

Nomura,
from S1/1

Inflation as well as high food and energy prices pose downside risks to growth, while increased foreign direct investments and the quicker rollout of infrastructure projects are upside risks, Nomura said.

Inflation quickened to a 14-year high of 8.7% in January from 8.1% in December.

"We therefore raised our 2023 inflation forecast to 5.6% from 4.4%, further above the Bangko Sentral ng Pilipinas' (BSP) 2-4% target," Nomura said.

The central bank sees inflation averaging 4.5% this year before easing to 2.8% in 2024.

"We maintain our forecast for BSP to hike by an additional

50 basis points (bps) to 6%, penciling in two 25-bp hikes in each of the next two meetings in February and March," Nomura said.

The central bank will likely start cutting its policy rate from the fourth quarter of 2023, instead of the third quarter, it added.

The Monetary Board increased the benchmark rate by 350 bps to a 14-year high of 5.5% last year.

The BSP is widely expected to raise benchmark interest rates at its meeting on Thursday. A *BusinessWorld* poll showed nine analysts expect it to hike borrowing costs by

50 bps, while eight analysts anticipate a 25-bp increase.

Nomura also expects a slower narrowing of the fiscal deficit to 6.6% of GDP this year from 6.8% in 2022. This is lower than the government's 6.9% forecast.

"While total revenues are tracking above official projections in 2022, we think they will underperform in 2023, given our nominal GDP growth forecast is lower than in the (medium-term fiscal framework). Importantly, we think expenditures will hold up, led by capital outlays under the 'Build Back More' infrastructure program," it said. — **Keisha B. Ta-asan**



PHILIPPINE STAR/ MIGUEL DE GUZMAN

PARKGOERS stroll through the Mehan Garden in Manila, Feb. 12.

Vehicle,
from S1/1

CAMPI has yet to give its sales target for 2023.

In 2022, CAMPI and TMA members sold 352,596 units, up by 31.3% year on year, and exceeding the group's sales target of 336,000.

"The auto sales sustaining growth or exceeding last year's record is not always clear-cut as our overall economic health and activity depend on various economic key indicators," Mr. Gutierrez said.

The government expects gross domestic product (GDP) growth to slow to 6-7% this year, from 7.6% a year earlier. — **Revin Mikhael D. Ochave**

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE APPLICATION FOR (A) CONFIRMATION OF TRUE-UP CALCULATION OF THE ACTUAL WEIGHTED AVERAGE TARIFF (AWAT) IN RELATION TO THE APPROVED AVERAGE RATE FOR THE PREVIOUS REGULATORY RESET UTILIZED AND IMPLEMENTED DURING THE LAPSED REGULATORY PERIOD AND (B) APPROVAL OF THE REFUND SCHEME AND REFUND RATE

ERC CASE NO. 2023-001 RC

BOHOL LIGHT COMPANY, INC. (BLCI),
Applicant.

Promulgated:
January 16, 2023

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES

Notice is hereby given that on 05 January 2023, Bohol Light Company, Inc. (BLCI) filed an *Application* dated 27 October 2022, seeking the Commission's: (1) confirmation of true-up calculation of the Actual Weighted Average Tariff (AWAT) in relation to the approved average rate for the previous regulatory reset utilized and implemented during the lapsed regulatory period; and (2) the approval of the refund scheme and refund rate.

The pertinent allegations of the *Application* are hereunder quoted as follows:

- Applicant BLCI is a private distribution utility existing under the laws of the Republic of the Philippines, with principal office located at BLCI Building, R. Enerio Street, Poblacion III, Tagbilaran City, Bohol, Philippines. BLCI possesses a *Certificate of Franchise* to operate a distribution system for the conveyance of electric power to the end-users in Tagbilaran City, Bohol. BLCI's application for the renewal of its *Certificate of Public Convenience and Necessity (CPCN)*, docketed as ERC Case No. 2021-012 MC, is pending resolution before the Honorable Commission. BLCI may be served with processes and papers of this Honorable Commission through its undersigned counsel.
- Applicant BLCI was grouped under the Fourth Entry Group (Group D) under Resolution No. 22, Series of 2009, entitled *Resolution Modifying Resolution No. 14, Series of 2007 [Resolution Adopting a New Grouping for Privately Owned Distribution Utilities Entering Performance Based Regulation (PBR)]*. The PBR is the rate-setting methodology adopted by this Honorable Commission for fixing the Distribution, Supply and Metering rates of privately-owned distribution utilities.
- As part of the Fourth Entry Group (Group D), BLCI completed its Regulatory Reset for the Second Regulatory Period (2nd RP) covering the period from October 1, 2011 to September 30, 2015. In view of the absence of a regulatory reset when the 2nd RP ended on September 30, 2015, BLCI continued to implement its last approved Distribution, Supply and Metering rates for Regulatory Year (RY) 2015 of the 2nd RP under ERC Case No. 2015-089 RC.
 - In the *Decision* dated January 21, 2016 in ERC Case No. 2015-089 RC, the Honorable Commission set BLCI's Maximum Average Price (MAP2015) at Php0.9840/kWh. Accordingly, BLCI's revised distribution rate structure for the Regulatory Year 2015 was approved as follows:

| Customer Class | Units | BLCI's RY 2015 Rates |
|------------------------------------|---------------|----------------------|
| DISTRIBUTION | | |
| Residential | Php/kWh | 0.9787 |
| Commercial 13.8 KV | Php/kWh | 0.4766 |
| | Php/kWh | 67.07 |
| Commercial 230V | Php/kWh | 0.7180 |
| Public Bldg./Street Lights 13.8 kV | Php/kWh | 0.3065 |
| | Php/kWh | 176.22 |
| Public Bldg./Street Lights 230 V | Php/kWh | 0.7171 |
| Hospitals/Radio Station 13.8 kV | Php/kWh | 0.2975 |
| | Php/kWh | 231.27 |
| Hospitals/Radio Station 230 V | Php/kWh | 0.7305 |
| SUPPLY | | |
| Residential | Php/Cust./Mo. | 38.15 |
| Commercial 13.8 KV | Php/Cust./Mo. | 38.15 |
| Commercial 230V | Php/Cust./Mo. | 38.15 |
| Public Bldg./Street Lights 13.8 kV | Php/Cust./Mo. | 38.15 |
| Public Bldg./Street Lights 230 V | Php/Cust./Mo. | 38.15 |
| Hospitals/Radio Station 13.8 kV | Php/Cust./Mo. | 38.15 |
| Hospitals/Radio Station 230 V | Php/Cust./Mo. | 38.15 |
| METERING | | |
| Residential | Php/kWh | 0.1764 |
| | Php/Cust./Mo. | 5.00 |
| Commercial 13.8 KV | Php/kWh | 0.0541 |
| | Php/Cust./Mo. | 70.21 |
| Commercial 230V | Php/Cust./Mo. | 45.27 |
| Public Bldg./Street Lights 13.8 kV | Php/kWh | 0.0930 |
| | Php/Cust./Mo. | 48.29 |
| Public Bldg./Street Lights 230 V | Php/Cust./Mo. | 44.94 |
| Hospitals/Radio Station 13.8 kV | Php/kWh | 0.0760 |
| | Php/Cust./Mo. | 76.83 |
| Hospitals/Radio Station 230 V | Php/Cust./Mo. | 45.27 |
| TOTAL AVERAGE RATE | | 0.9840 |

- Under Annex A of Resolution No. 10, Series of 2021, entitled, *Resolution Modifying the Rules for Setting the Distribution*

Wheeling Rates (RDWR) for Privately-Owned Distribution Utilities Entering Performance-Based Regulation (PBR), a regulatory reset process is defined as the "actions prior to the start of any Regulatory Period, through which the price control arrangements are established that will apply to a Regulated Entity with regard to the provision of Regulated Distribution Services for the next Regulatory Period."

- In a letter dated April 25, 2022, BLCI was informed that the Honorable Commission will confirm the last approved rate of BLCI during the previous regulatory reset to be utilized during the lapsed regulatory period. The confirmed rates will then be subjected to a true-up mechanism as against BLCI's Actual Weighted Average Tariff (AWAT) in order to determine any resulting over/under recovery during the lapsed period. Accordingly, BLCI was directed to file the instant *Application* guided by the Over/Under Recovery Formula provided under Section 4.3.1, Article IV of the Revised Rules for Setting the Distribution Wheeling Rates (Revised RDWR).
- Details of BLCI's historical DSM Revenue, Related Business Revenues (RBR), and Actual Energy Sales (kWh) from Regulatory Year 2016 are shown below:

| Regulatory Year | (A) Actual DSM Revenues (in Php) | (C) CY Related Business Revenues (RBR) (in Php) | (D) 50% of RBR (in Php) | (B) Actual Energy Sales (kWh) |
|-----------------|----------------------------------|---|-------------------------|-------------------------------|
| 2016 | 120,954,415 | 598,050 | 299,025 | 112,715,120 |
| 2017 | 115,781,656 | 791,400 | 395,700 | 114,038,525 |
| 2018 | 125,316,244 | 804,650 | 402,325 | 125,184,835 |
| 2019 | 129,740,808 | 1,146,613 | 573,307 | 129,768,708 |
| 2020 | 128,051,665 | 462,868 | 231,434 | 123,670,552 |
| 2021 | 124,040,072 | 650,418 | 325,209 | 119,223,033 |
| 2022 | 111,075,331 | 325,158 | 162,579 | 107,636,617 |
| Total | 854,960,190 | 4,779,156 | 2,389,578 | 832,237,390 |

- In accordance with the Over/Under Recovery Formula provided under Section 4.3.1, Article IV of the Revised RDWR, the computation of BLCI's Actual Weighted Average Tariff (AWAT) and the (over)/under recovery are as follows:

| | | |
|---|-------------|-------------|
| Actual DSM Revenues (in Php) | a | 854,960,190 |
| Actual Energy Sales (kWh) | b | 832,237,390 |
| CY Related Business Revenues (in Php) | c | 4,779,156 |
| 50% RBR | d = c x 50% | 2,389,578 |
| AWAT (Actual DSM + 50% RBR) / (kWh Sales) | x = (a+d)/b | 1.0302 |
| Approved MAP | y | 0.9840 |
| Under/(Over) Recovery | z = y - x | 0.0462 |
| Actual Sales of Lapsed Period | B | 832,237,390 |
| Total (Over)/Under Recovery | e = z * b | -38,428,176 |

- BLCI proposes that the Over Recoveries (Php38,428,176) be first applied against BLCI's Net Under recoveries on Generation, Transmission, Systems Loss, Lifeline Subsidy and Senior Citizen Discount/Subsidy Pass Through Charges from January 2012 to December 2017 computed based on the formula on the various automatic cost adjustments and true-up mechanisms as declared in BLCI's applications for (Over)/Under Recoveries: ERC Case No. 2015-035 CF and ERC Case No. 2018-012 CF – all pending ERC resolution. The remaining Over Recoveries (Php8,325,120) shall then be subject to a refund scheme covering a period of twenty-four (24) months with an average refund rate of Php0.0285/kWh. BLCI humbly requests for offsetting so as not to adversely affect its financial condition and ultimately its ability to provide quality service to its consumers, given that BLCI has been incurring losses due to rising fuel prices in the world market. In addition, BLCI is constrained to continue implementing the approved distribution charges which are no longer reflective of the Company's Annual Revenue Requirement (ARR) to address the load growth in the franchise area.

| ERC Case No. | Date of Last Order | Period Covered | Net Over/Under Recoveries (PHP) |
|--|--------------------|----------------|---------------------------------|
| 2015-035 CF | October 15, 2015 | 2012-2014 | 25,157,668 |
| 2018-012 CF | April 6, 2018 | 2015-2017 | 4,945,388 |
| Total (Over)/Under Recoveries on Pass-Thru Charges | | | 30,103,056 |
| (Over)/Under Recoveries on AWAT Computation | | | -38,428,176 |
| Net (Over)/Under Recoveries | | | -P8,325,120 |

- In the alternative, BLCI proposes to refund the full Php38,428,176 through a refund scheme covering sixty (60) months with an average refund rate of Php0.0483/kWh. For the same reasons mentioned in the previous paragraph, a 60-month period is ideal and will redound to the benefit of BLCI and its consumers.

| CUSTOMER CLASS | Share to latest DSM revenues (A) | Refund Amount Allocation (B) | Share to latest kWh Sales (C) | Forecast Sales Allocation (D) | Refund Rate (E=B/D) |
|------------------------------------|----------------------------------|------------------------------|-------------------------------|-------------------------------|---------------------|
| Commercial 13.8 KV | 22.9% | 8,794,238 | 29.4% | 233,712,182 | -0.0376 |
| Commercial 230V | 20.1% | 7,728,868 | 24.8% | 197,633,797 | -0.0391 |
| Residential | 49.1% | 18,877,428 | 36.6% | 290,951,606 | -0.0649 |
| Public Buildings/St Lights 13.8 KV | 1.2% | 466,182 | 1.3% | 10,346,967 | -0.0451 |
| Public Buildings/St Lights 230V | 2.9% | 1,110,836 | 3.8% | 30,418,248 | -0.0365 |
| Hospitals/Radio Stations 13.8 KV | 3.7% | 1,409,582 | 3.9% | 31,119,302 | -0.0453 |
| Hospitals/Radio Stations 230V | 0.1% | 42,042 | 0.2% | 1,259,070 | -0.0334 |
| TOTAL | 100.0% | -38,428,176 | 100.0% | 795,441,172 | -0.3018 |

- In compliance with the pre-filing requirements for an AWAT application and in support of the instant *Application*, BLCI submits the following documents:

| ANNEX | DESCRIPTION |
|-------|---|
| B | Breakdown of the Distribution, Supply and Metering Revenues and Actual Energy Sales (kWh) for the covered period (<i>in Excel</i>) |
| C | Detailed Computation of the (Over)/Under-recoveries or the AWAT computation (<i>in Excel</i>) |
| D | Detailed Computation for the Proposed Offsetting of AWAT Over Recoveries to the Net Under recoveries on Generation, Transmission, Systems Loss, Lifeline Subsidy and Senior Citizen Discount/Subsidy Pass Through Charges from January 2012 to December 2017, as declared in BLCI's pending applications for (Over)/Under Recoveries (ERC Case No. 2015-035 CF and ERC Case No. 2018-012 CF), with Refund and Refund Rate (<i>in Excel</i>) |
| D-1 | Detailed Computation for the Alternative Proposal for Full Refund with Rate per Customer Class (<i>in Excel</i>) |
| E | Detailed Computation of the Proposed Refund Period (forecast energy sales) (<i>in Excel</i>) |
| F | Summary of the Approved Average rate by Rate Schedule or Customer Class (<i>in Excel</i>) |
| G | Document to Support Related Business Revenue (<i>Excel file</i>) |
| H | Rate Impact Simulation (<i>in Excel</i>) |

RELIEF

- BLCI prays that the Honorable Commission –

- Confirm the computation of BLCI's Actual Weighted Average Tariff (AWAT) and the true-up calculations of BLCI's over recoveries;

- Approve the offsetting of BLCI's Over Recoveries (Php38,428,176) to BLCI's Net Under Recoveries in ERC Case Nos. 2015-035 CF and 2018-012 CF (Php30,103,056), with the remaining Over Recoveries of Php8,325,120 subject to a refund scheme covering a period of twenty-four (24) months at a rate of Php0.0285/kWh. In the alternative, approve a refund scheme for the full Php38,428,176 covering a period of sixty (60) months, or until fully refunded, at the average monthly refund rate of Php0.0483/kWh; and
 - Declare all issues in connection with the lapsed period as resolved and terminated.
12. BLCI prays for other equitable relief.

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 platforms for the conduct thereof, pursuant to Resolution No. 09, Series of 2020¹ dated 24 September 2020 and Resolution No. 01, Series of 2021 dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):²

| Date | Platform | Activity |
|--|-------------------------------------|--|
| 07 March 2023 (Tuesday) at nine o'clock in the morning (9:00 A.M.) | Microsoft Teams or Zoom Application | Determination of compliance with the jurisdictional requirements and expository presentation |
| 14 March 2023 (Tuesday) at nine o'clock in the morning (9:00 A.M.) | Microsoft Teams or Zoom Application | Pre-trial Conference and presentation of evidence |

Accordingly, BLCI is hereby directed to host the virtual hearing at BLCI's Principal Office located at BLCI Building, R. Enerio Street, Poblacion III, Tagbilaran City, Bohol, as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. Moreover, BLCI shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled initial 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:

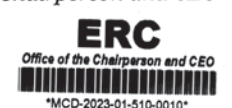
- The name, mailing address, and e-mail address of such person;
- A concise statement of the Opposition or Comment; and
- The grounds relied upon.

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.

Finally, all interested persons may be allowed to join the scheduled initial virtual hearings by providing the Commission, thru 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 hearings.

WITNESS, the Honorable Commissioners ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL and MARKO ROMEO L. FUENTES, Energy Regulatory Commission, this 16th day of January 2023 in Pasig City.

Monalisa C. Dimalanta
MONALISA C. DIMALANTA
Chairperson and CEO



¹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.
² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.