

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pasig City

**IN THE MATTER OF THE  
APPLICATION FOR THE  
APPROVAL OF ELECTRIC  
AND NON-ELECTRIC  
CAPITAL PROJECTS FOR  
THE REGULATORY YEARS  
2022 AND 2023**

**ERC CASE NO. 2022-033 RC**

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

Promulgated:  
May 30, 2022

*Applicant.*

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**O R D E R**

On 04 May 2022, Iligan Light & Power, Inc. (ILPI) filed an *Application* dated 02 November 2021, seeking the Commission's approval of its electric and non-electric capital projects for the Regulatory Years 2022 and 2023

The pertinent allegations of the *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 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 2022 and 2023 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 2022 and 2023:

**CAPITAL PROJECTS**  
(For the Regulatory Year 2021)

Proposed Project			Project Cost (Php)	Reference
No.	Title	Type	Total	
1	ILPI-NGCP Metering Protection Scheme Redundancy	Safety	700,000.00	Annex 1
2	KCC Mall – Protection and Metering, and 69kV Lines	Safety	12,000,000.00 <sup>1</sup>	Annex 2
3	ILPI’s Smart Distribution Utility Roadmap (SDUR) – Installation of Open-Tie Disconnect Switches	Capacity	51,013,600.00	Annex 3
4	Acquisition of Poles	Customer Requirement	23,166,790.00	Annex 4
5	Acquisition of Distribution Transformers	Customer Requirement	16,646,000.00	Annex 5

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<sup>1</sup> VAT Exclusive

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6	Acquisition of Low Voltage Distribution Lines	Customer Requirement	6,568,548.04	Annex 6
7	Acquisition of CS Drops & Metering Equipment for Existing Customers	Customer requirement	5,716,640.35	Annex 7
8	Acquisition of CS Drops & Metering Equipment for New Customers	Customer requirement	12,921,354.00	Annex 8
9	Line Construction Projects	Electrification	35,640,751.76	Annex 9
10	Reconducting of Vegetated Areas	Electrification	4,855,607.54	Annex 10
11	Verified Meter Installation and Rehabilitation Project	Systems Loss	2,706,109.53	Annex 11
12	Pilferage Prone Metering Improvement	Systems Loss	765,986.28	Annex 12
13	Acquisition of Communication and Network Requirements	Non-network Project	1,371,270.00	Annex 13
14	Fiber Optic Cabling (Pala-o Data Center to Dalipuga Switching Station)	Non-network Project	3,278,947.00	Annex 14
15	Implementation of Data Center Redundancy	Non-network Project	2,414,633.00	Annex 15
16	Acquisition of redundant SCADA Server, Desktop Computers, Laptops, and Printers	Non-network Project	2,822,000.00	Annex 16
17	Acquisition of Various Tools and Equipment	Non-network Project	10,414,369.60	Annex 17
18	Re-Fleeting Program	Non-network Project	14,000,000.00	Annex 18
19	Land, Building Improvements and Others	Non-network Project	43,940,680.00	Annex 19
20	Acquisition of Furniture, Fixture and Equipment	Non-network Project	1,281,830.00	Annex 20

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

ANNEX	INFORMATION PROVIDED
Annex A	Company Profile
Annex B	Distribution Planning Process

Annex C	Historical Data
Annex C-1	Sales Forecast
Annex C-2	Demand Forecast
Annex C-3	Consumer Forecast
Annex C-4	Distribution Transformer Forecast
Annex C-5	Other Data
Annex D	Forecasting Models
Annex E series	Performance Assessment of the Distribution System
Annex F	Summary of Identified Problems
Annex G	Goal Setting and Prioritization
Annex H	Summary of the Proposed Capital Projects
Annex I	Summary of Proposed Project Costs
Annex J	Financing Plans and Financial Statement Analysis
Annex 1	NGCP Metering Protection
Annex 2	KCC Mall Lines, Metering & Protection
Annex 3	ILPI's Smart Distribution Utility Roadmap (SDUR) – Installation of Open-Tie Disconnect Switches
Annex 4	Acquisition of Poles
Annex 5	Acquisition of Distribution Transformers
Annex 6	Acquisition of Low Voltage Distribution Lines
Annex 7	Acquisition of CS Drops & Metering Equipment for Existing Customers
Annex 8	Acquisition of CS Drops & Metering Equipment for New Customers
Annex 9	Line Construction Projects
Annex 10	Reconductoring of Vegetated Areas
Annex 11	Verifier Meter Install & Rehabilitation
Annex 12	Pilferage Prone Metering Improvement
Annex 13	Communication & Network Requirements
Annex 14	Fiber Optic Cabling (Pala-o DC to Dalipuga Switching Station)
Annex 15	Implementation of Data Center Redundancy
Annex 16	Acquisition of Computers
Annex 17	Acquisition of Tools & Equipment
Annex 18	Re-fleeting Program
Annex 19	Land, Building Improvements & Others
Annex 20	Acquisition of Furniture & Fixtures

13. 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/or operate the same:

1. ILPI-NGCP Metering Protection Scheme Redundancy
2. KCC Mall – Protection and Metering, and 69kV Lines
3. ILPI’s Smart Distribution Utility Roadmap (SDUR) – Installation of Open-Tie Disconnect Switches
4. Acquisition of Poles
5. Acquisition of Distribution Transformers
6. Acquisition of Low Voltage Distribution Lines
7. Acquisition of CS Drops & Metering Equipment for Existing Customers
8. Acquisition of CS Drops & Metering Equipment for New Customers
9. Line Construction Projects
10. Reconducting of Vegetated Areas
11. Verified Meter Installation and Rehabilitation Project
12. Pilferage Prone Metering Improvement
13. Acquisition of Communication and Network Requirements
14. Fiber Optic Cabling (Pala-o Data Center to Dalipuga Switching Station)
15. Implementation of Data Center Redundancy
16. Acquisition of redundant SCADA Server, Desktop Computers, Laptops, and Printers
17. Acquisition of Various Tools and Equipment
18. Re-Fleeting Program
19. Land, Building Improvements and Others
20. Acquisition of Furniture, Fixture and 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 with the required fees having been paid, the Commission hereby sets the same for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020<sup>2</sup> dated 24 September 2020 and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):<sup>3</sup>

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<sup>2</sup> Entitled: A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

<sup>3</sup> Entitled: Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

Date and Time	Platform	Activity
<b>30 June 2022</b> (Thursday) at two o'clock in the afternoon (2:00 P.M.)	<b>Microsoft Teams</b>	Determination of compliance with jurisdictional requirements and Expository presentation
<b>07 July 2022</b> (Thursday) at two o'clock in the afternoon (2:00 P.M.)	<b>Microsoft Teams</b>	Pre-trial Conference and presentation of evidence

Accordingly, ILPI is hereby directed to host the virtual hearings at **ILPI's Principal Office in Bro. Jeffrey Road, Pala-o, Iligan City, Lanao del Norte**, as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. Moreover, ILPI shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

**RELATIVE THERETO**, ILPI is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual 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 Virtual Hearing* the Offices of the Provincial Governor of Lanao del Norte, the City Mayor of Iligan, and their respective Local Government Unit (LGU) legislative bodies for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within ILPI's franchise area, by any other means available and appropriate, of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;

- 4) Furnish with copies of this *Order* and the attached *Notice of Virtual 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 and attend the scheduled hearing; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to the resolution of the prayer for confidential treatment of information, if any, and reimbursement of reasonable photocopying costs.

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Within five (5) calendar days prior to the date of the virtual hearing, ILPI must submit to the Commission via electronic mail (e-mail) at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), the scanned copies of 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 Virtual Hearing* consisting of the affidavit of the Editor or Business Manager of the newspapers where the said *Notice of Virtual Hearing* was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this *Order* and the attached *Notice of Virtual Hearing* consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayor, 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 its franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearings thereon;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Virtual Hearing* by the OSG, the COA, and the Committees on Energy of both Houses of Congress;

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<sup>4</sup> For the e-mail address of the applicant, please see page 11.

- 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 proof of compliance with the requirements of the Commission.

Moreover, ILPI is hereby required to post on its bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publication and certifications issued by the concerned Office of the Mayor, or Provincial Governor and Local Legislative Bodies, and to submit proof of its posting thereof.

ILPI and all interested parties are also required to submit via e-mail at [docket@erc.ph](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), at least five (5) calendar days before the date of the scheduled virtual 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 therefor, which should be attached to the Pre-trial Brief; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

ILPI must ensure that all the documents or exhibits proposed to be presented have already been duly submitted to the Commission at least five (5) calendar days before the date of the scheduled initial virtual hearing and Pre-trial Conference pursuant to the preceding paragraph.

Failure of ILPI 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.

ILPI 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.

ILPI is further directed to file a copy of its Expository Presentation via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), at least five (5) calendar days prior to the scheduled virtual hearing. ILPI shall also be required, upon the request of any stakeholder, to provide an advance copy of its expository presentation, at least five (5) calendar days prior to the scheduled virtual hearing.

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 [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph). 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.

ILPI is further directed to submit, either through personal service, registered or ordinary mail/private courier, one (1) set of the original or certified true hard/printed copy/ies of its Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavit/s of witness/es, within five (5) working days from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission. Similarly, all interested parties who filed their Petition for Intervention or Opposition are required to submit the hard/printed copy thereof within the same period through any of the available modes of service.

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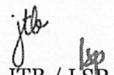
Finally, ILPI, including its authorized representative/s and witness/es, are hereby directed to provide the Commission, thru [legal.virtualhearings@erc.ph](mailto:legal.virtualhearings@erc.ph), with their respective e-mail addresses upon receipt of this *Order*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

**SO ORDERED.**

Pasig City, 16 May 2022.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**AGNES VST DEVANADERA**  
*Chairperson and CEO*

  
LS: JTB / LSP / MCCG



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