

REPUBLIC OF THE PHILIPPINES  
ENERGY REGULATORY COMMISSION  
PASIG CITY

IN THE MATTER OF THE APPLICATION FOR  
APPROVAL AND AUTHORITY TO IMPLEMENT  
CAPITAL EXPENDITURE PROJECTS FOR  
REGULATORY YEARS 2024, 2025, 2026, 2027,  
2028, 2029, and 2030 –

ERC CASE NO. 2023\_\_\_\_RC

MACTAN ELECTRIC COMPANY, INC.,  
Applicant

x-----x

**APPLICATION**

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

1. MECO is a private corporation created and organized under the Philippine laws with principal office located at MECO Building, Sangi Road, Lapu-Lapu City 6015, Cebu, Philippines, and SEC Registration No. 31-388. By virtue of Republic Act (R.A.) No. 10890, MECO was granted franchise to operate the electric light and power distribution system and service in the City of Lapu-Lapu and in the Municipality of Cordova ("*franchise area*"). R.A. No. 10890 lapsed into law on July 17, 2016 and will expire on July 17, 2041, or twenty-five (25) years thereafter.
2. In compliance with the Energy Regulatory Commission (ERC) Resolution No. 17, Series of 2011 or the *Resolution Adopting the Investor-Owned Electric Distribution Planning Manual*, in relation to the relevant provisions of the *2021 Revised Rules for Setting Distribution Wheeling Rates for Privately Owned Electricity Distribution Utilities Operating under Performance Based Regulation (RDWR)*, and other relevant issuances, MECO respectfully submits for approval its proposed Capital Expenditure Projects (CAPEX Projects) for Regulatory Years (RY) 2024 to 2030, viz:

TYPE	RY	MECO'S PROPOSED PROJECTS FOR RY 2024 TO 2030 TITLE/DESCRIPTION	PROJECT COST (PHP)
<b>SAFETY PROJECTS</b>			
1	2024-2025	Refurbishment and upgrading of 2.94 circuit kilometers GIS Feeder 2 69kV Sub-Transmission Line from Mactan GIS to Muelle Osmena	20,072,496.28
2	2024-2027	Rehabilitation of Olango Island Primary and Secondary Distribution line	79,354,393.63
<b>CAPACITY PROJECTS</b>			
3	2024-2025	1-20 MVA Mobile Substation in Lopez Jaena	92,773,211.85
4	2025	1-20 MVA Mobile Substation in Portifino Mactan Newtown	95,208,264.78
5	2026-2027	2-20 MVA Mobile Substation inside Cebu Light Industrial Park (CLIP)	190,644,654.24
6	2027-2028	2-20 MVA Mobile Substation in Cordova	208,485,370.18
7	2027	Construction of New 69kV Sub-Transmission Line Looping from Mobile Substation in Cordova to J-Park Resort Maribago	89,420,260.33
8	2025	Construction of New 69kV Sub-Transmission Line from NGCP Substation going to Mactan	28,257,289.91
9	2024	Construction of an additional 10 spans of the Primary Distribution Line from Substation 3 to MEZ 2 (Feeder 1A)	1,222,155.78
10	2024	Construction of Feeder 17 I Cordova coming from mobile Substation 4 in Cordova to Gabi bridge	7,918,536.38
11	2024	Construction of New Distribution Feeder 10A from Mobile Substation 1 to Cebu Light Industrial Park (CLIP)	1,323,097.40
<b>RELIABILITY PROJECT</b>			
12	2024-2025	Primary Distribution Line Loop for Philippine Air Force Power Supply Redundancy	9,096,784.46
<b>OTHER NETWORK PROJECTS</b>			
13	2024-2030	Extension of Secondary Distribution Lines	7,303,570.66
14	2024-2030	Distribution Transformer CAPEX	162,419,768.00
<b>NON-NETWORK PROJECTS</b>			
15	2024-2027	Power Distribution Management System Project (PDMS):	80,000,000.00
16	2024	Operation and Maintenance Tools and Vehicles	4,923,270.00
17	2024	Computerized Accounting and Procurement and Inventory System	2,402,238.00
<b>TOTAL</b>			<b>1,080,825,361.88</b>

Fig.1 Summary of CAPEX Projects

3. The proposed projects seek to address issues that affect safety, capacity, and reliability of the system. Thus, MECO's 2024-2030 CAPEX Program, as approved by its Board of Directors, include (1) refurbishment, rehabilitation and upgrading of GIS feeders and sub-transmission lines (STL) that have deteriorated as a result of wear and tear; (2) installation of new substations either as replacement for old ones, or as an additional requirement as a result of increasing demand; (3) construction of new power lines, or extension of existing ones, to improve and enhance the distribution system and its facilities; and (4) acquisition of additional distribution transformer for optimum efficiency. The justification for each project is outlined below:

PROJECT TYPE	PROPOSED PROJECTS	RATIONALE
<b>SAFETY PROJECTS</b>		
1	Refurbishment and upgrading of 2.94 kilometers GIS Feeder 2 69kV Sub-Transmission Line from Mactan GIS to Muelle Osmena	This project is intended to refurbish, rehabilitate, and upgrade the old GIS Feeder 2 Sub-Transmission line.
2	Rehabilitation and Refurbishment of Olango Island Primary and Secondary Distribution Line	This CAPEX project is primarily centered on rehabilitating the Distribution System on the Island of Olango. The key impetus for this initiative stems from the deteriorated condition of the majority of the Primary and Secondary poles, compounded by the aging state of the lines.
<b>CAPACITY PROJECTS</b>		
3	1-20 MVA Mobile Substation in Lopez Jaena	Installation of 1-20 MVA Mobile Substation in Lopez Jaena for the retirement of the 50-year-old unit 10 MVA substation of NGCP
4	1-20 MVA Mobile Substation in Portifino Mactan Newtown	Installation of 1-20 MVA Mobile Substation in Portifino Beach in Mactan Newtown for the ongoing mega development of Megaworld
5	2-20 MVA Mobile Substation in Cebu Light Industrial Park (CLIP)	Installation of 2-20 MVA Mobile Substation to address the additional and increasing power demand of Substation 4 inside Cebu Light Industrial Park (CLIP_Economic Zone) and other spot and its peripheral loads
6	2-20 MVA Mobile Substation in Cordova	Installation of a 2-20 MVA Mobile Substation as the initial supply for the 1500 hectares Reclamation project of Cordova
7	Construction of New 69kV Sub-Transmission Line Looping from Mobile Substation in Cordova to J-Park Resort Maribago	This project is an STL looping project that will connect the Sub-Transmission Line from two (2) separate Feeders.
8	Construction of New 69kV Sub-Transmission Line from NGCP Substation going to Mactan	This project is the construction of a new additional 69kV Sub-Transmission line that will be used to augment the existing sub-transmission line that will also be congested due to load growth in the Mactan and Punta Engaño area.
9	Construction of an additional 0.29 km or 10 spans of the Primary Distribution Line from Substation 3 to MEZ 2 (Feeder 1A)	This project is to transfer portion of load of Feeder 2 from Substation 3 to Mobile Substation No.1 to avoid overloading of the existing distribution Line.
10	Construction of Feeder 17 in Cordova from mobile Substation 4 in Cordova to Gabi bridge	Refurbishment, uprating and construction of new line to connect the existing line to be supplied by the Mobile substation 4 in Cordova for the unloading of the existing Primary distribution Feeder
11	Construction of New Distribution Feeder 10A from Mobile Substation 1 to Cebu Light Industrial Park (CLIP)	This project is to transfer portion of load of Cebu Light Industrial Park (CLIP) Feeder 10 from Substation 3 to Mobile Substation No.1 to avoid overloading of the existing distribution Line and to address the continuous increase of load from the economic zone.
<b>RELIABILITY PROJECT</b>		
12	Construction 1.84 km Primary Distribution Line Loop for Philippine Air Force Power Supply Redundancy	This is to construct a new primary distribution line loop to connect Feeder from Mobile Substation 2 in Mactan International Airport to Feeder 2 of Substation 3 in Basak for reliability and redundancy.
<b>OTHER NETWORK PROJECTS</b>		
13	Extension of Secondary Distribution Line	The capital expenditure (CAPEX) outlined encompasses the extension of secondary lines to address the load growth resulting from an influx of new residents in those specific areas. The decision for this expansion is rooted in the formal requests received, typically in the form of signed petitions or letters, from residents seeking the extension of secondary lines. It's noteworthy that a significant portion of these areas corresponds to relocation sites.
14	Distribution Transformer CAPEX	This proposal is aligned with the secondary expansion capital expenditure (CAPEX) plan, as the expansion initiatives may necessitate the incorporation of additional distribution transformers. The decision is informed by the outcomes of load monitoring activities, revealing a need for more units to upgrade overloaded transformers and ensure optimal functioning. This strategic coordination ensures that the distribution system is equipped to efficiently handle the growing demand and maintain reliable service.
<b>NON-NETWORK PROJECTS</b>		
15	Power Distribution Management System Project (PDMS)	The increase in field equipment and regulatory compliance makes it very difficult for operations to continue the manual system operation. This project is an integrated SCADA System through Fiber optics that is not limited to the substation but to all the field equipment. The PDMS is intended to improve system reliability, efficiency, and especially the dynamics in the field. This is also in compliance with Department Energy (DOE) Department Circular No. DC2020-02-0003 under the National Smart Grid Policy which is to modernize the electric grid infrastructure to effectively address the 21st century challenges of consumer empowerment, energy supply flexibility, and security of electric grid performance and asset utilization.
16	Operation and Maintenance Tools and Vehicles	Enhancing the mobility of personnel is imperative to ensure an agile and efficient response to customer concerns and complaints, ultimately aiming to provide unparalleled service to our expanding customer base. By optimizing the mobility of our workforce, we can proactively address customer needs, fostering a more responsive and customer-centric approach.
17	Computerized Accounting and Procurement and Inventory System	The implementation of a Computerized Accounting and Warehouse System not only increases the speed and accuracy of financial processes but also enhances overall organizational efficiency. It allows businesses to make more informed financial decisions by providing timely and reliable financial information. Additionally, the automation of routine tasks frees up time for accounting professionals to focus on more strategic and analytical aspects of financial management.

Fig.2 Rationale/Justification

4. The aggregate cost of the entire project is **PhP 1,080,825,361.88** and will be funded through MECO's internally generated funds.
5. The proposed projects were designed to generate optimum benefit to MECO's customers at the lowest rate impact. The table below shows the indicative rate impact schedule for the entire CAPEX program:

RATE IMPACT ANALYSIS RY 2024 to 2030	
Total Project Cost	1,080,825,362
Projected 7-year Sales (in kwh)	8,203,897,745
Projected Average Yearly Sales (in kwh)	1,171,985,392
Impact on Rate Base (per kwh)	
RY 2024	0.0134
RY 2025	0.0364
RY 2026	0.0226
RY 2027	0.0386
RY 2028	0.0084
RY 2029	0.0017
RY 2030	0.0009
Total Rate Impact for 7 years	<b>0.1219</b>
Average Rate Impact for 7 years	<b>0.0174</b>

Fig.3 Rate Impact Analysis

6. Consistent with the technical specifications, as well as the performance and financial capability standards prescribed by the 2017 Philippine Distribution Code, and the mandate of Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA) to provide electricity in the least cost manner, the proposed CAPEX Projects are indispensable in the rehabilitation, enhancement, and expansion of MECO's distribution facilities.
7. Moreover, the CAPEX Projects are consistent with MECO's Distribution Development Plan (DDP), and are timely, economical and cost-efficient, appropriate, and necessary to ensure the quality, efficiency, reliability and safety of the power distribution system. The implementation of the CAPEX projects will ultimately benefit the customers of MECO in terms of uninterrupted, reliable, and efficient power supply.

### IMPLEMENTATION PENDING APPROVAL

8. The timely completion of the projects is critical to achieve the objectives of the program, thus, MECO respectfully moves for authority to immediately implement the proposed projects pending the approval of the Commission.
9. In view of the arduous preparations and complex structural works involved, the immediate implementation of the of the projects will ensure MECO's timely compliance with its CAPEX program and enable it to meet its timeline.



TECHNICAL REQUIREMENTS

10. In support of MECO’s application for approval of its CAPEX program and its immediate implementation, MECO hereby submits the following documents:

REF.	DESCRIPTION
I.	Certified copy of MECO’s Certificate of Franchise
II.	Secretary’s Certificate
III.	MECO Performance Report CAPEX for RY 2024-2030 which contains the following information: (1) brief history; (2) length of lines; (3) system map; (4) single line diagram; (5) list of existing substations; (6) total no. of customers connected and no. of connected customer per substation; (7) timelines; (8) historical data; (9) distribution planning procedure; (10) forecasting process; (11) performance assessment – safety, capacity, power quality, reliability, systems loss, and customer service efficiency; (12) summary of proposed capital projects; (13) financing plan; (14) financial statement with sensitivity analysis;
IV.	Distribution Development Plan
A	Substation Performance Data
B	Technical & Economical Evaluation
C	CAPEX Projects in ERC-prescribed template
D	Gantt Chart
E	Secondary Distribution Development Projects
F	CAPEX Project Cost per RY
G	Operation and Maintenance Tools and Vehicles
H	Computerized Accounting and Warehouse System
I	Cost Reference
J	Additional Data
MINOR CAPEX	Minor CAPEX Projects (Folders 1-41) – Residual
V.	Judicial Affidavit of Engr. Lawrence B. Melecio

11. All relevant documents for purposes of this application may be accessed at [One Drive](#).<sup>1</sup>
12. This application will be substantiated, and its supporting documents authenticated, by the Engineering Department Head of MECO, Engr. Lawrence B. Melecio who executed his sworn testimony for the said purpose.

### **RELIEF**

MECO prays that the Honorable Commission:

1. APPROVE its CAPEX Projects for Regulatory Years 2024, 2025, 2026, 2027, 2028, 2029, and 2030;
2. GRANT authority to immediately implement said projects subject to MECO's proposed timeline while this application is pending; and
3. GRANT other equitable relief.

Muntinlupa City for Pasig City, December 13, 2023.

*For Mactan Electric Company, Inc.*

### **RUBIO-AGUINALDO & ATTORNEYS LAW FIRM**

8F U802 Prime Land Tower, Market Street

Madrigal Business Park Ayala Alabang

Muntinlupa City 1780, M.M.

[legal@raattorneyslaw.com](mailto:legal@raattorneyslaw.com)

<https://raattorneyslaw.com>

By:



**MISHELLE ANNE R. RUBIO-AGUINALDO**

PTR No. MCF 4377641; 01.11.23; Muntinlupa City

IBP Lifetime Roll No. 014910; PPLM

Roll of Attorneys No. 65873

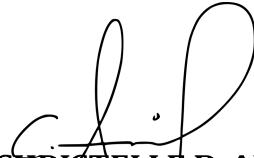
MCLE Compliance No. VII-0020499; 14 April 2025

+63 917 675 0229

[mra@raattorneyslaw.com](mailto:mra@raattorneyslaw.com)

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<sup>1</sup> <https://1drv.ms/f/s!ApyvP8UTPsa9gqUJaHrVxo9762RdGg>



**CHRISTELLE B. AMIL**

PTR No. MCF 4528582; 08.09.23, Muntinlupa City  
IBP Roll No. 315050; Pasig City  
Roll of Attorneys No. 78421  
MCLE Compliance No. VIII-0001938  
+63 995 964 8168  
cba@raattorneyslaw.com



**JURALYN LILIAN A. OBRA**

PTR No. MCF 4552615; 09.05.23; Muntinlupa City  
IBP Roll No. 265752; Pasig City  
Roll of Attorneys No. 76225  
MCLE Compliance – initial compliance until 2025  
Mobile No: +63 967 230 8241  
[jlao@raattorneyslaw.com](mailto:jlao@raattorneyslaw.com)

**EXPLANATION RE: PRE-FILING REQUIREMENTS**

This Application will be served to MECO's franchise area in accordance with the 2021 ERC Revised Rules of Practice and Procedure by hand delivery and by electronic mail.

OFFICE OF THE GOVERNOR  
Province of Cebu

OFFICE OF THE SANGGUNIANG PANLALAWIGAN  
Province of Cebu

OFFICE OF THE SANGGUNIANG PANLUNGSOD  
Lapu-Lapu City, Province of Cebu

OFFICE OF THE MAYOR  
Lapu-Lapu City, Province of Cebu

OFFICE OF THE SANGGUNIANG BAYAN  
Municipality of Cordova, Province of Cebu

OFFICE OF THE MAYOR  
Municipality of Cordova, Province of Cebu

REPUBLIC OF THE PHILIPPINES)  
LAPU-LAPU CITY ) S.S.

**VERIFICATION AND  
CERTIFICATION OF NON-FORUM SHOPPING**

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

1. I am the authorized representative of **MACTAN ELECTRIC COMPANY, INC.**, the applicant in the ERC Application, entitled, "*In the Matter of The Application For Approval and Authority to Implement Capital Expenditure Projects For Regulatory Years 2024, 2025, 2026, 2027, 2028, 2029, and 2030, Mactan Electric Company, Inc., Applicant.*" Attached is a copy of the Secretary's Certificate attesting to my authority.
2. I attest that have read and understood its contents and the allegations contained therein are true and correct based on my personal knowledge and on authentic records.
3. The Application is filed as part of MECO's regulatory compliance and is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation.
4. The factual allegations therein have evidentiary support or will likewise have evidentiary support after a reasonable opportunity for discovery.
5. I affirm the truthfulness of the statements contained in the Application and its supporting documents.
6. I have not commenced any other action or filed any claim involving the same facts in any court, tribunal, or quasi-judicial agency, and to the best of my knowledge, no such other action or claim is pending. If I should hereafter learn that the same or similar action or claim has been filed or is pending, I shall report such fact within five (5) days from knowledge thereof to the Energy Regulatory Commission.

IN WITNESS WHEREOF, I affix my signature this December 19, 2023, in Lapu-Lapu City, before a Notary Public, avowing to the whole truth of the contents of this document, under the penalty of law.

  
**GILBERT A. PAGOBO**  
Affiant

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of Lapu-Lapu, this December 19, 2023, by the affiant, who presented to me his Philippine Passport No. P0537349B bearing his name and photograph, as competent evidence of his identity.

Doc. No. 40  
Page No. 9  
Book No. 15  
Series of 2023.

  
**ATTY. JANICE P. MONTEROLA**  
Notary Public for Lapu-Lapu City  
Notarial Commission No. 642-L  
Valid until December 31, 2024  
114 Osmeña Sr. St., Cebu-ob, Lapulapu City  
Roll of Attorneys No. 58922 | 04.15.11  
IBP Lifetime Member No. 012565  
PTR No. 0104215 | 01.05.2023



REPUBLIC OF THE PHILIPPINES )  
QUEZON CITY ) S.S.

### SECRETARY'S CERTIFICATE

I, **ALFREDO ALEX S. CRUZ III**, a Filipino, of legal age, with address at Unit 204 AIC Gold Tower Condominium, F. Ortigas Jr. Road, Ortigas Center, Pasig City, the duly elected Secretary of **MACTAN ELECTRIC COMPANY, INC.** (the Corporation), a corporation duly organized and existing under the laws of the Republic of the Philippines, with business address at MECO Building, Sangi Road, Lapu-Lapu City, under oath, hereby certify that during the special meeting of the Board of Directors on December 5, 2023, the following resolution was adopted:

**"RESOLVED**, that the Board of Directors of the Corporation hereby approves the Capital Expenditure Projects for Regulatory Years 2024 to 2030; *resolved further*, to ensure operational efficiency and timely compliance with mandatory filings and regular submissions required by the Energy Regulatory Commission (ERC), the Department of Energy (DOE) and other concerned regulatory agency, the Board of Directors hereby appoints the following person/s:

GILBERT A. PAGOBO            SVP & General Manager  
JULITO O. GULTIANO, JR.    CFO & Regulatory Compliance Officer

to represent the Corporation in any and all mandatory filing, regulatory compliance, and reportorial submission including but not limited to: *Application/s for the Approval of Capital Expenditure Projects for Regulatory Years 2024 to 2030 and other applicable regulatory years, Application for the Confirmation of Automatic Cost Adjustment and True Up Mechanism of the Over/Under Recoveries of the Generation Rate, Transmission Rate, System Loss Rate, Lifeline Subsidy, and Senior Citizen Discount Subsidy for the applicable regulatory years, Explanation in case of a show cause, and other mandatory or required submission and compliance as may be directed by the ERC, DOE, and other regulatory agency, cause the filing thereof before the concerned agency, and perform all other incidental actions necessary for its approval;*

**"RESOLVED, FURTHER**, that the abovenamed representatives shall have full power and authority to: (1) execute, sign, and deliver any and all official documents required including: applications, petitions, verification and certification of non-forum shopping, affidavits, certifications, and other related document; (2) represent the Corporation in any stage of the proceedings, and shall have the power to avail of alternative modes of dispute resolution, negotiate the terms of settlement, enter into compromise agreements, resort to appeals and other legal remedies, and perform any and all other lawful act in pursuit of the Corporation's mandate



**“RESOLVED, FURTHERMORE**, that the Board of Directors of the Corporation hereby engages **Atty. MISHELLE ANNE R. RUBIO-AGUINALDO** and her law firm, **RUBIO-AGUINALDO & ATTORNEYS**, to act as counsel, represent, and assist the Corporation in its mandatory filing, regulatory compliance, and reportorial submission including but not limited to: *Application/s for the Approval of Capital Expenditure Projects for Regulatory Years 2024 to 2030 and other applicable regulatory years. Application for the Confirmation of Automatic Cost Adjustment and True Up Mechanism of the Over/Under Recoveries of the Generation Rate, Transmission Rate, System Loss Rate, Lifeline Subsidy, and Senior Citizen Discount Subsidy for the applicable regulatory years, Explanation in case of a show cause, and other mandatory or required submission and compliance as may be directed by the Energy Regulatory Commission (ERC);*

**“RESOLVED, FINALLY**, that this resolution shall be effective until a contrary resolution is approved, in such event this resolution shall be deemed revoked and automatically cease to be effective.”

DEC 14 2023


IN WITNESS WHEREOF, I have hereunto set my hand and signed this \_\_\_<sup>th</sup> day of December 2023 in Pasig City.

  
**ALFREDO ALEX S. CRUZ III**  
Secretary

DEC 14 2023

SUBSCRIBED AND SWORN to before me this \_\_\_ day of QUEZON CITY, affiant exhibiting to me his Philippine Driver's License with Driver's License No. X01-78-001305, bearing his photograph and signature.

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Page No. 74;  
Book No. LXXVI  
Series of 2023.

  
**ATTY. JAY T. BORROMEO**  
Notary Public  
For and in Quezon City  
Valid Until Dec. 31, 2024  
IRP No. 248673/10-13-2022 for 2023, Quezon City  
PTR No. 4030524 / 01-03-2023, Quezon City  
Bul. No. 49649 / TIN 156-545-237  
Admin Matter No. NP-008 (2023-2024)  
MCLE Compliance No. VII-0002196  
Issued On 02/26/2020, Until 04/14/2025  
Add. No. 315 Commonwealth Avenue  
Brgy. Culliat, Quezon City