

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF ITS
PROPOSED 2016 CAPITAL
EXPENDITURE PROJECTS**

ERC CASE NO. 2016-006 RC

**ANGELES ELECTRIC
CORPORATION (AEC),
Applicant.**

X-----X

D U C K E T E D
Date: APR 12 2016
By: _____

ORDER

On 18 January 2016, the Angeles Electric Corporation (AEC) filed an application for approval of its capital expenditure projects for the year 2016.

In the said application, AEC alleged, among others, the following:

1. AEC is a distribution utility (DU) duly organized and existing under Philippine law, with principal office address at Don Juan Nepomuceno corner Doña Teresa Street, Nepo Mart Complex, Angeles City. It is franchised to construct, own, operate and maintain an electric distribution system in Angeles City, Pampanga represented herein by its President, Geromin T. Nepomuceno.
2. In its continuing efforts to provide safe, reliable and quality service not only to its existing customers but also to accommodate the demand requirements of its incoming new customers, AEC proposes the following capital expenditure projects for 2016:

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Project Description		Estimated Project Cost in PhP
A	NETWORK PROJECTS	
1	Installation of Feeder Breaker at Petersville Substation as protection for the 69 kV Petersville to Pampang Sub TL	16,217,500.00
2	Construction of 69kV Line @ Sto. Cristo	9,032,605.63
3	Reconductoring of 13.8kV Lines to 336.4 MCM ACSR	7,453,895.26
4	Design & Construction of Distribution System for Fiesta Communities	9,453,448.56
5	Purchase of 45 units, 13.8kV Fault Indicator	1,080,000.00
	SUB-TOTAL	43,237,449.45
B	OTHER NETWORK PROJECTS	
1	Procurement of Pole-Mounted Distribution Transformers	17,880,407.29
2	Procurement of kWh Meters & Instrument Transformers (CT & PT)	17,731,651.86
3	Procurement of Check Meters & Cluster Metering Facilities	8,544,922.46
	SUB-TOTAL	44,156,981.61
C	NON-NETWORK PROJECTS	
1	Procurement of Back-Up Generators & Automatic Transfer Switch	1,071,000.00
2	Procurement of Uninterruptible Power Supply for Substations & SCADA	285,600.00
3	Procurement of Back-Up Wireless Broadband Communication System	1,973,000.00
4	Procurement of 2 Units High Reach Bucket Trucks	18,600,000.00
5	Procurement of 2 Units Boom Trucks	17,960,000.00
6	Procurement of Information Technology (I.T.) Equipment	1,324,200.00
7	Billing, Collection, Customer Service, Crew Dispatch System Upgrade	12,854,691.00
8	Purchase of 7 Units of Inverter Split-Type Air Conditioners	912,404.60
9	Purchase of Service Vehicles to Replace Old Vehicles	5,034,000.00
10	Construction of Buildings for Line Material Warehouse/Supply & Purchasing Section Office	17,650,000.00
	SUB-TOTAL	77,664,895.60
	GRAND TOTAL	PHP 165,059,326.66

3. A simulation of the estimated rate impact of the proposed 2016 CAPEX Projects is shown below:

	2016			TOTAL
	1	2	3	
	NETWORKS	OTHER NETWORKS	NON NETWORKS	
Total Project Cost	43,237,449.45	44,156,981.61	77,664,895.60	165,059,326.66
Add: Working Capital (7.8% of OPEX per Final Determination)	277,344.16	344,424.46	352,304.58	974,073.20
Total Asset Base Subject to Return	43,514,793.61	44,501,406.07	78,017,200.18	166,033,399.86
Return on Rate Base/WACC	14.97%	14.97%	14.97%	14.97%

Return on Capital	6,514,164.60	6,661,860.49	11,679,174.87	24,855,199.96
OPEX	3,555,694.37	4,415,698.16	4,516,725.37	12,488,117.90
Regulatory Depreciation	1,369,185.90	1,564,722.72	7,587,952.51	10,521,861.13
Corporate Income tax	0.00	0.00	0.00	0.00
Other Taxes	324,280.87	331,177.36	582,486.72	1,237,944.95
Annual Revenue Requirement	11,763,325.75	12,973,458.73	24,366,339.46	49,103,123.94

Forecasted Energy Sales 2016, kWh	456,440,063	456,440,063	456,440,063	456,440,063
Rate Impact Php/kWh	0.0258	0.0284	0.0534	0.1076

4. AEC prays that the Commission:

- a.) Issue a provisional authority authorizing it to implement its proposed capital expenditure projects for 2016;
- b.) Issue, after due notice and hearing, a decision approving with finality its proposed capital expenditure projects for 2016.

Finding the said application sufficient in form and 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 **8 June 2016 (Wednesday) at two o'clock in the afternoon (2:00 P.M.) at AEC's Principal Office, Don Juan Nepomuceno corner Doña Teresa Street, Nepo Mart Complex, Angeles City.**

AEC is hereby directed to cause the publication of the attached Notice of Public Hearing in two (2) newspapers of general 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, with the date of last publication made not later than ten (10) days before the date of the scheduled initial hearing. It is 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.



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 hearing.

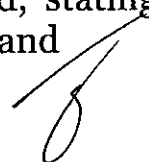
Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of Pampanga and the Mayor of Angeles City for the appropriate posting thereof on their respective bulletin boards.

AEC is 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, AEC must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on 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 City Mayor or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where the 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.

AEC 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 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 AEC to submit the required Pre-trial Brief and Judicial Affidavits of its 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, AEC must also be prepared to make an expository presentation of its 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, 05 April 2016.

FOR AND BY AUTHORITY OF
THE COMMISSION:




JOSE VICENTE B. SALAZAR
Chairman and CEO


MLMG/APV/IO_2016-006 RC AEC

Copy Furnished:

1. **ATTY. RANULFO M. OCAMPO**
Counsel for AEC
7/F Strata 100 Bldg./ F. Ortigas Jr. Road
Ortigas Center, Pasig City
2. **ANGELES ELECTRIC COMPANY**
Attention: Mr. Geromin T. Nepomuceno
President
Juan Nepomuceno Avenue corner Teresa Avenue
Nepo Mart Complex, Angeles City
3. **The Office of the Solicitor General**
234 Amorsolo Street, Legaspi Village, Makati City
Metro Manila
4. **The Commission on Audit**
Don Mariano Marcos Avenue
Diliman, Quezon City, Metro Manila
5. **The Committee on Energy**
Senate of the Philippines
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
6. **The Committee on Energy**
House of Representatives
Batasan Hills, Quezon City, Metro Manila
7. **Office of the President of PCCI**
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, ECC Building, Sen. Gil Puyat Avenue
Makati City
8. **Office of the City Mayor**
Angeles City
Province of Pampanga
9. **Office of the Provincial Governor**
Province of Pampanga

