

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



IN THE MATTER OF THE  
APPLICATION FOR AUTHORITY TO  
IMPLEMENT 2008 MAJOR CAPITAL  
PROJECTS, WITH PRAYER FOR  
PROVISIONAL AUTHORITY

ERC CASE NO. 2008-087 MC

ANGELES ELECTRIC  
CORPORATION (AEC), Applicant.  
x-----x

DOCKETED  
Date: JAN 23 2009  
By: [Signature]

**DECISION**

Before this Commission for resolution is the application filed on October 8, 2008 by Angeles Electric Corporation (AEC) for authority to implement its 2008 major 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 October 16, 2008, were issued setting the case for initial hearing on November 18, 2008.

In the same Order, AEC 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, with the date of publication to be made not later not later than ten (10) days before the scheduled date of initial hearing. It

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was also directed to inform the consumers, within its 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.

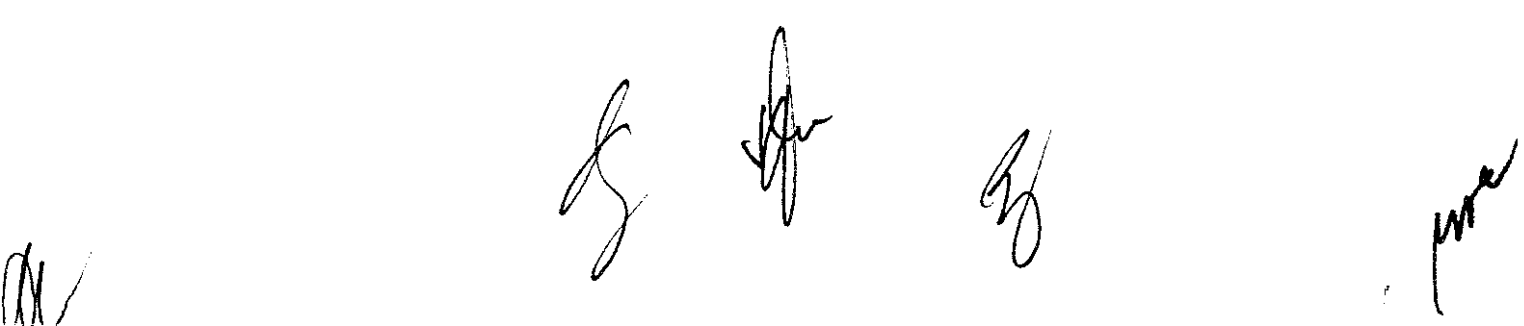
The Office of the Solicitor General (OSG), the Commission on Audit (COA) and the Committees on Energy of both Houses of Congress were furnished with copies of the Order and the Notice of Public Hearing and were requested to have their respective duly authorized representatives present at the initial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

Likewise, the Office of the Mayor of Angeles City, Pampanga was furnished copies of the Order and Notice of Public Hearing for the appropriate posting thereof on its bulletin board.

On November 13, 2008, AEC filed its "*Pre-Trial Brief*".

During the November 18, 2008 initial hearing, only AEC appeared. No intervenor/oppositor appeared nor was there any intervention/opposition registered.

In the said hearing, AEC presented its proofs of compliance with the Commission's posting and publication of notice requirements which were duly marked as Exhibits "A" to "D-1", inclusive. Thereafter, it conducted an expository presentation of its application and presented the following witnesses: 1) Ms. Cristina L. Arboleda, its Accountant, who testified, among others, on the financial

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aspect of the project; and 2) Engr. Eulogio P. Antonio, its Distribution Manager, who testified, among others, on the technical aspect of the project.

On November 20 to 21, 2008, the Commission conducted an ocular inspection on AEC's assets subject of the instant application.

On December 4, 2008, AEC filed its "*Formal Offer of Exhibits and Compliance*" which is hereby admitted for being relevant and material to the final resolution of the case.

## DISCUSSION

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

### 1. Construction of 13.8 kV and 115/230 kV Distribution System

a. Project Description:

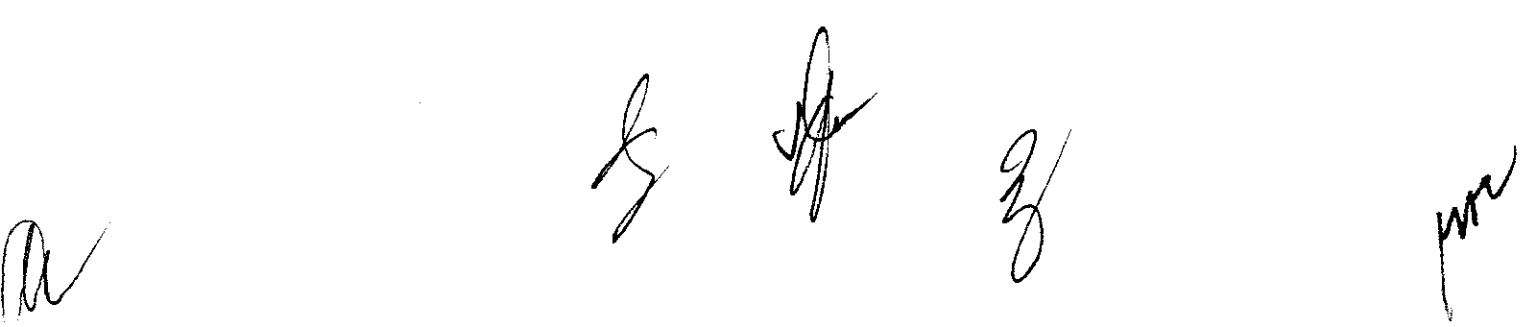
- Construction of 13.8 kV and 115/230 kV distribution system for Savannah Green Plains Subdivision, Pulu Amsic Subdivision, Marquee Place Subdivision and La Terraza Subdivision

b. Rationale of the project:

- The project is intended to address the present as well as the future load requirements of the subdivisions

c. Project Cost:

**PhP23,793,171.54**

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**2. Construction of 13.8 kV Primary Distribution System and Primary Metering Facilities**

a. Project Description:

- Construction of 13.8 kV primary distribution system and primary metering facilities for Angeles Mall

b. Rationale of the project:

- The project is intended to address the present as well as the future load requirements of the Angeles Mall

c. Project Cost:

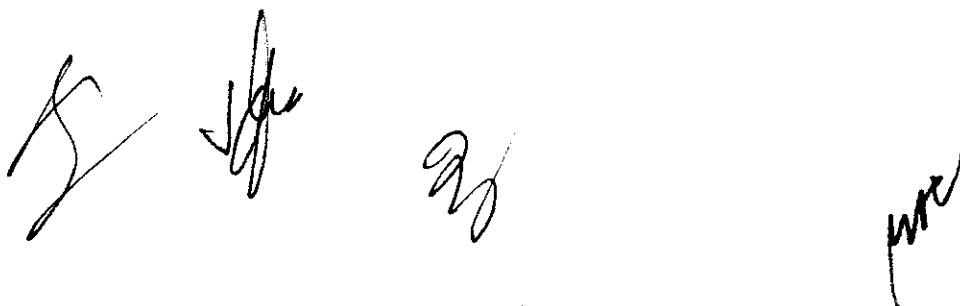
**PhP10,323,340.55**

Thus, the total project cost is as follows:

DESCRIPTION	PROJECT COST (PhP)
Construction of 13.8 kV and 115/230 kV Distribution System	23,793,171.54
Construction of 13.8 kV primary distribution system or primary metering facilities	10,323,340.55
<b>TOTAL</b>	<b>34,116,512.09</b>

**TECHNICAL ANALYSIS**

The Commission made a simulation on AEC's Projected Annual kilowatt-hour (kWh) losses and sales to determine the impact of the project. The tables below show that the implementation of the projects will result to a reduction of 0.14% of AEC's system loss.



**Table 1**

Particular	Transformer			Pri. Line	Total	Proj. Annual Sales (kWh)
	Sec. Line	Core	Copper			
Savannah Green Plains	50,835	23,915	28,940	29,351	133,041	1,502,705
Pulu Amsic	12,879	6,307	9,665	3,583	32,434	451,651
Marquee Place	9,588	7,201	12,904	1,018	30,711	537,280
La Terraza	4,837	3,303	4,424	646	13,210	222,468
Angeles Mall	0	0	0	248,775	248,775	15,768,000
<b>TOTAL</b>	<b>78,139</b>	<b>40,725</b>	<b>55,934</b>	<b>283,373</b>	<b>458,171</b>	<b>18,482,104</b>

**Projected Impact on System Loss**

**Table 2**

Particular	2008	
	Without the Projects	With the Projects
kWh Purchased	370,265,963	389,953,773
kWh Sales	337,545,691	356,027,795
KWh Losses	32,720,272	33,178,443
<b>% Loss</b>	<b>8.84%</b>	<b>8.70%</b>

**COST ANALYSIS**

AEC manifested that the total cost of the capital projects amounting to PhP34,116,512.09 will be funded through its internally generated funds. The said amount represents only the estimated cost of materials of the projects. The labor cost amounting to PhP10,234,953.64 was not included in this application.

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A thorough review of the evidence presented herein showed that the completion of the aforesaid projects will redound to the benefit of AEC'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 2008 major capital projects, with prayer for provisional authority, filed by Angeles Electric Corporation (AEC) is hereby **APPROVED**.

Relative thereto, AEC is hereby directed to pay a permit fee in the amount of Two Hundred Fifty-Five Thousand Eight Hundred Seventy-Three Pesos and Eighty-Five Centavos (PHP255,873.85) within ten (10) days from receipt hereof, computed as follows:

$$\frac{\text{PhP}34,116,512.09}{\text{PhP}100.00} \times \text{PhP}0.75 = \text{PhP}255,873.85$$

Further, AEC is hereby directed to submit the actual costs of the projects upon their completion, including proofs of the competitive biddings (post bidding) conducted on major project items, indicating the following:

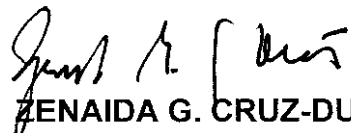
1. Invitation to submit proposals and to bid;
2. Date of publication in the newspaper of the “Invitation to Pre-qualify and to Bid”;



3. Number of suppliers that submitted proposals; and
4. Reasons why it is favorable to AEC to award the purchase of major project items to a certain bidder.

**SO ORDERED.**

Pasig City, January 12, 2009.

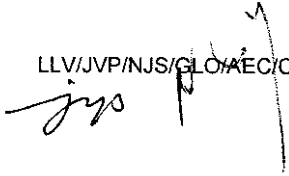
  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson

  
**RAUF A. TAN**  
Commissioner

  
**ALEJANDRO Z. BARIN**  
Commissioner

  
**MARIA TERESA R. CASTAÑEDA**  
Commissioner

  
**JOSE C. REYES**  
Commissioner



**Copy Furnished:**

- 1. The Law Firm of Manjares and Manjares**  
**ATTY. NORBERTO C. MANJARES, III**  
Counsel for AEC  
No. 5 Saint Anne Street, Provident Villages  
Marikina City
- 2. Office of the Solicitor General**  
134 Amorsolo Street, Legaspi Village,  
Makati City, Metro Manila
- 3. Commission on Audit**  
Commonwealth Avenue  
Quezon City, Metro Manila
- 4. Senate Committee on Energy**  
GSIS Building, Roxas Boulevard  
Pasay City, Metro Manila
- 5. House Committee on Energy**  
Batasan Hills, Quezon City, Metro Manila
- 6. Angeles Electric Corporation (AEC)**  
Don Juan D. Nepomuceno Avenue corner  
Teresa Avenue, Nepo Mart Complex, Angeles City
- 7. Office of the City Mayor**  
Angeles City, Pampanga