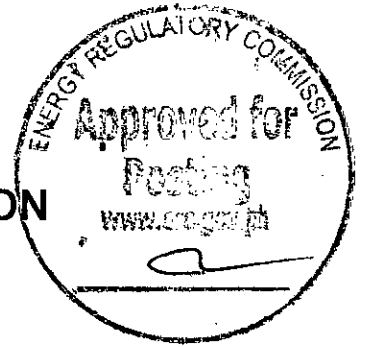


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



**IN THE MATTER OF THE
JOINT APPLICATION FOR
THE APPROVAL OF THE
POWER SALES
AGREEMENT (PSA)
ENTERED INTO BY AND
BETWEEN CAGAYAN
ELECTRIC POWER AND
LIGHT COMPANY, INC.
(CEPALCO) AND
MAPALAD POWER
CORPORATION (MPC)
WITH PRAYER FOR THE
ISSUANCE OF
PROVISIONAL
AUTHORITY**

ERC CASE NO. 2015-189 RC

**CAGAYAN ELECTRIC
POWER AND LIGHT
COMPANY, INC.
(CEPALCO) AND
MAPALAD POWER
CORPORATION (MPC),
Applicants.**

x-----x

D O C K E T E D
Date: FEB 24 2016
By: [Signature]

ORDER

On 27 October 2015, Cagayan Electric and Power Company (CEPALCO) and Mapalad Power Corporation (MPC) filed an Application for approval of their Power Sales Agreement (PSA), with prayer for provisional authority.

In the said application, CEPALCO and MPC alleged, among others, that:

[Handwritten signature]

THE APPLICANTS

1. Cagayan Electric Power and Light Co., Inc. ("CEPALCO") is a private electric distribution utility organized and existing under the laws of the Republic of the Philippines, with office address at CEPALCO Administration Building, Masterson Avenue, Upper Balulang, Cagayan de Oro City. CEPALCO has a legislative franchise to distribute electricity in the City of Cagayan de Oro and the Municipalities of Tagoloan, Villanueva, and Jasaan, all in the Province of Misamis Oriental.

A copy of CEPALCO's Certificate of Public Convenience and Necessity is attached in the said application as Annex "A."

2. Mapalad Power Corporation ("MPC") is a generation company duly authorized and existing under the laws of the Republic of the Philippines, with principal address at 4th Floor, Alphaland Southgate Tower, 2258 Chino Roces Ave. corner EDSA, Makati City.

Copies of MPC's Certificate of Incorporation, Articles of Incorporation, By-Laws, and latest General Information Sheet are attached to the said application as Annex "B" and series.

3. Joint Applicants may be served orders and other processes through their respective counsel.

NATURE OF THE APPLICATION

4. Pursuant to Rule 20 (B) of the ERC Rules of Practice and Procedure, approved by this Honorable Commission on 22 June 2006 in Resolution No. 38, Series of 2006, this Application is submitted to this Honorable Commission for its review and approval of the Power Sales Agreement dated 7 October 2015 ("PSA") between CEPALCO and MPC.

A copy of the PSA is attached in the said application as Annex "C."



**COMPLIANCE WITH PRE-FILING
REQUIREMENTS**

5. In compliance with Rule 6 of the ERC Rules of Practice and Procedure, Joint Applicants have furnished the legislative bodies of each of the local government units where they principally operate a copy of the present Application with all its annexes and accompanying documents.

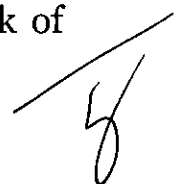
The corresponding proofs of receipt are attached in the said application as Annexes "D" and series.

6. Furthermore, Joint Applicants have caused the publication of the present Application in its entirety, excluding its annexes, in a newspaper of general circulation within CEPALCO's franchise area.

Copies of the newspaper and the corresponding affidavit of publication are attached in the said application as Annexes "E" and "E-1," respectively.

STATEMENT OF FACTS

7. **Shortage of Power Supply in the Mindanao Grid.** The Mindanao Grid is currently facing a deficit in its power supply. The generating capacity in the Grid is no longer sufficient to meet the power requirements of Mindanao.
8. As a result, various parts of Mindanao have suffered from significant power outages, adversely affecting local businesses and the daily lives of all electricity consumers.
9. **Drastic Reduction in PSALM's Supply.** In addition, the main power supplier in Mindanao significantly reduced its allocations to distribution utilities, further aggravating the power shortage.
- a. The Power Sector Assets and Liabilities Management Corporation ("PSALM"), which took over all the power generation assets of the National Power Corporation ("NPC") pursuant to Republic Act No. 9136, supplies the bulk of




the power requirements of Mindanao. PSALM has significantly reduced its firm supply commitments to distribution utilities in Mindanao.

- b. PSALM likewise supplies a significant portion of CEPALCO's current power supply.
- c. CEPALCO's Contract for the Supply of Electric Energy ("CSEE") with PSALM expired last 25 March 2015. PSALM has not renewed the CSEE, and its current supply to CEPALCO is on a month-to-month basis, without certainty on the contract levels. From April 2015 to July 2015, CEPALCO sourced about 76% of its power requirements from PSALM.
- d. PSALM Certification. On 20 August 2014, PSALM issued a letter informing CEPALCO that PSALM has no available capacity to supply CEPALCO's peak load requirement for 2015 and its base load requirement for 2016 onwards.

A copy of the said letter is attached in the said application as Annex "F."

- 10. **Necessity for Additional Power Supply.** In order to ensure sufficient power supply to CEPALCO's customers, the power requirements within the franchise area of CEPALCO should be adequately covered by supply contracts.
- 11. In addition to the reduction in supply from PSALM, the power demand in CEPALCO's franchise area is expected to steadily increase. The expected increase is indicated in CEPALCO's Distribution Development Plan ("DDP").

Copies of CEPALCO's DDP and supply-demand projections are attached in the said application as Annexes "G" and "H," respectively.



12. Hence, there is a need for CEPALCO to procure power supply so that the power requirements of its customers are sufficiently addressed.
13. **Procurement Process for Supply.** Thus, CEPALCO executed efforts to procure the appropriate power supply.
14. MPC offered to supply power to CEPALCO from its 103 MW bunker C-fired diesel power generating plant located in Iligan City. CEPALCO evaluated the offer and, as a result, it executed the PSA with MPC for the supply of up to 30 MW.

An affidavit supporting the foregoing is attached in the said application as Annex "I."

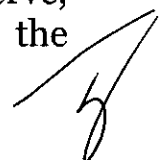
15. Under the law, no contract for the supply of power can become legally effective unless approved by this Honorable Commission. Hence, this Joint Application.

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

16. **The Generation Facilities.** To supply power under the PSA, MPC shall operate and maintain a bunker C-fired diesel power station located in Sitio Mapalad, Barangay Dalipuga, Iligan City, Province of Lanao del Norte (the "MPC Power Plant").
17. The MPC Power Plant has a total net generating capacity of 103 MW.

A copy of a certification on the Plant's net heat rate is attached hereto as Annex "J."

18. **Salient Features of the PSA.**
 - a) **Supply of Power Requirements.** Under the PSA, MPC shall make available, reserve, guarantee and deliver to CEPALCO the



contracted electric power (“Contracted Capacity”) of up to thirty (30) MW based on the following schedule, and the Dispatchable Energy, as indicated in and subject to the terms and conditions of the PSA.

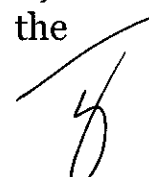
Contracted Capacity	Schedule
23 MW	from 13 December 2015 up to the earlier of 1 April 2016 or the date that MPC shall signify in writing to CEPALCO the availability of the final Contracted Capacity of 30 MW
30 MW	commencing on the date that the full capacity of 30 MW is available for delivery to CEPALCO

b) MPC shall have the option of supplying the Contracted Capacity or any part thereof, from other sources, provided that the cost of such supply is lower than or equal to the cost of supply from the MPC Power Plant. The cost of such alternative supply to CEPALCO shall be a full pass-through cost to CEPALCO.

c) **Commencement of Supply.** MPC shall commence supplying power on the date designated by MPC to CEPALCO in writing as the date on which MPC is ready to commence supply (“Commencement Date”).

d) **Term.** The term of supply and purchase under the PSA shall be for ten (10) years, unless otherwise extended or renewed by mutual agreement of the parties in writing.

e) On the third anniversary of the Commencement Date, CEPALCO shall have the option to terminate the PSA or to reduce the Contracted Capacity, subject to a one hundred eighty (180)-day prior written notice. In addition, the



parties can agree to increase or decrease the Contracted Capacity, subject to the same tariff.

f) **Effective Date.** The obligations under the PSA shall become effective on the Effective Date, which shall be upon this Honorable Commission's approval of the PSA and the pricing structure therein.

19. **Purchased Power Rate.** The tariff under the PSA is identical to those in MPC's power sales agreements with other electricity customers for the MPC Power Plant.

20. This is to ensure parity among customers, notwithstanding the significant additional costs incurred by MPC for the MPC Power Plant. MPC is not seeking an increase in its tariff despite such significant additional costs.

21. For the supply of power by MPC, CEPALCO shall pay the monthly payments based on the following formulae:

1. Monthly Payments

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

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

where:

CRF = Capital Recovery Fees

FOMF = Fixed Operation and Maintenance Fee

VOMF = Variable Operation and Maintenance Fee

AFC = Actual Fuel Cost

SUC = Start-Up Costs



RCEC = Replacement Capacity and Energy Costs

Taxes = Value-Added Tax and other applicable taxes, if any

1.1 Capital Recovery Fee (CRF)

CRF shall be computed as follows:

$$CRF = CRFR \times CC \times F$$

Where:

CRFR = Capital Recovery Fee Rate of
PhP273.40/kw/month CC

= Contracted Capacity F

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

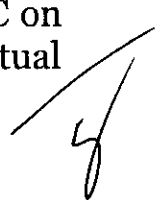
Where:

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

Where:

TMED = Theoretical Maximum Energy Delivered being the Contracted Capacity multiplied by the hours in the relevant month, less any adjustments made for Allowed Outage, limitation due to dispatch order, Force Majeure of the Power Station, and allowable start-up time due to period of non-generation due to a Buyer dispatch order or an Allowed Outage, and any other hours as a consequence of Buyer's failure to perform any of its obligations

= [CC x No. of Hours in Billing Month] - [(CC on Outage x (Allowed Outage Hours - Actual



Outage Hours)) + ((CC – kW Dispatch Ordered) x (Hours Not Dispatched)) + (CC on Outage x Force Majeure Outage Hours) + ((CC – kW Not Curtailed) x (Hours Transmission Line Not Fully Available or on Outage)) + (CC on Outage x Allowed Start up Time) + (CC on Outage x Buyer’s Downtime)]]

A summation of the ED & 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 E), and which applies only on to scheduled maintenance of these generating units.

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

2. Fixed Operation & Maintenance Fee (FOMF)

The Fixed Operation and Maintenance Fee (FOMF) covers the operating and maintenance costs of the Power Station. It shall be computed according to the following formula:

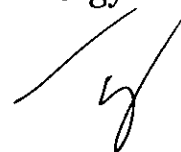
$$FOMF = \left\{ FOMR \times \left[\left(0.58 \times \frac{CPI_n}{CPI_o} \right) + \left(0.02 \times \frac{WPC_n}{WPC_o} \right) + \left(0.40 \times \frac{EU_n}{EU_o} \times \frac{FPPI_n}{FPPI_o} \right) \right] \right\} \times CC \times F$$

Where:

FOMFR = Fixed O&M Fee Rate of
 PHP217.62/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
CPIo	=	Consumer Price Index for Metropolitan Manila Area (National Capital Region), all items published by NEDA/NSO for June 2010 (at 115.9, 2006 = 100)
WPCn	=	Wholesale Price Index for Mineral Fuels, Lubricants and Related Materials for the Philippines as published by NEDA/NSO for the period of price determination
WPCo	=	Wholesale Price Index for Mineral Fuels, Lubricants and Related Materials for the Philippines as published by NEDA/NSO for June 2010 (at 518.2, 1998=100)
EUn	=	Euro-Peso Exchange Rate for the period of price determination as published by Bangko Sentral ng Pilipinas
EUo	=	Euro-Peso Exchange Rate for June 2010 (at P56.5910/ 1Euro) as published by Bangko Sentral ng Pilipinas
FPPI _n	=	Finland Producers' Price Index for Manufacturing for the period of price determination as published in the International Financial Statistics of IMF
FPPI _o	=	Finland Producers' Price Index for Manufacturing for June 2010 (at 108.5) as published in the International Financial Statistics of IMF
F	=	Monthly Actual Energy Delivered / TMED



TMED = Theoretical Maximum Energy Delivered being the Contracted Capacity multiplied by the hours in the relevant month, less any adjustments made for Allowed Outage, limitation due to dispatch order, Force Majeure of the Power Station, and allowable start-up time due to period of non-generation due to a Buyer dispatch order or an Allowed Outage, and any other hours as a consequence of Buyer's failure to perform any of its obligations

= [CC x No. of Hours in Billing Month] - [[(CC on Outage x (Allowed Outage Hours - Actual Outage Hours)) + ((CC - kW Dispatch Ordered) x (Hours Not Dispatched)) + (CC on Outage x Force Majeure Outage Hours) + ((CC - kW Not Curtailed) x (Hours Transmission Line Not Fully Available or on Outage)) + (CC on Outage x Allowed Start up Time) + (CC on Outage x Buyer's Downtime)]]

A summation of the ED & TMED for a given Contract Year shall be made to determine true F during the Contract Year. Such yearly F factor shall be the 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 E), and which applies only on to scheduled maintenance of these generating units.



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

3. Variable Operation & Maintenance Fee (VOMF)

The Variable Operation and Maintenance Fee (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:

$$VOMF = \left\{ VOMFR \times \left[\left(0.10 \times \frac{CPI_n}{CPI_o} \right) + \left(0.60 \times \frac{WPC_n}{WPC_o} \right) + \left(0.30 \times \frac{EU_n}{EU_o} \times \frac{FPPI_n}{FPPI_o} \right) \right] \right\} \times ED$$

Where :

VOMF = Variable O&M Fee, in Pesos

VOMFR = Variable O&M Fee Rate of Phpo.17/kWh

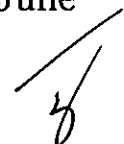
ED = kWh delivered during the billing period

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 June 2010 (115.9, 2006 = 100)

EU_n = Euro-Peso Exchange Rate for the period of price determination

		as published by Bangko Sentral ng Pilipinas
EUo	=	Euro-Peso Exchange Rate for June 2010 (at P56.5910/ 1Euro) as published by Bangko Sentral ng Pilipinas
FPPIIn	=	Finland Producers' Price Index for Manufacturing for the period of price determination as published in the International Financial Statistics of IMF
FPPIo	=	Finland Producers' Price Index for Manufacturing for June 2010 (at 108.5) as published in the International Financial Statistics of IMF
WPCn	=	Wholesale Price Index for Mineral Fuels, Lubricants and Related Materials for the Philippines as published by NEDA/NSO for the period of price determination
WPCo	=	Wholesale Price Index for Mineral Fuels, Lubricants and Related Materials for the Philippines as published by NEDA/NSO for June 2010 (at 518.2).



4. Actual Fuel Cost (AFC)

The Actual Fuel Cost (AFC) is the fee paid to the Seller as payment for the procurement and delivery of the fuel oil (Bunker C) used in the operation of the MPC Power Station. The Actual Fuel Cost shall be computed as follows:

$$Total\ AFC = FCRF + FCRF_{adj}$$

Where:

FCRF = Base Fuel Cost Recovery Fee
 $FCR \times ED$

=
 FCR = Fuel Price of P7.21/kWh, based on November 2012 delivered price of Bunker C Fuel Oil at plant site of P30.50/liter, density of 0.9855 kilogram/liter and Net Plant Heat Rate of 0.2464 kg/kWh).

FCRF_{adj} = Fuel Cost Recovery Adjustment based on MOPS price of Bunker C/Heavy Fuel Oil (HFO) deliveries during period of price determination in Peso/liter

$$= (FC_n - FC_o) \times 0.2464 \text{ kg/kWh} \times ED$$

FC_n = The average MOPS price of Bunker C Fuel Oil/Heavy Fuel Oil (HFO) deliveries during the period of price determination in Peso/liter



FCo = The December 2012 reference price of MOPS Bunker C Fuel/Heavy Fuel Oil (HFO) fuel at P30.50/liter (delivered) in Peso/liter

5. Value Added Tax

The relative Value Added Taxes (“VAT”) of the above fee payments 12% shall be computed as follows:

$$VAT = (CRF + FOMF + VOMF + AFC + Start - Up Cost) \times 0.12$$

6. Start-Up Costs (SUC)

The Buyer, on a pro rata basis of the capacity of the Power Station allocated to the Buyer, shall pay the Seller Start-Up Costs for the cost of starting up the MPC Power Station after a period of shutdown due to any reason attributable to all the buyers of the Seller. The Start-Up Costs 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 schedule:

Type of Start-Up	Liters of Diesel Fuel
Cold Start-up (more than 10 hours of shutdown)	600
Warm Start-up (less than 10 hours of shutdown)	300

7. Replacement Capacity and Energy Cost Fee (if applicable)

The Buyer shall pay the Seller Replacement Capacity and Energy Cost in accordance with the invoice provided by the supplier of Replacement Capacity and Energy Cost.

8. Backup Capacity and Backup Energy Costs Fee (if applicable)



The Buyer shall pay the Seller Backup Capacity and Energy Cost equivalent to the Monthly Payment had there been no Forced Outage.

Relevant computations supporting the above formulae are contained in Annex "K" hereof. For reference, sample computations of the rate considering various scenarios are contained in Schedule C of the PSA.

- a) **Basis for indexation.** As indicated in the formulae above, the monthly fees to be paid by CEPALCO are subject to adjustments based on various indices or factors in order to properly reflect the fluctuation of MPC's costs in producing electricity.
 - b) The components of the Operation and Maintenance Fees representing foreign currency-denominated costs are adjusted based on the foreign exchange rate and the appropriate 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. The project is being funded through loans and equity, with a debt-equity ratio of 68:32. For the costs of an additional unit brought back to the MPC Power Station, the debt-equity ratio is 70:30.
- a) **Project Cost.** The total project cost for the MPC Power Plant as of March 2014 is P1.456 billion.

A breakdown of the said total project cost is attached hereto as **Annex "L."** For reference, a comparison between the said total project cost and earlier project cost totals is attached in the said application hereto as **Annex "L-1."**
 - b) **Annual Interest.** MPC's actual interest cost is 6.5% p.a. For the additional costs pertaining to the additional generating unit, MPC is currently discussing with prospective lenders



the terms and conditions of the project financing.

- c) **Computation of Weighted Average Cost of Capital.** The nominal pre-tax Weighted Average Cost of Capital (“WACC”) of the project is 12.38%.

A computation of the WACC is attached in the said application as **Annex “M.”**

23. Cash Flow.

a. Breakdown of Operating and Maintenance Expenses. A breakdown of the projected operating expenses is attached hereto as Annex “N.” For reference, a comparison between MPC’s updated and previous projected fixed operating expenses is attached in the said application as Annex “N-1.”

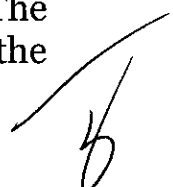
b) Offtake Arrangement. Under the PSA, MPC shall make available, reserve, guarantee and deliver to CEPALCO the Contracted Capacity, and CEPALCO shall pay for such quantity of electric power. MPC shall utilize such Contracted Capacity to generate energy for CEPALCO.

c) There is no minimum energy offtake under the PSA. As MPC will dedicate the Contracted Capacity to CEPALCO, 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.

24. Fuel supply. In order to ensure the supply of fuel for the operations of the MPC Power Plant, MPC solicited offers from reputable suppliers in the area, and has contracted with the supplier which offered the best terms.

A copy of the fuel supply agreement is attached in the said application as Annex “O.”

25. Environmental Compliance Requirements. The Office of the President of the Republic of the



Philippines previously approved the exemption of the MPC Power Plant from the requirement of an environmental compliance certificate. Nevertheless, the MPC Power Plant will be operated responsibly in accordance with good utility practice and in accordance with all relevant laws and regulations, including environmental laws.

Copies of documents evidencing such exemption are attached in the said application as Annex "P" and series.

26. DOE Certification. The Department of Energy ("DOE") has certified that the capacity of the MPC Power Plant is consistent with the DOE's Power Development Plan.

A copy of the said certification is attached in the said application as Annex "Q."

27. Certificate of Compliance. This Honorable Commission has issued a certificate that the Applicant MPC is authorized to operate the MPC Power Plant.

A copy of the Certificate of Compliance is attached in the said application as Annex "R."

RATE IMPLICATIONS OF THE POWER SALES AGREEMENT

28. The results of the said analysis are summarized in the table below.

Power Suppliers	With MPC		Without MPC	
	Total kWh Purchased	Net Generation Cost, Peso	Total kWh Purchased	Net Generation Cost, Peso
Existing Suppliers	87,196,904	389,947,517	87,196,904	389,947,517
MPC	5,775,000	46,091,780	-	-
Alternative Supplier			5,775,000	47,895,096
TOTAL	92,971,904	436,039,297	92,971,904	437,842,613
Ave. Generation Cost, in P/kWh		4.6900		4.7094
RATE IMPACT, P/kWh				(0.0194)

A copy of the said analysis is attached in the said application as **Annex "S."**

**ALLEGATIONS IN SUPPORT OF
THE MOTION FOR PROVISIONAL AUTHORITY**

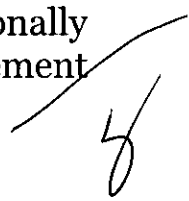
29. As discussed above, CEPALCO's forecasted demand is expected to increase steadily in the coming years. Moreover, PSALM, which supplies a significant portion of CEPALCO's current power requirements, significantly reduced its firm supply commitments to CEPALCO when their CSEE expired last 25 March 2015.
30. PSALM has not renewed the CSEE, and its current supply to CEPALCO is on a month-to-month basis, without certainty on the contract levels.
31. Notably, CEPALCO's franchise area includes Cagayan de Oro, which is the regional center and business hub of Northern Mindanao, as well as the PHIVIDEC area, any insufficiency in power supply causes significant disruption in the commercial activity within the area, not to mention the considerable difficulties it brings to all electricity consumers.
32. The provisional approval of the present application will greatly redound to the benefit of CEPALCO's customers by providing stable and reliable power supply.
33. Hence, Applicants respectfully move for the provisional approval of the instant Application pursuant to Rule 14 of the ERC Rules of Practice and Procedure.

A copy of the sworn statement supporting the said motion is attached hereto as Annex "T."

PRAYER

WHEREFORE, premises considered, Joint Applicants CEPALCO and MPC respectfully pray that this Honorable Commission:

- a) immediately issue an Order provisionally approving the Power Sales Agreement



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.
- c) Joint Applicants pray for other just and equitable relief under the premises.

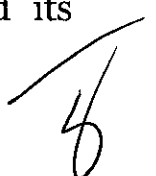
Finding the said Application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **5 April 2016 (Tuesday) at ten o'clock in the morning (10:00 A.M.) at CEPALCO Administration Building, Masterson Avenue, Upper Balulang, Cagayan de Oro City.**

CEPALCO 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 the scheduled initial hearing. They are also directed to inform the customers within CEPALCO's franchise area, by any other means available and appropriate, of the filing of the instant Application, their reasons therefor, and of the scheduled hearing thereon.

Let copies of the 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 Governor of the Province of Misamis Oriental and the Offices of the Mayors of the Cities and Municipalities within CEPALCO's franchise area for the appropriate posting thereof on their respective bulletin boards.

CEPALCO and MPC are hereby directed to furnish all those making requests therefor with copies of the Application and its



attachments, subject to reimbursement of reasonable photocopying costs.

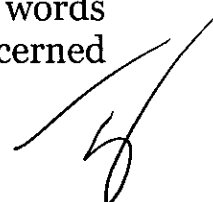
On the date of the initial hearing, CEPALCO and MPC must submit to the Commission their written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidence on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor and Mayors or their duly authorized representatives, bearing the seals of their offices, 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.

CEPALCO and MPC and all 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 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 CEPALCO 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.

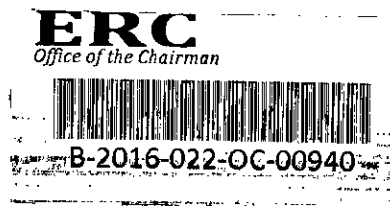
As part of the pre-trial conference, CEPALCO and MPC must also be prepared to make an expository presentation of their Application, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the customers and other concerned



parties, what the Application is all about and the reasons and justifications being cited in support thereof.

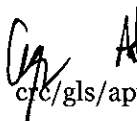
SO ORDERED.

Pasig City, 11 January 2016.



FOR AND BY AUTHORITY OF
THE COMMISSION:

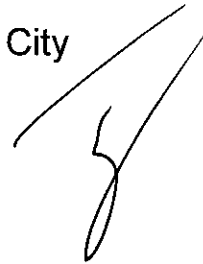

JOSE VICENTE B. SALAZAR
Chairman


cfc/gls/apv/ord.2015-189 RC-CEPALCO-MPC/PSA

Copy Furnished:

- 1. Lachica and Associates**
Suite 2304-B, West Tower
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City
- 2. Cagayan Electric Power and Light Co., Inc. (CEPALCO)**
CEPALCO Administration Building
Masterson Avenue, Upper Balulang
Cagayan de Oro City
- 3. Mapalad Power Corporation (MPC)**
4TH Floor, Alphaland
Southgate Tower
2258 Chino Roces Avenue corner
EDSA, Makati City
- 4. Office of the Solicitor General (OSG)**
134 Amorsolo Street, Legaspi Village, Makati City
- 5. Commission on Audit (COA)**
Commonwealth Avenue, Quezon City

6. **Senate Committee on Energy**
GSIS Bldg., Roxas Boulevard, Pasay City
7. **House Committee on Energy**
Batasan Hills, Quezon City
8. **Office of the City Mayor**
Cagayan de Oro City, Misamis Oriental
9. **Office of the Municipal Mayor**
Jasaan, Misamis Oriental
10. **Office of the Municipal Mayor**
Tagoloan, Misamis Oriental
11. **Office of the Municipal Mayor**
Villanueva, Misamis Oriental
12. **Office of the Provincial Governor**
Province of Misamis Oriental
13. **Philippine Chamber of Commerce and Industry (PCCI)**
3rd Floor, Chamber and Industry Plaza (CIP),
1030 Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City

A handwritten signature in black ink, consisting of a stylized, cursive letter 'G' with a long horizontal stroke extending to the right.