

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City



IN THE MATTER OF THE APPLICATION FOR CONFIRMATION AND APPROVAL OF FORCE MAJEURE EVENT CAPITAL EXPENDITURE PROJECTS NAMELY: REPAIR, RECONSTRUCTION, REPLACEMENT, RESTORATION, REHABILITATION AND BUILDING BACK BETTER OF DISTRIBUTION NETWORK AS WELL AS NON-NETWORK ASSETS DAMAGED THE ONSLAUGHT OF TYPHOON ROLLY ON NOVEMBER 1, 2020 AND TYPHOON ULYSSES ON NOVEMBER 11, 2020 WITH APPLICATION FOR AUTHORITY TO SECURE LOAN FROM THE NATIONAL ELECTRIFICATION ADMINISTRATION

ERC CASE NO. 2021-011 RC

**CAMARINES SUR I
ELECTRIC COOPERATIVE,
INC. (CASURECO I),
Applicant.**

Promulgated:
June 29, 2021

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 01 March 2021, Camarines Sur I Electric Cooperative, Inc. (CASURECO I) filed an *Application* dated 05 February 2021 (Application), seeking the Commission's approval and

confirmation of force majeure event capital expenditure projects namely: repair, reconstructions, replacement, restoration, rehabilitation and building back of better distribution network as well as non-network assets damaged by the onslaught of typhoon Rolly on November 1, 2020 and typhoon Ulysses on November 11, 2020 with application for authority to secure loan from the National Electrification Administration.

The pertinent provisions of the said *Application* are hereunder quoted as follows:

1. CASURECO I is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of Philippine laws, with principal office at Libmanan, Camarines Sur;
2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in certain municipalities of the province of Camarines Sur, namely: Cabusao, Camaligan, Gainza, Libmanan, Lupi, Pamplona, Pasacao, Ragay, San Fernando and Sipocot;

LEGAL BASES FOR THE APPLICATION

3. The instant application is being filed pursuant to Section 3.3 of ERC Resolution No. 26, Series of 2009, which provides that if a Force Majeure or Fortuitous Event, as the case may be, occurs, the regulated entity shall seek the ERC's confirmation of the implementation of capital expenditure projects arising from such event;
4. On the other hand, the accompanying application for authority to secure loan from the National Electrification Administration (NEA) is being filed pursuant to Section 20 (e) of Commonwealth Act No. 146 otherwise known as the Public Service Act, which requires every public service to secure the approval and authorization of the Commission for issuance of any bonds or other evidence of indebtedness payable in more than one year;

THE FORCE MAJEURE EVENTS (Super Typhoon Rolly and Typhoon Ulysses)

5. At 4:50 A.M. on November 1, 2020, Super Typhoon Rolly with international name "Goni", made its first landfall in Bato, Catanduanes at peak intensity, as a Category 5 - equivalent to super typhoon, with sustained winds of 315 kph. By 7:20 A.M. Super Typhoon Rolly made a second landfall in Tiwi, Albay bringing violent catastrophic winds to areas near the eye of the storm including the Province of Camarines Sur;

6. Just a few days after the onslaught of Super Typhoon Rolly, Typhoon Ulysses with international name “Vamco”, roughly crossed the same track and made a landfall on November 11, 2020 in the Quezon Province as Category 2-equivalent typhoon. The typhoon brought heavy rains in Central Luzon and nearby provinces, including the Province of Camarines Sur. Heavy rains caused by the typhoon overflowed rivers, causing severe flooding.
7. CASURECO I's franchise area experienced total black out until electric power was fully restored on December 12, 2020. Further, the storms left with extensive damage on the cooperative's distribution network as well as non-network assets.

COMPLIANCE WITH NOTICE REQUIREMENT

8. In compliance with Section 3.3 of ERC Resolution No. 26, Series of 2009, on January 27, 2021, CASURECO I submitted to the Honorable Commission through electronic filing, a Notice of Force Majeure Event pertaining to the damages sustained from the onslaught of Super Typhoon Rolly and Typhoon Ulysses.

DESCRIPTION OF THE PROJECTS

9. The Capital Expenditure (CAPEX) Projects subject of the instant application consist of the repair, reconstruction, replacement and rehabilitation, as the case may be, as well as upgrading and building back better of the distribution lines, substation and line equipment, service drop and kilowatt-hour meters, administrative facilities and information technology equipment, which were damaged by the onslaught of the two typhoons.

PROJECT COST

10. The funding requirement for the CAPEX projects is estimated at Sixty-Three Million Eight Hundred Sixteen Thousand Eight Hundred Sixty-Nine Pesos and Seventy-Eight Centavos (PhP63,816,869.78). A summary of the materials and labor cost is presented in the Table below, as follows:

SUMMARY OF PROJECT COST				
No.	Damaged Assets	Estimated Cost of Repairs, Restoration, Replacement and Rehabilitation (PhP)		
		2020 Actual Cost	2021 Estimated Cost	Total
	Typhoon Rolly			

ERC CASE NO. 2021-011 RC
NOTICE OF VIRTUAL HEARING/11 June 2021
Page 4 of 9

1	Distribution Lines	17,163,054.99	13,527,896.67	30,690,951.66
2	Service drop and kwh meters	4,004,425.79	20,628,624.21	24,633,050.00
3	Administrative Facilities	41,799.00	596,201.00	638,000.00
	Sub-total	21,209,279.78	34,752,721.88	55,962,001.66
	Typhoon Ulysses			
4	Substation & Line Protection Equipment	1,456,908.90	4,870,084.22	6,326,993.12
5	Administrative Facilities	56,500.00	970,100.00	1,026,600.00
6	Information Technology		501,275.00	501,275.00
	Sub-total	1,513,408.90	6,341,459.22	7,854,868.12
	Grand Total	22,722,688.68	41,094,181.10	63,816,869.78

PROJECT SCHEDULES

11. The project schedules are presented below, as follows:

1	Repair of substation and line protection equipment	Completed on November 23, 2020
2	Repair and/or replacement of distribution lines	Started on November 2, 2020 and expected to be completed by December 31, 2021.
3	Reconnection of cut-off service drop and replacement of kilowatt-hour meters and transformer	Started on November 02, 2020 and completed on December 12, 2020
4	Replacement of computers, UPS and radio communication facilities	Started on November 23, 2020 and expected to be completed by March 2021
5	Repair of damaged buildings and offices	Commenced November 03, 2020 and is expected to be completed by March 31, 2021

JUSTIFICATIONS AND BENEFITS TO BE DELIVERED BY THE PROJECTS

12. The immediate reconstruction, repair and replacement of damaged distribution lines, substation, line equipment, cut-off service drop and kWh meters are essential to restore power and re-energize the affected government offices, vital facilities

and member-consumer- owners. Damaged buildings and sub-offices must be restored to original condition in order to provide an environment conducive for working to effectively maintain and sustain the daily operations of the cooperative. The replacement of computers, UPS, WAN and radio communication facilities is needed in order to continue the online tellering of Consumer Assistance Office IV (CAO IV-Ragay) and to support the communication facilities needed by the engineers and maintenance personnel in the performance of their daily activities.

PROJECT FINANCING PLAN

13. The total project cost of PhP63,816,869.78 will be sourced out through a calamity loan from the National Electrification Administration (NEA), to be converted into a subsidy in the event that the National Government grants subsidy to the Bicol typhoon-ravaged electric cooperatives. The calamity loan with NEA is payable in ten (10) years with annual interest rate of 3.25%.

INDICATIVE RATE IMPACT

14. Should the funding from NEA be finally treated as a calamity loan, it will have a rate impact of PhPo.2635/kWh, to be added to the cooperative's existing Reinvestment Fund for Sustainable Capital Expenditure (RFSC) rate of PhPo.4004/kWh, which is derived from the total project cost against the forecasted kWh sales for four (4) years of implementation, as shown in the table below, as follows:

RATE IMPACT COMPUTATON					
Particulars	2020	2021	2022	2023	TOTAL
Cash Ending Balance based on the existing RFSC	59,049.44	62,370.76	(2,277,784.21)	(102,978,118.03)	(105,134,482.04)
KWH Sales Forecast	86,435,455.11	96,935,517.63	104,192,270.15	111,448,086.19	399,011,329.09
Indicative Rate Increase	(0.0007)	(0.0006)	0.0219	0.9240	0.2635
Average Rate Increase	0.2635	0.2635	0.2635	0.2635	0.2635
Cash Inflow from the Additional	22,774,658.61	25,541,293.43	27,453,356.73	29,365,173.27	105,134,482.04

Rate					
Cash Ending Balance based on the new RFSC	22,833,708.05	48,437,372.25	73,612,944.76		

APPLICATION FOR AUTHORITY TO SECURE LOAN FROM NEA

15. As shown above, the projects shall be financed through a calamity loan from the NEA. In view thereof, the cooperative hereby applies for authority from the Honorable Commission to secure said loan from the NEA, should the calamity loan not be converted into a subsidy from the government.

COMPLIANCE WITH DOCUMENTARY AND PRE-FILING REQUIREMENTS

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

Markings	Nature of Document
Annexes "A" to "A-1"	Notice of Force Majeure Event with acknowledgment receipt of the electronic filing
Annex "B"	Write up on the Force Majeure Event Capital Expenditure Projects
Annex "C"	Supporting documents for the application for authority to secure loan from the National Electrification Administration (NEA)
Annex "D" and series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Bayan of Libmanan and Governor and Sangguniang Panlalawigan of Camarines Sur
Annex "E" and series	Proof of publication of the Application in a newspaper of general circulation in CASURECO I's franchise area or where it principally operates

PRAYER

WHEREFORE, premises considered, Applicant Camarines Sur I Electric Cooperative, Inc. (CASURECO I) respectfully prays of this Honorable Commission that after due notice and hearing:

1. the repair, reconstruction, replacement and rehabilitation, as the case may be, as well as upgrading and building back better of the distribution lines, substation and line equipment, service drop and

ERC CASE NO. 2021-011 RC
NOTICE OF VIRTUAL HEARING/11 June 2021
Page 7 of 9

kilowatt-hour meters, administrative facilities and information technology equipment, which were damaged by the onslaught of Super Typhoon Rolly on November 1, 2020 and Typhoon Ulysses on November 11, 2020, be confirmed and approved; and

2. the calamity loan being secured from the National Electrification Administration (NEA) to finance the projects be likewise authorized and approved, should the same be not converted into a subsidy from the government; and the cooperative be allowed to recover the full cost of the projects.

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

The Commission hereby sets the same 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 2020¹ dated 24 September 2020 and Resolution No. 1, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):²

Date	Platform	Activity
27 July 2021 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	Determination of compliance with jurisdictional requirements and expository presentation
03 August 2021 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	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.

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

² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

Moreover, all persons who have an 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.

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ERC CASE NO. 2021-011 RC
NOTICE OF VIRTUAL HEARING/11 June 2021
Page 9 of 9

Finally, all interested persons may be allowed to join the scheduled initial virtual hearing 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 hearing.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 11th day of June 2021 in Pasig City.


AGNES VST DEVANADERA
Chairperson and CEO




LS: MSIA/CLB/MCCG