

Republic of the Philippines
ENERGY REGULATORY COMMISSION
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. 2025-010 CF

**SULTAN KUDARAT
ELECTRIC COOPERATIVE,
INC. (SUKELCO),**
Applicant.

Promulgated:
May 19, 2025

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NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 25 April 2025, the Sultan Kudarat Electric Cooperative, Inc. (SUKELCO) filed an *Application* dated 28 March 2025, seeking the Commission's confirmation and approval of its 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 the Commission's 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 Resolution No. 14, Series of 2022.

The pertinent allegations in the *Application* are hereunder quoted, as follows:

xxx

THE APPLICANT

1. SUKELCO 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 National Highway, Brgy. Kalandagan, Tacurong City, Sultan Kudarat;
2. SUKELCO is a holder of a franchise from the National Electrification Commission to operate an electric light and power distribution service in the City of Tacurong and municipalities of Isulan, Esperanza, Bagumbayan, Pres. Quirino, Lambayong, Columbio, Palimbang, Sen. Ninoy Aquino, Lebak and Kalamansig, in the Province of Sultan Kudarat, as well as the municipalities of Buluan, Datu Paglas, Mangudadatu, Salipada K. Pendatun, Paglat, and Pandag, in the Province of Maguindanao del Sur.

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

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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, SUKELCO 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:

Particulars	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)			
MAIN	4,267,042,971.20	4,230,679,384.13	36,363,587.07
SPUG ¹ - LEBAK	490,682,742.99	495,122,965.96	(4,440,222.98)
SPUG ² - SNA	100,323,074.94	101,224,448.96	(901,374.02)
SPUG ³ - PALIMBANG	43,749,762.17	44,166,016.97	(416,254.80)
SALE FOR RESALE-SOCOTECO II	96,229,747.40	85,196,764.62	11,032,982.78
Transmission Rate (TR)	531,710,513.79	531,830,678.61	(120,164.82)
System Loss Rate (SLR)			
MAIN	477,126,482.00	468,455,276.85	8,671,205.15
SPUG ¹ - LEBAK	48,560,484.82	48,651,639.89	(91,155.07)
SPUG ² - SNA	5,410,234.93	5,509,195.50	(98,960.57)
SPUG ³ - PALIMBANG	3,133,222.55	3,199,424.31	(66,201.76)
SALE FOR RESALE-SOCOTECO II	10,444,212.64	9,323,195.56	1,121,017.08

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Lifeline Subsidy	76,960,171.09	65,982,300.76	10,977,870.33
Sr. Citizen Subsidy	1,112,446.86	1,043,629.57	68,817.29
Franchise Tax	6,569,392.47	3,488,194.09	3,081,198.38
Real Property Tax	19,450,266.10	5,400,717.11	14,049,548.99
NET RESULTS			79,231,893.05

REASONS FOR THE OVER OR UNDER-RECOVERIES

11. Timing Difference - In computing the Generation, Transmission, System Loss, Lifeline and Senior Citizen Subsidy Rates, there is a one (1) month lag wherein the data of the previous month were used in the computation of the current month's rate.
12. Change in sales - any increase/decrease in kWh and kW sales in a given billing period greatly affects the recovery of the pass-through cost. i.e. previous month sales vs. actual sales for the current month.
13. In computing the Lifeline and Senior Citizen subsidy rate, the Main Office, three (3) SPUG Areas and Sale for Resale were combined, giving a uniform rate for the five areas.
14. The under-recovery of the Generation Rate in 2022 was due to the increase of power costs resulting from the price increase of coal and/or fuel starting May 2022.
15. Pursuant to Article 5 of ERC Resolution No.14, Series of 2022¹, the one-time net refund for the May 2024 billing was implemented by the cooperative. As a result, a significant decrease of PhP2.8207/kWh (Residential) in the overall power rate for the May 2024 billing period was implemented, lowering the effective rate to PhP6.8518 from PhP9.6725 in April 2024. The adjustment was made to reflect the one-time refund/collect (varies per charge) of the cumulative net over-recoveries from 2023.
16. For SPUG Areas, the change in the National Power Corporation's (NPC) average rate in 2022 and 2023 and the impact of the availed Prompt Payment Discount (PPD) from NPC for the years 2022 to 2024 were considered.

SUPPORTING DATA AND DOCUMENTS

17. In support of foregoing calculations, SUKELCO 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:

¹ A Resolution Adopting the Revised Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities

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FOLDER NO.	ANNEX MARKINGS	DESCRIPTION OF DOCUMENTS
Folder 1	Annex A	Supplier/ Generation and Transmission Data Sheet Per Year
	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
Folder 3	STATISTICAL DATA	
	Annex J	Summary of Pilferage Cost Recoveries
	Annex K	Report on the Implemented Orders/Decisions
	Annex L	MFSR – Sections B and E
	Annex M	Demand (kW) Sales Summary Report
Folder 4	ACTUAL IMPLEMENTED RATES DATA	
	Annex N	Consumer Bills per Customer Class (Non-Lifeline)
	Annex O	Consumer Bills per Lifeline Bracket (Lifeline)
	Annex P	Senior Citizen Consumer Bills
Folder 5	OTHER DOCUMENTS	
	Annex Q	Submitted Monthly URR per Reso. 17, Series of 2009
	Annex R	Submitted Monthly URR Addendum
	Annex S	Single Line Diagram
	Annex T	Power Supply Contracts with Generation Companies

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Folder 6	LOCAL FRANCHISE AND REAL PROPERTY TAXES	
	Annex U 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 V	b) Consumer Bills per LGU
	Annex W And Series	Real Property Tax a) Local Tax Ordinance; Tax Declarations; Tax Assessments; Statements of Account; Official Receipts; Appendix A
	Annex X	b) Consumer Bills per LGU
	Annex Y	Computations on how the implemented pass-through taxes were derived

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

ANNEX MARKINGS	DESCRIPTION OF THE DOCUMENTS
Annex Z and series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Panlungsod of Tacurong City and Governor and Sangguniang Panlalawigan of Sultan Kudarat
Annex AA and series	Proof of publication of the undocketed Application in a newspaper of general circulation covering the franchise area of SUKELCO or where it principally operates

19. Considering the foregoing, it is respectfully prayed that SUKELCO'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.

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PRAYER

WHEREFORE, premises considered, Applicant, Sultan Kudarat Electric Cooperative, Inc. (SUKELCO), 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	Sales			No. of Cust.	No. of Mos.	2022-2024 (Over)/Under Recoveries			
	Note	kWh	kW			PhP	Php/kWh	Php/kW	Php/Cust/Mo
Generation Rate (GR)									
MAIN	1	19,891,381			36	36,363,587.07	0.0508		
SPUG ¹ - LEBAK	1	2,463,517			36	(4,440,222.98)	(0.0501)		
SPUG ² - SNA	1	504,670			36	(901,374.02)	(0.0496)		
SPUG ³ - PALIMBANG	1	255,931			36	(416,254.80)	(0.0452)		
SALE FOR RESALE-SOCOTECO II	1	329,176			36	11,032,982.78	0.9310		
Transmission Rate (TR)	1				36	(120,164.82)			
<i>Residential</i>		12,003,818			36	(72,515.66)	(0.0002)		
<i>Low Voltage</i>		3,737,687			36	(22,579.55)	(0.0002)		
<i>High Voltage</i>			17,589		36	(25,069.61)		(1.43)	
System Loss Rate (SLR)									
MAIN	1	19,891,381			36	8,671,205.15	0.0121		
SPUG ¹ - LEBAK	1	2,463,517			36	(91,155.07)	(0.0010)		
SPUG ² - SNA	1	504,670			36	(98,960.57)	(0.0054)		
SPUG ³ - PALIMBANG	1	255,931			36	(66,201.76)	(0.0072)		
SALE FOR RESALE-SOCOTECO II	1	329,176			36	1,121,017.08	0.0946		
Lifeline Subsidy	2	23,428,150			36	10,977,870.33	0.0130		
Sr. Citizen Subsidy	3	23,357,337			36	68,817.29	0.0001		
Franchise Tax	4				36	3,081,198.38			
Tacurong City		7,461,262			36	940,493.10	0.0035		
Sultan Kudarat Province		14,055,779			36	1,878,987.13	0.0037		
Maguindanao del Sur Province		1,651,623			36	261,718.15	0.0044		
Real Property Tax	1	23,444,675			36	14,049,548.99	0.0166		
NET RESULTS						79,231,893.05			

Note:

- 1 Recent 12-month average kWh sales.
- 2 Recent 12-month average Non-Lifeline kWh sales.
- 3 Recent 12-month average Subsidizing kWh sales.
- 4 2024 average kWh sales

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

The Commission has set the instant *Application* for hearing for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference, and presentation of evidence on **09 July 2025 (Wednesday), at nine o'clock in the morning (9:00 A.M.)**, using **Microsoft Teams Application** as the online platform, pursuant to Resolution No. 09, Series of 2020² and Resolution No. 01, Series of 2021³ (ERC Revised Rules of Practice and Procedure).

Accordingly, SUKELCO is hereby directed to mirror the virtual hearing that will be hosted by the Commission at **SUKELCO's principal office located at National Highway, Brgy. Kalandagan, Tacurong City, Sultan Kudarat**, as the designated venue for the conduct thereof, and ensure that the same is open to the public. Moreover, SUKELCO 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 virtual hearing, via electronic mail (e-mail) at doCKET@erc.ph, and 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, and copy furnishing the Legal Service through legal@erc.ph, a verified Petition to Intervene **at least five (5) calendar days** prior to the date of the scheduled virtual hearing. The verified Petition to Intervene must follow the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicate 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

² A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

³ 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, 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 such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

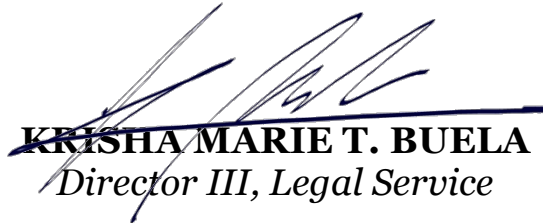
All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission.

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled virtual hearing by providing the Commission, thru legal.virtualhearings@erc.ph, their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

WITNESS, the Honorable Chairperson and CEO **MONALISA C. DIMALANTA**, and Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 19th day of May 2025 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


KRISHA MARIE T. BUELA
Director III, Legal Service


LS: KSA/JRBC/ARG