

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
CONFIRMATION OF THE
TRUE- UP CALCULATION OF
THE ACTUAL WEIGHTED
AVERAGE TARIFF (AWAT)
VIS-À-VIS APPROVED FINAL
DISTRIBUTION RATE
IMPLEMENTED DURING
THE LAPSED PERIOD FROM
JULY 2022 TO DECEMBER
2024, WITH PRAYER FOR
PROVISIONAL AUTHORITY,**

ERC CASE NO. 2025-025 RC

**MANILA ELECTRIC
COMPANY (MERALCO),**
Applicant.

Promulgated:
February 03, 2025

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 28 January 2025, Manila Electric Company (MERALCO) filed an *Application* dated 21 January 2025, seeking the Commission's confirmation of the true-up calculation of the Actual Weighted Average Tariff (AWAT) vis-à-vis approved final distribution rate implemented during the lapsed period from July 2022 to December 2024, with provisional authority.

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

1. Applicant MERALCO is a private corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Ortigas Avenue, Pasig City. It may be served with notices and other processes of this Honorable Commission through its undersigned counsel at the address indicated herein.

2. Pursuant to Republic Act No. 9209, MERALCO has a legislative franchise to construct, operate and maintain an electric power distribution system for the conveyance of electric power to the end-users in the cities and municipalities of Metro Manila, Bulacan, Cavite and Rizal, and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga.
3. In its Order dated 17 December 2024 in ERC Case No. 2022-015 RC,¹ the Honorable Commission declared the period from 01 July 2022 to 30 June 2025 pertaining to MERALCO's original Fifth Regulatory Period ("5RP") as lapsed and directed MERALCO to file, within thirty (30) days from receipt of said Order, its appropriate application for the true-up of its Maximum Average Price ("MAP") versus its Actual Weighted Average Tariff ("AWAT") covering the period declared as lapsed, subject to evaluation, confirmation, and approval of the Honorable Commission.²
4. Thereafter, the Honorable Commission promulgated ERC Resolution No. 17, Series of 2024, entitled: A Resolution Adopting Amendments to ERC Resolution No. 10, Series 2021 confirming the Honorable Commission's declaration of MERALCO's original 5RP from 01 July 2022 to 30 June 2025 as lapsed, and setting MERALCO's new 5RP from 01 July 2025 to 30 June 2029.
5. In compliance with the directives therein, MERALCO respectfully files the instant Application for the Honorable Commission to evaluate and determine MERALCO's final refund for the period covering 01 July 2022 to 31 December 2024. For the remaining period from 01 January 2025 to 30 June 2025, a separate or supplemental Application shall be filed after MERALCO incurs, completes and determines its AWAT for said period.

DETAILS OF MERALCO'S PROPOSED CALCULATION

6. The Application covers the true-up for the period from 01 July 2022 to 31 December 2024 which represents the period when MERALCO has actual available data.
7. Using available actual data from 01 July 2022 to 31 December 2024 and applying Article VI and Section 4.3.1(a) of Article IV of the RDWR,³ MERALCO's DSM Revenues, Energy Sales, Net Income from Related Business and its corresponding 50% plowback are as follows:

¹ Entitled, "*In the [M]atter of the Application for the Annual Revenue Requirement and Performance Incentive Scheme for the Fifty Regulatory Period (Regulatory Years 2023-2026) in Accordance with the provisions of the Rules for Setting Distribution Wheeling Rates (RDWR)*".

² MERALCO received a copy of the Order dated 17 December 2024 via electronic mail on 24 December 2024.

³ ERC Resolution No. 10, Series of 2021, as amended by ERC Resolution No.17, Series of 2024.

	DSM Revenues	Net Income from Related Business (NIRB)	50% of NIRB	DSM + 50% of NIRB	Actual Energy Sales (kWh)
RY2023	73,194,499,348	676,968,572	338,484,286	73,532,983,634	49,071,340,032
RY2024	78,896,805,586	722,238,824	361,119,412	79,257,924,998	52,496,049,729
RY2025*	40,594,949,638	873,738,400	436,869,200	41,031,818,838	27,011,061,295
RY2023-RY2025*	192,686,254,572	2,272,945,795	1,136,472,898	193,822,727,470	128,578,451,056

*RY2025 (July to December 2024)

8. The table below shows the computation of the AWAT of PhP 1.5074/kWh for the period 1 July 2022 to 31 December 2024 which was compared to the MERALCO’s approved Final Distribution Rate of PhP1.3522/kWh implemented during the same period.

DSM Revenues + 50% of Net Income from Related Business (PhP)	a	193,822,727,470
Energy Sales (July 2022 – December 2024) (kWh)	b	128,578,451,056
AWAT (July 2022 – December 2024) (PhP/kWh)	c = a / b	1.5074
Final Distribution Rate (MAP) (PhP/kWh)	d	1.3522
Difference in Rate (PhP/kWh)	e = d - c	(0.1552)
Difference in Amount (PhP)	f = b * e	(19,958,945,951)
Distribution Rate True-Up (DRTU) Over-Refund (PhP)	g	862,034,437
Amount Net of DRTU Over Refund (PhP)	h = f + g	(19,096,911,515)
Forecast Sales (36 months) (kWh)	i	167,877,327,837
Proposed Average Refund Rate (36 months) (PhP/kWh)	j = h / i	(0.1138)

9. In its calculation, MERALCO proposed to off-set its over-refund resulting from the implementation of Distribution Rate True-Up (“DRTU”) for the period from 1 July 2015 to 30 June 2022.
10. MERALCO proposes to refund the difference between the AWAT and MERALCO’s approved Final Approved Rate, net of DRTU over-refunds in the total amount of Nineteen Billion Ninety-Six Million Nine Hundred Eleven Thousand Five Hundred Fifteen Pesos (PhP19,096,911,515.00) over a period of thirty six (36) months, or until fully refunded, at an average rate of PhP(0.1138)/kWh.
11. The average refund rate of PhP (0.1138)/kWh is proposed to be allocated among MERALCO’s customer classes, as follows:

Customer Class	Refund Rate (PhP/kWh)
Residential & General Service A	(0.1937)
General Service B	(0.1258)
General Power	(0.0561)
GHMSCI	(0.0785)
Flat Streetlights	(0.1956)
Generator – Wheeling	(0.0176)
Average Refund Rate	(0.1138)

12. The refund rate will be reflected as a separate line item in the bills of customers during the refund period.

Allegations in Support of the Prayer for Provisional Authority

- 13. Pending final approval of the instant application, the issuance of a provisional authority will allow MERALCO’s customers to immediately enjoy the benefits of the refund sought to be implemented, providing welcome relief to consumers during this time.

- 14. In support of the foregoing allegations, MERALCO hereby submits the Judicial Affidavit of Ms. Aileen G. Dalanon, Lead Core Business Tariff Reg Mgt - Core Business Tariff Regulation Mgt, attached hereto as Annex “H”.

Documents in Support of the Application

- 15. In compliance with the pre-filing requirements of the Honorable Commission, MERALCO submits the following documentary requirements in support of the Application:

DOCUMENT	ANNEX
Breakdown of the Distribution, Supply and Metering Revenues and Actual Energy Sales (kWh) for the covered period	A
Detailed Computation of the (Over)/Under-recoveries or the AWAT computation	B
Detailed Computation of the Proposed Refund Rate per Customer Class	C
Detailed Computation of the Proposed Refund Period (forecast energy sales)	D
Summary of the approved Average rate by Rate Schedule or Customer Class	E
Related Business Income	F
Rate Impact Simulation	G

- 16. In view of the foregoing, MERALCO prays for the approval of the instant Application.

PRAYER

WHEREFORE, premises considered, Manila Electric Company (MERALCO) respectfully prays that, after due notice and hearing, a Decision be rendered:

- 1. ALLOWING MERALCO to off-set its over-refund in the implementation of DRTU for the period from 1 July 2015 to 30 June 2022, in the amount of Eight Hundred Sixty-Two Million Thirty-Four Thousand and Four Hundred Thirty-Seven Pesos (PhP862,034,437.00) from the refund due under this Application;

- 2. CONFIRMING MERALCO’s resulting calculation of the total refund amount to its customers, net of the over-refund under the DRTU, in the amount of Nineteen Billion Ninety-Six Million Nine Hundred

Eleven Thousand Five Hundred Fifteen Pesos
(PhP19,096,911,515.00);

3. APPROVING MERALCO’s proposed refund scheme and refund period, within thirty-six (36) months or until fully refunded, to its customers, as follows:

Customer Class	Refund Rate (PhP/kWh)
Residential & General Service A	(0.1937)
General Service B	(0.1258)
General Power	(0.0561)
GHMSCI	(0.0785)
Flat Streetlights	(0.1956)
Generator – Wheeling	(0.0176)
Average Refund Rate	(0.1138)

Pending the hearing on the merits of the case, a Provisional Authority be issued to immediately implement the refund to consumers.

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

The Commission hereby sets the instant *Application* for hearing 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 2020⁴ and Resolution No. 01, Series of 2021⁵ (ERC Revised Rules of Practice and Procedure):

Date	Platform	Activity
28 February 2025 (Friday) at nine o’clock in the morning (9:00 A.M.)	Microsoft Teams Application	Determination of compliance with jurisdictional requirements and expository presentation
28 February 2025 (Friday) at two o’clock in the afternoon (2:00 P.M.)		Expository Presentation
07 March 2025 (Friday) at nine o’clock in the morning (9:00 A.M.)		Pre-Trial Conference

⁴ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

⁵ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

07 March 2025 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Pre-Trial Conference
14 March 2025 (Friday) at nine o'clock in the morning (9:00 A.M.)		Applicant's Presentation of Evidence
14 March 2025 (Friday) at two o'clock in the afternoon (2:00 P.M.)		Presentation of Evidence
25 March 2025 (Tuesday) at nine o'clock in the morning (9:00 A.M.)		Presentation of Evidence
25 March 2025 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)		Presentation of Evidence
27 March 2025 (Thursday) at nine o'clock in the morning (9:00 A.M.)		Presentation of Evidence
27 March 2025 (Thursday) at two o'clock in the afternoon (2:00 P.M.)		Presentation of Evidence
03 April 2025 (Thursday) at nine o'clock in the morning (9:00 A.M.)		Presentation of Evidence
03 April 2025 (Thursday) at two o'clock in the afternoon (2:00 P.M.)		Presentation of Evidence

Accordingly, MERALCO is directed to host the virtual hearings at **MERALCO's principal office located at Lopez Building, Ortigas Avenue, Pasig City**, as the designated venue for the conduct thereof, and ensure that the same is open to the public. Moreover, MERALCO 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 doctet@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 doctet@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:

- 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 doctet@erc.ph, and 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. 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:

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

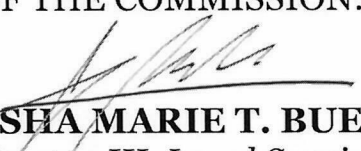
All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected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

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Joint 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 *Joint 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 Chairperson and CEO **MONALISA C. DIMALANTA**, and Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 3rd day of February 2025 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


KRISHA MARIE T. BUELA
Director III, Legal Service


LS: MVM