

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



IN THE MATTER OF THE  
APPLICATION FOR THE  
APPROVAL OF THE ELECTRIC  
POWER PURCHASE  
AGREEMENT BETWEEN  
SOUTHERN LEYTE  
ELECTRIC COOPERATIVE,  
INC. (SOLECO) AND PALM  
CONCEPCION POWER  
CORPORATION (PCPC)

ERC CASE NO. 2015-013 RC

SOUTHERN LEYTE  
ELECTRIC COOPERATIVE,  
INC. (SOLECO) AND PALM  
CONCEPCION POWER  
CORPORATION (PCPC),  
Applicants.

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DOCKETED  
Date: SEP 11 2015  
By: W

**ORDER**

On January 15, 2015, Southern Leyte Electric Cooperative, Inc. (SOLECO) and Palm Concepcion Power Corporation (PCPC) filed an application for the approval of their Electric Power Purchase Agreement (EPPA).

In the said application, SOLECO and PCPC alleged, among others, that:

1. SOLECO is a non-stock, non-profit electric cooperative organized and existing under Presidential Decree No. 269 (P.D. 269), as amended, with principal office at Nasaug, Maasin City, Southern Leyte. It has a franchise to distribute electricity in the City of Maasin and the Municipalities of Anahawan, Bontoc, Hinunangan, Hinundayan, Macrohon, Malitbog, Padre Burgos, Pintuyan, San Ricardo, St. Bernard, San Francisco, San Juan, Silago, Tomas Oppus, Sogod, Libagon, Limasawa, Liloan all within the Province of Southern Leyte;

2. PCPC is a domestic corporation duly organized and existing under the laws of the Republic of the Philippines with principal office address at Brgy. Nipa, Municipality of Concepcion, Province of Iloilo. The copies of the following documents are hereby submitted as part of the application:
  - a. Copies of PCPC's Certificate of Registration, Articles of Incorporation, latest General Information Sheet, latest Audited Financial Statements and Board of Investments Certificate of Registration for the Concepcion Power Plant Project;
  - b. A summary of the relevant technical characteristics of the Power Plant; and
  - c. A summary of the transmission projects or grid connection projects necessary to complement the Power Plant;

### **NATURE OF THE APPLICATION**

3. Pursuant to Rule 20 (B) of the Commission's Rules of Practice and Procedure (ERCRPP) and other pertinent rules and regulations, the instant application is submitted to the Commission for the approval of their EPPA;

### **COMPLIANCE WITH PRE-FILING REQUIREMENTS**

4. In compliance with the pre-filing requirements mandated under Rule 3, Section 4 (e) of the Implementing Rules and Regulations (IRR) of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 or the EPIRA, and Rule 6 of the ERCRPP, they have furnished the local legislative Bodies of the local government units where they principally operates with a copy of the instant application together with all the annexes and accompanying documents. Copies of the affidavits of Service of the Presiding Officer or Secretary or their duly authorized representatives of the legislative bodies of the Provinces of Southern Leyte and Iloilo and

Concepcion, Iloilo where PCPC principally operates, are attached to the instant application;

5. They have caused the publication of the instant application in its entirety in a newspaper of general circulation within the franchise area of SOLECO. Copies of the corresponding Affidavit of Publication and the newspaper are attached to the instant application;

### **Statement of Facts and of the Case**

6. PCPC sent a letter to the Board of Directors of SOLECO offering to supply a portion of its power requirements from the PCPC Power Plant by 2016. The representatives of PCPC thereafter made a presentation to the Board of Directors of SOLECO for the supply of power from PCPC Power Plant;
7. They, thereafter, commenced negotiations for the execution of the EPPA. SOLECO considered the need to address the security of the long term power supply requirements of the consumers in its franchise area which is projected to increase yearly up to 2016 and onwards and which shall be adversely affected by the expiration of the Transition Supply Contract/Contract for the Supply of Electric Energy (TSC/CSEE) with the National Power Corporation/Power Sector Assets and Liabilities Management Corp. (NPC/PSALM);

### **SOLECO DEMAND-SUPPLY PROJECTIONS**

8. The franchise area of SOLECO had a total peak power demand of 17.6 MW in the year 2013. Currently, SOLECO sources its electric power requirements from the NPC/CSEE with a term until September 2015 and the balance is sourced from the Wholesale Electricity Spot Market (WESM);
9. For 2014, the demand within the SOLECO franchise is projected to decrease by 6% due to the effects of Typhoon Yolanda. In 2015, the demand within the SOLECO franchise area is projected to grow by 6.6% and

4.6% a year thereafter. Thus, by 2016, SOLECO will need an additional 2.5 MW of power supply. This demand growth is what is sought to be supplied by a portion of the contained capacity under the EPPA with PCPC. This is consistent with the DDP of SOLECO;

10. The Department of Energy (DOE) has projected that the Visayas Grid will need an additional 100 MW of generating capacity by 2015. A copy of the supply demand-scenario for 2012 to 2030 as projected by the DOE in the 2012 Supply-Demand Outlook, as available in [http://www2.doe.gov.ph/news/2013\\_Supply-Demand\\_Outlook.pdf](http://www2.doe.gov.ph/news/2013_Supply-Demand_Outlook.pdf) is attached to the instant application;
11. In the attached 2012 DOE Supply-Demand Outlook, it is clearly indicated that the DOE has programmed the first 135 MW unit of PCPC in Concepcion, Iloilo to address the additional generating capacity requirements of the Visayas Grid by 2016;
12. As stated above, the supply by NPC/PSALM of power to SOLECO under the TSC/CSEE will only be until September 2015 or until such time that the Administrator for the Bulk Power of the Unified Leyte shall have been selected and awarded to responsive bidder whichever comes first. The TSC/CSEE will not be renewed given the privatization of the remaining NPC/PSALM generating assets in the Visayas Grid. There is no assurance that SOLECO can continually source power from the said generating assets once they are privatized. This will result in the unpredictability of the supply and cost of electricity to the consumers of SOLECO and may exposed SOLECO to the volatility in the price of electricity in the spot arket. A portion of the lost supply from NPC/PSALM is also what is sought to be sourced by SOLECO from PCPC under the EPPA;
13. A copy of the Certification from NPC/PSALM to SOLECO that the TSC/CSEE of SOLECO with NPC/PSALM will only be until September 2015 or until such time that the Administrator for the Bulk Power of the Unified Leyte shall have been selected and awarded and further urging SOLECO to explore contracting its power requirements from other power suppliers in the Visayas;

**Details on the Procurement Process undertaken by SOLECO**

14. As stated earlier, PCPC sent a letter to SOLECO offering to supply base load power from its Power Plant beginning in 2016. SOLECO determined that the offer of PCPC to supply a portion of its power requirements by 2016 was very suitable since it was from a brand new power plant that would add new additional generating capacity in the Visayas Grid by 2016;
15. SOLECO learned that, at that time:
  - a) The PCPC Power Plant was the only new power plant project in the Visayas that already has an Environmental Clearance Certificate (ECC) from the Department of Environment and Natural Resources (DENR); and
  - b) The PCPC project is the only new power plant classified as committed to come on line by 2016 by the DOE in the Power Development Plan;
16. Thus, at the time of the execution of the EPPA, SOLECO determined that the PCPC power plant will be the only new base load generating capacity that will be available and on line to meet its additional load requirements by 2016;
17. SOLECO also plans to contract for the supply of a portion of its current power requirements through the Joint Competitive Power Supply Procurement of the Region 8 electric Cooperatives under which SOLECO has committed a 5 MW portion of its short term base load power requirements from 2015-2018;
18. Copies of ECC No. 0606-006-402 for the Power Plant issued by the DENR on May 27, 2007 and the approved amendments thereto dated October 12, 2012 are attached to the instant application;

19. With the completion and coming in of the PCPC power plant, it will address the growing requirements of the SOLECO consumers and will prevent a shortage of power supply in its franchise area as well as for the whole Visayas Grid. In addition, sourcing power the PCPC Power Plant will insulate SOLECO consumers from the potential volatility of prices in the spot market. Also, since the PCPC Power Plant will be coal-fired, the electricity it will generate will be much less expensive than other available capacities in the Visayas which utilize bunker or diesel. Further, SOLECO determined that its supply of electricity for its franchise area would be more secure if it sourced its requirements from various generating plants/suppliers;
20. Further, since the PCPC Power Plant is located in Panay Island in the Western Visayas the power that it will supply to SOLECO will pass through the submarine cables from Panay Island to Negros Island and onward to Cebu and to Leyte Island which have been free from line congestion charges;
21. Further, they were informed that the Commission in ERC Case No. 2013-024 RC has already approved the application of NGCP for the early implementation of its planned upgrading/uprating of the said submarine cable which is included in Phase 1 of NGCP's planned Cebu-Negros-Panay 230 kV backbone project;
22. Given that there was no other new base-load power plant project with an ECC that was programmed and committed to come on line in the Visayas by 2016, SOLECO entered into the subject EPPA with PCPC on September 3, 2014 to ensure the security, affordability and reliability of its supply of power to meet the demand growth of the consumers in its franchise area and to avoid the potential exposure to spot market price volatility;

**EXECUTIVE SUMMARY AND ABSTRACT OF THE  
ELECTRIC POWER PURCHASE AGREEMENT**

23. **Executive Summary.** Under the EPPA, PCPC agreed to supply and deliver, and SOLECO agreed to take and pay for electricity supplied by PCPC, at a contracted capacity of 4 MW (the "Contracted Capacity"), with a load factor of

100% to be delivered in accordance with the Minimum Contracted Energy and the Daily Generation Schedule (DGS) which is fixed on a daily and hourly basis in accordance with the EPPA. In all Intervals as provided under the EPPA, SOLECO shall nominate no less than 50% of its Contracted Capacity;

24. **Monthly Contracted Capacity and Energy.** The agreed monthly contracted capacity and contracted energy under the EPPA between PCPC and SOLECO is as follows:

Billing Month	Capacity (kW)	Minimum Contracted Energy*(kWh)
January	4,000	2,880,000
February	4,000	2,880,000
March	4,000	2,880,000
April	4,000	2,880,000
May	4,000	2,880,000
June	4,000	2,880,000
July	4,000	2,880,000
August	4,000	2,880,000
September	4,000	2,880,000
October	4,000	2,880,000
November	4,000	2,880,000
December	4,000	2,880,000

\* to be adjusted upon Commercial Operations of the Plant for actual number of days in a given billing period and for planned outage schedules and unplanned outages

25. **Delivery Point.** The Contracted Capacity and electricity shall be delivered by PCPC to SOLECO at the delivery point which is the High Voltage side of the transformer at the Power Plant as designated in the EPPA (Schedule 3) on the Initial Delivery Date. PCPC shall deliver or cause the delivery of such electricity in accordance with good utility practice and in compliance with appropriate rules and regulations such as the Grid Code and the Distribution Code, the WESM Rules and the Open Access Transmission Service Rules;

26. **Initial Delivery Date.** The Initial Delivery Date upon which PCPC must deliver the Contracted Capacity and Energy to SOLECO under the terms of the EPPA is June 26, 2016. The Electricity Fees under the EPPA (Schedule 4) are as follows:

**SCHEDULE 4  
ELECTRICITY FEES**

(Commercial Operations)

At Load Factor of 100%

Rate Components: (As of August 2012)

Capacity Recovery Fee	=	PhP 2.550/kwh
O & M Fee (PhP)	=	0.364/kwh
O & M Fee (USD)	=	0.386/kwh
Fuel	=	2.310/kwh
TOTAL	=	PhP 5.610/kwh

Note: Fuel costs quoted above is based on June 2014 price of coal per PCPC contract with its coal supplier and import Duties, Fees and Taxes are assumed to be zero due to ASEAN Free trade Agreement.

**Formula:**

$$\text{Electricity Fees} = \text{Energy Fees} + \text{Actual Fuel Cost}$$

$$\text{Energy Fees} = \text{Tariff Fees} \times E$$

$$\text{Tariff Fees} = \text{CRF} + \text{O\&M Fees}$$

$$\text{O\&M Fees} = \left( \text{PhPO\&M} \times \frac{\text{PhCPI}_c}{\text{PhCPI}_b} \right) + \left( \text{USDO\&M} \times \frac{\text{USCPI}_c}{\text{USCPI}_b} \times \text{Forex} \right)$$

$$\text{Actual Fuel Cost} = \text{Fuel Cost} \times E$$

$$\text{Fuel Cost} = \left[ \frac{(\text{Current Fuel Cost} + \text{Transport Cost}) (\text{Forex}) + \text{Import Duties, Fees \& Taxes}}{1,000} \right] \left[ \text{Consumption Rate} \right]$$

$$\text{Current Fuel Cost} = \left[ \text{New C Price Index} \times \frac{5400 \text{ kcal/kg GAD}}{6700 \text{ kcal/kg GAD}} \right] \times (100\% - 17\% \text{ discount rate})$$

**Where:**

$$\text{CRF} = \text{Capacity Recovery Fee} = \text{Php } 2.55/\text{kWh}$$

$$\text{PhPO\&M} = \text{Peso-based O\&M Fee} = \text{Php } 0.375/\text{kWh}$$



PhCPI <sub>c</sub>	=	Philippine CPI for the current month for all items as published by the NSO
PhCPI <sub>b</sub>	=	Base Philippine CPI = 131.5 (August 2012)
USDO&M	=	U.S. Dollar-based O&M Fee = USD 0.0090/kWh
USCPI <sub>c</sub>	=	U.S. CPI for the current month for all items as published by the U.S. Bureau of Labor Statistics (USBLS)
USCPI <sub>b</sub>	=	Base U.S. CPI = 230.379 (August 2012)
Forex	=	Reference exchange rate (in PhP per US\$) on the meter reading date, as published by the Bangko Sentral ng Pilipinas (BSP), <a href="http://www.bsp.gov.ph">www.bsp.gov.ph</a>
E	=	Minimum Contract Energy or Energy Delivered, whichever is higher
New C Price	=	Running average of the preceding three-month weekly reference price for thermal coals delivered on an FOB basis at Newcastle port for 6700kcal/kg coal as per the Global Coal Newcastle Physical Trading as published in <a href="http://www.globalcoal.com">www.globalcoal.com</a>
Transport Cost	=	Actual Transport Price per MT unit
Consumption Rate	=	Actual consumption rate or the ceiling of 0.647kg/kWh whichever is lower escalated at a rate of 1.5% per year

27. **Price Formula for Coal.** The agreed coal price formula in the coal supply contract of PCPC with P.T. Pevensey is reflected in the Schedules 4, 5a and 5b of the EPPA, in accordance with the established policy of the Commission that fuel costs are on a pure pass-through basis;
28. **Details of the Fuel Procurement.** The details for the fuel procurement of PCPC for the Coal requirements of the Power Plant are attached to the instant application;
29. **Terms.** The EPPA shall have a term of twenty (20) years commencing on the Initial Delivery Date and ending on the twentieth (20<sup>th</sup>) anniversary of such commencement date, unless sooner terminated pursuant to the terms of the EPPA. The Initial Delivery Date is the date of the commencement of PCPC's obligation to deliver to SOLECO, and for SOLECO, to purchase, the Contract Capacity and Contract Energy, provided the Commission has approved the EPPA;

30. **Allowed Schedule of Outage.** Under the EPPA, PCPC is allowed a Scheduled Outage which shall not exceed thirty (30) days (a) year and an Allowed Unscheduled Outage period of fifteen (15) days per calendar year. Any unutilized Allowed Scheduled Outage periods may be used for Allowed Unscheduled Outages and vice versa but any unutilized Allowed Scheduled and Unscheduled Outage allowances within a calendar year will not be accumulated for use during the succeeding years of the Cooperation Period;
31. **Reduction or Increase in the Contracted Capacity Due to Open Access.** SOLECO shall be entitled to a reduction in its Contracted Capacity as a result of the transfer of any of its contestable market to another supplier upon at least sixty (60) days prior notice to PCPC and provided further that: (i) the transfer is direct to PCPC or (ii) or if PCPC is able to contract with suitable alternative market to sell the portion of Contracted Capacity reduced by such contestable market. If a contestable market of SOLECO ceases operations, it is allowed under the EPPA to reduce its contracted Capacity to the extent of the aforesaid contestable market's contribution to the total Contracted Capacity contracted by SOLECO under the EPPA, provided that such reduction shall be distribution proportionately by SOLECO among all its suppliers of electricity. SOLECO may source any of its additional power requirements from PCPC at the same terms and conditions agreed in the EPPA, subject to the availability of capacity from the Power Plant;
32. **Billing Month.** A Billing Month under the EPPA means the period commencing on the first hour of the twenty sixth (26<sup>th</sup>) day of a calendar month and ending on the last hour of the twenty fifth (25<sup>th</sup>) day of the next calendar month. Within ten (10) working days after the end of each Billing Month, PCPC shall deliver to SOLECO an invoice in respect of Electricity Fees payable for the previous Billing Month. The due dates for such invoice shall be fifteen (15) calendar days after receipt of such billing;

33. **Prompt Payment Discount.** In the event that the full and proper payment for the Electricity is made by SOLECO within seven (7) days from receipt of the invoice, PCPC shall grant to SOLECO a prompt payment discount equivalent to one percent (1%) of the CRF portion of the Electricity Fees (exclusive of, O&M fees, fuel cost and any applicable charges and taxes), corresponding to the energy billed for such Billing Month. All payments under the EPPA shall be made in Pesos. Further, SOLECO is not required to post any Security Deposit under EPPA;
34. **Charges, Expenses and Taxes.** In relation to the supply of electricity by PCPC to SOLECO, any charges, costs, expenses, and fees that may be charged to, incurred and/or assumed by PCPC or otherwise imposed by NGCP, any Governmental Authority, or any other third party, for transmission and/or Ancillary Services and other related services in connection with the delivery of electricity under the EPPA shall be paid by SOLECO;
35. **Causes For Termination.** In the event that the EPPA is terminated by PCPC on the grounds of (a) the failure of SOLECO to pay the Electricity Fee or any other amounts payable under the EPPA; (b) breach by SOLECO of any of the provisions of the EPPA and its failure to cure the breach within the prescribed period; and (d) termination by PCPC of the EPPA upon the occurrence of any events of default under the EPPA, SOLECO shall be liable to pay liquidated damages in the form of a termination penalty amounting to capital recovery fees for the remainder of the Cooperation Period but not to exceed three (3) years. Upon the termination of the EPPA in bad faith by PCPC, it shall pay SOLECO liquidated damages in the form of a termination penalty amounting to the capital recovery fees as approved by the Commission for the remainder of the Cooperation Period but not to exceed three (3) years;

#### **STAGES OF SUPPLY**

36. The Electricity Fees correspond to the different stages of supply of the Power Plant computed in accordance with Schedules 4, 5a and 5b of the EPPA;

37. **Testing, Commissioning and Pre-Commercial Operation.** In accordance with the Decision of the Commission in ERC Case No. 2013-205 RC, PCPC shall only charge, during the testing, commissioning and pre-commercial operations period the approved Variable O&M Fee of PhP0.1426/kWh and pass on fuel costs for electricity actually delivered during the said periods;
38. **Commercial Operation.** During the commercial operations period which shall commence on the Initial Delivery Date, PCPC will deliver to SOLECO on a firm basis, the Contracted Capacity and Minimum Contracted Energy from the Power Plant, subject to the payment of Electricity Fees by SOLECO computed in accordance with the formula specified in the amended Schedule 4 of the EPPA approved by the Commission in ERC Case No. 2013-205 RC;
39. The EPPA thus proposes separate rates on the power delivered by PCPC to SOLECO, depending on the stage of the operations of the Power Plant development (i.e., during testing and commissioning, during Pre-Commercial Operation Period, or on Commercial Operations) which rates have been approved by the Commission in ERC Case No. 2013-205 RC;

#### **IMPACT OF EPPA ON SOLECO'S GENERATION COSTS**

40. Should the Commission approves the Electricity Fees under the EPPA, there is a projected decrease in generation cost of SOLECO of Forty-Nine Centavos (PhP0.49) per kWh on the Initial Delivery Date in 2016, upon commercial operations of the Power Plant as compared to SOLECO sourcing all its requirements from the WESM at such time given that its TSC/CSEE with NPC/PSALM under which SOLECO currently sources almost all its electricity requirements would have been expired already at such time;
41. Should the Commission approve the Electricity Fees under the EPPA and allow PCPC to deliver and SOLECO to receive power during the testing and commissioning and pre-commercial operation periods, there will be a

decrease in the generation costs of SOLECO of PhP1.7297 per kWh as compared to SOLECO sourcing all its requirements from the WESM at such time. A copy of the simulation of the impact on the impact of the proposed rates of PCPC on the generation cost is attached to the instant application;

42. The rate impact simulation of SOLECO during the testing and commissioning and pre-commercial operations periods was based on the rates in the EPPA simulated as of July 2014;
43. The expected additional capacity from PCPC even as early as the testing and commissioning and pre-commercial operations of the Power Plant will contribute greatly to the improvement of the quality, reliability and affordability of electric power delivered to the consumers of SOLECO and the security of supply and stability of the Visayas power grid;
44. Under the terms of the EPPA, among the conditions precedent to the performance by SOLECO and PCPC of their respective obligations thereunder is the approval by the Commission of the instant application;
45. Thus, for PCPC to be able to deliver and SOLECO to be able to receive power from the former as early as the testing and commissioning and the pre-commercial operations of the Power Plant, it is imperative that the Commission approve the EPPA;
46. **Project Cost.** A summary of the relevant information on the project cost for the 135 MW coal-fired power generation facility of PCPC is provided in the Summary of Project Cost attached to the instant application;
47. **Funding Sources of Funds, Cash Flow and Basis for the Purchased Power Rate.** The Project shall be funded through loans from financial institutions and equity from the shareholders. Summaries of the relevant information on PCPC's sources of funds for the Power Plant, cash

flow and basis for the purchased power rate in the EPPA are attached to the application;

48. **Bank certification.** A Certification from the BDO Capital and Investments, Inc., the Lead Arranger of the financing of the Project, on the principal amortization, term and interest of the respective loan agreements for the Project is attached to the instant application;
49. **Rates Schedule.** The Electricity Fee is computed and specified in Schedules 4, 5a and 5b of the EPPA;
50. **Capital Recovery Fee of PhP2.55/kWh.** The project cost for the Power Plant would yield a higher Capital Recovery Fee (CRF). However, PCPC decided not to adopt an increased CRF since it already had a contractual commitment to SOLECO under the EPPA and further for the Power Plant to remain competitive in the Visayas Grid. The purchased power rate for the PCPC Power Plant including the Capital Recovery Fee and its other components, upon Commercial Operations of the said plant as stipulated in the EPPA between them, is exactly the same as the rates approved by the Commission for the PCPC Power Plant in ERC Case No. 2013-205 RC;
51. **WESM Membership.** SOLECO is already a member of the WESM. PCPC undertakes that it shall become a member of the WESM prior to the testing and commissioning of the Power Plant in accordance with the WESM Rules;
52. **Agreement on Grid Connection.** The PCPC is connected to the Visayas grid through the National Grid Corporation of the Philippines (NGCP). PCPC has already executed a Connection Agreement (CA) with NGCP. It shall enter into a Transmission Service Agreement (TSA) and Metering Service Agreement (MSA) with NGCP prior to the time that the Power Plant will require feedback power from the grid;

53. **Board Resolutions.** A copy of the Board Resolution adopted by the Board of Directors of PCPC authorizing the joint filing of the instant application with SOLECO and a copy of the Board Resolution passed by the Board of Directors SOLECO approving the execution of the EPPA with PCPC are attached to the instant application;

**ALLEGATIONS IN SUPPORT OF  
MOTION FOR NON-DISCLOSURE OF CONFIDENTIAL  
INFORMATION**

54. Under Article 10 of the EPPA, they agreed to keep in strict confidence all "Confidential Information" of PCPC, to ensure that no Confidential Information of PCPC is disclosed to third parties and that they shall use utmost efforts to prevent any unauthorized disclosure of Confidential Information. Such Confidential Information includes any information relating to the operations, businesses, technology, practices, products, marketing, sales, services, finances or legal affairs of PCPC, as well as actual or prospective customers, business partners, market opportunities, business, sales, marketing, technical, financial and legal plans, proposals and projections, product information, know-how, design rights, trade secrets, concepts, techniques, processes, methods, systems, designs, programs, codes, formula, research, experimental works and works in progress;
55. They request that pursuant to their agreement to maintain in strict confidence all confidential information of PCPC, Annexes "Q", "R", "S", "T", "U", "V" and "W" which contain certain non-public information, data and calculations involving business operations and financial trade secrets reflecting PCPC's investment and business calculations, be treated as confidential documents;
56. Under Rule 4 of the ERC Rules, the Commission may, upon request of a party and the determination of the existence of conditions which would warrant such remedy, treat certain information submitted to it as confidential. Pursuant to such provision, they

respectfully request for the issuance of a protective order declaring the foregoing information, data and calculations contained in Annexes "Q", "R", "S", "T", "U", "V" and "W" as confidential information;

57. Further, in accordance with Section 1(b), Rule 4 of the Commission's Rules, they are submitting one (1) copy of Annexes "Q", "R", "S", "T", "U", "V" and "W" in a sealed envelope, with the envelope and each page of the document stamped with the word "Confidential"; and

58. Thus, they pray that:

a) An Order be issued treating Annexes "Annexes "Q", "R", "S", "T", "U", "V" and "W" of the instant application, as confidential documents and the information contained therein as confidential and directing its non-disclosure pursuant to Rule 4, Section 1 of the Commission's Rules of Practice and Procedure and prescribing the guidelines for the protection thereof; and

b) After full proceedings on the merits, issue a Decision approving the terms of the EPPA between them, thereby authorizing PCPC to charge and collect from SOLECO the Electricity Fees corresponding to the (1) Testing and Commissioning Period, (2) Pre-Commercial Operation Period, and (3) Commercial Operations Date as contained in the EPPA, and authorizing SOLECO to pass the full amount thereof to its consumers.

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 jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 30, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.) at the SOLECO's Main Office, Brgy. Nausug, Maasin City.**



SOLECO and PCPC are hereby directed to cause the publication of the attached Notice of Public Hearing, at their own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing. They are also directed to inform the consumers within SOLECO's franchise area, by any other means available and appropriate, of the filing of the instant application, their reasons therefor, and of the scheduled hearing thereon.

Let copies of the application, this Order, and the attached Notice of Public Hearing be furnished 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 hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Provincial Governor of Southern Leyte and the Mayors of the City and Municipalities within the franchise area of SOLECO for the appropriate posting thereof on their respective bulletin boards.

SOLECO and PCPC are hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, SOLECO and PCPC must submit to the Commission their written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governor and Mayors or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

SOLECO, PCPC and all interested parties are directed 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:

- (a) A summary of admitted facts and proposed stipulation of facts;
- (b) The issues to be tried or resolved;
- (c) The documents or exhibits to be presented, stating the purposes thereof and proposed markings therefore; and
- (d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-Trial Brief.

Failure of SOLECO and PCPC to submit the required Pre-Trial Brief and Judicial Affidavits of their witnesses 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 said date of cancellation.

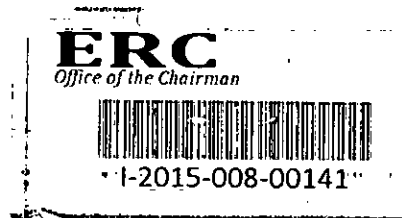
As part of the pre-trial conference, SOLECO and PCPC must also be prepared to make an expository presentation of their application, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

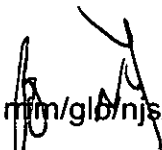
**SO ORDERED.**

Pasig City, September 1, 2015.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSE VICENTE B. SALAZAR**  
Chairman



  
m/m/glob/njs/desktop/psa/pcpc

Copy furnished:

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2. Palm Concepcion Power Corporation  
Brgy. Nipa, Municipality of Concepcion,  
Province of Iloilo.
3. The Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village, Makati City  
Metro Manila
4. The Commission on Audit  
Don Mariano Marcos Avenue  
Diliman, Quezon City
5. The Senate Committee on Energy  
Senate of the Philippines  
GSIS Building, Roxas Blvd., Pasay City
6. The House Committee on Energy  
House of Representatives  
Batasan Hills, Quezon City
7. The City Mayor  
Maasin, Southern Leyte
8. The Municipal Mayor  
Anahawan, Southern Leyte
9. The Municipal Mayor  
Bontoc, Southern Leyte
10. The Municipal Mayor  
Hinunangan, Southern Leyte
11. The Municipal Mayor  
Hinundayan, Southern Leyte
12. The Municipal Mayor  
Macrohon, Southern Leyte
13. The Municipal Mayor  
Malitbog, Southern Leyte
14. The Municipal Mayor  
Padre Burgos, Southern Leyte
15. The Municipal Mayor  
Pintuyan, Southern Leyte

16. The Municipal Mayor  
San Ricardo, Southern Leyte
17. The Municipal Mayor  
St. Bernard, Southern Leyte
18. The Municipal Mayor  
San Francisco, Southern Leyte
19. The Municipal Mayor  
San Juan, Southern Leyte
20. The Municipal Mayor  
Silago, Southern Leyte
21. The Municipal Mayor  
Tomas Oppus, Southern Leyte
22. The Municipal Mayor  
Sogod, Southern Leyte
23. The Municipal Mayor  
Libangon, Southern Leyte
24. The Municipal Mayor  
Limasawa, Southern Leyte
25. The Municipal Mayor  
Liloan, Southern Leyte
26. The Provincial Governor  
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27. Mr. Pete L. Ilagan  
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