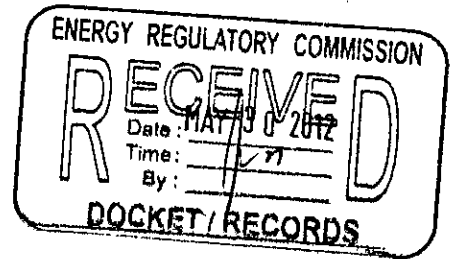


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

5/29/12
3:45 pm
Alfon

IN THE MATTER OF THE APPLICATION
FOR AUTHORITY TO IMPLEMENT
PROPOSED ADDITIONAL CAPITAL
PROJECT FOR YEARS 2013 - 2014, WITH
PRAYER FOR PROVISIONAL AUTHORITY.

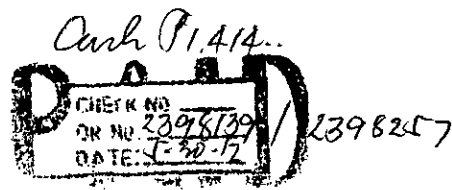


E.R.C. CASE NO. 2012-073 PC

VISAYAN ELECTRIC COMPANY, INC.
(VECO),

Applicant.

X-----/



APPLICATION

VISAYAN ELECTRIC COMPANY, INC. ("VECO," for brevity), by counsel and unto this Honorable Commission, respectfully states:

1. VECO is an electric distribution utility, organized and existing under and by virtue of the laws of the Republic of the Philippines, with postal address at the VECO Compound, J. Panis Street, Banilad, Cebu City. It is duly enfranchised under Republic Act No. 9339 to engage in the distribution of electric energy in the Cities of Cebu, Mandaue, Talisay, and Naga; and the surrounding Municipalities of Minglanilla, San Fernando, Consolacion and Liloan, all within the Province of Cebu.

2. Pursuant to Section 43 (f) of Republic Act No. 9136 (otherwise known as the "EPIRA") and Rule 15 Section 5(a) of the Implementing Rules and Regulations of the EPIRA, the Honorable Commission promulgated the *Guidelines on the Methodology for Setting Distribution Wheeling Rates (ERC Resolution No. 12-02, Series of 2004, dated December 20, 2004)*. The DWRG has subsequently been revised and re-issued as the *Rules for Setting Distribution Wheeling Rates for Privately-Owned Distribution Utilities Entering Performance*

Based Regulation (ERC Resolution No. 54, Series of 2006, dated December 13, 2006)

["RDWR"].

3. In compliance with the RDWR, VECO filed its "*Application for Approval of the Annual Revenue Requirement and Performance Incentive Scheme in Accordance with the Rules for Setting Distribution Wheeling Rates (RDWR)*" for the Regulatory Reset for July 2010 to June 2014 Regulatory Period for the Third Entry Group. This application was docketed as ERC Case No. 2009-040RC.

4. Hence, VECO is under the Performance-Based Regulation ("PBR") regime where its Annual Revenue Requirement was already approved for the 2010-2014 Regulatory Period in ERC Case No. 2009-040RC. However, because a capital project is statutorily required to be implemented by VECO within the year 2012, VECO is forced to file the instant Application prior to the next Regulatory Reset of 2014-2018.

5. On April 25, 2001, the City Council of Cebu passed **City Ordinance No. 1894** ("City Ordinance") which mandated public utilities to transfer the overhead utility cables underground. The City Ordinance aimed to address the unsightly and indiscriminate manner of utility lines that has degraded the fine image of Cebu City as a livable and sustainable city that do not give due significance to the heritage resources that form part of the cultural tourism.

5.1. Section 7 of the City Ordinance provides as the City's "Phase II Medium Term Objective" the partial implementation for the underground installation of utility line five (5) years after approval of the City Ordinance.

5.2. Moreover, Section 7 provides as the City's "Long Term Objective" the mandatory grounding of all utility lines within ten (10) years after the approval of the City Ordinance.

5.3. A photocopy of Ordinance is attached as Annex "A" and made an integral part hereof.

5.4. Section 8 of City Ordinance No. 1894 penalizes the President and/or General Manager of the corporations found violating the Ordinance.

6. 2012 is the tenth year since City Ordinance No. 1894 was approved. As a reminder, the Honorable City Mayor of Cebu sent a letter to VECO expecting compliance by the end of 2012. The Honorable Cebu Provincial Governor also echoed and supposed the City Ordinance, which she sees a way of promoting tourism through beautification of a major thoroughfare. Specifically, the Honorable Governor required VECO to prioritize the road along Osmeña Boulevard – from the Fuente Osmeña Circle up to the Provincial Capitol Building (known as “Phase 1a”) and Fuente Osmeña Circle to P. del Rosario Street (known as “Phase 1b”).

Photocopies of the letters from the Honorable City Mayor and Honorable Provincial Governor are attached as Annexes “B” and “C”, respectively, and made integral parts hereof.

6.1. VECO proposes to implement partial compliance of the City Ordinance by transferring the electrical wires along Osmeña Boulevard (i.e., from the Fuente Osmeña Circle up to the Provincial Capitol Building and Fuente Osmeña Circle to P. del Rosario Street) to underground. This project is proposed to be designated and identified as “*the Osmeña Boulevard Underground Installation-Phases 1a and 1b*” and is estimated to cost Php205,056,774.95.

6.2. The following is the breakdown of the estimated costs for the different phases of the proposed capital project:

<i>Phase</i>	<i>Description</i>	<i>Estimate Cost</i>	<i>Expected Year of Completion</i>
Phase 1a	Fuente Osmeña Circle up to the Provincial Capitol Building	Php68,352,258.32	2013
Phase 1b	Fuente Osmeña Circle to P. del Rosario Street	Php136,704,516.63	2014
	<i>Total</i>	Php205,056,774.95	

7. In support of this Application, attached as Annex "D" is the summary of the project information and justification and made an integral part hereof.

Allegations in Support of the Prayer for Provisional Authority.

VECO repleads the foregoing allegations and further states that:

8. VECO is mandated to provide power in the most reliable, secure, and safe manner. However, it is necessary to obtain provisional authority from this Honorable Commission before it can commence the implementation of this capital project in compliance with the City Ordinance.

9. Rule 20 (C); Section 4 of the ERC Rules of Practice and Procedure authorizes the Honorable Commission "[U]pon filing of the application" "to grant the issuance of a Provisional Authority (PA) based on the allegations of the application and on such other documents attached thereto or submitted by the parties."

10. Hence, pursuant to such authority, VECO is requesting that it be granted provisional authority to commence the implementation of the proposed capital project in accordance with the proposed timeline for implementation.

PRAYER

WHEREFORE, the foregoing premises considered, VECO respectfully prays that this Honorable Commission:

1. Grant provisional authority, upon filing of the instant Application with the supporting documents and after initial evaluation by the Honorable Commission, to allow and authorize VECO to implement *the Osmeña Boulevard Underground Installation - Phase 1a and Phase 1b* and at their estimated costs; and,

2. After due notice and trial, grant permanent authority on this Application.

Finally, VECO similarly prays for other equitable reliefs under the circumstances.

Cebu City (for Pasig City), April 26, 2012.


ATTY. JOAN A. GIDUQUIO-BARON

IBP O.R. No. 872154; January 3, 2012; Cebu City

PTR No. 2156312; January 3, 2012; Cebu City

Roll No. 41829

MCLE Compliance No. III - 0019728; January 6, 2011

J. P. GARCIA & ASSOCIATES

Counsel for Applicant Visayan Electric Company, Inc.

Unit 902, Ayala Life -FGU Center

Mindanao Avenue corner Biliran Road, Cebu Business Park

Cebu City

VERIFICATION/CERTIFICATION

REPUBLIC OF THE PHILIPPINES }
CEBU CITY }SS

I, ENGR. VALENTIN S. SALUDES, III, of legal age and resident of Cebu City, after being duly sworn to in accordance with law hereby depose and say that:

I am the Assistant Vice President – Engineering of herein Applicant;

I have caused the preparation of the foregoing Application;

I have read the contents thereof and that the same are true and correct to the best of my knowledge and information;

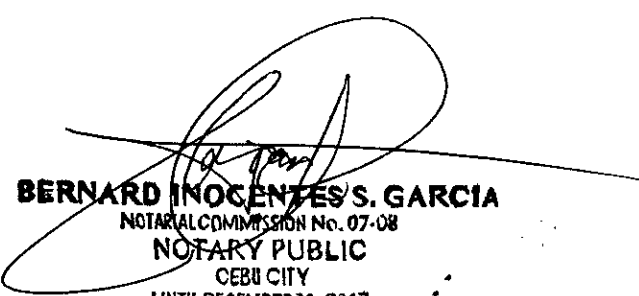
I have not cause commenced any other action or proceeding involving the same issue in the Supreme Court, the Court of Appeals or any agency or tribunal, and to the best of my knowledge, no such action or proceeding is pending in the same entities above-stated. If I should learn that a similar action or proceeding has been filed or pending before said court, agency or tribunal, I undertake to inform this Honorable Commission within 5 days from knowledge thereof.

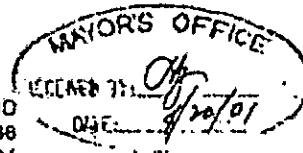
Cebu City, (for Pasig City), April 26, 2012.


ENGR. VALENTIN S. SALUDES, III
Affiant

SUBSCRIBED AND SWORN TO before me this MAY 03 2012 at Cebu City, affiant exhibiting to me his Driver's License No. L02-89-057203 issued on September 4, 2009.

Doc. No. 191
Page No. 79
Book No. VI
Series of 2012.


BERNARD INOCENTES S. GARCIA
NOTARIAL COMMISSION No. 07-08
NOTARY PUBLIC
CEBU CITY
UNTIL DECEMBER 31, 2013
SUITE 902 AYALA LIFE-EGU CENTER
CEBU BUSINESS PARK, CEBU CITY
ROLL No. 52927
PTR No. 2156313, CEBU CITY: 01/03/12
IBP No. 872757 / CEBU CITY: 01/03/12



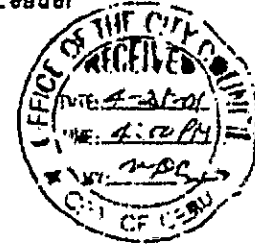
9th SANGGUNIANG PANLUNGSOD

3rd SESSION

EXCERPT FROM THE MINUTES OF THE REGULAR SESSION HELD BY THE
 SANGGUNIANG PANLUNGSOD OF THE CITY OF CEBU IN ITS
 SESSION HALL ON APRIL 4, 2001.

PRESENT:

- | | | |
|-----------------------------|-------|------------------------|
| Hon. Renato V. Osmeña | ..... | Presiding Officer |
| Hon. Franklin N. Seno | ..... | Pres. Protempore |
| Hon. Rogelio V. Osmeña | ..... | Maj. Floor Leader |
| Hon. Felixberto A. Rosillo | ..... | Asst. Maj. Flr. Leader |
| Hon. Ronald R. Cuenco | ..... | Member |
| Hon. Firmo S. Dayao | ..... | Member |
| Hon. Ernesto A. Elizondo | ..... | Member |
| Hon. Rodolfo Y. Estella | ..... | Member |
| Hon. Procopio E. Fernandez | ..... | Member |
| Hon. Eugenio F. Gabuya, Jr. | ..... | Member |
| Hon. Edgardo O. Labella | ..... | Member |
| Hon. Manuel P. Legaspi | ..... | Member |
| Hon. Anthony Jones Luy | ..... | Member |
| Hon. Laurilo M. Malinao | ..... | Member |
| Hon. Jose F. Navarro | ..... | Member |
| Hon. Jocelyn G. Pesquera | ..... | Member |
| Hon. Michael L. Rama | ..... | Member |
| Hon. Fe Manlua Ruiz | ..... | Member |



ABSENT:

None.

---oOo---

RESOLUTION NO. '01-4011

The Sangguniang Panlungsod of the City of Cebu, on motion of Member Seno, seconded by Member Estella,

RESOLVED, to approve the following ordinance:

ORDINANCE NO. 1801^A

AN ORDINANCE CREATING THE UTILITY LINES INSTALLATION COORDINATING COMMITTEE AS A SUB-COMMITTEE OF THE EXISTING TECHNICAL INFRASTRUCTURE COMMITTEE PROVIDED IN CITY ORDINANCE 1618.

WHEREAS, rapid urban and population growth within the Metro Cebu area has continued to intensify development activities, while it has also continued to exert pressure on the need for public utilities;

WHEREAS, the demand for utility services has centered on the City of Cebu and, as a consequence, urban sprawl and expansion of both residential and commercial areas extended and intensified the installation of utility lines;

WHEREAS, utility companies had also begun to compete with space in the installation of power, tele-communication, cable TV, and other utility support structures;



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254-9004

Res. No. '01-4011, Ord. No. 1894, dated April 4, 2001, cont'd.

- page 2 -

WHEREAS, this competition has led to a disorderly manner of installation of utility lines characterized by criss-crossing; overlapping and sagging wires; and, the erection of multiple or clustering posts;

WHEREAS, the common practice of overhead wires has been deemed to create visual clutter, and does not readily identify ownership of exclusive lines when it comes to repairing them, and this method does not give ample responsibility for the utility firms in managing their utility lines;

WHEREAS, this unsightly and indiscriminate manner of utility lines installations has resulted in a so-called 'spaghetti wires' and, as such, has degraded the fine image of the City of Cebu as a livable and sustainable city;

WHEREAS, these overhead wires do not give due significance to the heritage resources that form part of our cultural tourism as identified in this city and thus, does not address the city's thrust of creating a visually appealing city.

NOW, THEREFORE, for and in consideration of the foregoing premises, the Sangguniang Panlungsod of the City of Cebu, in a regular session assembled, hereby ordains that:

Section 1. Coverage. - Any person, corporation firm or entity which shall undertake any installation of electric power lines; telephone and communication lines; and Cable-TV line along any public or subdivision road within the City of Cebu, shall be subjected to the provision of this ordinance.

Section 2. Creation of an Advisory Body or a sub-committee of the Technical Infrastructure Committee (TIC). -

- a) In order to assist the City Government, thru the Hon. City Mayor, in discharging the functions under this ordinance, an advisory body is hereby created to be known as the Utility Lines Installation Coordination Committee (ULICC) which shall establish coordinative and working relationship among member agencies. The ULICC will be a sub-committee of the Technical Infrastructure Committee (TIC) as created under Resolution No. 2410, and Ordinance No. 1618, dated March 11, 1998. The TIC is also tasked to recommend and/or propose additional provisions that can promote and strengthen the implementation of this ordinance.
- b) Any request for exemptions from the provisions of this ordinance must be thoroughly justified and given a preliminary approval by the TIC, after which it shall be recommended to the City Council for final approval.

Section 3. Power and Functions. - Pursuant to the immediately preceding Section, the ULICC shall:

- a) Coordinate with both private and government utility agencies in Cebu City in coming up with the detailed urban design standards of built



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Res. No. '01-4011, Ord. No. 1894, dated April 4, 2001, cont'd....

- page 3 -

form controls on the application of the different types of utility lines; and recommend the designation of utility strips.

- b) Require all developers/building owners and Environmental Impact Assessment report as a requirement in the application and approval process as to how the design of their utility applications will affect the street/adjacent development. These should include safety measures taken up as well as their management policies with regard to their utility applications inside and outside of the building.
- c) Together with the relevant approval bodies which process building permits, this committee should also take an active role in assessing utility application designs on a per-building/per structure mode and keep records of each application.
- d) Monitor-on going utility lines project (and reassess according to approved plans), and to submit monthly reports to the Hon. City Mayor.
- e) Gather and evaluate immediate and past projects of the different utility agencies.
- f) Hold a bi-monthly policy making decision (meetings), and coordination meetings where all applications for utility lines installation shall be deliberated and recommended to the Hon. City Mayor for approval including "Joint All Utilization Agreement" between all among utility firm.
- g) Recommend to the Hon. City Mayor the suspension, cancellation revocation or to the City Engineer the denial of application for permits/clearances to utilities which have failed to comply with any of the provisions of this ordinance.
- h) The City Engineer shall act as the executive officer of the ULICC and shall also provide technical and clerical staff support to the ULICC.

Section 4. Composition. - The ULICC shall be composed of the following members and a chairman shall be appointed by the Hon. City Mayor whose term of office shall be co-terminus with the appointing authority unless sooner terminated for whatever cause:

- a) Representative of the City Mayor;
- b) Chairman, Committee on Public Works of the S.P. or his duly authorized representative;
- c) City Engineer or his duly authorize representative who shall be conversant with the utility application standards set by the committee;
- d) An Architect/Urban Planner who shall handle urban design built form controls.



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Res. No. 01-4011, Ord. No. 1894, dated April 4, 2001, con'd...

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- e) An Independent Electrical Engineer to manage and take responsibility of the technical standards of the utility applications.
- f) A duly authorized representative of CITOM.
- g) A duly authorized representative of VECO.
- h) A duly authorized representative of PLDT-SMART.
- i) A duly authorized representative of MCWD.
- j) A duly authorized representative of GLOBE-ISLACOM.
- k) A duly authorized representative of SKY CABLE INC.
- l) A duly authorized representative of BAYANTEL.
- m) A duly authorized representative of any utility company who will be in operation within the City of Cebu in the future.

Section 5. Conformity to the provision and Requirement of Ordinance No. 1618: - This ordinance shall conform to the provisions and requirements of Resolution No. 2410, Ordinance No. 1618, dated March 11, 1998, of the Sangguniang Panlungsod of the City of Cebu in terms of:

- a) Powers and Functions of the TIC
- b) Pre-excavation and site requirements
- c) Limitations on street diggings and excavation
- d) Restoration and Post Work Requirements
- e) Separability and Penalty clauses

Section 6. Utility Strips and Installation of Posts and Utility Lines:

- a) The designation of utility strips shall have three (3) options and shall be applicable where it is convenient:
 - 1) The middle of the road if the road right-of-way is twenty meters wide or more
 - 2) The sidewalk, if the road right-of-way is less than twenty meters
 - 3) And, if necessary, utilize the portion of private properties designated as front yards as required by the National Building Code and the City Zoning Ordinance.

All such utilization of private or institutional properties, designated as utility strips shall allow the erection of utility posts and/or underground installation of utility lines after due process and due compensation thereof.



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Res. No. '01-4011, Ord. No. 1894, dated April 4, 2001, cont'd...

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- b) Before any utility poles is erected along a road right-of-way or private property within the designated utility strips, an application to erect such poles shall be submitted to the ULICC which, in turn, shall recommend approval to the Sangguniang Panlungsod.
- c) In case two or more firms will be sharing the same utility post as erected, the utility firms involved shall undertake a "Joint Pole Utilization Agreement" as a mandatory requirement of the City Government. The trimming of trees as obstruction to the utility lines shall be the responsibility of the same firm involved in the Joint Pole Utilization Agreement.
- d) All main thoroughfares classified as National roads shall have a Mandatory set-back of all building structures fifteen (15) meters from the center of the road.
- e) All utility firms shall keep a record of their individual projects of pole erections and installation of utility lines. These shall be digitized (Computerized) records and plans of installation alignments and distances shall be properly kept and monitored by the ULICC.

Section 7. Objectives and Targets. -

- a) The main objective of this ordinance is to pursue a utility application strategy that is safe and secure, at the least possible cost, and an application system that will rid the city of urban eyesores that otherwise damage the quality of the urban design of the city. The cluttered look that the current mode of installation brings about suggests a psychologically negative experience for any city dweller and passerby. The creation of a neat, vibrant, and livable city is not supported with the existence of the hazardous spaghetti formations overhead our streets. Addedly, the significant of the City's Heritage assets are diminished with the presence of aerial eyesores that damage the total outlook of the streets.
- b) In view of the significantly wide range and scope covered by this utility ordinance and the expected corresponding technical and considerable financial requirements to be incurred on the part of the utility firms, a strategy for a rationalized implementation should thus be derived in stages. These are in terms of short, medium, and long term objectives, specifying therein the targets to be accomplished within the phased program of implementation.

Rules and Regulations for the installation of utility lines and its appurtenances or equipment shall also be provided thereto.

Phase I Short Term Objective: - Promote the Rehabilitation and/or orderly installation/restoration of Utility Lines within a five (5) year period upon approval of this ordinance, as an initial transition period.



Res. No. '01-4011, Ord. No. 1894, dated April 4, 2001, cont'd...

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Targets:

1. Removal of crosswires starting at main thoroughfares and their intersection.
2. Investigate the possibility of a compromised design wherein part of the lines assemblage are cabled in at the sides of the buildings in its exterior. The design of this cable assembly may vary depending on its compatibility with the building design or structure. However, the standards or safety will not be compromised, whichever cabling design is identified in each development.
3. Investigate the possibility of cabling some wires shortly underneath the sidewalk or pavement in marked areas, before reaching the vertical cables of the exterior of the building.
4. Require the use of concrete posts instead of wooden posts.
5. Encourage use of fiber optics in order to reduce volume of wiring systems.
6. Require the proper alignment/re-alignment of aerial utility lines and providing rules and regulations (limit to the aerial space available should also be contemplated on, in the short term) thereof, as follows:
 - 6.1 Height Clearance: no aerial utility line shall be below fourteen (14) feet from the level of the road.
 - 6.2 Line Separation between system aerial utility lines between systems shall be separated by at least one (1) foot from each other.
 - 6.3 Proper insulation of all aerial wiring systems must be properly insulated with standard insulation materials.
 - 6.4 Utility Lines/systems identification provisions for systems identification shall be required either three color coding or other distinguishing features.
 - 6.5 Any unclear provision in the aforementioned guidelines for aerial installation must be referred to the ULIOC Committee for policy decision.

Phase II Medium Term Objective: - Promote the partial implementation for underground installation of utility line five (5) years after approval of this ordinance as a second transition period.

Targets:

1. Start a selective implementation of requirements for utility firms to ground all new lines installation and providing for rules and regulations thereof, as follows:



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Res. No. '01-4011, Ord. No. 1894, dated April 4, 2001, con'd...

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- 1.1 Excavation Requirements - all excavations must conform to the requirements provided under Sections 6, 7, 8, 9, 10, 11 and 12 of Ordinance No. 1618, as per Resolution No. 2410 dated March 11, 1996 of the Sangguniang Panlungsod of Cebu City.
 - 1.2 Installation of Utility Lines must conform to assigned "Lanes" along the road right-of-way. Separate compartments for power, Television Communications, Cable-TV, and other utility lines must be provided as to depth and horizontal distances between systems.
 - 1.3 All Utility Lines must be properly insulated and color coded to facilitate identification; manholes must be provided at convenient intervals.
2. Start implementing a requirement for the use of fiber optics.
 3. Require new subdivisions for economic or open market housing ground all installation of utility lines.
 4. Require all development projects classified as 'High Growth Zones' under the 1996 Zoning Ordinance of Cebu City to ground all installation of utility facilities.

Phase III Long Term Objective: - Require the mandatory grounding of all Utility Lines ten (10) years after the approval of this ordinance.

Section 8. Penal Clause. - Failure to comply with any or the provisions stated herein shall be penalized with a fine of not more than FIVE THOUSAND (P5,000.00) PESOS. When a corporation or partnership violates any of the provisions of this Ordinance, the President and/or General Manager thereof shall be held liable.

Section 9. Repealing Clause. - Any provisions of other City Ordinances which are inconsistent with the provisions of this ordinance are hereby repealed or modified accordingly.

Section 10. Separability Clause. - Should any provisions hereof be declared illegal or unconstitutional by any court of competent jurisdiction, those provisions not so declared shall remain valid and in full force and effect.

Section 11. Effectivity. - This ordinance shall take effect immediately upon its approval.

CARRIED UNANIMOUSLY.
(Members Elizondo and Legaspi were out)

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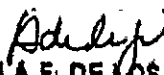


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Res. No. '01-40 ff. Ord. No. 1894, dated April 4, 2001, cont'd...

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I hereby certify to the correctness of the aforementioned resolution/
ordinance.



ESTRELLA F. DE LOS REYES
City Secretary

ATTESTED:


RENATO V. OSMEÑA
Presiding Officer

/bko

APPROVED:


ALVIN B. GARCIA
Mayor

2001 APR. 25



REPUBLIC OF THE PHILIPPINES
CITY OF CEBU
OFFICE OF THE MAYOR

VISAYAN ELECTRIC COMPANY

J. Panis St. Banilad,
Cebu City, Philippines 6000

To Whom It May Concern:

Greetings of peace and felicity!

I am writing to formally inform you of the City's request that you comply with all terms and guidelines pursuant to the City Ordinance No. 1894 dated April 25, 2001 that all utility companies are mandated to follow. The ordinance intends to create a power system that is safe, secure and aesthetically pleasing for the city dwellers. Specifically, the ordinance compels all utility lines to be positioned underground 10 years after its approval.

In this connection, we would like to require, the company as to, the progress it has made in complying with the aforementioned city ordinance most in the shift from aerial to underground for electrical network.

I strongly urge your company to hasten compliance with the ordinance for the good of the citizen of the City of Cebu. It is my wish to see development along these lines before the end of 2012.

So, please take the necessary actions accordingly.

Sincerely yours,

HON. MICHAEL L. RAMA
Mayor, Cebu City



Republic of the Philippines
Province of Cebu
OFFICE OF THE GOVERNOR

16 April 2012

MR. JAIME JOSE Y. ABOITIZ
EVP & COO
Visayan Electric Company
J. Panis St., Banilad
Cebu City

Subject : **Underground Distribution System Along Osmeña Blvd.**

Dear **Mr. Aboitiz**,

Greetings!

The Cebu City government is implementing another undertaking to improve the landscape and panorama of its highways and road areas which is expected to be completed before this year ends. As part of this development, the Cebu Provincial Government would like to express its full support for this action. Seeing the purpose of this project, it will not only promote tourism but also safety and security for local residents of Cebu City.

In this regard, we would like to require from your office your contribution to accomplish your power lines from the Provincial Capitol to Fuente Osmeña Circle from its overhead setup to underground system. This area is prioritized to beautify the road along Osmeña Blvd. (in front of the Capitol Bldg.) that will be implemented and done before the end of this year.

Hoping for your immediate action on this matter, I remain,

Very truly yours,


GWENDOLYN F. GARCIA
Governor

Visayan Electric Company

CY 2009 – RY 2014 Capital Expenditure Forecast

Major Project Information Summary



Project Details:

Name	UNDERGROUND DISTRIBUTION SYSTEM- I
Project code	UDS-I
Description	Construction of underground distribution system along Osmeña boulevard from Provincial Capitol to Fuente Osmeña rotonda, Fuente Osmeña Rotonda to P. del Rosario St.
Commissioning date	December 2012; June 2014

Project Classification:

Rank	1 st Priority		
Project Driver Classification	Statutory		
Project Type Classification	Refurbishment		
Expenditure for the period 2009-2014 (in Millions)	Forex: 0.459 USD	Local: 182.084 PHP	TOTAL: 205.057 PHP

Project Need:

Project Purpose	<ul style="list-style-type: none">• To initially comply to the provisions of Cebu City Ordinance no. 1894• To abide by the memorandum set forth by the provincial government• To eliminate outages of the distribution network primarily due to vegetation• To increase reliability of service to customers• To prevent further unforeseen events of personnel electrocution.• To minimize the trimming of trees growing near the power lines; to be earth-friendly.• To cut operational expenses in trimming of trees.• To create a distribution system that is aesthetically pleasing
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	to city dwellers
Impact if Project Not Implemented	<p>Osmeña boulevard is an orchard boulevard where many trees have grown on the road corridors. The trees definitely provide coziness and shade to pedestrians. However, this orchard is also a utility strip where VECO has been using for distribution. Severe weather events such as typhoons and tropical storms routinely cause extensive damage to electrical distribution systems. Much of this damage and service loss can be attributed to vegetation or trees. Even under normal conditions, trees still pose a threat against the utility's vision of providing its customers with safe and reliable power. Growth and movement of trees can cause electrical faults by bridging phases, pushing conductors into each other or by physical damage to equipment that disrupts the circuit. At times, it takes days or even weeks for the power to be restored; hence, giving total dissatisfaction to the public and revenue loss to the electric utility.</p> <p>In order to reduce the adverse effects of the aforementioned conditions, trimming or pruning has always been the solution. However, utility pruning substantially impact tree form. These alterations of tree form often elicit a negative reaction from property owners and communities. This solution is perpetual and is not eco-friendly. Thus, the proposition of replacing the existing bare ACSR with underground cable is introduced.</p> <p>With the implementation of underground distribution in this portion of the city, it will supply reliable power to customers. Power outages caused by certain objects are further minimized and risks of electrocution to humans are lessened. It can also reduce the cost of trimming. In addition, it will affect the utility's maintenance practice. Currently, where utilities are bind under the "Joint Pole Utilization Agreement", it is difficult to rehabilitate a single pole. Finally, it will impact on the image of Osmeña boulevard and the city, boosting its thrust for tourism! There will no longer be crisscrossing of wires (for the utilities).</p>
Reason for ranking project commissioning date relative to other projects	<p>The Cebu City government, in cooperation with the provincial government, had already made an ordinance requiring utility lines installation/construction be underground. This is a tough project to undertake. But the city and the province initially prioritize Osmeña boulevard being the principal boulevard and a significant source of cultural tourism for the city.</p> <p>On the other hand, trimming cost is on a per tree basis. Trees that are more difficult to prune, because of their hardness and durability, cost higher than ordinary trees. With the underground distribution system, the utility can save on maintenance cost of its distribution</p>

	<p>lines. Trimming practice, although cannot be totally eliminated, can be minimized. Because of its construction, power outages due to vegetation will be eliminated; thus, reducing revenue loss and most importantly, materializing the utility's vision of providing safe and reliable power to its customers.</p>
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PROJECT COST ESTIMATE

Description	QTY	UOM	Type of Purchase	Unit Price (Php)	Total
RY 2013					
OSMENA BOULEVARD (FUENTE-CAPITOL) UNDERGROUND DISTRIBUTION PROJECT					
Materials Cost					
Pad mounted switchgear (25kV, 630A, 125kV BIL)	2	units	INDENT	2,253,989.65	4,507,979.30
Pad mounted transformer (300kVA)	6	units	LOCAL	1,552,914.00	9,317,484.00
Pad mounted transformer (500kVA)	1	units	LOCAL	2,588,190.00	2,588,190.00
Pad mounted transformer (600kVA)	1	units	LOCAL	3,105,828.00	3,105,828.00
23kV Power cable - 630mm2 (main line)	1,125	mtr(s)	LOCAL	6,932.25	7,798,781.25
23kV Power cable - 70mm2 (lateral)	3,600	mtr(s)	LOCAL	2,025.00	7,290,000.00
Termination and Accessories	6	sets	INDENT	20,759.93	124,559.58
Recloser	4	units	INDENT	756,298.08	3,025,192.30
Main Distribution panel	8	units	LOCAL	287,500.00	2,300,000.00
4/0 Cu wire	1,575	mtr(s)	LOCAL	308.10	485,257.50
Direct Burial(with spacer along sidewalk)	1,137	mtr(s)	LOCAL	13,358.08	15,188,136.96
Concrete Encasement (cross roads)	123	mtr(s)	LOCAL	24,947.23	3,068,509.29
8.0 sq.mm Secondary wires (service drop)	6,563	mtr(s)	LOCAL	67.50	442,968.75
250 sq.mm Secondary wires (main)	420	mtr(s)	LOCAL	1,350.00	567,000.00
Secondary conduits	2,625	mtr(s)	LOCAL	500.00	1,312,500.00
Manholes	10	roll(s)	LOCAL	569,049.40	5,690,494.00
Pedestal	4	mtr(s)	LOCAL	170,340.81	681,363.24
Transformer Pad	8	pc(s)	LOCAL	33,905.06	271,240.48
Switchgear Pad	2	pc(s)	LOCAL	33,905.06	67,810.12
Distribution Panel Concrete Pad	8	pc(s)	LOCAL	22,362.82	178,902.56
Contingency	1	pc(s)	LOCAL	340,060.99	340,060.99
				SUB TOTAL >>>	68,352,258.32
RY 2014					
OSMEÑA BOULEVARD (FUENTE-P DEL ROSARIO) UNDERGROUND DISTRIBUTION PROJECT					
Materials Cost					
Pad mounted switchgear (25kV, 630A, 125kV BIL)	4	units	INDENT	2,253,989.65	9,015,958.60
Pad mounted transformer (300kVA)	12	units	LOCAL	1,552,914.00	18,634,968.00
Pad mounted transformer (500kVA)	2	units	LOCAL	2,588,190.00	5,176,380.00
Pad mounted transformer (600kVA)	2	units	LOCAL	3,105,828.00	6,211,656.00
23kV Power cable - 630mm2 (main line)	2,250	mtr(s)	LOCAL	6,932.25	15,597,562.50
23kV Power cable - 70mm2 (lateral)	7,200	mtr(s)	LOCAL	2,025.00	14,580,000.00
Termination and Accessories	12	sets	INDENT	20,759.93	249,119.16
Recloser	8	units	INDENT	756,298.08	6,050,384.60
Main Distribution panel	16	units	LOCAL	287,500.00	4,600,000.00
4/0 Cu wire	3,150	mtr(s)	LOCAL	308.10	970,515.00
Direct Burial(with spacer along sidewalk)	2,274	mtr(s)	LOCAL	13,358.08	30,376,273.92
Concrete Encasement (cross roads)	246	mtr(s)	LOCAL	24,947.23	6,137,018.58
8.0 sq.mm Secondary wires (service drop)	13,125	mtr(s)	LOCAL	67.50	885,937.50

PROJECT COST ESTIMATE

Description	QTY	UOM	Type of Purchase	Unit Price (Php)	Total
250 sq.mm Secondary wires (main)	840	mtr(s)	LOCAL	1,350.00	1,134,000.00
Secondary conduits	5,250	mtr(s)	LOCAL	500.00	2,625,000.00
Manholes	20	roll(s)	LOCAL	569,049.40	11,380,988.00
Pedestal	8	mtr(s)	LOCAL	170,340.81	1,362,726.48
Transformer Pad	16	pc(s)	LOCAL	33,905.06	542,480.96
Switchgear Pad	4	pc(s)	LOCAL	33,905.06	135,620.24
Distribution Panel Concrete Pad	16	pc(s)	LOCAL	22,362.82	357,805.12
Contingency	1	pc(s)	LOCAL	680,121.97	680,121.97
SUB TOTAL >>>					136,704,516.63

GRAND TOTAL >>> 205,056,775