

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 2023 TO 2025,  
PURSUANT TO ERC  
RESOLUTION NO. 02, SERIES  
OF 2021, AND ERC  
RESOLUTION NO. 14, SERIES  
OF 2022

ERC CASE NO. 2026-030 CF  
April 24, 2026

BATANGAS II ELECTRIC  
COOPERATIVE, INC.  
(BATELEC II),  
Applicant.  
X ----- X

**APPLICATION**

**APPLICANT, BATANGAS II ELECTRIC COOPERATIVE, INC. (BATELEC II),** through counsel, unto this Honorable Commission, most respectfully alleges, that:

**THE APPLICANT**

1. **BATELEC 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 **Antipolo Del Norte, Lipa City, Batangas**.

2. **BATELEC II** is a holder of a franchise from the National Electrification Commission to operate an electric light and power distribution service in the cities of **Lipa** and **Tanauan**, and the municipalities of **Alitagtag, Balete, Cuenca, Laurel, Lobo, Mabini, Malvar, Mataas na Kahoy, Padre Garcia, Rosario, San Jose, San Juan, Talisay, Taysan, and Tingloy**.

### **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 No. 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 2023 to December 2025.

**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, **BATELEC II** made calculations of the over-recoveries charged or under-recoveries incurred as against its member-consumer-owners (MCOs), in the implementation of certain automatic cost adjustments and true-up mechanisms, covering the period of January 2023 to December 2025.

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

<b>Mechanism</b>	<b>Recoverable Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation - Mainland	19,699,466,512.23	19,728,807,869.25	(29,341,357.02)
Generation - Tingloy	64,926,345.71	64,917,026.14	9,319.57
Transmission	3,277,461,615.31	3,249,322,434.55	28,139,180.76
System Loss-Mainland	2,779,178,246.65	2,745,259,350.99	33,918,895.66
System Loss - Tingloy	9,169,697.39	9,303,704.74	(134,007.35)
Lifeline Subsidy/ Discount	56,378,410.56	56,661,535.38	(283,124.82)
Senior Citizen Subsidy/ Discount	1,235,768.33	1,197,855.97	37,912.36
Local Franchise Tax Recovery	9,342,974.90	0	9,342,974.90
Business Tax Recovery	5,504,261.42	0	5,504,261.42
Real Property Tax Recovery	6,475,177.84	0	6,475,177.84
<b>Net Results</b>			<b>53,669,233.32</b>

**REASONS FOR THE OVER OR UNDER-RECOVERIES**

11. Over/under recoveries in the Generation Rate (GR), Transmission Rate (TR), System Loss Rate (SLR), and Lifeline Rate (LR) are primarily attributable to variations in billed kWh sales, changes in consumption patterns, and timing differences in rate implementation. The rates are determined based on previous-month cost data, whereas recoveries are calculated using current-month figures, resulting in a one-month timing lag that contributes to variances. For SLR, energy sales variations and timing differences impact recovery, while for LR, variations in the number of qualified beneficiaries and their actual consumption affect the total discounts granted. Collectively, these factors, along with discrepancies between estimated and actual values, give rise to the observed over or under recoveries across all components.

**SUPPORTING DATA AND DOCUMENTS**

12. In support of foregoing calculations, BATELEC II is submitting the following data and documents covering the period of January 2023 to December 2025, attached hereto and made integral parts hereof, as follows:

FOLDER NO.	ANNEX MARKINGS	DESCRIPTION OF DOCUMENTS
Folder 1	Annex A	Supplier/ Generation and Transmission Data Sheet
	Annex B	System Loss and Statistical Data Sheet
	Annex C	Lifeline Discount/Data Sheet
	Annex D	Senior Citizen Discount/Data Sheet
	Annex E	Actual Implemented Rates Sheet
	Annex F	Actual Implemented Lifeline Sheet
	Annex G	Actual Implemented Senior Citizen Sheet
	Annex H	Summary of Over/Under-Recoveries Computation
	Annex I	Proposed Refund/Collect Scheme
Folder 2	<b>SUPPLIER AND TRANSMISSION DATA</b>	

	Annexes J and Series	Power Bills from Suppliers
Folder 3	<b>STATISTICAL DATA</b>	
	Annexes K and Series	Summary of Pilferage Cost Recoveries
	Annexes L and Series	Report on the Implemented Orders
	Annexes M and Series	MFSR – Sections B and E
	Annexes N and Series	Demand (kW) Sales Summary Report
Folder 4	<b>ACTUAL IMPLEMENTED RATES DATA</b>	
	Annexes O and Series	Consumer Bills per Customer Class (Non-Lifeline)
	Annexes P and Series	Lifeline Consumer Bills (per level)
	Annexes Q and Series	Senior Citizen Consumer Bills
Folder 5	<b>OTHER DOCUMENTS</b>	
	Annexes R and Series	Submitted Monthly URR
	Annex S	Single Line Diagram
	Annexes T and Series	Power Suppliers Contracts
	Annexes U and Series	Pass-Through Charges
	Annex V	Data Change Request Monitoring
Folder 6	<b>LOCAL FRANCHISE, BUSINESS, AND REAL PROPERTY TAXES - EXEMPTION</b>	

	Annexes W and Series	<b>a) Local Franchise Tax</b> Local Tax Ordinance, Tax Receipts for payments made, Actual Distribution Revenues, Breakdown of Gross Sales/Receipts; DILG Memorandum Circular No. 2025-041
	Annexes X and Series	<b>b) Business Tax</b> Local Tax Ordinance; Tax Receipts for payments made; Actual Distribution Revenues; Breakdown of Gross Sales/Receipts; DILG Memorandum Circular No. 2025-041
	Annexes Y And Series	<b>Real Property Tax</b> a) Local Tax Ordinance; Tax Declarations; Tax Assessments; Statements of Account; Official Receipts; DILG Memorandum Circular No. 2025-041

13. 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:

<b>ANNEX MARKINGS</b>	<b>DESCRIPTION OF THE DOCUMENTS</b>
Annexes Z and series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Panlungsod of Lipa City and Governor and Sangguniang Panlalawigan of Batangas.
Annexes AA and series	Proof of publication of the undocketed Application in a newspaper of general circulation covering the franchise area of BATELEC II or where it principally operates

14. Considering the foregoing, it is respectfully prayed that BATELEC 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 Batangas II Electric Cooperative, Inc. (BATELEC 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 2023 to December 2025, 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:

Mechanism	(Over)/Under-Recovery (PhP)	Proposed Term of Refund /Collect	Rate per Month
Generation Rate - Mainland	(29,341,357.02)	36 months	(0.0092)
Geneneration Rate - Tingloy	9,319.57	36 months	.0010
Transmission Rate			
Residential	8,923,312.34	36 months	.0049
Lower Voltage	4,419,052.96	36 months	.0057
Higher Voltage	14,796,815.46	36 months	3.82
System Loss Rate - Mainland	33,918,895.66	36 months	.0089
System Loss Rate - Tingloy	(134,007.35)	36 months	(0.0147)
Lifeline Subsidy/ Discount Rate	(283,124.82)	36 months	(0.0001)
Senior Citizen Subsidy/ Discount Rate	37,912.36	36 months	.00001
Local Franchise Tax Recovery Rate	9,342,974.9	24 months	Table A
Business Tax Recovery Rate	5,504,261.42	24 months	Table A-1
Real Property Tax Recovery Rate	6,475,177.84	24 months	.0026
<b>Net Results</b>	<b>53,669,233.32</b>		

<b>Franchise Tax: Table A</b>			
Provincial Gov't of Batangas	3,977,811.00	24 months	0.0030
Lipa City	4,276,135.06	24 months	0.0050
Tananuan City	1,089,028.84	24 months	0.0035
<b>Total</b>	<b>9,342,974.90</b>		

<b>Business Tax: Table A-1</b>			
Alitagtag	96,504.52	24 months	0.0033
Balete	90,754.80	24 months	0.0037
Cuenca	150,905.27	24 months	0.0039
Laurel	187,351.78	24 months	0.0039
Lobo	118,863.21	24 months	0.0036
Mabini	506,751.88	24 months	0.0025
Malvar	869,515.59	24 months	0.0050
Mataas na Kahoy	202,255.59	24 months	0.0056
Padre Garcia	968,731.00	24 months	0.0094
Rosario	742,897.66	24 months	0.0036
San Jose	561,135.46	24 months	0.0041
San Juan	448,408.28	24 months	0.0031
Talisay	265,165.15	24 months	0.0043
Taysan	295,021.23	24 months	0.0042
<b>Total</b>	<b>5,504,261.42</b>		

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

Pasig City, Metro Manila, 06 April 2026.

*(The Signature Page follows.)*

**DECHAVEZ LERIOS-AMBOY AND EVANGELISTA  
LAW OFFICES<sup>1</sup>**

Counsel for the Applicant

**Batangas II Electric Cooperative, Inc. (BATELEC II)**

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IBP Lifetime Membership No. 04968, Rizal Chapter

MCLE Exemption Certificate No. VIII-Acad004390, 2/26/25

Valid until 14 April 2028; CP No. 09178541331

  
**DOMINIC T. ARAYA**

Roll of Attorneys No. 95410

PTR No. 7370380, January 08, 2026, Quezon City

IBP No. 589399, January 06, 2026, Quezon City Chapter

MCLE Compliance No. Admitted to the Bar in January 2025<sup>2</sup>

<sup>1</sup>Pursuant to Office of the Court Administrator Circular No. 56-2015, hereunder are the MCLE Compliance Numbers of the undersigned Firm's named partners, to wit:

<b>Partners</b>	<b>MCLE Compliance</b>	<b>Validity</b>
Joseph Ferdinand M. Dechavez	MCLE Exemption Certificate No. VIII-Acad004390	14 April 2028
Ditas A. Leros-Amboy	MCLE Compliance No. VIII-0042308	14 April 2028
Nelson V. Evangelista	MCLE Compliance No. VIII-0041847	14 April 2028

<sup>2</sup> 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", he is exempted from complying with the last MCLE compliance period.

## VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING

I, **ENGR. OCTAVIOUS M. MENDOZA**, of legal age, Filipino and with office address at the Batangas II Electric Cooperative, Inc. (**BATELEC II**) at Antipolo Del Norte, Lipa City, Batangas, after being sworn to according to law, depose and state that:


1. I am the General Manager and authorized representative of the Batangas II Electric Cooperative, Inc. (**BATELEC 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 **BATELEC 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.

  
**ENGR. OCTAVIOUS M. MENDOZA**  
Declarant

**SUBSCRIBED AND SWORN TO**, before me in Lipa City, this day of APR 06 2026 by Declarant who exhibited to me a competent proof of identity, to wit: Driver's License ID with No. D01-18-038137

Doc. No. 230 ;  
Page No. 47 ;  
Book No. 3 ;  
Series of 2026.

  
**ATTY. MARIETA BAROJA GARTA**  
Notary Public.  
NOTARY PUBLIC

NC No. 2025-0025 Until December 31, 2027  
116 Tanco Drive, Marawoy, Lipa City, Batangas  
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IBP Life Member No. 04827; Roll of Attorney No. 25111  
MCLE Compliance No. VIII-0017186