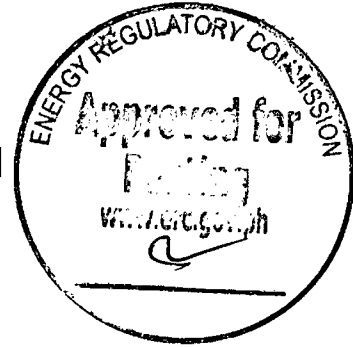


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



IN THE MATTER OF THE
APPLICATION FOR CONFIRMATION
AND APPROVAL OF FORCE
MAJEURE EVENT CAPITAL
EXPENDITURE PROJECT, RE:
RECONSTRUCTION, REPAIR,
RESTORATION, REPLACEMENT
AND/OR REHABILITATION OF
DISTRIBUTION LINES AND
ACCESSORIES, EQUIPMENT AND
BUILDING STRUCTURES DAMAGED
BY SUPER TYPHOON YOLANDA

ERC CASE NO. 2014-019 RC

AKLAN ELECTRIC COOPERATIVE,
INC. (AKELCO),

Applicant.

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DOCKETED
Date: FEB 04 2015
By: *[Signature]*

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on March 6, 2014, Aklan Electric Cooperative, Inc. (AKELCO) filed with the Commission an application for confirmation and approval of force majeure event capital expenditure project, re: reconstruction, repair, restoration, replacement and/or rehabilitation of distribution lines and accessories, equipment and building structures damaged by Super Typhoon Yolanda.

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

THE APPLICANT

1. It is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Poblacion, Lezo, Aklan;
2. It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC), to operate electric light and power distribution services in the seventeen (17) municipalities of the Province of Aklan, namely: Malay, Buruanga, Nabas, Ibajay, Tangalan, Makato, Madalag, Libacao, Malinao, Numancia, Lezo, Banga, Kalibo, New Washington, Batan, Altavas, Balete, and two (2) northern towns of the Province of Antique, namely: Pandan and Libertad;

CAUSE OF ACTION

(The Force Majeure Event: Super Typhoon Yolanda)

3. Typhoon Yolanda struck the Philippines on November 8, 2013. It has been treated as the most powerful storm to make landfall in recorded history. All the municipalities in Aklan and some parts of Antique were among the worst hit in the Visayas which experienced sustained winds of 270 kph and gustiness of up to 312 kph. In view of the enormity of its devastations, Presidential Proclamation No. 682 dated November 11, 2013 declared a State of National Calamity, affecting Samar, Leyte, Cebu, Iloilo, Capiz, Aklan, and Palawan;
4. Out of its 15,672 distribution poles, 5,165 poles were toppled and damaged by Typhoon Yolanda. These consist of 646.71 kilometers of primary and secondary lines. In the Municipalities of Altavas, Batan, New Washington, Balete, Madalag, Libacao and Banga, 90% of its distribution lines were severely damaged. Since backbone lines and lateral line sections in all of the covered municipalities and barangays were affected along with the heavy damage on the NGCP/TRANSCO transmission lines, it experienced total power blackout;

LEGAL BASIS

5. The instant application is being filed pursuant to Section 3.3, Article III of the Commission's Amended Rules for the Approval of Regulated Entities' Capital Expenditure Project, as well as other pertinent laws, rules and regulations;

TIMELINESS OF FILING

6. It submitted to the Commission the requisite Force Majeure Event Notice on February 6, 2014 or within three (3) months from the occurrence of Super Typhoon Yolanda. The instant application is being filed within thirty (30) days from submission of the said Notice, well within the period prescribed by the Rules;

DESCRIPTION OF THE PROJECT

7. The force majeure event capital expenditure project consists of the reconstruction, repair, restoration, replacement and/or rehabilitation of distribution lines and accessories, equipment and building structures devastated by Super Typhoon Yolanda;

ESTIMATED PROJECT COST

8. The estimated cost of reconstruction, repair, restoration, replacement and/or rehabilitation of the damaged distribution lines and accessories, equipment and building structures is PhP201,630,685.31;

PROJECT SCHEDULE

9. Reconstruction, repair, restoration, and rehabilitation works were immediately started after the typhoon subsided and estimated to be completed by March 31, 2014;

JUSTIFICATIONS OR BENEFITS TO BE DELIVERED

10. The project was necessitated in order to restore electric power and achieve a safe and reliable power supply in its franchise area;

PROJECT FINANCING

11. It is availing of the Yolanda Recovery and Rehabilitation Program (YRRP) subsidy allocated for it by the national government in the estimated amount of PhP195,007,601.05;
12. Should the said amount of subsidy be granted to it in full, the same would not be sufficient to cover the entire cost of the project. Further, its existing Reinvestment Fund for Sustainable Capital Expenditure (RFSC) is likewise not sufficient to cover the deficiency. In view thereof, it shall secure a loan from a reputable bank to fund the deficiency, in the estimated amount of PhP6,632,084.26. Loan amortizations shall be paid out of its accruing RFSC;

INDICATIVE RATE IMPACT OF THE PROPOSED PROJECT

13. Its projected sales for 2014 is 216,864,000 kWh. At 6% interest rate per year for a bank loan of PhP6,632,084.26 payable in one (1) year, the indicative rate impact is PhP0.0324 per kWh;

COMPLIANCE WITH PRE-FILING AND DOCUMENTARY REQUIREMENTS

14. Finally, in compliance with the pre-filing and other documentary requirements for the application, it is submitting the following documents attached to the application to form integral parts thereof, as follows:

Annex No.	Nature of Document
A	AKELCO Board Resolution authorizing the filing of the instant application;
B	Notice of Force Majeure Event (Typhoon Yolanda) dated February 5, 2014;
C	Executive Summary of the Project;

D to D-1	Proof of furnishing of copies of the Application to the Sangguniang Bayan of Lezo and the Sangguniang Panlalawigan of Aklan; and
E to E-2	Publication of the Application in a newspaper of general circulation within AKELCO's franchise area or where it principally operates, with Affidavit of Publication; and

15. It prays that after due notice and hearing, the reconstruction, repair, restoration, replacement, and/or rehabilitation works undertaken on its distribution lines and accessories, equipment and building structures damaged at the height of the devastation of Super Typhoon Yolanda on November 8, 2013, be confirmed and approved, and it be allowed to recover the costs to be covered by loan.

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **April 13, 2015 (Monday) at nine o'clock in the morning (9:00 A.M.) at the AKELCO Main Office, Poblacion, Lezo, Aklan.**

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 2nd day of February, 2015 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III