

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



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF ACMAC
SWITCHING STATION –
PROTECTION AND
METERING AND LINES
(PILMICO FOODS CORP. 69
KV OUTGOING LINES)
CAPITAL EXPENDITURE
(CAPEX) PROJECT AND ITS
CORRESPONDING
CHARGES**

ERC CASE NO. 2018-118 RC

**ILIGAN LIGHT & POWER,
INC. (ILPI),**

Applicant.

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Promulgated:
FEB 19 2019

ORDER

On 17 December 2018, the Iligan Light & Power, Inc. (ILPI) filed an *Application* dated 28 November 2018, seeking for the approval of its Acmac Switching Station – Protection and Metering and Lines (PILMICO Foods Corp. 69 kV Outgoing Lines) Capital Expenditure (CAPEX) Project and its corresponding charges.

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

1. ILPI is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Bro. Jeffrey Road, Pala-o, Iligan City where it may be served with summons and other legal processes;
2. It is the holder of an exclusive franchise issued by the Congress of the Philippines to operate electric light and power distribution service in the City of Iligan, Province of Lanao del Norte;
3. Pursuant to Commission's Resolution No. 17, Series of 2011 entitled, "*Resolution Adopting the Investor Owned Electric Distribution Utility Planning Manual*," Resolution No. 26, Series of 2009 entitled, "*Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditure Projects*," Resolution No. 20, Series of 2008

entitled, “Resolution Modifying the Rules for Setting Distribution Wheeling Rates for Privately Owned Distribution Utilities Entering Performance Based Regulation (RDWR),” Resolution No. 13, Series of 2006 entitled, “Guidelines to Govern the Submission, Evaluation and Approval of Electric Distribution Capital Projects,” and other applicable laws and rules, this Application is submitted and filed for the consideration and approval of this Honorable Commission;

4. Under the Honorable Commission’s *Performance-Based Regulation (PBR)*, ILPI is part of the Second Entry Point Group B that entered the PBR regime on April 1, 2009;
5. Inasmuch as the Honorable Commission has yet to issue the relevant rules for the reset process (*Third Regulatory Period covering April 1, 2013 to March 31, 2017*) for the subsequent filing of ILPI’s reset application and considering that for purposes of recovering the capital costs of the project through power rates, the same shall require the evaluation and approval of the Honorable Commission. Thus, Applicant caused the preparation, submission and filing of this Application for the approval of ILPI’s *Acmac Switching Station – Protection and Metering and Lines (PILMICO Foods Corp. 69 kV Outgoing Lines) Capital Expenditure (CAPEX) Project and corresponding charges and effectivity to PILMICO Foods Corp.*, summarized hereunder, as follows:

Project Title	Acmac Switching Station – Protection and Metering and Lines (PILMICO Foods Corporation 69 kV Outgoing Lines) CAPEX Project
Project Cost	PhP 12,647,408.95, VAT Inclusive PhP 11,292,329.42, VAT Exclusive
Applicable Charges and its Effectivity	Distribution Charge: PhP 149,577.23 per month Metering Charge: PhP 8,853.17 per month Effectivity: December 6, 2015 and onwards
Project Duration	RY 2017

6. THE CAPEX PROJECT

The CAPEX Project aims to reroute the source of the newly acquired Kiwalan-Pilmico Foods Corporation (PFC) 69 kV lines/assets from the NGCP Grid to ILPI’s Acmac Switching Station in order to avoid operational problems and instability issues. The project will include a 0.95 km. of the 69 kV line extension and installation of new metering and protection facility for PFC.

The CAPEX Project and its justifications are discussed in detail in ILPI’s CAPEX Information Summary (CIS) together with all the necessary supporting data;

7. COMPLIANCE WITH DOCUMENTARY REQUIREMENTS

Finally, in order to facilitate the evaluation of the Application and in compliance with *Rule 20-C of the Commission's Rules of Practice and Procedure*, the following supporting documents are herein attached and made as an integral part of this Application:

Annex	Title of Document
"A"	The Capital Expenditure (CAPEX) Information Summary
"B"	ILPI's 2017 Distribution Development Plan (DDP)
"C"	The Estimated Project Cost
"D"	Charges applicable to PILMICO Foods Corp.
"E"	The Economic Analysis
"F"	The Single Line Diagram
"G"	Secretary's Certificate approving the implementation of the CAPEX project and the filing of an application for its approval before the Honorable Commission
"H"	Sworn Statement of ILPI's authorized representative that an application for approval from concerned government agencies/offices that may have interest in the proposed project has been filed or shall be filed, if applicable.

8. The *Acmac Switching Station – Protection and Metering and Lines (PILMICO Foods Corporation 69 kV Outgoing Lines) CAPEX Project* will ensure ILPI's continuous compliance with the standards set under the Philippine Distribution Code (PDC) and the Philippine Grid Code (PGC).

P R A Y E R

WHEREFORE, premises considered, ILIGAN LIGHT & POWER, INC., (ILPI) most respectfully prays that, after due notice and hearing, the following be APPROVED:

1. *Acmac Switching Station - Protection and Metering and Lines (PILMICO Foods Corporation 69 kV Outgoing Lines) Capital Expenditure (CAPEX) Project;*
2. *Corresponding Charges applicable to PILMICO Foods Corporation; and*
3. *Effectivity of the aforementioned Charges.*

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

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Finding the said *Application* to be sufficient in form and 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 **28 March 2019 (Thursday), at ten o'clock in the morning (10:00 A.M.), at ILPI's Principal Office located at Bro. Jeffrey Road, Pala-o, Iligan City, Lanao Del Norte.**

Accordingly, ILPI is hereby directed to:

- 1) Cause the publication of the attached *Notice of Public Hearing* twice (2x) in two (2) newspapers of nationwide circulation in the Philippines at its own expense, 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 Office of the Mayor of Iligan City, and the legislative body of the said city, for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the affected franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, 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, ILPI 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, issued by the aforementioned Mayor and the office of the LGU legislative body, or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by ILPI to inform the consumers of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Public Hearing* by the OSG, the 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 proof of compliance with the requirements of the Commission.

ILPI and all interested parties are also required to submit, at least five (5) days before the date of the 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 therefor; 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 ILPI 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.

ILPI 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, the nature of the *Application* with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 12 February 2019.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Commissioner


LS: LED/ARG/GLO

Copy Furnished:

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4. Commission on Audit (COA)
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5. Senate Committee on Energy
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6. House Committee on Energy
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Batasan Hills, Quezon City, Metro Manila

7. Office of the City Mayor
Iligan City
8. LGU Legislative Body
Iligan City
9. Regulatory Operations Service
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