

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

**IN THE MATTER OF THE  
APPLICATION FOR  
AUTHORITY TO RETIRE  
THE MAKATI SUBSTATION  
LOCATED AT BARANGAY  
STA. CRUZ, MAKATI CITY  
AND TO WITHDRAW FROM  
SERVICE CERTAIN  
EQUIPMENT AND  
MACHINERY INSTALLED  
IN SAID SUBSTATION,  
WITH PRAYER FOR  
PROVISIONAL  
AUTHORITY,**

**ERC CASE NO. 2016-193 RC**

**MANILA ELECTRIC  
COMPANY (MERALCO),  
Applicant.  
X-----X**

**D O C K E T E D**  
Date: MAR 20 2017  
By: W

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 02 December 2016, Manila Electric Company (MERALCO) filed an *Application* seeking the Commission's authority to retire its Sta. Cruz, Makati Substation as well as withdraw from service certain equipments and machineries installed in the said substation. Applicant included therein a prayer for provisional authority.

MERALCO likewise alleged the following in its *Application*:

1. Applicant is a private corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City. It may be served with notices and other processes of this Honorable Commission through its undersigned counsel at the address indicated herein.
2. Applicant has a legislative franchise to construct, operate and maintain an electric power distribution system for the

conveyance of electric power to the end-users in the cities and municipalities of Metro Manila, Bulacan, Cavite and Rizal, and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209.

3. Applicant seeks for authority to retire the Makati Substation and withdraw certain equipment and machineries in said substation.

4. The instant Application is filed pursuant to following:

a. Distribution Services and Open Access Rules (DSOAR)

“1.7 No DU shall increase, substitute or withdraw from service any of its authorized equipment and machinery without the prior authority from the ERC, except in case of emergency whereby the ERC shall be notified not later than seventy-two (72) hours of such increase, substitution or withdrawal of authorized equipment. Provided, however, that the utility shall comply with the ERC’s application for retirement.”

b. Amendments to DSOAR

“1.7.1

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The DU may increase, substitute or withdraw from service its authorized equipment and machinery in accordance with the Rules for Approval of Regulated Entities’ Capital Expenditure Projects, RDWR and other ERC Rules. If such undertaking is not covered by the RDWR or other rules, authorization shall be secured from the ERC in accordance with pertinent provision of the Rules for Approval of Regulated Entities’ Capital Expenditure Projects.”

c. Decision dated December 1, 2010<sup>1</sup> in ERC Case No. 2009-118 MC <sup>2</sup> and Decision dated

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<sup>1</sup> Decision, page 9.

“A perusal of the evidence herein showed that the retirement of the Morong, Gaya –Gaya and Mauban substations and withdrawal of the equipment and machineries installed therein in the accordance with MERALCO’s Conversion Program will redound to the benefit of the consumers in terms of continuous, reliable and efficient power supply as mandated by Republic Act 9136, or the Electric Power Industry Reform Act of 2001 (Section 2. Declaration of Policy– (b) “to ensure the quality, reliability, security and affordability of the supply of electric power).”

<sup>2</sup> In the Matter of the Application for Authority to Retire the Morong Substation located at Morong, Province of Rizal, the Gaya-Gaya Substation located as San Jose Del Monte, Province of Bulacan and the Mauban Substation located at Mauban, Province of Quezon and to Withdraw from Service Certain Equipment and Machinery Installed in the said Substations, with Prayer for Provisional Authority.

December 12, 2011<sup>3</sup> in ERC Case No. 2010-146 RC<sup>4</sup>

In both Decisions, the Honorable Commission ruled that, "A perusal of evidence showed that the retirement of substations and withdrawal of the equipment and machineries installed therein will redound to the benefit of the consumers in terms of reliable and efficient power supply as mandated by Republic Act 9136, or the Electric Power Industry Reform Act of 2001 (Section 2. Declaration of Policy – (b) "to ensure the quality, reliability, security and affordability of the supply of electric power)."

#### BACKGROUND

5. The Makati Substation is located at corner Kakarong St. and Pablo Ocampo Sr. Avenue extension, Barangay Sta. Cruz, Makati City. The substation has one (1) 20 MVA, 34.5 kV - 6.24 kV power transformer bank and one (1) 15 MVA 34.5kV - 6.24 kV power transformer bank.

6. Makati Substation is one of the oldest MERALCO odd voltage substations (with voltage other than 34.5 kV or 13.8 kV) and has been in service for more than forty five (45) years.

7. Applicant has programmed the gradual conversion of odd- voltage systems (distribution system with voltages other than 34.5 kV or 13.8 kV) to the ultimate standardized 20 kV/34.5 kV (line-to-neutral/line to line) distribution voltage system within its franchise area. The voltage standardization will reduce technical system loss, improve flexibility and reliability of electric service by phasing out isolated odd voltage systems and minimize equipment inventory types. Applicant continuously implements the Odd-Voltage Conversion Program with the aim of having standard voltage systems for its entire franchise area.

8. Hence, Applicant seeks authority from the Honorable Commission to retire the Makati Substation and withdraw from service the equipment and machinery installed therein in line with the said program.

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<sup>3</sup> Decision, page 9.

A perusal of the evidence presented herein showed that the retirement of substations in Cavite, Lucena II, Pagbilao, Forbes Park and Tondo as well as the withdrawal of the equipment and machineries installed therein, will redound to the benefit of the consumers in terms of continuous, reliable and efficient power supply as mandated by Republic Act 9136, or the Electric Power Industry Reform Act of 2001 (Section 2. Declaration of Policy – (b) "to ensure the quality, reliability, security and affordability of the supply of electric power.)"

<sup>4</sup> In the Matter of the Application for Authority to Retire (1) The Cavite Substation located at Cavite City, (2) The Lucena II Substation located at Lucena City, Quezon Province, (3) Pagbilao Substation located at Pagbilao, Quezon Province, (4) Forbes Park Substation.

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9. With the retirement of the Makati Substation, the 6.24 kV loads will be transferred to 34.5 kV circuits New Rockwell 436VV, 424VV/425VV, Paco 416VY, Kamagong 48VK, 49VK and 51VK. The transfer of said loads will eliminate the redundant 34.5 kV-6.24 kV step-down stage.

10. The retirement of the said power transformer banks and the complete conversion to 34.5 kV of the circuits in the Makati Substation, will result in technical system loss reduction of approximately 939, 146 KWHR annually.

11. Currently, Makati Substation is part of Applicant's Regulatory Asset Base (RAB). Upon its retirement, some of the equipment and machinery will be reused for distribution services and others will be withdrawn from service. The total amount for equipment and machinery that will be withdrawn from service is Five Million Two Hundred Six Thousand One Hundred Seventy Eight Pesos, (PhP 5,206,178).

12. In further support of the Application, attached hereto are the following documents:

Annex "A" – Schematic Diagram showing the exact location of Makati Substation and pictures thereof.

Annex "B" – Detailed List of Equipment and Machinery to be re-used and/or retired in Makati Substation, with corresponding specifications and values.

Annex "C" – Load Simulation/study conducted on the effect of withdrawal from service of said equipment and machinery.

#### ISSUANCE OF PROVISIONAL AUTHORITY

13. The issuance of Provisional Authority is warranted under the circumstances considering that there is no reason to continue energizing the Makati substation as the loads thereof may be transferred to adjacent source circuits. More importantly, the conversion of the loads of Makati Substation to 34.5 kV will result in the reduction of technical system loss and improvement of the electric service by phasing out isolated odd-voltage system. The immediate retirement of Makati Substation is also necessary in preparation for the development of Makati 115 kV-34.5 kV GIS Substation in RY2017 using the same lot. The development of the aforesaid GIS Substation is intended to augment capacity deficiency in Makati City by 2017.<sup>5</sup>

14. In further support of the Application and prayer for issuance of provisional authority, attached as Annex "D" is the Judicial Affidavit of Engr. Roberto D. Isip Jr., Manager of Applicant's Network Asset Planning Office.

#### PRAYER

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<sup>5</sup> See Annex "B-6" of MERALCO's Application for Authority to Implement the Proposed Capital Expenditure Program for Regulatory Year (RY) 2017 with prayer for provisional authority, (ERC Case 2016-017 RC).

WHEREFORE, it is respectfully prayed to this Honorable Commission that: (1) Application for Retirement of Makati Substation and withdrawal from service of equipment and machinery installed in said substation be APPROVED; and (2) Applicant be ALLOWED to re-use equipment in said substation that will not be retired.

Pending hearing, it is further prayed that a provisional authority be issued to Applicant.

Other relief just and equitable under the premises are likewise prayed for.

The Commission has set the said *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **24 May 2017 at ten o'clock in the morning (10:00 A.M.), at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center, San Miguel Avenue, Pasig 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:

- i. The petitioner's name and address;
- ii. 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
- iii. A statement of the relief desired.

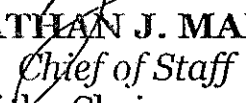
All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicants rest their case, subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure. 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.

All such persons who wish to have a copy of the *Application* may request from Applicants that they be furnished with the same, prior to the date of the initial hearing. Applicants are 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 Chairman **JOSE VICENTE B. SALAZAR**, and the Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 6<sup>th</sup> day of March 2017 at Pasig City.

  
**ATTY. NATHAN J. MARASIGAN**  
*Chief of Staff*  
Office of the Chairman and CEO

LS: ICG/REM/APV  
