

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF ITS CAPITAL
EXPENDITURE PROGRAM
FOR REGULATORY YEAR
(RY) 2019**

ERC CASE NO. 2019-013 RC

**ANGELES ELECTRIC CORP.
(AEC),**

Applicant.

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Promulgated:
MAR 12 2019

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 21 February 2019, Applicant Angeles Electric Corp. (AEC) filed an *Application* dated 06 February 2019, seeking the Commission's approval of its Capital Expenditure Program for regulatory year 2019.

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

1. Applicant AEC is a Distribution Utility (DU) duly organized and existing under Philippine law, with principal office address at Don Juan Nepomuceno corner Doña Teresa Street, Nepo Mart Complex, Angeles City; franchised under Republic Act No. 9381 to distribute electricity in Angeles City, Pampanga; represented here by its President, Geromin T. Nepomuceno, Jr.
2. AEC belongs to the Fourth Entry Group under the Rules for Setting Distribution Wheeling Rates (RDWR). AEC entered the RDWR during the Second Regulatory Period (2nd RP) from October 1, 2011 to September 30, 2015.
3. AEC was supposed to enter into its 3rd RP from October 1, 2015 to September 30, 2019 but the Commission suspended the implementation of the RDWR. Thus, AEC was prevented from filing its Regulatory Reset Application for the 3rd RP.

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4. Ordinarily, AEC's Capital Expenditure (CAPEX) Program is incorporated as part of its Regulatory Reset Application. Considering the suspension of the RDWR, AEC was likewise prevented from filing its CAPEX Program for the 3rd RP.
5. To enable AEC to continue providing a safe, adequate, continuous and reliable service, AEC is applying for approval the following CAPEX program for the Regulatory Year (RY) 2019:

ANGELES ELECTRIC CORPORATION
Proposed Capital Expenditure Projects for RY 2019
SUMMARY

Network Capex

	Description	Estimated Cost
A.1	Reconductoring of EPZA and Dau 13.8 kV Feeder Lines from 336.4 MCM ACSR to 556.5 MCM ACSR and Rerouting of Dau Feeder to Cater to the Projected Future Load of the Pampanga Economic Zone and the inevitable widening of Pulung Cacutud Bridge	6,876,975.06
A.2	Milenyo Substation Relocation and Uprating from 35 MVA to 50 MVA	163,077,768.45
A.3	Reconductoring of 13.8 kV Backbone Feeder Line Sections from #4/0 AWG ACSR to 336.4 MCM TACSR	31,121,641.61
	Sub-Total	201,076,385.12

Other Network Capex

	Description	Estimated Cost
B.1	Procurement of Pole-Mounted Type Distribution Transformers of Various Capacities to Cater to Load Growth	28,317,655.46
B.2	Procurement of Overhead Conductors and Devices	23,929,046.61
B.3	Procurement of Poles, Towers and Fixtures	19,174,670.02
B.4	Purchase of Kilowatt-hour Meters and its accessories (e.g. instrument transformers, Meter Base, Conduit, Padlock Seal)	12,210,699.20
	Sub-Total	83,632,071.29

Non-Network Capex

	Description	Estimated Cost
C.1	Procurement of Information Technology Equipment	3,872,369.92
C.2	Upgrading of SCADA Operator Workstation, Database Migration and WebServer SCADA	989,000.00
C.3	Acquisition of Additional Programs and Software and Global Navigation Satellite System (GNSS) Equipment in connection with the Geographic Information System (GIS)	6,857,142.86
	Sub-Total	11,718,512.78
Grand Total		296,426,969.19

6. AEC appropriated enough funds from its retained earnings to finance the foregoing CAPEX Program for RY 2019.
7. In view of the resulting benefits that the customers of AEC will derive from the proposed RY 2019 CAPEX Program, AEC respectfully submits that the building block components, particularly the return of capital and return on capital associated therewith, from the time it is put in service and considered used and useful, be considered as a deferred amount to be included in AEC's 3rd or 4th RP reset calculations.
8. AEC attaches and submits the following documents in support of this application:
 - I. Summary
 - II. Forecasts
 - III. Network CAPEX 2019
 - A.1. Detailed Project Discussion of Reconductoring of EPZA and Dau 13.8 kV Feeder Lines from 36.4 MCM ACSR to 556.5 MCM ACSR and Rerouting of Dau Feeder to Cater to the Projected Future Load of the Pampanga Economic Zone and the inevitable widening of Pulung Cacutud Bridge
 - a. Technical Analysis
 - b. Economic Analysis
 - c. Gantt Chart Schedule
 - A.2. Detailed Project Discussion of Milenyo Substation Relocation and Uprating from 35 MVA to 50 MVA

- a. Technical Analysis
 - b. Economic Analysis
 - c. Gantt Chart Schedule
 - A.3. Detailed Project Discussion of Reconductoring of 13.8 kV Backbone Feeder Line Sections from #4/0 AWG ACSR to 336.4 MCM TACSR
 - a. Technical Analysis
 - b. Economic Analysis
 - c. Gantt Chart Schedule
 - d. Reliability Indices Simulations
- IV. Other Network CAPEX 2019
 - B.1. Detailed Project Discussion of Procurement of Pole-Mounted Type Distribution Transformers of Various Capacities to Cater to Load Growth
 - a. Economic and Technical Analysis
 - B.2. Detailed Project Discussion of Procurement of Overhead Conductors and Devices
 - a. Historical and Forecast Conductor Purchases
 - B.3. Detailed Project Discussion of Procurement of Poles, Towers and Fixtures
 - a. Historical and Forecast Pole Purchases
 - B.4. Detailed Project Discussion of Purchase of Kilowatthour Meters and Accessories
- V. Non-Network CAPEX 2019
 - C.1. Detailed Project Discussion of Procurement of Information Technology Equipment
 - a. Quotation for Additional Server
 - b. Quotation for Network Storage
 - c. Quotation for VMWare License
 - d. Cost Estimate for Server Room
 - C.2. Detailed Project Discussion of Upgrading of SCADA Operator Workstation, Database Migration and WebServer SCADA Reports
 - a. Quotation
 - C.3. Detailed Project Discussion of Acquisition of Additional Programs and Software and Global Navigation Satellite System (GNSS) Equipment

in connection with the Geographic Information System (GIS)

a. Quotations

VI. Affidavit of AEC Planning Engineer, Allan M. Santillan.

PRAYER

WHEREFORE, premises considered, AEC respectfully prays that the Honorable Commission approve AEC's proposed Capital Expenditure Program for Regulatory Year 2019 with the estimated total project cost of **Php296,426,969.19**.

AEC also prays for such other relief or remedy as may be just and equitable under the circumstances.

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and evidentiary hearing on **16 May 2019 (Thursday) at nine o'clock in the morning (9:00 A.M.) at AEC's Principal Office at Don Juan Nepomuceno corner Doña Teresa Street, Nepo Mart Complex, Angeles 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 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 Rules of Practice and Procedure. No particular

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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;
- 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, ALEXIS M. LUMBATAN** and **PAUL CHRISTIAN M. CERVANTES**, Energy Regulatory Commission, this 4th day of March 2019 in Pasig City.


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal Service

LS: 
RSPV/ARG/GIO