

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



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
CAPITAL EXPENDITURE
PROJECTS OF IBAAN
ELECTRIC CORPORATION
(IEC) FOR THE YEARS
2013 TO 2018,**

ERC CASE NO. 2019-068 RC

**IBAAN ELECTRIC
CORPORATION (IEC),
Applicant.**

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Promulgated:
OCT 10 2019

ORDER

On 9 September 2019, Ibaan Electric Corporation (IEC) filed an *Application* for the approval of its Capital Expenditure (CAPEX) projects for the years 2013 to 2018 (*Application*).

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

1. That the **Applicant** is a private distribution utility with a congressional franchise granted under **R.A. 10892** on 27 July 2015 with principal office address at Metro-Rei Business Park, Brgy. Palindan, Ibaan, Batangas, and may be served by the processes of this Honorable Commission through its General Manager **MA. ASUNCION S. MAGPANTAY**, whose authority is hereto attached as **Annex "A"** and made an integral part of this *Application*. That **Applicant's** franchise area includes the entire municipality of *Ibaan* and Barangays *Salaban* and *Adya* in the municipalities of *San Jose* and City of *Lipa*, respectively, all in the province of *Batangas*. For purposes of this application, Applicant appoints **ATTY. ELEUTERIO F. DIAO IV** as its legal counsel to represent the utility in the filing of the application, to attend the expository presentation, pre-trial conference and evidentiary hearing, as well as file all necessary pleadings relative to the application. His authority is contained in the same board resolution attached and marked herein as **Annex "A"**; That the Applicant has a pending unapproved application before the Commission for its unplanned and contingency capital expenditure projects for the year 2012 under **ERC Case No. 2012-140 RC**;

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2. That the **Applicant** pursuant to ERC Resolution No. 26, series of 2009 seeks the review and approval by the Honorable Commission for the following capital projects already implemented from the years 2013 to 2018, their justifications, and corresponding actual costs:

CAPEX Projects	2013	2014	2015	2016	2017	2018	Total
A. Safety Projects							
Rehabilitation and Relocation of Lines	480,838.39	425,036.75	910,862.46	335,843.63	456,607.67	698,883.00	3,308,071.90
Circuit Breaker, Cut-Out and Cross-Arm Replacement				1,291,504.15			1,291,504.15
Replacement of Rotten Poles	154,960.49	125,007.39	261,072.41	75,838.98	89,181.20	7,418.00	713,478.47
B. Capacity Projects							
Acquisition, Re-conditioning/Re-commissioning of Power Transformer and Substation Modification					14,652,155.15		14,652,155.15
Extension of Primary and Secondary Lines	3,088,999.56	1,591,971.30	2,047,450.59	1,107,026.29	590,063.71		8,425,511.45
C. System Loss Projects							
KWhr Meter Replacement	495,000.00	529,650.00	491,700.00	585,750.00	546,150.00	644,100.00	3,292,350.00
Installation of Feeder Meter				63,900.00	21,300.00		85,200.00
D. Capacity Projects (Other Networks)							
Distribution Transformer Requirement	1,030,434.48	1,073,406.65	996,690.00	1,094,370.50	1,782,376.00	1,498,227.50	7,475,505.13
kWhr Meter and Service Drop (New Connection)	1,082,416.80	891,673.80	1,051,800.00	1,681,260.00	993,480.00	1,174,560.00	6,875,190.60
E. Non-network Projects							
Hotspot Correction			8,713.10		42,600.00	26,370.00	77,683.10
Transformer Identification						338,811.20	338,811.20
Procurement of Vehicles	295,000.00			1,459,726.00		3,113,180.00	4,867,906.00
IT Equipments	261,337.44	794,926.92	142,388.00	666,780.00	208,653.00	294,514.00	2,278,599.36
Office Furniture and Equipment	317,988.15	411,298.28	603,715.74	377,681.00	434,713.00	167,229.00	2,312,625.17
Tools and Safety Gadgets	940,195.00	930,348.00	382,764.12	636,291.99	1,464,604.19	427,682.00	4,781,885.30
Total	8,147,170.31	6,683,319.09	6,897,156.42	9,375,972.54	21,281,338.92	8,390,974.70	60,776,476.98

3. That, Applicant has financed the above mentioned capital projects partly by borrowings and/or loans from the following suppliers and banking institutions, as follows:

Supplier/Bank obtained	Amount of loan/debt	Year
4.1. BDO	30,000,000.00	2013
4.2 Supplier	1,103,618.36	2016
4.3 Supplier	21,281,883.92	2017
4.4 Supplier	8,390,974.70	2018
Total	60,776,476.98	

4. That the approved actual costs of the aforementioned Capital Projects shall be incorporated in the rate adjustment application to be filed by the Applicant under the Performance Based Regulation (PBR);
5. That consistent with the requirement of the filing of applications for approval of capital projects, Applicant attached and made an integral part of this application justifications, alternative project proposals and the related and indispensable documents chronologically arranged and contained in **Annexes "B to B1"** hereof;
6. That, finding the proposed capital expenditure projects reasonable, appropriate, necessary and most cost effective to the consumers, the Board of Directors of the Applicant passed Board Resolutions approving the capital expenditure projects, copy of which is attached hereto as "**Annexes C to C5**";
7. That the Applicant, in compliance with Section 2, Rule 6 of the ERC Rules of Practice and Procedure, copies of this Application together with all its annexes and accompanying documents has been furnished to the Legislative Body of the Municipalities of Ibaan, San Jose and City of Lipa where Applicant operates. Likewise, the Application was published in Headlines News Today, a newspaper of general circulation within the franchise area of the Applicant;
8. As proof of such compliance, certifications are issued by the Secretaries of the Legislative Bodies of the Local Government Units concerned, attached herewith as **Annex "D"**, respectively. Likewise, attached herewith as **Annexes "E" and "F"** are the Affidavit of Publication executed by the Publisher of Headlines News Today and the copy of issue containing the published Application.

WHEREFORE, foregoing premises considered, it is most respectfully prayed of this Honorable Commission, after due notice and hearing, to approve the aforementioned capital projects of the Applicant.

Finding the said *Application* to be sufficient in form and 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 **21 November 2019 (Thursday) at ten o'clock in the morning (10:00 A.M.) at IEC's Principal Office located at Metro-Rei Business Park, Brgy. Palindan, Ibaan, Batangas.**

Accordingly, IEC 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 their 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 Governor, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative body within the affected 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 were 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 Governor, Mayors, and LGU legislative body 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 the affected 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.

IEC 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, the nature of the *Application* with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 23 September 2019.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal Service


L. B. V. G. / BSA / G.L.D.

Copy Furnished:

1. Atty. Eleuterio F. Diao IV
Counsel for Applicant IEC
1906 Bontong, Camaman-an, Cagayan de Oro City
2. Ibaan Electric Corporation (IEC)
Applicant
Metro-Rei Business Park
Brgy. Palindan, Ibaan, Batangas
3. Office of the Governor
Province of Batangas
4. Officer of the Local Government Unit (LGU) legislative body
Province of Batangas
5. Office of the Municipal Mayor
Ibaan, Batangas
6. Office of the LGU legislative body
Ibaan, Batangas
7. Office of the City Mayor
Lipa, Batangas
8. Office of the LGU legislative body
Lipa, Batangas
9. Office the Municipal Mayor
San Jose, Batangas
10. Office of the LGU legislative body

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San Jose, Batangas

11. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
12. Commission on Audit
Commonwealth Avenue, Quezon City
13. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
14. House Committee on Energy
Batasan Hills, Quezon City
15. 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
16. Regulatory Operations Service
Energy Regulatory Commission
17th Floor Pacific Center Building, San Miguel Avenue, Pasig City