

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



IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF THE POWER SALES
AGREEMENT (PSA) BETWEEN
ZAMBOANGA CITY ELECTRIC
COOPERATIVE, INC.
(ZAMCELCO) AND MAPALAD
POWER CORPORATION (MPC),
WITH PRAYER FOR
PROVISIONAL AUTHORITY

ERC CASE NO. 2015-120 RC

ZAMBOANGA CITY ELECTRIC
COOPERATIVE, INC.
(ZAMCELCO) AND MAPALAD
POWER CORPORATION (MPC),
Applicants.

DOCKETED
Date: JUL 08 2015
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ORDER

On June 26, 2015, Zamboanga City Electric Cooperative, Inc. (ZAMCELCO) and Mapalad Power Corporation (MPC) filed a joint application for the approval of their Power Sales Agreement (PSA), with prayer for provisional authority.

In the said joint application, ZAMCELCO and MPC alleged, among others, the following:

1. ZAMCELCO is a non-stock, non-profit electric cooperative organized and existing under and by virtue of Presidential Decree No. 269, as amended, with office address at MCLL Highway, Putik, Zamboanga City. It has a franchise to distribute electricity in the City of Zamboanga.

A copy of its Certificate of Franchise is attached to the joint application as Annex "A";

2. MPC is a generation company duly authorized and existing under and by virtue of the laws of the Republic of the Philippines, with principal address at 4th Floor, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City.

Copies of its Certificate of Incorporation, Articles of Incorporation and By-Laws and latest General Information Sheet are attached to the joint application as Annex "B" and series;

NATURE OF THE APPLICATION

3. Pursuant to Rule 20 (B) of the ERC Rules of Practice and Procedure approved by the Commission on June 22, 2006 in Resolution No. 38, Series of 2006, the instant joint application is submitted to the Commission for its review and approval.

A copy of the PSA is attached to the joint application as Annex "C";

COMPLIANCE WITH PRE-FILING REQUIREMENTS

4. In compliance with Rule 6 of the ERC Rules of Practice and Procedure, they have furnished the Sangguniang Panlungsod of Zamboanga City a copy of the present joint application with all its annexes and accompanying documents.

The corresponding proof of receipt is attached to the joint application as Annex "D";

5. They have caused the publication of the instant joint application in its entirety, excluding its annexes, in a newspaper of general circulation within ZAMCELCO's franchise area.

Copies of the newspaper and the corresponding Affidavit of Publication are attached to the joint application as Annexes "E" and "E-1," respectively;

STATEMENT OF FACTS

6. **Shortage of Power Supply in the Mindanao Grid.** The Mindanao Grid is currently facing a deficit in its power supply, which may worsen over time. The generating capacity in the Grid is no longer sufficient to meet the power requirements of Mindanao;
7. The Power Sector Assets and Liabilities Management Corporation (PSALM), which took over all the generating assets of the National Power Corporation (NPC) pursuant to Republic Act No. 9136, supplies the power requirements of Mindanao;
8. PSALM has drastically reduced its power supply commitments to distribution utilities in Mindanao, including ZAMCELCO;
9. As a result, Mindanao has experienced significant power outages, adversely affecting local businesses and the daily lives of all electricity consumers. The lack of sufficient and reliable power supply has long been a barrier to much needed capital investment that would spur the local economy;
10. **Insufficiency of ZAMCELCO's Power Supply.** At present, ZAMCELCO's power supply is far from sufficient to meet the power requirements of Zamboanga City. ZAMCELCO's customers have to endure an average of five (5) to eight (8) hours of daily rotational brownouts;
 - 10.1. ZAMCELCO has a projected demand of 90.9 MW for the month of July 2015. However, the total supply which will be available to ZAMCELCO on said month will only be 63.2 MW based on the following contracted capacity:

- a. From PSALM, 27.2 MW;
- b. From Therma Marine, Inc. (TMI), 18 MW; and
- c. From MPC, through its bunker C-fired diesel power plant in Iligan City, 18 MW;

10.2. **Supply from PSALM.** PSALM, on several occasions, was not able to deliver its contracted supply in full. For instance, PSALM's contracted supply in May 2015 was 31.5 MW. However, PSALM supplied as low as 23 MW. This failure to deliver the full contracted capacity worsens the insufficiency of supply;

10.3. As a result, ZAMCELCO's supply deficiency resulted in daily rotational brownouts averaging five (5) to eight (8) hours; and

10.4. **NPC Certification.** ZAMCELCO has requested certification from NPC on whether its contracted capacity and energy are expected to be available for ZAMCELCO during the term of the PSA.

A copy of the said request is attached to the joint application as Annex "F";

11. **ZAMCELCO's Demand Projections.** The shortage is expected to increase due to the steadily increasing power demand of ZAMCELCO's customers. The expected increase is indicated in ZAMCELCO's Distribution Development Plan (DDP).

A copy of ZAMCELCO's DDP is attached to the joint application as Annex "G". A copy of its supply-demand projections is attached to the joint application as Annex "G-1";

12. **Immediate Need for Power Supply.** ZAMCELCO's customers have to endure as much as an average of five (5) to eight (8) hours of daily rotational brownouts. This has caused great difficulty not only to the residents of Zamboanga City but to local businesses as well;

13. It is clear that ZAMCELCO needs to procure additional power supply that can be available at the soonest possible time. Thus, ZAMCELCO executed efforts to procure the appropriate power supply;
14. MPC offered to supply power to ZAMCELCO from leased modular diesel-fired power generating sets to be installed in ZAMCELCO's franchise area as an emergency and temporary solution to the power shortage. Modular generating sets may be the most appropriate solution to immediate need for power supply because they can be deployed and installed expediently. This has proven effective when MPC implemented similar projects for other distribution utilities in Mindanao to help alleviate power shortages in their franchise areas;
15. ZAMCELCO evaluated the offer and as a result, it executed the PSA with MPC for the supply of 10 MW.

An affidavit supporting the foregoing is attached to the joint application as Annex "H";

16. The immediate implementation of the PSA will help alleviate the power outages;
17. Under the law, no contract for the supply of power to a distribution utility, like ZAMCELCO, can become legally effective unless approved by Commission. Hence, the instant joint application;

**ABSTRACT OF THE POWER SALES AGREEMENT
AND RELATED INFORMATION**

18. **The Generation Facilities.** MPC shall supply power under the PSA using leased modular diesel-fired power generating plants with a total net output of 10 MW to be installed, operated and maintained in ZAMCELCO's premises in Putik, Zamboanga City (Modular Power Station).

18.1. The Modular Power Station consists of eleven (11) units of diesel generator sets and auxiliaries, with a total installed capacity of 1,070 kW per unit; two (2) units of transformer package; one (1) unit each of control room, switch gear and oil water separator; diesel fuel tanks with auxiliaries and water tanks; one (1) unit each of workshop and of office; and an interconnection line from the Modular Power Station to ZAMCELCO's substation;

19. The Specific Fuel Oil Consumption (SFOC) of the Power Station shall not be greater than 0.265 liter/kWh at site condition of 32 deg. C ambient temperature. The SFOC is based on a diesel fuel density of 0.85 kilogram/liter.

A copy of the Certification on the Power Station's SFOC Rate is attached to the joint application as Annex "I";

20. **Salient Features of the PSA.**

20.1. **Supply of Power.** Under the PSA, MPC shall supply or cause to supply to ZAMCELCO the Contracted Capacity of 10 MW (Contracted Capacity), as indicated in and subject to the terms and conditions of the PSA;

20.2. **Term.** Unless otherwise pre-terminated or extended in accordance with the PSA, the term of supply and purchase under the PSA shall be for six (6) months from the date the Power Station is ready to commence commercial operations or until the start of the power supply of 50 MW from the Western Mindanao Power Corporation (WMPC) Power Plant to ZAMCELCO, whichever comes at a later date. Supply from the WMPC Power Plant is under a separate agreement and is expected to commence early 2016; and

20.3. **Effective Date.** The obligations under the PSA shall become effective when certain conditions shall have been satisfied, including the approval by the

Commission of the PSA and the pricing structure therein;

21. **Purchased Power Rate for the Power Station.** For the supply of power from the Power Station, ZAMCELCO shall pay the Monthly Payments based on the following formulas:

1. Monthly Payments

The Monthly Payments shall be paid to the Seller on a monthly basis in accordance with the following formula:

$$\text{Monthly Payments} = CRF + FOMF + VOMF + AFC + SC + Taxes$$

Where:

- CRF = Capital Recovery Fees
- FOMF = Fixed Operation and Maintenance Fee
- VOMF = Variable Operation and Maintenance Fee
- AFC = Actual Fuel Cost
- SC = Start-Up Costs
- Taxes = Value-Added Tax (VAT) and other applicable taxes, if any

1.1 Capital Recovery Fee (CRF)

CRF shall be computed as follows:

$$CRF = \left\{ CRFR \times \left[\left(0.84 \times \frac{USD_n}{USD_o} \right) + (0.16) \right] \right\} \times CC \times F$$

Where:

- CRFR = Capital Recovery Fee Rate of PhP1,541.46/kW/month
- CC = 10,000 kW

USDn = Average USD-Peso Exchange Rate for the month as published by Bangko Sentral ng Pilipinas (BSP)

USDo = USD-Peso Exchange Rate is at PhP43/USD1

F = Outage Factor as derived using the following formula to be used

Where:

$$F = \frac{\text{Monthly Actual Energy Delivered}}{TMED}$$

Where:

TMED= Theoretical Maximum Energy Delivered being the Contracted Capacity multiplied by the hours in the relevant month, limitation due to dispatch order, Force Majeure of the Power Station, transmission line downtime due to Buyer's fault, and any other hours as a consequence of Buyer's failure to perform any of its obligations

$$= [CC \times \text{No. of Hours in Billing Month}] - [((CC - \text{kW Dispatch Ordered}) \times (\text{Hours Dispatched})) + (CC \times \text{Hours Not Dispatched}) + (CC \text{ on Outage} \times \text{Force Majeure Outage Hours}) + ((CC - \text{kW Not Curtailed}) \times (\text{Hours Transmission Line Partially Available})) + (CC \text{ on Outage} \times \text{Hours Transmission Line Fully Not Available}) + (CC \times \text{Buyer's Downtime})]$$

F = 1 if the foregoing formula results in F being greater than 1

A summation of the ED and TMED for a given Contract Year shall be made to determine true F during the Contract Year. Such yearly F factor shall be basis for adjustment of the CRF for the Contract Year. The adjustment shall be guided by the following conditions:

If $\Sigma ED = \Sigma TMED$, $F=1$

If $\Sigma ED > \Sigma TMED$, $F>1$, excess will be carried over to the next year, if the excess is attributed to an event initiated by the Buyer calling for the dispatch of the Power Station to deviate from the agreed Dispatch and Nomination Procedures (Schedule D), and which applies only on to scheduled maintenance of these generating units.

If $\Sigma ED < \Sigma TMED$, $F < 1$

1.2 Fixed Operation and Maintenance Fee (FOMF)

The FOMF covers the operating and maintenance costs of the Power Station. It shall be computed according to the following formula:

$$FOMF = \left\{ FOMR \times \left[\left(11\% \times \frac{CPI_n}{CPI_o} \right) + \left(89\% \times \frac{USD_n}{USD_o} \times \frac{US PPI_n}{US PPI_o} \right) \right] \right\} \times CC \times F$$

Where:

- FOMFR = Fixed O&M Fee Rate of PhP 285.47/kW.month
- CPI_n = Consumer Price Index for Metropolitan Manila Area (National Capital Region), all items published by NEDA/NSO for the period of price determination
- CPI_o = Consumer Price Index for Metropolitan Manila Area (National Capital Region), all items published by NEDA/NSO for September 2013 (at 126.9, 2006 = 100)
- USD_n = USD-Peso Exchange Rate for the period of price determination as published by the BSP
- USD_o = USD-Peso Exchange Rate is at PhP43/USD1
- US PPI_n = United States Producers' Price Index for Industrial Goods (63a) for the period of price determination as published in the International Financial Statistics of IMF (2005=100)
- US PPI_o = United States Producers' Price Index for Industrial Goods (63a) for July 2013 (at 127.2, 2005=100) as published in the International Financial Statistics of IMF

$$F = \frac{\text{Monthly Actual Energy Delivered}}{TMED}$$

$$\begin{aligned} \text{TMED} &= \text{Theoretical Maximum Energy Delivered being the Contracted Capacity multiplied by the hours in the relevant month, limitation due to dispatch order, Force Majeure of the Power Station, transmission line downtime due to Buyer's fault, and non-generation due to a Buyer dispatch order, and any other hours as a consequence of Buyer's failure to perform any of its obligations} \\ &= [\text{CCx No. of Hours in Billing Month}] - [(((\text{CC} - \text{kW Dispatch Ordered}) \times (\text{Hours Dispatched})) + (\text{CC} \times \text{Hours Not Dispatched}) + (\text{CC on Outage} \times \text{Force Majeure Outage Hours}) + ((\text{CC} - \text{kW Not Curtailed}) \times (\text{Hours Transmission Line Partially Available})) + (\text{CC on Outage} \times \text{Hours Transmission Line Fully Not Available})) + (\text{CC} \times \text{Buyer's Downtime})] \\ \text{F} &= 1 \text{ if the foregoing formula results in F being greater than 1} \end{aligned}$$

A summation of the ED and TMED for a given Contract Year shall be made to determine true F during the Contract Year. Such yearly F factor shall be basis for adjustment of the CRF for the Contract Year. The adjustment shall be guided by the following conditions:

$$\text{If } \Sigma \text{ED} = \Sigma \text{TMED}, \text{ F}=1$$

If $\Sigma \text{ED} > \Sigma \text{TMED}$, $\text{F} > 1$, excess will be carried over to the next year, if the excess is attributed to an event initiated by the Buyer calling for the dispatch of the Power Station to deviate from the agreed Dispatch and Nomination Procedures (Schedule D), and which applies only on to scheduled maintenance of these generating units.

$$\text{If } \Sigma \text{ED} < \Sigma \text{TMED}, \text{ F} < 1$$

1.3 Variable Operation and Maintenance Fee (VOMF)

The VOMF covers the cost of the use of, among other items, chemicals, lubricants and spare parts, that are directly related to the generation of the Power Station. It shall be computed according to the following formula:

$$VOMF = \left\{ VOMFR \times \left[\left(\frac{USDn}{USD0} \times \frac{US PPI_n}{US PPI_0} \right) \right] \right\} \times ED$$

Where:

- VOMF = Variable O&M Fee, in Pesos
- VOMFR = Variable O&M Fee Rate of PhP0.59/kWh
- ED = kWh delivered during the billing period
- USDn = USD-Peso Exchange Rate for the period of price determination as published by the BSP
- USD0 = USD-Peso Exchange Rate is at PhP43/USD1
- US PPI_n = United States Producers' Price Index for Industrial Goods (63a) for the period of price determination as published in the International Financial Statistics of IMF (2005=100)
- US PPI₀ = United States Producers' Price Index for Industrial Goods (63a) for July 2013 (at 127.2, 2005=100) as published in the International Financial Statistics of IMF

1.4 Actual Fuel Cost (AFC)

The AFC is the fee paid to the Seller as payment for the procurement and delivery of the fuel oil (Diesel) used in the operation of the Modular Power Station. The AFC shall be computed as follows:

$$AFC = FCR \times \text{Specific Fuel Oil Consumption} \times ED$$

Where:

- FCR = Fuel Price of Diesel Fuel Oil based on the weighted average of all fuel delivered during the billing period
- Specific Fuel Oil Consumption = 0.265 liter/kWh
- ED = kWh delivered during the billing period

1.5 Start-Up Costs (SC)

The Buyer, on a pro rata basis of the capacity of the Power Station allocated to the Buyer, shall pay the Seller SC for the cost of starting up the Modular Power Station after a period of shutdown due to any reason attributable to the Buyer of the Seller. The SC shall be computed based on the prevailing price of diesel fuel at the time of the Start-Up and paid in accordance with the following formula and schedule:

$$SC = \left(\frac{\text{Liters of fuel consumed during cold start}}{\text{x No. of Generator Set x Fuel Price}} \right) + \left(\frac{\text{Liters of fuel consumed during warm start}}{\text{x No. of Generator Set x Fuel Price}} \right)$$

Type of Start-Up	Liters of Diesel Fuel Per Generator Set
Cold Start-Up (More Than or Equal to 10 Hours of Shutdown)	60
Warm Start-Up (Less Than 10 Hours of Shutdown)	40

1.6 Value Added Tax (VAT)

The relative VAT of the above fee payments twelve percent (12%) shall be computed as follows:

$$VAT = (CRF + FOMF + VOMF + AFC + SC) \times 0.12$$

2. Commissioning Output Charge

The Buyer shall pay the Seller the Commissioning Output Charge for electricity supplied prior to the Commercial Operation Date. The Commissioning Output Charge shall be computed as follows:

$$COC = FOMF + VOMF + ACF + Taxes$$

Where:

COC = Commissioning Output Charge

FOMF	=	Fixed Operation and Maintenance Fee computed in accordance with Item 1.2 of this Schedule B
VOMF	=	Variable Operation and Maintenance Fee computed in accordance with Item 1.3 of this Schedule B
AFC	=	Actual Cost of Fuel computed in accordance with Item 1.4 of this Schedule B

21.1. For reference, a sample computation of the monthly payment contained in Schedule C of the PSA;

21.2. **Basis for indexation.** As indicated in the formulas above, the monthly fees to be paid by ZAMCELCO are subject to adjustments based on various indices or factors in order to properly reflect the fluctuation of MPC's costs in supplying electricity; and

21.3. The components of the tariff representing foreign currency-denominated costs are adjusted based on the foreign exchange rate and the applicable foreign price indices; those representing local costs are adjusted based on local price indices. The Actual Fuel Costs vary based on the applicable fuel cost index;

22. **Sources of Funds/Financial Plans.**

22.1. **Project Cost.** The total cost of the project is PhP27,995,069.00.

A copy of the breakdown of the project cost is attached to the joint application as Annex "J"; and

22.2. **Project Funding.** The project will be funded entirely through equity. Thus, there is no interest cost since MPC will not obtain any loan to finance the project. Moreover, the cost of capital is fifteen percent (15%);

23. **Cash Flow.**

23.1. **Breakdown of Operating and Maintenance Expenses.** A detailed breakdown of the projected operating expenses is attached to the joint application as Annex "K";

23.2. **Offtake Arrangement.** Under the PSA, MPC shall make available, reserve, guarantee and deliver to ZAMCELCO the Contracted Capacity and ZAMCELCO shall pay for such quantity of electric power. MPC shall utilize such Contracted Capacity to generate energy for ZAMCELCO;

23.3. There is no minimum energy offtake under the PSA. As MPC will dedicate the Contracted Capacity to ZAMCELCO, the Capital Recovery and the Fixed Operations and Maintenance Fees are computed based on the Contracted Capacity as well as on the proportion of actual energy delivered to the energy that could have been delivered;

23.4. Also, the capacity to be provided by MPC shall always be the Contracted Capacity. In case the actual capacity delivered by MPC, as per dispatch order or limitation of ZAMCELCO for a given billing month is less than the Contracted Capacity, the difference between the actual capacity utilized by ZAMCELCO and Contracted Capacity for that billing month shall be deemed delivered to and utilized by ZAMCELCO;

24. **Fuel Supply.** In order to ensure the supply of fuel for the operations of the Power Station, MPC is currently negotiating with the supplier that provided reasonable terms for fuel supply.

24.1. It must be stressed that, in accordance with the relevant policy of the Commission, MPC shall derive no revenue whatsoever from the fuel supply;

25. **Environmental Compliance Certificate (ECC).** MPC is currently processing the necessary application with the

Department of Environment and Natural Resources (DENR) for an ECC covering the Power Station;

26. **The Department of Energy (DOE) Certification.** MPC has requested the DOE for the issuance of a certification that the capacity of the Power Station is consistent with the DOE's Power Development Plan (PDP).

A copy of the said request is attached to the joint application as Annex "L";

27. **Certificate of Compliance (COC).** The application for the issuance of a COC by the Commission for the Power Station is currently being processed;

RATE IMPLICATIONS
OF THE POWER SALES AGREEMENT

28. In order to determine the impact of the implementation of the PSA on ZAMCELCO's Generation Costs, an analysis was conducted taking into consideration ZAMCELCO's projected demand and available supply from approved supply contracts over the contract term.

A copy of the said analysis is attached to the joint application as Annex "M";

29. As shown by the analysis, the procurement of additional supply from MPC under the PSA will reduce the power outages in Zamboanga City and will result in an upward adjustment of the total Generation Costs to be paid by ZAMCELCO's member-consumers;

30. A summary of the said analysis is shown in the table below:

Month	Without PSA	Outages (Est.)	With PSA	Outages (Est.)	Outage Reduction	Rate Impact
	PhP/kWh	Hours	PhP/kWh	Hours	Hours	PhP/kWh
Jul	5.8631	6.92	6.6243	4.42	2.50	0.7612

Aug	5.4403	4.45	6.0868	1.95	2.50	0.6465
Sep	5.3707	4.65	6.0507	2.15	2.50	0.6800
Oct	5.4900	4.81	6.1935	2.31	2.50	0.7035
Nov	5.2733	3.19	5.8946	0.69	2.50	0.6213
Dec	5.4054	3.26	6.0668	0.76	2.50	0.6614

Notes and assumptions:

1. Only supply from Commission-approved power supply contracts are assumed.
2. Under the "Without PSA" Scenario, the suppliers are PSALM, TMI and MPC (firm supply from its bunker C-fired plant in Iligan).
3. Under the "With PSA" Scenario, the suppliers are PSALM, TMI and MPC (firm supply from its bunker C-fired plant in Iligan and supply under the PSA).
4. The contracted generation companies are assumed to be able to supply from their respective contracted capacities in full.
5. The assumed tariffs for TMI and MPC (from its bunker C-fired plant in Iligan) are based on ZAMCELCO's actual purchases over a twelve (12)-month period from May 2014 to April 2015, with assumed line losses of 4.35%. The assumed tariff for PSALM is PhP3.00/kWh.
6. For the tariff under the PSA, the following were used and assumed to apply uniformly over the simulation period: (a) Consumer Price Index (CPI) value for April 2015; (b) foreign exchange rate as of 25 May 2015 per BSP; (c) US Producers' Price Index value for December 2014; and (d) the latest available fuel price at PhP29.00/li.
7. The simulation assumes no SC.

ALLEGATIONS IN SUPPORT OF
THE MOTION FOR PROVISIONAL AUTHORITY

31. As discussed above, ZAMCELCO's current power supply is not sufficient to meet its total power requirements, resulting in substantial power outages in ZAMCELCO's franchise area and adversely affecting its Industrial, Commercial and Residential power consumers;
32. For instance, as explained above, ZAMCELCO's available contracted supply for July 2015 is only 63.2 MW, far from sufficient to meet its estimated demand of 90.9 MW, resulting in a significant power shortage of 27.7 MW. This impending power shortage would result to sustained daily rotational brownouts;
33. Taking into consideration the current power situation in ZAMCELCO's franchise area as well as its projected

demand, it is imperative that ZAMCELCO contracts for additional power supply that can be available at the soonest possible time.

34. ZAMCELCO's need for additional power is best addressed by the leased modular diesel-fired generating sets covered by the PSA that can be deployed and installed expediently. As earlier stated, this solution has proven effective when MPC implemented similar projects for other distribution utilities in Mindanao to help alleviate power shortages in their franchise areas;
35. The immediate implementation of the PSA will help alleviate the power outages in ZAMCELCO's franchise area;
36. In view of the foregoing, they move for the provisional approval of the instant joint application pursuant to Rule 14 of the Commission's Rules of Practice and Procedure.

A copy of a sworn statement supporting the said motion is attached to the joint application as Annex "N"; and

37. They pray that the Commission:
 - a. immediately issue an Order provisionally approving the PSA subject of the instant joint application as well as the Generation Rate and adjustment mechanisms indicated therein; and
 - b. after due hearing, render judgment making such provisional approval permanent.

Finding the said joint application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, pre-trial conference, expository presentation and evidentiary hearing on **August 6, 2015 (Thursday)** at one o' clock in the afternoon (1:00 P.M.) at ZAMCELCO's Main Office, MCLL Highway, Putik, Zamboanga City.

ZAMCELCO and MPC are hereby directed to cause the publication of the attached Notice of Public Hearing, at their own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the date of initial hearing. They are also directed to inform the consumers within ZAMCELCO's franchise area, by any other means available and appropriate, of the filing of the instant joint application, its reasons therefor, and of the scheduled hearing thereon.

Let copies of the joint application, this Order and the attached Notice of Public Hearing be furnished 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.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Office of the Mayor of Zamboanga City for appropriate posting thereof on its bulletin board.

ZAMCELCO and MPC are hereby directed to furnish all those making requests therefor with a copy of the joint application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, ZAMCELCO and MPC must submit to the Commission their written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of a certification issued to that effect, signed by the aforementioned Mayor or his duly authorized representative, bearing the seal of his office, and the affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

ZAMCELCO and MPC and all other interested parties are directed 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:

- (a) a summary of admitted facts and proposed stipulation of facts;
- (b) the issues to be tried or resolved;
- (c) the documents or exhibits to be presented, stating the purposes thereof and proposed markings therefore; and
- (d) the number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-trial Brief.

Failure of ZAMCELCO and MPC to submit the required Pre-Trial Brief and Judicial Affidavits of their witnesses 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 said date of cancellation.

As part of the pre-trial conference, ZAMCELCO and MPC must also be prepared to make an expository presentation of their joint application, aided by whatever communication medium that they 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, what the application is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, July 1, 2015.

FOR AND BY AUTHORITY
OF THE COMMISSION:



ALFREDO J. NON
Officer-In-Charge and
Commissioner



MVA/NJS

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Copy Furnished:

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3. Mapalad Power Corporation (MPC)
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Makati City, Metro Manila
5. Commission on Audit
Commonwealth Avenue
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6. Senate Committee on Energy
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7. House Committee on Energy
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8. President
Philippine Chamber of Commerce and Industry (PCCI)
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9. Office of the City Mayor
Zamboanga City