

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF CAPITAL
PROJECTS FOR THE YEARS
2010 TO 2018 AND
AUTHORITY TO SECURE
LOANS FROM NATIONAL
ELECTRIFICATION
ADMINISTRATION (NEA)
AND OTHER FINANCIAL
AND/OR BANKING
INSTITUTIONS IN
ACCORDANCE WITH THE
PROVISIONS OF R.A. NO.
9136 AND THE RULES FOR
THE APPROVAL OF
REGULATED ENTITIES'
CAPITAL EXPENDITURE
PROJECTS, WITH PRAYER
FOR ISSUANCES OF
PROVISIONAL AUTHORITY**

ERC CASE NO. 2021-095 RC

**PAMPANGA III ELECTRIC
COOPERATIVE, INC. (PELCO
III),**

Applicant.

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Promulgated:

December 14, 2021

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 24 November 2021, Pampanga III Electric Cooperative, Inc. (PELCO III) filed an *Application* dated 03 August 2021, seeking the Commission's approval of its Capital Expenditure program for years 2010 to 2018 with an application for authority to secure loans from the National Electrification Administration (NEA) and other financial and/or banking institutions, in accordance with the provisions of Republic Act No. 9136, otherwise

known as the Electric Power Industry Reform Act of 2001 (EPIRA) and the Rules for the Approval of Regulated Entities' Capital Expenditure Projects, with prayer for the issuance of provisional authority.

The pertinent provisions of the said *Application* are hereunder quoted as follows:

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Sampaloc, Apalit, Pampanga, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Maria Elizabeth D. Urbano, of legal age, Filipino, and with office address also at PELCO III main office;
2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the municipalities of the province of Pampanga, namely: Apalit, Sto. Tomas, Minalin, San Simon, Masantol, and Macabebe;
3. Applicant hereby submits its proposed capital expenditure (CAPEX) projects for the years 2010 – 2018, in accordance with the specific provisions of Republic Act No. 9136 and the implementing guidelines adopted by the Energy Regulatory Commission (ERC) under Resolution No. 26, Series of 2009, more specifically the Amended Rules for the Approval of Regulated Entities' Capital Expenditure Projects;
4. The applicant in support of this application for the approval of the CAPEX projects has attached the following required documents contained in the said guidelines:
 - a) Historical and Forecast Planning Data;
 - b) Technical and Engineering Analysis;
 - c) Project Financial and Economic Cost Analysis;
 - d) Project Costs and Estimates;
 - e) Description of the Project; Justification and Impact Study on the System and; Options/Alternatives considered in lieu of the proposed project;
 - f) Single Line Diagram of the System;
 - g) Board Resolution Approving the Proposed Projects; and
 - h) Sworn Statement.

PELCO III is reserving its right to submit other documents, either in the course of the hearing or as may be required by this Honorable Commission;

5. The summary of the proposed capital expenditure projects (in pesos) are presented below:

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No	Title	Project Type	Year of Implementation	Project Cost	Remarks
1	Installation of 2 units of SF6 Circuit Breaker at Balite Substation	Safety	2018	13,475,000	Completed
2	Installation of 6 units of 15kV Recloser at Balite Substation	Safety/Reliability	2018	5,920,200.05	Completed
3	Installation of 5 sets of 3 Phase Recloser Circuit Breaker at Apalit, Macabebe, San Simon, Minalin, and Sto. Tomas	Safety/Reliability	2018	4,577,921.86	Completed
4	Installation of 4 sets of Single Phase recloser Circuit Breaker at Masantol, Minalin and Macabebe	Safety/Reliability	2018	2,193,954.45	Completed
5	Installation of 1-20 MVA Power Transformer at Pau Substation	Capacity	2017	39,900,000.00	Completed
6	Extension of 3.1km 69kV Sub-Transmission Line, Lot Acquisition and Construction of New 1-20 MVA Masantol Substation	Capacity	2020	64,523,487.67	Completed
7	Construction of New 2-20 MVA San Simon Substation and Lot Acquisition	Capacity		130,923,120.00	Ongoing Construction
8	Installation of 12 units of Capacitor	Power Quality	2017, 2018	388,033.20	Completed
9	Construction of distribution line and installation of kWhr meters and housewiring materials	Rural Electrification	2012, 2013, 2015, 2018, 2019	7,704,965.98	Completed
10	Requisition of Distribution Transformer for New Customer Connections and Replacement of Overloaded DT's	Other Network Capex	2010-2018	51,279,438.28	Completed
11	Requisition of Metering Equipments for New Customer Connections and Change Meters	Other Network Capex	2010-2018	55,800,796.26	Completed
12	Requisition of Service Drops for New Customer Connections	Other Network Capex	2010-2018	16,135,409.74	Completed
13	Upgrade of CCTV Surveillance Security System	Other Network Capex	2017	251,697.60	Completed
14	Upgrade of Server and Data Storage Infrastructure	Other Network Capex	2017	506,320.50	Completed
15	Upgrade/ Replacement of Hardwares and other Multimedia Devices	Other Network Capex	2018	155,400.00	Completed
16	Text Blast to all Area	Other Network Capex	2018	79,590.00	Completed

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17	Upgrading Voice over IP telephony System (PABX)	Other Network Capex	2017	126,885.15	Completed
18	Radio Over IP Communications	Other Network Capex	2018	1,213,964.14	Completed
19	Main Office Vehicles, Area Office Vehicles, Service Vehicles	Other Network Capex	2011, 2012, 2014, 2017 and 2018	25,612,132.15	Completed
20	Procurement of Generator Set for Main Office and Area Offices	Other Network Capex	2017-2018	853,050.00	Completed
21	Supply of labor and materials for the construction of Minalin Area office	Other Network Capex	2016	3,562,618.76	Completed
22	Procurement of Testing Equipment	Other Network Capex	2018	1,290,000.00	Completed

6. The actual cost of its proposed capital expenditure (CAPEX) projects for the years 2010-2018 was Four Hundred Twenty Six Million Four Hundred Seventy Four Thousand Nine Hundred Eighty Five Pesos and Seventy Nine Centavos (P426,474,985.79);
7. The CAPEX projects for the years 2010-2018 was financed through the following:
 - a) Maximum utilization of the Reinvestment Fund for Sustainable CAPEX (RFSC);
 - b) Utilization of General Fund;
 - c) Utilization of Restricted Fund (Retirement Fund); and
 - d) Loans from NEA and other financial/banking institutions;
8. Considering that the CAPEX projects for the years 2010-2018 was partly financed through loans from NEA and other financial/banking institutions due to insufficiency of RFSC, PELCO III hereby applies from the Honorable Commission to authorize the said loans;
9. These capital expenditure projects are necessary for the operation and maintenance of the distribution system of PELCO III in order to extend dependable and quality electric service to consumers;
10. These capital expenditure projects are in compliance with the Philippine Grid Code, Philippine Distribution Code, and specific provisions of Republic Act No. 9136, and the implementing guidelines on capital projects;
11. These CAPEX projects are consistent with the Distribution Development Plan of PELCO III submitted to the Department

of Energy;

12. Under Rule 14 of the ERC Rules of Practice and Procedure, the Honorable Commission is authorized to issue provisional authority or interim relief prior to a final decision, provided the facts and circumstances alleged warrant such remedy. Thus, applicant most respectfully request for immediate relief and/or approval of this application in order to avoid irreparable losses which will ultimately result in the deterioration of its services, to the damage, and prejudice of the public, in general, and its members/consumers, in particular. To support the Motion for Provisional Authority, the Affidavit of Maria Elizabeth D. Urbano is attached herewith as Annex "A" of this application;
13. In compliance with the pre-filing requirements, PELCO III is submitting the following:
 - a) Certification from the Sangguniang Bayan of Apalit, Pampanga that a copy of the application, with all its annexes and accompanying documents, attesting to the fact that applicant has furnished the said legislative body of the aforesaid application;
 - b) Certification from the Sangguniang Panlalawigan of Pampanga that it likewise has furnished the said pertinent documents; and
 - c) Affidavit of Publication and Newspaper issue containing the published Application in its entirety in a newspaper of general circulation in the Province of Pampanga; and (sic)
14. The approval of these Capital Expenditure Projects are necessary to maintain efficient, reliable, and safety delivery of power to PELCO III's existing and future consumers, and will redound to the benefits of the consuming public.

PRAYER

WHEREFORE, premises considered, applicant Pampanga III Electric Cooperative, Inc. (PELCO III) respectfully prays of this Honorable Commission that pending hearing, the herein submitted capital expenditure projects be provisionally approved *ex-parte*, that the applicant be authorized to adopt and implement the same, and that the applicant's loans from the National Electrification Administration (NEA) and other financial/banking institutions be authorized

And after due notice and hearing and consideration, this application be approved permanently.

Other relief/s, just or equitable under the premises, are likewise prayed for.

The Commission hereby sets the instant *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution 09, Series of 2020¹ dated 24 September 2020 and Resolution No. 01, Series of 2021 dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):²

Date	Platform	Activity
28 January 2022 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	Determination of compliance with the jurisdictional requirements and expository presentation
04 February 2022 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	Pre-trial Conference and presentation of evidence

Accordingly, PELCO III is hereby directed to host the virtual hearing at **PELCO III's principal office located at Sampaloc, Apalit, Pampanga**, as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. Moreover, PELCO III shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via electronic mail (e-mail) at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the expository presentation.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-

¹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name, mailing address, and e-mail 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.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

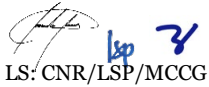
Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled initial virtual hearing by providing the Commission, thru legal.virtualhearings@erc.ph, with their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 2nd day of December 2021 in Pasig City.



AGNES VST DEVANADERA
Chairperson and CEO



LS: CNR/LSP/MCCG