

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



**IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF EASTERN SAMAR
ELECTRIC COOPERATIVE,
INC.'s CAPITAL EXPENDITURE
PROJECTS DUE TO FORCE
MAJEURE (TYPHOON RUBY)**

ERC CASE NO. 2015-102 RC

**EASTERN SAMAR ELECTRIC
COOPERATIVE, INC.
(ESAMELCO),**

Applicant.

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D O C K E T E D

Date: **AUG 25 2015**

By: _____

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on May 22, 2015, the Eastern Samar Electric Cooperative, Inc. (ESAMELCO) filed an application for approval of its capital expenditure projects due to force majeure event (Typhoon Ruby).

In the said application, ESAMELCO alleged, among others, the following:

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 Barangay Cabong, Borongan City, Province of Eastern Samar;
2. It holds an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in Borongan City and certain municipalities in the Province of Eastern Samar, namely:

Guiuan, Mercedes, Salcedo, Lawa-an, Balangiga, Giporlos, Quinapondan, Mac Arthur, Hernani, Llorente, Balangakayan, Maydolong, San Julian, Sulat, Taft, Can-avid, Dolores, Oras, San Policarpio, Arteche, Maslog and Jipapad;

3. On December 6, 2014, Typhoon Ruby with international name Typhoon Hagupit, made a landfall in the Province of Eastern Samar with maximum sustained winds of more than 185 km/hour near the center with gustiness of 220 km/hour. Due to its severe damaged, the entire Province of Eastern Samar was declared in a state of calamity per Office of the Sangguniang Panlalawigan's Resolution No. 77, Series of 2014 "Declaring the Entire Province of Eastern Samar in a State of Calamity due to the severe effects caused by Typhoon Ruby", attached to the application as Annex "A";
4. Due to its strong winds, heavy rains and its unusually slow tracking heavily devastated more than half of its electric distribution network and facilities. As a consequence, it sustained long outages by more than sixty thousand (60,000) member-consumers which require immediate repair and restoration;
5. After the storm, with the assistance of the Region 8 Electric Cooperatives (EC) under the National Electrification Administration's (NEA) Task Force Kapatid, it immediately commenced repair and restoration of the damaged distribution lines and facilities. Its restoration activities are still ongoing in view of the extent of the damage on seven municipalities and one city directly hit by the storm. The Department of Energy (DOE) and NEA supervised the fast tracking of the restoration of the damaged distribution network to meet the deadline of energizing the town centers in the province and the barangays;
6. The estimated total cost of the project is One Hundred Seventy Four Million Five Hundred Forty-Four Thousand Six Hundred Forty-Seven and 32/100 Pesos (PhP174,544,647.32). Attached to the application is the Executive Summary on Force Majeure Capex (Typhoon Ruby/Hagupit) and Summary of Final Damage Report and Cost Restoration/Repair of Distribution Line Damaged by Typhoon Ruby as Annexes "B to B-11" and "C to C-3", respectively. It also indicated the following relevant data, to wit:

- a. Project Description;
 - b. Justification or Benefits to be delivered;
 - c. Estimated Project Cost; and
 - d. Project Schedule/Timetable.
7. As the immediate restoration and repair of the damaged distribution system would require substantial funding and resources, it was constrained to seek financial assistance from NEA least member-consumers would be greatly inconvenienced and governmental functions and economic activities will suffer slowdown with prolonged outages. Other Region 8 ECs also provided materials, hardware and manpower to be replaced later on. It was granted by NEA a calamity loan of PhP50,000,000.00 approved in the later part of December 2014. As of January 31, 2015, the cost of restoration and repair amounted to PhP63,239,454.00 plus those still be incurred to complete the restoration. The Summary of the Disbursement and Unpaid Accounts incurred for Typhoon Ruby Line Restoration is attached to the application as Annex "D to D-12";
 8. The restoration activities are being done consistent with Section 1.2.1 of the Guidelines for the Monitoring of Reliability Standards for Distribution Utilities promulgated under the Commission's Resolution No. 12, Series of 2006. The force majeure CAPEX Project comply with Section 23 and 43(b) of the EPIRA, Section 4(d) of the EPIRA IRR and Section 3.3 of the Philippine Distribution Code on Reliability Standards for Distributors;
 9. The funding for the restoration and rehabilitation works which is presently being sourced through a calamity loan from NEA. Since it has not received any subsidy from the government, it intends to recover the cost of the repair and restoration from its member-consumers utilizing the present RFSC rate of PhP0.4004/kWhour. The present RFSC rate will have a minimal rate impact and will be sufficient to cover the cost the restoration and the repayment of the amortizations on the principal and interest on NEA calamity loan or from other creditors;
 10. In support of the application, it submitted the following documents:

Annex	Nature of Document
E & F	Notification on Force Majeure Event dated December 29, 2014 and received by the Commission on January 7, 2015 and letter request for extension dated February 3, 2015
G to G-23	Proof of furnishing copies of the Application to the Sangguniang Panlalawigan of the Province of Eastern Samar, Sangguniang Panlungsod of Borongan City, and Sangguniang Bayan of all municipalities of the Province of Eastern Samar; and
H	Publication of the Application in a newspaper of general circulation within ESAMELCO's franchise area or where it principally operates, with Affidavit of Publication;

11. It prays that after due notice and hearing, the application of its capital expenditure projects due to force majeure (Typhoon Ruby) be confirmed and approved.

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **October 28, 2015 (Wednesday) at ten o'clock in the morning (10:00 A.M.) at the ESAMELCO Main Office, Barangay Cabong, Borongan City, Province of Eastern Samar.**

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.

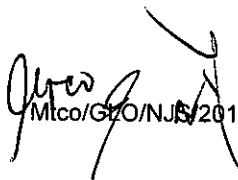
All other persons who may want their views known to the Commission with respect to the subject matter of the proceeding may file their opposition to the application or comment thereon at any stage of the proceeding before the applicant concludes the presentation of its evidence. No particular form of 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 a 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 Chairman, **JOSE VICENTE B. SALAZAR**, and the Honorable Commissioners, **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 17th day of August, 2015 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III


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