

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 NINOY AQUINO  
INTERNATIONAL AIRPORT  
(NAIA) EXPRESSWAY PROJECT

ERC CASE NO. 2014-124 RC

MANILA ELECTRIC COMPANY  
(MERALCO),

Applicant.

X-----X

DOCKETED  
Date: JAN 27 2015  
*[Signature]*

## NOTICE OF PUBLIC HEARING

### TO ALL INTERESTED PARTIES:

Notice is hereby given that 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 Project<sup>1</sup>;
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

---

<sup>1</sup> 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.

Hundred Twelve Million Two Hundred Ninety Thousand Three Hundred Seventy-Two Pesos (PhP112,290,372.00), broken down as follows:

<b>Description</b>		<b>Sub-Total (PHP)</b>
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
<b>Sub-Total</b>		<b>97,643,802</b>
<b>Permits</b>		<b>2,929,314</b>
<b>Value Added Tax (VAT)</b>		<b>11,717,256</b>
<b>TOTAL</b>		<b>112,290,372</b>

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:

<b>Annex</b>	<b>Description</b>
<b>"B"</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;
<b>"C"</b>	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.

The Commission has set the application 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, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (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 proceeding may file their opposition to the application or comment thereon at any stage of the proceeding before the applicant concludes the presentation of its evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who may wish to have a copy of the application may request the applicant, prior to the date of the initial hearing, that they be furnished with a copy of the application. The applicant is hereby directed to furnish all those making a request with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the application and other pertinent records filed with the Commission during the usual office hours.

**WITNESS, the Honorable Chairperson, ZENAIDA G. CRUZ-DUCUT, and the Honorable Commissioners, ALFREDO J. NON, GLORIA VICTORIA C. YAP-TARUC, and JOSEFINA PATRICIA A. MAGPALE-ASIRIT, Energy Regulatory Commission, this 26<sup>th</sup> day of January 2015 at Pasig City.**

  
**ATTY. FRANCIS SATURNINO C. JUAN**  
Executive Director III