

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF ITS CAPITAL
EXPENDITURE PROGRAM
FOR REGULATORY YEAR
(RY) 2019**

ERC CASE NO. 2019-013 RC

**ANGELES ELECTRIC CORP.
(AEC),**

Applicant.

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Promulgated:
MAR 12 2019

ORDER

On 21 February 2019, Applicant Angeles Electric Corp. (AEC) filed an *Application* dated 06 February 2019, seeking the Commission's approval of its Capital Expenditure Program for Regulatory Year (RY) 2019.

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

1. Applicant AEC is a Distribution Utility (DU) duly organized and existing under Philippine law, with principal office address at Don Juan Nepomuceno corner Doña Teresa Street, Nepo Mart Complex, Angeles City; franchised under Republic Act No. 9381 to distribute electricity in Angeles City, Pampanga; represented here by its President, Geromin T. Nepomuceno, Jr.
2. AEC belongs to the Fourth Entry Group under the Rules for Setting Distribution Wheeling Rates (RDWR). AEC entered the RDWR during the Second Regulatory Period (2nd RP) from October 1, 2011 to September 30, 2015.
3. AEC was supposed to enter into its 3rd RP from October 1, 2015 to September 30, 2019 but the Commission suspended the implementation of the RDWR. Thus, AEC was prevented from filing its Regulatory Reset Application for the 3rd RP.
4. Ordinarily, AEC's Capital Expenditure (CAPEX) Program is incorporated as part of its Regulatory Reset Application.

Considering the suspension of the RDWR, AEC was likewise prevented from filing its CAPEX Program for the 3rd RP.

5. To enable AEC to continue providing a safe, adequate, continuous and reliable service, AEC is applying for approval the following CAPEX program for the Regulatory Year (RY) 2019:

ANGELES ELECTRIC CORPORATION
Proposed Capital Expenditure Projects for RY 2019
SUMMARY

Network Capex

	Description	Estimated Cost
A.1	Reconductoring of EPZA and Dau 13.8 kV Feeder Lines from 336.4 MCM ACSR to 556.5 MCM ACSR and Rerouting of Dau Feeder to Cater to the Projected Future Load of the Pampanga Economic Zone and the inevitable widening of Pulung Cacutud Bridge	6,876,975.06
A.2	Milenyo Substation Relocation and Uprating from 35 MVA to 50 MVA	163,077,768.45
A.3	Reconductoring of 13.8 kV Backbone Feeder Line Sections from #4/0 AWG ACSR to 336.4 MCM TACSR	31,121,641.61
	Sub-Total	201,076,385.12

Other Network Capex

	Description	Estimated Cost
B.1	Procurement of Pole-Mounted Type Distribution Transformers of Various Capacities to Cater to Load Growth	28,317,655.46
B.2	Procurement of Overhead Conductors and Devices	23,929,046.61
B.3	Procurement of Poles, Towers and Fixtures	19,174,670.02
B.4	Purchase of Kilowatthour Meters and its accessories (e.g. instrument transformers, Meter Base, Conduit, Padlock Seal)	12,210,699.20
	Sub-Total	83,632,071.29

Non-Network Capex

	Description	Estimated Cost
C.1	Procurement of Information Technology Equipment	3,872,369.92
C.2	Upgrading of SCADA Operator Workstation, Database Migration and WebServer SCADA	989,000.00
C.3	Acquisition of Additional Programs and Software and Global Navigation Satellite System (GNSS) Equipment in connection with the Geographic Information System (GIS)	6,857,142.86
Sub-Total		11,718,512.78
Grand Total		296,426,969.19

6. AEC appropriated enough funds from its retained earnings to finance the foregoing CAPEX Program for RY 2019.
7. In view of the resulting benefits that the customers of AEC will derive from the proposed RY 2019 CAPEX Program, AEC 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, be considered as a deferred amount to be included in AEC's 3rd or 4th RP reset calculations.
8. AEC attaches and submits the following documents in support of this application:
 - I. Summary
 - II. Forecasts
 - III. Network CAPEX 2019
 - A.1. Detailed Project Discussion of Reconductoring of EPZA and Dau 13.8 kV Feeder Lines from 36.4 MCM ACSR to 556.5 MCM ACSR and Rerouting of Dau Feeder to Cater to the Projected Future Load of the Pampanga Economic Zone and the inevitable widening of Pulung Cacutud Bridge
 - a. Technical Analysis
 - b. Economic Analysis
 - c. Gantt Chart Schedule
 - A.2. Detailed Project Discussion of Milenyo Substation Relocation and Upgrading from 35 MVA to 50 MVA
 - a. Technical Analysis

- b. Economic Analysis
 - c. Gantt Chart Schedule
 - A.3. Detailed Project Discussion of Reconductoring of 13.8 kV Backbone Feeder Line Sections from #4/0 AWG ACSR to 336.4 MCM TACSR
 - a. Technical Analysis
 - b. Economic Analysis
 - c. Gantt Chart Schedule
 - d. Reliability Indices Simulations
- IV. Other Network CAPEX 2019
 - B.1. Detailed Project Discussion of Procurement of Pole-Mounted Type Distribution Transformers of Various Capacities to Cater to Load Growth
 - a. Economic and Technical Analysis
 - B.2. Detailed Project Discussion of Procurement of Overhead Conductors and Devices
 - a. Historical and Forecast Conductor Purchases
 - B.3. Detailed Project Discussion of Procurement of Poles, Towers and Fixtures
 - a. Historical and Forecast Pole Purchases
 - B.4. Detailed Project Discussion of Purchase of Kilowatthour Meters and Accessories
- V. Non-Network CAPEX 2019
 - C.1. Detailed Project Discussion of Procurement of Information Technology Equipment
 - a. Quotation for Additional Server
 - b. Quotation for Network Storage
 - c. Quotation for VMWare License
 - d. Cost Estimate for Server Room
 - C.2. Detailed Project Discussion of Upgrading of SCADA Operator Workstation, Database Migration and WebServer SCADA Reports
 - a. Quotation
 - C.3. Detailed Project Discussion of Acquisition of Additional Programs and Software and Global Navigation Satellite System (GNSS) Equipment in connection with the Geographic Information System (GIS)

a. Quotations

VI. Affidavit of AEC Planning Engineer, Allan M. Santillan.

PRAYER

WHEREFORE, premises considered, AEC respectfully prays that the Honorable Commission approve AEC's proposed Capital Expenditure Program for Regulatory Year 2019 with the estimated total project cost of **Php296,426,969.19**.

AEC also prays for such other relief or remedy as may be just and equitable under the circumstances.

Finding the said *Application* to be sufficient in form and substance, with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on **16 May 2019 (Thursday) at nine o'clock in the morning (9:00 A.M.) at AEC's Principal Office at Don Juan Nepomuceno corner Doña Teresa Street Nepo Mart Complex, Angeles City.**

Accordingly, AEC is hereby directed to:

- 1) Cause the publication of the attached *Notice of Public 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 hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Public Hearing* the Office of the Mayor, and the Local Government Unit (LGU) legislative body within AEC's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within AEC's franchise area of the filing of the *Application*, the reasons therefor, and of the scheduled hearing thereon, by any other means available and appropriate;
- 4) Furnish with copies of this *Order* and the attached *Notice of Public 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 at 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.

On the date of the initial hearing, AEC must submit to the Commission 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 Public Hearing* consisting of affidavits of the Editors or Business Managers of the newspapers where the said *Notice of Public Hearing* were published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this *Order* and the attached *Notice of Public Hearing*, consisting of certifications issued to that effect, signed by the Mayor and LGU legislative body or its duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by AEC to inform the consumers within the affected areas of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Public 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 proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required to submit, at least five (5) days before the date of initial 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 therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from the said date of cancellation.

Applicant 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* with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 04 March 2019.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal Service


LS: RSPV/ARG/GLO

COPY FURNISHED:

1. Atty. Ranulfo M. Ocampo
Counsel for Applicant AEC
7/F Strata 100 Bldg. F, Ortigas Jr. Road
Ortigas Center, Pasig City
2. Angeles Electric Corp. (AEC)
Applicant
Don Juan Nepomuceno corner Doña Teresa Street

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3. Nepo Mart Complex, Angeles City
Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit (COA)
Commonwealth Avenue, Quezon City 1121
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City 1307
6. House Committee on Energy
Batasan Hills, Quezon City 1126
7. Office of the Mayor
Angeles City, Pampanga
8. Office of the Local Government (LGU) legislative body
Angeles City, Pampanga
9. Regulatory Operations Service (ROS)
Energy Regulatory Commission
17th Floor, Pacific Center, San Miguel Avenue, Pasig City