



NOTICE

In accordance with the guidelines set by the Energy Regulatory Commission under ERC Resolution No. 26, Series of 2009 (A Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditure Projects), consistent with its Distribution Development Plan and the duly evaluated, verified and approved Integrated Computerized Planning Module (ICPM), CEBECO II plans to acquire, construct and implement the following five (5) year capital expenditure projects with a total approximate cost of ***Four Hundred Sixty One Million Seven Hundred Ninety Thousand Nine Hundred Pesos (P461,790,900.00)***.

THE PROPOSED PROJECTS

A. Network CAPEX:

Safety Capital Projects:

Project Code	Project Description	Year of Implementation					Total Cost (PHP '000)
		2011	2012	2013	2014	2015	
DSC011	Installation of a Automatic Circuit Recloser	1,391	0	0	0	0	1,391

Capacity Capital Projects:

Project Code	Project Description	Year of Implementation					Total Cost (PHP '000)
		2011	2012	2013	2014	2015	
SSD003	Installation of a 10MVA Power Substation in Carmen	40,326	0	0	0	0	40,326

Power Quality Capital Projects:

Project Code	Project Description	Year of Implementation					Total Cost (PHP '000)
		2011	2012	2013	2014	2015	
DPQ012	Main distribution line development	0	12,113	0	0	0	12,113
DPQ013	Installation of a Automatic Voltage Regulator	4,535	0	0	0	0	4,535

Subtransmission Reliability Projects:

Project Code	Project Description	Year of Implementation					Total Cost (PHP '000)
		2011	2012	2013	2014	2015	
TXD001	69 kV Line Subtransmission Development Project	0	76,214	0	0	0	76,214
TXD002	69 kV Line Subtransmission refurbishment Project	0	9,213	0	0	0	9,213

Distribution Reliability Projects:

Project Code	Project Description	Year of Implementation					Total Cost (PHP '000)
		2011	2012	2013	2014	2015	
DPR004	Automatic Circuit Recloser & Disconnection Switch Installation	1,574	0	0	0	0	1,574
DPR005	Automatic Circuit Recloser & Disconnection Switch Installation	1,528	0	0	0	0	1,528
DPR006	Automatic Circuit Recloser & Disconnection Switch Installation	1,560	0	0	0	0	1,560
DPR007	Automatic Circuit Recloser & Disconnection Switch Installation	787	0	0	0	0	787
DPR008	CONSTRUCTION OF A SECOND CKT, @ 2.3Km FROM DAYHAGON Substation and the installation the of Automatic Circuit Recloser; & Disconnection Switch	0	4,314	0	0	0	4,314
DPR009	Automatic Circuit Recloser & Disconnection Switch Installation	787	0	0	0	0	787
DPR010	Automatic Circuit Recloser & Disconnection Switch Installation	787	0	0	0	0	787

B. Other Network CAPEX:

Project Code	Project Description	Year of Implementation					Total Cost (PHP '000)
		2011	2012	2013	2014	2015	
NSC	Additional 1Phase distribution lines	1,643	1,753	1,863	1,972	2,082	9,313

DT	Additional Distribution capacity	3,917	4,173	4,429	4,788	5,050	22,357
LV	Additional distribution lines in open secondary & udder built form	9,175	9,787	10,399	11,012	11,625	51,998
NSC	Additional Customer Service Drop line	3,826	4,007	4,183	4,353	4,516	20,884
NSC	Additional KWH metering equipment	11,881	12,399	12,894	13,364	13,876	64,414

C. Non-Network CAPEX:

Project Code	Project Description	Year of Implementation					Total Cost (PHP '000)
		2011	2012	2013	2014	2015	
NN-01	Vehicles	14,225	14,220	9,892	2,965	9,969	51,270
NN-02	Softwares (GIS AMFM)	3,000	0	0	0	0	3,000
NN-03	Softwares (Systems Loss Segregator)	600	0	0	0	0	600
NN-04	Softwares (SCADA)	0	2,675	0	0	0	2,675
NN-05	Offices	11,500	35,310	8,014	3,675	5,243	63,743
NN-06	Generator Set	1,048	42	0	0	0	1,090
NN-07	Insulation Power Factor Tester	1,800	0	0	0	0	1,800
NN-08	Live Line Tool	0	5,350	0	0	0	5,350
NN-09	Line Tools and Equipment	475	591	315	245	203	1,829
NN-10	Other Softwares (Antivirus, Office, Synergee)	622	135	145	155	166	1,222
NN-11	Trainings and Seminars	600	310	767	98	105	1,880
NN-12	Computers (Laptops, Desktop, Server, UPS)	356	47	309	54	0	766
NN-13	Communications Equipments	461	161	180	368	0	1,169
NN-14	Meter Test Rack	1,300	0	0	0	0	1,300

THE REASONS FOR PROPOSING SAID PROJECTS

A. Network CAPEX:

Network Projects are necessities that need to be implemented in order to address the changes in the power industry and growing demands of the consumers. The need for a more reliable power service and system's reliability necessitates projects like interconnecting the sub-transmission lines and installing reclosers and switches on the distribution system which will shorten outages or eliminate maintenance downtime. Installation of AVR (Automatic Voltage Regulator) and upgrading distribution lines to accommodate the load growth will improve voltages and lower line losses, in compliance with the Grid Code and Distribution Code standards.

B. Other Network CAPEX:

Other Network Projects, like KWH meters, service drop wires and additional distribution transformers are necessary to serve additional loads.

C. Non-Network CAPEX:

The increasing demand for better services compels applicant to improve its operation more particularly on fast and accurate reading of meters, functional and comfortable collection/action centers, speedy response to consumer request and complaints, safe and reliable sub-transmission and distribution system, which demands can only be addressed by applicant with the proposed Non-Network Projects.

THE SOURCE OF FUND FOR THE SAID PROJECTS

In the implementation of the proposed projects, CEBECO II shall partly utilize its internally generated funds out of the Members Contribution for Capital Expenditure Projects, and part of the fund shall be sourced through loans from the National Electrification Administration.

THE INDICATIVE RATE IMPACT OF THE SAID PROJECTS

CEBECO II's capital expenditure plan is pictured to have the least rate impact focusing on a plan that will bring the most value to consumers at the most reasonable and justifiable electricity rates or at the least cost of service. The cooperative's Capital Projects Plan is designed to:

- Address carefully evaluated distribution development projects to comply with RA 9136 and the Philippine Grid Code and Philippine Distribution Code;
- Include carefully non-network facility development priority projects to bring tangible value and assure the efficiency of the cooperative's consumer services;
- Have the planned priority projects be financed by obtaining short to long term cost financing, as applicable and appropriate;
- Justify to the Energy Regulatory Commission an adjustment to the Members' Contribution for Capital Expenditures rate to cover proposed capital project cost of the cooperative.

This plan will have a reasonable rate impact in which for the next five (5) years the cooperative will need an additional amount of PhP 92,245,910 or an average increase of PhP0.0778 per KWH to the Members' Contribution for Capital Expenditures (MCC) in order to fully implement the proposed capital projects.

This plan shall be subject to the approval of the Energy Regulatory Commission.

CEBECO II Management