

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Ecuador 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, AND ERC  
RESOLUTION NO. 23 SERIES OF 2010

ERC CASE NO. 2026-045 CF

SOUTH COTABATO I ELECTRIC  
COOPERATIVE, INC. (SOCOTECO I),  
*Applicant.*

May 14, 2026

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**APPLICATION**

Applicant, SOUTH COTABATO I ELECTRIC COOPERATIVE, INC. (SOCOTECO I), through counsel, unto this Honorable Commission, respectfully states that:

1. SOCOTECO I is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Barangay Morales, Koronadal City, South Cotabato.

1.1. SOCOTECO I holds an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in Koronadal City and

Municipalities of Tampakan, Tandingan, Banga, Surallah, T'Boli, Lake Sebu, Sto. Niño, and Norala in the Province of South Cotabato, as well as the Municipality of Lutayan in the Province of Sultan Kudarat.

1.2. It may be served with the orders, notices, and processes of the Honorable Commission through counsel at the address indicated below.

2. On 13 July 2009, the Honorable Commission promulgated *Resolution No. 16, Series of 2009*, entitled “A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities” (the “True-Up Guidelines”). The said issuance established the formulas for the calculations of over/under recoveries on the Generation, Transmission, System Loss, Lifeline Subsidy, and Franchise and Business Taxes Rates, arising from variances between the allowable cost and revenues billed.

3. Thereafter, *Resolution No. 21, Series of 2010* dated 18 October 2010,<sup>1</sup> amended the formula for the calculation of over/under recovery for System Loss and updated the timelines set forth under Article 5 of the True-Up Guidelines.

4. Subsequently, *Resolution No. 23, Series of 2010* dated 15 December 2010,<sup>2</sup> was promulgated providing the formula for the computation of senior citizen discount rates and corresponding subsidy rates to be charged to subsidizing end-users, as well as prescribing the guidelines for the over/under recoveries thereof.

5. Then, *Resolution No. 02, Series of 2021* dated 17 December 2020,<sup>3</sup> was issued introducing the rules on the recovery of pass-through taxes such as real property, local franchise, and business taxes of distribution utilities. Notably, it provides, among others, that “real

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<sup>1</sup> “A Resolution Amending Section 4 of Article 4 and Section 1 of Article 5 of the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities.”

<sup>2</sup> “A Resolution Adopting the Rules Implementing the Discounts to Qualified Senior Citizen End-users and Subsidy from the Subsidizing End-users on Electricity Consumption under Sections 2 and 5 of Republic Act No. 9994.”

<sup>3</sup> “Rules on the Recovery of Pass-Through Taxes (Real Property, Local Franchise, and Business Taxes) of Distribution Utilities.”

*property, local franchise and business taxes paid by the DUs for a particular calendar year may be passed on to consumer only within the year it was paid."*

6. In compliance with *Resolution No. 02, Series of 2021*, IEC submitted to the Honorable Commission all the required supporting documents for each year.

7. Based on the formulas on the various automatic cost adjustment and true-up mechanisms, SOCOTECO I incurred over/under recoveries from January 2022 to December 2024, as follows:

<b>Particulars</b>	<b>Allowable Cost (PhP)</b>	<b>Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate	7,225,119,777.12	7,171,336,243.11	53,783,534.01
Transmission Rate	737,387,267.18	737,251,359.47	135,907.71
System Loss Rate	1,118,768,313.39	1,092,691,413.77	26,076,899.62
Lifeline Subsidy	96,261,671.90	99,690,205.59	(3,428,533.69)
Senior Citizen Subsidy	294,608.82	287,033.36	7,575.46
Local Franchise Tax	7,099,604.30	6,962,174.24	137,430.06
Business Tax	0.00	0.00	0.00
Real Property Tax	21,061,581.73	21,111,210.26	(49,628.53)
<b>Net Results</b>			<b>76,663,184.64</b>

8. SOCOTECO I incurred a net under recovery amounting to Seventy-Six Million Six Hundred Sixty-Three Thousand One Hundred Eighty-Four Pesos and Sixty-Four Centavos (PhP76,663,184.64). The resulting under recovery arose due to the one-month lag in rate implementation, where consumer bills are based on the previous month's costs, while recovery is measured against revenues collected in the current billing month.

9. The calculated net under recovery shall be recovered throughout a twelve (12) month period, in accordance with the recovery scheme provided below:

Particulars	(Over)/Under Recovery	Number of Months	Projected kWh Sales	Amount
Generation	53,783,534.01	12	392,122,494	0.137160
Transmission	135,907.71	12	392,122,494	0.000347
System Loss	26,076,899.62	12	392,122,494	0.066502
Lifeline	(3,428,533.69)	12	392,122,494	(0.008744)
Sr. Citizen	7,575.46	12	392,122,494	0.000019
Local Franchise Tax	137,430.06	12	392,122,494	0.000350
Real Property Tax	(49,628.53)	12	392,122,494	(0.000127)
<b>Total</b>	<b>76,663,184.64</b>			<b>0.1955</b>

10. In support of the *Application*, the following documents are attached hereto as annexes:

ANNEXES	DOCUMENTS
"A"	(Over)/Under Recovery Computation
"B"	Supplier and Transmission Data
"C"	Supplier Power Bills and Proof of Payments
"D"	NGCP Power Bills and Proof of Payments
"E"	Summary of Pilferage Cost Recoveries
"F"	Report on Implemented Orders
"G"	MFSR Section B
"H"	MFSR Section E
"I"	Demand (kW) Sales
"J"	Sample Bills- Per Customer Class (Non-Lifeline) ( <i>confidential</i> )
"K"	Sample Bills- Lifeline ( <i>confidential</i> )
"L"	Sample Bills- Senior Citizen ( <i>confidential</i> )
"M"	Submitted URR
"N"	Submitted Addendum
"O"	Single Line Diagram
"P"	Power Supply Contracts
"Q"	Generation Rate Computation
"R"	System Loss Rate Computation
"S"	Transmission Rate computation
"T"	Lifeline Rate Computation
"U"	Senior Citizen Rate Computation

<b>"V", series</b>	Proof of submission of the supporting documents (in compliance with Resolution No. 02, Series of 2021)
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11. Further, in compliance with the pre-filing requirements under the *Revised Rules of Practice and Procedure*, SOCOTECO I submits the following documents:

<b>ANNEXES</b>	<b>NATURE OF DOCUMENTS</b>
<b>"W"</b>	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Panlungsod of Koronadal City, and Offices of the Governors and Sangguniang Panlalawigan of South Cotabato and Sultan Kudarat
<b>"X"</b>	Proof of publication of the Application in a newspaper of the general circulation in the franchise areas of SOCOTECO I
<b>"Y"</b>	Electronic files of the Application and supporting data and documents

12. Under Rule 4 of the Honorable Commission's *Revised Rules of Practice and Procedure*, a party to a proceeding may move for the confidential treatment of submitted documents.

13. Annexes "J" to "L" contain sensitive and personal data of SOCOTECO I's customers that should be treated as confidential. Therefore, it is requested that this information be treated as confidential in perpetuity and order its non-disclosure to anyone other than the necessary officers and staff of this Honorable Commission.<sup>4</sup>

### PRAYER

**WHEREFORE**, premises considered, SOCOTECO I prays unto the Honorable Commission to:

1. **CONFIRM** and **APPROVE** the over/under recoveries for the January 2022 to December 2024 billing periods;
2. **APPROVE** the proposed recovery scheme provided; and

<sup>4</sup> In line with the Honorable Commission's rules, SOCOTECO I hereby submits a password-protected copy of the documents covered by a prayer for confidential treatment *via* electronic mail.

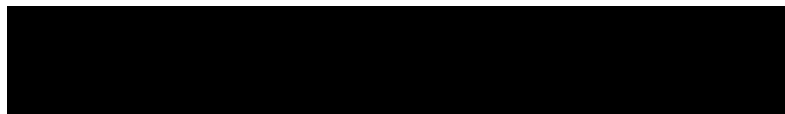
3. **TREAT** Annexes "J" to "L" and the information contained therein as confidential and **DIRECT** their non-disclosure to persons other than the necessary officers and staff of this Honorable Commission in accordance with *Rule 4 of the Rules of Practice and Procedure*.

Other reliefs, just and equitable are likewise prayed for.

Pasig City, Metro Manila, 12 March 2026.

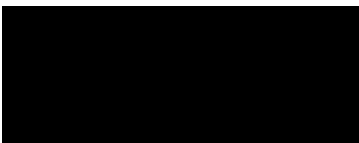
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MCLE Compliance No. VIII -0026824/ 10 April 2025

## VERIFICATION AND CERTIFICATION

I, Engr. Raffee Edsel B. Epistola, of legal age and with office address at Barangay Morales, City of Koronadal, South Cotabato, after having been sworn in accordance with law, hereby deposes and states, that:


1. I am the General Manager of South Cotabato I Electric Cooperative, Inc. (SOCOTECO I) and I caused the preparation of the foregoing Application for submission to the Honorable Commission;
2. The allegations therein are true, correct and based on my personal knowledge and on authentic records of SOCOTECO I;
3. To the best of my knowledge, SOCOTECO I has not commenced any action or proceeding involving the same issues in the Supreme Court, or any of the regular courts, tribunal or agency and that no such action or proceeding is pending before them involving issues that may be related to this Application; and
4. If I should learn that a similar action or proceeding has been filed or pending before the said Court, tribunal or agency, I shall undertake to promptly inform the Honorable Commission.

  
Engr. Raffee Edsel B. Epistola  
General Manager

SUBSCRIBED AND SWORN to before me this APR 13 2026 day of \_\_\_\_\_, 2026 at CITY OF KORONADAL, Affiant exhibited to me his Driver's License issued at Koronadal City on \_\_\_\_\_.  
*No. LOS-04-000986*

Notary Public/

Doc. No. 467;  
Page No. 94;  
Book No. 11;  
Series of 2026.

  
ANTY RAUL ANTON B. MALIFER  
Notary Public  
KORONADAL CITY / TAMPAKAN  
Unit 2A, 2/F, JTCT Bldg., General Santos Dr., Kor. City  
PTR OR No. 3432210 / Jan. 5, 2026 / Koronadal City  
IBP OR No. INV 583336 / Jan. 2, 2026 / SocGen Chapter  
Roll No. 70724  
MCLE Compliance No. VIII-0025973, April 14, 2028  
Notarial Commission No. 609, Granted on Feb. 5, 2025  
Valid Until December 31, 2026 / TIN: 723 709 147