

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

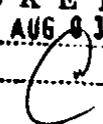


IN THE MATTER OF THE APPLICATION FOR ISSUANCE AND/OR EXTENSION OF CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY (CPCN) TO OPERATE THE ELECTRIC LIGHT, HEAT AND POWER SYSTEM IN THE MUNICIPALITY OF FLORIDABLANCA (EXCLUDING BARANGAYS BASA I AND II RESETTLEMENT) AND BARANGAYS TALANG AND LIGAYA, MUNICIPALITY OF GUAGUA, ALL IN THE PROVINCE OF PAMPANGA, PREDICATED ON THE FRANCHISE GRANTED BY THE NATIONAL ELECTRIFICATION COMMISSION, WITH PRAYER FOR PROVISIONAL AUTHORITY

ERC CASE NO. 2001-793 MC
(ERB CASE NO. 2001-09)

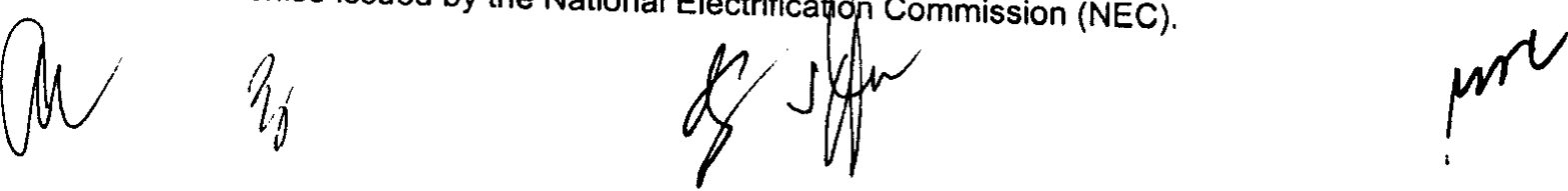
MANSONS CORPORATION
(MANSONS, NOW SAN FERNANDO ELECTRIC LIGHT AND POWER COMPANY, INC. ([SFELAPCO])),
Applicant.

x-.....-x

DOCKETED
Date: AUG 03 2010
By: 

DECISION

Before the Commission for resolution is the application filed on February 5, 2001 by Mansons Corporation (MANSONS, now San Fernando Electric Light and Power Company, Inc. [SFELAPCO]) for issuance and/or extension of its Certificate of Public Convenience and Necessity (CPCN) to operate the electric light, heat and power system in the Municipality of Floridablanca (excluding Barangays Basa I and II Resettlement) and Barangays Talang and Ligaya, Municipality of Guagua, all in the Province of Pampanga, predicated on the franchise issued by the National Electrification Commission (NEC).



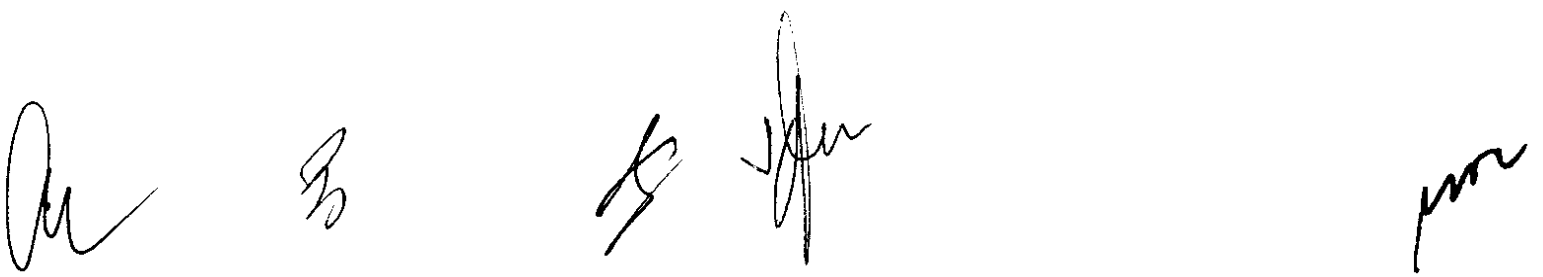
Having found the said application to be sufficient in form and in substance with the required fees having been paid, an Order and a Notice of Public Hearing, both dated February 8, 2001, were issued setting the same for initial hearing on March 26, 2001.

MANSONS was directed to cause the publication of the attached Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, at least five (5) days before the scheduled date of initial hearing.

The Office of the Solicitor General (OSG), the Commission on Audit (COA) and the Committees on Energy of both Houses of Congress were furnished with copies of the Order and the Notice of Public Hearing and were requested to have their respective duly authorized representatives present at the aforesaid initial hearing.

Likewise, the Offices of the Mayors of the Municipalities within the franchise area of MANSONS were furnished with copies of the Order and the Notice of Public Hearing for the appropriate posting thereof on their respective bulletin boards.

During the March 26, 2001 initial hearing of this case, only MANSONS appeared. No oppositor/intervenor appeared nor was there any opposition/intervention registered.

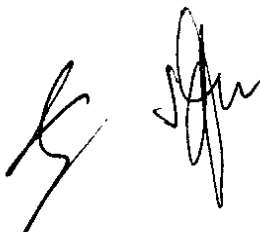


In the said hearing, MANSONS presented its proofs of compliance with the Commission's posting and publication of notice requirements which were duly marked as Exhibits "A" to "B-1", inclusive. Thereafter, it presented two (2) witnesses, namely: 1) Mr. Eleazar Mañalac, its President, who testified, among others, on the legal existence and juridical personality of MANSONS and the extended franchise granted by the NEC; and 2) Engr. Reynald Gimongala, its Electrical Engineer, who testified, among others, on MANSONS' franchise area coverage, sources of power, systems loss and the operational highlights or power adjustment projects.

The direct examinations having been terminated, the Commission propounded clarificatory questions on the said witnesses.

At the continuation of the hearing on May 7, 2001, Engr. Gimongala was recalled to the witness stand for additional direct examination. Thereafter, MANSONS presented its last witness, Ms. Anna M. Narciso, its Officer-in-Charge, who testified, among others, on MANSONS' financial capability. The direct examinations having been terminated, the Commission propounded clarificatory questions on the said witnesses. MANSONS was then directed to submit its plans and programs of operation and its formal offer of evidence, within ten (10) days from said date of hearing.

On May 11, 2001, MANSONS filed its "*Formal Offer of Exhibits and Manifestation*" which are hereby admitted for being relevant and material in the final resolution of this case.



In the meantime, the Commission took note of the following submissions made by MANSONS:

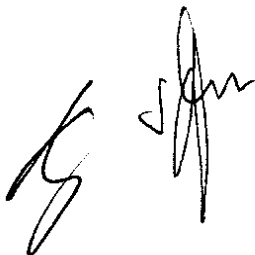
1. Its Five (5) year Development Plan filed on May 7, 2002;
2. Its "*Manifestation*" filed on July 3, 2002; and
3. Its "*Compliance*" filed on September 3, 2002.

On November 4, 2002, the Commission issued an Order provisionally approving the instant application. The dispositive portion of the said Order is hereunder quoted as follows:

"WHEREFORE, in view of the foregoing premises and considering that the approval of the instant application will promote public interest in a proper and suitable manner, the application filed by applicant Mansons Corporation for the issuance and/or extension of Certificate of Public Convenience and Necessity (CPCN) to operate electric light, heat and power system in the Municipality of Floridablanca (excluding Barangays Basa I and II Resettlement) and Barangays Talang and Ligaya, Municipality of Guagua, all in the Province of Pampanga, is hereby **PROVISIONALLY APPROVED**, subject to the following terms and conditions:

1. That the said Certificate of Public Convenience and Necessity (CPCN) shall be valid until October 28, 2006, at which time, applicant shall file a motion to extend and finally approve the same up to October 28, 2018 as stated in the Resolution of the National Electrification Commission (NEC);

x x x"



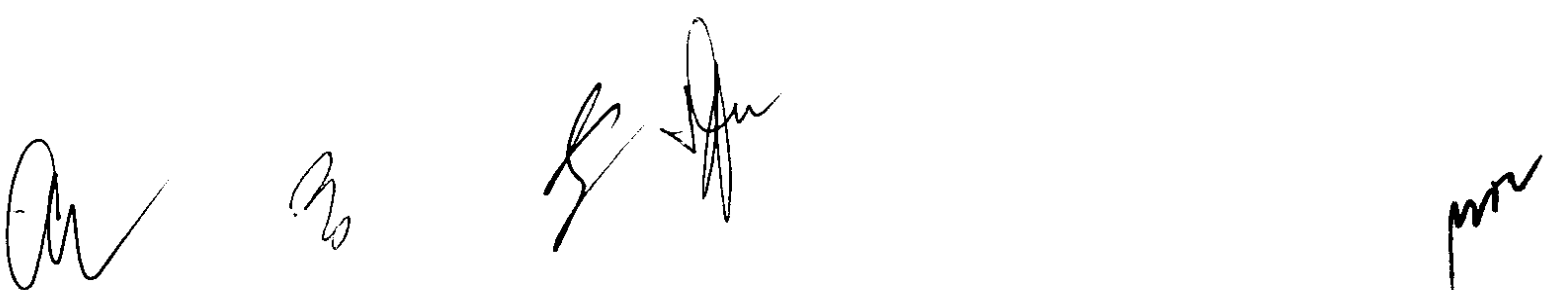
DISCUSSION

On October 28, 1993, NEC granted MANSONS a franchise to operate the electric, light, heat and power system in the Municipality of Floridablanca, (excluding Barangays Basa I and II Resettlement) and Barangays Talang and Ligaya, Municipality of Guagua, all in the Province of Pampanga effective October 28, 1993 to October 28, 2018.

Relative thereto, on March 25, 2004, an application was filed by SFELAPCO for the approval of the Memorandum of Agreement (MOA) for the sale, assignment and transfer of MANSONS' assets and its franchise to SFELAPCO.

On August 26, 2005, the Commission issued a Decision approving the said application. As a result, MANSONS' distribution assets, including its franchise and CPCN, were transferred to SFELAPCO.

On September 23, 2009, SFELAPCO filed a "Motion for Extension of Certificate of Public Convenience and Necessity (CPCN)" praying that the CPCN of MANSONS be extended until October 28, 2018. Said filing was in compliance with the Commission's Order dated November 4, 2002 provisionally approving the instant application.



On February 6, 2010, Republic Act No. 9967 was passed into law extending the legislative franchise of SFELAPCO for twenty-five (25) years from March 24, 2010 to March 23, 2035. In the said Act, SFELAPCO was authorized to operate and maintain a distribution system for the conveyance of electric power to the consumers of San Fernando City, Municipality of Floridablanca and Barangays Talang and Ligaya in the Municipality of Guagua, all in the Province of Pampanga (formerly the franchise area of MANSONS).

On May 21, 2010, SFELAPCO filed an application for the issuance of a CPCN predicated on R.A. 9967 valid until February 6, 2035.

It is significant to note that SFELAPCO took over the operations of MANSONS' distribution system prior to the expiration of its CPCN. In the Commission's Decision dated October 15, 2005 in ERC Case No. 2004-86, it was established that SFELAPCO has the financial and technical capability to continue operating the distribution system.

A thorough evaluation of the records of the instant application showed that its approval will redound to the benefit of SFELAPCO's consumers, including the former consumers of MANSONS, in terms of continuous, reliable and efficient electrical services.

WHEREFORE, the foregoing premises considered, the application filed by Mansons Corporation (MANSONS, now San Fernando Electric Light and Power Company, Inc. [SFELAPCO]) for the issuance and/or extension of its Certificate of Public Convenience and Necessity (CPCN) to operate the electric light, heat and power system in the Municipality of Floridablanca, (excluding Barangays



Basa I and II Resettlement) and Barangays Talang and Ligaya, Municipality of Guagua, all in the province of Pampanga is hereby **APPROVED**.

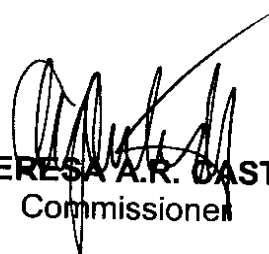
SO ORDERED.


Pasig City, June 7, 2010.

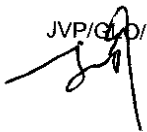

ZENAIDA G. CRUZ-DUCUT
Chairperson


RAUF A. TAN
Commissioner


ALEJANDRO Z. BARIN
Commissioner


MARIA TERESA A.R. DASTAÑEDA
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5. **House Committee on Energy**
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