

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
PROJECT DUE TO FORCE
MAJEURE AND AUTHORITY TO
SECURE LOAN FROM THE
NATIONAL ELECTRIFICATION
ADMINISTRATION (NEA)

ERC CASE NO. 2014-059 RC

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

Applicant.

x- -----x

D O C K E T E D

Date: NOV 06 2014

By: *[Signature]*

ORDER

On May 13, 2014, Nueva Ecija II Electric Cooperative, Inc. Area 1 (NEECO II AREA 1) filed an application for approval of regulated entities' capital expenditure due to force majeure and authority to secure loan from the National Electrification Administration (NEA).

In the said application, NEECO II AREA 1 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 Calipahan, Talavera, Nueva Ecija, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Eulalia M. Castro, of legal age, Filipino, and with office address also at NEECO II AREA 1 Main Office;

2. It is the holder of an exclusive franchise issued by the NEA, to operate an electric light and power services in the Municipalities of the Province of Nueva Ecija, namely: Talavera, Lupao, Carranglan, Aliaga, Quezon, Licab, Sto. Domingo, Munoz, Guimba and Talugtog;
3. On October 11, 2013 at around eleven thirty in the evening (11:30 P.M.) until more or less one thirty in the morning (1:30 A.M.) of the following day (October 12, 2013), Typhoon Santi hit most part of Central Luzon, including its franchise area, which left widespread and significant damage to its Distribution System and related facilities and the aftermath of which is the total power black-out in its entire coverage area;
4. The said force majeure was reported to the Commission, through a letter dated November 7, 2013 and a copy of which is attached to the instant application and marked as Annex "A";
5. Based on the actual line materials and labor cost for the rehabilitation/reconstruction of the damaged/destroyed distribution lines and its related facilities, less the estimated scrap value, the capital expenditures project costs amounted to Eight Million Three Hundred Twelve Thousand One Hundred Thirty-Three Pesos and Eighty-Three Centavos (PhP8,312,133.83);
6. The fund used for the said rehabilitation/reconstruction was advanced from the restricted fund of the Retirement Fund of the cooperative employees which will be loaned from the NEA through its calamity loan credit facility program;
7. The aforesaid rehabilitation/reconstruction project was started on October 12, 2013 and was completed on November 11, 2013;
8. In support of the instant application, it attached the following:
 - a. Project Description
 - b. Justification or benefits to be delivered;
 - c. Estimated project Costs;
 - d. Project Financing Plan; and

- e. Project Schedule;
9. In compliance with the pre-filing requirements , it submitted the following documents:
 - 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 it has furnished the said legislative body of the said Application;
 - b. Certification from the Sanggunian Panlalawigan of Nueva Ecija that it likewise 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;
 10. The approval of the instant application is needed to maintain its efficient, reliable, and safety delivery of power to its existing and future consumers and will redound to the benefit of the consuming public; and
 11. It prays that the Commission after due notice and hearing approve the instant application. It also prays for other just or equitable relief.

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 **December 5, 2014 (Friday) at nine-thirty in the morning (9:30 A.M.) at NEECO II AREA 1 Main Office, Calipahan, Talavera, Nueva Ecija.**

NEECO II AREA 1 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 the Province of Nueva Ecija, the Mayors of the City/Municipalities within the franchise area of NEECO II AREA 1 for the appropriate posting thereof on their respective bulletin boards.

NEECO II AREA 1 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, NEECO II AREA 1 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 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.

NEECO II AREA 1 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 NEECO II AREA 1 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, NEECO II AREA 1 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, November 4, 2014.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson *per*


LBB/NJS

Copy Furnished:

1. **ATTY. ARNIDO O. INUMERABLE**
Counsel for the Applicant
405 Elisa St., U.E. Village
Cainta, Rizal
2. **Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II AREA 1)**
Calipahan, Talavera, Nueva Ecija
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 Nueva Ecija
8. **Office of the City Mayor**
Science City of Muñoz, Nueva Ecija
9. **Office of the Municipal Mayor**
Carranglan, Nueva Ecija
10. **Office of the Municipal Mayor**
Lupao, Nueva Ecija
11. **Office of the Municipal Mayor**
Talugtug, Nueva Ecija
12. **Office of the Municipal Mayor**
Sto. Domingo, Nueva Ecija
13. **Office of the Municipal Mayor**
Guimba, Nueva Ecija
14. **Office of the Municipal Mayor**
Talavera, Nueva Ecija
15. **Office of the Municipal Mayor**
Quezon, Nueva Ecija

- 16. Office of the Municipal Mayor**
Aliaga, Nueva Ecija
- 17. Office of the Municipal Mayor**
Licab, Nueva Ecija
- 18. THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (NGCP)**
National Grid Corporation of the Philippines (NGCP)
Quezon Avenue corner BIR Road, Diliman, Quezon City