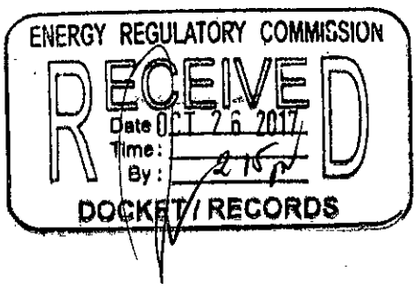
ERC COPY

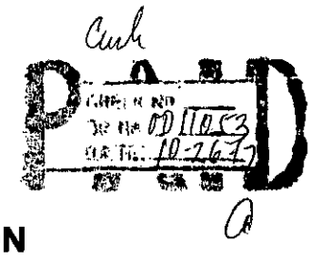
REPUBLIC OF THE PHILIPPINES
ENERGY REGULATORY COMMISSION
SAN MIGUEL AVENUE, PASIG CITY



IN THE MATTER OF THE APPLICATION FOR APPROVAL OF CAPITAL EXPENDITURE PROJECTS FOR CALENDAR YEAR 2017, WITH PRAYER FOR PROVISIONAL AUTHORITY

ERC Case No. 2017-091RC

DAVAO LIGHT AND POWER COMPANY, INC. (DLPC),
Applicant.
x- x



APPLICATION

Applicant **DAVAO LIGHT AND POWER COMPANY, INC.** (DLPC), by counsel, to this Honorable Commission, respectfully states:

1. DLPC is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at C. Bangoy Sr. St., Davao City. It is the grantee of a legislative franchise under Republic Act No. 8960 to operate the electric light and power distribution system in the Cities of Davao and Panabo, and in the Municipalities of Carmen, Sto. Tomas and Braulio Dujali, Province of Davao del Norte (the "Franchise Area"). DLPC may be served with orders and other processes of the Honorable Commission through its undersigned counsel at the address indicated below.

2. Republic Act 9136, or the Electric Power Industry Reform Act of 2001 ("EPIRA"), under Section 23 thereof, obligates a distribution utility, such as DLPC, to provide distribution services and connections to its system for any end-user within its franchise area consistent with the distribution code. Further, distribution utilities share in the objective of the EPIRA to ensure the quality, reliability, security and affordability of the supply of electric power.[1]

[1] Section 2(b) of the EPIRA

3. For DLPC to pursue its mandate under its franchise and the EPIRA, it is necessary for DLPC to continuously invest in the improvement of its system and services to better serve its customers.

4. As such, DLPC, in furtherance of its duty to better serve its customers, and in accordance with Section 20 (b) of Commonwealth Act No. 146[2], hereby applies for approval of the Honorable Commission to implement its Capital Expenditure (CAPEX) Program, for Calendar Year (CY) 2017.

5. DLPC's 2017 CAPEX Program can be categorized as follows:

a. Substation Projects;
b. Lines Projects;
c. Other Network Projects; and
d. Non-network Projects

6. The major CAPEX of DLPC under the bracket of Substation Projects consist of the following:

a. **Upgrade of 15 MVA to 33 MVA, Victoria Substation project**
b. **Bangkal Substation- Substation Upgrade project**
c. **Substation Upgrade, San Vicente S/S project**
d. **New Braker, PSS-DVO3 project**

7. The **Upgrade of 15 MVA to 33 MVA, Victoria Substation project** is needed as the 15 MVA power transformer at Victoria is 75% loaded, furthermore, the adjacent substations clustered with it are also nearing critical loading, thus limiting the single operating contingency in case one of the adjacent substations fails or is undergoing maintenance shutdown.

a. To supplement this project, the **13.8kV Line New Victoria Feeder 4 from Victoria S/S to Motolite Cabagiuo and 13.8kv Line New, VIC 2 S/S to City High School projects** will also be undertaken. Without these, any planned or unplanned shutdown of any of the pertinent substations will overload any adjacent substations.

8. The **Bangkal Substation- Substation Upgrade project**, involves the installation of 33 MVA 69kV/13.8kV three phase transformer and other miscellaneous materials. This transformer

[2] Public Service Act

serves as a replacement to the defective 12MVA transformer, further, substation loading forecasts yields that the Bangkal substation will become 82.9% loading soon. This project likewise aids nearby substation during single outage contingency situations.

9. The **Substation Upgrade, San Vicente S/S project** involves the installation of a new 33MVA, 69/13.8kV transformer and other electrical related equipment to meet the foreseen load growth in the area concerned. In case of load transfers during preventive maintenance, the San Vicente, Tadeco and Panabo substation cluster is in critical condition. In the event that any of these will be down, the remaining substations will not be capable of carrying the load. The age of the 20MVA power transformer is likewise taken into account. When this unit malfunctions, the adjacent substations will reach critical loading. The present project will solve these issues.

10. The major CAPEX of DLPC under the Lines Projects are the following:

a. **Line New, Davao Line 1, from MAA SS to Magtuod project**; and
b. **13.8kV Underground Distribution System (3rd of 5 phases)**

11. The **Line New, Davao Line 1, from MAA SS to Magtuod project** is a component of a plan intended to close the subtransmission loop of Davao Line 2 and Davao Line 1 via Magtuod. The completion of the 69kV subtransmission loop will be advantageous during single operating contingency as the load from Maa and Bucana substations can be transferred to Davao Line 2 in case the ERA Substation will be shutdown. Furthermore, the Davao Line 1 – Davao Line 2 loop is beneficial for single outage contingency purposes.

12. The **13.8kV Underground Distribution System (3rd of 5 phases)** entails the conversion of overhead distribution feeder to underground distribution system. This project is in furtherance of an LGU directive aimed at mitigating safety hazards brought about by the overhead distribution lines.

13. The additional CAPEX projects under Line Projects are for varying purposes. Certain projects are geared for the completion of sequential projects, others are for the prevention of feeder overloading, or to provide reliability support during single outage contingency. Others are for purposes of deloading Substations, addressing line capacity issues due to demand growth or allowing

load transfer in the event of power interruptions. The complete set of Lines Projects can be seen in Table 1 below.

14. DLPC's projects under the Other Network Projects bracket are the following:

a. **Line Rehabilitation/ Maintenance projects**. This is a combination of line rehabilitation, upgrade and maintenance works. The components of this project include replacement of wooden or dilapidated 138kV,69kV and 13.8kV structures and fixtures together with their accessories, installation of insulators and arresters, tree wires and line markers and typhoon failure containment of 69kV and 13.8kV lines.
b. **Line Reclosers project**. This project entails the installation of circuit closers at selected Distribution feeder lines and contestable ILP customers. This will provide automation of the distribution system and will likewise enhance network reliability. The project will likewise control the effect of supply curtailment in situations wherein load shedding is required in the event of tight power supply.
c. **Emergency-Others project**- This project will ensure that there is a ready supply of structures, transformers and line hardwares on the 69kV and 13.8kV system for replacement purposes. This assures DLPC has the required back-up electric distribution materials needed in responding to emergency situations.
d. **Rotten Pole and Transformer Replacement project.** This project involves the replacement of rotten poles with steel poles, together with distribution transformers together with the accessories. This project aims to ensure reliability of supply to consumers and reduce interruption caused by dilapidated poles and overloaded transformers.
e. **Voltage Correction project.** This project entails the installation of IV scanners, tap changing, load center splitting, transformer uprating, among others, to address customer concerns in relation to voltage complaints
f. **New Application project**. This project addresses the need to effectively cater and supply new customer applications to the distribution system. The procurement of transformers, poles, wires, line hardwares and other distribution apparatus necessary to provide service to new applicants are covered herein.

g. **Rural Electrification project.** This project pertains to new line extension to be used in rural areas with transformer additions and capacitor or voltage regulator installations. This is seen to provide reliable and continuous power to areas in need within DLPC's franchise.
h. **Subdivision Electrification project.** This project relates to addressing applications of real property developers to DLPC's distribution system.
i. **Substation Rehabilitation and Maintenance project**. This involves replacement of defective, non-SCADA, non-recording and old meters, relays and annunciators, among others. This will aid DLPC to control relays remotely through SCADA, furthermore, the data recording feature provides much needed event logging for post-fault analysis. Aging oil circuit breakers will likewise be replaced with new SF6 circuit breakers while old and defective 69kV and 15 kV disconnect switches will likewise be replaced.
j. **Streetlights and Signal Systems project.** Under this project, there will be installation of new streetlights and maintenance or replacement of defective ones.
k. **Installation, Replacement and Maintenance of Industrial and Commercial Meters project.** This project involves the installation, replacement and maintenance of the meters of DLPC's industrial and commercial customers. This is inline with the on-going five (5) year replacement plan of electromechanical meters to electronic meters aimed at increasing accuracy and monitoring of the meter data information.
l. **Installation and Replacement of Residential Meters.** This project relates to the installation of new electronic meters and replacement of defective or electromechanical meters, including accessories thereof, for residential consumers. Included herein is an Elevated Metering Center (EMC) installation. Installation of EMC will be done in areas wherein the local government has requested for the installation of the same.

15. The projects under Non-Network Projects are the following:

a. **Radio and Fiber Optic Communications Installations, Replacement and Maintenance.** Under this project, new SCADA substation platform, and additional SCADA infrastructure such as fiber-optic

cables will be procured, further, existing radio repeater sites will undergo maintenance. The project aims to strengthen the communication link between substations through the SCADA platform.

b. **Acquisition, Replacement, Repairs and Maintenance of Work Tools project**. This project involves the procurement of tools and equipment that are required by various departments within DLPC for safety working equipment at live and high tension lines, power quality monitoring and analytical tools to boost reliability of the distribution system and protect system equipment.

c. **Acquisition and Repair of Transport and Work Vehicles.** Under this project, vehicles to be used by DLPC in connection to its works are to be procured and repaired. Included herein are the procurement of bucket trucks and repairs on existing service vehicles to prolong its useful life.

d. **Acquisition of Lots for New Substations, Expansion or Improvement of Existing Substations.** DLPC will need additional lots for its new switching stations for the expansion of a number of its substations.

   The HOLCIM switching station was originally planned to be installed on a lot owned by HOLCIM under the terms and conditions of a Memorandum of Agreement between DLPC and HOLCIM. Eventually however, the MOA was not executed, thus DLPC needed to locate another location for the installation of the HOLCIM switching station.

   The installation of the AYA substation was necessitated by the rapid growth in the northern part of DLPC's franchise area. With only the 200 MVA capacity of Don Ramon substation and a critically loaded 150 MVA ERA substation in the 138kV level, power supply is seen to be tight by 2020. The area selected provides a strategic lot for the location of the AYA substation.

   A lot is likewise needed for the new Bucana and MEGAWORLD, Matina, and Bangkal expansion.

e. **Repairs and Expansion of Office Buildings, Equipment and Utilities.** The various components of this project relates to mostly expansion, construction, improvements, maintenance and rehabilitation of new and existing buildings.

f. **Computer Equipment (software & hardware).** Under this project, the replacement of computer units and other IT related equipment together with the Multi-

tenant option in the Oracle Database shall be implemented. Further, there will be the deployment of monitoring tools in the Oracle Enterprise Manager. These projects are foreseen to improve the overall manageability of the database system used by DLPC leading to efficiency for the DU and will enhance the integration of the existing systems in preparation of the planned Advanced Metering Infrastructure and Smartgrid projects.

16. The total estimated cost of DLPC's CY 2017 CAPEX is **Php 1,389,183,112** and the complete list of DLPC's 2017 CAPEX, together with its estimated cost, is shown in table 1 below:

Table 1

PROJECT SUMMARY	
DESCRIPTION	COST
NETWORK PROJECTS	
SUBSTATION PROJECTS	
A. Substation Upgrade, Victoria S/S	Php 63,080,165
B. Substation Upgrade, Bangkal S/S	Php 58,629,047
C. Substation Upgrade, San Vicente S/S	Php 55,098,893
D. New Breaker, PSS-DVO3	Php7,510,650
LINES PROJECTS	
New Lines Project	
E. 69kV Line New, Davao Line 2. from Dacudao to Tugbok Substation	Php 10,025,196
F. 69kV Line New,Davao Line 1, from Maa Substation to Magtuod	Php 53,669,419
G. 13.8kV Line New, Bkl2, from Bangkal S/S to Matina Crossing	Php 2,796,931
H. 13.8kV Line New, Bkl4, from Skyline Crossing to DCWD	Php 3,367,664
I. 13.8kV Line New, Maa1/3, Maa1/3 - Gai2 Tie up via Sn Rafael to Torres	Php 3,263,643

J. 13.8kV Line New, BKL2, from Ulas to Catalunan Agricultural Development Corp.	Php 1,818,959
K. 13.8kV Underground Distribution System (3rd of 5 phases)	Php 100,000,000
Line Upgrade Project	
L. 13.8kV Line Upgrade, SNV 4, from Maryknoll to New Malitbog D/S	Php 4,216,282
M. 13.8kV Line Upgrade, GAI 2, from Torres St. to Quirino St	Php 1,146,430
N. 13.8kV Line Upgrade, STO1, from STO S/S to PN 1013790	Php 2,685,891
OTHER NETWORK PROJECTS	
A. Line Rehabilitation/Maintenance	Php 46,836,750
B. Line Reclosers	Php 42,304,687
C. Emergency	Php 14,693,120
D. Rotten Pole and Transformer Replacement	Php 27,583,123
E. Voltage Correction	Php 8,643,905
F. New Application	Php175,656,746
G. Rural Electrification	Php 74,401,145
H. Subdivision Electrification	Php 5,985,317
I. Rehabilitation of Substation	Php 19,893,526
J. Street Llights and Signal Systems	Php 10,427,488
K. Installation, Replacement and Maintenance of Industrial and Commercial Meters	Php26,285,304
L. Installation and Replacement of Residential Meters	Php176,242,759

NON-NETWORK PROJECTS	
A. TELECOMMUNICATION	Php 8,817,567
B. TOOLS AND WORK EQUIPMENT	Php 28,825,918
C TRANSPORTATION	Php 22,167,000
D.ACQUISITION OF LAND - (HOLCIM, MATINA, AYA, BUCANA, BANGKAL, MEGAWORLD,)	Php 222,230,000
E.BUILDINGS AND IMPROVEMENT, OFFICE EQUIPMENT, FURNITURE AND FIXTURES AND MISCELLANEOUS EQUIPMENT	Php 50,290,373
F. COMPUTER EQUIPMENT (SOFTWARE & HARDWARE)	Php 60,589,214
GRAND TOTAL	**Php 1,389,183,112**

22. The detailed justifications, technical analysis, economic analysis and alternatives considered for DLPC's CAPEX for CY 2017 are discussed in detail in Annex "A" in support of this Application.

23. The proposed CAPEX for CY 2017 will not have a direct impact on the current rates of DLPC until approved by the Honorable Commission as part of DLPC's Regulatory Asset Base in the next applicable Regulatory Period.

ALLEGATIONS IN SUPPORT OF THE PRAYER FOR PROVISIONAL AUTHORITY

24. Public interest and necessity requires the immediate implementation, without delay, of the subject CAPEX projects. The loading and reliability constraints of the current substations are reaching critical levels, necessitating the upgrade and/or construction of the relevant substations. Aside from these, in the event that the CAPEX projects are not immediately implemented, the consumers may suffer from prolonged power interruptions and additional load coming from existing and new customers may likewise not be accommodated. These negative consequences, which are detrimental not only to the economy of the areas covered by DLPC,

but also to the livelihood and everyday lives of the consumers may be mitigated by the immediate approval of the DLPC 2017 CAPEX projects.

25. Thus, pending final approval, there is an urgent need for a provisional authority for DLPC to immediately implement its proposed CAPEX projects. In support of the prayer for provisional authority, attached as Annex "B" is the Judicial Affidavit of Orville C. Lazaro.

26. The foregoing CAPEX for CY 2017 are indispensable for the systematic and economic expansion and rehabilitation of DLPC's distribution facilities and ensuring compliance with safety, performance and regulatory requirements. The benefit arising from these CAPEX projects will ultimately redound to the end-consumers of DLPC in terms of continuous, reliable and efficient power supply.

PRAYER

WHEREFORE, it is respectfully prayed that the Honorable Commission:

1. Pending trial on the merits, immediately issue a PROVISIONAL AUTHORITY authorizing DLPC to implement its proposed Capital Expenditure Projects for Calendar Year 2017; and

2. After due hearing, APPROVE with FINALITY, DLPC's proposed Capital Expenditure Projects for Calendar Year 2017.

Other reliefs just and equitable under the premises are likewise prayed for.

Taguig City for Pasig City, 4 October 2017.

For DAVAO LIGHT AND POWER COMPANY, INC.

KATRINA M. PLATON
PTR No. 3245088 / January 12, 2017 / Taguig City
IBP Lifetime No. 706864 / Makati City
MCLE Compliance No. V-0018713/April 13, 2016
Roll No. 38338

PAUL B. SORIÑO
PTR No. 3245089 / January 12, 2017 / Taguig City
IBP No. 1063741 / January 12, 2017 / RSM
MCLE Compliance No. V-0002586 / June 9, 2014
Roll No. 55895

MA. MARGARITA S. LIM
PTR No. 3245086 / January 12, 2017 / Taguig City
IBP No. 1063740 /January 12, 2017 / PPLM
MCLE Compliance No. V-0016454 / March 31, 2016
Roll No. 64612

16th Floor, NAC Tower
32nd St., Bonifacio Global, Taguig City
Telephone No. 886-2348/Fax No. 886-2405

VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING

I, **MARK A. VALENCIA** of legal age, Filipino and with office address at C. Bangoy Sr. St., Davao City, Philippines, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly authorized representative of Davao Light and Power Company, Inc., ("DLPC") in the above-entitled case and have caused the preparation and filing of this Application. A copy of the Secretary's Certificate authorizing me to sign this Verification and Certification is attached hereto as Annex "A";

2. I have read the Application, and, based on my own personal knowledge and on authentic records of DLPC, all the allegations contained therein are true and correct;

3. DLPC has not commenced any other action or proceeding involving the same issue/s with the Supreme Court, the Court of Appeals or any other tribunal or agency; To the best of my knowledge, no such action or proceeding involving the same issue/s is pending with the Supreme Court, the Court of Appeals or any other tribunal or agency; and, if I should hereafter learn that a similar action or proceeding has been filed or is pending with the Supreme Court, the Court of Appeals or any other tribunal or agency, I undertake to report such fact within five (5) days to this Honorable Commission.

IN WITNESS WHEREOF, I have hereunto affixed my signature this OCT 04 2017 September 2017, in Davao City, Philippines.

MARK A. VALENCIA
Affiant

SUBSCRIBED AND SWORN to before me this ___ day of OCT 04 2017 2017 in Davao City. Affiant exhibited to me his Philippine Passport No. EC2401521 valid until October 13, 2019.

Doc. No. 216;
Page No. 42;
Book No. VIII;
Series of 2017.

ATTY. ERIC JASON S. TEJERO, CPA
Notary Public
Notarial Commission Serial No. 066-2016
Commission Expires on December 31, 2017
Roll of Attorneys No. 60271
IBP No. 1059791 • 01/04/2017
PTR No. 7460477 • 01/04/2017
TIN No. 927-546-754-000
NB Mercado Bldg. cor. Sandawa, Matina