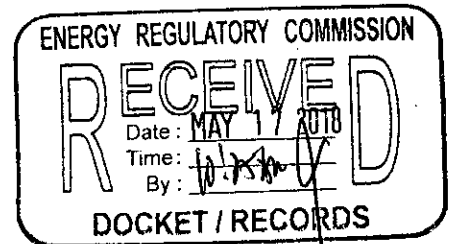


REPUBLIC OF THE PHILIPPINES  
ENERGY REGULATORY COMMISSION  
SAN MIGUEL AVENUE, PASIG CITY

IN THE MATTER OF THE  
APPLICATION FOR APPROVAL OF  
PROPOSED CAPITAL EXPENDITURE  
PROGRAM FOR REGULATORY YEAR  
(RY) 2018 WITH PRAYER FOR  
PROVISIONAL AUTHORITY

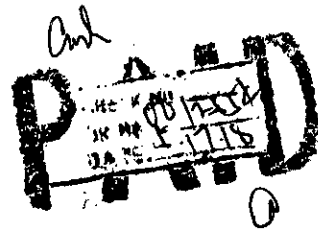


2018-045  
ERC CASE NO. \_\_\_\_\_ RC

CLARK ELECTRIC DISTRIBUTION  
CORPORATION (CEDC),

Applicant.

X-----X



APPLICATION

Applicant **CLARK ELECTRIC DISTRIBUTION CORPORATION (CEDC)**, thru counsel, respectfully alleges:

1. CEDC is a corporation duly organized and existing under Philippine law, with main office at Bldg. N2830, Bayanihan Street, Clark Freeport Zone, Pampanga, Philippines; granted a franchise by the Clark Development Corporation (CDC) to distribute electric power within the Clark Special Economic Zone (CSEZ) pursuant to Executive Order No. 80. Its President is Engr. Ricardo V. Buencamino.
2. CEDC is part of the Fourth Entry Group (otherwise known as "Group D") that entered the Performance-Based Regulation ("PBR") rate setting methodology in October 1, 2011.
3. The Honorable Commission approved CEDC's Capital Expenditure Program for the entire Second Regulatory Period – October 11, 2011 to September 30, 2015 in CEDC's Final Determination dated July 6, 2011 (ERC Case No. 2010-131RC).
4. The last year of CEDC's Second Regulatory Period expired last 30 September 2015. The Third Regulatory Period (3RP) for the Fourth Entry Group was supposed to have commenced last 1 October 2015 and end on 30 September 2019. While the Commission has already released the Modified Rules for Setting Distribution Wheeling Rates (RDWR) under ERC Resolution No. 25, Series of 2016, CEDC is still is waiting for the go-ahead from the Commission to file its 3<sup>rd</sup> RP reset application.

5. Meantime, this application is being filed pursuant to Section 20(b) of Commonwealth Act No. 146, as amended, otherwise known as the Public Service Act, which requires any public service to seek the prior approval of the Commission before it can construct, operate and maintain new distribution facilities. Given that it has no authority to undertake and implement CAPEX projects after 30 September 2015, CEDC is seeking the Commission's approval for its CAPEX Program for Regulatory Year (RY) 2018 (1 October 2017 to 30 September 2018) to ensure reliable operation of its distribution network and continuous distribution service and connection to meet the growing and future needs of its more than 2,000 industrial, commercial and residential customers inside the CSEZ.
6. CEDC's RY2018 CAPEX Program is geared towards ensuring the safety, reliability, efficiency and performance of the distribution system while providing for the forecasted growth of future electricity demand within its franchise area.
7. In this regard, CEDC proposes the following Major and Residual CAPEX Projects:

#### **MAJOR CAPITAL PROJECTS**

Project Code	Project Name	Project Cost (PhP)
3RP-MCP-2018-001	Implementation of Enterprise Asset Management (EAM) System	125,000,000
<b>Total Major Project Cost</b>		<b>125,000,000</b>

#### **RESIDUAL CAPITAL PROJECTS**

Project Code	Project Name	Project Cost (PhP)
3RP-RCP-2018-001	Poles, Towers, and Fixtures - Distribution [Network - Growth]	7,089,600
3RP-RCP-2018-002	Overhead Conductors and Devices - Distribution [Network - Growth]	10,021,913
3RP-RCP-2018-003	Distribution Transformers [Network - Growth]	10,550,902
3RP-RCP-2018-004	Meters, Instruments & Metering Transformers - Distribution [Network - Growth]	29,979,040
3RP-RCP-2018-005	Meters, Instruments & Metering Transformers - Consumer Consumption Metering [Network - Growth]	5,038,620
3RP-RCP-2018-006	Overhead Conductors and Devices - Customer [Network - Growth]	6,577,210
3RP-RCP-2018-007	Information Technology Equipment - Distribution [Network - Growth]	7,034,379
3RP-RCP-2018-008	Station Equipment - Other Station Equipment [Network - Growth]	943,444

<b>Project Code</b>	<b>Project Name</b>	<b>Project Cost (PhP)</b>
3RP-RCP-2018-009	Power Conditioning Equipment [Network - Growth]	429,000
3RP-RCP-2018-010	Poles, Towers, and Fixtures - Distribution [Network - Renewal]	2,091,432
3RP-RCP-2018-011	Overhead Conductors and Devices - Distribution [Network - Renewal]	1,663,505
3RP-RCP-2018-012	Distribution Transformers [Network - Renewal]	2,095,128
3RP-RCP-2018-013	Meters, Instruments & Metering Transformers - Consumer Consumption Metering [Network - Renewal]	26,650,700
3RP-RCP-2018-014	Information Technology Equipment - Distribution [Network - Renewal]	96,600
3RP-RCP-2018-015	Station Equipment - Metering & Control Equipment [Network - Renewal]	5,885,934
3RP-RCP-2018-016	Tools, Shop, and Garage Equipment [Non-Network - Growth]	1,696,300
3RP-RCP-2018-017	Information Systems Equipment [Non-Network - Growth]	1,800,000
3RP-RCP-2018-018	Structures and Improvements [Non-Network - Growth]	3,220,000
3RP-RCP-2018-019	Transportation Equipment [Non-Network - Growth]	4,000,000
3RP-RCP-2018-020	Office Furniture Equipment [Non-Network - Growth]	2,000,000
3RP-RCP-2018-021	Information Systems Equipment [Non-Network - Renewal]	985,000
3RP-RCP-2018-022	Transportation Equipment [Non-Network - Renewal]	70,000
3RP-RCP-2018-023	Office Furniture Equipment [Non-Network - Renewal]	1,000,000
3RP-RCP-2018-024	Acquisition of Donggwang Sunvalley facilities	2,160,095
<b>Total Residual Project Cost</b>		<b>133,078,802</b>

8. In light of the resulting benefits of CEDC's RY 2018 CAPEX Program in the overall service to the electricity consumers, CEDC respectfully submits that the building block components, particularly the return of capital and return on capital associated therewith, from the time it is put in service and considered used and useful, should be considered as a deferred amount to be included in CEDC's 3<sup>rd</sup> RP reset calculations.
9. Section 23 of the EPIRA provides that distribution utilities have an obligation to provide services and connections to its customers consistent with the distribution code. Since CEDC has no approved CAPEX projects from the start of the 3<sup>rd</sup> RP on October 1, 2015, this will severely hamper its operations and affect its ability to efficiently deliver electricity service to its customers. It is thus imperative for CEDC to undertake expansion and rehabilitation of its network facilities through acquisition of new assets to ensure continuous compliance with the safety, performance and other statutory/regulatory requirements.
10. Thus, pending final approval, there is an urgent need for the Commission to issue a provisional authority for CEDC to immediately implement its proposed RY 2018 CAPEX program. In support of the prayer for the grant of a provisional

authority, CEDC has attached the Judicial Affidavit of Engr. Quiruben M. Mera, Assistant Vice-President and Acting Head of Networks.

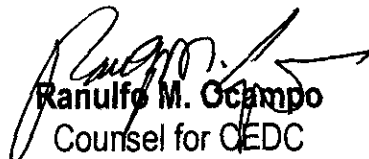
### **PRAYER**

WHEREFORE. CEDC respectfully prays that this application for authority to implement CEDC's Capital Expenditure (CAPEX) Program for Regulatory Year (RY) 2018 be APPROVED and that the building block components associated with the CAPEX Program from the time it is put in service and considered used and useful be considered as a deferred amount to be included in CEDC's subsequent Third Regulatory Period reset calculations.

Pending final approval of the proposed CAPEX Program for RY 2018, CEDC also prays that it be granted provisional authority to implement the said proposed CAPEX Program for RY 2018.

Applicant CEDC prays for such other relief as are deemed just and equitable under the premises.

RESPECTFULLY SUBMITTED this 12<sup>th</sup> day of April 2018 at Pasig City.

  
**Ranulfo M. Ocampo**  
Counsel for CEDC

PTR No. 7320866 | 30 January 2018 | Marikina City  
IBP Lifetime No. 1025756 | 18 January 2016 | RSM  
IBP Roll No. 33872 | MCLE Compliance No. V-0018148  
7/F STRATA 100 Bldg. | F. Ortigas Jr. Road | Ortigas Center | Pasig City  
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REPUBLIC OF THE PHILIPPINES )  
ANGELES CITY ) S.S.

**VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING**

I, **BALDOMERO N. GUIBALA**, of legal age, with office address c/o Clark Electric Distribution Corporation (CEDC) at N2830 Bayanihan Street, Clark Freeport Zone, Philippines, depose and state under oath:

1. That I am the Vice President and Head of Operations and Regulatory Management of Clark Electric Distribution Corporation (CEDC), and that I have been authorized by CEDC to verify and certify under oath the foregoing application.
2. In behalf of CEDC, I caused the preparation of the foregoing application for approval of CEDC's proposed Capital Expenditure Program for Regulatory Year (RY) 2018; and I have read and understood the allegations contained therein insofar as CEDC is concerned; and all the facts stated therein are true and correct based on my own knowledge and the authentic records of CEDC made available to me in the ordinary course of business.
3. CEDC has not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals, or any other tribunal or agency; that to the best of my knowledge, no such action or proceeding is pending in the Supreme Court, the Court of Appeals, or different Divisions thereof, or any other tribunal or agency, which involve issues that may somehow be related to this Complaint for consignation of sum due; and that, if I should learn that a similar action or proceeding has been filed or is pending before the Supreme Court, the Court of Appeals, or different divisions thereof, or any other tribunal or agency, I undertake to promptly inform this Honorable Commission within five (5) days from receipt of such knowledge of such fact.

  
**BALDOMERO N. GUIBALA**  
Affiant

SUBSCRIBED AND SWORN to before me this 4<sup>th</sup> day of May 2018, affiant exhibited to me his

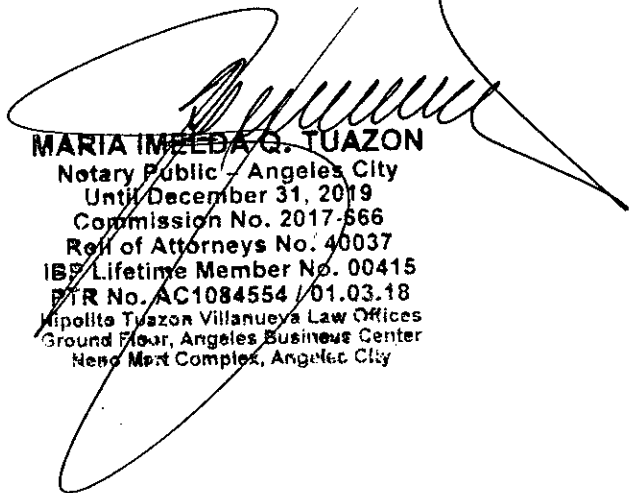
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Series of 2018 .

  
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Until December 31, 2019  
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