

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF PROPOSED
CAPITAL EXPENDITURE
PROJECT FOR YEAR 2025,
NAMELY: ACQUISITION OF
NEW 15 MVA, OFF-LOAD
SUBSTATION AT
CARAYCARAY, NAVAL,
BILIRAN AND
CONSTRUCTION OF 69KV
SUB-TRANSMISSION LINE
FROM SAN ROQUE,
BILIRAN TO CARAYCARAY,
NAVAL, BILIRAN**

ERC CASE NO. 2025-106 RC

**BILIRAN ELECTRIC
COOPERATIVE, INC.
(BILECO),**

Applicant.

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Promulgated:
June 11, 2025

ORDER

On 13 May 2025, Biliran Electric Cooperative, Inc. (BILECO) filed, through the Energy Virtual One-Stop Shop (EVOSS) portal, an *Application* dated 29 April 2025, seeking the Commission's approval of the proposed Capital Expenditure project for year 2025, namely: Acquisition of New 15MVA, Off-load, Substation at Caraycaray, Naval and Construction of 69KV Subtransmission Line from San Roque, Biliran to Caraycaray, Naval.

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

THE APPLICANT

1. BILECO 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 Caraycaray, Naval, Biliran;

2. It holds a franchise from the National Electrification Commission to operate an electric light and power distribution service in all the municipalities of the Province of Biliran, namely: Naval, Biliran, Almeria, Kawayan, Culaba, Caibiran, and Cabucgayan.

LEGAL BASES FOR THE APPLICATION

3. The instant application for approval of the proposed capital expenditure project for 2025, namely: Acquisition of New 15 MVA, Off-load Substation at Caraycaray, Naval, Biliran and Construction of 69KV Sub-transmission Line from San Roque, Biliran to Caraycaray, Naval, Biliran, is being filed pursuant to R.A. 9136 otherwise known as The Electric Power Reform Act of 2001(EPIRA), ERC Resolution 26, Series of 2009, and other relevant rules and regulations of the Honorable Commission.

STATEMENT OF FACTS

4. BILECO's existing San Roque Substation is presently equipped with one (1) 10/12.5 MVA power transformer and one (1) 3.15 MVA power transformer, each assigned to a feeder. Feeder 1, connected to the 10/12.5 MVA power transformer, supplies electricity to four (4) municipalities, namely: Biliran, Naval, Almeria, and Kawayan. Meanwhile, Feeder 2, linked to the 3.15 MVA power transformer services four (4) municipalities, namely: Biliran, Cabucgayan, Caibiran, and Culaba. As of 2022, the substation had already reached seventy percent (70%) of its total capacity, and was projected to reach critical state in the succeeding years.
5. To address the steady increase in demand, BILECO, in 2023, refurbished its idled 3.15 MVA power transformer in the same substation, further increasing the rated maximum capacity. Notably, this 3.15 MVA power transformer was energized in May 1988, and was idled when BILECO acquired a new power transformer to address the growing electricity requirements within BILECO's franchise area.
6. However, such measure constitutes only a temporary remedy. The refurbished power transformer having been in service for over thirty (30) years, is nearing the end of its serviceable and operational lifespan. Moreover, the ongoing use of the 3.15 MVA transformer is not a sustainable and long-term solution given the forecasted increase in BILECO's demand. Accordingly, the refurbished transformer will likely be retired upon the approval and implementation of the proposed new substation project.

7. Hence, in view of the foregoing result of the capacity assessment of San Roque Substation, BILECO finds it necessary to undertake the proposed project which is the subject of the instant application.

PROJECT DESCRIPTION

8. The proposed project involves the comprehensive construction of a new 15 MVA, off-load substation at Caraycaray, Naval, Biliran and 16.063 KM, 69 KV sub-transmission line from San Roque, Biliran to Caraycaray, Naval, Biliran to connect to the existing 69 KV sub-transmission line.
9. The construction of the 15-MVA substation will entail the following activities and components, to wit: Acquisition of high-quality, industry-standard equipment and accessories; installation of 15 MVA power transformer and other equipment, equipment steel support structure, pole line hardwares, and grounding materials; engineering design and services, delivery of equipment and accessories, and rental of equipment for the hauling of the power transformer; civil works; and testing and commissioning.
10. On the other hand, the installation of the 69kV sub-transmission line will involve the following activities, to wit: procurement, delivery, construction, and installation of all line hardware, conductors, and poles; testing and commissioning, and close-out of the project.

A. PROJECT JUSTIFICATIONS

3. The installation of a new 15 MVA, off-load substation at Caraycaray, Naval, Biliran, along with the 16.063 KM, 69 KV sub-transmission line from San Roque, Biliran to Caraycaray, Naval, Biliran will directly address the capacity issues of BILECO's San Roque Station.
4. At present, the 10/12.5 MVA power transformer serving the municipalities of Biliran, Naval, Almeria, and Kawayan has reached a critical loading point. Operating near or at maximum capacity, the power transformer faces risks of overheating and reduced service life. Meanwhile, the growing demand for power in the coverage area necessitates an upgrade in the power distribution infrastructure to ensure continued reliability and efficiency.
5. The construction of a new substation at a strategic location near the load center, with a higher-capacity power transformer will significantly improve power distribution efficiency. Additionally, the integration of a new sub-transmission connecting the substation to the existing power grid will enhance system reliability. BILECO will not only meet its increasing demand but also attract new businesses and support economic development within its franchise area.
6. Furthermore, the new substation will reduce the load on the existing power transformers, ensuring they operate within safe loading

parameters. This project is designed to accommodate future demand and growth, securing a reliable and sustainable power supply for years to come.

7. Upon completion, the project will alleviate the load on the existing 10/12.5 MVA power transformer, thereby extending its serviceable life. The current substation will manage the demand from Feeder 2, while the proposed new substation will accommodate the demand from Feeder 1. If necessary, BILECO will idle or fully retire the refurbished 3.15 MVA power transformer as part of its long-term system optimization.

ESTIMATED PROJECT COST

8. The estimated total cost of the proposed project is One Hundred Twenty Million, Three Hundred Sixty-Five Thousand, Eight Hundred Fifty-Five Pesos and 05/100 (PhP120,365,855.05).

PROJECT FINANCING

9. The National Electrification Administration (NEA) will provide funding for the proposed project, as shown in the table below.

PROJECT TITLE	PROJECT COST (PhP)	FINANCING SCHEME	
		Source of Fund	Repayment Period, Loan and Terms
Construction of New 15 MVA, Off-load Substation at Caraycaray, Naval, Biliran including a 16 KM Sub-transmission Line from San Roque, Biliran to Caraycaray, Naval, Biliran	120,365,855.05	Loan from NEA	To be paid quarterly for 9 Years at 6.5% interest

RATE IMPACT ANALYSIS

10. The Table below shows that implementation of the CAPEX Project with the loan would bring the most value to BILECO's member-consumer-owners at the most reasonable and justifiable electricity rates. Implementation of the project yields to a positive rate impact of PhPo.0093/kWh, signifying that the current RFSC rate is sufficient to fund the amortizations on the loan. As a result, there is no need to increase the existing RFSC rate, as there is still an excess which may be used for financing other future CAPEX projects.

Indicative Rate Impact Analysis on RFSC (with LOAN from NEA)

PARTICULARS	2024	2025	2026	TOTAL
PROJECTED SALES (KWH)	54,223,044	59,994,000	64,942,000	179,159,044
FUND INFLOWS				

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<i>Fund Beginning Balance, Php, Excess / (Short fall)</i>	10,740,519	13,522,617	23,323,888	47,587,024
<i>Forecasted/Actual RFSC Collection, Php</i>	28,868,349	31,940,806	34,575,121	95,384,275
<i>Interest Earned and Other Adjustments</i>	310,218	5,782	5,782	321,782
<i>Loan proceeds from financial institutions for the subject application, PhP</i>		120,365,855		120,365,855
TOTAL FUND INFLOWS	39,919,085	165,835,060	57,904,791	263,658,936
				-
FUND OUTFLOWS				
CASH FOR DEBT SERVICE				
Existing CAPEX Loans - NEA				
<i>Annual loan amortization payment for previous approved application/s,</i>	934,796	934,796.00	934,796.00	2,804,388
Existing CAPEX Loans - Bank/Others Financing Institutions:				
<i>Annual loan amortization payment for the existing Loans, PhP (if applicable)</i>	3,445,347	3,440,037.45	3,434,371.00	10,319,755
NEW LOANS:				
<i>Annual loan amortization payment for the subject case, PhP (if applicable)</i>		17,770,482.85	17,770,483	35,540,966
SUB - TOTAL	4,380,143	22,145,316	22,139,650	48,665,109
CAPEX PROJECTS				
NETWORK				
<i>CAPEX payment for the subject case, PhP</i>	-	120,365,855		120,365,855
ERC CAPEX Filing Fees - For filing			902,744	902,744
TOTAL PROJECTS	-	120,365,855	-	120,365,855
Implemented CAPEX Projects Still Due for Filing (2024)	22,016,325			
BALANCE, END	13,522,616.91	23,323,888.35	34,862,397.45	93,725,228.12
RATE IMPACT COMPUTATION				
Existing Reinvestment Fund	0.5324	0.5324	0.5324	0.5324
Indicative - Additional Rate	(0.2494)	(0.3888)	(0.5368)	(0.5231)
Capex Plan Cost Cash Flow Rate per kWh	0.2830	0.1436	-0.0044	0.0093

PROJECT SCHEDULE

11. Project construction will be commenced in April 2025, and is estimated for completion in October 2025.

SUBMISSION OF DOCUMENTARY AND PRE-FILING REQUIREMENTS

12. Finally, in compliance with the documentary requirements under ERC Resolution No. 26, Series of 2009 and pre-filing requirements under the ERC's Revised Rules of Practice and Procedure, BILECO is submitting herewith the following documents which are being made integral parts hereof, as follows:

Annex Markings	Description of the Documents
Annex "A"	Write up on the Proposed 2025 CAPEX Project
Annexes "B" to "B-1"	Affidavit of Posting of the Notice to the Consumers; Notice to the Consumers
Annex "C"	Affidavit of Undertaking that the corresponding application for approval from concerned agencies that may have interest in the proposed project shall be filed, when required
Annex "D" and series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Bayan of Naval, and Offices of the Governor and Sangguniang Panlalawigan of Biliran
Annex "E" and series	Proof of publication of the Application in a newspaper of general circulation within the franchise area BILECO or where it principally operates.

PRAYER

WHEREFORE, premises considered, applicant Biliran Electric Cooperative, Inc. (BILECO) respectfully prays of this Honorable Commission that after due notice and hearing, the proposed Capital Expenditure Project for 2025, to wit: Acquisition of New 15 MVA, Off-Load Substation at Caraycaray, Naval Biliran and Construction of 69KV Sub-Transmission Line from San Roque, Biliran to Caraycaray, Naval, Biliran be approved accordingly.

BILECO further prays for other reliefs, just and equitable under the premises.

Finding the said *Application* to be sufficient in form and with the required fees having been paid, the Commission hereby sets the same 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 No. 09, Series of 2020¹ and Resolution No. 01, Series of 2021² (ERC Revised Rules of Practice and Procedure):

Date	Platform	Activity
22 July 2025 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams or Zoom Application	Determination of compliance with jurisdictional requirements, and Expository Presentation
29 July 2025 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)		Pre-Trial Conference and Presentation of Evidence

Accordingly, BILECO is hereby directed to mirror the virtual hearings to be hosted by the Commission at its **BILECO's principal office located at Barangay Caraycaray, Naval, Biliran**, as the designated venue for the conduct thereof, and ensure that the same is open to the public. Moreover, Applicant shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

RELATIVE THERETO, BILECO is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* in two (2) newspapers of nationwide circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart, and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial virtual hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Provincial Governor, the Mayors, and the Local Government Unit (LGU) legislative bodies within BILECO's franchise area for the appropriate posting thereof on their respective bulletin boards;

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.

- 3) Inform the consumers within BILECO's franchise area, by any other means available and appropriate, of the filing of the *Application*, the reasons therefor, and of the scheduled virtual hearing thereon;
- 4) Furnish copies of this *Order* and the attached *Notice of Virtual Hearing*, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives and attend the scheduled hearing; and
- 5) Furnish with copies of the *Application* and its attachments, all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

No later than ten (10) calendar days prior to the date of the initial virtual hearing, BILECO must submit to the Commission through the EVOSS portal and via electronic mail (e-mail) at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, the scanned copies of its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked, the following:

- 1) The evidence of publication of the attached *Notice of Virtual Hearing* consisting of affidavits of the Editors or Business Managers of the newspapers where the said *Notice of Virtual Hearing* was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this *Order* and the attached *Notice of Virtual Hearing* consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by BILECO to inform the consumers within its franchise area of the filing of the *Application*, the reasons therefor, and of the scheduled hearing thereon;

- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Virtual Hearing* by the OSG, the COA, and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments, by all those making requests therefor, if any; and
- 6) Such other proof of compliance with the requirements of the Commission.

Further, BILECO is hereby required to post on its bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publications and certifications issued by the concerned Office of the Provincial Governor, Mayors, and Local Legislative Bodies, and to submit proof of posting thereof.

Applicant BILECO and all interested parties are also required to submit via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, at least **five (5) calendar days** before the date of the scheduled virtual hearing and Pre-Trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefor, which should also be attached to the Pre-Trial Brief; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-Trial Brief.

BILECO must ensure that all the documents or exhibits proposed to be presented have already been duly submitted to the Commission at least **five (5) calendar days** before the date of the scheduled

virtual hearing and Pre-Trial Conference, pursuant to the preceding paragraph.

Failure of BILECO to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearings.

BILECO must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, the nature of the *Application*. Relevant information and pertinent details substantiating the reasons and justifications for the *Application* must be cited in support thereof.

BILECO is hereby directed to file a copy of its Expository Presentation via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, at least **five (5) calendar days** prior to the scheduled virtual hearing. BILECO shall also be required, upon the request of any stakeholder, to provide an advance copy of its Expository Presentation, at least **five (5) calendar days** prior to the scheduled virtual hearing.

Applicant BILECO is further directed to submit, either through personal service, registered or ordinary mail/private courier, one (1) set of the original or certified true hard copies of its jurisdictional compliance, Expository Presentation, Pre-Trial Brief, and Judicial Affidavits of witnesses, within **five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission.

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Finally, Applicant BILECO, including its authorized representatives and witnesses, are hereby directed to provide the Commission, through legal.virtualhearings@erc.ph, their respective e-mail addresses upon receipt of this *Order*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

SO ORDERED.

Pasig City, 11 June 2025.

FOR AND BY AUTHORITY
OF THE COMMISSION:


KRISHA MARIE T. BUELA
Director III, Legal Service


LS: KACF/ JGGW

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Copy Furnished:

1. BILIRAN ELECTRIC COOPERATIVE, INC. (BILECO),
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Commonwealth Avenue, Quezon City 1121
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5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City
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6. House of Representatives Committee on Energy
Batasan Hills, Quezon City 1126
committee.energy@house.gov.ph
7. Office of the Provincial Governor
Province of Biliran
8. Office of the LGU legislative body
Province of Biliran
9. Office of the Municipal Mayor
Naval, Biliran
10. Office of the LGU legislative body
Naval, Biliran
11. Office of the Municipal Mayor
Biliran, Biliran
12. Office of the LGU legislative body
Biliran, Biliran
13. Office of the Municipal Mayor
Almeria, Biliran
14. Office of the LGU legislative body
Almeria, Biliran
15. Office of the Municipal Mayor
Kawayan, Biliran
16. Office of the LGU legislative body
Kawayan, Biliran
17. Office of the Municipal Mayor
Culaba, Biliran
18. Office of the LGU legislative body
Culaba, Biliran
19. Office of the Municipal Mayor
Caibiran, Biliran
20. Office of the LGU legislative body
Caibiran, Biliran

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21. Office of the Municipal Mayor
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