

REPUBLIC OF THE PHILIPPINES
ENERGY REGULATORY COMMISSION
Exquadra Tower, San Antonio, Pasig City

IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
OVER/UNDER RECOVERIES
BASED ON THE FORMULA ON
VARIOUS AUTOMATIC COST
ADJUSTMENTS AND TRUE-UP
MECHANISMS AND
CORRESPONDING
CONFIRMATION PROCESS
PURSUANT TO ERC
RESOLUTION NO. 16, SERIES OF
2009, AS AMENDED BY ERC
RESOLUTION NO. 21, SERIES OF
2010 AND ERC RESOLUTION NO.
23, SERIES OF 2010

ERC Case No. _____ CF

IBAAN ELECTRIC
CORPORATION, (IEC),

Applicant.

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APPLICATION

Applicant, IBAAN ELECTRIC CORPORATION (IEC), through counsel, unto this Honorable Commission respectfully states that:

1. Applicant IEC is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Metro-Rei Business Park, Brgy. Palindan, Ibaan, Batangas.

1.1. IEC is the grantee of legislative franchise under Republic Act No. 10892 that allowed the construction, operation, and

maintenance of an electric power distribution system for the conveyance of electric power to end-users in the Municipality of Ibaan, Batangas.

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 2010,¹ 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 2010,² 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 2020,³ 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 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.*"

¹ "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."

² "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."

³ "Rules on the Recovery of Pass-Through Taxes (Real Property, Local Franchise, and Business Taxes) of Distribution Utilities."

6. In compliance with *Resolution No. 02, Series of 2021*, IEC submitted to the Honorable Commission all the required supporting documents for each year, particularly on 02 May 2023, 31 January 2024, and 20 January 2025 *via* electronic mail.

7. Based on the formulas on the various automatic cost adjustment and true-up mechanisms, IEC incurred over/under recoveries from year 2023 to 2025, as follows:

	2023	2024	2025	Total
GENERATION				
Allowable Cost	223,900,403.45	243,971,273.27	226,313,492.97	694,185,169.69
Actual Revenue	221,175,727.10	244,577,440.27	227,674,941.89	693,428,109.26
(Over) / Under Recovery	2,724,676.35	(606,167.00)	(1,361,448.92)	757,060.43
TRANSMISSION				
Allowable Cost	27,725,381.24	37,185,419.25	49,615,983.77	114,526,784.26
Actual Revenue	28,903,817.82	40,093,910.73	47,621,538.55	116,619,267.10
(Over) / Under Recovery	(1,178,436.58)	(2,908,491.48)	1,994,445.22	(2,092,482.84)
SYSTEM LOSS				
Allowable Cost	23,298,307.01	27,073,411.78	26,541,490.00	76,913,208.79
Actual Revenue	23,155,181.29	26,515,393.67	26,617,091.48	76,287,666.44
(Over) / Under Recovery	143,125.72	558,018.11	(75,601.48)	625,542.35
LIFELINE DISCOUNTS				
Total Discounts Given	3,965,151.98	99,895.31	103,199.05	4,168,246.34
Total Subsidy Collected	3,874,244.88	496,889.07	205,803.86	4,165,330.09
(Over) / Under Recovery	90,907.10	(396,993.76)	309,002.91	2,916.25
SENIOR CITIZEN DISCOUNTS				
Total Discounts Given	51,761.08	20,205.49	23,585.18	95,551.75
Total Subsidy Collected	60,311.52	16,686.23	20,239.71	97,237.46
(Over) / Under Recovery	(8,550.44)	3,519.26	3,345.47	(1,685.71)
LOCAL FRANCHISE TAX				
Total Amount to be Collected	520,460.41	1,051,879.65	1,152,231.93	2,724,571.99
Total Actual Collected	454,173.66	863,429.23	1,047,856.71	2,365,459.60
(Over) / Under Recovery	66,286.75	188,450.42	104,375.22	359,112.39
REAL PROPERTY TAX				
Total Amount to be Collected	168,914.20	168,914.20	168,914.20	506,742.60
Total Actual Collected	155,719.78	139,407.84	154,746.78	449,874.40
(Over) / Under Recovery	13,194.42	29,506.36	14,167.42	56,868.20
TOTAL (OVER)/UNDER RECOVERIES	1,851,203.32	(3,132,158.09)	988,285.84	(292,668.93)

Nota Bene: The foregoing are based on the *Uniform Reportorial Requirement for the Year 2023 up to 2025* which is attached hereto as ANNEX "B."

8. IEC incurred a net over-recovery amounting to Two Hundred Ninety-Two Thousand Six Hundred Sixty-Eight Pesos and Ninety-Three Centavos (PhP292,668.93). The resulting over 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 over recovery shall be refunded over a 12-month period, in accordance with the refund scheme provided below:

RATE COMPONENTS	OVER / (UNDER RECOVERIES)	Php/kWh
Generation	757,060.43	0.0132
Transmission	(2,092,482.84)	(0.0366)
System Loss	625,542.35	0.0109
Lifeline	2,916.25	0.0001
Senior Citizen	(1,685.71)	(0.0000)
Local Franchise Tax	359,112.39	0.0063
Real Property Tax	56,868.20	0.0010
TOTAL RECOVERIES	(292,668.93)	(0.0051)

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

ANNEX	DOCUMENTS
"A"	Secretary's Certificate (<i>authorizing the filing of the over/under recovery application and the signing of verification and certification</i>)
"A-1"	Secretary's Certificate (<i>appointment of counsel</i>)
"B," series	Uniform Reportorial Requirement for the Year 2023 up to 2025
"C"	Summary of Over/Under Recoveries
"D"	Proposed Scheme of Refund Using the Projected kWh Sales

"E," series	Power Bills from Therma Luzon, Inc. and Proof of Payments for the Year 2023 up to 2025
"F," series	Power Bills from NGCP, Proof of Payments and Other Documents for the Year 2023 up to 2025
"G," series	Net Metering Summary Report and Net Metering Consumer Bills for the Year 2023 up to 2025
"H"	Manifestation on Pilferage Cost Recoveries for the Year 2023 up to 2025
"I," series	Implemented Order/Decisions for the Year 2023 and Monthly Reports
"J," series	Monthly Financial Summary Report (MFSR) for the Year 2023 up to 2025
"K," series	Demand (kW) Sales Summary Report for the year 2023 up to 2025
"L," series	Non-Lifeline Consumer Bills for the Year 2023 up to 2025 (<i>confidential</i>)
"M," series	Lifeline Consumer Bills for the Year 2023 up to 2025 (<i>confidential</i>)
"N," series	Senior Citizen Consumer Bills for the Year 2023 up to 2025 (<i>confidential</i>)
"O," series	Submitted Monthly URR for the Year 2023 up to 2025
"P"	Single Line Diagram
"Q"	Decision on ERC Case No. 2023-035RC – Power Supply Agreement between Ibaan Electric Corporation and Therma Luzon Inc.
"R," series	Electronic submission of supporting documents with attachments (<i>in compliance with Resolution No. 02, Series of 2021</i>)

11. 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.

12. Annexes "L" to "N" contain sensitive and personal data of IEC's customers that should be treated as confidential. Therefore, it is

requested that this information be treated as privileged and confidential in perpetuity and not disclosed to anyone other than the necessary officers and staff of this Honorable Commission.

13. Accordingly, IEC hereby submits one (1) copy of Annexes "L" to "N" in sealed envelope, with the envelope and each page thereof stamped with the word "*Confidential.*"⁴

PRAYER

WHEREFORE, premises considered, IEC prays unto the Honorable Commission to:

1. **CONFIRM** and **APPROVE** the over/under recoveries for the January 2023 to December 2025 billing periods;
2. **APPROVE** the proposed refund scheme provided; and
3. **TREAT** Annexes "L" to "N" 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 just and equitable reliefs are likewise prayed for.

Pasig City, Metro Manila, 31 March 2026.

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



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MCLE Compliance No. VIII- 0011670/ 08 August 2024



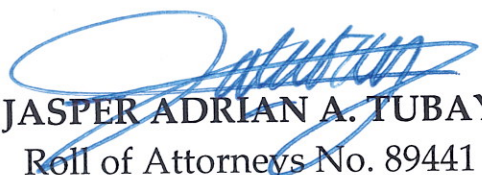
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MCLE Compliance No. VIII -0026824/ 10 April 2025