

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



**IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF  
EMERGENCY AND  
CONTINGENCY CAPITAL  
EXPENDITURE PROJECTS**

**ERC CASE NO. 2015-180 RC**

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

X-----X

**D O C K E T E D**

Date: **MAY 10 2016**

By: *[Signature]*

**ORDER**

On 22 October 2015, the Angeles Electric Corporation (AEC) filed an application for approval of its emergency and contingency capital expenditure projects.

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

1. AEC is a corporation duly organized and existing under Philippine law, with principal office address at Don Juan Nepomuceno Avenue corner Doña Teresa, Nepo Mart Complex, Angeles City, Pampanga; franchised under Republic Act No. 9381 to construct, own, operate and maintain an electric distribution system in Angeles City, Pampanga; and represented herein by its President Engr. Geromin T. Nepomuceno, Jr.
2. AEC seeks authority to undertake the following emergency and contingency capital expenditure projects:

*[Handwritten signature]*

- A. Emergency Capex Project to replace the damaged On-Load Tap Changer (OLTC) installed at the 40 MVA Power Transformer of the Calibu Substation to avoid seriously compromising the reliability of AEC's whole distribution system.
  - B. Contingency Capex Project to relocate AEC's poles and lines due to ongoing DPWH road-widening projects.
  - C. Contingency Capex Project to procure 2-Way Radio communication equipment to comply with the NTC policy streamlining the allocation of radio frequencies.
3. The estimated costs of the foregoing emergency and contingency CAPEX projects are as follows:

Project Name		Project Cost
A	Emergency Capex Project to Replace Damaged OLTC	11,850,000
B	Contingency Capex Project to Relocate Poles/Lines	7,855,659
C	Contingency Capex Project to Procure 2-Way Radio Communication Equipment	3,365,079
<b>TOTAL</b>		<b>PHP 23,070,738</b>

4. Financing for the proposed emergency and contingency CAPEX projects will be sourced from AEC's retained earnings.
5. The indicative rate impact of the proposed projects was simulated as follows:

Rate Impact Simulation				
	2015			TOTAL
	A	B	C	
	OLTC REPLACEMENT	RELOCATION OF POLES/LINES	PROCUREMENT OF 2-WAY RADIO EQUIPMENT	
<b>Total Project Cost</b>	<b>11,850,000.00</b>	<b>7,855,659.00</b>	<b>3,365,079.00</b>	<b>23,070,738.00</b>
Add: Working	9,243.00	6,127.41	2,624.76	17,995.18

Capital (7.8% of OPEX)				
Total Asset Base Subject to Return	11,859,243.00	7,861,786.41	3,367,703.76	<b>23,088,733.18</b>
Return on Rate Base/WACC	14.97%	14.97%	14.97%	<b>14.97%</b>
Return on Capital	1,775,328.68	1,176,909.43	504,145.25	<b>3,456,383.36</b>
OPEX	118,500.00	78,556.59	33,650.79	<b>230,707.38</b>
Regulatory Depreciation	281,437.50	248,762.54	319,682.51	<b>849,882.54</b>
Corporate Income tax	0.00	0.00	0.00	<b>0.00</b>
Other Taxes	88,875.00	58,917.44	25,238.09	<b>173,030.54</b>
<b>Annual Revenue Requirement</b>	<b>2,264,141.18</b>	<b>1,563,145.99</b>	<b>882,716.64</b>	<b>4,710,003.81</b>
Forecasted Energy Sales 2015 kWh	456,440,063	456,440,063	456,440,063	<b>456,440,063</b>
<b>Rate Impact Php/kWh</b>	<b>0.0050</b>	<b>0.0034</b>	<b>0.0019</b>	<b>0.0103</b>

6. AEC submits the following documents in support of this application:

A. Executive Summary of Emergency Project to Replace Damaged On-Load Tap Changer (OLTC)

- A.1. Pictures of Damaged OLTC
- A.2. Courses of Action Taken by AEC

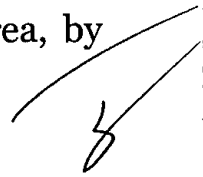
B. Executive Summary of Contingency Capex Project to Relocate Poles/Lines Due to Road-Widening Projects of the DPWH

- B.1. Detailed Lists of Barangays/Areas Affected by the ongoing DPWH Road-Widening Projects
- B.2. DPWH Letter-Requests to AEC to Relocate its Poles and Lines
- B.3. DPWH Notices to Proceed to its Contractors

- C. Executive Summary of Contingency Capex Project to Procure 2-Way Radio Communication Equipment
    - C.1. NTC Memo Circular Nos. 07-07-2007 and 08-07-2007
    - C.2. NTC permit to AEC to procure 2-way radio communication equipment
  - D. Indicative rate impact simulation worksheet.
7. AEC prays that the Commission issue a decision approving its proposed emergency and contingency capital expenditure projects, more particularly described as follows:
- a) Emergency Capex Project to Replace the Damaged On-Load Tap Changer Installed at the 40 MVA Power Transformer of the Calibu Substation;
  - b) Contingency Capex Project to Relocate Poles/Lines Due to the Ongoing DPWH Road-Widening Projects; and
  - c) Contingency Capex Project to Procure 2-Way Radio Communication Equipment to comply with NTC Policy.

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 ten o'clock in the morning (10:00 A.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 the Province of Pampanga, as well as the Mayor and the Local Government Legislative Body of the city or municipality within AEC's franchise area 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, Mayor, and Local Government Legislative Body, 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.

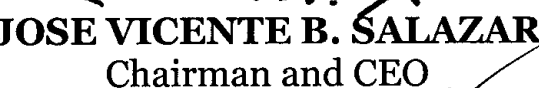
Failure of AEC to submit the required Pre-trial Brief and Judicial Affidavits of its witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.


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, 26 April 2016.

FOR AND BY AUTHORITY OF  
THE COMMISSION:

  
**JOSE VICENTE B. SALAZAR**  
Chairman and CEO

  
MLMG/APV/IO\_2015-180 RC AEC

**ERC**  
Office of the Chairman



D-2016-007-OC-02426

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**  
Philippine Chamber of Commerce and Industry (PCCI)  
3rd Floor, Chamber and Industry Plaza (CIP)  
1030 Campus Avenue corner Park Avenue  
McKinley Town Center, Fort Bonifacio, Taguig City
8. **Office of the City Mayor and Local Government  
Legislative Body**  
Angeles City  
Province of Pampanga
9. **Office of the Provincial Governor**  
Province of Pampanga

