

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 2017,
WITH PRAYER FOR
PROVISIONAL AUTHORITY,**

ERC Case No. 2017-115 RC

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

D O C K E T E D
Date: APR 17 2018
By: W

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NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 15 December 2017, Cotabato Light and Power Company (CLPC) filed an *Application* seeking the Commission's approval of its Capital Expenditure Projects for Calendar Year 2017, with prayer for provisional authority.

CLPC alleged the following in its *Application*:

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. CLPC is duly authorized distribution utility of electric power to the end-users in the City of Cotabato, and portions of the Municipalities of Sultan Kudarat and Datu Odin Sinsuat, province of Maguindanao pursuant to its franchise under Republic Act No. 10637. It may be served with orders and other processes of the Honorable Commission through its undersigned counsel at the address indicated below.
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 pursuit of its duty to better serve its customers, and in accordance with Section 20 (b) of Commonwealth Act No. 146², hereby applies for the approval of the Honorable Commission to implement its Capital Expenditure Projects (CAPEX) for Calendar Year (“CY”) 2017.
5. CLPC’s 2017 CAPEX program is categorized as follows:
 - a. Network;
 - i. Substation Rehabilitation;
 - b. Other Networks; and
 - i. Line Rehabilitation and Maintenance
 - ii. Residuals
 - c. Non-Network Projects.
6. The major CAPEX project under the “Network” category is the “Upgrading of Salimbao Substation 69/13.8kV 15MVA to 20/25MVA” project. The project will involve the purchase and installation of a new outdoor type (OA/FA) 20/25 MVA, 69/13.8 kV three phase power transformer and the transfer of existing 15MVA power transformer to the proposed Tamontaka Substation. Also, the defective 10MVA power transformer which has a service life of 40 years this year will be permanently retired and removed from the system. This project aims to ensure compliance with N-1 requirements and to meet the demand of the incoming additional capacity in CLPC’s distribution system.
7. The “Other Networks” category is subdivided into the Line Rehabilitation/Maintenance and Residuals. These projects are to be undertaken in order for CLPC to strengthen and improve the reliability of its distribution system, maintain voltage quality and to minimize transient tripping as consumer demand continues to grow and expand. There will likewise be projects that will be undertaken in support of government directives and to further minimize safety concerns.
8. The “Non-network” category on the other hand is subdivided into the following projects, “Telecommunications”, “Tools

¹ Section 2 (b) of the EPIRA.

² Public Service Act

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and Work Equipment”, “Unmanned Malagpas Substation” and “Computer Software”. These projects are driven by the necessity of updating vital facilities of CLPC that have become obsolete, of equipping CLPC’s workforce with the required tools to perform their tasks safely and efficiently, strengthening the monitoring and security of CLPC’s unmanned substation and the integration of the existing CLPC systems in preparation for the planned shift to Advanced Metering Infrastructure and Smartgrid projects.

9. The total estimated cost of CLPC’s CY 2017 CAPEX is Php 82,759,739.43 and the complete list of projects, together with their corresponding estimated cost, is shown in table 1 below:

Project Summary	
Description	Estimated Cost
NETWORK PROJECTS	
Substation Project	
a. Upgrading of 15MVA Salimbao Power Transformer	28,709,318.53
OTHER NETWORK	
Line Rehabilitation/ Maintenance	
b. Tree Wire Installations	4,169,870.12
c. Load Break Switches Installation	1,158,769.44
d. Rural Electrification	2,124,492.46
Residual	
e. Poles, Tower & Fixtures	6,539,225.37
f. Overhead Conductors and Devices	7,257,357.13
g. Line Transformers	11,814,431.15
h. Power Conditioning Equipment	1,862,123.46
i. Meters, Instruments, and Metering Transformers	3,745,853.41
j. Streetlights and Signal Systems	1,293,719.85
NON-NETWORK	
k. Telecommunications	510,000.00
l. Tools and Work Equipment	7,090,929.79
m. Unmanned Malagpas Substation	1,859,762.72
n. Computer Software	4,623,886.00
Total 2017 CAPEX	82,759,739.43

10. The detailed justifications, technical analysis, economic analysis and alternatives considered, as applicable, for CLPC’s CAPEX for CY 2017 are discussed in detail in Annex “A” in support of this Application.
11. The proposed CAPEX for CY 2017 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.

ALLEGATIONS IN SUPPORT OF THE PRAYER
FOR PROVISIONAL AUTHORITY

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12. Public interest and necessity requires the immediate implementation, without delay, of the subject CAPEX projects. The loading and reliability constraints of the current substations are reaching critical levels, necessitating the purchase and upgrade of the relevant substations. Aside from these, in the event that the CAPEX projects are not immediately implemented, certain facilities of CLPC will be rendered obsolete which may then lead to power interruptions, furthermore, the additional load coming from existing and new customers may likewise not be accommodated. These negative consequences, which are detrimental to the livelihood and everyday lives of consumers may be tempered by the immediate approval of the 2017 CAPEX projects.
13. Thus, pending final approval, there is an urgent need for a provisional authority for CLPC to immediately implement its proposed 2017 CAPEX Projects. In support of the prayer for the grant of the provisional authority, attached as Annex "B" is the Judicial Affidavit of Mr. Mark Sam Banluta, Engineering Group Manager of CLPC.
14. The foregoing CAPEX for CY 2017 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 benefit arising from these CAPEX projects will ultimately redound to the end-consumers of CLPC in terms of continuous, reliable and efficient power supply.

PRAYER

WHEREFORE, in view of the foregoing, CLPC respectfully prays that this Honorable Commission:

1. Pending trial on the merits, immediately issue a **PROVISIONAL AUTHORITY** authorizing CLPC to implement its Capital Expenditure Projects (CAPEX) for Calendar Year ("CY") 2017.
2. After due hearing, render judgement making the approval of the Application permanent.

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 presentation, Pre-trial Conference, and presentation of evidence on **28 June 2018 (Thursday) at ten o'clock in the morning (10:00 A.M.), at ERC Mindanao Field Office, Mintrade Building, Monteverde Avenue cor. Sales St. 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 Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- i. The petitioner's name and address;
- ii. 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
- iii. 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 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 **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 10th day of April 2018 in Pasig City.

**FOR AND BY THE AUTHORITY
OF THE COMMISSION:**

JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal

Ch/Am
LS:CRC/ARG/APV/nph.2017-155 rc clpc CAPEX