

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City



**IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF CAPITAL EXPENDITURE
PROJECT FOR 2020, NAMELY:
PURCHASE AND
INSTALLATION OF NEW 10
MVA POWER TRANSFORMER
FOR CALABA SUBSTATION**

ERC CASE NO. 2021-039 RC

**ABRA ELECTRIC
COOPERATIVE, INC.
(ABRECO),**
Applicant.

Promulgated:
June 29, 2021

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 27 May 2021, Abra Electric Cooperative, Inc. (ABRECO) filed an *Application* dated 27 January 2021, for approval of its Capital Expenditure (CAPEX) Project for 2020, namely, the purchase and installation of new 10 MVA power transformer for Calaba Substation.

The pertinent allegations in the said *Application* are hereunder quoted, as follows:

THE APPLICANT

1. ABRECO is an electric cooperative duly organized and existing by virtue of the laws of the Republic of the Philippines, with principal office address at Calaba, Bangued, Abra;
2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in the twenty-seven (27) municipalities of the province of Abra, namely: Bangued, Baay-Licuan, Boliney, Bucay, Bucloc, Daguioman, Danglas, Dolores, Lacub, Lagangilang, Lagayan, La Paz, Langiden, Luba,

Malibcong, Manabo, Peñarrubia, Pidigan, Pilar, Sallapadan, San Isidro, San Juan, San Quintin, Tayum, Tineg, Tubo and Villaviciosa.

LEGAL BASES 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 electric consumers in its franchise area, ABRECO submits the instant application for the Honorable Commission's consideration, permission and approval of its Capital Expenditure (CAPEX) Project for 2020, namely: Purchase and Installation of New 10 MVA Power Transformer for its Calaba Substation located at Brgy. Calaba, Bangued, Abra.

STATEMENT OF FACTS

4. ABRECO's Calaba Substation located at Brgy. Calaba, Bangued, Abra, has three (3) units of 5MVA power transformers. The substation is serving eighteen (18) municipalities of Abra, namely: Tayum, Dolores, San Juan, Tineg, Lagangilang, Licuan-Baay, Malibcong, Bucay, Sallapadan, Bucloc, Boliney, Daguioman, Manabo, Lacub, Luba, Tubo, Bangued and Lagayan.
5. On May 5, 2020, at around 3:37 P.M., a fire occurred at the Calaba Substation, wherein one of the substation's three (3) 5MVA power transformers, Osaka Brand with Serial No. 590051004, got busted.
6. As a result, the cooperative immediately implemented rotating power interruptions which lasted up to May 11, 2020, to prevent overloading of the remaining two (2) units of power transformers;
7. As a temporary measure to restore electricity in the affected areas, the cooperative rented from the Delta Star Manufacturing Corporation a 10 MVA power transformer for four (4) months at PhP700,000.00 per month;
8. ABRECO urgently needed to replace the busted power transformer and at the same time upgrade Calaba Substation to ensure reliability and stability of power supply to consumers in the affected municipalities, as well as to meet the growing demand in the years to come. Hence, the cooperative purchased a new 10MVA power transformer for Calaba Substation.

PROJECT DESCRIPTION

9. The project subject of the instant application involves the replacement of the busted 5 MVA power transformer of Calaba Substation with a new 10 MVA power transformer.

PROJECT JUSTIFICATION

10. The immediate installation of a new 10 MVA power transformer at Calaba Substation was necessitated to ensure reliability and stability of power supply to consumers in the affected 18 municipalities. It will likewise significantly improve the loading of Calaba Substation and prevent the occurrence of forecasted overloading of one of the two other transformers in year 2022, which will have an ideal load until 2027 and tolerable load from 2028 to 2035.

PROJECT SCHEDULE

11. The project was implemented from September 12 to 13, 2020.

PROJECT COST

12. The cost of the purchase and installation of the new 10 MVA power transformer is Twelve Million Four Hundred Forty-Seven Thousand Three Hundred Eighty Pesos (PhP12,447,380.00).

FINANCING PLAN

13. The project cost of PhP12,447,380.00 is being paid on installment basis to ABRECO's supplier, out of the cooperative's internally-generated Reinvestment Fund for Sustainable Capital Expenditure (RFSC), as follows: 15% paid after 100% project accomplishment and final acceptance; 75% is being paid in twelve (12) monthly installments starting November 15, 2020; the remaining 10% is being retained and 70% of which will be released to supplier after 12 months from the acceptance and the remaining 30% thereof to be released to supplier after lapse of the warranty period of 36 months from acceptance; provided, that all conditions imposed under the contract have been fully met.
14. Shown in the Table below is the amount the Cooperative needs to cover the cost of the project, including CAPEX Permit Fee.

	Amount (Php)
RFSC	12,447,380.00
ERC Permit Fee	710,000.00
Total	13,157,380.00

INDICATIVE RATE IMPACT

15. The implementation of the project will have minimal rate impact of PhP.0440/ kWh on the cooperative's RFSC rate, as shown in the Table below, as follows:

RATE IMPACT	ACTUAL	PROJECTED			3-Year Impact
		2020	2021	2022	
Particular					
Cash Ending Balance based on the existing RFSC	13,951,434.00				

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KWH Sales Forecast	55,839,000.00	59,759,000.00	64,072,000.00	68,540,000.00	248,208,000.00
Indicative Rate Increase	.0440				
Average Rate Increase	.4444				
Cash Inflow from the Additional Rate		2,629,396	2,819,168	3,015,760	
Cash Ending Balance based on the new RFSC		53,237,396	8,206,168	4,264,760	

SUBMISSION OF DOCUMENTARY AND PRE-FILING REQUIREMENTS

16. Finally, in compliance with the documentary as well as pre-filing requirements for the instant application under ERC Resolution 26, Series of 2009 and the ERC Rules of Practice and Procedure, respectively, the following documents are being submitted herewith to from integral parts hereof, as follows, to wit:

Annex Markings	Description of Document
"A"	Write Up on the CAPEX Project for Year 2020
"B" "B-1"	Affidavit of Posting of Notice to Consumers; Notice to Consumers
"C"	Affidavit of Undertaking that corresponding application shall be filed, whenever required by concerned agencies
"D" and series	Proof of furnishing of copies of the Application to the Sangguniang Bayan of Bangued and Sangguniang Panlalawigan of Abra
"E" and series	Proof of publication of the Application in a newspaper of general circulation in ABRECO's franchise area or where it principally operates.

PRAYER

WHEREFORE, premises considered, Applicant Abra Electric Cooperative (ABRECO) respectfully prays of this Honorable Commission that after due notice and hearing, the Capital Expenditure Project for 2020 consisting of the Purchase and Installation of New 10 MVA Power Transformer at Calaba Substation, be confirmed and approved accordingly.

Other reliefs, just and equitable in the premises are likewise prayed for.

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020,¹ dated 24 September 2020:

¹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

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Date	Platform	Activity
18 August 2021 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and Expository Presentation
25 August 2021 (Wednesday) at nine o'clock in the morning (9:00 A.M.)		Pre-trial Conference and Presentation of Evidence

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via electronic mail (e-mail) at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, any person who has interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name, mailing address, and e-mail address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled virtual hearings by providing the Commission, thru legal.virtualhearings@erc.ph, with their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 8th day of June 2021 in Pasig City.


AGNES VST DEVANADERA
Chairperson and CEO

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