

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



IN THE MATTER OF THE
APPLICATION FOR APPROVAL OF
CONTINGENCY CAPITAL
PROJECTS 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
THE ISSUANCE OF PROVISIONAL
AUTHORITY

ERC CASE NO. 2009-031 MC

PAMPANGA I ELECTRIC
COOPERATIVE, INC. (PELCO I),
Applicant.

X-.....-X

DOCKETED
Date: AUG 11 2009
By: [Signature]

DECISION

Before this Commission for resolution is the application filed on March 4, 2009 by Pampanga I Electric Cooperative, Inc. (PELCO I) for approval of its contingency capital projects in accordance with the provisions of Republic Act No. 9136 and the "*Rules for the Approval of Regulated Entities' Capital Expenditure Project*", with prayer for issuance of provisional authority.

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 23, 2009, were issued setting the case for initial hearing on May 11, 2009.

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

During the May 11, 2009 initial hearing of this case, only PELCO I appeared. No intervenor/oppositor appeared nor was there any intervention/opposition registered.

At the said hearing, PELCO I filed its "*Pre-Hearing Brief*". Thereafter, it presented its proofs of compliance with the Commission's posting and publication of notice requirements which were duly marked as Exhibits "A" to "E-5", inclusive. It, then, conducted an expository presentation of its application.



At the termination of the expository presentation, PELCO I presented the following witnesses: 1) Engr. Willie S. Bondoc, its Technical Services Department Manager, who testified, among others, on the importance of the project for the operation and maintenance of the distribution system; and 2) Ms. Ofelia L. Quason, its Finance Service Department Manager, who testified, among others, on the cost of the contingency capital project, how it will be funded and on the fact that it will have no impact on the rates. In the course of their direct examinations, the witnesses identified various documents which were duly marked as exhibits. The said witnesses were, likewise, required to address the clarificatory questions propounded by the Commission.

On May 25, 2009, PELCO I filed its "*Formal Offer of Evidence (FOE)*" which is hereby admitted for being relevant and material to the final resolution of the case.

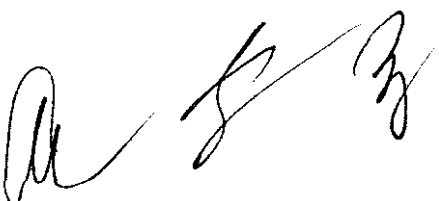
DISCUSSION

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

1. **Relocation of Poles**

a. Project Description:

- Relocation of poles directly affected by road widening and concreting from San Roque to Piring, Mexico, Pampanga by the Department of Public Works and Highways (DPWH)



b. Rationale of the Project:

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

c. Project Cost:

PhP2,301,728.43

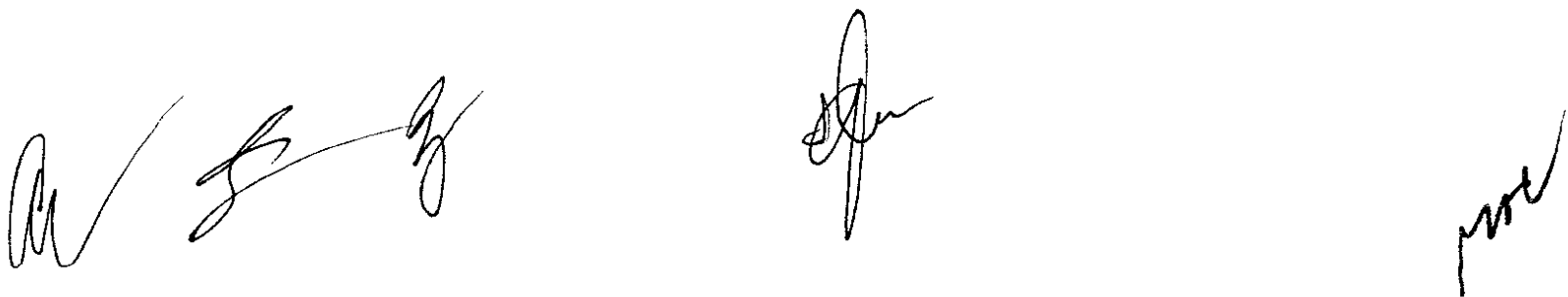
CLASSIFICATION OF THE PROJECT

The project is a contingency capital expenditure project necessitated by the implementation of programs by the national government through its policies and initiatives and 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 on January 21, 2009.

PROJECT DESIGN

The line project relocation, which is directly affected by the road widening project of the DPWH from Barangay San Roque to Barangay Dolores, Piring, Mexico, Pampanga, with a distance of 4.25 kilometers (kms), will involve the installation of 13.8 kV primary line with a 3-phase 3 wire #4/0 Aluminum



Conductor Steel Reinforced (ACSR) bare conductor. The line will be installed on eighty-five (85) concrete poles, each with a height of thirty-five (35) feet (ft.). The distance between these concrete poles spans fifty (50) meters each.

COST ANALYSIS

The project will be funded by PELCO I through its Reinvestment Fund (RF). Thus, there will be no impact on its rates.

A perusal of the evidence presented herein showed that the completion and acquisition of the aforesaid projects will redound to the benefit of PELCO 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”*).

WHEREFORE, the foregoing premises considered, the application for approval of its contingency capital projects in accordance with the provisions of Republic Act No. 9136 and the *“Rules for the Approval of Regulated Entities’ Capital Expenditure Project”*, with prayer for issuance of provisional authority, filed by Pampanga I Electric Cooperative, Inc. (PELCO I) is hereby **APPROVED**.

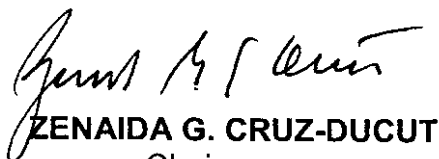
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Relative thereto, PELCO I is hereby directed to pay a permit fee in the amount of **Seventeen Thousand Two Hundred Sixty-Two Pesos and Ninety-Six Centavos (PhP17,262.96)**, computed as follows:

$$\frac{\text{PhP}2,301,728.43}{\text{PhP}100.00} \times \text{PhP}0.75 = \text{PhP}17,262.96$$

SO ORDERED.


Pasig City, August 3, 2009.


ZENAIDA G. CRUZ-DUCUT
Chairperson


RAUF A. TAN
Commissioner


ALEJANDRO Z. BARIN
Commissioner


MARIA TERESA A. R. CASTAÑEDA
Commissioner


JOSE C. REYES
Commissioner

Copy Furnished:

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3. **Office of the Solicitor General**
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Makati City, Metro Manila
5. **Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila
6. **Senate Committee on Energy**
GSIS Bldg., Roxas Blvd., Pasay City
Metro Manila
7. **House Committee on Energy**
Batasan Hills, Quezon City, Metro Manila
8. **National Electrification Administration**
NIA Road, Diliman, Quezon City
9. **Office of the Municipal Mayor**
Municipality of Arayat
Province of Pampanga
10. **Office of the Municipal Mayor**
Municipality of Candaba
Province of Pampanga
11. **Office of the Municipal Mayor**
Municipality of Magalang
Province of Pampanga
12. **Office of the Municipal Mayor**
Municipality of Mexico
Province of Pampanga
13. **Office of the Municipal Mayor**
Municipality of Sta. Ana
Province of Pampanga
14. **Office of the Municipal Mayor**
Municipality of San Luis
Province of Pampanga