

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



**IN THE MATTER OF THE  
APPLICATION FOR APPROVAL  
OF ITS EMERGENCY CAPITAL  
EXPENDITURE PROJECT TO  
INSTALL A 15 MVA POWER  
TRANSFORMER AT SOLANA,  
CAGAYAN**

**ERC CASE NO. 2014-030 RC**

**CAGAYAN I ELECTRIC  
COOPERATIVE, INC.  
(CAGELCO I),**

**Applicant.**

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**BOOKED**  
Date: JUL 08 2014  
By: M

**ORDER**

On April 1, 2014, the Cagayan I Electric Cooperative, Inc. (CAGELCO I) filed an application for approval of its emergency capital expenditure project to install a 15 MVA Power Transformer at Solana, Cagayan.

In the said application, CAGELCO I alleged, among others, that:

1. It is an electric cooperative duly organized and existing under Philippine law with principal office address at Maddarulug, Solana, Cagayan. It is franchised to construct, own operate, and maintain an electric distribution network in the City of Tuguegarao, and in the Municipalities of Alcala, Amulung, Baggao, Enrile, Iguig, Peñablanca, Piat, Rizal, Solana, Sto. Niño, and Tuao, all in the Province of Cagayan. It is represented by its General Manager, Engr. Tito R. Lingan;

2. It seeks approval of its emergency capital project more particularly on the acquisition and installation of one (1) unit of 15 MVA 69/13.8 kV power transformer to replace the defective 15 MVA power transformer installed at Maddarulug, Solana, Cagayan;
3. On October 3, 2012, its 15 MVA power transformer installed at the Solana Substation bogged down, forcing it to schedule emergency load shifting to other substation to temporarily accommodate the loads of the transformer at Solana;
4. Due to power quality problems experienced during load shifting, such as under voltages and voltages sags, it commissioned on October 17, 2012 a temporary replacement transformer on a rental basis at the rate of PhP650,000.00 a month;
5. A cost-benefit analysis showed that it would be more economical to just buy a new 15 MVA transformer instead of renting one at PhP650,000.00 per month. Thus, its board passed a resolution authorizing the emergency purchase of a brand new 15 MVA power transformer to replace the defective transformer installed at the Solana Substation;
6. The cost incurred for this emergency capital project are as follows:

	TASK/ACTIVITIES	Cost (PhP)
1	Mobilization/de-mobilization, installation, testing and commissioning of the rented 25/20 MVA power transformer	950,000.00
2	Rent on transformer (October 2012 to July 2013)	6,144,000.00
3	Supply, delivery, installation, testing and commissioning of one (1) unit 15/18.75 MVA power transformer	13,300,000.00
TOTAL (PhP)		20,394000.00

7. The emergency project was funded from its General Fund (GF) and seeks to draw the amount from its Reinvestment Fund for Sustainable Capital Expenditures (RFSC);
8. The newly installed power transformer was commissioned on August 3, 2013;
9. It attached, in support of its application, the following:

Appendix	Supporting Documents
	Project profile
A	WESTCO Test Results
B	Additional Test Results
C	Significant Incident Reports
D	Bid Documents
E	Documentation on the purchase of one (1) Brand New Unit 15 MVA Transformer
F	Documentation on the installation of one (1) Brand New Unit 15 MVA Transformer
G	Cost-Benefit Analysis
H	Project Cost
I	Funding Source-RFSC
J	Project Schedule

10. It prays that its application be approved.

Finding the said application 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 **August 14, 2014 (Thursday) at three o'clock in the afternoon (3:00 P.M.), at the CAGELCO I's Main Office, Maddarlug, Solana, Cagayan.**

CAGELCO I 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 supplemental application, its reasons therefor and of the scheduled hearings 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 hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of Cagayan and the Mayors of the City/Municipalities within the franchise area of CAGELCO I for the appropriate posting thereof on their respective bulletin boards.

CAGELCO I 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, CAGELCO I must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences of 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 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 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.

CAGELCO I 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 thereof 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 CAGELCO I 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, CAGELCO I 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, June 30, 2014.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson



**Copy Furnished:**

1. **ATTY. RANULFO M. OCAMPO**  
Counsel for CAGELCO I  
8<sup>TH</sup> Floor, STRATA 100 Building, F. Ortigas Jr., Road  
Ortigas Center, Pasig City
2. **CAGAYAN I ELECTRIC COOPERATIVE, INC. (CAGELCO I)**  
Maddarlug, Solana, Cagayan
3. **The Office of the Solicitor General**  
134 Amorsolo Street, Legaspi Village, Makati City  
Metro Manila
4. **The Commission on Audit**  
Don Mariano Marcos Avenue  
Diliman, Quezon City, Metro Manila
5. **The Committee on Energy**  
Senate of the Philippines  
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
6. **The Committee on Energy**  
House of Representatives  
Batasan Hills, Quezon City, Metro Manila
7. **Office of the President of PCCI**  
Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, ECC Building, Sen. Gil Puyat Avenue  
Makati City
8. **Office of the City Mayor**  
Tuguegarao City, Cagayan
9. **Office of the Municipal Mayor**  
Rizal, Cagayan
10. **Office of the Municipal Mayor**  
Tuao, Cagayan
11. **Office of the Municipal Mayor**  
Piat, Cagayan
12. **Office of the Municipal Mayor**  
Sto. Niño, Cagayan
13. **Office of the Municipal Mayor**  
Solana, Cagayan
14. **Office of the Municipal Mayor**  
Enrile, Cagayan

15. **Office of the Municipal Mayor**  
Peñablanca, Cagayan
16. **Office of the Municipal Mayor**  
Iguig, Cagayan
17. **Office of the Municipal Mayor**  
Amulung, Cagayan
18. **Office of the Municipal Mayor**  
Alcala, Cagayan
19. **Office of the Municipal Mayor**  
Baggao, Cagayan