

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

**IN THE MATTER OF THE  
APPLICATION FOR THE  
APPROVAL OF ELECTRIC  
AND NON-ELECTRIC  
CAPITAL PROJECTS FOR  
THE REGULATORY YEAR  
2020**

**ERC CASE NO. 2019-065 RC**

**ILIGAN LIGHT & POWER,  
INC. (ILPI),**

*Applicant.*

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Promulgated:  
SEP 24 2019

**NOTICE OF PUBLIC HEARING**

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 03 September 2019, Applicant Iligan Light & Power, Inc. (ILPI) filed an *Application* dated 05 August 2019, seeking the Commission's approval of its electric and non-electric capital projects for the regulatory year 2020.

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

1. Applicant ILPI is a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Bro. Jeffrey Road, Pala-o, Iligan City where it may be served with summons and other legal processes.
2. Applicant ILPI is the exclusive franchise holder issued by the Congress of the Philippines to operate electric light and power service in the City of Iligan in the Province of Lanao del Norte.
3. ILPI is part of the Second Entry Group (otherwise known as "Group B") that entered into the performance-based regulation ("PBR") rate setting methodology on April 1, 2009. Other members of Group B are Mactan Electric Company, Inc. (MECO) and Cotabato Light and Power Company (CLPC).

**ERC CASE NO. 2019-065 RC**  
**NOTICE OF PUBLIC HEARING/ 16 September 2019**  
**PAGE 2 OF 7**

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4. As part of the PBR rate setting methodology, ILPI's Second Regulatory Period was from April 1, 2009 to March 31, 2013.
5. Prior to the end of the Second Regulatory Period for the Second Entry Group, the Honorable Commission began the process of updating the Rules for Setting Distribution Wheeling Rates for Privately Owned Distribution Utilities (Second Entry Group) (the "RDWR").
6. However, the revisions to the RDWR from the Third and Fourth Regulatory Periods and the resolution of certain issues identified under PBR by the Honorable Commission had not yet been completed by the time the Second Regulatory Period had ended on March 31, 2013.
7. Unfortunately, the revisions to the RDWR have not yet been finalized. Since the start of the regulatory reset process under PBR for Group B for the Third and Fourth Regulatory Periods has just only recently begun but is expected to only be concluded by mid-2020 and given the need by ILPI to undertake electric and non-electric capital projects in order to address the load growth, renewal, replacement, and refurbishment of existing distribution assets, ILPI is now filing this instant Application.
8. ILPI has several electric and non-electric capital projects planned for RY 2020 which are necessary to maintain the reliable and safe operation of its distribution network as well as to provide for the growing electricity demand in the ILPI franchise area.
9. Being guided by the latest Rules for Setting Distribution Wheeling Rates (RDWR), as amended, ILPI hereby submits for approval of this Honorable Commission the following electric and non-electric capital projects for RY 2020:

**CAPITAL PROJECTS**  
**(For the Regulatory Year 2020)**

| <b>Proposed Project</b> |   |             | <b>Project Cost (PhP)</b> | <b>Reference</b> |
|-------------------------|---|-------------|---------------------------|------------------|
| <b>No.</b>              | <b>Title</b>                                | <b>Type</b> | <b>Total</b>              |                  |
| 1                       | Construction of Tubod 20/30 MVA Substation  | Capacity    | 25,358,500.00             | Annex A          |
| 2                       | Line Construction Projects                  | Expansion   | 11,000,000.00             | Annex B          |
| 3                       | Capacitor Placement for Line Loss Reduction | System Loss | 1,140,000.00              | Annex C          |
| 4                       | Verifier Meter Installation and             | System Loss | 2,227,883.76              | Annex D          |



**ERC CASE NO. 2019-065 RC**  
**NOTICE OF PUBLIC HEARING/ 16 September 2019**  
**PAGE 3 OF 7**

| Proposed Project                |   |                    | Project Cost (PhP)    | Reference |
|---------------------------------|---|--------------------|-----------------------|-----------|
| No.                             | Title   | Type               | Total                 |           |
|                                 | Rehabilitation Project  |                    |                       |           |
| 5                               | Meter Relocation Project: MIH/MIF   | System Loss        | 1,289,040.00          | Annex E   |
| 6                               | Streetlight Improvement Project   | System Loss        | 2,868,116.00          | Annex F   |
| 7                               | Customer Service Drops and Metering Equipment                                 | Other CAPEX        | 12,797,859.48         | Annex G   |
| 8                               | Poles   | Other CAPEX        | 10,727,550.00         | Annex H   |
| 9                               | Distribution Transformers   | Other CAPEX        | 8,114,394.00          | Annex I   |
| 10                              | Low Voltage Distribution Lines  | Other CAPEX        | 3,030,876.00          | Annex J   |
| 11                              | Land Improvements, Building Construction and Improvements and Other Equipment | Service Efficiency | 23,545,550.00         | Annex K   |
| 12                              | Acquisition of Various Equipment for System Operations                        | Service Efficiency | 3,344,700.00          | Annex L   |
| 13                              | Tools and Instruments for Maintenance and Operations                          | Service Efficiency | 11,840,524.32         | Annex M   |
| 14                              | Vehicles  | Service Efficiency | 5,750,000.00          | Annex N   |
| 15                              | Meter Data Improvement Project for WESM Facility                              | Service Efficiency | 9,216,863.17          | Annex O   |
| 16                              | Acquisition of IT Software and Hardware Requirements                          | Service Efficiency | 1,254,000.00          | Annex P   |
| 17                              | Communication System  | Service Efficiency | 2,050,220.00          | Annex Q   |
| 18                              | Acquisition of Desktop Computers, Laptops, and Printers                       | Service Efficiency | 597,000.00            | Annex R   |
| 19                              | Health and Wellness Project   | Service Efficiency | 850,000.00            | Annex S   |
| 20                              | Purchase Spare of Substation Equipment  | Service Efficiency | 2,158,000.00          | Annex T   |
| <b>TOTAL PROJECT COST (PhP)</b> |   |                    | <b>139,161,076.73</b> |           |

10. The proposed electric and non-electric capital projects will not have a direct impact on the current rates of ILPI until approved by the Honorable Commission as part of ILPI's

**ERC CASE NO. 2019-065 RC**  
**NOTICE OF PUBLIC HEARING/ 16 September 2019**  
**PAGE 4 OF 7**

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Regulatory Asset Base in its next regulatory reset application under PBR.

11. A detailed description for each of the projects are attached hereto as part of the specific projects' annex and are made integral parts of this Application.

In support of this Application, the Applicant has attached the following supporting documents in connection with the projects:

| <b>ANNEX</b> | <b>INFORMATION PROVIDED</b>   |
|--------------|---|
| Annex 1      | Executive Summary   |
| Annex 1-A    | Company Profile   |
| Annex 1-B    | Distribution Planning Process   |
| Annex 1-C    | Historical Data needed  |
| Annex 1-D    | Forecasting   |
| Annex 1-E    | Performance Assessment of the Distribution System                             |
| Annex 1-F    | Summary of Identified Problems  |
| Annex 1-G    | Goal Setting and Prioritization   |
| Annex 1-H    | Summary of the Proposed capital Projects                                      |
| Annex A      | Construction of Tubod 20/30 MVA Substation                                    |
| Annex B      | Line Construction Projects  |
| Annex C      | Capacitor Placement for Line Loss Reduction                                   |
| Annex D      | Verifier Meter Installation and Rehabilitation Project                        |
| Annex E      | Meter Relocation Project: MIH/MIF   |
| Annex F      | Streetlight Improvement Project   |
| Annex G      | Customer Service Drops and Metering Equipment                                 |
| Annex H      | Poles   |
| Annex I      | Distribution Transformers   |
| Annex J      | Low Voltage Distribution Lines  |
| Annex K      | Land Improvements, Building Construction and Improvements and Other Equipment |
| Annex L      | Acquisition of Various Equipment for System Operations                        |
| Annex M      | Tools and Instruments for Maintenance and Operations                          |
| Annex N      | Vehicles  |
| Annex O      | Meter Data Improvement Project for WESM Facility                              |
| Annex P      | Acquisition of IT Software and Hardware Requirements                          |
| Annex Q      | Communication System  |
| Annex R      | Acquisition of Desktop Computers, Laptops, and Printers                       |
| Annex S      | Health and Wellness Project   |
| Annex T      | Purchase Spare of Substation Equipment  |

12. The approval of the foregoing electric and non-electric capital projects will ensure that the customers of ILPI will be served continuously and reliably in accordance with the standards under the Philippine Distribution Code (PDC) and other regulatory obligations as well as the approved Performance Level Targets for ILPI's Performance Incentive Scheme (PIS) under PBR.



**PRAYER**

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WHEREFORE, it is respectfully prayed that the Honorable Commission, after trial on the merits, issue a final approval of the following Capital Projects and that ILPI be granted the authority to implement, construct, own and operate the same:

1. Construction of Tubod 20/30 MVA Substation
2. Line Construction Projects
3. Capacitor Placement for Line Loss Reduction
4. Verifier Meter Installation and Rehabilitation Project
5. Meter Relocation Project: MIH/MIF
6. Streetlight Improvement Project
7. Customer Service Drops and Metering Equipment
8. Poles
9. Distribution Transformers
10. Low Voltage Distribution Lines
11. Land Improvements, Building Construction and Improvements and Other Equipment
12. Acquisition of Various Equipment for System Operations
13. Tools and Instruments for Maintenance and Operations
14. Vehicles
15. Meter Data Improvement Project for WESM Facility
16. Acquisition of IT Software and Hardware Requirements
17. Communication System
18. Acquisition of Desktop Computers, Laptops, and Printers
19. Health and Wellness Project
20. Purchase Spare of Substation Equipment

Applicant likewise prays for such other and further relief as may be deemed just and equitable in the premises.

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and evidentiary hearing on **14 November 2019 (Thursday) at ten o'clock in the morning (10:00 A.M.) at ILPI's Principal Office at Bro. Jeffrey Road, Pala-o, Iligan City.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

**ERC CASE NO. 2019-065 RC**  
**NOTICE OF PUBLIC HEARING/ 16 September 2019**  
**PAGE 6 OF 7**

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- 1) The petitioner's name and 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.

All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 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 and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

*(This space was intentionally left blank.)*

**ERC CASE NO. 2019-065 RC**  
**NOTICE OF PUBLIC HEARING/ 16 September 2019**  
**PAGE 7 OF 7**

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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, 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.

**WITNESS**, the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, and **PAUL CHRISTIAN M. CERVANTES**, Energy Regulatory Commission, this 16<sup>th</sup> day of September 2019 in Pasig City.

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

  
LS: RSPV/ARG/CMO 