

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



**IN THE MATTER OF THE
APPLICATION FOR APPROVAL OF
CAPITAL EXPENDITURE PROJECTS
FOR CALENDAR YEAR 2015**

ERC CASE NO. 2015-149 RC

**VISAYAN ELECTRIC COMPANY,
INC. (VECO),**

Applicant.

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D O C K E T E D

Date: **AUG 25 2015**

By: _____

ORDER

On August 4, 2015, the Visayan Electric Company, Inc. (VECO) filed an application for the approval of its capital expenditure projects for calendar year 2015.

In the said application, VECO alleged, among others, the following:

1. It is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at J. Panis Street, Banilad, Cebu City. It is a duly authorized distribution utility of the electric light and power distribution service in the Municipalities of San Fernando, Minglanilla, Consolacion and Lilo-an and the Cities of Naga, Talisay, Cebu and Mandaue, all in the Province of Cebu, pursuant to its franchise under Republic Act No. 9339. It may be served with the orders, notices and processes of the Commission through its counsel at the address indicated;
2. In accordance with Resolution No. 26, Series of 2009 of the Commission, otherwise known as the "Amended Rules for the Approval of Regulated Entities' Capital Expenditure Projects", it hereby applies for the authority of the Commission to implement the construction, ownership and operation of the following Capital Expenditure Projects which

will be implemented for Calendar Year 2015, summarized and enumerated as follows:

Project Name	Project Cost (PhP)
Mandaue to Consolacion 69 kV Line	16,187,630.27
Quiot to Ayala 69 kV Line	37,732,610.44
Camputhaw Transformer 2	48,308,880.16
Mabolo Transformer 2	36,500,808.74
Quiot Transformer 2	88,199,832.72
Customer Applications	216,332,576.72
Line Maintenance	98,902,140.54
Loss Reduction Program	89,205,492.18
Overhead Devices	20,358,886.37
Substation Maintenance	17,098,232.80
Testing Equipment	8,800,000.00
Residual	347,864,760.73
Meter Data Management	19,160,391.00
Mobile Applications	213,888.00
Project Aguila	4,302,397.00
Project Hyperion	8,880,000.00
Single Sign On	3,840,000.00
WAM Phase 2 Consultancy	337,920.00
TOTAL	1,062,226,447.67

3. The justifications for its CAPEX for Calendar Year 2015 are discussed in detail in Annex "A", including sub-annexes, in support of its application and containing the following:
 - a. Major Project Description and Justification;
 - b. Project Cost Estimates;
 - c. Technical Analysis;
 - d. Economic Analysis;
 - e. Project Schedule; and
 - f. VECO Distribution Development Plan;
4. The total cost of the proposed CAPEX for CY 2015 is estimated at PhP1,062,226,447.67 to be funded from long term loans to be secured by it;
5. The construction, ownership and operation of the above CAPEX CY 2015 has been approved by its Board of Directors as evidenced by the Secretary's Certificate attached to its application as Annex "B" thereof;

6. The foregoing CAPEX for Calendar Year 2015 are indispensable for the systematic and economic expansion and rehabilitation of its distribution facilities and ensuring compliance with safety, performance and regulatory requirements. It will ultimately benefit customers in terms of continuous, reliable and efficient power supply; and
7. It prays that the Commission:
 1. Approve the Capital Expenditure Projects for Calendar Year 2015 listed in paragraph 2 of its Application; and
 2. Grant it the authority to implement, construct, own and operate said Capital Expenditure Projects.

Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 23, 2015 (Wednesday) at eleven o'clock in the morning (11:00 A.M.) at the ERC Visayas Field Office, St. Mary's Drive, Banilad, Cebu City.**

VECO is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing. It is also directed to inform the consumers within its franchise area, by any other means available and appropriate, of the filing of the instant application, its reasons therefor, and of the scheduled hearing thereon.

Let copies of the application, this Order and the attached Notice of Public Hearing be furnished 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 at the scheduled hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of the Province of Cebu and the Mayors of the Cities/Municipalities within

VECO's franchise area for the appropriate posting thereof on their respective bulletin boards.

VECO is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, VECO must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governor and Mayors or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

VECO and all interested parties are directed to submit, at least five (5) days before the date of initial hearing and pre-trial conference, their respective Pre-trial Briefs containing, among others:

- a) A summary of admitted facts and proposed stipulation of facts;
- b) The issues to be tried or resolved;
- c) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-trial Brief.

Failure of VECO to submit the required Pre-trial Brief and Judicial Affidavits of its witnesses 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 said date of cancellation.

As part of the pre-trial conference, VECO must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for

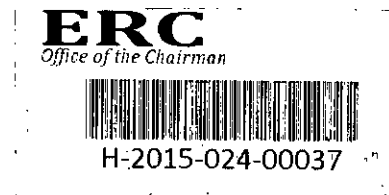
the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, August 17, 2015.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSE VICENTE B. SALAZAR
Chairman



Copy Furnished:

1. **Attys. Katrina M. Platon, Ma. Consolacion C. Mercado and
Lew Carlo C. Lopez**
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2. **Visayan Electric Company, Inc. (VECO)**
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Banilad, Cebu City
3. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
4. **Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila
5. **Senate Committee on Energy**
GSIS bldg., Roxas Blvd., Pasay City
Metro Manila
6. **House Committee on Energy**
Batasan Hills, Quezon City, Metro Manila
7. **The City Mayor**
City of Cebu, Cebu
8. **The City Mayor**
City of Mandaue, Cebu
9. **The City Mayor**
City of Talisay, Cebu
10. **The Municipal Mayor**
Minglanilla, Cebu
11. **The Municipal Mayor**
Naga, Cebu
12. **The Municipal Mayor**
San Fernando, Cebu

- 13. The Municipal Mayor**
Consolacion, Cebu
- 14. The Municipal Mayor**
Liloan, Cebu
- 15. Office of the Provincial Governor**
Province of Cebu
- 16. Mr. Crescenciano M. Pitogo**
229 San Roque, Lamac,
Consolacion, 6001 Cebu