

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



IN THE MATTER OF THE
APPLICATION FOR APPROVAL OF
UNPLANNED CAPITAL
EXPENDITURE PROJECTS: A)
INSTALLATION OF NEW 5 MVA
SUBSTATION; B) ACQUISITION OF
LOGISTICS FOR MAINTENANCE OF
69 KV SUBTRANSMISSION LINE
(FROM BALINGASAG TO
ESPERANZA, KINOGUITAN, MISAMIS
ORIENTAL); C) ACQUISITION OF
RIGHT-OF-WAY AND APPROVAL OF
LOAN APPLICATION WITH NEA WITH
PRAYER FOR PROVISIONAL

ERC CASE NO. 2014-005 RC

CAMIGUIN ELECTRIC COOPERATIVE,
INC. (CAMELCO),

Applicant.

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DOCKETED
Date: SEP 16 2014
By: [Signature]

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on January 22, 2014, the Camiguin Electric Cooperative, Inc. (CAMELCO) filed with the Commission an application for the approval of its unplanned capital expenditure projects: a) installation of new 5 MVA substation; b) acquisition of logistics for maintenance of 69 kV subtransmission line (from Balingasag to Esperanza, Kinoguitan, Misamis Oriental); and c) acquisition of right-of-way, and approval of loan application with the National Electrification Administration (NEA), with prayer for provisional authority.

In the said application, CAMELCO alleged, among others, that:

1. It is non-stock non-profit and service oriented electric cooperative organized and existing under and by virtue of the provisions of P.D. 269 as amended by P.D. 1645, with principal office address located at Mambajao, Camiguin Province represented herein by its General Manager Adriano Ebcas;
2. It has been granted by the National Electrification Administration (NEA) a fifty (50) years franchise to distribute electric service to its member-consumers in the Island Province of Camiguin, namely: Catarman, Guinsiliban, Mahinog, Mambajao, and Sagay;
3. In accordance with its mandate to render reliable, adequate and efficient electric service to all its consumer-members on an area coverage basis, it seeks the authority from the Commission for the approval of the Emergency Capital Projects: (1) Installation of a New 5 MVA Substation at Brgy. Esperanza, Misamis Oriental; (2) Acquisition of Logistics for the Maintenance of 69 kV Subtransmission Lines; and (3) Acquisition of Right-of-Way and with the proposed 69 kV Maintenance Office and Warehouse/Stockyard;
4. The said projects are unplanned but were found necessary in order to properly and safely connect the submarine cable to the transmission lines from the mainland to the Island of Camiguin;
5. In view of this development, its technical staff and with the approval of the Board of Directors have decided not to wait for the regular filing of the Capital Expenditure (CAPEX) application;
6. In compliance with the guidelines and documentary requirements of the Commission, it hereby submits the following documents:

1. PROFILE

- 1.1 Brief History of CAMELCO
- 1.2 Facilities Profile

1.3 Status of Operation

2. LOAD FORECASTING

- 2.1 Energy Sales forecasting
- 2.2 System Demand Forecast

3. PERFORMANCE ASSESSMENT AND TECHNICAL EVALUATION

3.1 Substation Loading Analysis

4. PROPOSED CAPEX PROJECTS

Project Code	Project Description	Estimated Cost
SDP-1	Installation of a New 5MVA Substation at Bgy. Esperanza, Misamis Oriental	P 45,648,625
NNP-1	Acquisition of Logistics for the Maintenance of 69KV Sub-Transmission lines	P 71,000,000
	a) 1 - unit, 6-wheeler Boom Truck, Tadano	P 5,000,000
	b) 2- units 4x4 Pick-up, Toyota Hi-Lux with maintenance accessories	4,000,000
	c) 1 – unit Motorized Utility Boat	2,000,000
	d) 69 KV Hotline Maintenance Tools, Equipment and trainings	8,000,000
	e) Assorted 69KV Line Materials	35,000,000
	f) 1 hectare lot for 69 KV Stockyard, Pole yard & Building	10,000,000
	g) Construction of Office Building, Warehouse and Motorpool	7,000,000.
NNP-2	Acquisition of Right-of-Way Along Existing 69 Kv Line	P 10,000,000
Total Unplanned CAPEX		P 126,648,625

5. FINANCIAL/ECONOMIC ANALYSIS

- 5.1 Historical Financial Performance Assessment
- 5.2 Financing Plan
- 5.3 Projected Financial Performance Assessment
 - 5.3.1 Projected Financial Assessments
 - 5.3.2 Projected Financial Ratios
- 5.4 Rate Impact Analysis
- 5.5 Cost Benefit Analysis
- 5.6 Sensitivity Analysis
 - 5.6.1 Rate Impact
 - 5.6.2 Financial Performance Assessment
- 5.7 Assumptions

6. CAPITAL EXPENDITURE PROJECTS JUSTIFICATION

- 6.1 Network Asset Projects

6.1.1 Installation of a new 5 MVA Substation at Esperanza

6.2 Non-network Asset Projects

7. ANNEXES

- Annex A - Construction, Installation and Commissioning of a New 5 MVA substation
1. Details of Equipment Cost
 2. Gantt Chart
- Annex B - Logistics for the 69 kV Subtransmission Line
1. Details of logistical equipment and support
 2. Detailed list for 69 kV Hardware for rehab/refurbishment
- Annex C - Right-of-way Acquisition along 69 kV Line
- Annex D - Verification of Non-forum Shopping
- Annex E - Board Resolution
- Annex "F in 01" - Projected income statement – with 2013 unplanned capex
- Annex "F in 02" - Projected balance sheet – with unplanned capex
- Annex "F in 03" - Projected cash flow statement - with unplanned capex
- Annex "F in 04" - Balance sheets, Statement of income, Statement of cash flow for the years ended December 31, 2008 and 2007
- Annex "F in 05" - Balance sheets, Statement of income, Statement of cash flow for the years ended December 31, 2009 and 2008
- Annex "F in 06" - Balance sheets, Statement of income, Statement of cash flow for the years ended December 31, 2010 and 2009
- Annex "F in 07" - Balance sheets, Statement of income, Statement of cash flow for the years ended December 31, 2011 and 2010
- Annex "F in 08" - Statement of financial position, statement of revenue and expenses, statement of cash flows - for the year ended December 31, 2012 and 2011
- Annex "Fin 09" - Overall Indicative rate impact

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Annex FIN-09

Overall Indicative Rate Impact

	Loan Amt. (P'000)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Collections from Existing MCC/RFSC											
per RSEC -WR @ Php0.5324 (In PHP'000)		8,931	9,686	10,529	11,461	12,482	13,591	14,790	16,077	17,452	18,917
Less:											
Debt Servicing Costs (Php'000):											
NEA/Banks-Esperanza SS (inclusive of permit fee/consultancy & legal fees/capitalized interest)	50,676		6,508	6,508	6,508	6,508	6,508	6,508	6,508	6,508	6,508
NEA/Banks-Logistics for Submarine Cable (inclusive of permit fee and capitalized interest)	88,952		11,424	11,424	11,424	11,424	11,424	11,424	11,424	11,424	11,424
New NEA Loans in 2012	47,131	4,595	5,748	5,748	5,748	5,748	5,748	5,748	5,748	5,748	5,748
Permit Fee-New NEA Loans	934	234	234	234	232						
REFC, New Loans	1,122	556	473								
BPI-Submarine Cable 1st Release	20,000	970	970	3,424	3,305	3,184	3,061	2,939	2,819	2,697	2,574
BPI-Submarine Cable 2nd Release	97,500			16,692	16,114	15,511	14,919	14,330	13,743	13,147	12,556
BPI-Submarine Cable 3rd Release	97,500				16,692	16,114	15,511	14,919	14,330	13,743	13,147
Permit Fee-Submarine Cable	1,630	408	408	408	406						
Transco 69 KV Line	38,739	3,958	3,958	3,958	3,958	3,957	3,033	3,958	3,958	3,958	3,958
Old/Existing Loans:											
NEA (inclusive of capitalized interest)	12,360	2,402	2,402	2,402	2,401	2,382	1,990	1,859	1,859	1,859	465
REFC	33,156	7,045	6,954	5,640	3,277	493					
Total Debt Servicing Costs		20,168	39,077	56,438	70,066	65,320	62,193	61,685	60,389	59,083	56,379
Excess (Deficit) in MCC/RFSC		(11,236)	(29,392)	(45,909)	(58,605)	(52,838)	(48,602)	(46,895)	(44,312)	(41,631)	(37,462)
Projected Sales (In MWh)		16,775	18,193	19,776	21,527	23,444	25,528	27,779	30,197	32,781	35,532
Annual Rate Impact per KWh		0.6698	1.6156	2.3214	2.7224	2.2538	1.9038	1.6881	1.4674	1.2700	1.0543
Average Rate Impact/KWh (10 Years)		1.6967									
Average Rate Impact/KWh (5 Years)		1.9166									

- Annex "F in 10" - Rate impact- Installation of one (1) unit 5 MVA substation at Brgy. Esperanza
- Annex "F in 11" - Rate impact - 69 kV line materials for refurbishment
- Annex "F in 12" - Rate Impact- Maintenance vehicles and equipment for 69 KV Line
- Annex "F in 13" - Rate Impact- Hotline Maintenance tools and equipment

- Annex "F in 14" - Rate Impact- Acquisition of lot building and poleyard
- Annex "F in 15" - Rate Impact – Construction of Office Building at Salay
- Annex "F in 16" - Acquisition of Right-of-Way
- Annex "F in 17" - Overall indicative rate impact
- Annex "F in 18" - Overall indicative rate impact
- Annex "F in 19" - Overall indicative rate impact
- Annex "F in 20" - Overall indicative rate impact

7. It will initially undertake to finance the said project from its internally generated funds and will later apply for a loan from the National Electrification Administration (NEA) to replace said funds in order to be able to replenish the funds for other equally important projects;
8. The unplanned capital expenditures for year 2013 will cost it the amount of PhP126,649,000.00;
9. This application is definitely intended to allow it to render a more reliable, adequate and efficient electric service in compliance to its mandate of total electrification on an area coverage basis;
10. It requests the issuance of a provisional approval for the benefit of its consumer-members; and
11. It prays that the Commission issue an Order 1) granting immediately the provisional authority/approval for this Unplanned Capex Expenditure Projects for the Year 2013; 2) allowing it to proceed with the a) Installation of the new 5MVA Substation, b) Acquisition of logistics for the maintenance of the 69 kV Sub-transmission Lines and c) Acquisition of Right of Way projects; and 3) approving the loan application with NEA.

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **October 8, 2014 (Wednesday) at two o'clock in the afternoon (2:00 P.M.) at the CAMELCO Main Office, Mambajao, Camiguin.**

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (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 proceeding may file their opposition to the application or comment thereon at any stage of the proceeding before the applicant concludes the presentation of its evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who may wish to have a copy of the application may request the applicant, prior to the date of the initial hearing, that they be furnished with a copy of the application. The applicant is hereby directed to furnish all those making such request with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the application and other pertinent records filed with the Commission during the usual office hours.

WITNESS, the Honorable Chairperson, **ZENAIDA G. CRUZ-DUCUT**, and the Honorable Commissioners, **ALFREDO J. NON GLORIA VICTORIA C. YAP-TARUC**, and **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, Energy Regulatory Commission, this 8th day of September, 2014 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III