

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF
OVER/UNDER
RECOVERIES IN THE
IMPLEMENTATION OF
AUTOMATIC COST
ADJUSTMENT AND TRUE-
UP MECHANISMS FOR THE
PERIOD JANUARY 2022 TO
DECEMBER 2024**

ERC CASE NO. 2025-023 CF

**DAVAO DEL SUR ELECTRIC
COOPERATIVE, INC.,**
Applicant.
X-----X

Promulgated:
July 10, 2025

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 20 June 2025, the Davao del Sur Electric Cooperative, Inc. (DASURECO) filed an *Application*, dated 10 May 2025, seeking the Commission's approval of its over/under recoveries in the implementation of automatic cost adjustment and true-up mechanisms for the period January 2022 to December 2024, pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, Resolution No. 02, Series of 2021 and Resolution No. 14, Series of 2022.

The docketed copy of the *Application*, excluding its annexes, is attached as Annex "A" hereof.

The Commission has set the *Application* for hearing, pursuant to the pertinent rules of the Commission, on **22 August 2025 (Friday), at nine o'clock in the morning (9:00 A.M.)**, through **Microsoft Teams Application** as the online platform for the conduct thereof, for the determination of compliance with jurisdictional requirements, expository presentation, Pre-Trial Conference, and presentation of evidence.

Accordingly, Applicant is hereby directed to mirror the virtual hearing, to be hosted by the Commission, at **DASURECO's principal office located at Brgy. Cogon, Digos City, Davao Del Sur**, as the designated venue for the conduct thereof and ensure that the same is open to the public. Moreover, Applicant 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 e-mail at docket@erc.ph, 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, 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, indicating 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 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, 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 and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. 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 the 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 acknowledgement receipt e-mail sent by the Commission.

Finally, all interested persons may be allowed to join the scheduled virtual hearing by providing the Commission, through legal.virtualhearings@erc.ph, their respective e-mail addresses, 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 the Honorable Commissioners **FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 10th day of July 2025 in Pasig City.

FOR AND BY AUTHORITY OF
THE COMMISSION:


ATTY. KRISHA T. BUELA
Director III, Legal Service

LSR-JPS/ARG

Annex A

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Ortigas Center, Pasig City

**IN THE MATTER OF THE
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ERC CASE NO. 2025-023 CF

June 20, 2025

**DAVAO DEL SUR ELECTRIC
COOPERATIVE, INC.,**
Applicant.
X-----X

APPLICATION
(With Prayer for Issuance of Provisional Authority)

Applicant **DAVAO DEL SUR ELECTRIC COOPERATIVE, INC. ("DASURECO" or "Applicant")**, through the undersigned counsel and unto the Honorable Commission, most respectfully states that:

THE APPLICANT

1. DASURECO 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 address at Brgy. Cogon, Digos City, Davao Del Sur.

2. DASURECO, by virtue of a franchise issued by the National Electrification Administration, is authorized to distribute and provide electricity services to its member-consumers in Digos City and in the Municipalities of Magsaysay, Sulop, Sta. Cruz, Hagonoy, Malalag, Bansalan, Padada, Matanao, and Kiblawan in the Province of Davao Del Sur and the Municipalities of Sta. Maria, Sarangani, Jose

Abad Santos, Malita and Don Marcelino in the Province of Davao Occidental (collectively, the "Franchise Area").

3. DASURECO is represented herein by its General Manager **ENGR. JERRY D. MORASTIL**, PEE duly authorized by virtual a Board Resolution.¹

4. Applicant may be served with the orders, notices, and other processes of the Honorable Commission through the undersigned counsel at the addresses indicated herein.

LEGAL BASIS FOR THE APPLICATION

5. **Republic Act No. 9136**, otherwise known as the **Electric Power Industry Reform Act of 2001 ("EPIRA")**, allows Distribution Utilities (DUs), such as DASURECO, to recover just and reasonable costs to enable them to operate viably.

6. **ERC Resolution No. 16, Series of 2009**,² as amended by **ERC Resolution No. 21, Series of 2010**,³ 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. The objective of the resolutions is to ensure 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 DUs and the true-up of other pass-through charges, involving Generation Rate, Transmission Rate, System Loss Rate, Lifeline Rate Recovery, Senior Citizen Subsidy Recovery, as the case may be.

7. **ERC Resolution No. 02, Series of 2021**⁴ establishes the procedure for recovery real property, local franchise and business taxes that are levied by local government units (LGUs) within a DU's franchise area. The objectives, among others, are to allow full recovery of all just and reasonable components of taxes levied against DUs to enable the latter to operate viable ensure transparency and efficiency in the implementation of appropriate recovery of tax charges.

8. **ERC Resolution No. 14, Series of 2022**⁵ was issued to introduce amendments to the existing Guidelines in order to ensure appropriate recovery of the various pass-through costs in an efficient manner and to establish a fair, timely and transparent process for: (i) calculating the automatic cost adjustments implemented by DUs; (ii) monitoring the accuracy of these adjustments and ensuring prompt reversal of discrepancies; and (iii) confirmation of the cost adjustments implemented by DUs and the true-up of other pass-through charges as approved by the Honorable Commission.

9. Hence, this instant *Application* is being filed pursuant to the above Resolutions.

MATERIAL FACTS

Computation of Over or Under Recoveries

10. Applying the formulas provided under the above-mentioned Resolutions of the Honorable Commission, DASURECO conducted calculations of the over recoveries charged or under recoveries incurred as against its customers in the implementation of certain automatic cost adjustments and true-up mechanisms for the period covering January 2022 to December 2024.

11. The results of DASURECO's calculations are as follows:

Particulars	Allowable Cost (Php)	Revenue / Actual Recovery (Php)	(Over)/Under Recovery (Php)
MAINLAND			
Generation Rate	10,506,956,849.76	10,416,319,462.83	90,637,386.93
Transmission Rate	1,083,552,406.67	1,102,701,999.04	(19,149,592.37)
System Loss Rate	1,271,253,003.31	1,292,735,486.97	(21,482,483.66)
Lifeline Subsidy	81,082,525.35	83,571,108.07	(2,488,582.72)
Senior Citizen Subsidy	593,460.27	710,519.78	(117,059.51)
Local Franchise Tax			
City of Digos	2,741,420.77	2,593,948.84	147,471.93
Province of Davao Del Sur	3,908,416.39	3,894,496.62	13,919.77
Province of Davao Occidental	977,552.34	935,248.81	42,303.53
Real Property Tax			
City of Digos	10,690,751.14	10,778,454.11	(87,702.97)
Province of Davao Del Sur	4,981,218.13	6,124,684.73	(1,143,466.60)
Province of Davao Occidental	158,905.46	155,664.09	3,241.37
SPUG			
Generation Rate	3,171,320.74	3,102,221.74	69,099.00
System Loss Rate	246,070.03	198,237.98	47,832.05
Net Results	12,970,313,900.37	12,923,821,533.61	46,492,366.75

12. **With respect to the Generation Rate, Transmission Rate, Lifeline Subsidy and Senior Citizen Subsidy**, DASURECO incurred the relevant over/under recoveries outlined above due to a one-month lag, wherein the cost of power from the previous month is used for a current month's cost computation.

13. **With Respect to the System Loss**, actual implemented rates are derived from the previous month generation and transmission costs (one month lag). While the computation of the over-under recoveries is based on the current-to-current month computation.

Proposed Refund and/or Collection Scheme

14. DASURECO proposes to recover/refund the above-mentioned amounts for a period of Thirty-Six (36) months based on its *Projected kWh Sales* for 2025 to 2027. The recovery/refund proposal is presented below:

Particulars	(Over)/Under Recovery (PHP)	Proposed Term of Refund/Collection	Billing Determinant (kWh Sales)	Rate Per Month (PHP/KWH)
MAINLAND				
Generation Rate	90,637,386.93	36 months	1,695,806,409	0.0534
Transmission Rate*				
-Residential	(3,460,336.26)	36 months	633,711,830	(0.0055)
-Lower Voltage	(1,488,391.81)	36 months	148,585,605	(0.0100)
-Higher Voltage	(14,200,864.30)	36 months	3,946,933**	(3.5979)/KW**
System Loss Rate	(21,482,483.66)	36 months	1,695,806,409	(0.0127)
Lifeline Subsidy	(2,488,582.72)	36 months	1,697,158,209	(0.0015)
Senior Citizen Subsidy	(117,059.51)	36 months	1,696,484,109	(0.0001)
Local Franchise Tax				
City of Digos	147,471.93	36 months	402,252,702	0.0004
Province of Davao Del Sur	13,919.77	36 months	714,294,790	0.00002
Province of Davao Occidental	42,303.53	36 months	136,927,936	0.0003
Real Property Tax				
City of Digos	(87,702.97)	36 months	402,252,702	(0.0002)
Province of Davao Del Sur	(1,143,466.60)	36 months	714,294,790	(0.0016)
Province of Davao Occidental	3,241.37	36 months	136,927,936	0.00002
SPUG				
Generation Charge	69,099.00	36 months	1,865,628	0.0370
System Loss Charge	47,832.05	36 months	1,865,628	0.0256
Net Results	46,492,366.75			

*Total Transmission Rate (Over)/Under for Residential, Lower Voltage and Higher Voltage amounts to (19,149,592.37).
**The Billing Determinant for "Higher Voltage" category under Transmission Rate is based on KW Demand. Thus, the rate indicated is expressed in PHP/KV (not PHP/KWH).

¹ Annex "A" of the *Application*.

² "A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities."

³ "A Resolution Amending Section 4 of Article 4 and Section 1 of Article 5 of the Rules Governing the Automatic the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities."

⁴ "A Resolution on the Recovery of Pass-Through Taxes (Real Property, Local Franchise and Business Taxes) of the Distribution Utilities."

⁵ "A Resolution Adopting the Revised Rules Governing the Automatic Cost Adjustment and True-Up Mechanism and Corresponding Confirmation Process of Distribution Utilities."

SUPPORTING DOCUMENTS

15. In support of the instant *Application*, DASURECO hereby submits and adopts the following data and document covering the period of January 2022 to December 2024:

Annex Markings	Nature of Document
Folder 1	
B	Supplier and Transmission Data Sheet (2022)
C	Statistical Data Sheet (2022)
D	Actual Implemented Rates Sheet (2022)
E	Lifeline Discount Sheet (2022)
F	Senior Citizen Discount Sheet (2022)
G	Additional Statistical Data Sheet (2022)
H	Summary of Over/Under Recoveries Computation
I	Proposed Refund/Collection Scheme
J	URR Spreadsheet Template (2023-2024)
Folder 2	
Generation and Transmission Data	
K and Series	Power Bills from Suppliers (in the following order: (i) Power Bill; (ii) Proof of Payment; and (iii) Debit/Credit Memo issued by the Supplier)
L and Series	IEMOP Invoice Transmittal
M and Series	Bills from NGCP
N and Series	Net-Metering Summary Report
O	Contestable Customer Summary Report
Folder 3	
Statistical Data	
P and Series	Manifestation of No Pilferage Cost Recovery
Q	Report on Implemented Orders/Decisions
R and Series	MFSR
S and Series	Demand (kW) Sales Summary Report
Folder 4	
Actual Implemented Rates Data	
T and Series	Two (2) consumer Bills pgr Customer Class (Non-Life-Liner)
U and Series	One (1) Consumer Bill per Lifeline Bracket (Lifeline)
V and Series	One (1) Lifeline consumer Bill (per level)
W and Series	Senior Citizen consumer Bills
X and Series	SPUG Consumer Bills
Folder 5	
Other Documents	
Y and Series	Submitted Monthly URR (2022 to 2024)
Z and Series	Submitted Monthly URR Addendum
AA	Single Line Diagram
BB and Series	Power Supply with Generation Companies
CC and Series	Computation on how the pass-through charges were derived
DD	Reason for not Implementing URR and URR Addendum
EE and Series	Local Franchise Tax Supporting Documents
FF and Series	Two (2) Consumer Bills Per LGU (Local Franchise Tax)
GG and Series	Real Property Tax Supporting Documents
HH and Series	Two (2) Consumer Bills Per LGU (Real Property Tax)
II	Manifestation of No Business Tax Recovery

**MOTION FOR THE ISSUANCE OF A
PROVISIONAL AUTHORITY**

16. DASURECO replreads and adopts the foregoing allegations and Supporting Documents as part of its Motion for the Issuance of a Provisional Authority pursuant to Section 1, Rule 14 of ERC Resolution No. 01, Series of 2021 or the Revised Rules of Practice and Procedure of the Honorable Commission (ERC Revised Rules of Practice and Procedure).

17. Further, the nature of DASURECO's operation as an Electric Cooperative is on a cash flow basis.

18. Finally, the issuance of a provisional authority will allow DASURECO to immediately implement its recovery/refund scheme at a rate which will have less impact on its consumers. Suspending or compounding its recovery collections for under recoveries may result in a higher financial burden on consumers in the future.

COMPLIANCE WITH PRE-FILING REQUIREMENTS

19. In compliance with Section 2, Rule 6 of the ERC Revised Rules of Practice and Procedure, a copy of the instant *Application* (with all its annexes and supporting documents) shall be furnished to the following offices:

- a. Office of the Mayor of Digos City;
- b. Office of the Sangguniang Panlungsod of Digos City;
- c. Office of the Governor of Davao Del Sur;
- d. Office of the Sangguniang Panlalawigan of Davao del Sur;
- e. Office of the Governor of Davao Occidental;
- f. Office of the Sangguniang Panlalawigan of Davao Occidental;

20. Further, this *Application* shall be published in a newspaper of general circulation.

21. Considering the foregoing, it is respectfully prayed that: (i) after due notice and hearing, and after final evaluation of the instant *Application*, DASURECO's calculation of over or under recoveries in the implementation of the subject cost adjustments and true-up mechanisms be confirmed and approved by the Honorable Commission; and (ii) DASURECO be allowed to refund the over recoveries and/or collect the under-recoveries based on the above-mentioned recovery/refund scheme.

PRAYER

WHEREFORE, premises considered, Applicant **DAVAO DEL SUR ELECTRIC COOPERATIVE, INC.**, most respectfully pray that the Honorable Commission:

1. **CONFIRM and APPROVE** the Applicant's calculations of over/under recoveries in the implementation of the subject cost adjustments and true-up mechanisms covering the period of January 2022 to December 2024;
2. **ALLOW** the Applicant to collect the approved under recoveries and refund the approved over recoveries from its customers, under the Applicant's proposed recovery/refund scheme as follows:

Particulars	(Over)/Under Recovery (PHP)	Proposed Term of Refund/Collection	Rate Per Month (PHP/KWH)
MAINLAND			
Generation Rate	90,637,386.93	36 months	0.0534
Transmission Rate*			
-Residential	(3,460,336.26)	36 months	(0.0055)
-Lower Voltage	(1,488,391.81)	36 months	(0.0100)
-Higher Voltage	(14,200,864.30)	36 months	(3.5979)/KW
System Loss Rate	(21,482,483.66)	36 months	(0.0127)
Lifeline Subsidy	(2,488,582.72)	36 months	(0.0015)
Senior Citizen Subsidy	(117,059.51)	36 months	(0.0001)
Local Franchise Tax			
City of Digos	147,471.93	36 months	0.0004
Province of Davao Del Sur	13,919.77	36 months	0.00002
Province of Davao Occidental	42,303.53	36 months	0.0003
Real Property Tax			
City of Digos	(87,702.97)	36 months	(0.0002)
Province of Davao Del Sur	(1,143,466.60)	36 months	(0.0016)
Province of Davao Occidental	3,241.37	36 months	0.00002
SPUG			
Generation Charge	69,099.00	36 months	0.0370
System Loss Charge	47,832.05	36 months	0.0256
Net Results	46,492,366.75		

3. **GRANT** the Applicant's Motion for the Issuance of a Provisional Authority.

Other reliefs just and equitable under the premises are likewise prayed for.

Quezon City for Pasig City, 10 May 2025.

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