

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.*

X-----X

Promulgated:  
SEP 24 2019

**ORDER**

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).



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 Rehabilitation Project	System Loss	2,227,883.76	Annex D

<b>Proposed Project</b>			<b>Project Cost (PhP)</b>	<b>Reference</b>
<b>No.</b>	<b>Title</b>	<b>Type</b>	<b>Total</b>	
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

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**  
-----

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.

Finding the said *Application* to be sufficient in form and 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 **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.**

Accordingly, ILPI 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 its 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 Mayor, and the Local Government Unit (LGU) legislative bodies within ILPI's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within ILPI's franchise area of the filing of the *Application*, the 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, ILPI 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 Provincial Governor, Mayors and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;

- 3) The evidence of other means employed by ILPI to inform the consumers within the affected areas 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 OSG, the 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 proofs 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 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 therefore; 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.

*(This space was intentionally left blank.)*

Applicant 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, 16 September 2019.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

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

LS:   
LS: RSPV/ARC/GLD

COPY FURNISHED:

1. *Quiason Makalintal Barot Torres Ibarra Sison & Damaso*  
Attys. Manuel L.M. Torres, Miguel K. Mathay and Gianna Maria C. Comsti  
*Counsels for Applicant ILPI*  
21<sup>st</sup> Floor, Robinsons-Equitable Tower, 4 ADB Avenue corner Poveda Street  
1605 Ortigas Center, Pasig City
2. Iligan Light & Power Inc. (ILPI)  
*Applicant*  
Bro. Jeffrey Road, Pala-o, Iligan City
3. Office of the Solicitor General (OSG)  
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit (COA)  
Commonwealth Avenue, Quezon City 1121
5. Senate Committee on Energy  
GSIS Building, Roxas Boulevard, Pasay City 1307
6. House Committee on Energy  
Batasan Hills, Quezon City 1126
7. Office of the Governor  
Province of Lanao del Norte
8. Office of the Local Government (LGU) legislative body  
Province of Lanao del Norte
9. Office of the Mayor  
Iligan City, Lanao del Norte
10. Office of the Local Government (LGU) legislative body  
Iligan City, Lanao del Norte
11. Regulatory Operations Service (ROS)  
Energy Regulatory Commission  
17th Floor, Pacific Center, San Miguel Avenue, Pasig City