

REPUBLIC OF THE PHILIPPINES
ENERGY REGULATORY COMMISSION
SAN MIGUEL AVENUE, PASIG CITY



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF CAPITAL
EXPENDITURE PROJECTS
FOR CALENDAR YEAR 2017,
WITH PRAYER FOR
PROVISIONAL AUTHORITY,**

ERC Case No. 2017-115 RC

**COTABATO LIGHT AND
POWER COMPANY (CLPC),
Applicant.**

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D O C K E T E D
Date: APR 17 2018
By: [Signature]

ORDER

On 15 December 2017, Cotabato Light and Power Company (CLPC) filed an *Application* seeking the Commission's approval of its Capital Expenditure Projects for Calendar Year 2017, with prayer for provisional authority.

CLPC alleged the following in its *Application*:

1. CLPC is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at Sinsuat Avenue, Cotabato City. CLPC is duly authorized distribution utility of electric power to the end-users in the City of Cotabato, and portions of the Municipalities of Sultan Kudarat and Datu Odin Sinsuat, province of Maguindanao pursuant to its franchise under Republic Act No. 10637. It may be served with orders and other processes of the Honorable Commission through its undersigned counsel at the address indicated below.
2. Republic Act No. 9136, or the Electric Power Industry Reform Act of 2001 ("EPIRA"), under Section 23 thereof, obligates a distribution utility, such as CLPC, to provide distribution services and connections to its system for any end-user within its franchise area consistent with the distribution code. Further, distribution utilities share in the objective of the EPIRA to ensure the quality, reliability, security and affordability of the supply of electric power.¹

¹ Section 2 (b) of the EPIRA.

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3. For CLPC to pursue its mandate under its franchise and the EPIRA, it is necessary for CLPC to continuously invest in the improvement of its people, system and services to better serve its customers.
4. As such, CLPC, in pursuit of its duty to better serve its customers, and in accordance with Section 20 (b) of Commonwealth Act No. 146², hereby applies for the approval of the Honorable Commission to implement its Capital Expenditure Projects (CAPEX) for Calendar Year (“CY”) 2017.
5. CLPC’s 2017 CAPEX program is categorized as follows:
 - a. Network;
 - i. Substation Rehabilitation;
 - b. Other Networks; and
 - i. Line Rehabilitation and Maintenance
 - ii. Residuals
 - c. Non-Network Projects.
6. The major CAPEX project under the “Network” category is the “Upgrading of Salimbao Substation 69/13.8kV 15MVA to 20/25MVA” project. The project will involve the purchase and installation of a new outdoor type (OA/FA) 20/25 MVA, 69/13.8 kV three phase power transformer and the transfer of existing 15MVA power transformer to the proposed Tamontaka Substation. Also, the defective 10MVA power transformer which has a service life of 40 years this year will be permanently retired and removed from the system. This project aims to ensure compliance with N-1 requirements and to meet the demand of the incoming additional capacity in CLPC’s distribution system.
7. The “Other Networks” category is subdivided into the Line Rehabilitation/Maintenance and Residuals. These projects are to be undertaken in order for CLPC to strengthen and improve the reliability of its distribution system, maintain voltage quality and to minimize transient tripping as consumer demand continues to grow and expand. There will likewise be projects that will be undertaken in support of government directives and to further minimize safety concerns.
8. The “Non-network” category on the other hand is subdivided into the following projects, “Telecommunications”, “Tools and Work Equipment”, “Unmanned Malagpas Substation” and “Computer Software”. These projects are driven by the necessity of updating vital facilities of CLPC that have become obsolete, of equipping CLPC’s workforce with the

² Public Service Act

2/4

required tools to perform their tasks safely and efficiently, strengthening the monitoring and security of CLPC's unmanned substation and the integration of the existing CLPC systems in preparation for the planned shift to Advanced Metering Infrastructure and Smartgrid projects.

9. The total estimated cost of CLPC's CY 2017 CAPEX is Php 82,759,739.43 and the complete list of projects, together with their corresponding estimated cost, is shown in table 1 below:

Project Summary	
Description	Estimated Cost
NETWORK PROJECTS	
Substation Project	
a. Upgrading of 15MVA Salimbao Power Transformer	28,709,318.53
OTHER NETWORK	
Line Rehabilitation/ Maintenance	
b. Tree Wire Installations	4,169,870.12
c. Load Break Switches Installation	1,158,769.44
d. Rural Electrification	2,124,492.46
Residual	
e. Poles, Tower & Fixtures	6,539,225.37
f. Overhead Conductors and Devices	7,257,357.13
g. Line Transformers	11,814,431.15
h. Power Conditioning Equipment	1,862,123.46
i. Meters, Instruments, and Metering Transformers	3,745,853.41
j. Streetlights and Signal Systems	1,293,719.85
NON-NETWORK	
k. Telecommunications	510,000.00
l. Tools and Work Equipment	7,090,929.79
m. Unmanned Malagas Substation	1,859,762.72
n. Computer Software	4,623,886.00
Total 2017 CAPEX	82,759,739.43

10. The detailed justifications, technical analysis, economic analysis and alternatives considered, as applicable, for CLPC's CAPEX for CY 2017 are discussed in detail in Annex "A" in support of this Application.
11. The proposed CAPEX for CY 2017 will not have a direct impact on the current rates of CLPC until approved by the Honorable Commission as part of CLPC's Regulatory Asset Base in the next applicable Regulatory Period.

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

12. Public interest and necessity requires the immediate implementation, without delay, of the subject CAPEX projects. The loading and reliability constraints of the

8/13

current substations are reaching critical levels, necessitating the purchase and upgrade of the relevant substations. Aside from these, in the event that the CAPEX projects are not immediately implemented, certain facilities of CLPC will be rendered obsolete which may then lead to power interruptions, furthermore, the additional load coming from existing and new customers may likewise not be accommodated. These negative consequences, which are detrimental to the livelihood and everyday lives of consumers may be tempered by the immediate approval of the 2017 CAPEX projects.

13. Thus, pending final approval, there is an urgent need for a provisional authority for CLPC to immediately implement its proposed 2017 CAPEX Projects. In support of the prayer for the grant of the provisional authority, attached as Annex "B" is the Judicial Affidavit of Mr. Mark Sam Banluta, Engineering Group Manager of CLPC.
14. The foregoing CAPEX for CY 2017 are indispensable for the systematic and economic expansion and rehabilitation of CLPC's distribution facilities and ensuring compliance with safety, performance and regulatory requirements. The benefit arising from these CAPEX projects will ultimately redound to the end-consumers of CLPC in terms of continuous, reliable and efficient power supply.

PRAYER

WHEREFORE, in view of the foregoing, CLPC respectfully prays that this Honorable Commission:

1. Pending trial on the merits, immediately issue a **PROVISIONAL AUTHORITY** authorizing CLPC to implement its Capital Expenditure Projects (CAPEX) for Calendar Year ("CY") 2017.
2. After due hearing, render judgement making the approval of the Application permanent.

Other reliefs just and equitable under the premises are likewise prayed for.

Finding the said *Application* sufficient in 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 **28 June 2018 (Thursday) at ten o'clock in the morning (10:00 A.M.)**, at **ERC Mindanao Field Office, Mintrade Building, Monteverde Avenue cor. Sales St. Davao City.**

Accordingly, CLPC is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing in two (2) newspapers of nationwide 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 and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, 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; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing was published, and the complete issues of the said newspapers;

5/6

- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the *Application*, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required 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:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements 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 the said date of cancellation.


CLPC must also be prepared to make an expository presentation of the instant *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, 10 April 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson and CEO


CRC/ARC/APV ord.2017-155 CLPC- CAPEX io



7/2

Copy Furnished:

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Atty. Paul B. Sorino
Atty. Ma. Margarita S. Lim
Counsels for Applicant
16th Floor, NAC Tower
32nd St., Bonifacio Global, Taguig City
2. Cotabato Light and Power Company, Inc. (CLPC)
Sinsuat Avenue, Cotabato City
3. Office of the Solicitor General
134 Amorsolo St., Legaspi Village
City of Makati 1229
4. Commission on Audit (COA)
Commonwealth Avenue,
Quezon City 1121
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard
Pasay City 1300
6. House Committee on Energy
Batasan Hills, Quezon City 1126
7. Office of the City Mayor
Cotabato City
8. Office of the Sangguniang Panglungsod
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9. Office of the Municipal Mayor
Datu Odin Sinsuat, Maguindanao
10. Office of the Sangguniang Bayan
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11. Office of the Municipal Mayor
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12. Office of the Sangguniang Bayan
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13. Office of the Governor
Province of Maguindanao
14. Office of the Sangguniang Panlalawigan
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