

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



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
EMERGENCY CAPITAL
EXPENDITURE (CAPEX)
PROJECTS FOR THE YEAR
2020, WITH PRAYER FOR
ISSUANCE OF A
PROVISIONAL APPROVAL/
INTERIM RELIEF**

ERC CASE NO. 2020-041 RC

**MORE ELECTRIC AND
POWER CORPORATION
(MORE POWER),**

Applicant.

Promulgated:
February 09, 2021

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 15 December 2020, More Electric and Power Corporation (MORE POWER) filed its *Application* dated 23 November 2020, seeking the Commission's approval of its Emergency Capital Expenditure (CAPEX) Projects for the Year 2020, with prayer for issuance of a provisional approval/interim relief.

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

1. Applicant is a private distribution utility duly organized and existing under and by virtue of the laws of the Republic of the Philippines with office address at GST Corporate Center, Quezon Street, Iloilo City. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.
2. Applicant has been granted a franchise to establish, operate and maintain, for commercial purposes and in the public interest, a distribution system for the conveyance of electric

power to the end users in the City of Iloilo by virtue of Republic Act 11212, signed into law on February 14, 2019 and took effect on March 6, 2019.

3. On 29 February 2020, Applicant commenced operations as the duly franchised distribution utility in Iloilo City. On 05 March 2020, the Honorable Commission issued an Order in ERC Case No. 2018-019MC granting a Provisional Certificate of Public Convenience and Necessity/Authority to Operate to Applicant for the operation of the distribution system in Iloilo City.

LEGAL BASIS OF APPLICATION

4. Section 43 (f) of the Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), provides that any significant operating costs or projects investment of distribution utilities (DU) which shall become part of the rate base shall be subject to verification by the Energy Regulatory Commission (ERC) to ensure that the contracting and procurement of the equipment, assets and services have been subjected to transparent and accepted industry procurement and purchasing practices to protect the public interest.
5. On 8 March 2006, the Honorable Commission promulgated its Resolution No. 13, Series of 2006, entitled, "A Resolution Adopting the Guidelines to Govern the Submission, Evaluation and Approval of Electric Distribution Capital Projects." The said Rules provided the DUs with a uniform system of filing applications for approval of their respective proposed capital projects. Subsequent thereto, or on 15 December 2008, the Honorable Commission issued Resolution No. 18, Series of 2008 entitled 'A Resolution Adopting the Rules for Approval of Regulated Entities' Capital Expenditure Projects.' Finally, on 9 December 2009, the ERC issued Resolution No. 26, Series of 2009, entitled "A Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditure Projects."
6. On July 6, 2011, the Honorable Commission approved and adopted Resolution No. 17, Series of 2011, entitled, "Resolution Adopting the Investor-Owned Electric Distribution Utility Planning Manual." The said Rules provided the Privately-owned Distribution Utility a comprehensive and integrated development plan that is consistent with the Philippine Distribution Code (PDC), safety standards set by the Philippine Electrical Code (PEC) and the Rules for Setting Distribution Wheeling Rates (RDWR).
7. Section 3.4 of the ERC Resolution No. 26, Series of 2009 provides that a distribution utility may file an Application for Emergency Capital Expenditure Projects that require immediate implementation during an event, other than those covered by Force Majeure or fortuitous event in order to

maintain the safe, reliable, secure and efficient operation of the power system.

FACTUAL BACKGROUND

8. As stated above, on 29 February 2020, Applicant completed the take-over of the distribution system in Iloilo City from the previous distribution utility, pursuant to the rights granted to Applicant under R.A. 11212. Prior to its take over and commencement of operations, Applicant had commissioned various studies and surveys to determine the actual condition of the various components of the distribution system in Iloilo City so Applicant could properly formulate its plan for the implementation of urgent projects for the improvement of the safety and reliability of the said system. These studies became part of the basis of the Distribution Planning of Applicant. Attached as Annex “A and series” is the Distribution Planning Process of Applicant.
9. Based on its studies prior to and after its takeover, Applicant determined that there was a grave need to implement emergency projects in order to provide the City of Iloilo with a safe, reliable, and efficient power distribution system in the least cost manner and at the soonest possible time. The last major system improvement and CAPEX application of the previous distribution utility for Iloilo City was made in 2011 docketed as ERC Case No. 2010-124 RC in the Second Regulatory Period. The lack of major investment in the last nine years resulted to the very critical state of the distribution system in Iloilo City that Applicant took over from the previous distribution utility therein. The dilapidated, unsafe and not modern state of the distribution system in Iloilo City that was one of the primary factors that led to the non-renewal of the franchise of the previous distribution utility therein.
10. Further, under Section 2 of RA 11212 [,] Applicant MORE Power is mandated to “continuously improve its facilities and employ the latest technology and innovations the (*sic*) promote efficiency and are beneficial to the consumers” and implement measures to modify, improve and upgrade its facilities and systems. Thus, it is in accordance with law and in the public interest that Applicant immediately upgrade, expand and improve the distribution system of Iloilo City. Applicant’s Emergency CAPEX Program, as detailed herein, is mainly driven by the following factors:

Substation Capacity:
11. The distribution system in Iloilo City is operating at critical levels with four (4) out of five (5) substations exceeding safe transformer loading capacity. Table 1 summarizes the historical and projected loadings of 5 substations in the franchise area. General Luna (SB), Tabuc Suba (S-2), Bolilao (S-3), and Molo (S-4) substations are operating at loadings greater than 70% of their forced-air rated capacity since 2017. It is very urgent to address backlogs and

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deficiency in capacity at the very start of operation of MORE Power.

Table 1. Summary of Historical and Projected Substation Percent Loadings of Forced Air Capacity in Iloilo City:

	Gen. Luna City Proper, SB	Baldoza, Lapaz S-1	Tabuc Suba, Jaro S-2	Bolilao, Mandurriao S-3	Avanceña, Molo S-4	TOTAL SYSTEM
Rated Capacity, MVA	20.0	50.0	10.0	25.0	25.0	130.0
Max Capacity, MVA	20.0	62.5	12.5	30.0	30.0	155.0
2017	109%	51%	72%	97%	103%	79%
2018	111%	50%	95%	102%	110%	83%
2019	110%	56%	96%	109%	111%	87%
2020	116%	60%	102%	115%	117%	92%

Even with the reduced economic activities due to the pandemic, the total loading of substations in Iloilo City was already at 111.3MVA which is already 71.8% of the total interconnected substation capacity. Thus, the 70% threshold mandated under ERC Resolution No. 17, Series of 2011 had already been breached. Further, as can be seen above, four of the five substations have already breached their maximum capacities.

11. In addressing capacity problems at substation, the existing distribution lines equally need to be urgently upgraded to be able to sufficiently convey electricity to customers. Some primary and secondary lines in the system are undersized and are already unreliable. The summary of existing feeder loadings is listed in Table 2 below. Fourteen (14) out of twenty-one (21) feeder lines are well above their respective rated loading capacity. The existing feeder line of 4/o ACSR urgently needs to be upgraded to 366.4 MCM ACSR in order to address capacity, and at the same time improve service reliability, power quality, system loss and safety.

Table 2. Summary of 2019 Feeder Capacity and Loadings, MW and %

Feeder	Capacity, MW	Feeder Load, MW	Feeder Load, %
F-1	7.0	6.5	93%
F-3	7.0	9.0	128%
F-4	7.0	7.0	100%
F-5	7.0	8.4	120%
F-6	7.0	0.8	12%
F-7	7.0	6.6	94%
F-8	7.0	5.8	84%
F-10	7.0	3.0	42%
F-11	7.0	4.3	62%
F-13	7.0	5.9	84%

F-14	7.0	5.0	71%
F-15	7.0	2.2	31%
F-16	7.0	5.9	85%
F-17	7.0	5.7	82%
F-18	7.0	8.9	127%
F-19	7.0	6.7	96%
F-20	7.0	4.0	57%
F-21	7.0	3.8	54%
F-22	7.0	7.8	112%
F-23	7.0	7.5	108%
F-24	7.0	6.8	97%

Full Connection to the Panay/Visayas Grid:

12. The former distribution utility of Iloilo City sourced its power supply mainly from Units 1 and 2 of the PEDC Coal Fired Power Plant and PPC diesel fired power plants, to which the distribution system is directly connected. Eighty two percent (82%) of the electricity requirements of the city was sourced from these two embedded generation plants while only eighteen percent (18%) was sourced from the Visayas grid and the Wholesale Electricity Spot Market (WESM) even if the electricity prices from the grid or the market was much cheaper. Iloilo City is in most part isolated from the Visayas grid as it has only one direct connection to the said grid and thus has limited flexibility in terms of sourcing power from available cheaper generation plants or renewable energy sources. Electricity costs of in Iloilo City was one of the highest, if not the highest among highly urbanized areas in the Philippines.

13. Upon its takeover, Applicant was constrained to contract majority of the power supply requirements of Iloilo City from PEDC and PPC due to the very limited connection of the distribution system to the Panay/Visayas Grid. The current contracts between Applicant and PEDC and PPC respectively are only emergency power supply contracts with one (1) year terms specifically allowed under Section 5 of RA 11212. Despite the constraints brought about by the limited connection to the Visayas Grid, Applicant has already been able to substantially reduce the generation rate in Iloilo City by securing lower rates from PEDC and PPC and by maximizing contracts with cheaper generation plants from the Visayas Grid.

14. The present limited connection of Iloilo City to the Visayas Grid also constrains the distribution network therein from getting power from the grid in case of scheduled or unscheduled outages of the embedded generators, particularly PEDC, just like what happened in the widespread October 29 to 30, 2019 power blackout, where the city was without power for at least 12 hours. In such instances, Iloilo City is forced to source limited and expensive back-up power from the diesel generating units of PPC only due to the limited connection to the Visayas Grid.

15. In order to secure the future economic growth of the city through more business investments particularly heavy load user industries, Applicant must be able to source a more affordable and adequate power supply. This will be impossible if the source of such power supply is limited to the current embedded power generators. Fully connecting the distribution network to the grid is absolutely indispensable in order for Applicant to be able to source lower priced electricity from the Visayas grid and improve the distribution systems reliability and power availability.
16. Further, if the distribution system in Iloilo City is not fully connected to the Visayas Grid, Applicant will not be able to fully take advantage and comply with the spirit of the competitive selection process (CSP) for the procurement of the power supply requirements for its captive customers as mandated by the rules of the Honorable Commission and DOE DC 2018-02-003. As described above, with the current very limited connection of Iloilo City to the Visayas Grid, about 80% of the demand of the city has to be sourced from PEDC and PPC which are embedded generators. Thus, if a CSP were to be conducted by Applicant with the current limited grid connection, only PEDC and PPC would bid as they are the only generators capable of supplying the big majority of the power supply requirements of the city. This would clearly go against the spirit and be contrary to the objectives of the CSP.
17. Applicant wishes to emphasize that under Section 5 of RA 11212, Applicant is mandated to “modify, improve, or change its facilities, poles, lines, systems and equipment for the purpose of providing efficient and reliable service and reduced electricity costs.”

Reliability:

18. There are about 65,000 customers currently availing the services of the Applicant. It was gathered that the current distribution system performance levels did not satisfactorily comply with the standards set by the Honorable Commission and needs a lot of improvement. The reliability indices show that its performance was below the overall Philippine indices and more so inferior to other main ASEAN regional utilities. Likewise, the frequency of interruption to its customers was more than 300% higher than other like private distribution utilities in the Philippines.

Table 3. 2017 Reliability Performance Indexes of the previous Distribution Utility in Iloilo City as compared to the average of Private Distribution Utilities:

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	SAIFI (Interruptions per Customer)	SAIDI (minutes)	MAIFI (Momentary Interruptions per Customer)
Private DU Average	7.091	474.756	6.413
Previous Distribution Utility in Iloilo City	22.690	1,113.969	6.9875
(PECO over Private DU Average)	320%	235%	109%

Power Quality:

19. Voltage tests were conducted to determine the power quality of the distribution system. Tests conducted by the Honorable Commission in ERC Case No. 2019-028SC showed low voltage readings (182.9 V) at the farthest end of the line, below the allowable range (nominal voltage of 230V \pm 10%) by the DSOAR. The results of these tests indicated the deterioration of the power quality which needs to be addressed immediately.

20. Applicant also conducted a voltage variation profiling to establish the 24-hour voltage profiles of one-hundred eight (108) Distribution Utility (DU) customers in Iloilo City. The study also aims to determine compliance to applicable Philippine Distribution Code (PDC) provisions on overvoltage and undervoltage. A total of 22 customers experienced undervoltage; 5 customers experienced short duration and 22 customers experienced long duration undervoltage. The lowest undervoltage was 55.7 V and the highest voltage recorded was 253.7 V. The results of the profiling also indicated the deterioration of the power quality which needs to be addressed immediately.

Safety

21. Initial investigation by Applicant of the distribution network facilities in Iloilo City revealed several lapses by the previous utility in terms of safety. Thermal scanning of distribution transformers within the franchise area revealed that 119 out of the more than 4101 surveyed samples were found to be in critical, emergency or priority status that requires immediate action. Field findings showed that overloaded transformers have temperatures reaching up to 208.7 deg C. This has often resulted to frequent power outages and contributed to frequent pole fires reported in the city. More than half, or 1,464 of 2,887 fire incidents, in Iloilo City from January 2014 to October 2019 were caused by pole fires, according to the report of the Bureau of Fire.

22. The Honorable Commission also conducted its own investigation and found lapses in the operations and maintenance of the former distribution utility that posed danger and risks to the lives and properties of the consumers. Among the findings were as follows: (1) protective devices of the previous distribution utility were not properly rated and

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designed; (2) some poles were found leaning and in unsafe positions and (3) some meters were found to be clustered and installed in an elevated metering center (EMC) without securing prior approval from the Honorable Commission. These findings were made by the Honorable Commission in ERC Case No. 2019-028SC.

New Connections

23. Applicant is investing in the purchase of new kilowatt-hour meters due to the following reasons: a) anticipation of the influx of new applications from load growth; b) replacement of defective kWh meters and c) reconnection of previously unmetered customers. Under the previous utility, there was a lack of supply of kWh meters which led to pending applications for new connections and requests for meter replacements while waiting for new meters to arrive. Applicant has already purchased new kWh meters on a consignment basis. This is to ensure that at any given time kWh meter will be available for Applicant to immediately respond to the different needs or requests of consumers. Aside from the kWh meters, Applicant has also ensured that it has adequate quantities in stock line of materials including wires and hardware required for meter installation or replacement. Upon its take over by of the distribution system in Iloilo City, Applicant prioritized pending applications for new electricity connections. As of August 2020, there were a further 3,734 applications for new power connections with Applicant.

Table 4. Customer growth forecast:

	HISTORICAL						FORECAST								
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
No. of Customers	54,371	57,429	58,672	61,930	65,715	64,938	67,311	69,771	72,320	74,963	77,702	80,542	83,485	86,535	
Growth Rate		5.62%	2.16%	5.55%	6.11%	-1.18%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	
Residential	49,804	52,846	54,086	57,124	60,569	59,885	62,073	64,342	66,693	69,130	71,656	74,274	76,989	79,802	
Commercial	2,729	2,656	2,641	2,778	2,970	2,912	3,018	3,129	3,243	3,362	3,484	3,612	3,744	3,880	
Industrial	859	891	911	971	1,094	1,085	1,125	1,166	1,208	1,252	1,298	1,346	1,395	1,446	
Others	979	1,036	1,034	1,057	1,082	1,056	1,095	1,135	1,176	1,219	1,264	1,310	1,358	1,407	

24. In addition to projected new connections due to economic growth and reconnection of previously unmetered customers, it is also necessary to replace old or defective kWh meters with new electronic kWh meters. From its field surveys upon takeover, Applicant found that 2,200 meters have zero kWh readings. Electromechanical meters more than 15 years in service were also found to have inaccurate readings. Satisfying the customer's request for new connections is deemed urgent and nonnegotiable. Investing in new kWh meter will improve safety and service reliability by eliminating pilferage and overloading of lines due to non-registered electricity consumers. As of September 2020, Applicant has already

replaced 9,536 defective, non-functioning, damaged or old customer meters in Iloilo City. The continuous meter replacement program of Applicant now averages about 2,700 meters a month.

Data Analysis and Assessment:

25. Upon its takeover, Applicant needed to conduct a baseline assessment in order to determine the actual conditions of the different components of the distribution system in Iloilo City. The proper planning for Major CAPEX improvement programs hinges on the reliability of data and proper assessment of state of the installed system. There is a need to install, upgrade and calibrate instruments that measure power quality, transformer accuracy, power demand/load and health of the instruments in order to establish the needed additional system improvement. The test equipment mentioned above is very crucial for the electric utility in order to make informed judgement especially in the substations.

Efficient Operation and Service

26. Applicant has prepared several non-network projects aimed at the efficient operation of the distribution utility. It has invested in modern equipment, transportation, information technology, building improvements, and intangible assets so that it may be able to provide world class services to the electricity customers of Iloilo City.
27. Customer Service is the area of the distribution utility business that is the most significant touch point with the customer base. Customer service is the frontline and face of an organization. Applicant aims to achieve a positive customer experience by ensuring the provision of seamless services in terms of customer applications, accurate billing and collection, timely response to customer concerns and customer feedback giving a sense of security to our customers. Applicant will invest in state-of-the-art non-network tools and systems to provide better customer service and feedback.
28. Applicant will leverage and invest in the latest technology to put in place a robust Enterprise Resource Planning (ERP) system and ensure efficient meter application, meter reading, billing and collection processes. The company will also need to have an efficient front-end system that will perform customer management, work, billing, and collection management for efficient services. The hardware/software system must have the adequate and appropriate storage and processing capability and flexibility to handle the customer and distribution facilities and operations data.
29. The acquisition of new company vehicles is necessary for the provision of timely and responsive services to customers which was severely hampered by the old and dilapidated service vehicles from the former utility. The new company

vehicles are absolutely necessary for the delivery of necessary field and maintenance works on the different facilities of the distribution system throughout Iloilo City, for the delivery of timely and responsive customer services as well as for the administrative requirements of Applicant.

LIST OF EMERGENCY CAPEX PROJECTS

30. Taking into consideration the factors enumerated above, Applicant hereby respectfully proposes the following five (5) very urgent MAJOR EMERGENCY CAPEX Projects:

Table 5. Major CAPEX Projects:

PROJECT CODE	PROJECT TITLE	PROJECT COST, PHP	ANNEX
PDM-1	Development of 50/62.5 MVA Megaworld Gas Insulated Substation (GIS) and its Associated Sub-transmission and Distribution Lines	449,375,991	B
PDM-2	Development of 50/62.5 MVA General Luna 2 Substation	256,357,143	C
PDM-3	Mobile Substation	150,642,857	D
PDM-4	Development of Banuyao 69kV Switching Station and Baldoza 69-kV Line Reconfiguration and Metering	61,428,571	E
A-1	Transportation Equipment	86,969,286	F
	TOTAL	1,004,773,848	

Copies of the detailed project justifications of the major projects under MORE POWER's Emergency CAPEX Program, with the required technical and financial analysis and gant charts, are attached hereto as Annexes "B" to "F" and made integral parts hereof.

31. On the other hand, MORE Power's thirteen (13) very urgent RESIDUAL CAPEX Projects, broken down by asset categories, are as follows:

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Table 6. Residual CAPEX Projects:

PROJECT CODE	PROJECT TITLE	PROJECT COST, PHP	ANNEX
PDM-5	Replacement of various sub-transmission lines	65,986,885	G
PDM-6	Replacement of breakers, CT, PT, LA disconnect switch, protective relays, control panels, and various accessories + CT for feeder metering	76,660,977	H
N-1	Reconductoring of various distribution line	172,218,000	I
N-2	New Connections	131,928,720	J
N-3	Replacement of Defective kWh Meters	118,420,591	K
N-4	Clustering of Meters	34,834,093	L
N-5	Purchase of New Distribution Transformer	55,132,898	M
N-6	Monitoring and Testing of Metering Instrument Transformer Accuracy	24,110,100	N
N-7	Monitoring of System Loss at Secondary Distribution System	36,516,634	O
N-8	Meter Replacement for Power Class Customer with No Demand Registry	12,602,552	P
N-9	Installation of Feeder Recloser	19,081,032	Q
N-10	Replacement of Padlocks for ABS, Disconnect Switch and CT-rated Meter Box Enclosure	1,624,039	R
N-11	Purchase of Engineering Test Equipment	80,000,000	S
	TOTAL	829,116,521	

Copies of the detailed project justifications of the residual projects under MORE POWER's Emergency CAPEX Program, with the required technical and financial analysis and gant charts, are attached hereto as Annexes "G" to "S" and made integral parts hereof.

32. Additionally, MORE Power's ten (10) necessary Non-Network CAPEX Projects, broken down by asset categories, are as follows:

Table 7. NON-NETWORK CAPEX Projects:

PROJECT CODE	PROJECT TITLE	PROJECT COST, PHP	ANNEX
A-2	Building Improvement	65,327,714	T
F-1	EDP Equipment	35,396,348	U
F-2	UMS Software	13,300,000	V
A-3	Office Furniture & Fixtures	13,131,545	W
F-3	Engineering Analysis Tool (DSAS and Synergee Software)	5,000,000	X
F-4	SAP ERP System	4,780,000	Y
A-4	Leasehold Improvement	2,227,425	Z

A-5	Communication Equipment	3,640,200	AA
F-5	Windows 10 Pro	1,776,000	BB
F-6	Other Intangible Assets	4,284,500	CC
	TOTAL	148,863,732	

Copies of the detailed project justifications of the Non-Network projects under MORE POWER's Emergency CAPEX Program are attached hereto as Annexes "T" to "CC" and made integral parts hereof.

33. This Application is being submitted to this Honorable Commission for its consideration and approval of Applicant's Emergency Capital Expenditure (CAPEX) Projects for the Year 1 (2020) of its operation as the distribution utility for Iloilo City, summarized and enumerated below:

Table 8. Summary of Emergency CAPEX Projects:

No.	Projects	Amount
1	Major CAPEX Projects	1,004,773,848
2	Residual CAPEX Projects	829,116,521
3	Non-Network CAPEX Projects	148,863,732
	TOTAL	1,982,754,102

34. The Total Cost for the implementation of the Emergency CAPEX Projects subject of this Application is PESOS: ONE BILLION NINE HUNDRED EIGHTY-TWO MILLION SEVEN HUNDRED FIFTY-FOUR THOUSAND ONE HUNDRED TWO PESOS AND & 00/100 (PhP 1,982,754,102.00).
35. The above enumerated Emergency CAPEX projects of the Applicant are necessary and justified and will directly benefit the electricity consumers of Iloilo City in terms of improved system reliability, stability and safety and improved customer services. The projects are reasonably priced, having been procured and implemented following the accepted practice of competitive bidding.

FINANCING PLAN

36. Applicant's emergency capital expenditure projects will be financed through Internally Generated Funds that shall be included in its rate base subject to verification by the Honorable Commission. Applicant shall accordingly submit to the Honorable Commission the Building Block components, particularly the Return on Capital and the Regulatory Depreciation associated therewith, from the time the emergency CAPEX projects are put in service, considered used and useful and included in the translation to Applicant's regulated rates.

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INDICATIVE RATE IMPACT

37. The emergency CAPEX Plan of Applicant was formulated to have the least rate impact on consumers without compromising the implementation of the much-needed projects that will address the urgent need to improve the distribution system in Iloilo City in terms of capacity, power quality, safety and reliability and the improved delivery of customer services all in accordance with the mandate of Applicant under RA 11212. The indicative rate impact of the Emergency CAPEX Projects are as follows:

MAJOR EMERGENCY CAPEX PROJECTS:

INCHARGE	NO.	PROJECT	EMERGENCY BUDGET	RATE IMPACT	NPV
			Php	Php/kWh	(Millions Php)
PDM	1	Development of 50/62.5 MVA Megaworld Substation (GIS) and its Associated Sub-Transmission and Distribution Lines	449,375,991	0.0888	272.14
PDM	2	Development of 50/62.5 MVA General Luna 2 Substation	256,357,143	0.0507	364.84
PDM	3	Mobile Substation	106,000,000	0.0210	254.76
			44,642,857	0.0088	147.76
PDM	4	Development of Banuyao 69kv Switching Station and Baldoza 69kv Line Reconfiguration and Metering	61,428,571	0.0121	310.57
A	1	Transportation Equipment	86,969,286	0.0397	
TOTAL			1,004,773,848	0.2211	

RESIDUAL EMERGENCY CAPEX PROJECTS:

INCHARGE	NO.	PROJECT	EMERGENCY BUDGET	RATE IMPACT
			Php	Php/kWh
PDM	5	Replacement of Various Sub-Transmission Lines	65,986,885.00	0.0130
PDM	6	Replacement of Breakers, CT, PT, LA Disconnect Switch, Protective Relays, Control Panels, and Various Accessories + CT for Feeder Metering	76,660,977.00	0.0152
N	1	Reconductoring of Various Distribution Line	172,218,000.00	0.0340
N	2	New Connections	131,928,720.00	0.0261
N	3	Replacement of Defective kWh Meters	118,420,591.00	0.0234
N	4	Clustering of Meters	34,834,093.00	0.0069
N	5	Purchase of New Distribution Transformer	55,132,898.00	0.0109
N	6	Monitoring and Testing of Metering Instrument	24,110,100.00	0.0048
N	7	Monitoring of System Loss at Secondary Distribution System	36,516,634.41	0.0072
N	8	Meter replacement for Power Class Customer with No Demand Registry	12,602,552.00	0.0025
N	9	Installation of Feeder Recloser	19,081,032.00	0.0038
N	10	Replacement of Padlocks for ABS, Disconnect Switch and CT-rated Meter Box Enclosure	1,624,039.00	0.0003
N	11	Purchase of Engineering Test Equipment	80,000,000.00	0.0158
TOTAL			829,116,521	0.1639

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NON-NETWORK EMERGENCY CAPEX PROJECTS:

INCHARGE	NO.	PROJECT	EMERGENCY BUDGET	RATE IMPACT
			Php	Php/kWh
A	2	Building Improvement	65,327,714	0.0162
F	1	EDP Equipment	35,396,348	0.0153
F	2	UMS Software	13,300,000	0.0060
A	3	Office Furniture & Fixtures	13,131,545	0.0055
F	3	Engineering Analysis Tool (DSAS and Synergee Sof	5,000,000	0.0022
F	4	SAP ERP System	4,780,000	0.0021
A	4	Leasehold Improvement	2,227,425	0.0014
A	5	Other Equipment	3,640,200	0.0016
F	5	Windows 10 Pro	1,776,000	0.0006
F	6	Other Intangible Assets	4,284,500	0.0010
TOTAL			148,863,732	0.0520

Total Projected Rate Impact of Applicant’s Emergency CAPEX Projects: 0.4369 /kwh. A copy of the computation of the projected rate impact of Applicant’s emergency CAPEX projects is attached hereto as Annex “DD” and made an integral part hereof.

38. Applicant would like to emphasize here that the projected rate impact of its Emergency CAPEX Projects will have an effect on its distribution charges only after the Honorable Commission has approved a new rate for Applicant in the next Regulatory Reset Period for the Performance Based Rate Regulation for Private Distribution Utilities or should the Honorable Commission grant a new rate for Applicant in a separate Reset Period considering that Applicant is a new distribution utility, should the same be deemed beneficial to the electricity consumers of Iloilo City.

DOCUMENTARY REQUIREMENTS

39. In support of this Application, Applicant hereto respectfully submits attached documents which are made integral parts hereof:

ANNEX	NATURE OF DOCUMENT
EE	Board Resolution of Applicant authorizing the filing of this Application, authorizing Mr. Roel Z, Castro as President of Applicant to sign any and all documents necessary or related to this Application and authorizing undersigned law offices to represent Applicant before the Honorable Commission with respect to this Application.
FF	Copy of RA 11212 or the Franchise of Applicant
GG	Distribution Development Plan (DDP) of Applicant
HH	Sworn Statement from the authorized representative of the Applicant that the proposed major emergency capital projects are consistent with the DDP

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II	Copy of Latest Audited Financial Statements of Applicant
JJ and series	Certificates of Non-Coverage issued by the Environmental Management Bureau (EMB), Regional Office for the emergency CAPEX projects of Applicant.
KK	Sworn Statement that Applicant has caused the filing of an application for approval from concerned government agency, notably, the EMB.
LL	Proof of Service of the Application on the Sangguniang Panglungsod of Iloilo City, the franchise area of Applicant
MM	Proof of Publication of the Application in a newspaper of general circulation in Iloilo City, the franchise area of Applicant.
NN	Affidavit of Publication of the Application in a newspaper of general circulation in Iloilo City, the franchise area of Applicant.

**ALLEGATIONS IN SUPPORT OF THE PRAYER FOR
PROVISIONAL APPROVAL/INTERIM RELIEF**

40. As illustrated in this Application, there is an urgent need for Applicant MORE to infuse investments for the immediate implementation of various CAPEX Projects for immediate additional Substation Capacity, Feeder, Feeder Line and Distribution Line Improvements, Full Connection to the Panay/Visayas Grid, Improvement of reliability, power quality and safety, new connections for new customers and replacement of old, dilapidated or broken meters for existing customers, projects for Data Collection and Assessment and Efficient Operations and Services as a distribution utility in order to rehabilitate and modernize the distribution system in Iloilo City and thereby provide safe, reliable, secure and least cost power supply to the consumers therein.
41. As stated herein, R.A. 11212 express mandated Applicant to immediately begin the rehabilitation, modernization and improvement of the distribution system in Iloilo City in order to provide improved electricity distribution services to the consumers therein.
42. Under Section 8 of E.O. 172 and Rule 14 of the Rules of Practice and Procedure of the Honorable Commission, the Honorable Commission is empowered to grant Provisional Authority or Interim Relief upon the filing of an application or at any stage thereafter and without prior hearing.
43. Thus, based on the foregoing, upon filing of the instant Application and pending the hearing and final resolution of the same, a Provisional Authority or Interim Relief should respectfully be issued by the Honorable Commission,

immediately, in order for Applicant MORE to implement its much needed Emergency CAPEX Projects and thus ensure the rehabilitation, modernization and improvement of the distribution system in Iloilo City, improved reliability, quality, safety and security of the power supply for the present and future electricity consumers therein, lower generation costs and improved distribution operations and services in compliance with the mandate of the EPIRA and R.A. 11212.

44. Otherwise, Applicant MORE will not be able to immediately implement the said emergency CAPEX projects for the distribution system in Iloilo City, to the detriment of the of the power consumers therein. Further, such failure would run counter to the express mandate of R.A. 11212. Attached as Annex "OO" and made an integral part hereof is the Affidavit of Mr. Roel Z. Castro, President and Chief Operating Officer of Applicant, in support of the prayer for the issuance of a Provisional Authority/Interim Relief for the Application.

PRAYER

WHEREFORE, premises considered, applicant MORE Electric and Power Corporation respectfully prays that this Honorable Commission:

- a. Immediately issue a Provisional Authority or Interim Relief authorizing and/or confirming the implementation by Applicant MORE Power of the above detailed CAPEX projects.
- b. After due notice and hearing and consideration, the Honorable Commission issue a Decision Approving the above detailed CAPEX projects of Applicant.

Applicant prays for all other reliefs just and equitable under the circumstances.

On 13 January 2021, the Commission issued an *Order* setting the instant case for the determination of compliance with the jurisdictional requirements and expository presentation on 05 March 2021; and the Pre-trial Conference, and presentation of evidence on 12 March 2021, through the MS Teams online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020¹ dated 24 September 2020. In the same *Order*, the Commission directed MORE POWER to host the virtual hearing at its principal office located at GST Corporate Center, Quezon St., Iloilo City.

However, on 14 January 2021, MORE POWER filed *via* electronic mail a *Motion to Change Venue (For the Hosting of the*

¹ Entitled: "A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission".

Virtual Hearing on 5 and 21 March 2021) (Motion) wherein it prayed that the venue of the virtual hearings be changed from its principal office to the new venue at the **Hotel Del Rio located at M.H. del Pilar St., Molo, Iloilo City**, which also currently serves as its satellite customer receiving office. MORE POWER manifested in the said *Motion* that the change in the venue is to assure unimpaired public participation while at the same time to ensure that public health safety protocols for the public and its personnel are observed in accordance with the community quarantine guidelines as required by the Commission.

Having found the foregoing *Motion* in order, the Commission granted the same. Accordingly, the venue of the virtual hearings to be hosted by MORE POWER was changed from the original venue at its principal office located at GST Corporate Center, Quezon St., Iloilo City to the new venue at the **Hotel Del Rio located at M.H. del Pilar St., Molo, Iloilo City**.

RELATIVE THERETO, the Commission has set the instant *Application* for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020² dated 24 September 2020:

Date	Platform	Activity
05 March 2021 (Friday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams	Determination of compliance with jurisdictional requirements and expository presentation
12 March 2021 (Friday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams	Pre-Trial Conference and Presentation of Evidence

Accordingly, MORE POWER is hereby directed to host the virtual hearing at the **Hotel Del Rio located at M.H. del Pilar St., Molo, Iloilo City** as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. Moreover, Applicant

² *Id.*

shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via electronic mail (e-mail) at docket@erc.ph, and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at docket@erc.ph, and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph, a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name, mailing address, and e-mail address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may likewise file through e-mail at docket@erc.ph, and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

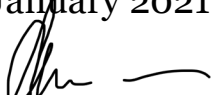
- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

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All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, through any of the available modes of service, upon their agreement, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours. In the alternative, those persons who wish to have an electronic copy of the *Application* may request the Commission for the e-mail addresses of the Applicant by sending an e-mail to docket@erc.ph, and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph. Nonetheless, any person may also access the *Application* as posted by the Commission in its official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled initial virtual hearing by providing the Commission, thru legal.virtualhearings@erc.ph with their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 26th day of January 2021 in Pasig City.


AGNES VST DEVANADERA
Chairperson and CEO


LS: RCP/LSP/MCCG

