipal Mayor**
Municipality of Pambujan
Province of Northern Samar
23. **Office of the Municipal Mayor**
Municipality of Las Navas
Province of Northern Samar
24. **Office of the Municipal Mayor**
Municipality of Laoang
Province of Northern Samar
25. **Office of the Municipal Mayor**
Municipality of Catubig
Province of Northern Samar



26. **Office of the Municipal Mayor**
Municipality of Palapag
Province of Northern Samar
27. **Office of the Municipal Mayor**
Municipality of Mapanas
Province of Northern Samar
28. **Office of the Municipal Mayor**
Municipality of Gamay
Province of Northern Samar
29. **Office of the Municipal Mayor**
Municipality of Lapinig
Province of Northern Samar
30. **Office of the Municipal Mayor**
Municipality of Capul
Province of Northern Samar
31. **Local Government Executive of the Islands of Biri, San Juan, and
Cabaun, Province of Northern Samar**

A handwritten signature in black ink, appearing to be the initials 'nj', is written over the end of item 31.