

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF CAPITAL
EXPENDITURE PROJECTS
FOR REGULATORY YEARS
2020, 2022, and 2024 WITH
MOTION FOR PROVISIONAL
AUTHORITY**

ERC Case No. 2020-009 RC

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

Promulgated:
August 11, 2020

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that 28 February 2020, the Mactan Electric Company, Inc. (MECO) filed an *Application* dated 28 January 2020 (Application), seeking the Commission's approval of its Capital Expenditure (CAPEX) projects for regulatory years 2020, 2022 and 2024, with prayer for provisional authority.

The pertinent portions of the said *Application* are hereunder quoted as follows:

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 a legislative franchise and Certificate of Public Convenience and Necessity as a distribution utility to operate the electric light and power distribution service in the City of Lapu-Lapu and in the Municipality of Cordova;
2. In compliance with the Energy Regulatory Commission's (ERC) Resolution No. 26, Series of 2009 or the Amended Rules for the Approval of Regulated Entities' Capital Projects (Rules), MECO submits for approval to implement the construction, ownership, and operation of the following capital expenditure projects (CAPEX Projects) for Regulatory Years (RY) 2020, 2022, and 2024;

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Capital Expenditure Project for RY 2020		Project Cost	Estimated Rate Impact
1	69KV Subtransmission Lines	13,630,359.09	0.005547972
2	13.8KV Lines for the New Feeder 15	7,042,281.39	
3	20MVA Mobile Substation #5	55,000,000.00	
4	13.8kV Lines for the New Feeder 16	10,278,283.86	
TOTAL		85,950,924.34	

Capital Expenditure Project for RY 2022		Project Cost	Estimated Rate Impact
5	20MVA Mobile Substation #6	55,000,000.00	0.003364613
6	13.8kV Lines for the New Feeder 17	3,067,119.39	
TOTAL		58,067,119.39	

Capital Expenditure Project for RY 2024		Project Cost	Estimated Rate Impact
7	20MVA Mobile Substation #7	55,000,000.00	0.003032874
TOTAL		55,000,000.00	

3. The aggregate total cost of the proposed CAPEX projects is **PhP199,018,043.73**, which will be sourced from MECO's internally generated funds;
4. In compliance with Section 3.2, Article III of the Rules, MECO submits the following documents;

Annex	Description
A	69KV Subtransmission Line Extension Project for RY 2020
B	Additional Mobile Substations: <ul style="list-style-type: none"> • 20 MVA Mobile Substation #5 Project for RY 2020 • 20 MVA Mobile Substation #6 Project for RY 2022 • 20 MVA Mobile Substation #7 Project for RY 2024
C	Additional Feeder Distribution Line <ul style="list-style-type: none"> • 13.8kV Lines for the New Feeder 15 for RY 2020 • 13.8kV Lines for the New Feeder 16 for RY 2020 • 13.8kV Lines for the New Feeder 15 for RY 2022
D, series	Cost Analysis <ul style="list-style-type: none"> • Financial and Economic Cost Analysis for RY 2020, 2022, and 2024 Mobile Substation Projects • Financial and Economic Cost Analysis for RY 2020 and 2022 Feeder Projects • Interpretation of Financial & Economic Costs

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	<ul style="list-style-type: none">• Projected Income Statement for RY 2020, 2022, and 2024
E	Cable Selection Study (Cable Analysis)
F	GANTT Chart
G	Demand Forecast per Substations
H	MECO's Distribution Development Plan
I	Judicial Affidavit of Gilbert A. Pagobo

5. The annexes contain the following information, among other things: (a) project description, classification, and justification; (b) project cost estimate; (c) technical and economic analysis; (d) schedule; (e) options; and (f) cost benefit analysis;
6. The proposed CAPEX 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 MECO's DDP is submitted together with this Application as Annex H;
7. The proposed CAPEX projects are indispensable in the systematic and economic expansion and rehabilitation of MECO's distribution facilities and in ensuring compliance with safety, performance, and regulatory requirements. The implementation of the CAPEX projects 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 also submits, as Annex I, the Judicial Affidavit of Engr. Gilbert A. Pagobo in support of its motion for 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 in view of the arduous preparations needed and the complex works involved in the implementation of the proposed CAPEX projects;
10. In compliance with Resolution No. 38, Series of 2006 or ERC Rules Practice and Procedure, applicant will furnish the following offices a copy of this application with all the annexes:
 - a) Office of the Sangguniang Panlalawigan of the Province of Cebu;
 - b) Office of the Provincial Governor, Province of Cebu;
 - c) Office of the Sangguniang Panlungsod, Lapu-Lapu City;
 - d) Office of the Mayor of Lapu-Lapu City;
 - e) Office of the Sangguniang Bayan of the Municipality of Cordova; and
 - f) Office of the Municipal Mayor of the Municipality of Cordova.

RELIEF

MECO prays that the Honorable Commission (a) APPROVE its Capital Expenditure Projects for Regulatory Years 2020, 2022, and 2024, (b) ISSUE a Provisional Authority to immediately implement the proposed CAPEX projects pending final resolution of this application, (c) GRANT the applicant final authority to implement, construct, own, and operate the proposed CAPEX projects, and (d) GRANT the applicant other equitable relief.

In the *Order* dated 06 March 2020, the Commission has set the instant *Application* for the determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on 18 June 2020 at the ERC Visayas Area Operations Division.

However, pursuant to the Civil Service Commission Memorandum Circular No. 10 Series of 2020¹, where adoption by the government agencies of alternative work arrangements is mandated during the period of state of national emergency due to the COVID-19 pandemic, the Commission, in the interim, deemed it necessary to cancel all out-of-town hearings.

In its *Order* dated 03 July 2020, the Commission sets the instant *Application* for the determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on 02 September 2020 (Thursday), at nine o'clock in the morning (9:00 A.M.), at MECO's Principal Office, Sangi Road, Lapu-Lapu City, Cebu.

Considering, however, that Cebu City remains to be the epicenter of the coronavirus disease 2019 (COVID-19) outbreak in Central Visayas, the conduct of physical hearing in Lapu-Lapu City, Cebu would highly compromise the health and safety of the attendees.

ACCORDINGLY, the Commission hereby sets the instant *Application* for the determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on **02 September 2020 (Thursday), at nine o'clock in the morning (9:00 A.M.)**, through a virtual hearing using the **Zoom Application** as the online platform for the conduct thereof.

¹ Revised Interim Guidelines for Alternative Work Arrangements and Support Mechanisms for Workers in the Government During the Period of State of National Emergency Due to COVID-19 Pandemic.

RELATIVE THERETO, the Commission hereby directs MECO to host **at MECO's Principal Office, Sangi Road, Lapu-Lapu City, Cebu**, as the designated venue of the virtual hearing, and ensure that the same is open to the public and that the community quarantine guidelines are observed at all times. Moreover, MECO shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via e-mail at records@erc.gov.ph and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal.erc.gov.ph@gmail.com. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via electronic mail (e-mail) at records@erc.gov.ph and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal.erc.gov.ph@gmail.com, a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name, mailing address, and e-mail address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may likewise file through e-mail at records@erc.gov.ph and records.erc.gov.ph@gmail.com, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, through any of the available modes of service, upon their agreement, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours. In the alternative, those persons who wish to have an electronic copy of the *Application* may request the Commission for the e-mail addresses of the Applicant by sending an e-mail to records@erc.gov.ph and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal.erc.gov.ph@gmail.com. Nonetheless, any person may also access the *Application* as posted by the Commission in its official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled initial virtual hearing by providing the Commission, thru legal.virtualhearings.erc.gov.ph@gmail.com, with their respective e-mail addresses and indicating therein the case number of the instant *Application*. The access link/s to the aforementioned hearing platform shall be sent by ERC within five (5) working days prior to the scheduled hearing.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 10th day of August 2020 in Pasig City.


AGNES VST DEVANADERA
Chairperson and CEO