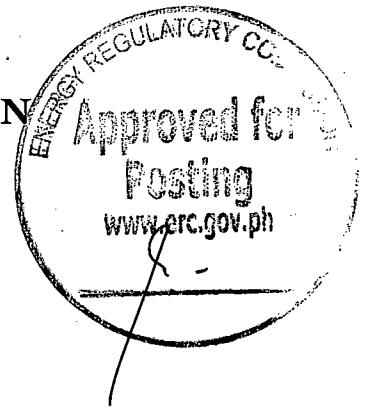


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City



**IN THE MATTER OF THE  
APPLICATION FOR  
AUTHORITY TO  
IMPLEMENT THE SAN  
MIGUEL FOODS, INC.  
SWITCHYARD PROJECT,**

**ERC CASE NO. 2016 -170 RC**

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

X-----X

**D O C K E T E D**  
Date: DEC 28 2016  
By: W

**ORDER**

On 15 September 2016, the Visayan Electric Company, Inc. (VECO) filed an *Application* seeking authority to implement the San Miguel Foods, Inc. Switchyard Project (SMFI Project).

VECO alleged the following in the *Application*:

1. VECO is a private corporation existing under the laws of the Republic of the Philippines, with business address at J. Panis Street, Banilad, Cebu City. It is a duly authorized distribution utility of electric power in the cities of Naga, Talisay, Cebu and Mandaue, and in the municipalities of San Fernando, Minglanilla, Consolacion and Lilo-an, Province of Cebu pursuant to its franchise under Republic Act. No. 9339.
2. It may be served with notices and other processes of this Commission through its undersigned counsel at the address indicated below.
3. VECO's 3<sup>rd</sup> Regulatory Period (3<sup>rd</sup> RP) covers 1 July 2014 to 30 June 2018. However VECO still has to undergo the reset process and is currently awaiting the final rules to be released by the Honorable Commission to govern the filing of its 3<sup>rd</sup> RP reset application.
4. This notwithstanding, Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 ("EPIRA"), under Section 23, obligates VECO, as well as other distribution utilities, to provide distribution services and connections to its system for any end-user within its franchise area consistent with the distribution code.

5. In a letter dated 26 October 2015, San Miguel Foods, Inc. ("SMFI") informed Applicant that it is expanding its business by constructing Feed Mill Plants in the country, one of which is to be located in Barangay Looc, Mandaue, Cebu. SMFI will also install a 5 MVA load end substation within the Feed Mill Plant premises. For this purpose, SMFI requested for a service connection to VECO.

6. SMFI also stated in its letter that it targets the testing and commissioning of all plant equipment by 2017. A copy of the SMFI letter is attached herein as Annex "A".

7. VECO, pursuant to Section 20 (b) of Commonwealth Act No. 146, as amended, hereby applies for the approval of the Honorable Commission to implement the construction, ownership and operation of the proposed San Miguel Foods, Inc. Switchyard Project ("SMFI Project").

8. In brief, the SMFI Project involves the construction of a 69 kV switching station with a single bus – single breaker configuration station within the premises of SMFI's Feed Mill Plant and the stringing of approximately 0.6 circuit-kilometer 795 MCM ACSR double circuit 69kV line that will cut in along the NGCP Mandaue GIS to VECO MRA SS 69kV line segment and terminate at the said switching station.

9. The detailed justification, technical analysis and economic analysis of the SMFI Project are provided in Annexes "B" and "C" hereof.

10. The total cost of the SMFI Project is estimated at PhP 28,486,164.14.

11. The related costs in relation to the proposed SMFI project will not have a direct impact on the current rates of VECO until approved by the Honorable Commission as part of VECO's Regulatory Asset Base (RAB) in the next applicable Regulatory Period.

12. In sum, it is necessary that the SMFI Project be implemented in order to accommodate the load requirement of SMFI. The SMFI Project will provide the customer with reliable power that will likewise promote productivity on their end.

**PRAYER**

WHEREFORE, it is respectfully prayed that the Honorable Commission APPROVE the San Miguel Foods Inc., Switchyard Project.

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

Finding the said *Application* sufficient in substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **31 January 2017 at ten o'clock in the morning (10:00 A.M.), at the Energy Regulatory Commission Visayas Field Office in St. Mary's Drive, Banilad, Cebu City.**

Accordingly, VECO is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing in two (2) newspapers of nationwide circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, 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; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the *Application*, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required 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:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

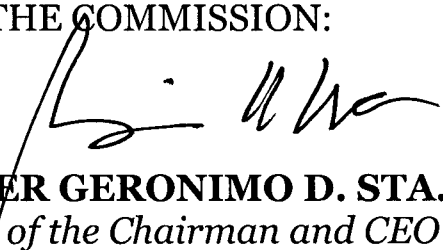
Failure of Applicant to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from the said date of cancellation.

VECO must also be prepared to make an expository presentation of the instant *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.**

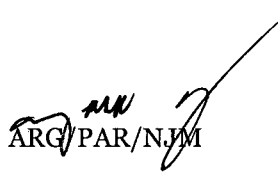
Pasig City, 22 December 2016.

FOR AND BY AUTHORITY  
OF THE COMMISSION:



**COMMISSIONER GERONIMO D. STA. ANA**  
*OIC-Office of the Chairman and CEO*

LS: ARG/PAR/NJM



**COPY FURNISHED:**

1. Visayan Electric Company, Inc. (VECO)  
*Applicant*  
J. Panis Street, Banilad, Cebu City
2. Atty. Katrina M. Platon, Atty. Paul B. Soriño, and Atty. Lew Carlo C. Lopez  
*Counsels for Applicant*  
16<sup>th</sup> Floor, NAC Tower, 32<sup>nd</sup> St., Bonifacio Global, Taguig City
3. Office of the Mayor  
Naga City, Cebu
4. Local Government Unit (LGU) legislative body  
Naga City, Cebu

5. Office of the Mayor  
Talisay City, Cebu
6. Office of the LGU legislative body  
Talisay City, Cebu
7. Office of the Mayor  
Cebu City, Cebu
8. Office of the LGU legislative body  
Cebu City, Cebu
9. Office of the Mayor  
Mandaue City, Cebu
10. Office of the LGU legislative body  
Mandaue City, Cebu
11. Office of the Mayor  
San Fernando, Cebu
12. Office of the LGU legislative body  
San Fernando, Cebu
13. Office of the Mayor  
Minglanilla, Cebu
14. Office of the LGU legislative body  
Minglanilla, Cebu
15. Office of the Mayor  
Consolacion, Cebu
16. Office of the LGU legislative body  
Consolacion, Cebu
17. Office of the Mayor  
Lilo-an, Cebu
18. Office of the LGU legislative body  
Lilo-an, Cebu
19. Office of the Governor  
Province of Cebu
20. Office of the LGU legislative body  
Province of Cebu
21. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village, Makati City
22. Commission on Audit  
Commonwealth Avenue, Quezon City

23. Senate Committee on Energy  
GSIS Bldg. Roxas Blvd., Pasay City
  
24. House Committee on Energy  
Batasan Hills, Quezon City
  
25. Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, Chamber and Industry Plaza (CIP), 1030 Campus Avenue corner  
Park Avenue, McKinley Town Center, Fort Bonifacio, Taguig City
  
26. Regulatory Operations Service (ROS) Standards and Compliance  
Monitoring Division (SCMD)  
17<sup>th</sup> Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City