

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF CAPITAL
EXPENDITURE PROJECTS
FOR CALENDAR YEAR 2018
AND VARIOUS PROJECTS UP
TO 2020, WITH PRAYER FOR
PROVISIONAL AUTHORITY**

ERC CASE NO. 2018-122 RC

**COTABATO LIGHT AND
POWER COMPANY (CLPC),
Applicant.**

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Promulgated:
FEB 19 2019

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 27 December 2018, Cotabato Light and Power Company (CLPC) filed an *Application* seeking the Commission's approval of its capital expenditure projects for the years 2018 to 2020, with prayer for the issuance of a provisional authority.

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

1. CLPC is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at Sinsuat Avenue, Cotabato City. It is a grantee of a legislative franchise under Republic Act No. 10637, to construct, install, establish, operate and maintain a distribution system for the conveyance of electric power in Cotabato City, and portions of the municipalities of Sultan Kudarat and Datu Odin Sinsuat, Province of Maguindanao. It may be served with orders and other processes of the Honorable Commission through its undersigned counsel at the address indicated below.

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2. Republic Act No. 9136, or the Electric Power Industry Reform Act of 2001 (“EPIRA”), under Section 23 thereof, obligates a distribution utility, such as CLPC, to provide distribution services and connections to its system for any end-user within its franchise area consistent with the distribution code. Further, distribution utilities share in the objective of the EPIRA to ensure the quality, reliability, security and affordability of the supply of electric power.¹
3. For CLPC to pursue its mandate under its franchise and the EPIRA, it is necessary for CLPC to continuously invest in the improvement of its people, system and services to better serve its customers.
4. As such, CLPC, in accordance with Section 20 (b) of Commonwealth Act No. 146,² hereby applies for the approval of the Honorable Commission, to implement its Capital Expenditure Projects (“CAPEX”) for Calendar Year (“CY”) 2018 and various CAPEX up to CY 2020.
5. CLPC’s CAPEX program under this Application is categorized as follows:
 - A. Other Network
 - i. **Line Extension, Rehabilitation and Maintenance** - This category involves projects for CLPC’s Rural Electrification and upgrade of various distribution lines within the franchise area.
 - ii. **Residual CAPEX** – This category involves the upgrading and replacement of various distribution assets such as distribution lines, line devices, distribution transformers, poles, towers, and fixtures. This category also includes the purchase and installation of new meters, instruments and metering transformers, as well as purchase and installation of new streetlights and maintenance of current ones.
 - iii. **Upgrading of SCADA Hardware and Software** – This involves the upgrade of CLPC’s SCADA software and hardware.
 - iv. **Elevated Meter Center** – This involves the installation of new elevated meter centers (EMC) and rehabilitation of current EMCs within the franchise area.
 - v. **Rehabilitation Project** – This involves the rehabilitation and maintenance upgrade of several substations within the franchise area.

¹ Section 2 (b) of the EPIRA;

² Otherwise known as the Public Service Act.

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- B. Non-Network
- i. **Telecommunications** – This involves the acquisition of several communications equipment.
 - ii. **Tools and Work Equipment** – This involves the acquisition, replacement, repair and maintenance of various tools and equipment.
 - iii. **Transportation** – This involves the acquisition of a new mini bucket truck, forklift and a transport vehicle.
 - iv. **Building Improvements** – This involves the various building improvements, and acquisition of office furniture and equipment.
 - v. **Computer Equipment** – This involves the acquisition of new computers and accessories, as well as upgrade of computer software.
6. The total estimated cost of CLPC's CAPEX under this Application is Php 140,415,492.34 broken down as follows:

Project Summary	
OTHER NETWORK	
Line Extension, Rehabilitation and Maintenance	
Rural Electrification Project and Distribution Lines Upgrade	35,181,890.51
Residual Capex	
Poles, Towers, and Fixtures	7,045,806.33
Overhead Conductors and Devices	7,248,652.63
Line Transformers	12,842,789.92
Meters, Instruments, and Metering Transformers	7,507,571.95
Streetlights and Signal Systems	2,864,271.54
Upgrading of SCADA Software and Hardware	1,931,000.00
Elevated Meter Center	16,855,568.37
Rehabilitation Project	8,186,701.00
NON-NETWORK	
Telecommunications	128,000.00
Tools and Work Equipment	8,173,420.09
Transportation	8,400,000.00
Building Improvements	11,047,829.00
Computer Equipment	13,001,991.00

7. The detailed justification, technical analysis, and economic analysis, as applicable, for CLPC's CAPEX under the instant Application are discussed in detail in **Annex "A"** of this Application.
8. The proposed CAPEX will not have a direct impact on the current rates of CLPC until approved by the Honorable Commission, as part of CLPC's Regulatory Asset Base, in the next applicable Regulatory Period.

9. Applicant undertakes to comply with the pre-filing requirements under Rule 3, Section 4(e) of the EPIRA IRR, as amended.

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

10. Public interest and necessity require the immediate implementation of the subject CAPEX projects. Most of CLPC's load centers are exceeding load limits and there is a need to upgrade various parts of the network in order to mitigate overloading and avoid breakdown of equipment. Furthermore, various projects are necessary for CLPC to accommodate new customer applications, as well as for CLPC to continue to effectively serve its existing customers. In the event that the various CAPEX projects are not immediately implemented, certain facilities of CLPC will be rendered obsolete, which may then lead to power interruptions or delay in accommodating the additional load coming from existing and new customers. These negative consequences, which are detrimental to the livelihood and everyday lives of CLPC's customers, may be tempered by the immediate approval of the instant CAPEX projects.
11. Thus, pending final approval, there is an urgent need for a provisional authority for CLPC to immediately implement its proposed CAPEX projects. In support of the prayer for the grant of the provisional authority, attached as **Annex "B"** is the Judicial Affidavit of Mr. Francis Per Miñoza, Officer-in-Charge of the Engineering Group of CLPC.
12. The foregoing CAPEX projects are indispensable for the systematic and economic expansion and rehabilitation of CLPC's distribution facilities and ensuring compliance with safety, performance and regulatory requirements. The benefits arising from these CAPEX projects will ultimately redound to the end-consumers of CLPC because these projects ensure continuous, reliable and efficient power supply.
13. CLPC prays of this Commission that, after due notice and hearing:
 - a. Approve the proposed Capital Expenditure Projects; and
 - b. Pending trial on the merits, issue an Order granting Provisional Authority authorizing CLPC to implement its proposed Capital Expenditure Projects.

Other reliefs just and equitable under the premises are likewise prayed for.

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository

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presentation, pre-trial conference, and presentation of evidence on 13 March 2019 (Wednesday) at ten o'clock in the morning (10:00 A.M.) at CLPC's Main Office in Sinsuat Ave., Cotabato City.

On 11 February 2019, CLPC filed a *Motion to Change Venue and Reset Hearing* (Motion) stating that Cotabato City and the rest of Maguindanao are currently on heightened security alert due to threats of attacks by a lawless group.

In view thereof and taking into consideration the safety of the public, the said *Motion* is hereby GRANTED. Thus, the instant *Application* is hereby set for the determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on **27 March 2019 (Wednesday) at ten o'clock in the morning (10:00 A.M.) at the ERC Mindanao Field Office, Mintrade Building, Monteverde Avenue corner Sales Street, Davao City.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial 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 and 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.

All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, 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 and address of such person;

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- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

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, 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.

WITNESS, the Honorable Chairperson and CEO **AGNES VST DEVANADERA**, and the Honorable Commissioners **CATHERINE P. MACEDA**, and **PAUL CHRISTIAN M. CERVANTES**, Energy Regulatory Commission, this 18th day of February 2019 in Pasig City.


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal