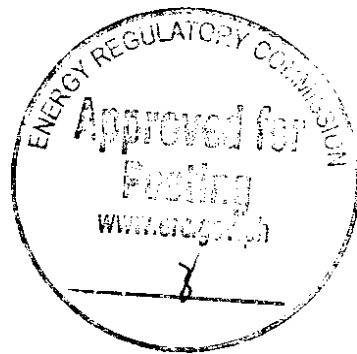


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City



IN THE MATTER OF THE APPLICATION  
FOR EXTENSION OF CERTIFICATE OF  
PUBLIC CONVENIENCE AND  
NECESSITY (CPCN) PREDICATED ON  
REPUBLIC ACT NO. 9339 TO  
CONTINUE OPERATING THE ELECTRIC  
LIGHT AND POWER SYSTEM IN THE  
CITIES OF CEBU, MANDAUE AND  
TALISAY AND THE MUNICIPALITIES OF  
CONSOLACION, LILOAN,  
MINGLANILLA, NAGA AND SAN  
FERNANDO, ALL IN THE PROVINCE OF  
CEBU UNTIL SEPTEMBER 24, 2030

ERC CASE NO. 2008-095 MC

VISAYAN ELECTRIC COMPANY, INC.  
(VECO),

Applicant.

x-----x

DOCKETED  
Date: FEB 19 2009  
By: *mc*

**DECISION**

Before this Commission for resolution is the application filed by the Visayan Electric Company, Inc. (VECO) on October 24, 2008 for extension of its Certificate of Public Convenience and Necessity (CPCN) predicated on Republic Act No. 9339 to continue operating its electric light and power system in the Cities of Cebu, Mandaue and Talisay and in the Municipalities of Consolacion, Liloan, Minglanilla, Naga and San Fernando, all in the Province of Cebu, until September 24, 2030.

Having found the said application sufficient in form and in substance with the required fees having been paid, an Order and a Notice of Public Hearing, both dated October 29, 2008, were issued setting the same for initial hearing on December 5, 2008.

VECO 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 ten (10) days before the scheduled date of initial hearing. It was also directed to inform the customers 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.

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 Cities and Municipalities within VECO's franchise area were furnished copies of the Order and Notice of Public Hearing for the appropriate posting thereof on their respective bulletin boards.

On November 12 to 14, 2008, the Commission conducted an ocular inspection on VECO's assets subject of the instant application.

On November 28, 2008, VECO filed its "Pre-Trial Brief".

During the initial hearing of this case on December 5, 2008, only VECO appeared. No oppositor/intervenor appeared nor was there any opposition/intervention registered.

In the said hearing, VECO presented its proofs of compliance with the Commission's publication and posting of notice requirements together with other pertinent documents which were duly marked as exhibits. Thereafter, it presented two (2) witnesses, namely: 1) Engr. Raul C. Lucero, its Vice-President for



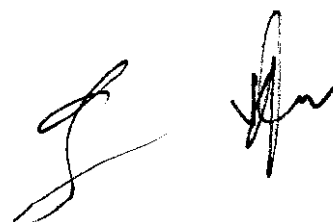
Engineering; and 2) Ms. Chona Y. Tiu, its Vice-President and Chief Financial Officer, who both testified on VECO's financial and technical capabilities and its approved rate schedules. The direct examinations having been terminated, the Commission propounded clarificatory questions on the said witnesses. Subsequently, VECO made an oral formal offer of evidence which was admitted for being relevant and material to the final resolution of this case.

## DISCUSSION

Prior to the enactment of Republic Act No. 9136 (the Electric Power Industry Reform Act of 2001 [EPIRA]), VECO was granted a franchise to operate an electric, heat and power system in the Cities of Cebu, Mandaue and Talisay and in the Municipalities of Consolacion, Liloan, Minglanilla, Naga and San Fernando, all in the Province of Cebu, by virtue of a Decision of the National Electrification Commission (NEC) in Case No. 2000-08 for a period of twenty-five (25) years beginning December 8, 2003 or until December 7, 2028.

Upon the enactment of the EPIRA, the power to grant franchises to persons/entities engaged in the transmission and distribution of electricity was vested exclusively in the Congress of the Philippines. Accordingly, on September 1, 2005, the Congress of the Philippines enacted into law Republic Act No. 9339 granting VECO a franchise to construct, operate and maintain a distribution system for the conveyance of electric power to its end users and renewing/extending the term of the franchise for a period of twenty-five (25) years effective September 24, 2005 until September 24, 2030.

It has already been established that VECO has the expertise and resources to adequately and reliably serve the present and future electrical power needs of its



customers. It has also submitted information to prove its technical capability, including a list of its technical men employed in the construction, installation and operation of distribution systems in the Cities of Cebu, Mandaue and Talisay and in the Municipalities of Consolacion, Liloan, Minglanilla, Naga and San Fernando, all in the Province of Cebu.

A thorough evaluation of the record of the instant application showed that its approval will redound to the benefit of VECO's consumers in terms of continuous, reliable and efficient electric services.

**WHEREFORE**, the foregoing premises considered, the application filed by the Visayan Electric Company, Inc. (VECO) for extension of its Certificate of Public Convenience and Necessity (CPCN) predicated on Republic Act No. 9339 to continue operating its electric light and power system in the Cities of Cebu, Mandaue and Talisay and in the Municipalities of Consolacion, Liloan, Minglanilla, Naga and San Fernando, all in the Province of Cebu, until September 24, 2030, is hereby **APPROVED** effective until September 24, 2030, to coincide with its approved congressional franchise.

**SO ORDERED.**

Pasig City, January 26, 2009.

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson

  
**RAUF A. TAN**  
Commissioner

  
**MARIA TERESA A.R. CASTAÑEDA**  
Commissioner

  
**ALEJANDRO Z. BARIN**  
Commissioner

  
**JOSE C. REYES**  
Commissioner

**Copy Furnished:**

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3. **Mr. Raul C. Lucero**  
Vice President, VECO Engineering Group  
VECO Compound, J. Panis Street  
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Makati City, Metro Manila
5. **Commission on Audit**  
Commonwealth Avenue  
Quezon City, Metro Manila
6. **Senate Committee on Energy**  
GSIS bldg., Roxas Blvd., Pasay City  
Metro Manila
7. **House Committee on Energy**  
Batasan Hills, Quezon City, Metro Manila
8. **The City Mayor**  
Cebu City  
Province of Cebu
9. **The City Mayor**  
City of Mandaue  
Province of Cebu
10. **The City Mayor**  
City of Talisay  
Province of Cebu
11. **The Municipal Mayor**  
Municipality of Minglanilla  
Province of Cebu
12. **The Municipal Mayor**  
Municipality of Naga  
Province of Cebu
13. **The Municipal Mayor**  
Municipality of San Fernando  
Province of Cebu
14. **The Municipal Mayor**  
Municipality of Consolacion  
Province of Cebu
15. **The Municipal Mayor**  
Municipality of Liloan  
Province of Cebu



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

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ERC Certificate No. CPCN-09-01

# CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

**TO WHOM IT MAY CONCERN:**

**THIS IS TO CERTIFY** that, pursuant to the power and authority conferred upon it by Republic Act No. 9136, the

## ENERGY REGULATORY COMMISSION

after having duly considered the application filed in ERC Case No. 2008-095 MC for the issuance of Certificate of Public Convenience and Necessity to continue operating the electric light, heat and power system in the Cities of Cebu, Mandaue, and Talisay and in the Municipalities of Consolacion, Liloan, Minglanilla, Naga, and San Fernando, all in the Province of Cebu and the evidence submitted in support thereof, has rendered a decision on January 26, 2009 declaring that the operation by the applicant of the business described therein will promote public interest in a proper and suitable manner.

**WHEREFORE**, the **COMMISSION** hereby issues to

## VISAYAN ELECTRIC COMPANY, INC.

this **CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY** which shall be valid until September 24, 2030 subject to the rules and regulations issued by the Commission in accordance with law.

Given at Pasig City, Philippines, this 26<sup>th</sup> day of January 2009.

**ZENAIDA G. CRUZ-DUCUT**  
 Chairperson

**RAUF A. TAN**  
 Commissioner

**MARIA TERESA A.R. CASTAÑEDA**  
 Commissioner

**ALEJANDRO Z. BARIN**  
 Commissioner

**JOSE C. REYES**  
 Commissioner

Attested by:

**ATTY. FRANCIS SATURNINO C. JUAN**  
 Executive Director III