

GDP
from S1/1

"We expect private consumption to have slowed. Household credit growth has plateaued while the outstanding quantum of time deposits reached an all-time high level in May, thanks to elevated interest rates," ANZ Research economist Debalka Sarkar said in an e-mail.

Bank of the Philippine Islands Lead Economist Emilio S. Neri, Jr. said second-quarter economic growth may have been supported by higher remittances, rising vehicle sales, a lower unemployment rate and easing inflation.

"Downside risks to our forecast include the slowdown in government spending and the contraction in imports," Mr. Neri said in an e-mail.

Pantheon Macroeconomics Chief Emerging Asia economist Miguel Chanco said there would have been a further slowdown on quarter-on-quarter GDP growth in the second quarter "due to broad-based slowdown in domestic demand (i.e. consumption, government spending and investment)."

State spending reached P2.41 trillion in the first half, 6.6% below the P2.58-trillion expenditure program for the period.

"Another reason for the moderation is the slowing global growth which continues to be a heavy weight on merchandise exports. Further, a slower-than-expected return of Chinese tourists will keep service exports soft," Moody's

Analytics Associate Economist Sarah Tan said in an e-mail.

Makoto Tsuchiya, assistant economist at Oxford Economics, said he expects the economy grew by 7.5% year on year in the second quarter "largely due to base effects as sequential momentum slowed."

"While the IT cycle likely hit bottom, we don't expect a swift rebound in electronics exports, and general external demand likely remained modest. On the domestic front, a waning reopening boost led to a sequential slowdown in household spending," Mr. Tsuchiya said in an e-mail.

Despite the slower growth in the second quarter, Philippine economic output was still likely

the fastest among Southeast Asian countries, according to Aris Dacanay, ASEAN economist at HSBC Global Research.

"We think growth remained resilient as labor grew above the demographic trend, which means there were more hands on deck to support the economy. Furthermore, government surveys show that consumption may have been sustained as households continue to save less than pre-pandemic levels," Mr. Dacanay said in an e-mail.

OUTLOOK

Economists expect growth to further moderate for the rest of the year, as a global slowdown remains a downside risk.

"We expect further moderation in year-on-year GDP growth in the third quarter. Given that policy rates are unlikely to be trimmed this year, this means that households have to cope with high borrowing costs for the rest of the year. Further, the slowing global growth is expected to linger through the rest of the year; that will hurt demand for the country's goods and weaken the current account deficit," Ms. Tan said.

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said the "worrying" trends in imports and bank lending support his expectation that the 6.4% first-quarter GDP growth was likely the peak for the year.

"Slowing growth momentum in tandem with mounting headwinds on the global front suggests growth will slow over the coming quarters, with 2023 growth likely settling at 5.6% year on year in our view," he said.

The lagged impact of the BSP's aggressive monetary tightening is expected to be felt in the next few months, which would further slow economic growth.

"Domestic demand has been resilient so far but will run out of steam as the effect of monetary tightening kicks in and the reopening boost fades, resulting in a more normalized spending pattern," Oxford Economics' Mr. Tsuchiya said.

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF FORCE MAJEURE EVENT CAPITAL EXPENDITURE (CAPEX) PROJECT, NAMELY REPAIR, RESTORATION AND REHABILITATION OF THE DISTRIBUTION NETWORK AND NON-NETWORK ASSETS DAMAGED BY TYPHOON ODETTE

ERC CASE NO. 2023-076 RC

BOHOL LIGHT COMPANY, INC. (BLCI),

Applicant.

Promulgated:
June 29, 2023

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES

Notice is hereby given that on 20 June 2023, Bohol Light Company, Inc. (BLCI) filed an *Application* dated 21 April 2023, seeking the Commission's approval of its Force Majeure Event Capital Expenditure (CAPEX) project, namely, repair, restoration and rehabilitation of its distribution network and non-network assets damaged by typhoon Odette.

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 was issued a *Certificate of Franchise* by the National Electrification Commission (NEC) with the authority to operate light and power services in the service area [of] Tagbilaran City, Bohol for a period of Twenty-Five (25) years valid until October 19, 2025. 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.
- Under Section 43(f) (v) of Republic Act No. 9136, also known as the Electric Power Industry Reform Act of 2001 or the EPIRA, any significant operating costs or project investments of distribution utilities which shall become part of the rate base shall be subject to verification of the Honorable Commission to ensure that the contracting and procurement of the equipment, assets, and services have been subjected to transparent and accepted industry procurement and purchasing practices to public interest.
- BLCI files this application pursuant to Section 3.3. of ERC Resolution No. 26, Series of 2009, entitled "Resolution Amending the Rules of Approval of Regulated Entities' Capital Expenditure Projects," which provides that "[i]f a Force Majeure or Fortuitous event, as the case may be, occurs, the affected Regulated Entity shall seek the ERC's confirmation of the implementation of capital expenditure projects arising from such event."
- The *Force Majeure Event*. Typhoon Odette, with international name "Rai," was classified as a super typhoon that entered the Philippine Area of Responsibility ("PAR") on December 14, 2021, and it rapidly intensified to a Category 5 typhoon, bringing torrential rains, violent winds, and storm surges. Between December 16 to December 17, 2021, Typhoon Odette barreled through the Visayas Region, making nine (9) landfalls in the provinces of Dinagat Island, Surigao del Norte, Southern Leyte, Bohol, Cebu, and Negros Oriental (Annex D).
 - In the Province of Bohol, Typhoon Odette caused widespread devastation and extensive damage to houses, infrastructure, and agriculture. Due to the strong winds and storm surges, the power supply within BLCI's franchise area - Tagbilaran City - was totally cut off on December 16, 2021 at 5:37 p.m. The following day, BLCI inspected the damage to its distribution network and non-network assets, and it found several upturned/uprooted electric poles, cut electrical wires, damaged metering facilities, office building, and perimeter fence (Annex E).
 - Tagbilaran City has fifteen (15) barangays with 22,618 total registered connections, consisting of residential, commercial, and public buildings and establishments, all of which were severely affected by Typhoon Odette. To address the call for immediate restoration of power within its franchise area (Annex F and Annex G, *Series*), BLCI undertook (a) clearing operations of all structures, poles, wires that were obstructing roads and highways, (b) repairs, restoration, and replacement of distribution lines, feeders, service drop wires, metering facilities, and (c) repair and rehabilitation of BLCI's Main Office building, including its perimeter fence.
- Description of the Project*. The *force majeure* event capital expenditure project sought to be approved and confirmed in the instant application involves the repair and rehabilitation of primary and secondary distribution lines, rehabilitation of replacement of distribution transformers, as well as the repair

of BLCI Main Building, including its perimeter fence, and incidental expenses related to the restoration efforts (Annex H and Annex J).

- Project Cost*. The total cost of the *force majeure* capital expenditure project is Twenty-Five Million Five Hundred Fifty-Three Thousand Six Hundred Thirty-Seven and 17/100 Pesos (P25,553,637.17), which was sourced from BLCI's internally generated funds. The asset description and cost of repair (in Pesos) are as follows (**Annex I, Series**):

Asset Description	Cost of Repair (in Pesos)
Transformers	6,695,261.47
Poles Lines and Pole Line Hardware	17,906,936.70
Office Building, including perimeter fence	2,270,000.00
Incidental expenses related to the restoration	1,681,439.01
TOTAL COST OF REPAIR	25,553,637.17

- Project Schedule*. On December 17, 2021, BLCI conducted the immediate inspection and assessment of the damages to both its distribution network and non-network assets. Likewise, it began the clearing operations of its poles, wires, and other structures obstructing public roads and highways.

7.1. Beginning December 18, 2021, BLCI began the preliminary rehabilitation works, and on January 4, 2022, at 1:27 p.m., the backbone lines of all BLCI's feeders were gradually energized when the National Grid Corporation of the Philippines (NGCP)'s Garcia-Tagbilaran 69KV Line successfully transmitted power to BLCI's substations. The following day, BLCI steadily energized some areas within its franchise area, prioritizing establishments proving essential services, the Provincial Capitol Building, customers with dedicated transformers, and few residential customers.

7.2. By January 22, 2022, BLCI restored the power supply of at least 59% of the 22,618 registered accounts. Fortunately, by April 5, 2022, BLCI was already at 99.82% restoration, or equivalent to 22, 578 of 22, 6518 registered customers. Because the unrestored power supply to the remaining 0.18% was due to factors outside the control of BLCI, it declared 100% restoration of its backbone lines, lateral lines, and overall distribution network on April 5, 2022 (Annex N).

7.3. With respect to the repair and rehabilitation of the non-network assets, such as the BLCI Main Building and the perimeter fence, the same was completed on February 21, 2022 and August 8, 2022, respectively.

8. *Estimated Rate Impact*. Based on the 2021 Net Annual Sales, the project has an estimated rate impact of Php 0.0324/kWh for a period of one (1) year (Annex L, *Series*).

9. *Justifications and/or Benefits of the Project*. The repair and rehabilitation of the distribution network and non-network assets of BLCI is necessary to enable it to provide services effectively and efficiently. Considering the importance of electricity to the general public, and given that BLCI is the only distribution utility providing services within Tagbilaran City, it was incumbent upon BLCI to immediately cause the restoration and rehabilitation of its distribution network in order to restore power and re-energize government offices, establishments providing vital services, and residential areas. Further, to ensure the safety and security of the consumers and BLCI personnel, it was imperative that BLCI immediately undertake the repair and rehabilitation of non-network assets, such as the BLCI Main Building and its perimeter fence (Annex H).

10. *Documentary Requirements and Submissions*. In support of this application, BLCI submits the following documents to form integral part hereof:

Annex	Description
A	BLCI Company Profile with Written Narrative on the Force Majeure Event and Force Majeure Projects
B, Series	Single Line Diagram
C	Historical Performance Assessment
D	Typhoon Odette Advisories (PAGASA and NGCP)
E	Location Map of BLCI's Franchise Area for Rehabilitation with Photographs of Damaged Facilities
F	Article dated January 4, 2022 entitled "ERC Orders NGCP and VisMin DUS: Restore Power and Relax Electricity Bill Collection" published in the ERC Website
G, Series	Communications with Department of Energy and Energy Regulatory Commission
H	Project Description and Project Justification
I, Series	Project Cost
J	Gantt Chart for the Force Majeure Projects
K	Vehicle Inventory List
L, Series	Rate Impact and Financial Statement Analysis with Project Financing Information
M, Series	Work Order, Accomplishment Report, and Proof of Payment
N	Energization Report dated April 22, 2022 and 2022-2031 DDP Submission to the Department of Energy
O	Certificate of Inapplicability (<i>Forecast Simulations</i>)

RELIEF

- BLCI prays that the Honorable Commission (a) APPROVE and CONFIRM the repair, restoration, and rehabilitation of its distribution network and non-network assets that were damaged by Typhoon Odette and the total project cost thereof, and (b) ALLOW BLCI to recover the said total project cost from its consumers.
- 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 and Resolution No. 01, Series of 2021² (ERC Revised Rules of Practice and Procedure):

Date	Platform	Activity
07 September 2023 (Thursday) at two o'clock in the afternoon (2:00 P.M)	Microsoft Teams or Zoom Application	Determination of compliance with jurisdictional requirements and expository presentation
14 September 2023 (Thursday) at two o'clock in the afternoon (2:00 P.M)		Pre-Trial Conference and Presentation of Evidence

Applicant BLCI is directed to host the virtual hearings at BLCI's principal office located at BLCI Building, R. Enerio Street, Poblacion III, Tagbilaran City, Bohol, Philippines, 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, and 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, all 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, and copy furnishing 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. The verified Petition to Intervene must follow the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicate therein the docket number and title of the case, and state 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, and copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment at least five (5) calendar days prior to the initial virtual hearing. Rule 9 of the ERC Revised Rules of Practice and Procedure shall govern. 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.

All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, within five (5) working days from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission.

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, 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 29th day of June 2023 in Pasig City.

Medimalanta
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.