

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



**IN THE MATTER OF THE
APPLICATION FOR AUTHORITY TO
IMPLEMENT A CONTINGENCY
CAPITAL EXPENDITURE PROJECT
CONSISTING OF POLE AND LINE
RELOCATION AFFECTED BY ROAD
WIDENING**

ERC CASE NO. 2009-013 MC

**BOHOL I ELECTRIC COOPERATIVE,
INC. (BOHECO I),**

Applicant.

x ----- x

D O C K E T E D

Date: AUG 06 2009

By: [Signature]

DECISION

Before this Commission for resolution is the application filed on February 13, 2009 by Bohol I Electric Cooperative, Inc. (BOHECO I) for authority to implement a contingency capital expenditure project consisting of pole and line relocation affected by road widening.

Having found said application sufficient in form and in substance with the required fees having been paid, an Order and a Notice of Public Hearing, both dated March 2, 2009, were issued setting the case for initial hearing on April 16, 2009.

In the same Order, BOHECO I was directed to cause the publication of the Notice of Public Hearing, at its own expense, once (1x) in a newspaper of

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general circulation in the Philippines, not later than ten (10) days before the scheduled date of initial hearing. It was also directed to inform the consumers, within its franchise area, by any other means available and appropriate, of the filing of the instant application, its reasons therefor, and of the scheduled hearing thereon.

The Office of the Solicitor General (OSG), the Commission on Audit (COA) and the Committees on Energy of both Houses of Congress were furnished with copies of the Order and the Notice of Public Hearing and were requested to have their respective duly authorized representatives present at the initial hearing.

Likewise, the Offices of the Mayors of the Municipalities within BOHECO I's franchise area were furnished copies of the Order and Notice of Public Hearing for the appropriate posting thereof on their respective bulletin boards.

On April 1 to 3, 2009, the Commission conducted an ocular inspection on BOHECO I's assets subject of the instant application.

On April 7, 2009, BOHECO I filed its "*Pre-trial Brief.*"

During the April 16, 2009 initial hearing of this case, only BOHECO I appeared. No intervenor/oppositor appeared nor was there any intervention/opposition registered.

At the said hearing, BOHECO I presented its proofs of compliance with the Commission's posting and publication of notice requirements which were duly



marked as Exhibits "A" and series to "C" and series, inclusive. Thereafter, it conducted an expository presentation of its application.

At the termination of the expository presentation, BOHECO I presented its lone witness, Engr. Teofilo T. Sagarino, its Manager for Technical Services Department, who testified, among others, on the proposed relocation of the poles, features of the proposed project, its rationale, the costs involved, source of financing, the status thereof and the documents submitted to the Commission to support the application. In the course of his direct examination, the witness identified various documents which were duly marked as exhibits. The said witness was, likewise, required to address the clarificatory questions propounded by the Commission.

On April 27, 2009, BOHECO I filed its "*Formal Offer of Evidence*" which is hereby admitted for being relevant and material to the final resolution of the case.

DISCUSSION

BOHECO I sought the Commission's approval of the following project:

1. Relocation or Replacement of Poles and Reconductoring of Line in preparation for the 69 kV Transmission Line

a. Project Description:

- Relocation or replacement of 13 poles from junction Tagbilaran to Dauis with a span of 0.984 km circuit distance and height of 75 to 80 footer; and

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- Reconductoring of lines from 4/0 Aluminum Conductor Steel Reinforced (ACSR) to 366.4 ACSR in preparation for the 69 kV transmission line intended for the Panglao substation

b. Rationale of the Project:

- To comply with the request made by the Department of Public Works and Highways (DPWH)
- To promote reliability and stability of the distribution system

c. Project Cost:

PhP2,715,684.79

CLASSIFICATION OF THE PROJECT

The project is a contingency capital expenditure project necessitated by the implementation of programs by the national government through its policies and initiatives or the implementation of development programs by local governments. A regulated entity is required to file a formal application for approval of said project within sixty (60) days from the start of its implementation.

Records reveal that this application was filed within sixty (60) days from the start of its implementation in December 2008.

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COST ANALYSIS

The capital investment for this proposed contingency capital project was estimated to be at Two Million Seven Hundred Fifteen Thousand Six Hundred Eighty-Four Pesos and 79/100 (PhP2,715,684.79). The contract for the supply of materials will be assigned to qualified suppliers following a competitive bidding and selection process. Project financing will be sourced through the Reinvestment Fund (RF) of BOHECO I. The cost of the project was based on the National Electrification Administration (NEA) price index and previous purchases. The cost of materials and other items is reflective of the market prices.

The bulk of the capital expenditure is attributed to materials, specifically the pole line hardware. The labor cost component of the project will be borne by the BOHECO I administration. Thus, labor cost will be kept at a reasonable level. The *table* below shows the cost comparison for some project items:

Item Description	unit	BOHECO I	
Concrete Pole 80 ft	pc	133,818.18*	
Item Description	unit	BOHECO I	NEA PRICE INDEX (2008)
#336.4 MCM, AWG ACSR Bare	pc	103.00*	90.54
#2/0, AWG. 6/1 ACSR	pc	64.50*	50.96
Insulator, Suspension, 6" Clevis Type	pc	220.00*	211.50
Brace, Crossarm, 60" - 18" Drop (pair)	pc	463.42*	545.19
Brace, Sidearm, Diagonal, 7 Ft.	pc	575.62*	603.71

*Price considered by BOHECO I in their project cost estimates

PROJECT DESIGN

The 69 kV 3-phase High Voltage (HV) lines utilize a single conductor per phase configuration with one (1) overhead grounding wire supported by concrete poles. The conductor to be used for the 69 kV lines is bare ACSR cable. The conductor's *ampacity*¹ is about 530 amperes and has an estimated loading capacity of about 64 MVA which is sufficient to handle the forecasted energy requirements for the next twenty (20) years.

The concern for the right-of-way is not much of an issue since the lines will be constructed along the national highway and have been cleared by the Department of Public Works and Highways (DPWH). The distribution lines along the national road conform with the DPWH-prescribed standard distance measured from the road centerline with an average of about ten (10) meters. The supporting structures, pole dressing and assemblies used for the distribution lines comply with the standards of the NEA Engineering Bulletin and the Philippine Electrical Code.

A perusal of the evidence presented herein showed that the completion of the aforesaid projects will redound to the benefit of BOHECO I's consumers in terms of continuous, reliable and efficient power supply as mandated by Republic Act No. 9136, or the Electric Power Industry Reform Act of 2001 (Section 2. Declaration of Policy – (b) *“to ensure the quality, reliability, security and affordability of the supply of electric power”*).

¹ Electrical Engineering term to the current-carrying capacity of electrical wires or conductors



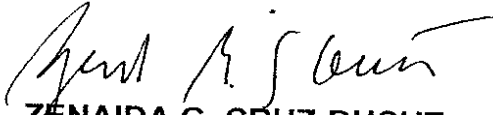
WHEREFORE, the foregoing premises considered, the application for authority to implement its contingency capital expenditure project consisting of pole and line relocation affected by road widening, filed by Bohol I Electric Cooperative, Inc. (BOHECO I) is hereby **APPROVED**.

Relative thereto, BOHECO I is hereby directed to pay a permit fee in the amount of **Twenty Thousand Three Hundred Sixty-Seven Pesos and Sixty-Four Centavos (PhP20,367.64)**, computed as follows:

$$\frac{\text{PhP}2,715,684.79}{\text{PhP}100.00} \times \text{PhP}0.75 = \text{PhP}20,367.64$$

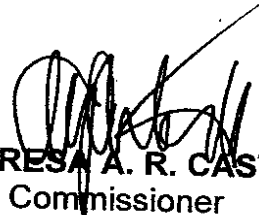
SO ORDERED.


Pasig City, July 20, 2009.


ZENAIDA G. CRUZ-DUCUT
Chairperson *quats*


RAUF A. TAN
Commissioner


ALEJANDRO Z. BARIN
Commissioner


MARIA TERESA A. R. CASTAÑEDA
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Loon, Bohol
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