

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 PROJECTS  
FOR 2010 TO 2017 AND  
AUTHORITY TO SECURE  
LOAN FROM THE  
NATIONAL  
ELECTRIFICATION  
ADMINISTRATION (NEA)  
AND BANK/OTHER  
FINANCING INSTITUTION,  
WITH PRAYER FOR THE  
ISSUANCE OF  
PROVISIONAL AUTHORITY**

**ERC CASE NO. 2018-049 RC**

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

**DOCKETED**  
Date: JUL 06 2018  
By: [Signature]

X-----X

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 24 May 2018; the Nueva Ecija II Electric Cooperative Inc. Area 1 (NEECO II-Area 1) filed an *Application* dated 11 May 2018, seeking the approval of regulated entities' capital expenditure projects for 2010 to 2017 and authority to secure loan from the National Electrification Administration (NEA) and bank/ other financing institution, with a prayer for the issuance of provisional authority.

NEECO II-Area 1 alleged the following in its *Application*:

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Calipahan,

**ERC CASE NO. 2018-049 RC**  
**NOTICE OF PUBLIC HEARING/ 28 JUNE 2018**  
**PAGE 2 OF 7**

---

Talavera, Nueva Ecija, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. NELSON M. DELA CRUZ, of legal age, Filipino, and with office address also at NEECO II AREA 1 main office;

2. It is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the municipalities and city of the province of Nueva Ecija, namely: Talavera, Lupao, Carranglan, Aliaga, Quezon, Licab, Sto. Domingo, Science City of Munoz, Guimba and Talugtug;
3. It hereby submits its proposed capital expenditure projects for the years 2010 to 2017 in accordance with the provisions of Republic Act No. 9136, otherwise known as "Electric Power Industry Reform Act of 2001 (EPIRA)", and the implementing guidelines adopted by the Energy Regulatory Commission (ERC) under Resolution No. 26, Series of 2009, more specifically the Amended Rules for the Approval of Regulated Entities' Capital Expenditure Projects;
4. In compliance with the ERC rules, it states clearly the description of each project and attaches relevant documents to support the following requirements: a) Project Code, b) Project Type, c) Project Category, d) Project Title, e) Project Cost, f) Project Duration, g) Project Description, h) Project Justification, i) Technical Analysis, j) Economic Analysis, k) Annexes, and l) Project Financing Plan;
5. The summary of the proposed capital projects are presented below:

**A. NETWORK PROJECTS**

<u>Code</u>	<u>Project Title</u>	<u>Project Cost</u>
N-01	Replacement of Rotten Wood Poles	P 18,746,358.93
N-02	Distribution System Maintenance Materials	6,223,833.56
N-03	Improvement of Existing Distribution Facilities	37,454,970.70
N-04	Relocation of Feeder 72 Backbone Line	2,873,649.00
N-05	Safety Project of Quezon Substation Protection	5,489,487.00
N-06	Construction of Lupao Substation 69KV Subtransmission Lines	70,962,850.90
N-07	Uprating of Talavera Substation	30,752,817.00
N-08	Uprating of Guimba Substation	38,326,066.00

**ERC CASE NO. 2018-049 RC**  
**NOTICE OF PUBLIC HEARING/ 28 JUNE 2018**  
**PAGE 3 OF 7**

---

N-09	Uprating of Aliaga Substation	7,291,065.00
N-10	Reconductoring of Feeder 11 Backbone Line	4,130,253.59
N-11	Reconductoring of Feeder 13 Backbone Line	11,265,467.00
N-12	Reconductoring/Reconfiguration of Feeder 41 Backbone Line	8,138,670.00
N-13	Installation of Sectionalizing & By-pass Switch	10,739,219.61
N-14	Kwh Meter Clustering	26,319,632.11
N-15	Replacement of Old and Defective kWhr Meter	<u>66,850,397.97</u>
Sub-total		<b><u>P345,564,738.38</u></b>
<b>B. OTHER NETWORK PROJECTS</b>		
ON-01	Installation of kWhr Meter & Service Drop	37,431,527.65
ON-02	Installation of Distribution Transformer	53,827,013.59
ON-03	Extension of Primary and Secondary Line	6,326,851.09
Sub-total		<b><u>P97,585,392.34</u></b>
<b>C. NON-NETWORK PROJECTS</b>		
NN-01	Building Structure & Improvements	13,837,945.02
NN-02	Transportation Equipment	19,397,400.00
NN-03	IT Equipment	18,820,548.03
NN-04	Lot for the Zone II Office	30,000,000.00
NN-05	Laboratory & Power Operated Equipment	3,100,000.00
Sub-total		<b><u>P85,155,893.05</u></b>
<b>D. NETWORK CAPEX</b>		
E-01	Construction of DX Lines to Sitios	<b><u>26,431,534.03</u></b>
<b>GRAND TOTAL</b>		<b><u>P554,737,557.80</u></b>

- The capital expenditure (CAPEX) projects are necessary for effective operation and maintenance of the distribution system of NEECO II - AREA 1 in order to provide safe, efficient, reliable, least cost and quality electric services to consumers;
- The CAPEX projects are in compliance with the Philippine Grid Code (PGC), Philippine Distribution Code

(PDC), the latest edition of the Philippine Electrical Code (PEC), the provisions of Republic Act No. 9136 and its implementing rules and regulations, and the implementing guidelines on CAPEX projects;

8. The CAPEX projects are consistent with NEECO II - AREA 1's Distribution Development Plan that was submitted to the Department of Energy (DOE);
9. The CAPEX projects will be financed by the Reinvestment Fund for Sustainable Capex (RFSC), loans from NEA and Bank/Other Financing Institution and Rural Electrification Subsidy;
10. In compliance with the pre-filing requirements, NEECO II – Area 1 is submitting the following:
  - 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 applicant has furnished the said legislative body of the aforesaid application;
  - b. Certification from the Sangguniang Panlalawigan of Nueva Ecija that it likewise has 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;

**MOTION FOR ISSUANCE OF PROVISIONAL  
AUTHORITY**

11. The replacement of Old and Defective kWhr Meters were implemented from 2010 up to 2017. This is necessary and the most effective countermeasures to correct the numerous consumers billing error complaints and to reduce the losses contributed by the inaccuracy of kWhr meter registration. The Honorable Commission was accordingly informed before the actual implementation. This particular CAPEX project was included in 2010-2014 CAPEX Application but required to re-apply the same in the next CAPEX Application;
12. Kwh Meter Clustering was likewise implemented to address the non-technical losses due to pilferages. This is in accordance with the ERC Resolution No. 11, Series of 2009 regarding the installation and relocation of residential electric meters by DUs. The Honorable Commission was likewise informed before its implementation and this project was also include in 2010-2014 wherein the applicant was mandated to include the same in the next CAPEX application;

13. In 2012, the Reconductoring of Feeder 11 Backbone Line was implemented because the result of the simulation showed that the projected power quality profile of Feeder 11 is predicted to get worse and also followed a corresponding increase in the technical loss. Thus, the Power Quality Problems must be corrected to comply with the requirement of the Philippine Grid Code and Philippine Distribution Code. In as much as this project qualified/passed to the technical and financial criteria as the technically feasible and the most economical project among the alternative taken, hence, it was selected project for implementation. This project was also include in 2010-2014 and the applicant was advised to include the same in the next CAPEX application;
14. The Construction of Lupao Substation and 69KV Subtransmission Lines, Reconductoring / Reconfiguration of Feeder 41 Backbone Line, and Safety Project of Quezon Substation Protection were included in 2010-2014 CAPEX Application but implemented in 2015, 2016 and 2017, respectively, after proper information to the competent authority (Energy Regulatory Commission [ERC] );
15. All other CAPEX projects were already implemented, after duly informing the Honorable Commission, except the uprating of the substations which are still on-going; and
16. The implementation of the CAPEX projects by the herein applicant actually avoided irreparable losses and deterioration of its services, danger and damage to the consumers. It also sustains the power needs of its customers. Confirmation, therefore, by the Honorable Energy Regulatory Commission of the said implementation of the CAPEX projects by the applicant, through issuance of provisional approval, is of urgent necessity.

**PRAYER**

**WHEREFORE**, premises considered, applicant Nueva Ecija II Electric Cooperative, Inc. – Area 1 (NEECO II – Area 1) respectfully prays of this Honorable Commission the following:

- a. Immediately issue a Provisional Authority (PA) authorizing and/or confirming the implementation made by NEECO II - AREA 1 of the CAPEX projects;
- b. After due notice and hearing and consideration, the Provisional Authority be made permanent; and
- c. Other reliefs, just or equitable, 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 **08 November 2018 (Thursday) at ten o'clock in the morning (10:00 AM) at NEECO II- Area 1's Principal Office in Calipahan, Talavera, Nueva Ecija.**

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. Applicant 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.

**WITNESS**, the Honorable Chairperson and CEO **AGNES VST DEVANADERA**, and the Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 28<sup>th</sup> day of June 2018 in Pasig City.

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

  
LS: JTB/LSP/APV