

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF REGULATED
ENTITIES' EMERGENCY
CAPITAL EXPENDITURE
PROJECTS, WITH
AUTHORITY TO SECURE
LOAN FROM THE NATIONAL
ELECTRIFICATION
ADMINISTRATION**

ERC CASE NO. 2019-009 RC

**ZAMBALES I ELECTRIC
COOPERATIVE, INC.
(ZAMECO I),
Applicant.**

Promulgated:
MAR 26 2019

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NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 7 February 2019, Zambales I Electric Cooperative, Inc. (ZAMECO I) filed an *Application* dated 22 January 2019, seeking the Commission's approval of its regulated entities' emergency capital expenditure projects, with authority to secure loan from the National Electrification Administration (NEA).

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

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with main office at San Vicente, Palauig, Zambales, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. RENE A. DIVINO, of legal age, Filipino, and with office address also at ZAMECO I main office, duly authorized by the Board of Directors as evidenced by the Secretary's Certificate, hereto attached as **Annex "A"**;
2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the municipalities of the

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province of Zambales, namely: Botolan, Candelaria, Iba, Masinloc, Palauig, and Sta. Cruz;

3. The Iba Substation has capacity problem. Shown in the table below is the actual and forecasted demand and loading of Iba Substation. Based from the table, the Technical Working Group of ZAMECO I was able to identify that Iba Substation already has a critical loading due to the extensive load growth in the area. According to the Electric Cooperative Distribution Planning Manual (ECDUPM), consider planning for augmentation of substation capacity if it will be 70% loaded. The Iba Substation is under critical loading, therefore there is a need to file for augmentation project to meet the present and future load requirement of the area and to have an accessible capacity that can accommodate emergency load transfers from other substations or feeders.

DEMAND AND PERCENT LOADING OF IBA SUBSTATION			
SUBSTATION	YEAR	ACTUAL AND FORECASTED DEMAND (MVA)	PERCENT LOADING (%)
IBA 10/12.5 MVA	2018	10.63	85.05%
	2019	11.34	90.70%
	2020	12.03	96.27%
	2021	12.73	101.84%
	2022	13.41	107.32%
	2023	14.09	112.72%
	2024	14.75	118.03%
	2025	15.42	123.35%
	2026	16.06	128.50%
	2027	16.71	133.64%

4. On July 17, 2018, severe damage was sustained by the two (2) units of 13.2kV MVSG Vacuum Circuit Breaker of Candelaria Substation caused by water intrusion due to excessive rain brought by the Habagat. This created instant short-circuit and insulation breakdown that caused flashover and burning of the switchgear. This incident left the 22,916 consumers of affected parts of Masinloc, Candelaria and Sta. Cruz with no electricity. In order to resume the power supply in the affected areas, ZAMECO I had to replace the burned equipment immediately;
5. Since it was identified that there is a capacity problem at Iba District, an installation of a New 20-MVA Power Transformer at Iba Substation is necessary to meet the present and future load requirement in the area;
6. Considering that there is pressing need to address the 22,916 consumers of affected parts of Masinloc, Candelaria and Sta. Cruz with no electricity, ZAMECO I immediately purchased two

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(2) units of 15 kV Vacuum Circuit Recloser through Negotiated Procurement Process. The equipment purchased was immediately installed and energized due to urgency and the extent of the affected areas;

7. The proposed projects are generated to address the identified problems as shown above. The table below shows the summary of project for each problem that was identified:

PROPOSED EMERGENCY PROJECTS			PROJECT COST (PHP)
NO.	TITLE	TYPE	2018
1	Installation of a New 20-MVA Power Transformer at Iba Substation	Capacity	46,101,000.00
2	Replacement of medium voltage switchgear with 2 units 15 kV Vacuum Circuit Recloser at Candelaria Substation	Safety	2,221,507.20
Grand Total			48,322,507.20

8. The estimated cost of installation of a New 20-MVA Power Transformer is **Forty Six Million One Hundred One Thousand (P46,101,000.00) Pesos**, which will be funded by a loan from the National Electrification Administration (NEA) with a fixed interest rate of six (6%) percent per annum and to be paid within ten (10) years or on or before the expiration of its franchise on November 27, 2028. On the other hand, the actual project cost incurred for the replacement of medium voltage switchgear with 2 units 15 kV Vacuum Circuit Recloser was **Two Million Two Hundred Twenty One Thousand Five Hundred Seven and 20/100 (P2,221,507.20) Pesos** was funded by the existing Reinvestment Fund for Sustainable Capital Expenditures (RFSC). The aggregate cost of the two (2) capital expenditure projects is **Forty Eight Million Three Hundred Twenty Two Thousand Five Hundred Seven and 20/100 (P48,322,507.20) Pesos**;

9. For purposes of and in connection with this application, ZAMECO I hereby attached hereto the following documents, duly marked collectively as **Annex "B"**, in compliance with the requirements pertinent thereto, to wit:

- a. Project Description;

- b. Justifications or Benefits to be delivered;
 - c. Estimated Project Costs;
 - d. Project Financing Plan; and
 - e. Project Schedule;
10. That the above project is consistent with the Distribution Development Plan (DDP), the Philippine Grid Code (PGC), the Philippine Distribution Code (DDP), and other relevant government issuances; and in accordance with ERC Resolution No. 26, Series of 2009, "Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditure Projects";
11. That in compliance with the pre-filing requirements, ZAMECO I is submitting the following:
- a. Certification from the Sangguniang Bayan of Palauig, Zambales, that a copy of the application, with all its annexes and accompanying documents, attesting to the fact that applicant has furnished the said legislative body of the aforesaid application;
 - b. Certification from the Sangguniang Panlalawigan of Zambales that it likewise has furnished the said pertinent documents; and
 - c. Affidavit of Publication and Newspaper issue containing the published Application in its entirety in a newspaper of general circulation in the Province of Zambales; and
12. That the approval of these Emergency Capital Expenditure Projects are needed to maintain efficient, reliable, and safety delivery of power to ZAMECO I's existing and future consumers, and will redound to the benefits of the consuming public within its franchise area.

PRAYER

WHEREFORE, premises considered, applicant Zambales I Electric Cooperative, Inc. (ZAMECO I) respectfully prays of this Honorable Commission that, after due notice and hearing and consideration, this application be approved.

Other relief, just or equitable, is 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 **2 May 2019 (Thursday), at ten o'clock in the morning (10:00 A.M.), at ZAMECO I's Principal Office located at San Vicente, Palauig, Zambales.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name and 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.

All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 ERC 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 and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same, prior to the date of the initial hearing. ZAMECO I is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours.

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WITNESS, the Honorable Chairperson and CEO, **AGNES VST DEVANADERA**, and the Honorable Commissioners **CATHERINE P. MACEDA**, and **PAUL CHRISTIAN M. CERVANTES** Energy Regulatory Commission, this 12th day of March 2019 in Pasig City.


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal Service

LS:  / MCC/BSA/GLO