

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



**IN THE MATTER OF THE
APPLICATION FOR
CONFIRMATION AND
APPROVAL OF THE FORCE
MAJEURE EVENT CAPITAL
EXPENDITURE PROJECT,
RE: REPAIR, RESTORATION
AND/OR REPLACEMENT OF
DISTRIBUTION LINES AND
FACILITIES DAMAGED BY
TYPHOON LANDO**

ERC CASE NO. 2016-005 RC

**PANGASINAN I ELECTRIC
COOPERATIVE (PANELCO
I),**

Applicant.

X-----X

D O C K E T E D

Date: FEB 17 2016

By: _____

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 18 January 2016, the Pangasinan I Electric Cooperative (PANELCO I) filed an application for confirmation and approval of the force majeure event capital expenditure project, re: repair, restoration and/or replacement of distribution lines and facilities damaged by Typhoon Lando.

In the said application, PANELCO I alleged, among others, the following:

1. PANELCO I is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with principal office at San Jose, Bani, Pangasinan, represented in this instance by its Acting General Manager Dionisio O. Opolento, Jr., of legal age, Filipino,

married with office address at San Jose, Bani, Pangasinan, duly authorized by virtue of Board Resolution No. 15-216 dated 15 December 2015;

2. PANELCO I is the exclusive franchise holder of a Certificate issued by the National Electrification Commission on 08 January 1979 to operate an electric light and power services in the City of Alaminos and Municipalities of Agno, Anda, Bani, Bolinao, Burgos, Dasol, Infanta and Mabini, all in the Province of Pangasinan.
3. The filing of the application is likewise authorized under Board Resolution No. 15-215 dated 15 December 2015.
4. On 17 October 2015, public storm warning signals have been hoisted as Typhoon Lando intensified and moved closer to Luzon. Pangasinan was one of the provinces that the typhoon was partially devastated.
5. The powerful winds and heavy rains of Typhoon Lando caused destruction to the PANELCO I's distribution lines and facilities resulting to power interruption in the coverage area.
6. This application is filed in compliance with Section 3.3 of ERC Resolution No. 26 Series of 2009, which provides that if a Force Majeure or Fortuitous Event, as the case may be, occurs, the affected regulated entity shall seek the ERC's confirmation of the implementation of capital expenditure projects arising from such event.
7. The project consists of the repair, restoration and/or replacement of the cooperative's distribution lines, poles, distribution transformers, hardware and accessories damaged by Typhoon Lando.
8. The project ensured the power restoration in the coverage area of PANELCO I and provided an adequate, safe, reliable and efficient power supply to satisfy the needs of its member-consumers.

9. The total project cost amounts to Three Million Nine Hundred Eighty Three Thousand Three Hundred Twenty-Two Pesos and Sixty-Four Centavos (P3,983,322.64).
10. With the immediate need to restore the damaged lines and to provide power supply to the coverage area, PANELCO I purchased line materials from its suppliers on account and utilized the warehouse stocks intended for other projects.
11. The General Fund was temporarily used in paying the cost of materials as the account falls due and it was likewise used to finance other expenses relative to the restoration of lines. The total amount utilized from the General Fund will be reimbursed from Reinvestment Fund for Sustainable Capex (RFSC) upon confirmation and approval of the Commission.
12. Immediately after the typhoon, PANELCO I commenced the restoration of the damaged distribution lines and was completed by 05 November 2015.
13. The RFSC is intended to finance the approved capital expenditure projects. Shown below is the rate impact of the force majeure event capital expenditure project:

| Particulars | 2016 | 2017 | 2018 |
|-----------------------------------|----------------------|----------------------|----------------------|
| kWh Sales Projection | 98,516,136 | 103,264,614 | 108,014,786 |
| RFSC Rate/kWh | 0.2508 | 0.2508 | 0.2508 |
| Projected RFSC Revenue | 24,707,846.91 | 25,898,765.19 | 27,090,108.33 |
| Beg. Balance | 45,273,479.40 | 54,698,003.67 | 24,096,768.86 |
| Total CAPEX Fund | 69,981,326.31 | 80,596,768.86 | 51,186,877.19 |
| Amortization (Capex '09-'11) | 11,300,000.00 | 56,500,000.00 | - |
| Typhoon Lando Capex | 3,983,322.64 | | |
| Proposed Capex Requirement | 15,283,322.64 | 56,500,000.00 | - |
| Excess(Shortfall)/kWh | 0.555218728 | 0.2333 | 0.4739 |

The above schedule shows that the RFSC is sufficient to finance the total expenses incurred from the Typhoon Lando restoration activities.

14. PANELCO I is currently paying the amortization of the PhP113,000,000.00 loan from the Bank of the Philippine Islands with a maximum of seven (7) years term and will mature on 25 November 2017 . The proceeds of the loan were used to finance the approved Capex 2009-2011.
15. In support of the application, PANELCO I is submitting the following documents which are being made integral parts of the application:

| | Nature of Document |
|------------------|---|
| Annex A | Notice on the Force Majeure Event |
| Annex B | Executive Summary of the Project |
| Annexes C to C-9 | Proof of furnishing copies of the Application together with all its supporting annexes and accompanying documents to the Local Government Units' legislative bodies within the franchise area |
| Annexes D to D-2 | Publication of the Application in a newspaper of general circulation in the province of Pangasinan |

16. PANELCO I prays that the Commission confirm and approve, after due notice and hearing, its CAPEX projects.

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **02 June 2016 (Thursday) at ten o'clock in the morning (10:00 A.M.) at PANELCO I's Main Office, San Jose, Bani, Pangasinan.**

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 wish to have a copy of the application may request from the applicant that they be furnished with the same, prior to the date of the initial hearing. The 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 standard 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 09th day of February 2016 at Pasig City.


ATTY. NATHAN J. MARASIGAN
Chief of Staff
Office of the Chairman and CEO