

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Exquadra Tower
1 Jade Drive, Ortigas Center
Pasig City

IN THE MATTER OF THE APPLICATION: (A) TO CONFIRM THE GENERATION RATE OVER/UNDER RECOVERY (GOUR); TRANSMISSION RATE OVER/UNDER RECOVERY (TOUR); SYSTEM LOSS RATE OVER/UNDER RECOVERY (SLOUR); LIFELINE SUBSIDY OVER/UNDER RECOVERY (LSOUR); SENIOR CITIZEN DISCOUNT AND SUBSIDY OVER/UNDER RECOVERY (SRDSOUR) PASS-THROUGH CHARGES FROM JANUARY 2020 TO DECEMBER 2022, AND PASS-THROUGH TAXES (REAL PROPERTY AND LOCAL FRANCHISE) OVER/UNDER RECOVERY FROM JANUARY 2021 TO DECEMBER 2022; AND (B) FOR AUTHORITY TO REFUND/RECOVER CONFIRMED OVER/UNDER RECOVERIES, WITH PRAYER FOR PROVISIONAL AUTHORITY,

ERC CASE NO. 2023-046 CF

MANILA ELECTRIC COMPANY
(MERALCO),

Applicant.

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SUPPLEMENTAL APPLICATION

Applicant **MANILA ELECTRIC COMPANY** (“**MERALCO**”), by counsel, respectfully states that:

1. On 01 June 2023, Applicant **MERALCO** filed the instant Application to confirm its pass-through charges covering the period from January 2020 to December 2022 and its pass-through taxes

covering the period from January 2021 to December 2022. In the said Application, MERALCO prayed, to wit:

“WHEREFORE, it is respectfully prayed to this Honorable Commission that, the instant Application be **APPROVED** authorizing MERALCO to refund/recover to/from its customers, as applicable, the following amounts which represent the over/under recoveries for the generation, transmission, system loss, lifeline subsidy, senior citizen discount and subsidy, and the pass-through taxes as pass-through charges with the corresponding indicative rate/kWh in the table below and the proposed refund/recovery period.

Bill Component	Amount of (Over)/Under Recovery	Average (Refund)/Recovery Rate (PhP/kWh)	Amortization Period
GOUR	6,413,157,436.66	0.1875	12 months
TOUR	607,375,216.17	0.0120	12 months
SLOUR	764,168,532.40	0.0151	12 months
LSOUR	(776,623.37)	(0.0002)	1 month
SrDSOUR	(2,504,375.44)	(0.0001)	12 months
RPTOUR	228,875,467.60	0.0045	12 months
LFTOUR	(27,337,032.70)	(0.0006)	12 months

Pending hearing, MERALCO prays that a provisional authority be issued authorizing MERALCO to collect/refund the over/under recoveries.

MERALCO prays for such other relief just and equitable under the premises.”

2. In an Order dated 13 June 2023, the Honorable Commission set the initial hearing of the case on 24 August 2023. During the said hearing, MERALCO presented its compliance to the jurisdictional requirements and conducted the expository presentation.

3. Subsequent thereto, on 29 August 2023, MERALCO received the Decision dated 08 March 2023 in ERC Case No. 2022-001 RC,¹ which provided:

¹ Entitled, “*In the Matter of the Joint Application for Approval of the Power Supply Agreement between Manila Electric Company and Panay Energy Development Corporation with Prayer for Provisional Authority or Interim Relief and Motion for Confidential Treatment, Manila Electric Company and Panay Energy Development Corporation, Applicants*”.

“WHEREFORE, the foregoing premises considered, the Joint Application of Manila Electric Company (MERALCO) and Panay Energy Development Corporation (PEDC) for the approval of their Power Supply Agreement is hereby **RESOLVED** as follows:

X X X

3. **The recovery of PEDC’s actual fuel losses due to CIC from 02 April to 25 September 2022 amounting to PhP884,545,417.09 will be included in the Commission’s evaluation of MERALCO’s true-up confirmation;**²

A copy of the Decision of the Honorable Commission in ERC Case No. 2022-001 RC is hereby attached as **ANNEX “A”** and made an integral part hereof. Said Decision is now final and executory.

4. In accordance with said Decision, MERALCO hereby includes PEDC’s actual fuel losses due to Change in Circumstances (“CIC”) from 02 April to 25 September 2022 amounting to Eight Hundred Eighty-Four Million Five Hundred Forty-Five Thousand Four Hundred Seventeen and 9/100 Pesos (PhP884,545,417.09) in the instant Application. The inclusion of said amount resulted in an adjusted net Generation Rate Under Recovery amounting to Seven Billion Two Hundred Ninety-Seven Million Seven Hundred Two Thousand Eight Hundred Fifty-Three and 75/100 Pesos (PhP7,297,702,853.75). The details of the revised computation of the Generation Rate Over/Under Recovery (GOUR) are shown in **ANNEX “B”** and made an integral part hereof.

5. Upon approval of this Supplemental Application, the claim of PEDC amounting to PhP884,545,417.09 shall likewise be paid to PEDC in equal installments for the same period as the approved recovery period for the GOUR.

6. Given the adjustments brought about by the inclusion of PEDC’s actual fuel losses due to CIC as confirmed and approved by the ERC, the adjusted Generation Rate Under Recovery and recovery rate in PhP/kwh, together with the other pass-through charges, is summarized below:

Bill Component	Amount of (Over)/Under Recovery (PhP)	Average (Refund)/ Recovery Rate (PhP/kWh)	Proposed Refund/ Recovery Period
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² Emphasis and underscoring supplied.

GOUR	<u>7,297,702,853.75</u>	<u>0.2133</u>	12 months
TOUR	607,375,216.17	0.0120	12 months
SLOUR	764,168,532.40	0.0151	12 months
LSOUR	(776,623.37)	(0.0002)	1 month
SrDSOUR	(2,504,375.44)	(0.0001)	12 months
RPTOUR	228,875,467.60	0.0045	12 months
LFTOUR	(27,337,032.70)	(0.0006)	12 months

7. Attached hereto as **ANNEX "C"** is the computation of the GOUR amount translated to rate per kilowatt-hour.

**ALLEGATIONS IN SUPPORT OF PRAYER FOR PROVISIONAL
AUTHORITY AND/OR INTERIM RELIEF**

8. It is urgent that a provisional authority/and or interim relief be immediately issued upon filing and pending hearing and final resolution of the instant Application. MERALCO stresses that the costs covered by the Application are all pass-through costs. Hence, MERALCO should neither earn any income nor incur any losses from the imposition of the same. Given the foregoing, it is incumbent upon MERALCO to refund/recover the over/under recoveries for these valid pass-through costs.

PRAYER

WHEREFORE, it is respectfully prayed to this Honorable Commission that, the Supplemental Application be **APPROVED** authorizing MERALCO to recover from its customers the additional GOUR arising from inclusion of PEDC's actual fuel losses due to CIC as confirmed and approved by the ERC together with the other pass-through charges with corresponding proposed refund/recovery period below.

Bill Component	Amount of (Over)/Under Recovery (PhP)	Average (Refund)/Recovery Rate (PhP/kWh)	Proposed Refund/Recovery Period
GOUR	<u>7,297,702,853.75</u>	<u>0.2133</u>	12 months
TOUR	607,375,216.17	0.0120	12 months
SLOUR	764,168,532.40	0.0151	12 months
LSOUR	(776,623.37)	(0.0002)	1 month
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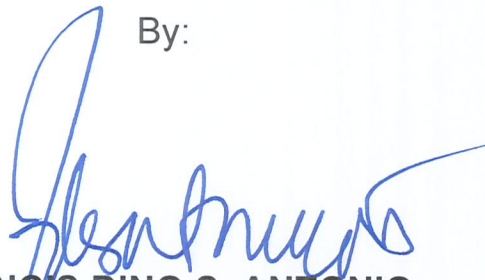
It is further prayed that, pending the final resolution of the case, a provisional authority and/or interim relief be issued authorizing MERALCO to collect/refund the over/under recoveries.

MERALCO prays for such other relief just and equitable under the premises.

Pasig City, 29 September 2023.

MANILA ELECTRIC COMPANY
Lopez Building, Ortigas Avenue
Barangay Ugong, Pasig City

By:



FRANCIS DINO S. ANTONIO
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PTR No. 0112708; 01/04/2023; Pasig City
IBP No. 260490; 01/05/2023; RSM
MCLE Compliance No. VII-0001788; 02 December 2019



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IBP No. 06460(LIFETIME); 01/16/07; QC
MCLE Compliance No. VII-0001116; 17 October 2019



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IBP No. 260485; 01/05/2023; PPLM
MCLE Compliance No. VII-0001098; 17 October 2019



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IBP No. 260484; 01/05/2023; RSM

MCLE Compliance No. VII-0003269; Valid until 14 April 2025



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IBP Lifetime No. 011798

MCLE Compliance No. VII-0001112; 17 October 2019

7th Floor, Lopez Building

Ortigas Avenue, Barangay Ugong, Pasig City

Tel no. 1622-2260; Fax No: 1622-3550

Email: regaffairs@meralco.com.ph

VERIFICATION and CERTIFICATION ON NON-FORUM SHOPPING

I, **JOSE RONALD V. VALLES**, of legal age, married, and with office address at Manila Electric Company (MERALCO), 12th Floor, Lopez Building, MERALCO Center, Ortigas Avenue, Barangay Ugong, Pasig City, hereby state under oath that:

1. I am the First Vice-President and Head of the Regulatory Affairs and DU Regulatory Management Office of Manila Electric Company, and is authorized to represent it in this Supplemental Application as per the attached Secretary's Certificate (**Annex "A"**);

2. I have caused the preparation of the instant Supplemental Application and read the contents thereof, and I attest that the allegations herein contained are true and correct based on my personal knowledge and on authentic records made available to me;

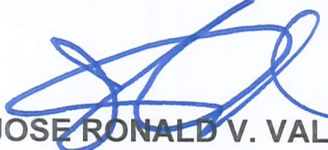
3. The Supplemental Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;

4. The factual allegations therein have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;

5. I have not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and


6. Should I hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report said fact within five (5) days from discovery thereof to this Honorable Commission.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 29 SEP 2023 at Pasig City, Philippines.


JOSE RONALD V. VALLES
Affiant

SUBSCRIBED and SWORN to before me this 29 SEP 2023, at Pasig City, Philippines, affiant having exhibited to me his Social Security System ID bearing the number 33-10900088.

Doc. No. 312;
Page No. 04;
Book No. VI;
Series of 2023.


ATTY. RAYMOND B. YAP
NOTARY PUBLIC
Appointment No. 146 (2023-2024)
Pasig, San Juan and Pateros
Roll No. 5588; IBP No. 260486; 01/05/2023; Capiz
PTR No. 0112711; 01/04/2023; Pasig City
MCLE Compliance No. VII-0003278; Valid until 14 April 2025
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SECRETARY’S CERTIFICATE

I, SIMEON KEN R. FERRER, a duly elected, qualified and incumbent Corporate Secretary of the Manila Electric Company (MERALCO), a corporation duly organized and existing under and by virtue of the laws of the Philippines, do hereby certify that:

At the regular meeting of the Board of Directors of the Company duly convened and held on June 26, 2023, at which meeting a quorum was present, acted throughout and voted, the following resolution amending the resolution of the Board on January 30, 2023, on the same subject, was approved and that said amendatory resolution is in full force and effect on July 1, 2023 hereof:

“RESOLVED, that the Board of Directors of the Manila Electric Company (MERALCO) authorize, as it hereby authorizes, Messrs. MANUEL V. PANGILINAN, Chairman and Chief Executive Officer, SIMEON KEN R. FERRER, Corporate Secretary, RONNIE L. APEROCHO, Executive Vice President and Chief Operating Officer, WILLIAM S. PAMINTUAN, Senior Vice President, Assistant Corporate Secretary, Compliance Officer and Head, Legal and Corporate Governance, FERDINAND O. GELUZ, Senior Vice President and Chief Revenue Officer, EDGARDO V. CARASIG, First Vice President & Chief HR Officer and Head, Corporate Services, MARIA LUISA V. ALVENDIA, First Vice President and Chief Supply Chain Officer, JOSE RONALD V. VALLES, First Vice President and Head, Regulatory Affairs and DU Regulatory Management Office, ANTONIO M. ABUEL, JR., Vice President & Head, Facilities and Safety Management (FSM), MARIA ZARAH R. VILLANUEVA-CASTRO, Vice President & Head, Corporate Legal Services, MICHELLE O. DELOS SANTOS-BONA, Assistant Vice President & Head, Legal Operations Support, CRISTOPHER B. ARPON Assistant Vice President and Head, Litigation Services, CORNELIO MANUEL III C. DICCION, Head, Litigation Team 2, SHEILA MARIE C. GRANADOS, Head, Litigation Team 1, and any lawyer or employee of MERALCO and/or other external counsels and law firms that any of them may designate, name or appoint:

- (1) to represent the Company, in the institution, prosecution, and defense of any claim, complaint, action, proceeding, petition, application, protest, suit, or case, for or against the Company, before any court, prosecutor’s office, regulatory, quasi-judicial, or administrative body, agency, or office of the national or any local government;
- (2) to sign, execute, and deliver in connection therewith the necessary or appropriate complaint, petition, application, position paper, memorandum, all types of pleadings and motions, verifications, affidavit-complaint, counter-affidavit, affidavit of merit, affidavit of desistance, affidavit of witness, and all other affidavits of whatever nature, certificate of non-forum shopping, powers of attorney, certifications, and all other instruments as may be necessary or proper;

- (3) to represent the Company or to designate, name, and appoint a representative or an attorney-in-fact in behalf of the company during the investigation, inquest, preliminary investigation, preliminary conference, pre-trial, mediation, conciliation, arbitration, trial, execution, and all other stages of or incidents related to the case, proceeding or action; to negotiate, enter into, and agree to an amicable settlement, compromise agreement, plea bargaining, admissions or stipulations of fact or documents, simplification of issues, limitation on the number of witnesses, alternative modes of dispute resolution, withdrawal, dismissal or waiver of claim or action; and to perform and execute any and all actions or deeds as may aid in the prompt disposition of such cases, proceedings, or actions filed in behalf of or against the Company;

“RESOLVED, FURTHER, that any previous resolution of the Board of Directors on the same subject matter that is inconsistent herewith shall be deemed terminated, superseded and revoked.”

Pursuant to the above resolutions, JOSE RONALD V. VALLES, First Vice President and Head of Regulatory Affairs and DU Regulatory Management Office, is an authorized representative and signatory of the Company with respect to MERALCO’s filing of its Supplemental Application entitled “IN THE MATTER OF THE APPLICATION: (A) TO CONFIRM THE GENERATION RATE OVER/UNDER RECOVERY (GOUR); TRANSMISSION RATE OVER/UNDER RECOVERY (TOUR); SYSTEM LOSS RATE OVER/UNDER RECOVERY (SLOUR); LIFELINE SUBSIDY OVER/UNDER RECOVERY (LSOUR); SENIOR CITIZEN DISCOUNT AND SUBSIDY OVER/UNDER RECOVERY (SRDSOUR) PASS-THROUGH CHARGES FROM JANUARY 2020 TO DECEMBER 2022, AND PASS-THROUGH TAXES (REAL PROPERTY AND LOCAL FRANCHISE) OVER/UNDER RECOVERY FROM JANUARY 2021 TO DECEMBER 2022; AND (B) FOR AUTHORITY TO REFUND/RECOVER CONFIRMED OVER/UNDER RECOVERIES, WITH PRAYER FOR PROVISIONAL AUTHORITY,” before the Energy Regulatory Commission (ERC).

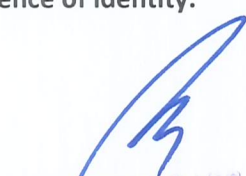
WITNESS THE SIGNATURE of the undersigned as such officer of the Company and its corporate seal hereunto affixed on this _____ day of September 2023.

29 SEP 2023


SIMEON KEN R. FERRER
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 29 SEP 2023 day of September 2023, affiant exhibited to me his Taxpayer Identification Number (TIN) 116-283-788, issued by the Bureau of Internal Revenue (BIR) as his competent evidence of identity.

Doc. No. 311 ;
Page No. 04 ;
Book No. VI ;
Series of 2023.


JOSE RONALD V. VALLES
NOTARY PUBLIC
Appointment No. 146 (2023-2024)
Pasig, San Juan and Pateros
Roll No. 55889; IEP No. 280488; 01/05/2023; Capiz
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