

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

IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF REGULATED ENTITIES'
CAPITAL EXPENDITURE
PROJECTS FOR 2027 TO 2029

ERC Case No. 2026 - 096 RC

June 30, 2026

NUEVA ECIJA II ELECTRIC
COOPERATIVE, INC. - AREA 1
(NEECO II - AREA 1),
Applicant.
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APPLICATION

Applicant Nueva Ecija II Electric Cooperative, Inc. - Area 1 (NEECO II - AREA 1, for brevity), by and through the undersigned counsel, and unto this Honorable Commission most respectfully states:

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 Calipahan, Talavera, Nueva Ecija, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. NELSON M. DELA CRUZ, of legal age, Filipino, and with office address also at NEECO II - AREA 1 main office;
2. NEECO II - AREA 1 is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the following

city and municipalities in the province of Nueva Ecija, namely: Science City of Muñoz, Talavera, Aliaga, Sto. Domingo, Quezon, Licab, Guimba, Talugtug, Lupao, and Carranglan;

- 3. It hereby submits its proposed capital expenditure projects for the years 2027 to 2029 in accordance with the provisions of Republic Act No. 9136, otherwise known as “Electric Power Industry Reform Act of 2001 (EPIRA)”, 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 (CAPEX) Projects;
- 4. In compliance with the ERC rules, it states clearly the description of each project and attaches relevant documents to support the following requirements: a) Project Code, b) Project Type, c) Project Category, d) Project Title, e) Project Cost, f) Project Duration, g) Project Description, h) Project Justification, i) Technical Analysis, j) Economic Analysis, k) Annexes, and l) Project Financing Plan;
- 5. The summary of the proposed capital projects is presented below;

A. NETWORK PROJECTS

<u>Code</u>	<u>Project Title</u>	<u>Project Cost</u>
N-01	Replacement of Deteriorated/ Dilapidated Wood Poles	P 30,936,237
N-02	Rehab/Revamp of Overextended Primary/Secondary Lines and Undersized Secondary Lines	171,667,396
N-03	Construction of New 20MVA Power Transformer in Talugtug	183,476,671
N-04	Construction of New 10MVA Power Transformer at Carranglan	373,407,792
N-05	Buffer Stock Materials	38,033,340
N-06	Replacement of Old and Defective kWhr Meter	17,912,341
Sub-total		<u>P 815,433,778</u>

B. OTHER NETWORK PROJECTS

ON-01	Installation of kWhr Meter and Service Drop	54,430,621
ON-02	Installation of Distribution Transformers	93,274,470
ON-03	Extension of Primary and Secondary Lines	14,568,500
Sub-total		P <u>162,273,592</u>

C. NON-NETWORK PROJECTS

NN-01	Acquisition of Lot	26,000,000
NN-02	Transportation Equipment	60,000,000
NN-03	Laboratory Equipment	1,402,000
NN-04	Information Technology (IT) Equipment	42,518,600
NN-05	Supervisory Control and Data Acquisition (SCADA)	7,400,000
Sub-total		P <u>137,320,600</u>

GRAND TOTAL **P 1,115,027,970**
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- 6. The Replacement of Deteriorated/Dilapidated Wood Poles will be implemented from 2027 up to 2029. This is necessary to replace existing poles that have exceeded their service life and have become structurally weak. Such conditions pose a risk of pole collapse, especially during natural calamities, which may result in damage to electric distribution facilities and may endanger the lives and properties of Member-Consumer-Owners (MCOs);
- 7. The Rehab/Revamp of Overextended Primary/Secondary Lines and Undersized Secondary Lines will also be implemented from 2027 up to 2029. This is necessary to ensure an efficient, reliable, and high-quality power supply in response to the increasing load demand on the distribution system. Undersized and deteriorated secondary lines also increase the risk of power pilferage and pose

safety hazards, including electrocution and fire, due to exposed and dilapidated wiring;

8. The Construction of New 20MVA Power Transformer in Talugtug and Construction of New 10MVA Power Transformer at Carranglan are included in 2027-2029 CAPEX Application and will be implemented in 2028 and 2029, respectively. Proper information and necessary documentation will be submitted to the competent authority, the Energy Regulatory Commission (ERC), prior to the implementation of the projects;
9. The replacement of Old and Defective kWhr Meters will be implemented from 2027 up to 2029. This is considered a necessary and effective countermeasure to address the numerous consumer billing error complaints and to reduce system losses caused by inaccurate kWh meter registration;
10. Acquisition of Buffer Stock Materials will be implemented from 2027 up to 2029. This is necessary to ensure safety and maintain reliable power service and faster power restoration after calamities;
11. Other-Network CAPEX Projects such as Installation of kWhr Meter & Service Drop, Installation of Distribution Transformers and Extension of Primary and Secondary Lines will also be implemented from 2027 up to 2029. These projects are necessary to accommodate new service connections for additional consumers, support projected household and industrial connections, ensure adequate power capacity, and provide the necessary distribution facilities for new consumer connections;
12. Non-Network CAPEX Projects such as Acquisition of Lot, Transportation Equipment, Laboratory Equipment, Information Technology (IT) Equipment and Supervisory Control and Data Acquisition (SCADA) are also included in 2027-2029 CAPEX Application. These projects are necessary to improve operational efficiency and enhance customer service efficiency;
13. The total cost of CAPEX projects is **One Billion One Hundred Fifteen Million Twenty-Seven Thousand Nine Hundred Seventy Pesos (P1,115,027,970)**, which will be

funded initially by general fund through Reinvestment Fund for Sustainable CAPEX (RFSC) and loans from NEA;

14. The Project Costs for the Rehab/Revamp of Overextended Primary/Secondary Lines and Undersized Secondary Lines, Construction of New 20MVA Power Transformer in Talugtug and Construction of New 10MVA Power Transformer at Carranglan amounting to **Seven Hundred Twenty-Eight Million Five Hundred Fifty-One Thousand Eight Hundred Sixty Pesos (P728,551,860.00)** shall be funded through a loan from the National Electrification Administration (NEA), bearing an annual interest rate of six percent (6%), payable on a quarterly basis over a period of fifteen (15) years;
15. The remaining Project Costs amounting to **Three Hundred Eighty-Six Million Four Hundred Seventy-Six Thousand One Hundred Ten Pesos (P386,476,110.00)** shall be funded through the Applicant's General Fund under the Reinvestment Fund for Sustainable CAPEX (RFSC), in accordance with the approved financing scheme for the implementation of the CAPEX Projects;
16. Based on the Rate Impact Analysis conducted for the proposed CAPEX projects, and at 100% projected sales realization, the estimated additional revenue requirement results in a rate impact of **Php 0.1475 per kWh**;
17. The capital expenditure (CAPEX) projects are necessary for effective operation and maintenance of the distribution system of NEECO II - AREA 1 in order to provide safe, efficient, reliable, least cost and quality electric services to consumers;
18. The CAPEX projects are in compliance with the Philippine Grid Code (PGC), Philippine Distribution Code (PDC), the latest edition of the Philippine Electrical Code (PEC); the provisions of Republic Act No. 9136 and its implementing rules and regulations, the implementing guidelines on CAPEX projects and other relevant government issuances;
19. The CAPEX projects are consistent with NEECO II - AREA 1's Distribution Development Plan that was submitted to the Department of Energy (DOE);

20. In compliance with the pre-filing requirements, NEECO II – Area 1 is submitting the following:
 - a. Certification from the Office of the Mayor of Talavera, Nueva Ecija, attesting that the applicant has furnished said office with a copy of the Application, together with all its annexes and accompanying documents;
 - b. Certification from the Sangguniang Bayan of Talavera, Nueva Ecija, attesting that the applicant has furnished said office with a copy of the Application, together with all its annexes and accompanying documents;
 - c. Certification from the Office of the Governor of Nueva Ecija attesting to the fact that applicant has furnished the said office of the governor of the instant application, with all its annexes and attachments;
 - d. Certification from the Sangguniang Panlalawigan of Nueva Ecija that it likewise has furnished the said pertinent documents;
 - e. Affidavit of Publication and a copy of the newspaper issue containing the Application published in its entirety in a newspaper of general circulation in the Province of Nueva Ecija.
21. That the Approval of this Capital Expenditure Projects for 2027 to 2029 (CAPEX 2027-2029) is needed to maintain efficient, reliable, and safety delivery of power to NEECO II – AREA 1's existing and future consumers, and will redound to the benefits of the consuming public within its franchise area.

PRAYER

WHEREFORE, premises considered, applicant Nueva Ecija II Electric Cooperative, Inc. – Area 1 (NEECO II – AREA 1) respectfully prays to this Honorable Commission that, after due notice and hearing and consideration, this application be approved.

Other reliefs, just or equitable, are likewise prayed for.

Cainta, Rizal for Pasig City, June 05, 2026.



ARNIDO O. INUMERABLE

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