



Republic of the Philippines
PROVINCE OF SURIGAO DEL SUR

Office of the Provincial Vice Governor



Refer to: Committee on Energy and Power

Noted

1st Endorsement
 September 11, 2025



Respectfully forwarding to Mr. Edgar G. Perez, II, J.D. Secretary to the Sangguniang Panlalawigan, the herein attached basic communication dated September 11, 2025, from **ROEL E. ABAD**, General Manager of SURSECO II Inc. submitting the Application for the Approval and Confirmation of *“In the Matter of the Application for Approval of the Over/Under Recoveries Based on the Formula on the various Automatic Cost adjustments and True-up Mechanism and Corresponding Confirmation Process Pursuant to ERC Resolution No. 16, Series of 2009, as Amended by Resolution No. 21 and 23, Series of 2010, Resolution No. 10, Series of 2018, Resolution No. 02, Series of 2021 and Resolution No. 14 Series of 2022, for the Years 2022, 2023 and 2024”* docketed as ERC Case No. 2025-016CF.. Attached is a copy of the application documents of SURSECO-II.

For this August Body’s information and appropriate action.

HON. MANUEL O. ALAMEDA, SR.
 Vice Governor
 Presiding Officer
 21st Sangguniang Panlalawigan

Tanggapan ng Sangguniang Panlalawigan

SURIGAO DEL SUR

OSSP-SDS-2025-05014

Telephone No.: (086) - 211 - 5832
 E-Mail: tspsurigaosur@yahoo.com

Date: _____
 Time: _____

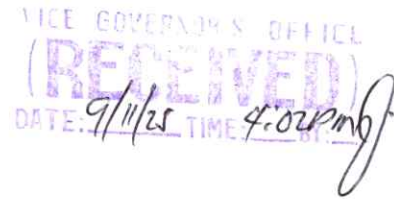
Received by: _____



**SURIGAO DEL SUR II ELECTRIC COOPERATIVE, INC.
(SURSECO II)**

Balilihan, Mabua, Tandag City, Surigao del Sur 8300

11 September 2025



HON. MANUEL O. ALAMEDA, SR.
Provincial Vice-Governor
Province of Surigao del Sur

Dear Vice-Governor:

This refers to the Application filed by the Surigao del Sur II Electric Cooperative, Inc. (SURSECO II) with the Energy Regulatory Commission (ERC) entitled *"In the Matter of the Application for Approval of the Over/Under Recoveries Based on the Formula on the Various Automatic Cost Adjustments and True-Up Mechanism and Corresponding Confirmation Process Pursuant to ERC Resolution No. 16, Series of 2009, as Amended by Resolution No. 21 and 23, Series of 2010, Resolution No. 10, Series of 2018, Resolution No. 02, Series of 2021 and Resolution No. 14 Series of 2022, for the Years 2022, 2023 and 2024"* docketed as ERC Case No. 2025-016CF.

On 02 September 2025, the ERC issued an Order and Notice of Virtual Hearing setting the case for initial hearing. In the said Order, the ERC directed SURSECO II to furnish copies of the said Order and Notice of Virtual Hearing, including Annex "A" – Application, to the Office of the Governor of the Province, the Office of the City/Municipal Mayors, Sangguniang Panlalawigan, and Sangguniang Panlungsod/Sangguniang Bayan of the City and Municipalities within SURSECO II's franchise area for appropriate posting thereof on their respective bulletin boards.

In compliance with the said Order, undersigned respectfully furnishes your good Office with copies of the above-said Order and Notice of Virtual Hearing, including Annex "A" – Application. It is further requested that your Office:

1. Post the attached Order, Notice and Annex "A" on the bulletin board of your office for information dissemination purposes of the scheduled virtual hearing; and
2. Issue a certification attesting to the said posting. For convenience, a template is attached for your reference. As required in the said ERC Order, the certificate must **(a)** be signed by the Head of the Office or its authorized representative, and **(b)** bear the dry seal of your Office.

We greatly appreciate your kind assistance. If you have any concern regarding the foregoing, please feel free to reach us or text and call 09355605450.

Very respectfully,


ROEL E. ABAD
General Manager



Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE
OVER/UNDER
RECOVERIES BASED ON
THE FORMULA ON THE
VARIOUS AUTOMATIC
COST ADJUSTMENTS AND
TRUE-UP MECHANISM
AND CORRESPONDING
CONFIRMATION PROCESS
PURSUANT TO ERC
RESOLUTION NO. 21 AND
23, SERIES OF 2010,
RESOLUTION NO. 10,
SERIES OF 2021 AND
RESOLUTION NO. 14
SERIES OF 2022, FOR THE
YEARS 2022, 2023 AND
2024**

ERC CASE NO. 2025-016 CF

**SURIGAO DEL SUR II
ELECTRIC COOPERATIVE,
INC. (SURSECO II),**
Applicant.

Promulgated:
September 02, 2025

X-----X

ORDER

On 15 May 2025, Applicant Surigao del Sur II Electric Cooperative, Inc. (SURSECO II) filed an *Application*, dated 19 March 2025, seeking the Commission's approval of its over/under recoveries based on the formula on various automatic cost adjustments and true-up mechanism and corresponding confirmation process pursuant to the Commission's Resolution No. 21 and 23, Series of 2010, Resolution No. 10, Series of 2021 and Resolution No. 14 Series of 2022, for the years 2022, 2023 and 2024.

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

Finding the *Joint Application* to be sufficient in form and with the required fees having been paid, the Commission hereby sets the same for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference and presentation of evidence on **25 September 2025 (Thursday) at two o'clock in the afternoon (2:00 PM)** via **Microsoft Teams Application**, as the online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020¹ and Resolution No. 1, Series of 2021² (ERC Revised Rules of Practice and Procedure).

Accordingly, Applicant SURSECO II is hereby directed to mirror the virtual hearings, to be hosted by the Commission, a **SURSECO II's Principal Office at Balilahan, Mabua, Tandag City, Surigao del Sur**, as the designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, Applicant SURSECO II shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

RELATIVE THERETO, SURSECO II is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, at least ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Provincial Governor, the Mayors, and their respective Local Government Unit (LGU) legislative bodies within SURSECO II's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within SURSECO II's franchise area, by any other means available and appropriate, of the filing *Application*, their reasons therefor, and of the scheduled virtual hearing;
- 4) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing*, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the

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.

Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives and attend the scheduled hearings; and

- 5) Furnish with copies of the *Application* and its attachments, except those subject of a motion for confidential treatment of information, all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

Within five (5) calendar days prior to the date of the initial virtual hearing, SURSECO II must submit to the Commission via electronic mail (e-mail) at docket@erc.ph, and copy furnish the Legal Service through legal@erc.ph, the scanned copies of their written compliance with the aforementioned jurisdictional requirements, attaching the following methodically arranged and duly marked documents:

- 1) The evidence of publication of the attached *Notice of Virtual Hearing*, including Annex "A" thereof, consisting of affidavits of the Editors or Business Managers of the newspapers where the same were published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this *Order* and the attached *Notice of Virtual Hearing* including Annex "A" thereof, consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by SURSECO II to inform the consumers within SURSECO II's franchise area of the filing of the *Application*, their reasons therefor, and of the scheduled hearings;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Virtual Hearing* including Annex "A" thereof, by the OSG, the COA, and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Joint Application* and its attachments, except those subject of a motion for confidential treatment of information, if any, by all those making requests therefor; and

- 6) Such other proof of compliance with the requirements of the Commission.

Moreover, Applicant SURSECO II is hereby required to post on their bulletin boards, the scanned copies of the foregoing jurisdictional requirements and to submit the proof of posting thereof.

SURSECO II and all interested parties are also required to submit via e-mail at docket@erc.ph, and copy furnish the Legal Service through legal@erc.ph, **at least five (5) calendar days** before the date of the scheduled virtual hearing and Pre-trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings thereof, which must be attached to the Pre-Trial Brief; and
- 4) The names of the witnesses, with their written testimonies in a Judicial Affidavit from attached to the Pre-Trial Brief.

Failure of SURSECO II to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearings.

SURSECO II must also be prepared to make an expository presentation of the *Application*, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, the nature of the *Application*. Relevant information and pertinent details substantiating the reasons and justifications for the *Application* must be cited in support thereof.

SURSECO II is hereby directed to file a copy of its Expository Presentation via e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, **at least five (5) calendar days** prior to the scheduled virtual hearing. Applicants are also required to provide a copy of their Expository Presentation to any stakeholder requesting therefor **at least five (5) calendar days** prior to the scheduled virtual hearing.

SURSECO II and interest parties are hereby directed to submit, either through personal service, registered or ordinary mail/private courier, all the pleadings and required submissions, **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.

Finally, SURSECO II, including its authorized representatives and witnesses, and interested parties who wish to attend the scheduled virtual hearings are hereby directed to provide the Commission, through legal.virtualhearings@erc.ph, their respective e-mail addresses upon receipt of this *Order*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

SO ORDERED.

Pasig City, 02 September 2025.

FOR AND BY AUTHORITY
OF THE COMMISSION:

Maria Corazon C. Gines

Atty. MARIA CORAZON C. GINES³
Director III, Legal Service


LS: NRG/JGGW

³ Authority granted during CM on 20 August 2025

ERC CASE NO. 2025-016 CF
ORDER/ 02 SEPTEMBER 2025
PAGE 6 OF 7

Copy Furnished:

1. Surigao del Sur II Electric Cooperative, Inc. (SURSECO II)
Applicant
Balilahan, Mabua, Tandag City, Surigao del Sur
2. A.C. Gaviola Law Office
Atty. Alan C. Gaviola
Atty. Alan Bryne S. Gaviola
Counsel for Applicant SURSECO II
RM. 203, 2/F Crown Port View Hotel
3rd Ave., North Reclamation Area, Cebu City
acgaviola_lawoffice@gaviolalaw.com
3. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, Makati City
docket@osg.gov.ph
4. Commission on Audit (COA)
citizensdesk@coa.gov.ph
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City
senateenergycommittee@gmail.com
6. House Committee on Energy
Batasan Hills, Quezon City
committee.energy@house.gov.ph
7. Office of the Governor
Province of Surigao del Sur
8. Office of the Sangguniang Panlalawigan
Province of Surigao del Sur
9. Office of the City Mayor
City of Tandag, Surigao del Sur
10. Office of the Sangguniang Panlungsod
City of Tandag, Surigao del Sur
11. Office of the Municipal Mayor
Carrascal, Surigao del Sur
12. Office of the Sangguniang Bayan
Carrascal, Surigao del Sur
13. Office of the Municipal Mayor
Cantilan, Surigao del Sur
14. Office of the Sangguniang Bayan
Cantilan, Surigao del Sur
15. Office of the Municipal Mayor
Madrid, Surigao del Sur
16. Office of the Sangguniang Bayan
Madrid, Surigao del Sur
17. Office of the Municipal Mayor
Carmen, Surigao del Sur
18. Office of the Sangguniang Bayan
Carmen, Surigao del Sur
19. Office of the Municipal Mayor
Lanuza, Surigao del Sur

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ORDER/ 02 SEPTEMBER 2025
PAGE 7 OF 7

20. Office of the Sangguniang Bayan
Lanuza, Surigao del Sur
21. Office of the Municipal Mayor
Cortes, Surigao del Sur
22. Office of the Sangguniang Bayan
Cortes, Surigao del Sur
23. Office of the Municipal Mayor
Tago, Surigao del Sur
24. Office of the Sangguniang Bayan
Tago, Surigao del Sur
25. Office of the Municipal Mayor
San Miguel, Surigao del Sur
26. Office of the Sangguniang Bayan
San Miguel, Surigao del Sur
27. Office of the Municipal Mayor
Bayabas, Surigao del Sur
28. Office of the Sangguniang Bayan
Bayabas, Surigao del Sur
29. Office of the Municipal Mayor
Cagwait, Surigao del Sur
30. Office of the Sangguniang Bayan
Cagwait, Surigao del Sur
31. Office of the Municipal Mayor
Marihatag, Surigao del Sur
32. Office of the Sangguniang Bayan
Marihatag, Surigao del Sur
33. Office of the Municipal Mayor
San Agustin, Surigao del Sur
34. Office of the Sangguniang Bayan
San Agustin, Surigao del Sur
35. Office of the Municipal Mayor
Liangá, Surigao del Sur
36. Office of the Sangguniang Bayan
Liangá, Surigao del Sur
37. Regulatory Operations Service
Energy Regulatory Commission
14th Floor, Exquadra Tower, 1 Jade Drive,
San Antonio, Ortigas Center, Pasig City
ros@erc.ph

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE
OVER/UNDER
RECOVERIES BASED ON
THE FORMULA ON THE
VARIOUS AUTOMATIC
COST ADJUSTMENTS AND
TRUE-UP MECHANISM
AND CORRESPONDING
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ERC CASE NO. 2025-016 CF

**SURIGAO DEL SUR II
ELECTRIC COOPERATIVE,
INC. (SURSECO II),**
Applicant.

X-----X

Promulgated:
September 02, 2025

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 15 May 2025, Surigao del Sur II Electric Cooperative, Inc. (SURSECO II) filed an *Application*, dated 19 March 2025, seeking the Commission's approval of its over/under recoveries based on the formula on various automatic cost adjustments and true-up mechanism and corresponding confirmation process pursuant to the Commission's Resolution No. 21 and 23, Series of 2010, Resolution No. 10, Series of 2021 and Resolution No. 14 Series of 2022, for the years 2022, 2023 and 2024.

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NOTICE OF VIRTUAL HEARING / 02 SEPTEMBER 2025
PAGE 2 OF 4

The docketed copy of the *Joint Application*, excluding its annexes, is attached as Annex "A" hereof.

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference and presentation of evidence on **25 September 2025 (Thursday) at two o'clock in the afternoon (2:00 PM)** via **Microsoft Teams Application**, as the online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020¹ and Resolution No. 1, Series of 2021² (ERC Revised Rules of Practice and Procedure).

Accordingly, SURSECO II is hereby directed to mirror the virtual hearing, to be hosted by the Commission, at **SURSECO II's Principal Office at Balilahan, Mabua, Tandag City, Surigao del Sur**, as the designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, SURSECO 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, any person who has 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, 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, indicating 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

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.

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 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:

- 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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ERC CASE NO. 2025-016 CF
NOTICE OF VIRTUAL HEARING / 02 SEPTEMBER 2025
PAGE 4 OF 4

Finally, all interested persons may be allowed to join the scheduled virtual hearings by providing the Commission, through legal.virtualhearings@erc.ph, their respective e-mail addresses, 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 **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, this 2nd day of September 2025 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:

Maria Corazon C. Gines

Atty. MARIA CORAZON C. GINES³
Director III, Legal Service


LS: NRG/JGGW

³ Authority granted during CM on 20 August 2025

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

IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF THE OVER / UNDER
RECOVERIES BASED ON THE
FORMULA ON THE VARIOUS
AUTOMATIC COST
ADJUSTMENTS AND TRUE-UP
MECHANISM AND
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PURSUANT TO ERC
RESOLUTION NO. 16, SERIES OF
2009, AS AMENDED BY
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NO. 10, SERIES OF 2018,
RESOLUTION NO. 02, SERIES OF
2021 AND RESOLUTION NO. 14
SERIES OF 2022, FOR THE
YEARS 2022, 2023 AND 2024

ERC CASE NO. 2025-016 CF

May 15, 2025

SURIGAO DEL SUR II ELECTRIC
COOPERATIVE, INC. (SURSECO
II),

Applicant.

X----- /

APPLICATION

APPLICANT, Surigao del Sur II Electric Cooperative, Inc. (SURSECO II for brevity), by counsel and unto this Honorable Commission, most respectfully states:

THE APPLICANT

1. Applicant Surigao del Sur II is an Electric Cooperative created and existing pursuant to the provisions of Presidential Decree No. 269 as amended, with principal office located at Balilahan, Mabua, Tandag City, Surigao del Sur, Philippines, represented herein by its General Manager, **Roel E. Abad**, duly authorized by virtue of Board Resolution No. 10, Series of 2025 dated 10 January 2025 of the Board of Directors, copy of which is attached hereto as **Annex "A"** and made an integral part hereof.

The filing of the instant Application is likewise authorized under the aforementioned Board Resolution;

2. Applicant has been granted by the National Electrification Administration (NEA) an authority to operate and distribute electric light and power within the coverage area comprising the City of Tandag and the Municipalities of Carrascal, Cantilan, Madrid, Carmen, Lanuza, Cortes, Tago, San Miguel, Bayabas, Cagwait, Marihatag, San Agustin and Lianga, all in the Province of Surigao del Sur;

THE APPLICATION AND ITS PURPOSE

3. This Application is filed in compliance with ERC RESOLUTION NO. 16, Series of 2009, otherwise known as "A RESOLUTION ADOPTING THE RULES GOVERNING THE AUTOMATIC COST ADJUSTMENT AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS FOR DISTRIBUTION UTILITIES" and ERC RESOLUTION NO. 14, Series of 2022, otherwise known as "A RESOLUTION ADOPTING THE REVISED RULES GOVERNING THE AUTOMATIC COST ADJUSTMENT AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS FOR DISTRIBUTION UTILITIES" which were adopted 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, in relation to ERC Resolutions No. 17 and 23, all Series of 2009, Resolution No. 21, series of 2010, Resolution No. 10, series of 2018, and Resolution No. 02, series of 2021 mandating the filing of consolidated application for the over/under recoveries of all distribution utilities for the approval/confirmation of the Commission;

4. The aforesaid Guidelines were adopted and issued by the Honorable Commission in the furtherance of the following reasons, to wit:

4.a. The Commission has adopted several automatic cost adjustment mechanisms in separate issuances and it is deemed ideal to consolidate, update, and rationalize the requirements under all said separate issuances;

4.b. The Commission finds it necessary to establish a systematized confirmation process that conform to the due process requirement of the law for the following automatic cost adjustment and true-up mechanisms:

1. Automatic Generation Rate and System Loss Adjustment Mechanism;
2. Transmission Rate Adjustment Mechanism;
3. Lifeline Rate Recovery Mechanism;
4. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of Lifeline Rates by Distribution Utilities;
5. Guidelines for a True-Up Mechanism of the Over or Under Recovery in the Implementation of the Inter-Class Cross Subsidy Removal by Distribution Utilities;
6. ERC Resolution No. 12, Series of 2005, "A Resolution Approving a New Policy on the Treatment of Prompt Payment Discount (PPD)";
7. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of System Loss Rate by Distribution Utilities;
8. Rules for the Calculation of the Over or Under Recovery in the Implementation of Transmission Rates;
9. Real Property Tax Recovery Mechanism;
10. Local Franchise Tax Recovery Mechanism;
and
11. Local Business Tax Recovery Mechanism.

5. For purposes of determining the under/over recoveries on the implementation of the afore-enumerated automatic cost adjustments and true-up mechanisms, the formula provided for under Resolution No. 14, series of 2022 and Resolution No. 16, series of 2009, as amended by Resolution Nos. 21

and 23, series of 2010 and Resolution No. 10, series of 2018, as well as the computation of Real Property Taxes, Business and Local Franchise Taxes as provided in ERC Resolution No. 02, Series of 2021 was applied by the Applicant;

6. A summary of the pass true cost vis-a-vis the actual collection on the above-mentioned implementation of various automatic cost adjustments and true up mechanisms are presented hereunder, as follows:

Particulars	Allowable Cost (PhP)	Actual Recovery/ Revenue (PhP)	(Over)/Under Recoveries (PhP)
Generation Rate (GR)	2,951,715,224.89	2,922,184,505.91	29,530,718.97
Transmission Rate (TR)	273,032,602.85	271,956,206.51	1,076,396.34
System Loss Rate (SLR)	396,019,443.32	392,492,165.46	3,527,277.86
Lifeline Subsidy	10,949,512.02	12,327,388.86	(1,377,876.84)
Senior Citizen Subsidy	689,386.09	687,192.72	2,193.37
Local Franchise Tax	0.00	0.00	0.00
Business Tax	991,870.66	1,004,924.59	(13,053.93)
Real Property Tax	13,825,995.15	13,263,626.37	562,368.78
NET RESULTS			33,308,024.56

The foregoing amounts are based on the computations hereto attached as **Annex "B"**;

7. The resulting over/under recoveries are due to the following reasons, to wit:
- a. One month lag 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 increase or decrease in the quantity and the corresponding month-to-month cost of fuel per kWh of energy sourced from SURSECO II's bilateral power supply contracts particularly in the year 2022 wherein the Russia-Ukraine conflict caused a significant increase in the cost of fuel;
 - d. The changes in the monthly energy sales mix and the increase or decrease of kWh sales on a month-to-month basis; and
 - e. Fluctuations on the 12-month average system loss percentage.

8. That, SURSECO II proposes to recover/refund the foregoing amounts based on the projected kWh sales for 2026 - 2028 hereunder presented:

Particulars	No. of Months	(OVER) UNDER RECOVERIES	kWh Sales for 2026 - 2028	RECOVERY (REFUND)
Generation Rate (GR)	36	29,530,718.97	451,322,746.84	0.0654
Transmission Rate (TR)	36	1,076,396.34	451,322,746.84	0.0024
System Loss Rate (SLR)	36	3,527,277.86	451,322,746.84	0.0078
Lifeline Subsidy	36	(1,377,876.84)	451,322,746.84	(0.0031)
Senior Citizen Subsidy	3	2,193.37	35,389,563.01	0.0001
Local Franchise Tax	0	0.00	0.00	0
Business Tax	12	(13,053.93)	141,558,252.03	(0.0001)
Real Property Tax	36	562,368.78	451,322,746.84	0.0012

9. Further, in support of the foregoing, Applicant submits the following data and documents, to wit:

Folder 1

As Annex:

- “C” - Power Supplier and Transmission Data Sheet
- “D” - Statistical Data Sheet
- “E” - Actual Implemented Rates Sheet
- “F” - Lifeline Discount Sheet
- “G” - Senior Citizen Discount Sheet
- “H” - Additional Statistical Data Sheet
- “I” - Detailed Proposed Refund/Collect Scheme

Folder 2 – Generation and Transmission Data

As Annex:

- “J” - Power Bills from Suppliers in the following order:
 - a. Power Bill
 - b. Official Receipts or Certifications issued by the Power Supplier
 - c. Debit/Credit Memo issued by the Power Supplier

- “K” - IEMOP Invoice Transmittal
 - a. Preliminary Statement
 - b. Final Statement
 - c. Official Receipts or Certifications issued by IEMOP

- “L” - NGCP bills in the following order:
 - a. NGCP Bill
 - b. Official Receipts issued by NGCP
 - c. Debit/Credit Memo issued by NGCP

Folder 3 – Statistical Data

As Annex:

- “M” - Manifestation on Pilferage Cost Recoveries

- “N” - MFSR (Sections B and E)

- “O” - Demand (kW) Sales Summary Report

Folder 4 – Actual Implemented Rates Data

As Annex:

- “P” - Two (2) Consumer Bills per customer Class (**Non-Lifeline**)

- “Q” - One (1) Consumer Bill per Lifeline Bracket (**Lifeline**)

- “R”** - One (1) Lifeline Consumer Bill
(Per Level)
- “S”** - Senior Citizen consumer bills

Folder 5 – Other Documents

As Annex:

- “T”** - Submitted Monthly URR for the years 2022 to 2024
- “U”** - Submitted Monthly URR Addendum
- “V”** - Single Line Diagram
- “W”** - Copy of the Order/Decision of Power Supply Contracts with Generation Companies

Folder 6 – Local Franchise and Business Tax

As Annex:

- “X”** - Business Tax:
 - Ordinance
 - Receipts for the Payments Made
 - Actual Distribution Revenues
 - Breakdown of Gross Sales/ Receipts
 - Appendix “A”
- “Y”** - Two (2) Consumer Bills per LGU (Franchise and Business Tax)
- “Z”** - Real Property Tax:
 - Ordinance
 - Real Property Tax Declarations
 - Tax Assessment
 - Statement of Account
 - Official Receipts
 - Appendix “A”
- “AA”** - Two (2) Consumer Bills per LGU (Real Property Tax)

“BB” - Computation on how the implemented pass-through taxes were derived

COMPLIANCE
WITH PRE-FILING REQUIREMENTS

10. In compliance with Section 2, Rule 6 of the ERC Rules of Practice and Procedure, copies of this Application together with all its annexes and accompanying documents had been furnished by Applicant the Office of the Mayor and the Legislative Body of the City of Tandag, where Applicant principally operates and the Office of the Governor and the Legislative Body of the Province of Surigao del Sur. Likewise, the Application was published in a newspaper of general circulation within the franchise area of the Applicant.
11. As proof of compliance of the service of the copies of the Application together with all its annexes are the Certifications issued by the Authorized Representatives of the Local Government Units and/or the Affidavit of Service executed by an employee of the Applicant and the first page of the Application bearing the receiving stamp of the aforementioned Offices as **Annexes “CC”, “DD”, “EE” and “FF”**, respectively. Likewise attached hereto as **Annexes “GG” and “HH”** are the Affidavit of Publication and the newspaper issue containing the published Application;
12. Moreover, prior to the filing of this Application, a pre-filing conference with the concerned staff of the Commission was conducted pursuant to Section 4 of Rule 6, and for purposes of determining completeness of the supporting documents attached to the Application.

PRAYER

WHEREFORE, foregoing premises considered, Applicant most respectfully prays that the computations of over/under recoveries presented in the instant application be approved and confirmed, and SURSECO II be allowed to refund/collect said over/under recoveries.

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

Cebu City (for Pasig City), Philippines. 19 March 2025.

A.C. GAVIOLA LAW OFFICE

Counsel for SURSECO II

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acgaviola_lawoffice@gaviolalaw.com

BY:

ALAN C. GAVIOLA

PTR No. 927015; Province of Cebu; Feb. 17, 2022
IBP OR (To follow); Cebu City; Feb. 17, 2022
Roll No. 30385
MCLE Compliance III, 0019612; Dec. 14, 2010

ALAN BYRNE S. GAVIOLA

PTR No. 22754235; Cebu City; Jan. 07, 2025
IBP No. 500942; Cebu City; Jan. 07, 2025
Roll No. 62695
MCLE Compliance VII – 0030302; Apr. 14, 2025

REPUBLIC OF THE PHILIPPINES)
Province of Surigao del Sur)
City of Tandag) S.S.

VERIFICATION and
CERTIFICATION AGAINST FORUM SHOPPING

I, **ROEL E. ABAD**, Filipino, of legal age, with office address at SURSECO II, Balilahan, Mabua, Tandag City, Surigao del Sur, Philippines, after being sworn in accordance with law, hereby depose and say, that:

I am the General Manager duly authorized by the Board of Directors to file the foregoing Application;

I caused the preparation of the foregoing Application. I have read and understood the foregoing Application, the allegations of which are true and correct based on my own personal knowledge and/or on authentic records;

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

The factual allegations in the Application have evidentiary support, or if specifically so identified, will likewise have evidentiary support;

That SURSECO II has not commenced any action or proceedings involving the same issues before the Supreme Court, Court of Appeals, or any other tribunal or agency; that to the best of our knowledge, no such action or proceeding is pending in the Supreme Court, Court of Appeals, or any other tribunal agency; that should hereafter we learn that a similar action or proceedings has been filed or is pending before the Supreme Court, Court of Appeals, or any other Tribunal or agency, we shall undertake to report to the Honorable Commission of said fact within five (5) days from knowledge therefrom; and

IN WITNESS WHEREOF, I have hereunto affixed my signature this 19th day of March 2025 at Tandag City, Surigao del Sur, Philippines.

ROEL E. ABAD
Affiant

SUBSCRIBED AND SWORN to before me this 19th day of March 2025 at Tandag City, Surigao del Sur, Philippines. Affiant, for purposes of identification, exhibited to me his Driver's License identification card with

Doc. No. 100 ;
Page No. 21 ;
Book No. 07 ;
Series of 2025.

~~ATTY. RUBEN MELVIN G. MONTENEGRO~~
NOTARY PUBLIC
(for Tandag City Tago, San Miguel, Bayabas,
Cagwait, Cortes, Surigao del Sur)
Serial No. SDS - 51 - 2023
Roll No. 62051 / April 25, 2013
Lifetime No. 012548 / March 20, 2014
Commission Expires on Dec. 31, 2025