

DPWH requests additional P500M for Albay-Sorsogon connector

THE Department of Public Works and Highways (DPWH) said on Thursday that it is seeking an additional P500 million for the remaining civil works of the Albay-Sorsogon Connector Road project, which is expected to benefit up to

5,000 motorists daily once completed.

"The project has so far received an allocation of P2.21 billion," the department said in a statement.

The remaining works are "civil works covering the installation of active and

passive slope protection systems, metal beam guardrails and continuation of the concreting of the unpaved areas," the department said.

The 15.87-kilometer connector road is a priority project for the Bicol Region,

according to DPWH Region 5 Director Virgilio C. Eduarte.

"Locals and visitors will be able to utilize this all-weather road very soon. We are targeting completion of ongoing sections before the end of this year," Mr. Eduarte said.

Once completed, the road is expected to reduce travel time by one hour.

The project will "eventually (improve) the economic condition of areas along its route," Mr. Eduarte said. — **Arjay L. Balinbin**

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF PROPOSED UNPLANNED CAPITAL EXPENDITURE PROJECT FOR YEAR 2022 AND AUTHORITY TO SECURE LOAN FROM THE NATIONAL ELECTRIFICATION ADMINISTRATION (NEA) AND/OR OTHER BANKING INSTITUTIONS WITH PRAYER FOR PROVISIONAL AUTHORITY

BOHOL I ELECTRIC COOPERATIVE, INC. (BOHECO I)
Applicant.

ERC CASE NO. 2022-046 RC
Promulgated: **June 23, 2022**

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 13 June 2022, Bohol I Electric Cooperative, Inc. (BOHECO I) filed an Application dated on 27 May 2022 (Application), seeking the Commission's approval of its proposed unplanned Capital Expenditure project for the year 2022 and authority to secure loan from the National Electrification Administration (NEA) and/or other banking institutions, with prayer for provisional authority.

The pertinent provisions of the said Application are hereunder quoted as follows:

- Applicant **BOHECO I** is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Brgy. Cabulijan, Tubigon, Bohol, represented herein by its General Manager, Engr. Dino Nicolas T. Roxas, duly authorized by virtue of Resolution No. 50-2022 dated April 09, 2022, of the Board of Directors is hereto attached and marked as Annex "A" and made an integral part hereof; The filing of the instant application is likewise authorized under the aforesaid Board Resolution;
- Applicant **BOHECO I** is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of the laws of the Philippines, with principal office address at Cabulijan, Tubigon, Bohol. It is authorized to distribute and provide electricity services to its member-consumers in the Municipalities of Alburquerque, Antequera, Baclayon, Balilihan, Batuan, Bilar, Calape, Carmen, Catigbian, Clarin, Corella, Cortes, Dausi, Dimiao, Inabanga, Lila, Loay, Loboc, Loon, Maribojoc, Panglao, Sagbayan, San Isidro, Sevilla, Sikatuna, and Tubigon, all in the Province of Bohol (collectively, the "Franchise Area").

THE APPLICATION AND ITS PURPOSE

- Pursuant to Section 43 (f) of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001", Section 3.5 of ERC Resolution No. 26, Series of 2009, ERC Rules of Practice and Procedure, and other pertinent rules and regulations, the instant application is filed for the approval of the Unplanned Capital Expenditure (CAPEX) project of BOHECO I for the year 2022;
- Applicant **BOHECO I** has furnished the Offices of the Mayor and Sangguniang Bayan of Tubigon as well as the Offices of the Governor and Sangguniang Panlalawigan of Bohol where it principally operate, with copies of the instant Application and its accompanying documents. Certifications from the Offices of the Mayor and Sangguniang Bayan of Tubigon and Offices of the Governor and Sangguniang Panlalawigan of Bohol, attesting to the fact of such service are attached hereto as Annexes "D", "D-1", "E" and "E-1", respectively;
- Applicant **BOHECO I** has caused the publication of the present Application in a newspaper of general circulation in its Franchise Area. Copies of the Affidavit of Publication from the Editor-In-Chief of the newspaper and the newspaper issue containing the published Application are attached hereto as Annexes "F", "F-1" respectively;

DESCRIPTION OF THE PROJECT

- BOHECO I's Unplanned Capital Expenditure for the year 2022 is the Construction of new 20/25-MVA 67/13.2-kV Substation at Brgy. Malayo Sur, Cortes, Bohol with three (3) 13.2kV outgoing feeders having a total length of 1.30-km three-phase 13.2-kV primary and secondary distribution line. The proposed unplanned CAPEX Project will also supply the 10-MVA spot load power requirements of the GCGMH Cortes Campus as well as the projected power requirement within the area;

ESTIMATED PROJECT COST

- The estimated cost of BOHECO I's Unplanned CAPEX Project amounted **Seventy Million Seven Hundred Sixty Thousand Six Hundred Seventy-Three Pesos and Eighty-Five Centavos (PhP 70,760,673.85)**.

PROJECT SCHEDULE

- BOHECO I** received a commitment letter¹ from the GCGMH that the first phase of its Cortes Campus will be completed on December 2022, thus the proposed project shall be undertaken from May 2022 to December 2022;

PROJECT FINANCING

- BOHECO I's proposed Unplanned CAPEX Project amounting to **Seventy Million Seven Hundred Sixty Thousand Six Hundred Seventy-Three Pesos and Eighty-Five Centavos (PhP 70,760,673.85)**. The total project cost shall be financed through loans from National Electrification Administration (NEA) subject to its present lending policies on loan approval and releases, and/or to other banking institutions, should it offer more favorable terms. As of this writing, there have been no loan applications or releases from the coop to any financial institutions for this Unplanned CAPEX Project Application. To be prudent, the loans will be released in the last quarter of year 2022.
- Showing below is the illustration of its whole CAPEX structure including its previous indebtedness incurred in financing its past CAPEX projects, outstanding as of the year 2022, and its amortization:

Table 1: Annual Loan Amortization for Previous CAPEX Projects

| DESCRIPTION / DETAILS | 2020 | 2021 | 2022 | 2023 |
|---------------------------------------|-------------------|-------------------|--------------------|--------------------|
| Previous CAPEX Loans | 78,405,464 | 83,618,137 | 80,904,599 | 78,071,243 |
| Proposed Loans for 2018-2020 CAPEX | 0.00 | 1,562,500 | 43,939,710 | 57,025,109 |
| Proposed Loan for Emergency CAPEX | 0.00 | 942,978 | 1,885,956 | 1,885,956 |
| Proposed Loans for 2021-2023 CAPEX | 0.00 | 0.00 | 26,924,464 | 78,993,108 |
| Proposed Loans for FME CAPEX (Odette) | 0.00 | 0.00 | 17,441,705 | 43,687,028 |
| Proposed Loans for Unplanned CAPEX | 0.00 | 0.00 | 4,949,297 | 9,898,595 |
| Total | 78,405,464 | 86,123,615 | 176,045,731 | 269,561,039 |

INDICATIVE RATE IMPACT

- Its proposed CAPEX plan was envisioned to have the least rate impact that will bring the most reasonable and justifiable electricity rates at the least cost of service. Assuming revenue from 100% collection efficiency, the accumulated funds on RFSC is not sufficient to finance the project. As such, the implementation of the total rehabilitation and building back better the damaged facilities would have a rate impact on the cooperative's existing RFSC rate projected for ten (10) years, as shown in the Table 2 below for Commission's approval

Table 2: Indicative Rate Impact of the Project if Actual Sales is at 100% of Forecast

| DESCRIPTION | 2021 (Actual) | 2022 | 2023 | TOTAL |
|---|----------------------|----------------------|--------------------|----------------------|
| RFSC Rate | 0.2904 | 0.7065 | 0.7676 | |
| Forecasted Energy Sales (kWh) | | 171,058,308 | 330,467,233 | 722,679,290 |
| Actual Energy Sales (kWh) | 221,153,749 | | | |
| Cash balance beginning, PhP, excess/(shortfall) | 25,111,219 | 5,110,704 | (38,425,725) | 25,111,219 |
| CASH INFLOWS | | | | |
| Expected Current Year Collection (PhP) | - | 117,227,114 | 253,666,648 | 433,442,508 |
| Actual Whole Year Collection (PhP) | 62,548,746 | | | |
| General Fund (PhP) | 36,113,900 | | | 36,113,900 |
| Income on leased properties (PhP) | - | 3,650,745 | 3,650,745 | 7,301,490 |
| Loan proceeds from NEA (PhP) for Typhoon Odette | | 74,904,758 | | 74,904,758 |
| Loan proceeds from financial institutions, BANK (PhP) for Typhoon Odette | | 260,891,669 | | 260,891,669 |
| Loan proceeds from financial institutions, BANK (PhP) for CAPEX 2016-2020 | 125,000,000 | 290,457,323 | | 415,457,323 |
| Loan proceeds from financial institutions, BANK (PhP) for CAPEX 2021-2023 | | 384,942,152 | 179,744,612 | 564,686,764 |
| Loan proceeds from financial institutions, BANK (PhP) for Emergency CAPEX | | 13,481,862 | | 13,481,862 |
| Subsidy/Calamity Grant Proceeds from NEA (PhP) | | 14,959,595 | | 14,959,595 |
| Loan Proceeds from financial institutions, BANK (PhP) for Unplanned CAPEX Cortes SS | | 70,760,674 | | 70,760,674 |
| Total Cash Inflows, PhP | 223,662,645 | 1,231,275,891 | 437,062,005 | 1,892,000,542 |
| Available cash for Disbursement | 248,773,864 | 1,236,386,595 | 398,636,280 | 1,912,111,761 |
| CASH OUTFLOWS | | | | |
| Total Withdrawals | | | | |
| 2015-2017 CAPEX | 3,376,650 | | | 3,376,650 |
| 2016-2020 CAPEX | 5,045,501 | 165,457,323 | | 170,502,824 |
| 2021-2023 CAPEX | 21,463,471 | 363,478,681 | 179,744,612 | 564,686,764 |
| Emergency CAPEX (Dampas SS 10MVA Power Transformer) | 6,066,838 | | | 6,066,838 |
| Force Majeure CAPEX (Typhoon Odette) | - | 350,756,022 | | 350,756,022 |
| Unplanned CAPEX Cortes SS | | 70,760,674 | | 70,760,674 |
| DESCRIPTION | 2021 (Actual) | 2022 | 2023 | TOTAL |
| Replenishment of General Fund (PhP) | 125,000,000 | 138,481,862 | | 263,481,862 |
| Guarantee Fee (DBP-PGC) | 161,437 | 161,437 | 161,437 | 484,311 |
| New Amortization (NEA) - Unplanned CAPEX Cortes SS | - | 4,949,297 | 9,898,595 | 14,847,892 |
| Old Amortization (FCB and NEA) - Force Majeure CAPEX for Typhoon Odette | | | 8,803,618 | 8,803,618 |
| Calamity Loan (NEA) | | | | |
| Loan from other Banks for Typhoon Odette | | 17,441,705 | 34,883,409 | 52,325,114 |
| Old Amortization (Banks - DBP, FCB) - CAPEX | 82,549,262 | | | 82,549,262 |
| CAPEX 2011-2014 | 32,405,147 | 30,836,317 | | 63,241,464 |
| CAPEX 2015-2017 | 32,485,582 | 31,221,056 | | 63,706,638 |
| CAPEX 2016-2020 | 43,939,710 | 57,025,109 | | 100,964,819 |
| CAPEX 2021-2023 | 26,924,464 | 78,993,108 | 105,917,572 | 211,835,144 |
| Emergency CAPEX (Dampas SS 10MVA Power Transformer) | 942,978 | 1,885,956 | | 2,828,933 |
| Old Amortization (NEA) | - | 16,013,870 | 16,013,870 | 32,027,740 |
| Permit Fee | - | 10,613,570 | | 10,613,570 |
| Total Cash Outflows, PhP | 243,663,160 | 1,274,812,320 | 449,467,087 | 1,967,942,567 |
| Cash balance ending, PhP, excess/(shortfall) | 5,110,704 | (38,425,725) | (50,830,806) | (50,830,806) |
| Excess/(shortfall) on RFSC, PhP/kWh | 0.0231 | (0.2246) | (0.1538) | (0.0703) |

BOHECO I's Unplanned CAPEX Project for the year 2022 was optimally designed and engineered for a reasonable and justifiable electricity rates at the least cost of service. Shown below is the annual rate impact of its proposed Unplanned CAPEX project on its RFSC:

Table 3: Summary of Indicative Rate Impact

| INDICATIVE RATE IMPACT | 10-Years LOAN TERM (at 7% Interest Rate) |
|-------------------------------------|--|
| if Actual Sales is 90% of forecast | (0.1307) |
| if Actual Sales is 100% of forecast | (0.0703) |
| if Actual Sales is 110% of forecast | (0.0178) |

When all the projects are implemented including the Unplanned CAPEX, BOHECO I would need to increase its existing RFSC rate by an average of **PhP 0.0703/kWh** if actual Sales is at 100% of forecast, **PhP 0.1307/kWh** if actual Sales is at 90% of forecast, and **PhP 0.0178/kWh** if actual Sales is at 110% of forecast.

The previous rate impact simulation shows lesser deficit and lesser impact on RFSC rate if BOHECO I opts to avail loan instead of directly utilizing the RFSC fund. Thus, there is a need for BOHECO I to resort to outside borrowing in order to sustain the implementation of the projects. Table 4 below shows the indicative rate impact on BOHECO I's RFSC if it will avail loans from its prospective financier vis-a-vis if no loan will be availed.

Table 4: Indicative Rate Impact Comparison

| Description / Details | Rate Impact at 100% Sales (PhP/kWh) |
|---|-------------------------------------|
| If No Loan is availed | (0.1477) |
| If loan is availed (10 years at 7% interest rate) | (0.0703) |

JUSTIFICATIONS OR BENEFITS TO BE DELIVERED BY THE PROJECT

- The Governor Celestino Gallares Memorial Hospital (GCGMH) expanded its healthcare facility with the construction of the GCGMH Cortes Campus located in Brgy. Malayo Sur, Cortes, Bohol. The power requirement (spot load) of the aforesaid healthcare facility is not included in BOHECO I's 10-year (2021-2031) Distribution Development Plan (DDP) and upon integration of this power requirement to BOHECO I's DDP, the capacity performance of the three substations (Maribojoc, Corella and Sagasa) that can potentially supply the power requirements of the GCGMH Cortes Campus will be higher than the recommended percent loading as prescribed under Electric Cooperative and Distribution Utility Planning Manual (ECDUPM). Further the power quality performance of the distribution network of the indicated substations will be lower than the minimum threshold level as prescribed under the Philippine Distribution Code (PDC);
- The proposed Unplanned CAPEX Project which is the construction of a 20/25 MVA 67/13.2-kV Substation at Brgy. Malayo Sur, Cortes, Bohol including three (3) 13.2kV outgoing feeders with a total length of 1.30-km three-phase 13.2-kV primary distribution line will address the additional capacity requirements as well as augments the capacity performance of the three substations (Maribojoc, VMC and Corella) as required under ECDUPM and improves the power quality performance of the distribution network served by the aforementioned substations;
- The proposed Unplanned CAPEX Project which is the construction of a 20/25 MVA 67/13.2-kV Substation at Brgy. Malayo Sur, Cortes, Bohol including three (3) 13.2kV outgoing feeders with a total length of 1.30-km three-phase 13.2-kV primary distribution line will address the additional capacity requirements as well as augments the capacity performance of the three substations (Maribojoc, VMC and Corella) as required under ECDUPM and improves the power quality performance of the distribution network served by the aforementioned substations;

SUBMISSIONS

- Finally, in support of the instant application, BOHECO I is submitting herewith the following documents to form integral parts hereof as follows, to wit:

| Annex Markings | Nature of Document |
|----------------|--|
| A | BOHECO I Board Resolution No. 50-2022 Authorizing the Application of the Unplanned CAPEX Project for year 2022 |
| B | GCGMH Letter to BOHECO I dated April 07, 2022 regarding the Completion of the 1st Phase of its Cortes Campus |

| Annex Markings | Nature of Document |
|----------------|---|
| C | Executive Summary of the Unplanned Capital Expenditure Project for year 2022 |
| C-1 | Detailed Bill of Materials and Costing of the Unplanned Capital Expenditure Project for year 2022 |
| D | Certificate of Posting of the Application issued by the Office of the Governor of Bohol |
| D-1 | Certificate of Posting of the Application issued by the Sangguniang Panlalawigan of Bohol |
| E | Certificate of Posting of the Application issued by the Municipal Mayor of Tubigon, Bohol |
| E-1 | Certificate of Posting of the Application issued by the Sangguniang Bayan of Tubigon, Bohol |
| F | Affidavit of Publication from the Editor-In-Chief of the newspaper of general circulation within BOHECO I's franchise area. |
| F-1 | Clipping of the newspaper of general circulation within BOHECO I's franchise area or where it principally operates. |

APPLICATION FOR AUTHORITY TO SECURE LOAN

- The implementation of the aforementioned Unplanned Capital Expenditure Project for year 2022 shall be financed by funds sourced through loans from National Electrification Administration (NEA) subject to its present lending policies on loan approval and releases, and/or other banking institutions, should it offer more favorable terms. In this connection, and for purposes of such integrated application for authority to secure loan, all allegations thereto pertaining are hereby repealed;

PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission that:

- Upon filing of the Application, and pending hearing thereon, an Order be issued granting **PROVISIONAL AUTHORITY TO BOHECO I** to implement its Unplanned Capital Expenditure Project for year 2022; and
- After hearing thereon on the merits, a **DECISION** be rendered **APPROVING the instant Application and GRANTING AUTHORITY TO SECURE LOANS TO BOHECO I** to finance its Unplanned Capital Expenditure Project for year 2022;

The Commission hereby sets the instant Application for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution 09, Series of 2020,² dated 24 September 2020 and Resolution No. 1, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):³

| Date | Platform | Activity |
|---|------------------------|--|
| 19 August 2022 (Friday) at nine o'clock in the morning (9:00 AM) | Microsoft Teams | Determination of compliance with the jurisdictional requirements and expository presentation |
| 26 August 2022 (Friday) At nine o'clock in the morning (9:00 AM) | Microsoft Teams | Pre-trial Conference and presentation of evidence |

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via electronic mail (e-mail) at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, any persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- The petitioner's name, mailing address, and e-mail address;
- The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- The name, mailing address, and e-mail address of such person;
- A concise statement of the Opposition or Comment; and
- The grounds relied upon.

Any of the persons mentioned in the preceding paragraphs may access the copy of the Application on the Commission's official website at www.erc.gov.ph.

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Finally, all interested persons may be allowed to join the scheduled virtual hearings by providing the Commission, through legal.virtualhearings@erc.ph, with their respective e-mail addresses and indicating therein the case number of the instant Application. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORENSIA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 22nd day of June 2022 in Pasig City.

AGNES VST. DEVANADERA
Chairperson and CEO

ERC
Office of the Chairperson
"WIT-2022-06-21-0001"

IS: BBB/BBG/MCCG

¹ GCGMH Letter to BOHECO I dated April 07, 2022 regarding the Completion of the 1st Phase of its Cortes Campus.
² Entitled: A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.
³ Entitled: A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.