

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



**IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF THE POWER  
SALES AGREEMENT  
BETWEEN DAVAO DEL SUR  
ELECTRIC COOPERATIVE,  
INC. AND MAPALAD  
POWER CORPORATION,  
WITH PRAYER FOR  
PROVISIONAL AUTHORITY,**

**ERC CASE NO. 2016-083 RC**

**DAVAO DEL SUR ELECTRIC  
COOPERATIVE, INC. AND  
MAPALAD POWER  
CORPORATION**

**Applicants.**

X ----- X

DUCKETED  
Date: **SEP 29 2016**  
By: *[Signature]*

**ORDER**

On 29 April 2016, Davao del Sur Electric Cooperative, Inc. (DASURECO) and Mapalad Power Corporation (MPC) filed a Joint Application for Approval of the Power Sales Agreement with Prayer for Provisional Authority.

In the said Application, DASURECO and MPC alleged the following:

**THE APPLICANTS**

1. Davao del Sur Electric Cooperative, Inc. ("DASURECO"), is a non-stock, non-profit electric cooperative organized and existing under and by virtue of Presidential Decree No. 269, as amended, with office address at Brgy. Cogon, Digos City, Davao del Sur. DASURECO has a franchise to distribute electricity in Digos City, and the Municipalities of Magsaysay, Sulop, Jose Abad Santos, Sta. Cruz, Hagonoy, Malalag, Don Marcelino, Bansalan, Padada, Sta. Maria, Sarangani, Matanao, Kiblawan and Malita, all in the province of Davao del Sur.

*[Signature]*

2. Mapalad Power Corporation ("MPC") is a generation company duly authorized and existing under the laws of the Republic of the Philippines, with principal address at 4<sup>th</sup> Floor, Alphaland Southgate Tower, 2258 Chino Roces Ave. corner EDSA, Makati City.

Copies of MPC's Certificate of Incorporation, Articles of Incorporation, By-Laws, latest General Information Sheet and Audited Financial Statements for the year 2015 are attached hereto as **Annexes "A" and series.**

3. Joint Applicants may be served orders and other processes through their respective counsel.

#### **NATURE OF THE APPLICATION**

4. Pursuant to Rule 20 (B) of the ERC Rules of Practice and Procedure, approved by this Honorable Commission on 22 June 2006 in Resolution No. 38, Series of 2006, this Application is submitted to this Honorable Commission for its review and approval of the Power Sales Agreement ("PSA") dated 26 April 2016 between DASURECO and MPC.

A copy of the PSA is attached hereto as **Annex "B."**

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

5. In compliance with Rule 6 of the ERC Rules of Practice and Procedure, Joint Applicants have furnished the legislative bodies of each of the local government units where they principally operate a copy of the present Application with all its annexes and accompanying documents.

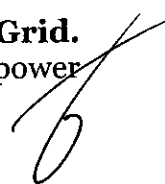
The corresponding proofs of receipt are attached hereto as **Annexes "C" and series.**

6. Furthermore, Joint Applicants have caused the publication of the present Application in its entirety, excluding its annexes, in a newspaper of general circulation within DASURECO's franchise area.

Copies of the newspaper and the corresponding affidavit of publication are attached hereto as **Annexes "D" and "D-1,"** respectively.

#### **STATEMENT OF FACTS**

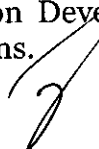
7. **Shortage of Power Supply in the Mindanao Grid.**  
The Mindanao Grid is currently facing a deficit in its power



supply. The generating capacity in the Grid is no longer sufficient to meet the power requirements of Mindanao.

8. The insufficiency in the supply of electricity is further aggravated by the recent bombings of the transmission towers in Mindanao, which prevents the delivery of the electricity. Further, the El Niño Phenomenon currently being experienced by the country has drastically reduced the power supply in Mindanao, since it is heavily dependent on hydroelectric power.
9. As a result, various parts of Mindanao have suffered from significant power outages, adversely affecting local businesses and the daily lives of all electricity consumers.
10. **Drastic Reduction in PSALM's Supply.** In addition, the main power supplier in Mindanao significantly reduced its allocations to distribution utilities, further aggravating the power shortage.
  - 10.1. The Power Sector Assets and Liabilities Management Corporation ("PSALM"), which took over all the power generation assets of the National Power Corporation ("NPC") pursuant to Republic Act No. 9136, supplies the bulk of the power requirements of Mindanao. PSALM likewise supplies a significant portion of DASURECO's current power supply.
  - 10.2. However, PSALM has significantly reduced its firm supply commitments to distribution utilities in Mindanao, including DASURECO.
  - 10.3. **NPC Certification.** DASURECO has formally requested NPC for a certification on whether it will have available capacity and energy to supply DASURECO during the term of the PSA. NPC has not yet formally responded to such request.

A copy of the said request is attached hereto as **Annex "E."**

11. **Necessity for Additional Power Supply.** In order to ensure sufficient power supply to DASURECO's customers, the power requirements within the franchise area of DASURECO should be adequately covered by supply contracts.
  12. In addition to the reduction in supply from PSALM, the power demand in DASURECO's franchise area is expected to steadily increase. The expected increase is indicated in DASURECO's Distribution Development Plan ("DDP") and supply-demand projections.
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Copies of DASURECO's DDP and supply-demand projections are attached to the Application as **Annexes "F"** and **"G,"** respectively.

13. **Procurement Process for Supply.** Thus, DASURECO executed efforts to procure the appropriate power supply.
14. MPC offered to supply power to DASURECO from its 103 MW bunker C-fired diesel power generating plant located in Iligan City. DASURECO evaluated the offer and, as a result, it executed the PSA with MPC for the supply of power on a non-firm basis.

An affidavit supporting the foregoing is attached hereto as **Annex "H."**

15. **Demand Side Management.** A certification from DASURECO as regards demand side management is attached hereto as **Annex "I."**
16. Under the law, no contract for the supply of power can become legally effective unless approved by this Honorable Commission. Hence, this Joint Application.

**ABSTRACT OF THE POWER SALES AGREEMENT  
AND RELATED INFORMATION**

17. **The Generation Facilities.** To supply power under the PSA, MPC shall operate and maintain a bunker C-fired diesel power station with a total net generating capacity of 103 MW, located in Sitio Mapalad, Barangay Dalipuga, Iligan City, Province of Lanao del Norte (the "MPC Power Plant").

A brief description of the technical characteristics of the MPC Power Station is attached hereto as **Annex "J."**

18. The net heat rate of the MPC Power Station shall not be greater than 0.2464 kg/kWh at plant site condition of 32 deg. C ambient temperature, and is based on the Plant's use of bunker C fuel oil with a density of 0.9855 kilogram/liter.

A copy of a certification on the Plant's net heat rate is attached hereto as **Annex "K."**

19. **Salient Features of the PSA.**
  - 19.1. **Supply of Power Requirements.** Under the PSA, MPC shall supply or cause to supply to DASURECO the Nominated Capacity and Dispatchable Energy, on a non-firm basis, upon the terms and subject to the conditions set out in the PSA.

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- 19.2. MPC shall not be liable to DASURECO for any failure to deliver the Nominated Capacity and Dispatchable Energy and DASURECO shall not be liable to MPC for its inability or refusal to submit the Nominated Capacity.
- 19.3. In essence, if at any point, DASURECO has unserved power requirements, it may request MPC for supply, and MPC may, if it has available capacity, supply such requirements.
- 19.4. As it is a non-firm contract, DASURECO shall not be liable for any failure or refusal to request supply, neither shall MPC be liable for any failure to deliver the requested supply.
- 19.5. **Commencement of Supply.** The foregoing arrangement shall commence on the date designated by MPC to DASURECO in writing as the date on which the MPC Power Station is ready to commence supply.
- 19.6. **Term.** The term of supply and purchase under the PSA shall be for one (1) year from the Effective Date, unless otherwise earlier terminated in accordance with the PSA.
- 19.7. **Effective Date.** The obligations under the PSA shall become effective on the earlier of the date when the ERC shall have approved the PSA, or the date the ERC confirms in writing that DASURECO may purchase the Nominated Capacity and Dispatchable Energy from MPC.
20. **Purchased Power Rate.** For the supply of power by MPC, DASURECO shall pay the monthly payments based on the following formulae:

**I. Monthly Payments**

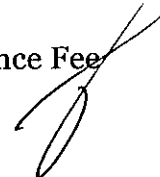
The Monthly Payments shall be paid to the Seller on a monthly basis in accordance with the following formula:

$$\begin{aligned} & \text{Monthly Payments} \\ & = CRF + FOMF + VOMF + AFC + SC + Taxes \end{aligned}$$

where:

CRF = Capital Recovery Fees

FOMF = Fixed Operation and Maintenance Fee



VOMF= Variable Operation and Maintenance Fee  
AFC = Actual Fuel Cost  
SC = Start-Up Costs  
Taxes = Value-Added Tax, other applicable taxes and government impositions, if any

**1.1 Capital Recovery Fee (CRF)**

CRF shall be computed as follows:

$$CRF = CRFR \times ED$$

Where:

CRF = Capital Recovery Fee, in Pesos

$$CRFR = \frac{\text{Php } 250.18}{(\text{hours in the Billing Month})}$$

ED = kWh delivered during the Billing Month

**1.2 Fixed Operation & Maintenance Fee (FOMF)**

The Fixed Operation and Maintenance Fee (FOMF) covers the operating and maintenance costs of the MPC Power Station. It shall be computed according to the following formula:

$$FOMF = \left\{ FOMR \times \left[ \left( 0.58 \times \frac{CPI_n}{CPI_o} \right) + \left( 0.02 \times \frac{WPC_n}{WPC_o} \right) + \left( 0.40 \times \frac{EUn}{EU_o} \times \frac{FPPIn}{FPPIo} \right) \right] \right\} \times ED$$

Where:

FOMF= Fixed O&M Fee, in Pesos

$$FOMR = \frac{\text{Php } 217.62}{(\text{hours in the Billing Month})}$$

ED = kWh delivered during the Billing Month

CPI<sub>n</sub> = Consumer Price Index for Metropolitan Manila Area (National Capital Region), all items published by NEDA/NSO for the period of price determination

CPI<sub>o</sub> = Consumer Price Index for Metropolitan Manila Area (National Capital Region), all items published by NEDA/NSO for June 2010 (at 115.9, 2006 = 100)

- WPC<sub>n</sub> = Wholesale Price Index for Mineral Fuels, Lubricants and Related Materials for the Philippines as published by NEDA/NSO for the period of price determination
- WPC<sub>o</sub> = Wholesale Price Index for Mineral Fuels, Lubricants and Related Materials for the Philippines as published by NEDA/NSO for June 2010 (at 518.2, 1998=100)
- EUn = Euro-Peso Exchange Rate for the period of price determination as published by Bangko Sentral ng Pilipinas
- EUo = Euro-Peso Exchange Rate for June 2010 (at P56.5910/ 1Euro) as published by Bangko Sentral ng Pilipinas
- FPPI<sub>n</sub> = Finland Producers' Price Index for Manufacturing for the period of price determination as published in the International Financial Statistics of IMF
- FPPI<sub>o</sub> = Finland Producers' Price Index for Manufacturing for June 2010 (at 108.5) as published in the International Financial Statistics of IMF

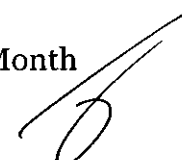
### **1.3 Variable Operation & Maintenance Fee (VOMF)**

The Variable Operation and Maintenance Fee (VOMF) covers the cost of the use of, among other items, chemicals, lubricants and spare parts, that are directly related to the generation of the MPC Power Station. It shall be computed according to the following formula:

$$VOMF = \left\{ VOMFR \times \left[ \left( 0.10 \times \frac{CPI_n}{CPI_o} \right) + \left( 0.60 \times \frac{WPC_n}{WPC_o} \right) + \left( 0.30 \times \frac{EUn}{EUo} \times \frac{FPPI_n}{FPPI_o} \right) \right] \right\} \times ED$$

Where:

- VOMF = Variable O&M Fee, in Pesos
- VOMFR = Variable O&M Fee Rate of Php 0.17/kWh
- ED = kWh delivered during the Billing Month



CPI <sub>n</sub>	=	Consumer Price Index for Metropolitan Manila Area (National Capital Region), all items published by NEDA/NSO for the period of price determination
CPI <sub>o</sub>	=	Consumer Price Index for Metropolitan Manila Area (National Capital Region), all items published by NEDA/NSO for June 2010 (115.9, 2006 = 100)
EUn	=	Euro-Peso Exchange Rate for the period of price determination as published by Bangko Sentral ng Pilipinas
EU <sub>o</sub>	=	Euro-Peso Exchange Rate for June 2010 (at P56.5910/ 1Euro) as published by Bangko Sentral ng Pilipinas
FPPIn	=	Finland Producers' Price Index for Manufacturing for the period of price determination as published in the International Financial Statistics of IMF
FPPI <sub>o</sub>	=	Finland Producers' Price Index for Manufacturing for June 2010 (at 108.5) as published in the International Financial Statistics of IMF
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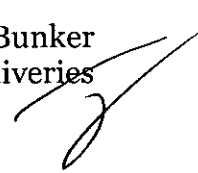
#### **1.4 Actual Fuel Cost (AFC)**

The Actual Fuel Cost (AFC) is the fee paid to the Seller as payment for the procurement and delivery of the fuel oil (Bunker C) used in the operation of the MPC Power Station. The Actual Fuel Cost shall be computed as follows:

$$AFC = FC \times EC \times ED$$

Where:

FC = Fuel Cost; The average MOPS price of Bunker C Fuel Oil/Heavy Fuel Oil (HFO) deliveries





during the period of price determination in  
 Peso/liter

EC = Efficiency Cap;  $\frac{0.2464 \text{ kg/kwh}}{0.9855 \text{ kg/liter}}$

ED = Energy Delivered, kwh

**1.5 Start-Up Costs (SC)**

The Buyer, on a pro rata basis of the capacity of the MPC Power Station allocated to the Buyer, shall pay the Seller Start-Up Costs for the cost of starting up the MPC Power Station after a period of shutdown due to any reason attributable to all the buyers of the Seller. The Start-Up Costs shall be computed based on the prevailing price of diesel fuel at the time of the Start Up and paid in accordance with the following:

$$SC = (\text{No. of Cold Start ups} \times 600 \text{ liters} \times \text{price of Diesel per liter}) + (\text{No. of Warm Start ups} \times 300 \text{ liters} \times \text{price of Diesel per liter})$$

<b>Type of Start-Up</b>	<b>Liters of Diesel Fuel</b>
Cold Start-up (more than 10 hours of shutdown)	600
Warm Start-up (less than 10 hours of shutdown)	300

**1.6 Value Added Tax**

The relative Value Added Taxes ("VAT") of the above fee payments 12% shall be computed as follows:

$$VAT = (CRF + FOMF + VOMF + AFC + SC) \times 0.12$$

For reference, a sample computation of the rate is contained in Schedule C of the PSA.

- 20.1. **Basis for indexation.** As indicated in the formulas above, the monthly fees to be paid by DASURECO are subject to adjustments based on various indices.
- 20.2. The components of the Operation and Maintenance Fees representing foreign currency-denominated costs are adjusted based on the foreign exchange rate and the appropriate foreign price indices; those representing local costs are adjusted based on local price indices. The Actual Fuel Costs vary based on the applicable fuel cost index.

20.3. **Financial Model.** A copy of MPC's financial model for the tariff is attached hereto as **Annex "L."** As discussed below, the financial model is the subject of a Motion for Confidential Treatment of Information.

21. **Sources of Funds/Financial Plans.**

21.1. **Debt Equity Ratio.** The project was funded through loans and equity, with a debt-equity ratio of 68:32. For the costs of an additional unit brought back to the MPC Power Station, the debt-equity ratio is 70:30.

21.2. **Project Cost.** The total project cost for the MPC Power Plant as of March 2014 is P1.456 billion.

A breakdown of the said total project cost is attached hereto as **Annex "M."** For reference, a comparison between the said total project cost and earlier project cost totals used to compute the tariff is attached hereto as **Annex "M-1."**

21.3. **Annual Interest.** MPC's actual interest cost is 6.5% p.a.

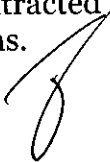
21.4. **Computation of Weighted Average Cost of Capital.** The nominal pre-tax Weighted Average Cost of Capital ("WACC") of the project is 12.38%.

A computation of the WACC is attached hereto as **Annex "N."**

22. **Cash Flow.**

22.1. **Breakdown of Operating and Maintenance Expenses.** A breakdown of the projected operating expenses is attached hereto as **Annex "O."** For reference, a comparison between MPC's updated and previous projected fixed operating expenses is attached hereto as **Annex "O-1."**

23. **Fuel supply.** In order to ensure the supply of fuel for the operations of the MPC Power Plant, MPC solicited offers from reputable suppliers in the area, and has contracted with the supplier which offered the best terms.



A discussion of the fuel procurement process and a copy of the fuel supply agreement are attached hereto as **Annexes "P" and "P-1,"** respectively.

24. **Environmental Compliance Requirements.** The Office of the President of the Republic of the Philippines previously approved the exemption of the MPC Power Plant from the requirement of an environmental compliance certificate. Nevertheless, the MPC Power Plant will be operated responsibly in accordance with good utility practice and in accordance with all relevant laws and regulations, including environmental laws.

Copies of documents evidencing such exemption are attached hereto as **Annex "Q" and series.**

25. **DOE Certification.** The Department of Energy ("DOE") has certified that the capacity of the MPC Power Plant is consistent with the DOE's Power Development Plan.

A copy of the said certification is attached hereto as **Annex "R."**

26. **Certificate of Compliance.** This Honorable Commission has issued a certificate that the Applicant MPC is authorized to operate the MPC Power Plant.

A copy of the Certificate of Compliance is attached hereto as **Annex "S."**

#### **RATE IMPLICATIONS OF THE POWER SALES AGREEMENT**

27. In order to determine the impact of the implementation of the PSA on DASURECO's generation costs, an analysis was conducted taking into consideration DASURECO's projected demand and available supply from other suppliers.

A copy of the said analysis is attached hereto as **Annex "T."**

28. The procurement of additional supply from MPC will help provide much needed peaking power to DASURECO and, based on the analysis, will result in an upward adjustment of Php 0.2913/kWh in DASURECO's total generation costs.

29. The results of the said analysis are summarized in the table below.

<u>Supplier</u>	<u>Percentage Share</u>	<u>Energy (kWh)</u>	<u>Amount (PhP)</u>
<b>Scenario 1: Average generation mix without MPC</b>			
FDC	29.88%	8,760,000.00	58,701,780.00
TSI	24.90%	7,300,000.00	35,177,190.00
TUDAYA 2	6.82%	2,000,000.00	12,045,386.74
TMI	17.93%	5,256,000.00	20,756,275.20
MPI	20.47%	6,003,000.00	49,898,715.00
Total:	100.00%	29,319,000.00	176,579,346.94
<b>Generation rate:</b>			<b>Php 6.0227/kWh</b>
<b>Scenario 2: Average generation mix with MPC</b>			
FDC	29.88%	8,760,000.00	58,701,780.00
TSI	24.90%	7,300,000.00	35,177,190.00
TUDAYA 2	6.82%	2,000,000.00	12,627,917.22
TMI	17.93%	5,256,000.00	20,756,275.20
MPC	14.43%	4,230,000.00	33,992,725.00
MPI	6.05%	1,773,000.00	23,863,065.00
Total:	100.00%	29,319,000.00	185,118,952.42
<b>Generation rate:</b>			<b>Php 6.3140/kWh</b>
<b>Impact:</b>			
Scenario 1			Php 6.0227/kWh
Scenario 2			Php 6.3140/kWh
<b>Impact:</b>			
<b>Generation Costs Increase/(Decrease)</b>			<b>Php 0.2913/kWh</b>

Assumptions and notes:

- VAT is excluded.
- Total energy is the average of the forecasted monthly energy for the year 2017.
- FDC and TSI are assumed at 100% Load Factor.
- Energy from Tudaya 2 is the average monthly energy delivered. The rate applied is based on the applicable Feed-in-Tariff.
- Energy from TMI is assumed using 60.00% load factor.
- Energy from MPI is the quantity needed to cover the supply deficit.
- Fuel price for MPI is at Php 21.00/liter.
- Fuel price for MPC is at Php 7.21/liter.

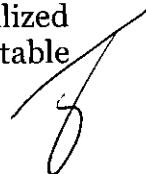
**MOTION FOR CONFIDENTIAL TREATMENT OF  
INFORMATION**

30. As mentioned above, the financial model attached as **Annex "L"** is hereby submitted under a motion to treat information confidential.
31. The financial model discloses the basis for the tariff under the PSA. It includes all the formulas and calculations as well as the assumptions and values considered therein.
32. In accordance with Section 1, Rule 4 of this Honorable Commission's Rules of Practice and Procedure ("ERC Rules"), Applicant MPC respectfully moves that the financial model be treated as confidential information for the following reasons:
- 32.1. The financial model qualifies as a "trade secret" as contemplated under existing jurisprudence.
- 32.2. In the case "Air Philippines Corporation vs. Pennswell Inc,"<sup>1</sup> the Supreme Court defined "trade secret" as follows:

"A trade secret is defined as a plan or process, tool, mechanism or compound known only to its owner and those of his employees to whom it is necessary to confide it. The definition also extends to a secret formula or process not patented, but known only to certain individuals using it in compounding some article of trade having commercial value. A trade secret may consist of any formula, pattern, device, or compilation of information that (1) is used in one's business; and (2) gives the employer an opportunity to obtain advantage over competitors who do not possess the information. Generally, a trade secret is a process or device intended for continuous operation of the business, for example, a machine or formula, but can be a price list or catalogue or specialized customer list. It is indubitable

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<sup>1</sup> G. R. No. 172835, 13 December 2007.



that trade secrets constitute proprietary rights.”

33. Also, the financial model was prepared and developed for the exclusive use of MPC, and is designed for the specific use of the company in its power generation business. Consequently, should the financial model be disclosed to the public, it could easily be copied or used by MPC’s competitors or other entities engaged in the power business for their own benefit, and to the prejudice of MPC. Thus, the commercial value of the said model will be diminished significantly.
34. Given the foregoing, the financial model qualifies as “confidential information” as defined under Section 2, Rule 4 of the ERC Rules.
35. In accordance with Section 1 (b), Rule 4 of the ERC Rules, an electronic copy of the financial model is contained in one compact disc and submitted in a sealed envelope marked with the word “Confidential.”
36. Further, all parties furnished copies of the present Application are not furnished copies of the documents subject the present motion.
37. In accordance with Sections 3 and 4, Rule 4 of the ERC Rules, Applicant MPC reserves the right to use the financial model and its contents as evidence, and respectfully moves for the issuance of a Protective Order.

**ALLEGATIONS IN SUPPORT OF**  
**THE MOTION FOR PROVISIONAL AUTHORITY**

38. As discussed above, PSALM has significantly reduced its firm supply commitments to DASURECO. Also, supply from PSALM is unreliable as PSALM often delivers much less than its supply allocation to DASURECO. Further, the El Niño phenomenon currently being experienced by the country has significantly reduced PSALM’s supply, as it is heavily dependent on hydroelectric power.
  39. In addition, the power demand in DASURECO’s franchise area is steadily increasing.
  40. Thus, in order of to help ensure sufficiency of power supply to DASURECO’s customers, the supply under the PSA must be available in a timely manner.
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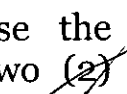
41. Since the MPC Power Plant is already existing and operating, it can readily supply power to DASURECO under the PSA as soon as the prayer for provisional authority is granted. A provisional authority will help ensure sufficiency of DASURECO's supply in a timely manner, especially in view of the effects of the El Niño phenomenon on DASURECO's power supply.
42. In view of the foregoing, Joint Applicants respectfully move for the provisional approval of the instant Application pursuant to Rule 14 of the ERC Rules of Practice and Procedure.

A copy of a sworn statement supporting the said motion is attached hereto as **Annex "U."**

43. DASURECO and MPC prayed that the Commission will:
  - a) issue an Order declaring the financial model attached hereto as **Annex "L"** as confidential information within the purview of Rule 4 of the ERC Rules, as well as directing that the financial model be treated with confidentiality and be protected from public disclosure;
  - b) issue the corresponding Protective Order in accordance with Section 2 and 4 of the said Rule 4;
  - c) immediately issue an Order provisionally approving the present Joint Application; and
  - d) after due hearing, render judgment approving the Power Sales Agreement subject of the instant Joint Application, as well as the generation rate and adjustment mechanisms indicated therein.
  - e) Grant such other just and equitable relief under the premises.

Finding the said Application sufficient in form and substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **09 November 2016 (Wednesday) at ten o'clock in the morning (10:00 A.M.) at DASURECO's Principal Office at Brgy. Cogon, Digos City, Davao del Sur.**

DASURECO and MPC are hereby directed to cause the publication of the attached Notice of Public Hearing in two (2)



newspapers of nationwide circulation in the Philippines at their 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. They are also directed to inform the consumers within the franchise area of DASURECO, 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, Mayors and the Local Government Unit (LGU) Legislative Bodies of the respective cities/municipalities within DASURECO's franchise area for the appropriate posting thereof on their respective bulletin boards.

DASURECO and MPC 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 and pre-trial conference, DASURECO and MPC must submit to the Commission their written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidence of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and LGU Legislative Bodies, or their duly authorized representatives, bearing the seals of their offices, and the affidavit 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.

DASURECO, MPC, 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 therefor; 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 DASURECO and MPC 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, DASURECO and MPC must also be prepared to make an expository presentation of their Application, aided by whatever communication medium 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, 9 August 2016.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

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



Copy furnished:

1. Attys. Sundy Lorence C. Lachica and Abigal T. Madanlo  
Lachica & Associates  
*Counsels for Joint Applicants DASURECO and MPC*  
Suite 2304-B, West Tower  
Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center
2. Davao del Sur Electric Cooperative (DASURECO)  
Brgy. Cogon, Digos City, Davao del Sur
3. Mapalad Power Corporation (MPC)  
Brgy. Ingore, La Paz, Iloilo City  
4<sup>th</sup> Floor, Alphaland Southgate Tower, 2258 Chino Roces Ave. corner EDSA,  
Makati City
4. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village, Makati City
5. Commission on Audit  
Commonwealth Avenue Quezon City
6. Senate Committee on Energy  
GSIS Bldg. Roxas Blvd., Pasay City
7. House Committee on Energy  
Batasan Hills, Quezon City
8. Office of the President  
Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, Chamber and Industry Plaza (CIP)  
1030 Campus Avenue corner Park Avenue  
McKinley Town Center, Fort Bonifacio, Taguig City
9. Office of the Provincial Governor  
Province of Davao del Sur
10. Office of the City Mayor  
Digos City, Davao del Sur
11. Office of the Municipal Mayor  
Magsaysay, Davao del Sur
12. Office of the Municipal Mayor  
Sulop, Davao del Sur
13. Office of the Municipal Mayor  
Jose Abad Santos, Davao del Sur
14. Office of the Municipal Mayor  
Sta. Cruz, Davao del Sur
15. Office of the Municipal Mayor  
Hagonoy, Davao del Sur
16. Office of the Municipal Mayor  
Malalag, Davao del Sur
17. Office of the Municipal Mayor  
Don Marcelino, Davao del Sur

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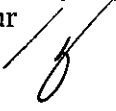
18. Office of the Municipal Mayor  
Bansalan, Davao del Sur
19. Office of the Municipal Mayor  
Padada, Davao del Sur
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Sta. Maria, Davao del Sur
21. Office of the Municipal Mayor  
Sarangani, Davao del Sur
22. Office of the Municipal Mayor  
Matanao, Davao del Sur
23. Office of the Municipal Mayor  
Kiblawan, Davao del Sur
24. Office of the Municipal Mayor  
Malita, Davao del Sur
25. Office of the Sangguniang Panlalawigan  
Province of Davao del Sur
26. Office of the Sangguniang Panglungsod  
Digos City, Davao del Sur
27. Office of the Sangguniang Bayan  
Magsaysay, Davao del Sur
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Padada, Davao del Sur
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Sta. Maria, Davao del Sur
37. Office of the Sangguniang Bayan  
Sarangani, Davao del Sur



38. Office of the Sangguniang Bayan  
Matanao, Davao del Sur

39. Office of the Sangguniang Bayan  
Kiblawan, Davao del Sur

40. Office of the Sangguniang Bayan  
Malita, Davao del Sur

A handwritten signature in black ink, consisting of a stylized, cursive letter 'S' followed by a horizontal line.