

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

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE
EMERGENCY REPLACEMENT
OF ONE (1) 100-MVA POWER
TRANSFORMER AT
PAMPLONA SUBSTATION,**

2019-037

ERC Case No. 2019-007 RC

**MANILA ELECTRIC COMPANY
(MERALCO),**

Applicant.

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OFFICE OF THE SECRETARY

APPLICATION

Applicant **MANILA ELECTRIC COMPANY (MERALCO)**, through the undersigned counsel, most respectfully avers: that –

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 the Honorable Commission's approval of its emergency CAPEX project for the replacement of the defective Pamplona Power Transformer Bank No. 1.

4. The two main project components of the emergency project are: (a) temporary installation of an 83 MVA, 115 kV–34.5 kV, three (3)-phase power transformer; and (b) permanent installation of a new 100 MVA, 115 kV–34.5 kV, three (3)-phase power transformer.

5. The Application is filed pursuant to the Honorable Commission's Resolution No. 26, Series of 2009, entitled: "*Resolution Amending the Rules for Approval of Regulated Entities' Capital Expenditure Projects*". Emergency Capital Expenditure projects are those that require immediate implementation during an event that is not a force majeure or fortuitous event in order to maintain safe, reliable, secure and efficient operation of the power system.

6. However, for purposes of recovering the capital cost of the said emergency project through Applicant's rates, the same will go through the process of evaluation by the Honorable Commission during the regulatory reset process in accordance with the Rules for the Setting of Distribution Wheeling Rates (RDWR) for Distribution Utilities (DUs).

BACKGROUND

7. The Pamplona Substation is located at Aria St., Sitio Kubokob, Brgy. Pamplona II, Las Piñas City and serves the entire City of Las Piñas, including portions of Bacoor City and Parañaque City. The Pamplona Substation has two (2) 115 kV-34.5 kV power transformer banks: one (1) 100 MVA power transformer bank, and one (1) 83 MVA power transformer bank.

8. On 17 March 2019, the Pamplona 100 MVA Power Transformer Bank No. 1 was tripped out by the transformer differential relay with Phase C target due to turn-to-turn short on the H0H1 winding. The power transformer was immediately subjected to a series of tests on the same day. Results of the tests revealed that the transformer failed the transformer turns ratio (TTR) test due to high exciting current on H0H1 winding. Additional test conducted showed low insulation resistance between the primary and secondary (H-X) windings.

9. Furthermore, Transformer Fault Gas Analysis done on the gas and oil samples taken from the Buchholz relay and main tank respectively, showed high concentration combustible gas Acetylene (C₂H₂) which confirmed the occurrence of high current discharge in the power transformer.

10. Given these adverse test results, Applicant was constrained to replace the defective Pamplona Power Transformer Bank No. 1, and to temporarily transfer its loads to the adjoining transformer banks with 115 kV-34.5 kV rating, namely, the Pamplona Bank No. 2, BF-Parañaque Bank No. 1, Bacoor Bank No. 1, Central Business Park 1 Island A ("CBP1A") Bank No. 1, Ayala Alabang Bank No. 2 and Sun Valley Bank No. 1.

11. This set-up caused the following banks to operate at critical loading level: Pamplona Bank No. 2 at 83%, BF Parañaque Bank No. 1 at 78%, CBP1A Bank No. 1 at 78%, and Sun Valley Bank No. 1 at 74% respectively.

12. With the critical loading of said power transformers, any outage thereof would have resulted to the prolonged and massive interruption in the cities of Las Piñas, Bacoor and Parañaque. In particular, an outage would critically affect the supply of electricity to vital customers in said areas, such as the Manuela Corporation, Republic Steel Tube Inc., Golden Arches Development Corporation, and Neltex Development Co. Inc.

13. Considering the imminent risks posed by shifting the loads to the adjoining power transformers, MERALCO was constrained to undertake an interim solution. Thus, on 23 March 2019, Applicant replaced the defective Pamplona Power Transformer No. 1 with an available 83 MVA, 115 kV-34.5 kV Power Transformer intended for the Development of Binangonan 115kV – 34.5kV Substation Project. This temporary solution was done to relieve the critical loading of abovementioned banks. The replacement transformer was then energized on 10 April 2019.

14. However, there is still a need to replace the temporary 83 MVA Power Transformer installed at the Pamplona Bank No. 1 with a new 100 MVA Power Transformer given the load requirements of the area. Although the temporary solution was sufficient to maintain electricity supply to the customers, the current loading of the 83 MVA Power Transformer is already at a critical loading level of 73%. Hence, a 100 MVA Power Transformer would be the best solution to ensure adequate capacity and better reliability in the area.

15. Furthermore, since this is only an interim solution, the 83 MVA Power Transformer should be returned to the Binangonan 115kV-34.5kV Substation Project as soon as possible in order to serve its intended purpose.

16. Shown below are the projected loadings of the affected power transformers with and without the replacement of the defective 100 MVA Pamplona Power Transformer.

Table 1: Without Project

Parameter Under Consideration	
Loading of Pamplona Bank No. 2	83%

Loading of BF-Parañaque Bank No. 1	78%
Loading of Bacoor Bank No. 1	66%
Loading of CBP1A Bank No. 1	78%
Loading of Ayala Alabang Bank No. 2	60%
Loading of Sun Valley Bank No. 1	74%
System Loss	1,241,189 kWh

Table 2: With Project

Parameter Under Consideration	
Loading of Pamplona Bank No. 1	60%
Loading of Pamplona Bank No. 2	60%
Loading of BF-Parañaque Bank No. 1	73%
Loading of Bacoor Bank No. 1	55%
Loading of CBP1A Bank No. 1	65%
Loading of Ayala Alabang Bank No. 2	49%
Loading of Sun Valley Bank No. 1	63%
System Loss	1,111,750 kWh

17. In view of the foregoing, there was an urgent need to implement the emergency project to replace the 100 MVA Power Transformer in the Pamplona Substation.

18. The cost for the temporary installation of power transformer is **PESOS: FOUR MILLION ONE HUNDRED ELEVEN THOUSAND FOUR HUNDRED EIGHTY-FOUR & 62/100 (PhP 4,111,484.62)**. The same includes the installation of the available 83-MVA, 115 kV–34.5 kV, three-phase power transformer and costs for transformer oil and trucking services.

19. The cost for permanent installation of power transformer is **PESOS: SIXTY-SIX MILLION EIGHT HUNDRED SIXTY-TWO THOUSAND ONE HUNDRED SEVEN & 5/100 (PhP 66,862,107.05)**. This includes the cost of new 100 MVA, 115 kV–34.5 kV, three-phase power transformer and costs for transformer oil, taxes, duties, brokerage, trucking services and installation.

20. Thus, the total cost for the emergency replacement of power transformer in Pamplona Substation is **PESOS: SEVENTY MILLION NINE HUNDRED SEVENTY-THREE THOUSAND FIVE HUNDRED NINETY-ONE & 67/100 (PhP70,973,591.67)**.

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

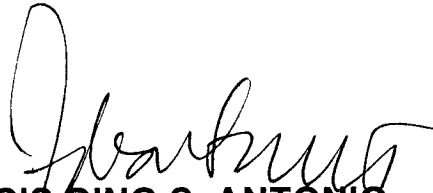
- **Annex “A”** – Emergency CAPEX Project Information Summary with supporting documents: (i) Technical and Economic Analysis, (ii) Cost Estimates; (c) Expenditure Summary; (iii) Cost Benefit Analysis Calculation; and (iv) Gantt Chart;
- **Annex “B”** – Documents showing the results of tests conducted on Pamplona Power Transformer Bank No. 1; and
- **Annex “C”** – Judicial Affidavit of Engr. Mario Angelito A. delos Reyes, Manager and Head of Applicant’s Substation Services Asset Management Office.

PRAYER

WHEREFORE, it is respectfully prayed to this Honorable Commission that the Applicant’s emergency replacement of the power transformer at the Pamplona Substation be **APPROVED**.

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

Pasig City, 21 May 2019.



FRANCIS DINO S. ANTONIO

Roll of Attorneys No. 48145

PTR No. 5229236; 1/9/19; Pasig City

IBP No. 66245; 1/9/19; RSM

MCLE Compliance No. VI-0003791; 3 November 2017



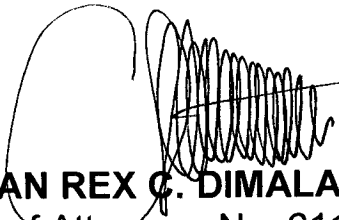
HAZEL ROSE B. SEE

Roll of Attorneys No. 48265

PTR No. 5229237; 1/9/19; Pasig City

IBP No. 06460(LIFETIME); 01/16/07; QC

MCLE Compliance No. VI-0000253; 11 July 2016



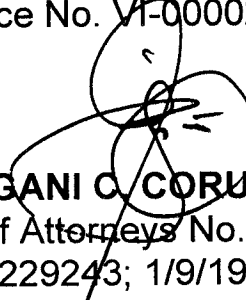
ADRIAN REX C. DIMALANTA

Roll of Attorneys No. 61149

PTR No. 5229240; 1/9/19; Pasig City

IBP No. 66248; 1/9/19; PPLM

MCLE Compliance No. VI-0000233; 11 July 2016



ISAGANI C. CORUÑA II

Roll of Attorneys No. 63123

PTR No. 5229243; 1/9/19; Pasig City

IBP No. 66250; 1/9/19; RSM

MCLE Compliance No. VI-0007787; 6 April 2018

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Telephone Number 1622-2260; Fax No. 1622-3550
Email address: regulatory.legal.admin@meralco.com.ph

Republic of the Philippines)
City of Pasig) S.S.

VERIFICATION
AND CERTIFICATION ON NON-FORUM SHOPPING

I, **RONNIE L. APEROCHO**, Filipino, of legal age, married, with office address at 5th Floor, Technical Services Building, Ortigas Avenue, Barangay Ugong, Pasig City, after being sworn in accordance with law, hereby depose and say that—

1. I am the Senior Vice President and Head, Networks, of Applicant **Manila Electric Company (MERALCO)**. In such capacity, I have caused the preparation and filing of the foregoing Application;

2. Moreover, I have been authorized by the Board of Directors of MERALCO to certify that Applicant has not heretofore filed any similar action, pleading or application involving the same issues before the Supreme Court, the Court of Appeals or any other lower courts or administrative bodies. A copy of the Secretary's Certificate authorizing me to cause the preparation of the instant Application and sign this Verification and Certification is attached hereto as Annex "D";

3. I have read and understood the allegations contained therein and the same are true and correct based on my personal knowledge and authentic records made available to me in the ordinary course of business of MERALCO;

4. To the best of my knowledge, no similar action or proceeding is pending before the Supreme Court, the Court of Appeals, the lower courts or administrative bodies;

5. If I should hereafter learn that a similar action has been filed before the Supreme Court, the Court of Appeals, the lower courts or administrative bodies, I undertake to report such fact to this Honorable Commission within five (5) days from notice of such fact.

MAY 21 2019


IN WITNESS WHEREOF, I have hereunto affixed my signature this ____ day of May 2019 at Pasig City, Philippines.


RONNIE L. APEROCHO
Affiant

MAY 21 2019

SUBSCRIBED and SWORN to before me this ____ day of May 2019, affiant having exhibited to me his Social Security System ID bearing the number 33-3650769-8.

Doc. No. 159 ;
Page No. 33 ;
Book No. 11 ;
Series of 2019.


ROSEMARIE B. YAP
Notary Public
Pasig, San Juan and Patugas
Issued on February 11, 2019 at Pasig City
Appointment No. 103 (2019-2020)
Roll No. 55839/ISS No. 66249; 1/9/19; Capiz Chapter
PTR No. 6220241; 1/9/19; Pasig City
7th Floor, Lope, Bldg., Ortigas Avenue, Pasig City



ORTIGAS AVENUE, PASIG CITY
0300 PHILIPPINES

ANNEX 10 D

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SECRETARY'S CERTIFICATE

I, WILLIAM S. PAMINTUAN, a duly elected, qualified and incumbent Assistant Corporate Secretary of the Manila Electric Company (MERALCO), a corporation duly organized and existing under and by virtue of the laws of the Philippines, do hereby certify that:

At the regular meeting of the Board of Directors of the Company duly convened and held on February 26, 2019, at which meeting a quorum was present, acted throughout and voted, the following resolution amending the resolution of the Board on February 26, 2018 on the same subject, was approved and that said amendatory resolution is in full force and effect on the date hereof:

"RESOLVED, that the Board of Directors of the Manila Electric Company (MERALCO) authorize, as it hereby authorizes, Messrs. MANUEL V. PANGILINAN, Chairman, OSCAR S. REYES, President, RAY C. ESPINOSA, Deputy Chief Executive Officer, SIMEON KEN R. FERRER, Corporate Secretary, ALFREDO S. PANLILIO, Senior Vice President, Head, Customer Retail Services and Head, Corporate Communication, ROBERTO R. ALMAZORA, Senior Vice President, RONNIE L. APEROCHO, Senior Vice President & Head, Networks, WILLIAM S. PAMINTUAN, First Vice President, Assistant Corporate Secretary, Compliance Officer and Head, Legal and Corporate Governance, EDGARDO V. CARASIG, Vice President & Head, Human Resources & Corporate Services, FERDINAND O. GELUZ, Vice President & Head, Corporate Logistics, JOSE RONALD V. VALLES, Vice President and Head, Regulatory Management Office, MARIA ZARAH R. VILLANUEVA-CASTRO, Vice President & Head, Corporate Legal Services, RAUL G. CORALDE, Assistant Vice President & Head, Litigation Services, MICHELLE O. DELOS SANTOS-BONA, Assistant Vice President & Head, Legal Operations Support, CRISTOPHER B. ARPON, Legal Counsel & Head, Litigation Team 1, CORNELIO MANUEL III C. DICCION, Manager & Head, Litigation Team 2, EUGENE JUDE DENIS GERARD E. ALABANZA, Senior Manager & Head, Tax & Labor Litigation, and any lawyer or employee of MERALCO that any of them may designate, name or appoint:

- (1) to represent the Company, in the institution, prosecution, and defense of any claim, complaint, action, proceeding, petition, application, protest, suit, or case, for or against the Company, before any court, prosecutor's office, regulatory, quasi-judicial, or administrative body, agency, or office of the national or any local government;
- (2) to sign, execute, and deliver in connection therewith the necessary or appropriate complaint, petition, application, position paper, memorandum, all types of pleadings and motions, verifications, affidavit-complaint, counter-affidavit, affidavit of merit, affidavit of desistance, affidavit of witness, and all other affidavits of whatever nature, certificate of non-forum shopping, powers of attorney, certifications, and all other instruments as may be necessary or proper;

- (3) to represent the Company or to designate, name, and appoint a representative or an attorney-in-fact in behalf of the company during the investigation, inquest, preliminary investigation, preliminary conference, pre-trial, mediation, conciliation, arbitration, trial, execution, and all other stages of or incidents related to the case, proceeding or action; to negotiate, enter into, and agree to an amicable settlement, compromise agreement, plea bargaining, admissions or stipulations of fact or documents, simplification of issues, limitation on the number of witnesses, alternative modes of dispute resolution, withdrawal, dismissal or waiver of claim or action; and to perform and execute any and all actions or deeds as may aid in the prompt disposition of such cases, proceedings, or actions filed in behalf of or against the Company;

“RESOLVED, FURTHER, that any previous resolution of the Board of Directors on the same subject matter that is inconsistent herewith shall be deemed terminated, superseded and revoked.”

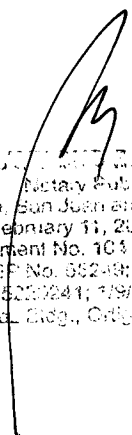
Pursuant to the above resolutions, it is hereby certified that MERALCO is authorized to file the Application with the Energy Regulatory Commission (ERC) entitled: “IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE EMERGENCY REPLACEMENT OF ONE (1) 100-MVA POWER TRANSFORMER AT PAMPLONA SUBSTATION” and that MR. RONNIE L. APEROCHO, Senior Vice President & Head, Networks, is an authorized representative and signatory of the company with respect to the aforesaid application.

WITNESS THE SIGNATURE of the undersigned as such officer of the Company and its corporate seal hereunto affixed on this MAY 20 2019 day of May 2019.


WILLIAM S. PAMINTUAN
 Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 20 2019 day of May 2019, affiant exhibited to me his Taxpayer Identification Number (TIN) 146-473-562, issued by the Bureau of Internal Revenue (BIR) as his competent evidence of identity.

Doc. No. 108;
 Page No. 33;
 Book No. 111;
 Series of 2019.


ROBERTO B. DIAZ
 Notary Public
 Pasig, San Juan and Pateros
 Issued on February 11, 2019 at Pasig City
 Appointment No. 101 (2019-2020)
 Roll No. 6445/119 No. 55248/119/19; Capiz Chapter
 PTR No. 520241; 119/19; Pasig City
 Tullaoon, Lped. 2189, Ortigas Ave., Pasig City