

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

**IN THE MATTER OF THE
APPLICATION FOR
CONFIRMATION AND
APPROVAL OF CALCULATIONS
OF OVER/UNDER RECOVERIES
BASED ON THE FORMULAE ON
THE VARIOUS AUTOMATIC
COST ADJUSTMENTS AND
TRUE-UP MECHANISMS AND
CORRESPONDING
CONFIRMATION PROCESS FOR
THE PERIOD 2023 TO 2025,
PURSUANT TO ERC
RESOLUTION NO. 14, SERIES OF
2022**

ERC CASE NO. 2026-051 CF

June 01, 2026

**PAMPANGA RURAL ELECTRIC
SERVICE COOPERATIVE, INC.
(PRESCO)**

Applicant.

X-----X

APPLICATION

**APPLICANT PAMPANGA RURAL ELECTRIC SERVICE
COOPERATIVE, INC. (PRESCO)**, through the undersigned counsel,
and to this Honorable Commission, respectfully states that:

The Applicant

1. PRESCO I is a franchised electric cooperative duly organized and existing by virtue of the laws of the Republic of the Philippines, with principal office address at Anao, Mexico, Pampanga, where it may be served with notices and other legal processes of this Honorable Commission, represented by its P/S Acting General Manager, Engr. Lamberto M. Canlas;
2. PRESCO is a distribution utility engaged in distribution of light and power within its franchise area covering the Municipalities of Arayat (five [5] barangays), Magalang (one [1] barangay), Mexico (twenty-four [24]

barangays) and Sta. Ana (four [4] barangays, all in the Province of Pampanga;

3. The Applicant may be served with notices, orders, and processes of the Honorable Commission through the undersigned counsel at the address indicated below.

Legal Bases and Nature of the Application

4. The instant Application is being submitted to this Honorable Commission for its review and approval pursuant to Resolution No. 14, Series of 2022¹. These Resolutions were adopted by the Honorable Commission pursuant to the mandate of Section 43 of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001 (EPIRA) and its Implementing Rules and Regulations (IRR);

5. In compliance with the aforesaid Resolutions, the Applicant adopted and applied the prescribed formulae in the determination of the various automatic cost adjustments and true-up mechanisms for the recovery/refund of Over and Under Recoveries in the Generation, Transmission, System Loss Rate, Lifeline Discount/Subsidy, and Senior Citizen Discount/Subsidy for the years 2023, 2024 and 2025;

6. The summary of the pass true cost vis-à-vis the actual collection on the above-mentioned implementation of various automatic cost adjustments and true-up mechanisms on Generation, Transmission, System Loss, Lifeline Subsidy, Senior Citizen Subsidy Rates for the years 2023, 2024 and 2025 are presented hereunder, as follows:

**Table 1. Total (Over) / Under Recoveries
For the Years 2023 -2025**

Particulars	Allowable Cost (PhP)	Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	2,184,676,627.49	2,180,655,342.47	4,021,285.02
Transmission Rate (TR)	259,090,039.70	259,055,316.80	34,722.90
System Loss Rate (SLR)	291,325,065.18	295,593,802.49	(4,268,737.31)
Lifeline Subsidy	1,153,533.35	1,153,142.05	391.30
Senior Citizen Subsidy	89,832.36	93,619.43	(3,787.07)
Net Results			(216,125.16)

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

7. In support of the instant Application, the Applicant attached and submitted the following documents:

Folder	Documents	Annex Markings
1. Application	Application	A
	Generation Data	B and Series
	Transmission Data	C and Series
	System Loss & Statistical Data	D and Series
	Lifeline Data	E and Series
	Senior Citizen Data	F and Series
	Actual Implemented Rates	G and Series
	Actual Implemented Lifeline	H and Series
	Actual Implemented Senior	I and Series
	OU Summary	J
	Proposed Refund/Collect Scheme	K
2. Generation and Transmission Data	MPPCL Power Bills	L and Series
	MPCL – EPSA Power Bills	M and Series
	PSALM Power Bills	N and Series
	TLI Power Bills	O and Series
	MPCL Power Bills	P and Series
	IEMOP Invoices	Q and Series
	NGCP Invoices	R and Series
	Net-Metering Summary Report	S and Series
	Contestable Customers Summary	T and Series
3. System Loss & Statistical Data	Summary of Pilferage Cost Recoveries	U and Series
	Report on Implemented Orders / Decisions	V
	MFSR - Section B & E	W and Series
	Demand (kW) Sales Summary Report	X and Series
4. Actual Implemented Rates Data	Two (2) consumer bills per customer class (non-lifeline)	Y and Series
	One (1) lifeline consumer bill (per level)	Z and Series
	One (1) senior citizen consumer bill	AA and Series
5. Other Documents	Single Line Diagram	BB
	Copy of Order/Decision of Power Supply Contracts with Generation Companies	CC and Series

8. In calculating the Generation, Transmission, System Loss, Lifeline Subsidy and Senior Citizen Discount to its member-consumers, the Applicant uses the power bills issued by various power suppliers for a particular billing period including the corresponding sales and other data for which the resulting charges are to be implemented for the succeeding billing month. Thus, the resulting over and under recoveries for Generation, Transmission, and System Loss are the result of timing difference between the power supply and the billing to the member-consumers. Any increase or decrease in the kWh Sales in a given billing period affects the amount of cost recovery;

9. In addition, the over and under-recoveries for the years 2023, 2024 and 2025 can be attributed to the following:

- a) The effect on the implementation of Connection Asset Boundaries prescribed under ERC Resolution No. 23, Series of 2016, as amended by Resolution No. 10, Series of 2018 wherein this Honorable Commission clarified that for purposes of system loss calculation: (i) the distribution utility shall consider all energy inputs metered at its proper connection points or its assets boundaries; and (ii) the Site Specific Loss Adjustment (SSLA) beyond the asset boundary shall not form part of the computation but shall be considered in the generation rate calculation, while SSLA within the said asset boundary shall form part of the sub-transmission loss.
- b) One month log in the recovery of cost;
- c) The increase or decrease in the quantity and the corresponding month-to-month effective rate per kWh of energy sourced from the Wholesale Electricity Spot Market (WESM);
- d) The increase or decrease in the quantity and the corresponding month-to-month cost of fuel per kWh of energy sourced from bilateral power supply contract particularly in year 2022 wherein the Russia-Ukraine conflict caused a significant increase in the fuel cost;
- e) The changes in the monthly energy sales mix and the increase or decrease of kWh sales on a month-to-month basis; and
- f) Fluctuations on the 12-month average system loss percentage.

Recovery Period and Rate Impact

10. In order to mitigate the impact of the over/under recoveries adjustment, the Applicant proposes to recover and refund the following adjustments for one **(1) billing period** based on its Projected Monthly Energy Sales for the year 2025, hereunder presented, as follows:

Proposed Scheme of Refund / Collection

True-UP Summary	(Over)/Under Recovery	No. of Month	Ave. 2025 kWh/kW Sales	Php/kWh	Php/kW
Generation Charges	4,021,285.02	1	9,905,858	0.4060	
Transmission Charges					
Residential	(268,739.08)	1	6,654,375	(0.0404)	
Low Voltage	310,700.04	1	2,021,833	0.1537	
High Voltage	(7,238.06)	1	4,177		(1.7328)
Systems Loss Charges	(4,268,737.31)	1	9,905,858	(0.4309)	
Lifeline Subsidy	391.30	1	9,905,818	0.0000	
Senior Citizen Subsidy	(3,787.07)	1	9,903,715	(0.0004)	
Total	(216,125.16)				

Compliance with the Pre-Filing Requirements

11. In compliance with Section 2, Rule 6 of the Honorable Commission's Revised Rules of Practice and Procedure, the copies of the Application including all its annexes and supporting documents had been furnished by the Applicant to the Office of the Mayors and the Legislative Body of the Municipalities where the Applicant principally operates and the Office of the Governor and the Legislative Body of the Province of Pampanga; and

12. As proof of compliance of the service of the copies of the Application and Annexes are the Certifications issued by the Authorized Representatives of the Local Government Units (LGUs) and/or the Affidavit of Service executed by an employee of the Applicant and the first page of the Application showing the receiving stamp of the aforementioned offices as **Annexes "DD" to "DD-10"**, respectively. Likewise, the Affidavit of Publication and the newspaper issue containing the published Application are hereto attached as **Annexes "EE" and "EE-1"**.

PRAYER

WHEREFORE, the foregoing premises considered, Applicant **PAMPANGA RURAL ELECTRIC SERVICE COOPERATIVE, INC. (PRESCO)**, respectfully prays that the computations of over and under recoveries presented in the instant Application be approved and confirmed by this Honorable Commission and that PRESCO be allowed to refund and collect the amount of over and under recoveries.

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

Quezon City for Pasig City, 30 March 2026.


GREGORIO L. OFALSA

Counsel for Applicant

PTR No. 8196746; 06 February 2026; Quezon City

IBP No. 598102; 31 January 2026; Quezon City

e-mail address: greg_ofalsa@yahoo.com

MCLE Compliance No. VIII-0031655/2 May 2025

Roll No. 49009

EXPLANATION OF FILING BY ELECTRONIC MEANS

Pursuant to ERC Resolution No. 9, series of 2020, the undersigned counsel respectfully manifests that the foregoing Application will be filed by electronic means.


Atty. Gregorio L. Ofalsa

VERIFICATION AND CERTIFICATION AGAINST FORUM SHOPPING

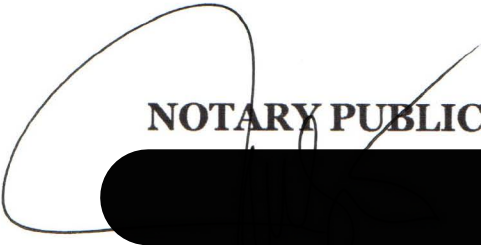
I, **ENGR. LAMBERTO M. CANLAS**, Filipino, of legal age, with principal office address at PRESCO, Anao, Mexico, Pampanga, after having been duly sworn to in accordance with law, do hereby depose and state that:

1. I am the PS/Acting General Manager of Pampanga Rural Electric Cooperative, Inc. (PRESCO) and its duly authorized representative, organized and existing under the Philippine laws, with principal office address at Barangay Anao, Mexico, Pampanga;
2. I have the authority to commence, initiate, sign and file the foregoing Application, entitled "*Application for Confirmation and Approval of Calculations of Over/Under Recoveries Based on the Formulae on the Various Automatic Cost Adjustments and True-Up Mechanisms and Corresponding Confirmation Process for the Period 2023 to 2025, Pursuant to ERC Resolution No. 14, Series of 2022*", pursuant to Board Resolution No. 18, Series of 2026 dated March 05, 2026, hereto attached as Annex "A";
3. I have read the said Application and the allegations therein are true and correct based on my personal knowledge or the authentic records available to PRESCO;
4. The Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;
5. 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;
6. I or PRESCO have not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein, and
7. If I or PRESCO should hereafter 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, I shall report the said fact within five (5) days from discovery thereof to the Honorable Commission.

IN WITNESS WHEREOF, I have hereunto set my hand this APR 06 2026
day of _____ 2026, in the Municipality of Mexico, Pampanga,
Philippines.


ENGR. LAMBERTO M. CANLAS
Affiant

SUBSCRIBED AND SWORN TO before me this APR 06 2026 day of
_____ 2026 at City of San Fernando, Pampanga, affiant
exhibiting to me his government-issued ID: 0002169 valid until
03/02/2027 as competent proof of identity.


NOTARY PUBLIC

Doc. No. 466 ;
Page No. 94 ;
Book No. C13341 ✓
Series of 2026

ATTY. RAUL E. MACALINO
Notary Public Until December 31, 2026,
Commission No. 22-25,
Roll No. 36840
IBP No. Lifetime No. 839679 1-7-11
MCLE Compliance No. VII-0001752 2-5-23
PTR No. 6620859 1-5-26
Capitol Compound Sta. Niño
City of San Fernando, Pampanga