

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
YEARS 2017 TO 2020 WITH
PRAYER FOR PROVISIONAL
AUTHORITY

ERC CASE NO. _____

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

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APPLICATION

Applicant MACTAN ELECTRIC COMPANY, INC. (MECO), by counsel, respectfully states:

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 legislative 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. In compliance with the Amended Rules for the Approval of Regulated Entities' Capital Projects (the "Rules"), as approved in ERC Resolution No. 26, Series of 2009, MECO submits for approval its capital expenditure program for CYs 2017-2020, consisting of the following proposed capital expenditure (CAPEX) projects:

CY 2017

CAPITAL EXPENDITURES FOR CY 2017	Cost (Php)	Estimated Rate Impact (Php/kWh)
1. Major CAPEX:	74,352,061.42	0.31657620
20MVA Mobile S/S #2	55,000,000.00	
69KV Sub-transmission Lines	4,443,107.46	

13.8KV Feeder Lines	14,908,953.96	
2. Residual (other than major) CAPEX: Upgrading and Extension of Prim. and Sec. Dist. Lines	3,350,694.16	
3. Other Network Projects	51,308,580.00	
4. Non-Network Projects	6,500,000.00	
Relay Tester 3phase	1,500,000.00	
Ultrasonic Tester	1,000,000.00	
Line Vehicles	4,000,000.00	
TOTAL	135,511,335.58	

CY 2018

CAPITAL EXPENDITURES FOR CY 2018	Cost (Php)	Estimated Rate Impact (Php/kWh)
1. Major CAPEX:	194,901,166.21	0.60149593
20VA Mobile S/S #3	55,000,000.00	
69KV Sub-transmission Lines	20,650,374.25	
13.8KV Feeder Lines	4,643,591.96	
New Office Building	114,607,200.00	
2. Residual (other than major) CAPEX: Upgrading and Extension of Prim. and Sec. Dist. Lines	5,192,204.65	
3. Other Network Projects	72,006,460.00	
4. Non-Network Projects	3,568,000.00	
TOTAL	275,667,830.86	

CY 2019

CAPITAL EXPENDITURES FOR CY 2019	Cost (Php)	Estimated Rate Impact (Php/kWh)
1. Major CAPEX: Additional underground 69kV Sub-transmission line	18,983,890.00	0.18168266
2. Residual (other than major) CAPEX: Upgrading and Extension of Prim. And Sec. Dist. Lines	5,939,545.40	
3. Other Network Projects	61,265,570.00	
4. Non-Network Projects	2,525,000.00	
Partial Discharge Tester	2,525,000.00	
TOTAL	88,714,005.40	

CY 2020

CAPITAL EXPENDITURES FOR CY 2020	Cost (Php)	Estimated Rate Impact (Php/kWh)
1. Major CAPEX:	91,876,515.64	0.33411647
20MVA Mobile S/S #4	55,000,000.00	
69KV Sub-transmission Lines	24,558,545.61	
13.8KV Feeder Lines	12,317,970.03	

2. Residual (other than major) CAPEX: Upgrading and Extension of Prim. and Sec. Dist. Lines	8,762,466.99	
3. Other Network Projects	68,935,610.00	
4. Non-Network Projects	3,500,000.00	
Line Vehicles (Replacement)	3,500,000.00	
TOTAL	173,074,592.62	

3. The aggregate total cost of the proposed CAPEX projects is **Php672,967,764.46**, which will be sourced from MECO's internally generated funds.

4. MECO submits the annexes attached hereto and described below in compliance with the requirements for each proposed CAPEX project as required under Section 3.2, Article III of the Rules.

ANNEX	DESCRIPTION
A	Additional and Extension of 69 KV Line Projects: <ul style="list-style-type: none"> • Airport 69kV Sub-transmission Line Project (2017) • Mactan to Maribago 69kV Sub-transmission Line Project (2018) • Additional Underground 69kV Line Project (2019) • Muelle Osmeña to Cordova 69kV Sub-transmission Line Project (2020)
B	Additional Mobile Substations: <ul style="list-style-type: none"> • 20 MVA Mobile Substation #2 Project (2017) • 20 MVA Mobile Substation #3 Project (2018) • 20 MVA Mobile Substation #4 Project (2020)
C	Feeder Distribution Line Extension / Upgrading <ul style="list-style-type: none"> • New Airport Feeder Project (2017) • New Datag Feeder Project (2018) • New Cordova Feeder Project (2020)
D	New Office Building (2018)
E	Upgrading and Extension Programs of Primary and Secondary Lines for CYs 2017, 2018, 2019, and 2020
F	Other Network CAPEX Projects
G	Non-Network CAPEX Projects
H	Cost / Economic Analysis and Schedule

5. The annexes provide, among other things, the following information: (a) Description of each capital project; (b) Project Justifications; (c) Project Cost Estimates; (d) Technical Analysis; (e) Economic Analysis; and (f) Project Schedule.

6. The proposed projects are timely, appropriate, necessary, and cost-efficient, and they are consistent with MECO's Distribution Development Plan (DDP), the Philippine Grid Code, the Philippine Distribution Code, and other relevant government issuances. An

electronic copy of the DDP (consisting of 2,300 pages) is submitted as **Annex J** and a summary thereof as **Annex J-1**.

7. The proposed projects are indispensable in the systematic and economic expansion and rehabilitation of MECO's distribution facilities. Their implementation will ensure compliance with safety, performance, and regulatory requirements, and they will ultimately benefit the customers of MECO in terms of uninterrupted, reliable and efficient power supply.

8. Pursuant to Rule 20 of the ERC Rules of Practice and Procedure, MECO submits the Judicial Affidavit of Engr. Gilbert A. Pagobo (**Annex K**) in support of its motion for a Provisional Authority to immediately implement the proposed projects.

9. The issuance of a Provisional Authority will ensure MECO's timely compliance with its CAPEX program considering the arduous preparations needed and the works involved in the implementation of the proposed CAPEX projects.

RELIEF

MECO prays that the Honorable Commission (a) APPROVE its capital expenditure program for CYs 2017-2020 consisting of the above proposed projects, (b) ISSUE a Provisional Authority to immediately implement the proposed projects pending final resolution of this application, (c) GRANT final authority to MECO to implement, construct, own, and operate the proposed projects, and (d) GRANT MECO other equitable relief.

Muntinlupa City for Pasig City, December 7, 2017.


ANCHETA & ASSOCIATES

Attorneys-at-Law

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Roll of Attorneys No. 45304
MCLE Compliance No. V-0023307; valid until 04.14.19



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IBP Lifetime Roll No. 014910; PPLM

Roll of Attorneys No. 65873

MCLE Exempted

(MCLE Governing Board Order No. 1, S. 2008)

COPY FURNISHED:

1. OFFICE OF THE GOVERNOR
Province of Cebu
2. OFFICE OF THE SANGGUNIANG PANLALAWIGAN
Province of Cebu
3. OFFICE OF THE MAYOR
City of Lapu-Lapu, Cebu
4. OFFICE OF THE SANGGUNIANG PANLUNGSOD
City of Lapu-Lapu
5. OFFICE OF THE MUNICIPAL MAYOR
Municipality of Cordova, Cebu
6. OFFICE OF THE SANGGUNIANG BAYAN
Municipality of Cordova, Cebu

Verification and Certification ...

**VERIFICATION AND CERTIFICATION
AGAINST FORUM SHOPPING**

I, GILBERT A. PAGOBO, of legal age, Filipino, with business address at MECO Building, Sangi Road, Lapu-Lapu City, Cebu, state under oath that:

1. I am the authorized representative of Mactan Electric Company, Inc. (MECO) in this application for approval of capital expenditure projects for CYs 2017-2020 as shown by the attached Secretary's Certificate. In such capacity, I caused the preparation of this application, the contents of which are true and correct based on my personal knowledge or on authentic records at hand.

2. MECO and I have not commenced any action or filed any claim involving the same issues in the present application in any court, tribunal, or quasi-judicial agency, and to the best of my knowledge, there is no such other action or claim pending therein involving the same issues.

3. If I should later learn that the same or similar action or claim has been filed or is pending, I shall report it to the Energy Regulatory Commission within five (5) days from learning.


GILBERT A. PAGOBO
Affiant

SUBSCRIBED AND SWORN to before me this December 7, 2017, affiant exhibiting to me his Philippine Driver's License with No. 606-92-019177, bearing his photograph and signature.

Doc. No. 208 ;
Page No. 43 ;
Book No. 6 ;
Series of 2017.


JANICE P. MONTEROLA
Notary Public for Lapu-Lapu City
Notarial Commission No. 445-2
Valid December 31, 2019
114 Osmesa St., 2d., San-Juan, Lapu-Lapu City
Roll of Attorneys No. 41823 04/19/11
ICP (Notary License) No. 012055
PTR No. 1221501 01/03/17