REPUBLIC OF THE PHILIPPINES
ENERGY REGULATORY COMMISSION
EXQUADRA TOWER, ORTIGAS CENTER
PASIG CITY

ANNEX "A"

IN THE MATTER OF THE APPLICATION FOR CONFIRMATION OF REAL PROPERTY TAXES (RPT) AND APPROVAL OF THE PROPOSED RECOVERY PLAN PURSUANT TO ERC RESOLUTION NO. 09, SERIES OF 2026, WITH MOTION FOR PROVISIONAL AUTHORITY,

ERC CASE NO. 2026-068 CF

August 28, 2026

MACTAN ELECTRIC COMPANY, INC. (MECO),

Applicant.

x---x

APPLICATION

Applicant **MACTAN ELECTRIC COMPANY, INC. ("MECO")**, by counsel, respectfully states:

1. MECO is a private distribution utility with legislative franchise[1] and certificate of public convenience[2] to construct, install, establish, operate and maintain a distribution system for the conveyance of electric power to the end users in the City of Lapu-Lapu and Municipality of Cordova. For this application, MECO is represented by its Senior Vice President and General Manager, Gilbert A. Pagobo, and its Regulatory Compliance Officer and Chief Finance Officer, Mr. Julito O. Gultiano, Jr.[3]

2. Applicant may be served notices and other official documents at its principal office located at MECO Building, Sangi Road, Pajo, Lapu-Lapu and through its counsel, Rubio-Aguinaldo & Attorneys Law Firm, with office address at 802 Prime Land Tower, Market Street,

[1] Pursuant to Republic Act No. 10890 dated July 17, 2016.
[2] Pursuant to the Decision dated April 23, 2018 in ERC Case No. 2016-045 MC.
[3] Per Board Resolution or Secretary's Certificate.

Ayala Alabang, 1780 Muntinlupa City. Official documents may also be transmitted electronically at applicant's registered e-mail addresses.[4]

3. Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 ("EPIRA"), specifically Section 25 thereof, in relation to Section 43(f), allows distribution utilities ("DUs") full recovery of prudent and reasonable economic costs incurred to enable them to operate viably.

4. ERC Resolution No. 9, Series of 2026, which amended ERC Resolution No. 2, Series of 2021, adopted the Revised Rules on the Recovery of Pass-Through Taxes (Real Property, Local Franchise and Business Taxes) of Distribution Utilities which became effective on April 17, 2026.

5. Article 1, Section 1.3 of the said rules provide that "tax arrearages, excluding interests, penalties and other charges, imposed on and paid by DUs for years prior to the effectivity of these [r]ules shall be allowed recovery, subject to the confirmation process under Article IV." As such, DUs were directed to file their respective applications for the proposed recovery of said pass-through taxes within sixty (60) days from the effectivity of said rules, or **until June 16, 2026**. The rules also provide that failure to file within the required period shall be deemed as a waiver to file for recovery of such arrearages.

6. On June 11, 2026, MECO filed a letter, by electronic mail, requesting for an extension of forty-five days therefrom, or until July 25, 2026, to file its proposed recovery for tax arrearages (see **Annex A**).

7. On May 29, 2026, the Office of the Provincial Treasurer of the Province of Cebu issued a *Real Property Tax Computation as of June 2026* for the machineries found in the eight (8) barangays located in the Municipality of Cordova covering the years 1992 to 2026 (see **Annex B**).

8. On June 9, 2026, MECO paid the assessment in full as shown by Official Receipts no. 2515296, 2515297, 2515298, 2515299, and 2515300 (see **Annexes C to C-4**). The breakdown of payment, exclusive of penalties, is shown below:

---

[4] Certificate of E-mail Registration No. 2021-0151-1

MUNICIPALITY OF CORDOVA
1992-2026

	Years/TD No.	RPT (PhP)*	Total	OR No.
San Miguel	TD 19144	164,752.00	538,832.00	2515296
	TD17649	374,080.00		
Catarman	TD 07112	123,872.00	576,072.00	2515297
	TD 17429	452,200.00		
Gabi	TD 14050	400,288.00	716,464.00	2515298
Day-as	TD 09885	136,416.00		
Cogon	TD 07918	179,760.00		
Buagsong	TD 05853	153,552.00	340,256.00	2515299
	TD 04725	91,168.00		
	TD03350	95,536.00		
Poblacion	TD 01836	723,856.00	782,208.00	2515300
Dapitan	TD 08766	58,352.00		
TOTAL		**2,953,832.00**	**2,953,832.00**	

****Tax amnesty applied (see Annex G for the breakdown)***

9. Considering that the tax assessment (Annex B) issued by the Office of the Provincial Treasurer for the Municipality of Cordova includes the year 2026, and this is the first tax assessment paid by MECO, not to mention the fact that it is already halfway through 2026 and that the amount , this Application shall include the taxes paid for the year 2026.

CITY OF LAPU-LAPU
1994-2023

10. The RPT assessed and levied by the City of Lapu-lapu for the years 1994 until 2023, prior to the effectivity of the *Revised Rules*, is already incorporated in **ERC Case No. 2026-061 RC**, entitled, *"In the Matter of the Application for Approval of the a) Annual Revenue Requirement (ARR) and Performance Incentive Scheme for the First Regulatory Period (from January 1, 2027 to December 31, 2030) and (2) the Maximum Average Price (MAP) for the First Regulatory Year (RY 2027) and Translation of the MAP for RY 2027 into a Distribution Rate Structure for Various Customer Classes in accordance with the Provisions of the Rationalized Rules for Setting Distribution Wheeling Rates (RRDWR), under ERC Resolution No. 24, Series of 2025,"* filed by MECO on May 4, 2026 and pending with this Honorable Commission. The recovery of RPT was included in the said application since no existing rule for its recovery was in place at the time of the payment until the approval and adoption ERC Resolution No. 9, Series of 2026

or the *Revised Rules on the Recovery of Pass-Through Taxes (Real Property, Local Franchise and Business Taxes)* which provides –

1.2.1 Privately-owned DUs (PDUs)

For PDUs under the Performance Based Regulation, these rules shall apply to RPT relating to Machineries only, and only until the next regulatory reset when the RPT has been excluded from the Annual Revenue Requirement (ARR). Upon the finalization of the Regulatory Reset Process for the next Regulatory Period, PDUs shall exclude the RPT in the financial Building Blocks of the ARR for each Regulatory Year in such Subsequent Regulatory Period, and the Rules provided herein shall apply to all RPT charges, including RPT on properties covered by usufruct agreements.

11. On the other hand, Lapu-lapu City has yet to issue a formal tax assessment for RPT on machineries for the year 2024 to 2026. As such, MECO reserves the right to supplement or amend this application, or otherwise file a separate application for the recovery of RPT on machineries levied by the City of Lapu-lapu for the years 2024 to 2026, subject to the issuance of a formal assessment and payment of the RPT lawfully due.

12. Therefore, for the RPT in the Municipality of Cordova, MECO respectfully submits its proposed recovery plan as follows:

Bill Component	Amount for Recovery (PhP)	Recovery Period (months)	Forecasted Sales (kWh)	Rate per kWh (Php/kWh)
RPT Arrears	2,953,832.00	12	57,777,000	0.0511

13. Pursuant to Section 1.3 in relation to Article IV of ERC Resolution No. 9, Series of 2026, the rate impact is computed as follows:

$$RPT_{OUR} = \frac{2,953,832.00}{57,777,000.40}$$

$$= \mathbf{0.0511^{*}}$$

**See Annex F for the computation*

14. In support of this Application, MECO respectfully submits the following documents:

Annex	Description
A	Request for extension (as received by the Commission)
B	Real Property Tax Computation as of June 2026
C	Official Receipt no. 2515296
C-1	Official Receipt no. 2515297
C-2	Official Receipt no. 2515298
C-3	Official Receipt no. 2515299
C-4	Official Receipt no. 2515300
D	Tax Declaration (TD) No. 19-0013-19144
D-1	TD No. 19-0012-17649
D-2	TD No. 19-0005-07112-S
D-3	TD No. 19-0011-17429-S
D-4	TD No. 19-0009-14050-S
D-5	TD No. 19-0008-09885-S
D-6	TD No. 19-0006-07918
D-7	TD No. 19-0004-05853
D-8	TD No. 19-0003-04725-S
D-9	TD No. 19-0002-03350
D-10	TD No. 19-0001-01836
D-11	TD No. 19-0007-08766-S
E	Certified true copy of the Local Tax Ordinance and/or any applicable Provincial Tax Ordinance/Resolution
F	Detailed forecast of kWh sales for the particular proposed recovery period
G	Detailed breakdown and computation of RPT for each year from 1992 to present
H	Translation of recovery amounts into rates per kwh

MOTION FOR PROVISIONAL AUTHORITY

15. In order to maintain a sound financial condition and to avoid operational and financial setbacks on the part of MECO, MECO respectfully moves for provisional authority to implement its proposed recovery scheme pending the resolution of this Application.

16. It will be noted that the total amount sought to be recovered by MECO, insofar as the Municipality of Cordova is concerned, is minimal or at the very least, conservative.

RESERVATION

17. MECO hereby reserves its right to recover any and all pass-through taxes, including local franchise taxes, levied or to be levied by the concerned local government unit within MECO's franchise area. MECO also reserves its right to supplement and/or amend this Application, or otherwise file a separate one, as may be warranted, in order to include the RPT on machineries to be assessed and levied by Lapu-lapu City for the years 2024 to 2026.

RELIEF

WHEREFORE, MECO prays that the Honorable Commission: (1) CONFIRM the RPT; (2) APPROVE this Application; (3) ISSUE provisional authority to implement the proposed recovery plan and recover the pass-through charges from MECO's customers; and (4) GRANT other just and equitable relief.

Muntinlupa City for Pasig City, July 21, 2026.

RUBIO AGUINALDO & ATTORNEYS

8F/802 PRIME LAND TOWER, MARKET STREET
MADRIGAL BUSINESS PARK, AYALA ALABANG
MUNTINLUPA CITY 1780, M.M.
https://raattorneyslaw.com
legal@raattorneyslaw.com
+63 917 556 0229
+02 5310-5734

By:

[redacted]

MISHELLE ANNE R. RUBIO-AGUINALDO
PTR No. MCF 5082491; 01.07.26; Muntinlupa City
IBP Lifetime Roll No. 014910; PPLM
Roll of Attorneys No. 65873
MCLE Compliance No. VIII-0026569; 14 April 2028
mra@raattorneyslaw.com

Copy furnished by electronic mail –

1. Office of the Governor
   Province of Cebu
   provincialcapitol2019@gmail.com

2. Office of the Sangguniang Panlalawigan
   Province of Cebu
   ossp.recordssection@gmail.com

3. Office of the Mayor
   City of Lapu-Lapu, Cebu
   lapu2citygov@gmail.com

4. Office of the Sangguniang Panlungsod
   City of Lapu-Lapu, Cebu
   spsecllc@gmail.com

5. Office of the Mayor
   Municipality of Cordova, Cebu
   executivesecretary.cordova@gmail.com

6. Office of the Sangguniang Bayan
   Municipality of Cordova, Cebu
   sb2007cordova@yahoo.com

REPUBLIC OF THE PHILIPPINES)
CITY OF LAPU-LAPU) S.S.

VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING

I, **GILBERT A. PAGOBO**, Filipino, of legal age, married and with office address at MECO Building, Sangi Road, Pajo, Lapu-lapu City, Cebu, hereby depose and say, that:

1. I am the Senior Vice President and General Manager of Mactan Electric Company, Inc.("MECO"). In such capacity and by virtue of the authority granted unto me, I have caused the preparation of the application, entitled, *"In the Matter of the Application for Confirmation of Real Property Taxes (RPT) and Approval of the Proposed Recovery Plan pursuant to ERC Resolution no. 09, Series of 2026, with Motion for Provisional Authority, Mactan Electric Company, Inc. (MECO), Applicant"* (RPT Application). A copy of the Secretary's Certificate showing proof of such authority is attached to MECO's RPT Application;

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

3. The RPT Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation. The Application is filed in compliance with Energy Regulatory Commission (ERC) Resolution No. 9, Series of 2026 and other relevant issuances of the commission.

4. The factual allegations in the RPT Application have evidentiary support or will likewise have evidentiary support after a reasonable opportunity for discovery.

5. I affirm the truthfulness of the allegations in the RPT Application as well as the genuineness and authenticity of the supporting documents.

6. I certify that I have not commenced any other action involving the same issues in any other tribunal or quasi-judicial agency and to the best of my knowledge, no such action or proceeding is pending in any other tribunal or quasi-judicial agency, except for the recovery of RPT arrearages assessed and levied by the City of Lapu-lapu for the years 1994 until 2023 which are included in **ERC Case No. 2026-061 RC**, entitled, *"In the Matter of the Application for Approval of the a) Annual Revenue Requirement (ARR) and Performance Incentive Scheme for the First Regulatory Period (from January 1, 2027 to December 31, 2030) and (2) the Maximum Average Price (MAP) for the First Regulatory Year (RY 2027) and Translation of the MAP for RY 2027 into a Distribution Rate Structure for Various Customer Classes in accordance with the Provisions of the Rationalized Rules for Setting Distribution Wheeling Rates (RRDWR), under ERC Resolution No. 24, Series of 2025,"* (PBR Application) filed by MECO on May 4, 2026 and pending with the Energy Regulatory Commission. The recovery of RPT was included in the said application since no existing rule for its recovery was in place at the time of the payment until the approval and adoption ERC Resolution No. 9, Series of 2026. At any rate, the RPT included in MECO's PBR Application is excluded from the RPT Application.

7. Should I hereafter learn that a similar action or proceeding has been filed or is pending before this Honorable Commission or any tribunal or quasi-judicial agency, I undertake to promptly inform the ERC and other tribunal or agency thereof within five (5) calendar days therefrom.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 03 AUG 2026 at Lapu-lapu City, Philippines.

[redacted]

GILBERT A. PAGOBO
Affiant

SUBSCRIBED AND SWORN TO before me this July 21, 2026 at Lapu-lapu City, by the affiant who is personally known to me and identified by competent evidence of identity: **Philippine National ID No. 2061-3697-3910-5937** bearing his name and photograph.

[redacted]

ATTY. CARLO S. TAÑEDA
Notarial Commission No. 842-L
Notary Public for the City of Lapu-Lapu
Until December 31, 2027
Room 204, Mondejar Building
Pusok, Lapu-Lapu City, Philippines
IBP Roll of Attorneys No. 82518
IBP No. 560282; 01/01/2026 Cebu City Chapter
PTR No. 1447136 A; 01/01/2026 Lapu-Lapu City
MCLE Compliance No. VIII-0000837; until April 14, 2028

Doc. No. 224
Page No. 58
Book No. XIV
Series of 2026.

MACTAN ELECTRIC COMPANY, INC.

LAPU-LAPU CITY

Tel. Nos.: (032) 340-8134, 340-8568, 340-2916 to 18, Fax No.: (032) 340-1208
Email Add: meco_genlist@mecomactan.com

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

SECRETARY'S CERTIFICATE

I, **ALFREDO ALEX S. CRUZ III**, a Filipino, of legal age, with address at Unit 204 AIC Gold Tower Condominium, F. Ortigas Jr. Road, Ortigas Center, Pasig City, the duly elected Secretary of **MACTAN ELECTRIC COMPANY, INC.** (the Corporation), a corporation duly organized and existing under the laws of the Philippines with business address at Sangi Road, Lapu-Lapu City, under oath, hereby certify that at the special meeting of the Board of Directors on July 28, 2026, the following resolutions were adopted:

> "**RESOLVED**, that in compliance with the Energy Regulatory Commission (ERC or the Commission) Resolution No. 9, Series of 2026 or the "Revised Rules on the Recovery of Pass-Through Taxes (Real Property, Local Franchise and Business Taxes)", the Board of Directors of MECO hereby authorizes the Corporation to file an application for the recovery of pass-through taxes, including real property taxes, local franchise taxes, and business taxes;
>
> "**RESOLVED FURTHER**, that **Mr. Gilbert A. Pagobo**, Senior Vice President and General Manager and **Julito O. Gultiano, Jr.**, Chief Finance Officer and Regulatory Compliance Officer, in their individual capacities, are hereby authorized to represent the Corporation in the application and are empowered to perform the following actions on behalf of the Corporation: to represent the Corporation in the said application and its entire proceedings including appeals, and avail of any and all legal remedies necessary to protect the rights and interests of the Corporation, as the case may be, with full power and authority to: (1) sign, execute, and deliver the application, verification and certification of non-forum shopping, and other related documents and papers necessary to ensure compliance with the rules and regulations of the Commission; (2) negotiate, sign, and enter into compromises and settlements, appear before the pre-trial, appoint or designate competent witnesses; (3) delegate functions and/or appoint a substitute in their absence or incapacity; and (4) perform any and all acts necessary in order to achieve the purpose for which this authority is constituted;
>
> "**RESOLVED FURTHERMORE**, that the Corporation authorizes **Atty. Mishelle Anne R. Rubio-Aguinaldo** of Rubio-Aguinaldo & Attorneys Law Firm to act as its counsel and to represent the Corporation in any and all stages of the proceedings, including appeals and other legal remedies."

JUL 31 2026

IN WITNESS WHEREOF, I have hereunto set my hand and signed this ____ day of ________________ at QUEZON CITY.

[redacted]

ALFREDO ALEX S. CRUZ III
Corporate Secretary

SUBSCRIBED AND SWORN to before me this JUL 31 2026 at QUEZON CITY, affiant exhibiting to me his Philippine Driver's License with Driver's License No. X01-78-001305, bearing his photograph and signature.

[redacted]

Doc. No. 213;
Page No. 63;
Book No. XLVI;
Series of 2026

ATTY. JAY T. BORROMEO
Notary Public
For and in Quezon City
Valid Until December 31, 2026
IBP No. 472694/ 10-22-2024 for 2026, Quezon City
PTR No. 8390680 / 01-05-2026, Quezon City
Roll No. 49649 / TIN No. 156-545-237
Admin Matter No. NP-006 (2025-2026)
MCLE Compliance No. VIII-0014484
Issued On 10/14/2024, Until 04/14/2028
Add: No. 315 Commonwealth Avenue
Brgy. Culiat Quezon City