

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF CAPITAL
PROJECTS FOR RY 2020 TO
2022**

ERC CASE NO. 2024-123 RC

**DAGUPAN ELECTRIC
CORPORATION (DECORP),**
Applicant.

Promulgated:
November 04, 2024

X-----X

ORDER

On 02 October 2024, Dagupan Electric Corporation (DECORP) filed, through the Energy Virtual One-Stop Shop (EVOSS) portal, an *Application*, dated 30 July 2024, seeking the Commission’s approval of its Capital Expenditure (CAPEX) projects for 2020 to 2022.

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

APPLICATION

1. Applicant DECORP is a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at VFL Building, A.B. Fernandez West, Poblacion Oeste, Dagupan City where it may be served with summons and other legal processes.
2. Applicant DECORP is the franchise holder issued by Congress of the Philippines to operate electric light and power services in the City and Municipalities of Dagupan, Calasiao, San Fabian, Sta. Barbara, San Jacinto, Manaoag, Barangays Cruz and Bolingit of San Carlos City, all in the Province of Pangasinan.
3. DECORP is part of the First Entry Group (otherwise known as “Group A”) that entered into the performance-based regulation (“PBR”) rate setting methodology on July 1, 2007. Other members of Group A are Cagayan Electric Power and Light Company, Inc. (CEPALCO) and Manila Electric Company (MERALCO). The Second Regulatory Period of PBR was from July 1, 2007 to June 30, 2011.

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4. As part of the PBR rate setting methodology, DECORP entered the Third Regulatory Period on July 1, 2011 to June 30, 2015.
5. Given the need by DECORP to undertake these capital projects in order to address the load growth, network non-growth, network control/safety, metering as well as renewal, replacement, and refurbishment of existing distribution assets, DECORP is now filing this instant application.
6. DECORP has several electric capital projects for RY 2020 to 2022 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 DECORP franchise area.
7. Being guided by the latest Rules for Setting Distribution Wheeling Rates (RDWR), as amended, and ERC Resolution No. 17, Series of 2011, Investor-Owned Electric Distribution Utility Planning Manual, DECORP hereby submits for approval to the Honorable Commission the following electric and non-electric capital projects for RY 2020 to 2022:

MAJOR PROJECTS

Schedule	Description	RY 2020	RY 2021	RY 2022
1	Construction of 20/25 MVA, 69kV/13.8Kv San Fabian Substation	-	90,755,847.43	-
2	Construction of 69kV Sub-transmission Expansion from Pantal to Tempa-Guilig, San Fabian (Line Extension) using Single 795MCM ACSR Conductor per phase	-	61,915,181.66	-
3	Construction of 69kV Sub-transmission Line from Sapang, Sta. Barbara to Erfe, Sta. Barbara (Line Expansion)	-	-	54,966,225.01
	SUB TOTAL	-	152,671,029.09	54,966,225.01

RESIDUAL PROJECTS

Schedule	Description	RY 2020	RY 2021	RY 2022
4	Distribution Rehabilitation (Line Revamp)	17,896,262.93	19,884,815.27	22,327,029.70
5	Distribution Rehabilitation (Line Revamp) Related to	1,168,719.69	25,448.05	2,430,765.26

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	DPWH Projects			
6	Primary Line Revamp at Babasit-Pugaro, Manaoag	-	-	1,403,755.58
7	Rehabilitation of Labrador-Binmaley-Calasio 69kV Sub-transmission Line	556,442.12	728,949.57	707,625.62
8	Distribution Line Devices	3,330,011.63	5,273,083.11	-
9	Substation Protective Equipment	294,642.86	1,366,071.43	-
10	Rehabilitation of Distribution Utilities Acquired from LUELCO	338,225.47	9,669,877.48	10,985,023.47
11	Network Reinforcement	314,744.75	173,830.05	786,651.77
12	Grounding/Earthing Improvement	79,958.85	-	-
13	Insulation-Coordination Improvement	1,122,065.49	1,720,835.17	1,044,694.32
14	Street Lighting Requirement	401,982.72	118,760.17	5,109,104.08
15	Tools, shop, safety gadgets and garage equipment	466,464.29	299,375.01	563,366.07
16	Laboratory Equipment	34,375	28,571.43	484,389.29
17	Feeder Development Phase 1	-	2,545,226.41	-
18	Primary Line Expansion from Lipit-Tomeeng to Bolaen, San Fabian	245,943.82	5,371,950.27	-
19	Distribution Expansion (Line Extension)	18,183,903.19	15,719,935.03	25,167,414.92
20	Service Drops	743,458.55	899,575.72	2,891,008.54
21	Distribution line transformers	26,998,013.26	30,863,132.52	30,641,456.36
22	Meters, metering instruments, and metering transformers	34,974,773.13	33,411,405.66	40,636,966.96
23	Materials and Supplies (Including Spares)	5,296,280.49	18,043,370.13	14,900,716.62
24	Acquisition of LUELCO Distribution Facilities Serving Barangays of San Jacinto and San Fabian	8,500,000.00	-	-
25	Primary Line Expansion with Load Splitting at Ayusip Road, Bonuan Boquig, Dagupan City	1,503,694.96	491,029.85	-
26	Transportation	6,425,000.00	14,885,714.28	22,462,834.83
27	Information system equipment	2,982,213.54	6,167,939.72	3,444,450.30
28	Office furniture and equipment	206,824.39	1,579,619.31	606,129.91
29	Buildings and Grounds Improvements	15,964,821.43	14,560,090.75	277,000.00
30	Communication Equipment	-	-	254,978.57
	SUB TOTAL	148,028,822.55	183,828,606.40	187,125,362.18
	GRAND TOTAL	148,028,822.55	336,499,635.49	242,091,587.19
	TOTAL FOR ALL YEARS			726,620,045.23

8. The total project cost of the proposed network and non-network capital projects (for the Regulatory Years 2020 to 2022) will amount to Seven Hundred Twenty-six Million Six Hundred Twenty Thousand Forty-five Pesos and Twenty-three Centavos (P726,620,045.23).
9. Moreover, the proposed CAPEX will not have a direct impact on the current rates of DECORP until approved by the Honorable Commission as part of DECORP's Regulatory Asset Base in its next regulatory reset application under Performance Based Regulation.
10. 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.
11. In support of this Application, the Applicant has attached the following supporting documents for each project:

Schedule	Description
1-9	Executive Summary ¹
10-L	Project Discussion
1	Construction of 20/25 MVA, 69kV/13.8Kv San Fabian Substation
2	Construction of 69kV Sub-transmission Expansion from Pantal to Tempra-Guilig, San Fabian (Line Extension) using Single 795MCM ACSR Conductor per phase
3	Construction of 69kV Sub-transmission Line from Sapang, Sta. Barbara to Erfe, Sta. Barbara (Line Expansion)
4	Distribution Rehabilitation (Line Revamp)
5	Distribution Rehabilitation (Line Revamp) Related to DPWH Projects
6	Primary Line Revamp at Babasit-Pugaro, Manaoag

¹ The Executive Summary contains the following Annexes:

- A -RA 9969 franchise
- B -DECORP CPCN
- C -69kv Supply Scheme
- D -Customer Volume
- E -Calasiao Substation Single Line Diagram
- F -San Jacinto Substation Single Line Diagram
- G -Dagupan Substation Single Line Diagram
- H -San Fabian Substation Single Line Diagram
- I -Certificate of Compliance to the PDC
- J -Sworn Statement
- K -Gantt Chart
- L - Detailed Discussion of each CAPEX Project (same as Schedules)

7	Rehabilitation of Labrador-Binmaley-Calasiao 69kV Sub-transmission Line
8	Distribution Line Devices
9	Substation Protective Equipment
10	Rehabilitation of Distribution Utilities Acquired from LUELCO
11	Network Reinforcement
12	Grounding/Earthing Improvement
13	Insulation-Coordination Improvement
14	Street Lighting Requirement
15	Tools, shop, safety gadgets and garage equipment
16	Laboratory Equipment
17	Feeder Development Phase 1
18	Primary Line Expansion from Lipit–Tomeeng to Bolaen, San Fabian
19	Distribution Expansion (Line Extension)
20	Service Drops
21	Distribution line transformers
22	Meters, metering instruments, and metering transformers
23	Materials and Supplies (Including Spares
24	Acquisition of LUELCO Distribution Facilities Serving Barangays of San Jacinto and San Fabian
25	Primary Line Expansion with Load Splitting at Ayusip Road, Bonuan Boquig, Dagupan City
26	Transportation
27	Information system equipment
28	Office furniture and equipment
29	Buildings and Grounds Improvements
30	Communication Equipment

12. The approval of the foregoing capital projects will ensure that the customers of DECORP 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

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DECORP's Performance Incentive Scheme (PIS) under Performance Based Regulation (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 DECORP be granted the authority to implement, construct, own and operate the same:

MAJOR PROJECTS

Schedule	Description	RY 2020	RY 2021	RY 2022
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2	Construction of 69kV Sub-transmission Expansion from Pantal to Temptra-Guilig, San Fabian (Line Extension) using Single 795MCM ACSR Conductor per phase	-	61,915,181.66	-
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8	Distribution Line Devices	3,330,011.63	5,273,083.11	-
9	Substation Protective Equipment	294,642.86	1,366,071.43	-
10	Rehabilitation of Distribution Utilities Acquired from LUELCO	338,225.47	9,669,877.48	10,985,023.47
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14	Street Lighting Requirement	401,982.72	118,760.17	5,109,104.08
15	Tools, shop, safety gadgets	466,464.29	299,375.01	563,366.07

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	and garage equipment			
16	Laboratory Equipment	34,375	28,571.43	484,389.29
17	Feeder Development Phase 1	-	2,545,226.41	-
18	Primary Line Expansion from Lipit–Tomeeng to Bolaen, San Fabian	245,943.82	5,371,950.27	-
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	SUB TOTAL	148,028,822.55	183,828,606.40	187,125,362.18
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	TOTAL FOR ALL YEARS			726,620,045.23

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 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 **11 December 2024 (Wednesday) at nine o'clock in the morning (9:00 A.M.)**, through **MS Teams Application** as the online platform for the conduct thereof, pursuant to Resolution No. 09,

Series of 2020² and Resolution No. 01, Series of 2021³ (ERC Revised Rules of Practice and Procedure):

Accordingly, DECORP is hereby directed to host the virtual hearing at **DECORP's principal office located at VFL Building, A.B. Fernandez West, Poblacion Oeste, Dagupan City**, as the designated venue for the conduct thereof, and ensure that the same is open to the public. Moreover, DECORP shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

RELATIVE THERETO, DECORP 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 virtual hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Governor, Mayors, and their respective Local Government Unit (LGU) legislative bodies within DECORP's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within DECORP's franchise area, by any other means available and appropriate, of the filing of the *Application*, its reasons therefor, and of the scheduled virtual 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

² A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

³ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

- 5) Furnish with copies of the *Application* and its attachments, except those subject of a motion for confidential treatment of information, all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

No later than ten (10) calendar days prior to the date of the initial virtual hearing, DECORP must submit to the Commission through the EVOSS portal and via electronic mail (e-mail) at docket@erc.ph, and copy furnish the Legal Service through legal@erc.ph, the scanned copies of its written compliance to the aforementioned jurisdictional requirements, attaching the following methodically arranged and duly marked documents:

- 1) The evidence of publication of the attached *Notice of Virtual Hearing* consisting of affidavits of the Editors or Business Managers 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, Mayors and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by DECORP to inform the consumers within DECORP's franchise area 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 Virtual 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, except those subject of a motion for confidential treatment of information, by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Moreover, DECORP is hereby required to post on its bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publications and certifications issued by the concerned Office of the Governors, Mayors and Local Legislative Bodies, and to submit proof of posting thereof.

Applicant DECORP, and all interested parties are also required to submit to the Commission via e-mail at docket@erc.ph, and copy furnish the Legal Service through 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 also 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.

Applicant DECORP 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 virtual hearing and Pre-trial Conference, pursuant to the preceding paragraph.

Failure of DECORP to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing.

Applicant DECORP 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*. Relevant information and pertinent details substantiating the reasons and justifications for the *Application* must be cited in support thereof.

Applicant DECORP is hereby directed to file a copy of its Expository Presentation via e-mail at doCKET@erc.ph, and copy furnish the Legal Service through legal@erc.ph, at **least five (5) calendar days** prior to the scheduled virtual hearing. DECORP 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.

Applicant DECORP 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 copies of its Jurisdictional Compliance, Expository Presentation, Pre-Trial Brief, and Judicial Affidavits of witnesses, 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.

Finally, DECORP, including its authorized representatives and witnesses, are hereby directed to provide the Commission, thru legal.virtualhearings@erc.ph, 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, 04 November 2024.

FOR AND BY AUTHORITY
OF THE COMMISSION:


KRISHA MARIE T. BUELA
Director III, Legal Service


LS: JSC/LSP

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Copy Furnished:

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2. The Law Firm of Quiason Makalintal
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John Maverick G. Espinola, Mindy Roiza A. Planillo, and Keanna Darrah A. Gran
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1605 Ortigas Center, Pasig City
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docket@osg.gov.ph
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citizensdesk@coa.gov.ph
5. Senate Committee on Energy
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senateenergycommittee@gmail.com
6. House Committee on Energy
Batasan Hills, Quezon City
committee.energy@house.gov.ph
7. Regulatory Operations Service
Energy Regulatory Commission
14F Exquadra Tower, Jade 1 Drive, Pasig City
ros@erc.ph
8. Office of the Governor
Province of Pangasinan
9. Office of the Local Government Unit (LGU) Legislative Body
Province of Pangasinan
10. Office of the Mayor
Dagupan City, Pangasinan
11. Office of the Local Government Unit (LGU) Legislative Body
Dagupan City, Pangasinan
12. Office of the Mayor
San Carlos City, Pangasinan
13. Office of the Local Government Unit (LGU) Legislative Body
San Carlos City, Pangasinan
14. Office of the Mayor
Municipality of Calasiao, Pangasinan
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16. Office of the Mayor
Municipality of San Fabian, Pangasinan
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Municipality of San Fabian, Pangasinan

18. Office of the Mayor
Municipality of Santa Barbara, Pangasinan
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Municipality of Manaoag, Pangasinan
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