

Item No.: **27**Date: **03 2026 NOV**

BAGONG PILIPINAS

14 October 2026

HON. LEONARDO M. JAVIER, Jr.
Vice Governor
Office of the LGU Legislative Body
Province of Leyte
Leyte Capitol Complex, West Bypass Road , Campetic
Palo, Leyte

Sangguniang Panlalawigan
Province of Leyte**RECEIVED**Date: **OCT 26 2026**By: *[Signature]*
10:40am

SUBJECT: *ERC Case No. 2026-136 RC entitled, "In the matter of the 16th Application for the True-Up Adjustment of Fuel and Purchased Power Costs (TAFPPC) and True-Up Adjustment of Foreign Exchange-Related Costs (TAFxA) covering January 2025 to December 2025 under the Rules for the Automatic Recovery of Monthly Fuel Purchased Power Costs and Foreign Exchange-Related Costs by the National Power Corporation, as Amended."*

Dear HON.JAVIER, Jr.:

The Power Sector Assets and Liabilities Management (PSALM) Corporation is a government-owned and controlled corporation created by virtue of Republic Act (RA) No. 9136 or the "Electric Power Industry Reform Act of 2001" (EPIRA), with current office address at 24th Floor, Vertis North Corporate Center 1, Astra corner Lux Drive, North Avenue, Quezon City, Philippines, 1101.

The principal mandate of PSALM is to manage the orderly sale, disposition, and privatization of National Power Corporation's (NPC) generation assets, real estate and other disposable assets, and Independent Power Producer (IPP) contracts with the objective of liquidating all NPC financial obligations and stranded contract costs in an optimal manner (Sec. 50, EPIRA). To attain its objectives, PSALM shall, among others, calculate the amount of the Stranded Debts (SD), and the True-Up Adjustments of Fuel and Purchased Power Costs (TAFPPC), and Foreign Exchange-Related Costs (TAFxA).

In this regard, PSALM filed with the ERC the above-stated Application and the ERC issued an (i) Order dated 12 October 2026; and [ii] Notice of Virtual Hearing dated 12 October 2026 with attached Application (**Annex "A"**). The said Order required PSALM to furnish your office with the Order and Notice for appropriate posting on your respective bulletin board.

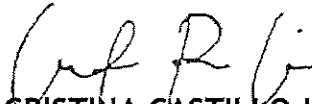
In addition, may we kindly request **three (3) original copies of the Certificate of Posting**, signed by you or your authorized representative, and bearing the seal of your office. The Certificate should attest to the actual posting of the ERC

Order and Notice on the bulletin board as specified above. To facilitate the preparation of the Certificate of Posting, we have attached a pro-forma Certificate for your reference.

We would appreciate receiving the Certificate of Posting on or before **30 October 2026** so that we may file the same with the ERC prior to the scheduled Virtual Hearing of the instant Application.

Thank you very much for your usual prompt cooperation.

Respectfully,



CRISTINA CASTILLO-LIM

Corporate Attorney

PSALM Legal Group

24th Floor, Vertis North Corporate Center 1,
Astra corner Lux Drives, Vertis North, North
Avenue 1105 Quezon City Philippines
Email address: cclim@psalm.gov.ph

Encls: a/s

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19. Quirino Electric Cooperative, Inc. (QUIRELCO)
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20. Abra Electric Cooperative, Inc. (ABRECO)
Calaba, Bangued, Abra
21. Benguet Electric Cooperative, Inc. (BENECO)
South Drive, Baguio City
22. Ifugao Electric Cooperative, Inc. (IFELCO)
Lagawe, Ifugao
23. Kalinga Apayao Electric Cooperative, Inc. (KAELCO)
Bulanao, Tabuk, Kalinga
24. Mountain Province Electric Cooperative, Inc. (MOPRECO)
Poblacion, Bontoc, Mt. Province
25. Aurora Electric Cooperative, Inc. (AURELCO)
Reserva, Baler, Aurora
26. Zambales I Electric Cooperative, Inc. (ZAMECO I)
San Vicente, Palauig, Zambales
27. Zambales II Electric Cooperative, Inc. (ZAMECO II)
Magsaysay, Castillejos, Zambales
28. Tarlac I Electric Cooperative, Inc. (TARELCO I)
Amacalan, Gerona, Tarlac
29. Tarlac II Electric Cooperative, Inc. (TARELCO II)
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30. Nueva Ecija I Electric Cooperative, Inc. (NEECO I)
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31. Nueva Ecija II- Area 1 Electric Cooperative, Inc. (NEECO II- AREA I)
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32. Nueva Ecija II- Area 2 Electric Cooperative, Inc. (NEECO II- AREA II)
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33. San Jose City Electric Cooperative, Inc. (SAJELCO)
San Jose City, Nueva Ecija
34. Pampanga Rural Electric Cooperative, Inc. (PRESCO)
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35. Pampanga I Electric Cooperative, Inc. (PELCO I)
Sto. Domingo, Mexico, Pampanga
36. Pampanga II Electric Cooperative, Inc. (PELCO II)
San Roque, Guagua, Pampanga
37. Pampanga III Electric Cooperative, Inc. (PELCO III)
San Vicente, Apalit, Pampanga
38. Peninsula Electric Cooperative, Inc. (PENELCO)
Tuyo, Balanga City, Bataan
39. First Laguna Electric Cooperative, Inc. (FLECO)
Lewin, Lumban, Laguna

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62. Ticao Island Electric Cooperative, Inc. (TISELCO)
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63. Manila Electric Company (MERALCO)
Lopez Center, Ortigas Center, Brgy. Ugong, Pasig City
64. Ibaan Electric Corporation (IEC)
Poblacion Ibaan, Batangas
65. Lima EnerZone Corporation (LEZ)
President Jose P. Laurel Highway, Malvar, Batangas
66. Tarlac Electric, Inc. (TEI)
Mabini St., Tarlac City
67. Dagupan Electric Corporation (DECORP)
Dagupan, Pangasinan
68. Cabanatuan Electric Corporation (CELCOR)
Maharlika Highway, Bitas, Cabanatuan City
69. Olongapo Electric Distribution Company, Inc. (OEDC)
East Bajac, Olongapo City
70. Subic EnerZone Corporation (SEZ)
Labitan St., Olongapo, Zambales
71. San Fernando Light and Power Company, Inc. (SFELAPCO)
San Fernando, Pampanga
72. Angeles Electric Corporation (AEC)
Angeles, Pampanga
73. Clark Electric Distribution Corporation (CEDC)
Clark Freeport, Mabalacat, Pampanga
74. La Union Electric Company, Inc. (LUECO)
San Fernando, La Union
75. Albay Power And Energy Corporation (APEC)
Legazpi, Albay
76. Aklan Electric Cooperative, Inc. (AKELCO)
Lezo, Aklan
77. Antique Electric Cooperative, Inc. (ANTECO)
San Jose de Buenavista, Antique
78. Capiz Electric Cooperative, Inc. (CAPELCO)
Timpas, Panitan, Capiz
79. Iloilo I Electric Cooperative, Inc. (ILECO I)
Tigbauan, Iloilo
80. Iloilo II Electric Cooperative, Inc. (ILECO II)
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81. Iloilo III Electric Cooperative, Inc. (ILECO III)
Preciosa, Sara, Iloilo
82. Guimaras Electric Cooperative, Inc. (GUIMELCO)
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83. Northern Negros Electric Cooperative, Inc. (NONECO)
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106. Eastern Samar Electric Cooperative, Inc. (ESAMELCO)
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107. Panay Electric Company, Inc. (PECO)
Gen. Luna Street, Iloilo City
108. Bohol Light Company, Inc. (BLCI)
R. Enerio St., Tagbilaran City, Bohol
109. Mactan Electric Company (MECO)
Sangi, Lapu-lapu City, Cebu
110. Visayan Electric Company, Inc. (VECO)
J. Panis St., Banilad, Cebu City
111. Mactan EnerZone (MEZ)
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112. Balamban EnerZone (BEZ)
West Cebu Industrial Park, Balamban, Cebu
113. First Bukidnon Electric Cooperative, Inc. (FIBECO)
Anahawon, Maramag, Bukidnon
114. Bukidnon Second Electric Cooperative, Inc. (BUSECO)
Manolo Fortich, Bukidnon
115. Camiguin Electric Cooperative, Inc. (CAMELCO)
Pandan, Mambajao, Camiguin
116. Lanao Del Norte Electric Cooperative, Inc. (LANECO)
Poblacion Tubod, Lanao del Norte
117. Lanao del Sur Electric Cooperative, Inc. (LASURECO)
Marawi City, Lanao del Sur
118. Misamis Occidental I Electric Cooperative, Inc. (MOELCI I)
Magcamiguing, Calamba, Misamis Occidental
119. Misamis Occidental II Electric Cooperative, Inc. (MOELCI II)
Circumferential Road, Bitoon, Ozamiz City
120. Misamis Oriental I Rural Electric Service Cooperative, Inc. (MORESCO I)
Iligan Rd., Laguindingan, Misamis Oriental
121. Misamis Oriental II Electric Cooperative, Inc. (MORESCO II)
Medina, Misamis Oriental, Mindanao
122. Agusan del Norte Electric Cooperative, Inc. (ANECO)
Km. 2 J.C. Aquino Avenue, Butuan City
123. Agusan del Sur Electric Cooperative, Inc. (ASELCO)
San Isidro, San Francisco, Agusan del Sur
124. Dinagat Island Electric Cooperative, Inc. (DIELCO)
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125. Siargao Island Electric Cooperative, Inc. (SIARELCO)
Catabaan, Oapa, Surigao del Norte
126. Surigao del Norte Electric Cooperative, Inc. (SURNECO)
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127. Surigao del Sur I Electric Cooperative, Inc. (SURSECO I)
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Iloilo City

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE 16TH
APPLICATION FOR THE
TRUE-UP ADJUSTMENT OF
FUEL AND PURCHASED
POWER COSTS (TAFPPC)
AND TRUE-UP ADJUSTMENT
OF FOREIGN EXCHANGE-
RELATED COSTS (TAFxA)
COVERING JANUARY 2025
TO DECEMBER 2025 UNDER
THE RULES FOR THE
AUTOMATIC RECOVERY OF
MONTHLY FUEL,
PURCHASED POWER COSTS
AND FOREIGN EXCHANGE-
RELATED COSTS BY THE
NATIONAL POWER
CORPORATION, AS
AMENDED,**

Promulgated:
October 12, 2026

ERC CASE NO. 2026-136 RC

**POWER SECTOR ASSETS AND
LIABILITIES MANAGEMENT
CORPORATION (PSALM),
*Applicant.***

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ORDER

On 14 August 2026, Power Sector Assets and Liabilities Management Corporation (PSALM) filed the instant Application, dated 12 August 2026, seeking the Commission's approval of its 16th Application for True-Up Adjustments of Fuel, Purchased Power Costs (TAFPPC), and Foreign Exchange-Related Costs (TAFxA) under the Rules for the Automatic Recovery of Monthly Fuel, Purchased Power Costs and Foreign Exchange-related Costs by the National Power Corporation (NPC), as amended.

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

- 4) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing*, including Annex "A" thereof, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the 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, Applicant 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 PSALM to inform the consumers within the affected area of the filing of the *Application*, its 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;

Applicant PSALM is hereby directed to file a copy of their 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. Applicant is 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.

Applicant PSALM and interested 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, PSALM, including their 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.

FOR AND BY AUTHORITY
OF THE COMMISSION:

Maria Corazon C. Gines

ATTY. MARIA CORAZON C. GINES¹
Director III, Legal Service

LS: ADE/RCD

¹ Authority granted per Office Order No. 71, Series of 2025 dated 20 August 2025, with the subject "Approving/Signing Authorities for Consumer Complaints Cases and Interlocutory Orders".

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE 16TH
APPLICATION FOR THE
TRUE-UP ADJUSTMENT OF
FUEL AND PURCHASED
POWER COSTS (TAFPPC)
AND TRUE-UP ADJUSTMENT
OF FOREIGN EXCHANGE-
RELATED COSTS (TAFxA)
COVERING JANUARY 2025
TO DECEMBER 2025 UNDER
THE RULES FOR THE
AUTOMATIC RECOVERY OF
MONTHLY FUEL,
PURCHASED POWER COSTS
AND FOREIGN EXCHANGE-
RELATED COSTS BY THE
NATIONAL POWER
CORPORATION, AS
AMENDED,**

Promulgated:

October 12, 2026

ERC CASE NO. 2026-136 RC

**POWER SECTOR ASSETS AND
LIABILITIES MANAGEMENT
CORPORATION (PSALM),**

Applicant.

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 14 August 2026, Power Sector Assets and Liabilities Management (PSALM) Corporation filed the instant Application, dated 12 August 2026, seeking the Commission's approval of its 16th Application for True-Up Adjustments of Fuel, Purchased Power Costs (TAFPPC), and Foreign Exchange-Related Costs (TAFxA) under the Rules for the Automatic Recovery of Monthly Fuel, Purchased Power Costs and Foreign Exchange-related Costs by the National Power Corporation (NPC), as amended.

ERC CASE NO. 2026-136 RC
NOTICE OF VIRTUAL HEARING
PAGE 3 OF 4

- 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, 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 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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Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pacific Center Building, San Miguel Avenue
Ortigas Center, Pasig City

IN THE MATTER OF THE 16th
APPLICATION FOR THE TRUE-UP
ADJUSTMENT OF FUEL AND
PURCHASED POWER COSTS
(TAFPPC) AND TRUE-UP
ADJUSTMENT OF FOREIGN
EXCHANGE-RELATED COSTS
(TAFxA) COVERING JANUARY
2025 TO DECEMBER 2025 UNDER
THE RULES FOR THE
AUTOMATIC RECOVERY OF
MONTHLY FUEL, PURCHASED
POWER COSTS AND FOREIGN
EXCHANGE-RELATED COSTS BY
THE NATIONAL POWER
CORPORATION, AS AMENDED,

ERC CASE NO. 2026-136 RC

POWER SECTOR ASSETS
AND LIABILITIES MANAGEMENT
CORPORATION (PSALM),
Applicant

September 29, 2026

x-----x

APPLICATION

Applicant POWER SECTOR ASSETS AND LIABILITIES
MANAGEMENT (PSALM) CORPORATION, through the
undersigned counsel and unto this Honorable Commission, most
respectfully states that:

1. Applicant PSALM is a government-owned and controlled
corporation created by virtue of Republic Act No. 9136 or the "Electric
Power Industry Reform Act of 2001" (EPIRA), with principal office
address at 10th Floor, Vertis North Corporate Center 1, Astra corner Lux
Drives, North Avenue, Quezon City.

PARTICULARS	LUZON	VISAYAS	MINDANAO
	In Peso per Kilowatt Hour (PHP/kWh)		
Fuel Costs Base (FCB) ³	1.6811	1.2789	0.8961
Purchased Power Costs Base (PPCB) ⁴	2.2791	1.8834	1.0446
Other Components ⁵	0.4046	0.5632	0.8770
TOTAL	4.3648	3.7255	2.8177

Table 1: Basic Generation Charge per Component

6. Considering that the BGC is pegged at CY 2007 costs, the ERC approved the implementation of the Fuel and Purchased Power Cost Adjustments (FPPCA) under the ACRM Rules to enable NPC/PSALM to reflect the current year's actual/allowable fuel and purchased power costs (FPPC) in accordance with the prevailing market prices and capture the change in generation mix brought about by the privatization of PSALM's generating assets and the existing contracts with the Independent Power Producers (IPPs).

7. Further, the ERC set the base foreign exchange (FX) rate covering the principal portion of the debt at PHP 44.0494/USD⁶. Since the FX rate varies at the time of debt payment, the ERC allowed an adjustment under the ACRM to cover FX rate fluctuations (FxA).

8. Similar to the BGC, cost adjustments, namely the FPPCA and the FxA, are collected from the regular TSC/CSEE customers via i) Monthly Automatic Costs Adjustment (ACA), and ii) ACRM True-Up Adjustments, pursuant to the ACRM Rules.

9. PSALM implemented the ACRM Rules starting March 2010 billing period and calculated the monthly FPPCA and FxA, or the monthly ACA, using economic indices to reflect the movements in fuel, purchased power, and foreign exchange-related costs. However, the monthly ACA was set to zero (0) beginning June 2016 billing period in the Luzon, Visayas, and Mindanao Grids in accordance with ERC Order dated 28 June 2016.

10. Article V of the ACRM Rules requires the submission of an application for the TAFPPC and TAFxA (collectively referred to as ACRM True-Up Adjustments) at least every twelve (12) months. This is to allow the ERC to verify the recovery of the FPPCA and FxA by comparing the actual allowable costs incurred for the period with the

³ Page 8, ERC Order dated 14 December 2009 under ERC Case No. 2008-019 RM in relation to ERC Resolution No. 19, as amended

⁴ Page 11, ERC Order dated 14 December 2009 under ERC Case No. 2008-019 RM in relation to ERC Resolution No. 19, as amended

⁵ Other components are NPC's O&M costs, depreciation and return on rate base

⁶ Page 12, ERC Order dated 14 December 2009 under ERC Case No. 2008-019 RM

PARTICULARS (Date Filed)	TEST PERIOD	LUZON VISAYAS MINDA NAO			STATUS/REMA RKS
		In Million Pesos			
15 th ACRM True-Up (13 October 2025)	Jan. 2024 – Dec. 2024	5,192.55	0	(3,551.63)	Formal Offer of Evidence filed on 22 December 2025

Table 2: 1st – 16th ACRM True-Up Adjustments

12. For the 16th ACRM True-Up Adjustment, PSALM filed before the ERC a Manifestation dated 19 February 2026 that it is constrained to file the 16th TAFPPCA and TAFxA application covering the January 2025 to December 2025 test period on or before the 30th of September 2026.

13. Moreover, PSALM has also fully complied and timely submitted the monthly reportorial requirements under Article V, Section 1 of the ACRM Rules. Attached as Annex "A" and Series are the evidence of receipt by the ERC of PSALM's monthly compliances. The same monthly reportorial requirements and their respective voluminous attachments were scanned and saved in a compact disc, hereto attached as Annex "A-Compact Disc."

DISCUSSION

I. Coverage

14. The ACRM True-Up Adjustment is applicable only to those PSALM's customers with regular TSC/CSEE. This refers to customers being billed with the approved BGC rate including the ERC-approved adjustments. Those customers with special or preferential rates are excluded from this adjustment.

15. In the Luzon Grid, twenty (20) customers were serviced by PSALM in 2025. The Caliraya-Botocan-Kalayaan Power Company Limited's (CBK-PCL) station use was billed with the Luzon BGC rate and ERC-approved adjustments, in accordance with the provisions in the Independent Power Producer (IPP) contract. However, Bohol Enterprises Incorporated (BEI) is a Visayas customer who drew energy from the Luzon Grid but is billed using Wholesale Electricity Spot Market (WESM) rates. Hence, it is excluded from the ACRM True-Up Adjustment. For this reason, only nineteen (19) customers are eligible for the recovery/refund of the 16th ACRM True-Up Adjustment.

16. The Visayas Grid is no longer covered by the ACRM True-Up Adjustment since the Power Purchase Agreement between PSALM

A. First Component of the TAFPPCA: FPPCA_{afppc}

22. FPPCA_{afppc} refers to the Actual Allowable Fuel and Purchased Power Costs covering the test period January 2025 to December 2025.

23. There was no Allowable Fuel Cost (AFC) in the calculation of FPPCA in the Luzon and Mindanao Grids.

24. Allowable Purchased Power Costs (APPC) of the following IPPs, based on ERC's approval of the IPP contracts, that supplied energy to TSC/CSEE customers during the test period were considered in the calculation:

LUZON		MINDANAO	
Caliraya - Botocan - Kalayaan	ERC Case No. 2007-159 RC	Mindanao Coal	ERC Case No. 2001-811

Table 4: IPPs supplying TSC/CSEE Customers

25. In accordance with the ERC directive, the APPC corresponds to whichever is lower between the actual Purchased Power Costs (PPC) paid to the IPPs vis-a-vis calculated PPC based on the ERC approval of the IPP contracts.

26. Out of the total APPC, only the portion used to supply the Regular TSC/CSEE customers was considered in the TAFPPC. This was derived by multiplying the APPC of each plant of the grids by their corresponding TSC/CSEE Energy Sales Ratio.

27. The FPPCA_{afppc} is the sum of AFC and APPC, as summarized below:

PARTICULARS	LUZON	MINDANAO
	In PHP	
AFC	0.00	0.00
APPC	1,243,059,738.77	4,191,335,104.92
FPPCA _{afppc}	1,243,059,738.77	4,191,335,104.92

Table 5: Actual Allowable Fuel and Purchased Power Costs

28. The schedule of Allowable Fuel and Purchased Power Costs per Grid - TSC/CSEE Share is hereto attached as Annex "C".

PARTICULARS	LUZON	MINDANAO
	In PHP	
FPPCA _{afppc}	1,243,059,738.77	4,191,335,104.92
Less: FPPCA _{billed}	1,796,074,380.84	9,145,982,836.90
Less: FPPCA _{peso}	-	-
TAFPPCA	(553,014,642.06)	(4,954,647,731.98)

Table 8: True-Up Adjustment of Fuel and Purchased Power Costs

34. Attached hereto as Annex "D" to Annex "D-2" is the monthly computation of the above TAFPPC for Luzon Grid.

III. True-Up Adjustment of Foreign Exchange-Related Cost (TAFxA)

35. In accordance with Article V, Section 5 of the ACRM Rules, PSALM calculated the TAFxA based on the following formula:

$$\text{TAFxA} = \text{FxA}_{\text{afxc}} - \text{FxA}_{\text{peso}}$$

where:

TAFxA = True-Up Adjustment of Foreign Exchange- Related Costs, in PHP
 FxA_{afxc} = Actual Foreign Exchange-Related Costs for the Test Period, in PHP
 FxA_{peso} = Recovered/billed Foreign Exchange-Related Costs from Customers under the monthly ACA, in PHP

A. First Component of TAFxA: FxA_{afxc}

36. FxA_{afxc} is calculated as the difference between 1) principal debt payments made during the test period converted into Peso using the actual exchange rate at the time of payment, and 2) principal payments during the same period converted to Peso using the ERC-approved base foreign exchange rate of PHP 44.0494/USD.

37. The FxA_{afxc} is adjusted to reflect costs incurred only for regular TSC/CSEE customers. This is derived by multiplying the FxA_{afxc} allocated for each plant with their corresponding TSC/CSEE Energy Sales Ratio. The summary of FxA_{afxc} for the regular TSC/CSEE customer is shown in the table below:

PARTICULARS	LUZON	MINDANAO
	In PHP	
FxA _{afxc}	0.00	0.00

Table 9: Actual Foreign Exchange-Related Costs

38. The FxA_{afxc} for both the Luzon and Mindanao grids during the test period was zero, mainly due to the settlement of loan

44. Below are the equivalent rates, in PHP/kWh, of the above ACRM True-Up Adjustments covering a one (1) year recovery/(refund) period, which were derived by dividing the ACRM True-Up Adjustment amount by the 2025 Regular TSC/CSEE Energy Sales:

PARTICULARS	LUZON	MINDANAO
	In Peso per Kilowatt-hour (PHP/kWh)	
TAFPPC	(1.2194)	(1.0513)
TAFxA	-	-
TOTAL	(1.2194)	(1.0513)

Table 12: Total True-Up Adjustment, in PHP/kWh

45. Details of the above TAFPPC and TAFxA covering each eligible and ineligible plant and IPP are shown in hereto attached as Annex "G".

VI. Recovery/Refund from/to PSALM TSC/CSEE Customers

46. To implement the recovery/refund scheme under the ACRM, PSALM proposes that for TSC/CSEE customers in CY 2025, who have transferred thereafter to other power suppliers, can directly recover/refund the TAFPPC and TAFxA True-Up Adjustments by issuing a corresponding debit/credit memo. For TSC/CSEE customers who are still sourcing their power requirements from PSALM at the time of issuance or implementation of ERC Decision/Order on the TAFPPC and TAFxA, the same shall be reflected in their power bill.

47. Attached hereto as Annex "H" is the Schedule of the 16th TAFPPC and TAFxA allocated per customer based on Annex "H-1" Schedule of Energy Sales per Customer for the year 2025.

COMPLIANCE WITH THE HONORABLE COMMISSION'S PRE-FILING REQUIREMENTS

48. In compliance with Section 2, Rule 6 (Pre-Filing Requirements) of the Honorable Commission's Resolution No. 01, Series of 2021 (the "ERC Revised Rules of Practice and Procedure"), a copy of the instant Application (including its Annexes) will be furnished to the offices of the City Mayor and the Sangguniang Panlungsod of Quezon City and be published (excluding its Annexes) in a newspaper of general circulation.

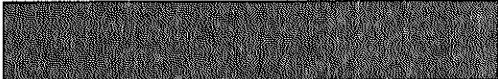
**POWER SECTOR ASSETS AND LIABILITIES
MANAGEMENT CORPORATION**

10th Floor Vertis North Corporate Center 1
Astra corner Lux Drive
North Avenue, 1105 Quezon City
Telefax No. (+632) 902-9000
Email address: mardelacruz@psalm.gov.ph

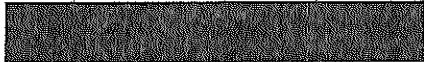
by:


MARIA ILYN C. GERONIMO-ALBITO

Vice-President of the Legal Group
Roll of Attorneys No. 58287
IBP O.R. No. 572410 / 12.26.2025 / RSM Chapter
MCLE Compliance No. VIII -0032789 / 05.08.2025
Email: migalbito@psalm.gov.ph


GRACIELA MONA LUMANG-GUTIERREZ

Corporate Legal Counsel
Roll of Attorneys No. 42822
IBP No. 568649 / 12.20.2025 / Nueva Ecija
MCLE Compliance No. VIII-0004893 / 11.20.2023
Email: gnlgutierrez@psalm.gov.ph


CRISTINA P. CASTILLO-LIM

Corporate Attorney
Roll of Attorneys No. 61075
IBP O.R. No. 579759 / 12.31.2025 / Batangas
MCLE Compliance No. VIII-0039048 / 06.25.2025
Email: cclim@psalm.gov.ph