

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. 2017-097 RC**

**DAVAO LIGHT AND POWER  
COMPANY, INC. (DLPC),  
Applicant.**

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RECORDED  
Date: MAR 15 2018  
By: \_\_\_\_\_

**ORDER**

On 26 October 2017, Davao Light and Power Company, Inc. (DLPC) filed an *Application* seeking the Commission's approval of its capital expenditure projects for calendar year 2017, with prayer for the issuance of provisional authority.

DLPC alleged the following in its *Application*:

1. DLPC is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at C. Bangoy Sr. St., Davao City. It is the grantee of a legislative franchise under Republic Act No. 8960 to operate the electric light and power distribution system in the Cities of Davao and Panabo, and in the Municipalities of Carmen, Sto. Tomas and Braulio Dujali, Province of Davao del Norte (the "Franchise Area"). DLPC may be served with orders and other processes of the Honorable Commission through its undersigned counsel at the address indicated below.
2. Republic Act 9136, or the Electric Power Industry Reform Act of 2001 ("EPIRA"), under Section 23 thereof, obligates a distribution utility, such as DLPC, 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.<sup>1</sup>
3. For DLPC to pursue its mandate under its franchise and the EPIRA, it is necessary for DLPC to continuously invest in

<sup>1</sup> Section 2(b) of the EPIRA

the improvement of its system and services to better serve its customers.

4. As such, DLPC, in furtherance of its duty to better serve its customers, and in accordance with Section 20 (b) of Commonwealth Act No. 146<sup>2</sup>, hereby applies for approval of the Honorable Commission to implement its Capital Expenditure (CAPEX) Program, for Calendar Year (CY) 2017.

5. DLPC's 2017 CAPEX Program can be categorized as follows:

- a. Substation Projects;
- b. Lines Projects;
- c. Other Network Projects; and
- d. Non-network Projects

6. The major CAPEX of DLPC under the bracket of Substation Projects consist of the following:

- a. **Upgrade of 15 MVA to 33 MVA, Victoria Substation project**
- b. **Bangkal Substation- Substation Upgrade project**
- c. **Substation Upgrade, San Vicente S/S project**
- d. **New Braker, PSS-DVO3 project**

7. The **Upgrade of 15 MVA to 33 MVA, Victoria Substation project** is needed as the 15 MVA power transformer at Victoria is 75% loaded, furthermore, the adjacent substations clustered with it are also nearing critical loading, thus limiting the single operating contingency in case one of the adjacent substations fails or is undergoing maintenance shutdown.

- a. To supplement this project, the **13.8kV Line Victoria Feeder 4 from Victoria S/S to Motolite Cabagiuo and 13.8kv Line New, VIC 2 S/S to City High School projects** will also be undertaken. Without these, any planned or unplanned shutdown of any of the pertinent substations will overload any adjacent substations.

8. The **Bangkal Substation- Substation Upgrade project**, involves the installation of 33 MVA 69kV/13.8kV three phase transformer and other miscellaneous materials. This transformer serves as a replacement to the defective 12MVA transformer, further, substation loading forecasts yields that the Bangkal substation will become 82.9% loading soon. This project likewise aids nearby substation during single outage contingency situations.

9. The **Substation Upgrade, San Vicente S/S project** involves the installation of a new 33MVA, 69/13.8kV transformer and other electrical related equipment to meet the

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<sup>2</sup> Public Service Act

foreseen load growth in the area concerned. In case of load transfers during preventive maintenance, the San Vicente, Tadeco and Panabo substation cluster is in critical condition. In the event that any of these will be down, the remaining substations will not be capable of carrying the load. The age of the 20MVA power transformer is likewise taken into account. When this unit malfunctions, the adjacent substations will reach critical loading. The present project will solve these issues.

10. The major CAPEX of DLPC under the Lines Projects are the following:

- a. **Line New, Davao Line 1, from MAA SS to Magtuod project;** and
- b. **13.8kV Underground Distribution System (3<sup>rd</sup> of 5 phases)**

11. The **Line New, Davao Line 1, from MAA SS to Magtuod project** is a component of a plan intended to close the subtransmission loop of Davao Line 2 and Davao Line 1 via Magtuod. The completion of the 69kV subtransmission loop will be advantageous during single operating contingency as the load from Maa and Bucana substations can be transferred to Davao Line 2 in case the ERA Substation will be shutdown. Furthermore, the Davao Line 1 – Davao Line 2 loop is beneficial for single outage contingency purposes.

12. The **13.8kV Underground Distribution System (3<sup>rd</sup> of 5 phases)** entails the conversion of overhead distribution feeder to underground distribution system. This project is in furtherance of an LGU directive aimed at mitigating safety hazards brought about by the overhead distribution lines.

13. The additional CAPEX projects under Line Projects are for varying purposes. Certain projects are geared for the completion of sequential projects, others are for the prevention of feeder overloading, or to provide reliability support during single outage contingency. Others are for purposes of deloading Substations, addressing line capacity issues due to demand growth or allowing load transfer in the event of power interruptions. The complete set of Lines Projects can be seen in Table 1 below.

14. DLPC's projects under the Other Network Projects bracket are the following:

- a. **Line Rehabilitation/ Maintenance projects.** This is a combination of line rehabilitation, upgrade and maintenance works. The components of this project include replacement of wooden or dilapidated 138kV, 69kV and 13.8kV structures and fixtures together with their accessories, installation of insulators and arresters, tree wires and line markers and typhoon failure containment of 69kV and 13.8kV lines.
- b. **Line Reclosers project.** This project entails the installation of circuit closers at selected Distribution feeder lines and contestable ILP customers. This will provide automation of the

distribution system and will likewise enhance network reliability. The project will likewise control the effect of supply curtailment in situations wherein load shedding is required in the event of tight power supply.

- c. **Emergency-Others project-** This project will ensure that there is a ready supply of structures, transformers and line hardwares on the 69kV and 13.8kV system for replacement purposes. This assures DLPC has the required back-up electric distribution materials needed in responding to emergency situations.
- d. **Rotten Pole and Transformer Replacement project.** This project involves the replacement of rotten poles with steel poles, together with distribution transformers together with the accessories. This project aims to ensure reliability of supply to consumers and reduce interruption caused by dilapidated poles and overloaded transformers.
- e. **Voltage Correction project.** This project entails the installation of IV scanners, tap changing, load center splitting, transformer uprating, among others, to address customer concerns in relation to voltage complaints.
- f. **New Application project.** This project addresses the need to effectively cater and supply new customer applications to the distribution system. The procurement of transformers, poles, wires, line hardwares and other distribution apparatus necessary to provide service to new applicants are covered herein.
- g. **Rural Electrification project.** This project pertains to new line extension to be used in rural areas with transformer additions and capacitor or voltage regulator installations. This is seen to provide reliable and continuous power to areas in need within DLPC's franchise.
- h. **Subdivision Electrification project.** This project relates to addressing applications of real property developers to DLPC's distribution system.
- i. **Substation Rehabilitation and Maintenance project.** This involves replacement of defective, non-SCADA, non-recording and old meters, relays and annunciators, among others. This will aid DLPC to control relays remotely through SCADA, furthermore, the data recording feature provides much needed event logging for post-fault analysis. Aging oil circuit breakers will likewise be replaced with new SF6 circuit breakers while old and defective 69kV and 15 kV disconnect switches will likewise be replaced.
- j. **Streetlights and Signal Systems project.** Under this project, there will be installation of new

streetlights and maintenance or replacement of defective ones.

- k. **Installation, Replacement and Maintenance of Industrial and Commercial Meters project.** This project involves the installation, replacement and maintenance of the meters of DLPC's industrial and commercial customers. This is inline with the on-going five (5) year replacement plan of electromechanical meters to electronic meters aimed at increasing accuracy and monitoring of the meter data information.
- l. **Installation and Replacement of Residential Meters.** This project relates to the installation of new electronic meters and replacement of defective or electromechanical meters, including accessories thereof, for residential consumers. Included herein is an Elevated Metering Center (EMC) installation. Installation of EMC will be done in areas wherein the local government has requested for the installation of the same.

15. The projects under Non-Network Projects are the following:

- a. **Radio and Fiber Optic Communications Installations, Replacement and Maintenance.** Under this project, new SCADA substation platform, and additional SCADA infrastructure such as fiber-optic cables will be procured, further, existing radio repeater sites will undergo maintenance. The project aims to strengthen the communication link between substations through the SCADA platform.
- b. **Acquisition, Replacement, Repairs and Maintenance of Work Tools project.** This project involves the procurement of tools and equipment that are required by various departments within DLPC for safety working equipment at live and high tension lines, power quality monitoring and analytical tools to boost reliability of the distribution system and protect system equipment.
- c. **Work Vehicles.** Under this project, vehicles to be used by DLPC in connection to its works are to be procured and repaired. Included herein are the procurement of bucket trucks and repairs on existing service vehicles to prolong its useful life.
- d. **Acquisition of Lots for New Substations, Expansion or Improvement of Existing Substations.** DLPC will need additional lots for its new switching stations for the expansion of a number of its substations.  
The HOLCIM switching station was originally planned to be installed on a lot owned by HOLCIM

under the terms and conditions of a Memorandum of Agreement between DLPC and HOLCIM. Eventually however, the MOA was not executed, thus DLPC needed to locate another location for the installation of the HOLCIM switching station. The installation of the AYA substation was necessitated by the rapid growth in the northern part of DLPC's franchise area. With only the 200 MVA capacity of Don Ramon substation and a critically loaded 150 MVA ERA substation in the 138kV level, power supply is seen to be tight by 2020. The area selected provides a strategic lot for the location of the AYA substation.

A lot is likewise needed for the new Bucana and MEGAWORLD, Matina, and Bangkal expansion.

- e. **Repairs and Expansion of Office Buildings, Equipment and Utilities.** The various components of this project relates to mostly expansion, construction, improvements, maintenance and rehabilitation of new and existing buildings.
- f. **Computer Equipment (software & hardware).** Under this project, the replacement of computer units and other IT related equipment together with the Multi-tenant option in the Oracle Database shall be implemented. Further, there will be the deployment of monitoring tools in the Oracle Enterprise Manager. These projects are foreseen to improve the overall manageability of the database system used by DLPC leading to efficiency for the DU and will enhance the integration of the existing systems in preparation of the planned Advanced Metering Infrastructure and Smartgrid projects.

16. The total estimated cost of DLPC's CY 2017 CAPEX is **Php 1,389,183,112** and the complete list of DLPC's 2017 CAPEX, together with its estimated cost, is shown in table 1 below:

Table 1

<b>PROJECT SUMMARY</b>	
<b>DESCRIPTION</b>	<b>COST</b>
<b>NETWORK PROJECTS</b>	
<b>SUBSTATION PROJECTS</b>	
A. Substation Upgrade, Victoria S/S	Php63,080,165
B. Substation Upgrade, Bangkal S/S	Php 58,629,047
C. Substation Upgrade, San Vicente S/S	Php 55,098,893

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D. New Breaker, PSS-DVO3	Php7,510,650
<b>LINES PROJECTS</b>	
<b>New Lines Project</b>	
E. 69kV Line New, Davao Line 2. from Dacudao to Tugbok Substation	Php 10,025,196
F. 69kV Line New, Davao Line 1, from Maa Substation to Magtuod	Php 53,669,419
G. 13.8kV Line New, Bkl2, from Bangkal S/S to Matina Crossing	Php 2,796,931
H. 13.8kV Line New, Bkl4, from Skyline Crossing to DCWD	Php 3,367,664
I. 13.8kV Line New, Maa1/3, Maa1/3 - Gai2 Tie up via Sn Rafael to Torres	Php 3,263,643
J. 13.8kV Line New, BKL2, from Ulas to Catalunan Agricultural Development Corp.	Php 1,818,959
K. 13.8kV Underground Distribution System (3rd of 5 phases)	Php 100,000,000
<b>Line Upgrade Project</b>	
L. 13.8kV Line Upgrade, SNV 4, from Maryknoll to New Malitbog D/S	Php 4,216,282
M. 13.8kV Line Upgrade, GAI 2, from Torres St. to Quirino St	Php 1,146,430
N. 13.8kV Line Upgrade, STO1, from STO S/S to PN 1013790	Php 2,685,891
<b>OTHER NETWORK PROJECTS</b>	
A. Line Rehabilitation/Maintenance	Php 46,836,750
B. Line Reclosers	Php 42,304,687
C. Emergency	Php 14,693,120
D. Rotten Pole and Transformer Replacement	Php 27,583,123
E. Voltage Correction	Php 8,643,905

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F. New Application	Php175,656,746
G. Rural Electrification	Php 74,401,145
H. Subdivision Electrification	Php 5,985,317
I. Rehabilitation of Substation	Php 19,893,526
J. Street Llights and Signal Systems	Php 10,427,488
K. Installation, Replacement and Maintenance of Industrial and Commercial Meters	Php26,285,304
L. Installation and Replacement of Residential Meters	Php176,242,759
<b>NON-NETWORK PROJECTS</b>	
A. TELECOMMUNICATION	Php 8,817,567
B. TOOLS AND WORK EQUIPMENT	Php 28,825,918
C TRANSPORTATION	Php 22,167,000
D.ACQUISITION OF LAND - (HOLCIM, MATINA, AYA, BUCANA, BANGKAL, MEGAWORLD,)	Php 222,230,000
E.BUILDINGS AND IMPROVEMENT, OFFICE EQUIPMENT, FURNITURE AND FIXTURES AND MISCELLANEOUS EQUIPMENT	Php50,290,373
F. COMPUTER EQUIPMENT (SOFTWARE & HARDWARE)	Php60,589,214
<b>GRAND TOTAL</b>	<b>Php 1,389,183,112</b>

22. The detailed justifications, technical analysis, economic analysis and alternatives considered for DLPC's CAPEX for CY 2017 are discussed in detail in Annex "A" in support of this Application.

23. The proposed CAPEX for CY 2017 will not have a direct impact on the current rates of DLPC until approved by the Honorable Commission as part of DLPC's Regulatory Asset Base in the next applicable Regulatory Period.



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

24. 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 upgrade and/or construction of the relevant substations. Aside from these, in the event that the CAPEX projects are not immediately implemented, the consumers may suffer from prolonged power interruptions and additional load coming from existing and new customers may likewise not be accommodated. These negative consequences, which are detrimental not only to the economy of the areas covered by DLPC, but also to the livelihood and everyday lives of the consumers may be mitigated by the immediate approval of the DLPC 2017 CAPEX projects.

25. Thus, pending final approval, there is an urgent need for a provisional authority for DLPC to immediately implement its proposed CAPEX projects. In support of the prayer for provisional authority, attached as Annex "B" is the Judicial Affidavit of Orville C. Lazaro.

26. The foregoing CAPEX for CY 2017 are indispensable for the systematic and economic expansion and rehabilitation of DLPC'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 DLPC in terms of continuous, reliable and efficient power supply.

**PRAYER**

**WHEREFORE**, it is respectfully prayed that the Honorable Commission:

1. Pending trial on the merits, immediately issue a **PROVISIONAL AUTHORITY** authorizing DLPC to implement its proposed Capital Expenditure Projects Calendar Year 2017; and
2. After due hearing, **APPROVE** with **FINALITY**, DLPC's proposed Capital Expenditure Projects Calendar Year 2017.

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

Finding the said Application to be sufficient in substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **27 June 2018 at ten o'clock in the morning (10:00**

**A.M.), at ERC Mindanao Field Office, Mintrade Building, Monteverde Avenue corner Sales Street, Davao City.**

Accordingly, DLPC is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing in two (2) newspapers of nationwide circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governor, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearing; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing was published, and the complete issues of the said newspapers;

- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing, consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the *Application*, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required to submit, at least five (5) days before the date of initial hearing and Pre-trial Conference, their respective Pre-trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from the said date of cancellation.

DLPC must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the *Application* is all about and the reasons and justifications being cited in support thereof.

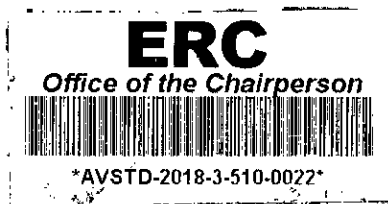
**SO ORDERED.**

Pasig City, 27 February 2018.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**AGNES VST DEVANADERA**  
*Chairperson and CEO*

  
LS: SLAN/ARC/GLS/APV



COPY FURNISHED:

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4. Commission on Audit (COA)  
Commonwealth Avenue, Quezon City
5. Senate Committee on Energy  
GSIS Building, Roxas Boulevard, Pasay City
6. House of Representatives Committee on Energy  
Batasan Hills, Quezon City
7. Philippine Chamber of Commerce and Industry (PCCI)  
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McKinley Town Center, Fort Bonifacio, Taguig City
8. Office of the Governor  
Province of Davao Del Norte
9. Office of the LGU Legislative Body  
Province of Davao Del Norte

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10. Office of the City Mayor  
Davao City, Davao Del Norte
11. Office of the LGU Legislative Body  
Davao City, Davao Del Norte
12. Office of the City Mayor  
Panabo City, Davao Del Norte
13. Office of the LGU Legislative Body  
Panabo City, Davao Del Norte
14. Office of the Municipal Mayor  
Carmen, Davao Del Norte
15. Office of the LGU Legislative Body  
Carmen, Davao Del Norte
16. Office of the Municipal Mayor  
Sto. Tomas, Davao Del Norte
17. Office of the LGU legislative body  
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18. Office of the Municipal Mayor  
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