

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



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

ERC CASE NO. 2018-003 RC

**MACTAN ELECTRIC
COMPANY, INC. (MECO),
Applicant.**

X ----- X

D O C K E T E D
Date: APR 17 2018
By: RC

ORDER

On 18 January 2018, Mactan Electric Company, Inc. (MECO) filed an *Application* dated 07 December 2017 for the approval of its emergency capital expenditure project for calendar year 2017, with prayer for provisional authority.

In the said *Application*, MECO alleged the following:

1. MECO is a corporation duly organized and existing under Philippine laws, with principal address at MECO Building, Sangi Road, Pajo, Lapu-Lapu City. It has franchise and Certificate of Public Convenience and Necessity as a distribution utility to operate the electric light and power distribution service in Lapu-Lapu City and in the Municipality of Cordova.
2. Pursuant to ERC Resolution No. 26, Series of 2009 (Amended Rules for the Approval of Regulated Entities' Capital Projects), MECO files this application for an emergency capital expenditure (CAPEX) project to be implemented this calendar year 2017 in order to rectify an overloaded sub-transmission line.
3. The project affects the NGCP/TRANSCO GIS-Feeder #1, which has a total length of 2.682 km consisting of a 1.457 km of 795 MCM wire size owned by MECO and a 1.225 km of 336 MCM owned by TRANSCO or the National Transmission Corporation. A segment of 336 MCM is overloaded and the project will rectify the said overloaded segment *en route* to the EAUC sub-

transmission line in order to avoid further MLD (Manual Load Dropping) instructions from NGCP or the National Grid Corporation of the Philippines.

4. The said overloading and the corresponding MLD instructions cause frequent power service interruptions to the extreme inconvenience and prejudice of consumers which prompted MECO to implement this emergency project pursuant to Resolution No. 26, Series of 2009 or the *Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditure Projects*.
5. The project has a Cost Estimate of **Php6,627,767.67** to be sourced from MECO's internally generated funds.
6. The project has an Estimated Rate Impact of **Phpo.015483/kWh**.
7. Other details of the project appear in **Annex A** hereof, which provide the following information: (a) Project Details; (b) Project Classification; (c) Project Need; (d) Project Cost Estimate (with breakdown); (e) Qualitative Performance Measures; (f) Quantitative Performance Measures; (g) the three options that were considered to address the overloading (with photos); (h) Analysis and Conclusion of the Project; and (i) some of the Demand Control Imminent Warnings issued by NGCP.
8. The project will help MECO provide continuous, reliable, and efficient power supply to its consumers.
9. Pursuant to Rule 20 of the ERC Rules of Practice and Procedure, MECO submits the Judicial Affidavit of Engr. Gilbert A. Pagobo (**Annex B**) in support of its motion for a Provisional Authority to immediately implement the project.
10. The issuance of a Provisional Authority is justified considering the extreme urgency to immediately address the said overloading and frequent power service interruptions.

RELIEF

MECO prays that the Honorable Commission (a) APPROVE the emergency CAPEX project, (b) ISSUE a Provisional Authority to immediately implement the project pending final resolution of this application, (c) GRANT final authority to MECO to implement, construct, own, and operate the project, and (d) GRANT MECO other equitable relief.

Finding the said *Application* to be 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 **31 May 2018 (Thursday) at two o'clock in the**

afternoon (2:00 P.M.), at MECO Building, Sangi Road, Pajo, Lapu-Lapu City, Cebu.

Accordingly, MECO 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 Office of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within MECO's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the affected franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, 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;

- 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, 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 the consumers within MECO's franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;
- 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 proof 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 the 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 therefor; 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.

MECO 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.

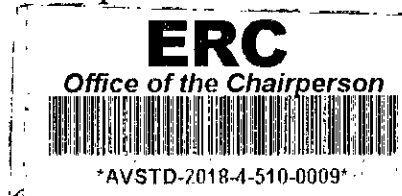
SO ORDERED.

Pasig City, 04 April 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson and CEO


LS: MCC/ARG/GLS/APV



COPY FURNISHED:

1. Atty. Remigio Michael A. Ancheta II and Atty. Michelle Anne R. Rubio-Aguinaldo
Ancheta and Associates
Counsel for Applicant MECO
Suite 2404 Entrata Urban Complex
2609 Civic Drive, Filinvest Corporate City
Alabang, Muntinlupa City
2. Mactan Electric Company, Inc. (MECO)
Applicant
MECO Building, Sangi Road, Pajo, Lapu-Lapu City
3. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit
Commonwealth Avenue, Quezon City
5. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
6. House Committee on Energy
Batasan Hills, Quezon City

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7. Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP)
Campus Avenue corner Park Avenue, McKinley Town Center
Fort Bonifacio, Taguig City
8. Office of the City Mayor
Lapu- Lapu City, Cebu
9. Office of the LGU Legislative Body
Lapu- Lapu City, Cebu
10. Office of the Municipal Mayor
Cordova, Cebu
11. Office of the LGU Legislative Body
Cordova, Cebu
12. Office of the Provincial Governor
Province of Cebu
13. Office of the LGU Legislative Body
Province of Cebu
14. Standards Compliance and Monitoring Division
Regulatory Operations Service
17/F, Pacific Center Bldg., San Miguel Ave.,
Ortigas Center, Pasig City