

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
CONFIRMATION AND
APPROVAL OF
CALCULATIONS OF
OVER/UNDER RECOVERIES
BASED ON THE FORMULAE
ON THE VARIOUS
AUTOMATIC COST
ADJUSTMENTS AND TRUE-
UP MECHANISMS AND
CORRESPONDING
CONFIRMATION PROCESS
FOR THE PERIOD 2023 TO
2025, PURSUANT TO ERC
RESOLUTION NO. 16,
SERIES OF 2009, AS
AMENDED BY ERC
RESOLUTION NO. 21, SERIES
OF 2010, RESOLUTION NO.
23, SERIES OF 2016
RESOLUTION NO. 10,
SERIES OF 2018 and
RESOLUTION NO. 14,
SERIES 2022**

Promulgated:
August 11, 2026

ERC CASE NO. 2026-057 CF

**PAMPANGA II ELECTRIC
COOPERATIVE, INC. (PELCO
II),**

Applicant.

X-----X

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 17 June 2026, Pampanga II Electric Cooperative, Inc. (PELCO II) filed an *Application* dated 31 March 2026, seeking the Commission’s confirmation and approval of calculations of its over/under recoveries based on the formulae on the

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NOTICE OF VIRTUAL HEARING
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various automatic cost adjustments and true-up mechanisms and corresponding confirmation process for the period 2023 to 2025, pursuant to Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, Resolution No. 23, Series of 2016, Resolution No. 10, Series of 2018, and Resolution No. 14, Series of 2022.

The docketed copy of the *Application*, excluding its annexes, is attached as Annex "A" of the *Notice of Virtual Hearing*.

The Commission hereby sets the instant *Application* for hearing for the determination of compliance with jurisdictional requirements, expository presentation, and Pre-Trial Conference¹ on **02 September 2026 (Wednesday) at two o'clock in the afternoon (2:00 P.M.), through Microsoft Teams**, as the online platform for the conduct thereof, pursuant to the pertinent rules of the Commission.

Accordingly, PELCO II is hereby directed to mirror the virtual hearing, to be hosted by the Commission, at **PELCO II's principal office at San Roque, Guagua, Pampanga**, as the designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, PELCO II 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 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, 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 Commission's Revised Rules of Practice and Procedure (RRPP), indicating therein the docket number and title of the case, and state the following:

¹ Summary Proceedings pursuant to the Commission's Resolution No. 16, Series of 2025.

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- 1) The petitioner's name, mailing address, and e-mail address;
- 2) 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
- 3) 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 RRPP. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address, and e-mail address of the person;
- 2) A concise statement of the Opposition or Comment; and
- 3) 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 acknowledgement receipt e-mail sent by the Commission.

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Finally, all interested persons may be allowed to join the scheduled virtual hearing by providing the Commission, through legal.virtualhearings@erc.ph, their respective e-mail addresses, indicating therein the case number of the instant *Supplemental 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 Chairperson and CEO **FRANCIS SATURNINO C. JUAN** and the Honorable Commissioners **FLORESINDA G. BALDO-DIGAL**, **MARKO ROMEO L. FUENTES**, **AMANTE A. LIBERATO** and **PARIS G. REAL**, Energy Regulatory Commission, in Pasig City.

FOR AND BY AUTHORITY OF THE
COMMISSION:

Maria Corazon C. Gines

ATTY. MARIA CORAZON C. GINES*
Director III, Legal Service

LS: /MVM

* Authority granted during Commission Meeting on 20 August 2025.

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Exquadra Building, Ortigas Center
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
CONFIRMATION AND
APPROVAL OF
CALCULATIONS OF
OVER/UNDER RECOVERIES
BASED ON THE FORMULAE
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RESOLUTION NO. 16, SERIES
OF 2009, AS AMENDED BY
ERC RESOLUTION NO. 21,
SERIES OF 2010,
RESOLUTION NO. 23,
SERIES OF 2016
RESOLUTION NO. 10, SERIES
OF 2018 and RESOLUTION
NO. 14, SERIES 2022.**

ERC CASE NO. 2026-057 CF

June 17, 2026

**PAMPANGA II ELECTRIC
COOPERATIVE, INC. (PELCO
II)**

Applicant.

X-----X

APPLICATION

**APPLICANT PAMPANGA II ELECTRIC COOPERATIVE, INC.
(PELCO II),** through the undersigned counsels, and to this Honorable
Commission, respectfully states that:

The Applicant

1. PELCO II is a franchised electric cooperative duly organized and
existing by virtue of the laws of the Republic of the Philippines, with principal

office address at San Roque, Guagua, Pampanga, where it may be served with notices and other legal processes of this Honorable Commission, represented by its General Manager, **Mr. Amador T. Guevarra**, by virtue of Board Resolution Nos. 45-26 and 46-26, both dated March 25, 2026, hereto attached as **Annexes “BB” and “BB-1”**, respectively;

2. The Applicant has an exclusive franchise issued by the National Electrification Administration (NEA) to operate an electric light and power services in the City of Mabalacat and Municipalities of Guagua, Lubao, Porac, Sta. Rita, Sasmuan, Bacolor, all in the Province of Pampanga. It also served other areas in the Province of Pampanga such as Palmayo Resettlement and Barangay Anon in the Municipality of Floridablanca and Sta. Lucia Resettlement in the Municipality of Magalang;

3. The Applicant may be served with notices, orders, and processes of the Honorable Commission through the undersigned counsel at the address indicated below.

Legal Bases and Nature of the Application

4. The instant Application is being submitted to this Honorable Commission for its review and approval pursuant to Resolution No. 16, Series of 2009¹, as amended by Resolution No. 21, Series of 2010², Resolution No. 10, Series of 2018³, Resolution No. 2, Series of 2021⁴ and Resolution No. 14, Series of 2022⁵. These Resolutions were adopted by the Honorable Commission pursuant to the mandate of Section 43 of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001 (EPIRA) and its Implementing Rules and Regulations (IRR);

5. In compliance with the aforesaid Resolutions, the Applicant adopted and applied the prescribed formulae in the determination of the various automatic cost adjustments and true-up mechanisms for the recovery/refund of Over and Under Recoveries in the Generation, Transmission, System Loss Rate, Lifeline Discount/Subsidy, Senior Citizen Discount/Subsidy, Local Franchise Tax, and Real Property Tax;

6. The summary of the pass true cost vis-à-vis the actual collection on the above-mentioned implementation of various automatic cost adjustments and true-up mechanisms on Generation, Transmission, System

¹ A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities

² A Resolution Amending Section 4 of Article 4 and Section 1 of Article 5 of the Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities

³ A Resolution Clarifying the System Loss Calculation and Providing the Effectivity of the Rules for Setting the Distribution System Loss Cap

⁴ A Resolution on the Recovery of Pass-Through Taxes (Real Property, Local Franchise and Business Tax) of the Distribution Utilities

⁵ A Resolution Adopting the Revised Rules Governing the Automatic Cost Adjustments and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities

Loss, Lifeline Subsidy, Senior Citizen Subsidy Rates for the years 2023, 2024 and 2025 are presented hereunder, as follows:

Total for the Year 2023-2025				
PARTICULARS	UNIT	ALLOWABLE COST	ALLOWABLE REVENUE	(OVER) / UNDER RECOVERY
GENERATION	PhP	14,534,040,784.15	14,465,875,409.35	68,165,374.80
TRANSMISSION	PhP	2,060,576,520.93	2,094,551,957.22	(33,975,436.29)
SYSTEM LOSS	PhP	1,988,697,601.11	1,977,759,721.10	10,937,880.01
LIFELINE SUBSIDY	PhP	24,466,343.93	26,135,908.18	(1,669,564.25)
SENIOR CITIZEN SUBSIDY	PhP	69,497.02	19,609.73	49,887.29
NET RESULT	PhP	18,607,850,747.14	18,564,342,605.58	43,508,141.56

7. In support of the instant Application, the Applicant attached and submitted the following documents:

Folder	Documents	Annex Markings
1. OUR Calculation	Supply & Transmission Data	A and Series
	Statistical Data	
	Actual Implemented Rates	
	Lifeline Discount Sheet	
	Senior Citizen Discount	
	Additional Statistical Data	
	OUR Calculations	
	Summary of OUR Calculations for the Years 2023 to 2025	
	Proposed Refund and Collect Scheme	
2. Generation and Transmission Data	Power Sector Assets & Liabilities Management Corporation	B and Series
	Bac-Man Geothermal, Inc.	C and Series
	AP Renewal, Inc.	D and Series
	Masinloc Power Co. Ltd.	E and Series
	IEMOP Invoices	F and Series
	NGCP Invoices	G and Series
	Summary of Net Metering	H
	Summary of Contestable Customers	I
3. Statistical Data	Summary of Pilferage Recoveries	J
	Report on Implemented Orders & Decisions	K
	MFSR Section B and E	L
	Summary of Demand kWh Sales	M
4. Actual Implemented Rates Data	Non-Lifeline Sample Bills	N and Series
	Lifeline Sample Bills per Bracket	O and Series
	Lifeline Sample Bills per Level	P and Series
	Senior Citizen Sample Bills	Q and Series
5. Other Documents	Submitted Monthly URR	R
	Single Line Diagram	S
	ERC Orders and Decisions	T and Series
	Computation on How Pass-Through Charges were Derived	U,V, W, X, Y and Z
	Manifestation on Local Taxes	AA

8. In calculating the Generation, Transmission, System Loss, Lifeline Subsidy and Senior Citizen Discount to its member-consumers, the Applicant uses the power bills issued by various power suppliers for a particular billing period including the corresponding sales and other data for which the resulting charges are to be implemented for the succeeding billing month. Thus, the resulting over and under recoveries for Generation, Transmission, and System Loss are the result of timing difference between the power supply and the billing to the member-consumers. Any increase or decrease in the kWh Sales in a given billing period affects the amount of cost recovery;

9. In addition, the over and under-recoveries for the years 2023, 2024 and 2025 can be attributed to the following:

- a) One-month log in the recovery of cost;
- b) The increase or decrease in the quantity and the corresponding month-to-month effective rate per kWh of energy sourced from the Wholesale Electricity Spot Market (WESM);
- c) The changes in the monthly energy sales mix and the increase or decrease of kWh sales on a month-to-month basis; and
- d) Fluctuations on the 12-month average system loss percentage.

Recovery Period and Rate Impact

10. In order to mitigate the impact of the over/under recoveries adjustment, the Applicant proposes to recover and refund the following adjustments for a period of one (1) year based on its Projected Monthly Energy Sales for the year 2027 hereunder presented, as follows”

Month	Projected Monthly Energy Sales (kWh)
	Year 2027
JANUARY	66,774,015.00
FEBRUARY	71,910,882.00
MARCH	73,792,605.00
APRIL	97,899,600.00
MAY	95,437,477.00
JUNE	90,727,652.00
JULY	81,558,121.00
AUGUST	82,418,683.00
SEPTEMBER	80,848,703.00
OCTOBER	79,369,219.00
NOVEMBER	85,330,381.00
DECEMBER	82,078,444.77

Based from the submitted 2026-2035 Distribution Development Plan (DDP) and Power Supply Procurement Plan (PSPP)

PARTICULARS	(OVER) / UNDER RECOVERY AMOUNT (Php)	RECOVERY PERIOD (months)	TOTAL MONTHLY ENERGY SALES (kWh)	(OVER) / UNDER RECOVERY RATE (Php)
GENERATION	68,165,374.80	12	988,145,783	0.0690
TRANSMISSION	(33,975,436.29)	12	988,145,783	(0.0344)
SYSTEM LOSS	10,937,880.01	12	988,145,783	0.0111
LIFELINE SUBSIDY	(1,669,564.25)	12	988,145,783	(0.0017)
SENIOR CITIZEN SUBSIDY	49,887.29	1	66,774,015	0.0007
NET RESULT	43,508,141.56			0.0447

Compliance with the Pre-Filing Requirements

11. In compliance with Section 2, Rule 6 of the Honorable Commission’s Revised Rules of Practice and Procedure, the copies of the Application including all its annexes and supporting documents had been furnished by the Applicant to the Office of the Mayor and the Legislative Body of the Municipality of Guagua where the Applicant principally operates and the Office of the Governor and the Legislative Body of the Province of Pampanga; and

12. As proof of compliance of the service of the copies of the Application and Annexes are the Certifications issued by the Authorized Representatives of the Local Government Units (LGUs) and/or the Affidavit of Service executed by an employee of the Applicant and the first page of the Application showing the receiving stamp of the aforementioned offices as **Annexes “CC”, “CC-1”, “CC-2”, and “CC-3”**, respectively. Likewise, the Affidavit of Publication and the newspaper issue containing the published Application are hereto attached as **Annexes “DD” and “DD-1”**.

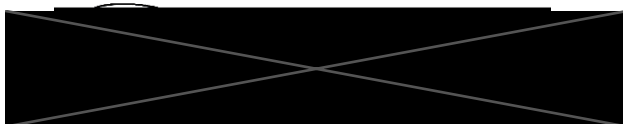
PRAYER

WHEREFORE, the foregoing premises considered, Applicant **PAMPANGA II ELECTRIC COOPERATIVE, INC. (PELCO II)**, respectfully prays that the computations of over and under recoveries presented in the instant Application be approved and confirmed by this Honorable Commission and that PELCO II be allowed to refund and collect the amount of over and under recoveries as follows:

PARTICULARS	RECOVERY PERIOD (months)	(OVER) / UNDER RECOVERY RATE (Php)
GENERATION	12	0.0690
TRANSMISSION	12	(0.0344)
SYSTEM LOSS	12	0.0111
LIFELINE SUBSIDY	12	(0.0017)
SENIOR CITIZEN SUBSIDY	1	0.0007
NET RESULT		0.0447

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

Quezon City for Pasig City, 31 March 2026.



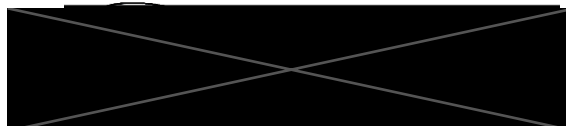
ARNIDO O. INUMERABLE
Counsel for Applicant PELCO II
PTR No. 7123752, 1-23-25, Q.C.
IBP No. 513014, 01-23-25, Pasig City
Roll of Attorneys No. 28764
MCLE Compliance No. VI-0008302, 4-20-018
E-Mail: attyinumerable@yahoo.com.ph



GREGORIO L. OFALSA
Counsel for Applicant PELCO II
PTR No. 8196746; 06 February 2026; Quezon City
IBP No. 598102; 31 January 2026; Quezon City
e-mail address: greg_ofalsa@yahoo.com
MCLE Compliance No. VIII-0031655/2 May 2025
Roll No. 49009

EXPLANATION OF FILING BY ELECTRONIC MEANS

Pursuant to ERC Resolution No. 9, series of 2020, the undersigned counsels respectfully manifests that the foregoing Application will be filed by electronic means.



Atty. Arnido O. Inumerable