

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



IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF INTERIM CAPITAL
EXPENDITURE (CAPEX)
PROJECTS FOR THE YEAR 2014
AND FOR AUTHORITY TO
SECURE LOAN FROM THE
NATIONAL ELECTRIFICATION
ADMINISTRATION (NEA) WITH
PRAYER FOR PROVISIONAL
AUTHORITY

ERC CASE NO. 2014-113 RC

SURIGAO DEL SUR I ELECTRIC
COOPERATIVE, INC. (SURSECO I),
Applicant.

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DOCKETED
Date: OCT 14 2014
w/

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on August 5, 2014, Surigao Del Sur I Electric Cooperative, Inc. (SURSECO I) filed an application for the approval of its interim capital expenditure (CAPEX) projects for the year 2014 and for authority to secure loan from the National Electrification Administration (NEA), with prayer for provisional authority.

In the said application, SURSECO I alleged, among others, that:

1. It is an electric cooperative (EC) duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at San Fernando, Bislig City, Surigao del Sur;

2. It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC), to operate an electric light and power distribution service in the City of Bislig and the Municipalities of Barobo, Tagbina, Hinatuan and Lingig, all in the Province of Surigao del Sur;

3. Pursuant to the Commission's Resolution No. 26, Series of 2009 and other pertinent rules and regulations, the instant application is filed for the approval of the following CAPEX projects:

Project Type	Project Description	Project Cost (PhP)	Year
Reliability	Replacement of Rotten Pole	1,752,507.00	2014
Reliability	Installation of Vacuum Recloser for San Fernando (M1) and Barobo Substation (M2)	5,569,852.00	2014
Reliability	Primary line looping from Dreamland to Sta. Rita	1,629,132.00	2014
System Loss & Reliability	Replacement of defective and overloaded transformer	3,475,581.00	2014
System Loss	kWh meter clustering	4,332,104.00	2014
Reliability & Safety	Installation of Sectionalizers for Feeder 9	626,005.00	2014
Other CAPEX	Replacement of old and defective kWh meter	1,747,200.00	2014
Other CAPEX	Procurement of kWh meters and service drop wires for residential connections	3,020,506.00	2014
TOTAL (PhP)		22,152,886.00	

4. **CAPEX Plan.** Its CAPEX projects are discussed in detail in its Distribution Development Plan (DDP) for the year 2014 together with other supporting documents which are attached in the instant application in the Commission's specified templates;

5. **Financing Plan.** Its proposed CAPEX projects will be financed through loans from NEA. Shown below are its projected annual cash flow for the proposed project and

Reinvestment Fund for Sustainable CAPEX (RFSC) collection:

Projected Annual Cash Flow of the Proposed CAPEX Projects

Particulars	Amount (PhP)
CAPEX Plan Cost	
Projects (2014)	22,152,886
Total CAPEX Plan Cost	22,152,886
CAPEX Plan Amortization – Existing Loans	7,594,096
CAPEX Plan Amortization – 2014 CAPEX	3,368,832
CAPEX Approval Fee	166,147
Total CAPEX Plan Cost	33,281,961

Projected RFSC Collections

Particulars	Amount (PhP)
Projected kWh Sales	50,656,418
RFSC Rate per kWh	0.4004
Projected RFSC Collection	19,674,345

The tables above show that its projected RFSC collection is not sufficient to cover its annual CAPEX project cost. An adjustment in RFSC rate is necessary to meet its annual CAPEX project cost;

6. **Rate Impact.** Its CAPEX plan is envisioned to have the least rate impact at the most reasonable and justifiable electricity rates or at the least possible cost to its consumers. Shown below is the annual rate impact of its CAPEX plan to its RFSC:

Rate Impact Analysis per kWh

Year	Amortization (PhP)	Annual Sales Forecast (PhP)	Rate Impact per kWh (PhP/kWh)
2015	3,368,825.00	54,699,000.00	0.0616
2016	3,368,825.00	58,130,000.00	0.0579
2017	3,368,825.00	61,680,000.00	0.0546
2018	3,368,825.00	65,333,000.00	0.0515

2019	3,368,825.00	69,076,000.00	0.0488
2020	3,368,825.00	72,907,000.00	0.0462
2021	3,368,825.00	76,821,000.00	0.0438
2022	3,368,825.00	80,908,000.00	0.0416
2023	3,368,825.00	84,953,000.00	0.0396
2024	3,368,825.00	89,200,000.00	0.0377
Total (PhP)	33,688,313.00	-	-

7. It complied with the pre-filing requirement of the Commission;
and
8. It prays that: a) upon initial review of the instant application and pending trial on the merits, a provisional authority be issued permitting it to implement the proposed projects and authorizing it to secure loan from NEA; b) after due notice and hearing, the same be granted permanently; and c) it be allowed to pay the corresponding Commission's permit fee on an installment basis for a period of one (1) year.

The Commission has set the instant application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **November 27, 2014 (Thursday) at ten o' clock in the morning (10:00 A.M.) at the SURSECO I's Principal Office, San Fernando, Bislig City, Surigao del Sur.**

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 the 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 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 7th day of October 2014 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III


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