

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



IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
CONTINGENCY PROJECT FOR
THE RELOCATION OF
ELECTRICAL FACILITIES IN
CONNECTION WITH THE
IMPLEMENTATION OF PHASE
2A OF THE NINYO AQUINO
INTERNATIONAL AIRPORT
(NAIA) EXPRESSWAY
PROJECT

ERC CASE NO. 2014-124 RC

MANILA ELECTRIC COMPANY
(MERALCO),

Applicant.

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DOCKETS
Date: JAN 27 2015
By: *[Signature]*

ORDER

On August 27, 2014, the Manila Electric Company (MERALCO) filed an application for the approval of the contingency project for the relocation of electrical facilities in connection with the implementation of phase 2A of the Ninoy Aquino International Airport (NAIA) Expressway Project.

In the said application, MERALCO alleged, among others, that:

1. It is a private corporation existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City. It may be served with notices and other processes of the Commission at its principal office address or through its counsel at the address indicated herein;

2. It has a legislative franchise to operate and maintain a distribution system in the cities and municipalities of Metro Manila, Bulacan, Cavite and Rizal, and certain cities/municipalities/barangays in Batangas, Quezon, Pampanga, and Laguna pursuant to Republic Act No. 9209, and is authorized to charge all its customers for their electric consumption at the rates duly approved by the Commission;
3. It seeks the approval of the Commission for its Contingency Capital Project: Relocation of MERALCO's Electric Facilities for the Implementation of the Ninoy Aquino International Airport Expressway Project, (Contingency Phase 2A NAIA Project, for brevity);
4. The instant application is filed pursuant to Section 3.6 of the ERC Resolution No. 26, Series of 2009 entitled, "*A Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditures Projects*", which provides that:

"Section 3.6 Contingency Capital Expenditure

These are expenditures that may occur at any given period which may be resulting from the implementation of national government policies and initiatives and/or implementation of local government development programs. A regulated entity shall file a formal application sixty (60) days from the start of implementation of such projects. x x x"

A. BACKGROUND AND RATIONALE

5. On June 27, 2013, its representatives as well as representatives from the Department of Public Works and Highways (DPWH) met for a Strategic Planning Meeting in order to synchronize ongoing and future DPWH projects with MERALCO's electric capital projects. Thus, a MERALCO-DPWH coordination body was established through the appointment of a Single Point of Contact (SPOC) and Working Committee from both DPWH and MERALCO;
6. Through said MERALCO-DPWH coordination body, DPWH sought its support for its various infrastructure programs which include the National Government's Public-Private Partnership PPP Projects in Metro Manila. One of the

identified priority PPP projects is the Ninoy Aquino International Airport (NAIA) Expressway Project, (NAIA Expressway Project, for brevity) which will traverse Pasay City and Parañaque City;

- 6.1 The NAIA Expressway Project is a 4-lane elevated expressway with a total length of 7.15 kilometers including entry/exit ramps. It will be implemented in two (2) major phases, particularly Phase 2A and Phase 2B, with each major phase containing specific relocation project phases;
 - 6.2 Phase 2A of the NAIA Expressway Project will run through NAIA Road with ramps to Roxas Boulevard, Macapagal Boulevard and PAGCOR City;
 - 6.3 On the other hand, Phase 2B of the NAIA Expressway Project will start from the existing Skyway in the South Luzon Expressway (SLEX) and then through Sales Avenue, Andrews Avenue, and Tambo River;
 - 6.4 The route of the new expressway will provide access to NAIA Terminals 1, 2, and 3, linking them to the Skyway and the Manila-Cavite Expressway ("Cavitex"). The project time line is from December 2013 to August 2015;
 - 6.5 The DPWH entered into a Concession Agreement with VERTEX Tollways Development Inc. (VTDI) to construct, operate and maintain the NAIA Expressway Project;
 - 6.6 To ensure the successful implementation of the NAIA Expressway Project, several electrical facilities of the MERALCO in the affected areas would need to be relocated. The DPWH requested for the relocation of MERALCO's facilities to provide sufficient safe working clearance for the construction of the elevated expressway;
7. Its agreements with DPWH regarding the relocation of its affected facilities, including the payment arrangement for the cost of relocation, are contained in the in the Memorandum of Agreement (MOA) between MERALCO and DPWH, which was executed on June 26, 2014. The MOA is attached to its application as **Annex "A"**;

B. PROJECT SUMMARY

8. The instant application covers its electric facilities that will be affected by Phase 2A of the NAIA Project¹;
9. The Contingency Phase 2A NAIA Project will affect nine (9) distribution circuits and four (4) subtransmission circuits, with a total length of 10,730m and 450m, respectively. The Project will also involve approximately one hundred eighty-five (185) poles based on the preliminary design submitted by VTDI. The total number of MERALCO's facilities that will be affected by the implementation of the Phase 2A of the NAIA Expressway Project could still vary pending completion of the Expressway's final alignment;
10. It shall implement the Contingency Phase 2A NAIA Project through the temporary relocation of the affected electrical facilities to give way to the construction to be done by VTDI. Thereafter, it shall permanently install poles and electrical facilities in the space with corresponding rights-of-way (ROW) to be provided by the DPWH;
11. For the temporary relocation of the facilities, it opted to use with DPWH a combination of spun cables and alley arm construction. The permanent set-up/installation of said facilities shall use a combination of overhead bare conductors and spun cables on concrete poles on the finished structure of the expressway;
12. The total design cost of both Phase 2-A and Phase 2-B shall not exceed Three Hundred Three Million Pesos (PhP303,000,000.00) provided that either of the two options for Phase 2B alignment shall be maintained as provided for in the above-mentioned MOA;
13. As detailed in the DPWH-MERALCO MOA, the design project cost for Contingency Phase 2A NAIA Project is One Hundred Twelve Million Two Hundred Ninety Thousand Three Hundred Seventy-Two Pesos (PhP112,290,372.00), broken down as follows:

¹ The project covering Applicant's existing facilities that will be affected by Phase 2B of the NAIA Project will be the subject of another Application once the design and the agreement on how to proceed have been finalized between Applicant and the project proponents.

Description		Sub-Total (PHP)
Phase 2 A		
Distribution facilities along Macapagal Blvd.		1,694,656
Reconstruction of underground distribution conduits along NAIA Road corner Ninoy Aquino Avenue		44,334
Distribution facilities along NAIA Road from Tambo River to NAIA Terminals 1 and 2 (Park & Fly side)		6,188,081
Distribution facilities along NAIA Road from Roxas Blvd. to Quirino Avenue		13,523,277
Distribution facilities along NAIA Road from Quirino Avenue to Tambo River		7,474,006
Distribution Facilities along NAIA Road from Tambo River to Domestic Road (BPI side)		12,856,894
Relocation of 115 kV Transmission facilities along Roxas Blvd.		55,862,554
Sub-Total		97,643,802
Permits		2,929,314
Value Added Tax (VAT)		11,717,256
TOTAL		112,290,372

14. The costs associated with the Contingency Phase 2A NAIA Project shall be shouldered by the DPWH, with corresponding payments in phases as provided in the MOA;
15. Moreover, the Contingency Phase 2A NAIA Project would not have adverse impact on its existing customers in terms of reliability and quality of service provided. The relocation and attachment of its facilities to the finished structure of expressway under the permanent set-up contemplated would have no effect to its operational efficiency since it will not result in any additional load;
16. Further, the execution of the Contingency Phase 2A NAIA Project will be in compliance with, and in support of, the

National Government's PPP Projects with the ultimate purpose of alleviating the traffic conditions through and out of the NAIA complex;

17. Due to the implementation of the Contingency Phase 2-A NAIA Project, it may be constrained to retire facilities before the end of their respective useful life. Considering this, it proposes that it be allowed to recover the value of facilities that may be retired equivalent to their respective remaining economic life had they not been retired due to the NAIA Project through accelerated depreciation or other any other mechanism that can account for the remaining value of the said facilities;
18. In support of the application, attached hereto are the following documents:

Annex	Description
"B"	Project Description of the Contingency Phase 2A NAIA Project, which provides for the justification for the Project in more detail, the various options considered by Applicant, project diagrams, Project timeline, and the cost estimate for the Project;
"C"	Judicial Affidavit of Mr. Richard Ochava, Senior Manager and Head of Applicant's Project Management Office; and

19. It prays that its Contingency Project for the relocation of its electrical facilities in connection with the implementation of Phase 2A of the NAIA Expressway Project be APPROVED and that it be allowed to recover the value of any facilities that may be retired equivalent to their respective remaining economic life through accelerated depreciation or other any other mechanism that can account for the remaining value of the facilities that may be retired in its next Regulatory Reset.

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 **March 5, 2015 (Thursday) at ten o'clock in the morning (10:00 A.M.), at the ERC Hearing**

Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.

MERALCO is hereby directed to cause the publication of the attached Notice of Public Hearing, at its 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. It is also directed to inform the consumers within its franchise area, by any other means available and appropriate, of the filing of the instant application, its reasons therefor and of the scheduled hearings 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 hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governors and Mayors of the Municipalities/Cities within the franchise area of MERALCO for the appropriate posting thereof on their respective bulletin boards.

MERALCO is 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, MERALCO must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governors 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 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.

MERALCO 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 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 MERALCO to submit the required Pre-Trial Brief and Judicial Affidavits of its 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, MERALCO must also be prepared to make an expository presentation of its 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, what the application is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, January 26, 2015.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson



Copy Furnished:

1. **MANILA ELECTRIC COMPANY (MERALCO)**
Attention: Attys. Francis Dino S. Antonio, Hazel Rose B. See, Paul B. Soriño, and Monica M. Martin
Counsels for MERALCO
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Ortigas Avenue, Barangay Ugong, Pasig City
2. **The Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village, Makati City
Metro Manila
3. **The Commission on Audit**
Don Mariano Marcos Avenue
Diliman, Quezon City, Metro Manila
4. **The Committee on Energy**
Senate of the Philippines
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
5. **The Committee on Energy**
House of Representatives
Batasan Hills, Quezon City, Metro Manila
6. **Office of the President of PCCI**
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, ECC Building, Sen. Gil Puyat Avenue
Makati City
7. **Office of the Provincial Governor**
Province of Bulacan
8. **Office of the Provincial Governor**
Province of Cavite
9. **Office of the Provincial Governor**
Province of Rizal
10. **Office of the Provincial Governor**
Province of Batangas
11. **Office of the Provincial Governor**
Province of Laguna
12. **Office of the Provincial Governor**
Province of Quezon
13. **Office of the Provincial Governor**
Province of Pampanga
14. **Office of the City Mayor**
City of Manila 1000

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Quezon City 1100
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City of Makati 1200
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City of Mandaluyong 1550
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Trece Martirez City 4109
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Cainta, Rizal 1900
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Tayabas, Quezon 4327
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San Juan, Metro Manila 1500
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- 87. Office of the Municipal Mayor**
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- 88. Office of the Municipal Mayor**
Sto. Tomas, Batangas 4234
- 89. Office of the Municipal Mayor**
Taytay, Rizal 1920
- 90. Office of the Municipal Mayor**
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- 92. Office of the Municipal Mayor**
Pandi, Bulacan 3014
- 93. Office of the Municipal Mayor**
Bocaue, Bulacan 3018
- 94. Office of the Municipal Mayor**
Bulacan, Bulacan 3017
- 95. Office of the Municipal Mayor**
Balagtas, Bulacan 3016
- 96. Office of the Municipal Mayor**
Teresa, Rizal 1880
- 97. Office of the Municipal Mayor**
Jala-jala, Rizal 1990
- 98. Office of the Municipal Mayor**
Cardona, Rizal 1950
- 99. Office of the Municipal Mayor**
Baras, Rizal 1970
- 100. Office of the Municipal Mayor**
Angono, Rizal 1930
- 101. Office of the Municipal Mayor**
Tanay, Rizal 1980
- 102. Office of the Municipal Mayor**
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- 104. Office of the Municipal Mayor**
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105. **Office of the Municipal Mayor**
San Ildefonso, Bulacan 3010
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San Pascual, Batangas 4204
107. **Office of the Municipal Mayor**
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108. **Office of the Municipal Mayor**
Morong, Rizal 1960
109. **Office of the Municipal Mayor**
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110. **Office of the Municipal Mayor**
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Malolos, Bulacan 3000
116. **Office of the Municipal Mayor**
Calumpit, Bulacan 3003
117. **Office of the Municipal Mayor**
Candaba, Pampanga 2013
118. **Office of the Municipal Mayor**
Pulilan, Bulacan 3005
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Apalit, Pampanga 2016
120. **Office of the Municipal Mayor**
Rodriguez, Rizal 1860
121. **Office of the Municipal Mayor**
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122. **Office of the Municipal Mayor**
Noveleta, Cavite 4105

- 123. Office of the Municipal Mayor**
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- 124. Office of the Municipal Mayor**
Imus, Cavite 4103
- 125. Office of the Municipal Mayor**
Bacoor, Cavite 4102
- 126. Office of the Municipal Mayor**
San Simon, Pampanga 2015
- 127. Office of the Municipal Mayor**
Hagonoy, Bulacan 3002
- 128. Office of the Municipal Mayor**
Paombong, Bulacan 3001
- 129. THE NATIONAL GRID CORPORATION OF THE PHILIPPINES (NGCP)**
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