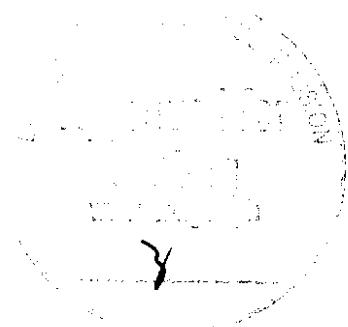


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City

IN THE MATTER OF THE  
APPLICATION FOR AUTHORITY  
TO IMPLEMENT 2007 MAJOR  
ELECTRICAL AND NON-  
ELECTRICAL CAPITAL PROJECTS  
(ECPs and NON-ECPs), WITH  
PRAYER FOR PROVISIONAL  
AUTHORITY



ERC CASE NO. 2008-059 MC

DAVAO LIGHT AND POWER CO.,  
INC. (DLPC),

Applicant.

x-----x

DOCUMENTED  
Date: OCT 29 2008  
By: *[Signature]*

**DECISION**

Before this Commission for resolution is the application filed on May 22, 2008 by Davao Light and Power Co., Inc. (DLPC) for authority to implement its 2007 major electrical and non-electrical capital projects, with prayer for provisional authority.

Having found said application sufficient in form and in substance with the required fees having been paid, an Order and a Notice of Public Hearing, both dated May 30, 2008, were issued setting the case for initial hearing on July 7, 2008.

In the same Order, DLPC was directed to cause the publication of the Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, at least (10) days before the scheduled date of initial hearing. It was also directed to inform the consumers, within its

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franchise area, by any other means available and appropriate, of the filing of the instant application, its reasons therefor, and of the scheduled hearing thereon.

The Office of the Solicitor General (OSG), the Commission on Audit (COA) and the Committees on Energy of both Houses of Congress were furnished with copies of the Order and the Notice of Public Hearing and were requested to have their respective duly authorized representatives present at the initial hearing.

Likewise, the Offices of the Mayors of the Cities and Municipalities within DLPC's franchise area were furnished copies of the Order and Notice of Public Hearing for the appropriate posting thereof on their respective bulletin boards.

On July 3, 2008, DLPC filed its "*Pre-Trial Brief*".

During the July 7, 2008 initial hearing of this case, only DLPC appeared. No intervenor/oppositor appeared nor was there any intervention/opposition registered.

In the said hearing, DLPC adduced proofs of compliance with the Commission's posting and publication of notice requirements which were duly marked as Exhibits "A" to "D-7", inclusive. Thereafter, DLPC presented its lone witness, Engr. Ronald Chan, its Assistant Vice-President for the Engineering Group, who testified, among others, that the projects will improve the overall reliability and efficiency of DLPC's distribution system and are in accordance with the Philippine Grid Code and the Philippine Distribution Code. The direct examination having been terminated, the Commission propounded clarificatory



questions on the said witness and directed DLPC to submit a simulation of the rate impact of the projects.

On July 17 to 19, 2008, the Commission conducted an ocular inspection on the assets of the DLPC subject of the instant application.

On August 8, 2008, DLPC filed its "*Formal Offer of Exhibits and Compliance*" which are hereby admitted for being relevant and material to the final resolution of the case.

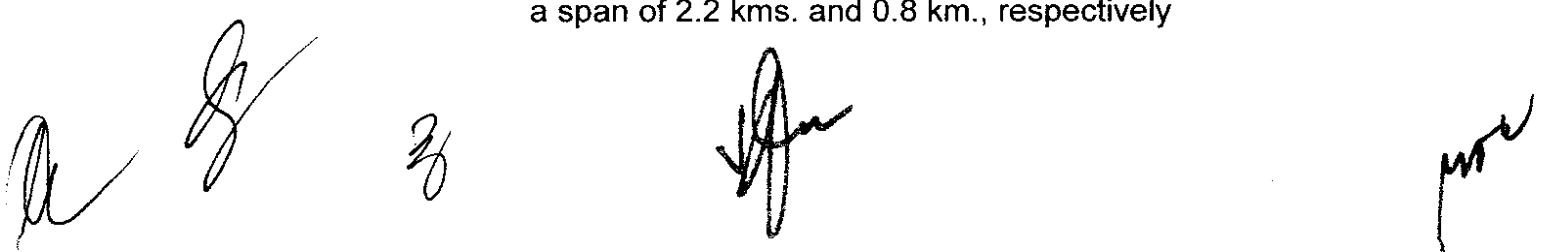
## DISCUSSION

DLPC sought the Commission's approval of the following projects:

### 1. **Upgrading and Maintenance of 13.8 kV Distribution Line**

#### a. Project Description:

- Construction of 3.1 kilometer (km.) new line of 795 Mega Circular Mill (MCM) Aluminum Cable Steel Reinforced (ACSR) from Don Ramon Tertiary to Bunawan Substation and from Don Ramon Tertiary to the proposed 33 MVA Tibungco Substation
- Upgrading and reconductoring of 7.1 km. line of Bunawan Feeder-1 from 4/0 ACSR to 336.4 MCM ACSR
- Upgrading and reconductoring of Pua-1 of 5.4 km. line from 4/0 ACSR to 336.4 ACSR from Ulas Junction to Mintal H-frame
- Replacement of leaking insulators and installation of line Surge Arresters
- Extension of the 13.8 kV Primary line for Malabog (1.35 kms) and Suawan (0.6 km) and installation of secondary line with a span of 2.2 kms. and 0.8 km., respectively



b. Rationale of the Project:

- The project was intended to provide safe, efficient and reliable electric service
- The project was designed to accommodate additional load

c. Actual Project Cost: **PhP15,293,630.00**

**2. Acquisition of Specialized and Small Vehicles**

a. Project Description:

- Acquisition of the following vehicles: 1) 55 ft. Insulated Bucket Truck; 2) Brand New Kia 4 x 4 with double cab; 3) Brand New Kia 4 x 4 with cab and chassis; 4) Second Hand prime mover (Truck Head); 5) Second Hand insulated bucket truck (Small Type); and 6) Brand New Mitsubishi L300 Van

b. Rationale of the Project:

- The project was intended to improve customer service response and augment existing service vehicles

c. Actual Project Cost: **PhP9,815,876.00**

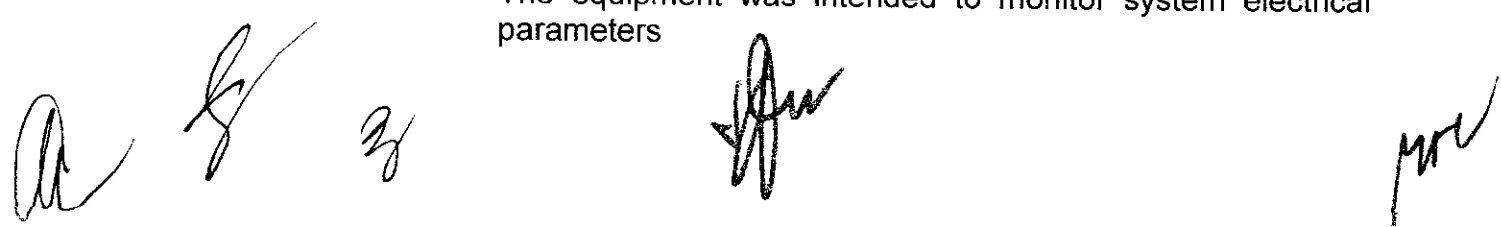
**3. Procurement of Tools and Testing Equipment**

a. Project Description:

- Procurement of the following: 1) Phase Rotation Meter; 2) Tele-height Device; 3) Variable Current and Voltage Generator; 4) Monitoring and Data Logging Equipment; 5) Tools and Testing Equipment for Substation Maintenance and Testing; and 6) Kilowatt-hour Meter Testing and Accuracy Verification Equipment

b. Rationale of the Project:

- The project was intended to increase efficiency and replace antiquated tools and other similar device
- The equipment was intended to monitor system electrical parameters

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c. Actual Project Cost: **PhP13,350,387.00**

**4. Construction and Renovation of Structures**

a. Project Description:

- Construction and renovation of structures at Rondez Complex, Bajada Street, Davao City, and Maa, Davao City

b. Rationale of the Project:

- The project was intended to deliver efficient service to the customers

c. Actual Project Cost: **PhP8,125,079.00**

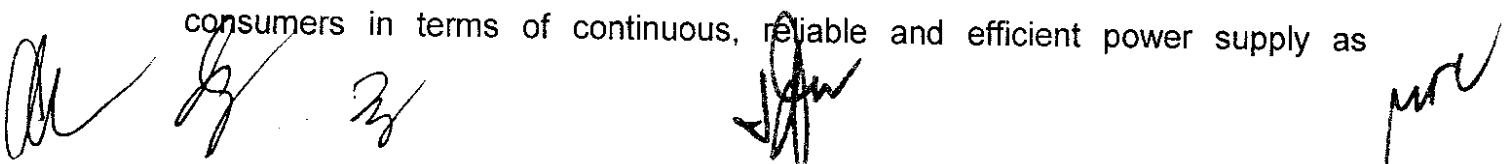
Thus, the actual total project cost is as follows:

DESCRIPTION	COST (PhP)
Upgrading and Maintenance of 13.8 kV Distribution Line	15,293,630.00
Acquisition of Specialized and Small Vehicles	9,815,876.00
Procurement of Tools and Testing Equipment	13,350,387.00
Construction and Renovation of Structures	8,125,079.00
<b>TOTAL</b>	<b>46,584,972.00</b>

**COST ANALYSIS**

DLPC manifested that it conducted competitive bidding for the procurement of major equipment and labor. The funding of the project was sourced through its internally generated funds.

A perusal of the evidence presented herein showed that the completion and acquisition of the aforesaid projects will redound to the benefit of DLPC's consumers in terms of continuous, reliable and efficient power supply as



mandated by Republic Act No. 9136, or the Electric Power Industry Reform Act of 2001 (Section 2. Declaration of Policy – (b) “to ensure the quality, reliability, security and affordability of the supply of electric power”).

**WHEREFORE**, the foregoing premises considered, the application for authority to implement its 2007 major electrical and non-electrical capital projects, with prayer for provisional authority, filed by Davao Light and Power Company, Inc. (DLPC) is hereby **APPROVED**.

Relative thereto, DLPC is hereby directed to pay a permit fee in the amount of Three Hundred Forty-Nine Thousand Three Hundred Eighty-Seven Pesos and Thirty Centavos (PhP349,387.30), within ten (10) days from receipt hereof, computed as follows:

$$\frac{\text{PhP}46,584,972.00}{\text{PhP}100.00} \times \text{PhP}0.75 = \text{PhP}349,387.30$$

**SO ORDERED.**

Pasig City, October 20, 2008.

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson

  
**RAUF A. TAN**  
Commissioner

  
**ALEJANDRO Z. BARIN**  
Commissioner

  
**MARIA TERESA R. CASTAÑEDA**  
Commissioner

  
**JOSE C. REYES**  
Commissioner

**Copy Furnished:**

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Quezon City 1121
- 5. Senate Committee on Energy**  
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Pasay City 1300
- 6. House of Representatives Committee on Energy**  
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- 7. Office of the City Mayor**  
Davao City
- 8. Office of the Municipal Mayor**  
Carmen, Davao del Norte
- 9. Office of the Municipal Mayor**  
Dujali, Davao del Norte
- 10. Office of the City Mayor**  
Panabo, Davao del Norte
- 11. Office of the Municipal Mayor**  
Sto. Tomas, Davao del Norte