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

IN THE MATTER OF THE APPLICATION FOR CONFIRMATION AND APPROVAL OF CALCULATIONS OF OVER OR UNDER RECOVERIES IN THE IMPLEMENTATION OF AUTOMATIC COST ADJUSTMENTS AND TRUE-UP MECHANISMS FOR THE PERIOD 2022 TO 2024, PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009 AS AMENDED BY RESOLUTION NO. 21, SERIES OF 2010, ERC RESOLUTION NO. 23, SERIES OF 2010, ERC RESOLUTION NO. 02, SERIES OF 2021, AND ERC RESOLUTION NO. 14, SERIES OF 2022

ERC CASE NO. 2025-011 CF

April 25, 2025

SOUTH COTABATO II ELECTRIC COOPERATIVE, INC. (SOCOTECO II),
Applicant.
x - x

APPLICATION

APPLICANT, SOUTH COTABATO II ELECTRIC COOPERATIVE, INC. (SOCOTECO II), through counsel, unto this Honorable Commission, most respectfully alleges, that:

THE APPLICANT

1. SOCOTECO II is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Jose Catolico Sr. Street, Lagao, General Santos City;

2. SOCOTECO II is a holder of a franchise from the National Electrification Commission to operate an electric light and power distribution service in the City of General Santos and two (2) municipalities of the Province of South Cotabato, namely: Polomok and Tupi, and the seven (7) municipalities of the province of Sarangani, namely: Alabel, Malugon, Malapatan, Glan, Maasim, Kiamba, and Maitum.

LEGAL BASES FOR THE APPLICATION

3. ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 establishes the procedure for the automatic recovery or refund of pass-through costs and the confirmation process that would govern the automatic cost adjustment and true-up mechanisms approved by the Honorable Commission, with the objective of ensuring appropriate recovery of the pass-through costs in an efficient manner and to put in place a fair and transparent process for the confirmation of the automatic cost adjustments implemented by distribution utilities and the true-up of other pass-through charges, involving Generation Rate, Transmission Rate, System Loss Rate, and Lifeline Rate Recovery, as the case may be;

4. On the other hand, ERC Resolution 23, Series of 2010 adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption;

5. Further, ERC Resolution No. 02, Series of 2021, provides for the recovery of all just and reasonable costs pertaining to current taxes (real property, local franchise, and business tax) that are levied by local government units within the distribution utilities' franchise area, subject to the post-validation and confirmation process mechanism of the Commission;

6. Finally, ERC Resolution No. 14, Series of 2022, directs the distribution utilities (DUs) to adopt the Revised Rules governing the automatic cost adjustment and true-up mechanisms and

corresponding confirmation process for DUs with its revised Uniform Reportorial Requirement (URR) spreadsheet template;

7. Foregoing resolutions further require the distribution utilities to file their respective consolidated applications once every three (3) years;

8. Hence, the filing of the instant application, covering the period of January 2022 to December 2024.

OVER OR UNDER-RECOVERIES OF ALLOWABLE COSTS

9. Applying the formulae provided under Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010, Resolution No. 23, Series of 2010, Resolution No. 02, Series of 2021, and ERC Resolution No. 14, Series of 2022, respectively, SOCOTECO II made calculations of the over-recoveries charged or under-recoveries incurred as against its member-consumer-owners, in the implementation of certain automatic cost adjustments and true-up mechanisms, covering the period of January 2022 to December 2024;

10. The results of its calculations are presented hereunder, as follows:

Mechanism	Recoverable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation	19,848,591,166.48	20,022,559,234.55	(173,968,068.07)
Transmission	1,976,916,101.00	1,956,273,511.31	20,642,589.69
Systems Loss	3,101,659,442.26	3,177,007,915.97	(75,348,473.71)
Lifeline Subsidy/ Discount	31,310,951.91	32,945,848.84	(1,634,896.93)
Senior Citizen Subsidy/ Discount	13,361,021.03	6,462,705.70	6,898,315.33
Local Franchise Tax Recovery	17,071,067.46	29,994,575.90	(12,923,508.44)
Business Tax Recovery	10,027,101.76	8,782,025.06	1,245,076.70
Real Property Tax Recovery	16,968,146.56	14,623,358.69	2,344,787.87
Net Results			

	(232,744,177.56)

REASONS FOR THE OVER OR UNDER-RECOVERIES

11. Over/under recoveries occurred due to discrepancies between the actual pass-through costs incurred and the amounts collected from consumers. Pass-through costs include generation charges, transmission charges and other subsidies and mandatory payments, such as lifeline, senior citizen subsidies, franchise tax, business tax and real property taxes;

12. Additionally, due to the one-month lag in the implemented rates caused by the timing difference, SOCOTECO II's actual implemented rates computation were based on the previous month's cost (one month lag), while the over or under recovery computations were based on the current month's cost;

13. The basis for the monthly rate computation is the past 12 months' running average system loss, while in the triennial over/under recovery filling the basis is the annualized system loss. Segregation of subtransmission losses, substation losses, and feeder losses, including its respective caps was also considered;

14. Likewise, embedded generators contributed to SOCOTECO II's subtransmission and substation system loss;

15. For the taxes, the total payment was based on local ordinance and used on the computation of monthly rate based on projected sales, while total collections were based on the actual sales and actual amounts billed.

SUPPORTING DATA AND DOCUMENTS

16. In support of foregoing calculations, SOCOTECO II is submitting the following data and documents covering the period of January 2022 to December 2024, attached hereto and made integral parts hereof, as follows:

FOLDER NO.	ANNEX MARKINGS	DESCRIPTION OF DOCUMENTS
	Annex A	Supplier/ Generation and Transmission Data Sheet Per Year

Folder 1	Annex B	System Loss and Statistical Data Sheet Per Year
	Annex C	Lifeline Discount/Data Sheet Per Year
	Annex D	Senior Citizen Discount/Data Sheet Per
	Annex E	Actual Implemented Rates Sheet Per Year
	Annex F	Additional Statistical Data Sheet Per Year
	Annex G	Summary of Over/Under-Recoveries Computation
	Annex H	Proposed Refund/Collect Scheme
Folder 2	**SUPPLIER AND TRANSMISSION DATA**	
	Annex I	Power Bills from Suppliers
	Annex J	Sale for Resale
	Annex K	NGCP Bills
	Annex L	Net Metering Report
Folder 3	**STATISTICAL DATA**	
	Annex M	Manifestation of No Pilferage Cost Recoveries
	Annex N	Report on the Implemented Orders/Decisions
	Annex O	MFSR – Sections B and E
	Annex P	Demand (kW) Sales Summary Report
Folder 4	**ACTUAL IMPLEMENTED RATES DATA**	
	Annex Q	Consumer Bills per Customer Class (Non-Lifeliner)
	Annex R	Consumer Bills per Lifeline Bracket (Lifeliner)
	Annex S	Consumer Bills per Lifeline Level (Lifeliner)
	Annex T	Senior Citizen Consumer Bills

Folder 5	OTHER DOCUMENTS	
	Annex U	Submitted Monthly URR per Reso. 17, Series of 2009
	Annex V	Submitted Monthly URR Addendum
	Annex W	Single Line Diagram
	Annex X	Power Supply Contracts with Generation Companies
	Annex Y	Prompt Payment Discounts
Folder 6	**LOCAL FRANCHISE, BUSINESS, AND REAL PROPERTY TAXES**	
	Annex Z and Series	**a) Local Franchise Tax** Local Tax Ordinance, Tax Receipts for payments made, Actual Distribution Revenues, Breakdown of Gross Sales/Receipts; Appendix B
	Annex AA and Series	**b) Business Tax** Local Tax Ordinance; Tax Receipts for payments made; Actual Distribution Revenues; Breakdown of Gross Sales/Receipts; Appendix A;
	Annex BB	c) Consumer Bills per LGU
	Annex CC And Series	**Real Property Tax** a) Local Tax Ordinance; Tax Declarations; Tax Assessments; Statements of Account; Official Receipts; Appendix A
	Annex DD	b) Consumer Bills per LGU
	Annex EE	Computations on how the implemented pass-through taxes were derived

10. Further, in compliance with the pre-filing requirements under the Revised ERC Rules of Practice and Procedure, applicant is submitting the following documents to form integral parts hereof, as follows, to wit:

ANNEX MARKINGS	DESCRIPTION OF THE DOCUMENTS
Annexes FF	

and series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Panlungsod of General Santos City
Annexes GG and series	Proof of publication of the undocketed Application in a newspaper of general circulation covering the franchise area of SOCOTECO II or where it principally operates

11. Considering the foregoing, it is respectfully prayed that SOCOTECO II's calculations of over or under-recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms be confirmed and approved, and the cooperative be allowed to refund the over-recoveries or collect the under-recoveries, as the case may be, to or from its member-consumer-owners.

PRAYER

WHEREFORE, premises considered, Applicant, South Cotabato II Electric Cooperative, Inc. (SOCOTECO II), respectfully prays of this Honorable Commission, after due notice and hearing, to confirm and approve its calculations of over or under-recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms covering the period of January 2022 to December 2024, and allow the cooperative to refund the over-recoveries or collect the under-recoveries, as the case maybe, to or from its member-consumer-owners, based on the following refund/collect scheme, to wit:

Particulars	(Over)/Under Recovery (PhP)	Proposed Term of Refund/Collect	Billing Determinant	Rate per Month
Generation Charge	(173,968,068.07)	60 months	5,908,878,780	**(0.0294)**
Transmission Charge				
Residential	6,710,592.66	60 months	2,454,651,960	**0.0027**
Low Voltage	5,985,528.31	60 months	1,190,339,100	**0.0050**
Higher Voltage	7,946,468.71	60 months	5,973,368	**1.3303**

System Loss Charge	(75,348,473.71)	60 months	5,908,878,780	**(0.0128)**
Lifeline Subsidy/Discount Charge	(1,634,896.93)	60 months	5,908,742,520	**(0.0003)**
Senior Citizen Subsidy/Discount Charge	6,898,315.33	60 months	5,899,711,980	**0.0012**
Franchise Tax	(12,923,508.44)	60 months	5,908,878,780	**(0.0022)**
Business Tax	1,245,076.70	60 months	5,908,878,780	**0.0002**
Real Property Taxes	2,344,787.87	60 months	5,908,878,780	**0.0004**
Net Results	(232,744,177.56)			**(0.0401)**

Other kinds of relief, just and equitable in the premises, are likewise prayed for.

Pasig City, Metro Manila, 31 March 2025.

DECHAVEZ LERIOS-AMBOY AND EVANGELISTA LAW OFFICES[1]
Counsel for the Applicant
SOUTH COTABATO I ELECTRIC COOPERATIVE, INC. (SOCOTECO II)
Unit 2008, Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City 1605
E-mail: powerlawfirm@gmail.com

By:

[1]Pursuant to Office of the Court Administrator Circular No. 56-2015, hereunder are the MCLE Compliance Numbers of the undersigned Firm's name partners, to wit:

Partners	MCLE Compliance	Date of Issuance
Joseph Ferdinand M. Dechavez	MCLE Exemption Certificate No. VIII- Acad004390	February 26, 2025
Ditas A. Lerios-Amboy	Certification No. VII-0022795	August 01, 2022
Nelson V. Evangelista	Certification No. VII-0022649	July 20, 2022

JUSTINE CAMILLE E. REYES
Roll of Attorneys: 87146
PTR No. 6989476, January 2, 2025, Quezon City
IBP No. 489806, 31 December 2024
Quezon City Chapter
MCLE Compliance No.: Admitted to the Bar on May 2023[2]

[2] Explanation (Re: MCLE Compliance) - Admitted to the Philippine Bar in May 2022. Pursuant to Board Order No. 1, s. 2008 of the MCLE Governing Board, otherwise known as "Guidelines for MCLE Compliance of New Lawyers in view of Bar Matter No. 1922, S. 2008", she is exempted from complying with the last MCLE compliance period.

VERIFICATION AND CERTIFICATION OF NON FORUM-SHOPPING

I, **ANICETO G. BACULNA, JR.**, of legal age, Filipino and with office address at the South Cotabato II Electric Cooperative, Inc. (SOCOTECO II) at Jose Catolico Sr. Street Lagao, General Santos City, after being sworn to according to law, depose and state that:

1. I am the Board President and authorized representative of the Southern Cotabato Electric Cooperative, Inc. (SOCOTECO II) in the instant application, as evidenced by the Board Resolution attached hereto;

2. I have caused the preparation of the instant Application and read the contents thereof, and I attest that the allegations therein are true and correct based on my personal knowledge as well as based on authentic documents; I also attest that the Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;

3. I attest further that the factual allegations in the Application have evidentiary support or, if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;

4. I attest furthermore that SOCOTECO II has not commenced or filed any claim involving the same issues herein with any other Court, Tribunal or Quasi-Judicial Agency or, I am not aware of any such other case or claim pending before any other court, tribunal or quasi-judicial agency; and

5. Should I hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, the cooperative shall report said fact within five (5) days from discovery thereof to this Honorable Commission.

ANICETO G. BACULNA, JR.
Declarant

AL SANTOS CIT

SUBSCRIBED AND SWORN TO, befo this day of MAR 3 1 2025 by Declarant who exhibited to me a identity, to wit: DRIVER'S LICENSE ID with No.

TC
NOTARY PUBLIC
UNTIL DECEMBER 31, 2026
IBP LIF Notary Public IBP, PASIG CITY
PTR NO. 1539881 - 01/02/2025
, NO. 33711
P.N.(50 - 01/16/2025
MCLE CO NCE NO. VII-0028799
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GE , SANTOS CITY

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Page No. 71;
Book No. DVII;
Series of 2025.