

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

RESOLUTION NO. 09, SERIES OF 2026

A RESOLUTION GOVERNING THE REVISED RULES ON THE RECOVERY OF PASS-THROUGH TAXES (REAL PROPERTY, LOCAL FRANCHISE, AND BUSINESS TAXES) OF DISTRIBUTION UTILITIES

WHEREAS, on 05 August 2015, the Supreme Court rendered a *Decision* in G.R. No. 166102, entitled, “*Manila Electric Company (MERALCO) vs. The City Assessor and City Treasurer of Lucena City*”, wherein it ruled that MERALCO’s transformers, electric posts, transmission lines, insulators, and electric meters are no longer exempted from real property tax and may qualify as a “machinery” under the Republic Act No. 7160 (RA 7160) or the Local Government Code of 1991 (LGC) subject to real property tax;

WHEREAS, the Private Electric Power Operators Association (PEPOA), on behalf of its members, filed on 30 January 2017, a *Petition for Rulemaking* docketed as ERC Case No. 2017-001 RM, proposing that real property tax be allowed to be recovered as a pass-through cost to consumers;

WHEREAS, the Commission, on 17 December 2020, adopted ERC Resolution No. 02, Series of 2021, entitled, “*A Resolution on the Recovery of Pass-Through Taxes (Real Property, Local Franchise, and Business Taxes) of the Distribution Utilities*”;

WHEREAS, PEPOA filed a *Petition* seeking to amend provisions of ERC Resolution No. 02, Series of 2021, docketed as ERC Case No. 2021-002 RM, to address payments made on tax arrearages that were not allowed to be recovered despite being previously allowed as recoverable pass-through cost under Section 6.3, Article 2 of ERC 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*”;

WHEREAS, on 28 July 2021, the Commission issued an *Order* and a *Notice of Proposed Rule-Making*, setting the *Petition* for public consultation in Luzon, Visayas, and Mindanao on 12 October 2021;

WHEREAS, the public consultation in Luzon, Visayas, and Mindanao on 12 October 2021 proceeded as scheduled;

WHEREAS, on various dates, the Commission received interventions and comments from the following: 1) Manila Electric Company (MERALCO); 2) Atty. Victorio Mario A. Dimagiba, in his personal capacity and for Laban Konsymer, Inc.; 3) Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA); and 4) Agusan del Norte Electric Cooperative, Inc. (ANECO);

WHEREAS, taking into consideration the comments submitted by the stakeholders, the Commission, on 26 November 2025, approved the Revised Rules for the recovery of pass-through taxes including real property tax, local franchise tax, and business tax;

NOW, THEREFORE, after due deliberation, the Commission hereby **RESOLVES**, as it is hereby **RESOLVED**, to **APPROVE** and **ADOPT** the **REVISED RULES ON THE RECOVERY OF PASS-THROUGH TAXES (REAL PROPERTY, LOCAL FRANCHISE, AND BUSINESS TAXES) OF DISTRIBUTION UTILITIES** hereto attached as Annex A and made an integral part of this Resolution.

This Resolution shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation in the country.


Let copies of this Resolution be furnished to the University of the Philippines Law Center – Office of the National Administrative Register (UPLC-ONAR) and all parties concerned, as well as published on the ERC’s official website (www.erc.gov.ph) and such other online platforms available to the ERC.

Pasig City. March 26, 2026


FRANCIS SATURNINO C. JUAN
Chairperson and CEO


FLORESINDA G. BALDO-DIGAL
Commissioner


MARKO ROMBO L. FUENTES
Commissioner


AMANTE A. LIBERATO
Commissioner


PARIS G. REAL
Commissioner


LS: BBB / JGGW / MCGG


ROS: ABS/AJMO

**Deliberated and approved during the 26 November 2025 Commission Meeting.*

REVISED RULES ON THE RECOVERY OF PASS-THROUGH TAXES (REAL PROPERTY, LOCAL FRANCHISE, AND BUSINESS TAXES) OF DISTRIBUTION UTILITIES

ARTICLE I

GENERAL PROVISIONS

1.1 Objectives

These Rules shall have the following objectives:

- a. To provide guidance to Distribution Utilities (DUs) through an orderly procedure for the recovery of Real Property, Local Franchise, and Business Taxes;
- b. To allow the full recovery of all just and reasonable components of the taxes levied by Local Government Units (LGUs) against the DUs to enable the latter to operate viably;
- c. To ensure transparency and efficiency in the implementation of appropriate recovery of tax charges; and
- d. To put in place a fair and transparent process for the confirmation of the cost adjustments implemented by the DUs and the true-up of the Real Property, Local Franchise, and Business Taxes pass-through charges as approved by the Commission.

1.2 Guiding Principles

DUs shall be allowed the recovery of all just and reasonable costs pertaining to taxes that are levied by LGUs, subject to the post-validation and confirmation mechanism of the Commission.

The Supreme Court, in the case of *Manila Electric Company (MERALCO) vs. The City Assessor and City Treasurer of Lucena City*, G.R. No. 166102 dated 15 August 2015, ruled that transformers, electric posts, transmission lines, insulators, and electric meters are no longer exempted from Real Property Taxes (RPT) and may qualify as “machinery” subject to RPT under the Local Government Code.

In view of the above-cited Supreme Court Decision, the DUs fall under the following scenarios:

1.2.1. Privately-owned DUs (PDUs)

For PDUs under the Performance Based Regulation, these rules shall apply to RPT relating to Machineries only, and only until the next regulatory reset when the RPT has been excluded from the Annual Revenue Requirement (ARR). Upon the finalization of the Regulatory Reset Process for the next Regulatory Period, PDUs shall exclude the RPT in the financial Building Blocks of the ARR for each Regulatory Year in such Subsequent Regulatory Period, and the Rules provided herein shall apply to all RPT charges, including RPT on properties covered by usufruct agreements.

1.2.2. Electric Cooperatives (ECs)

The RPT for on-grid ECs are recovered as paid, and the rate of recovery is computed based on the period when such RPT was paid, subject to the provisions of the Rules for Setting Electric Cooperatives Wheeling Rates (RSEC-WR).

The Current RPT Charge for ECs shall refer to the RPT that the ECs have paid to the LGUs for the current period covered by the applicable rate of additional contribution for RPT, which shall be reflected as a separate line item in the bill.

1.3 Scope and Applicability

These Rules shall apply to all DUs where Real Property, Local Franchise, and Business Taxes are levied and shall govern the recovery of the pass-through costs.

Tax arrearages, excluding interests, penalties and other charges, imposed on and paid by DUs for the years prior to the effectivity of these Rules shall be allowed recovery, subject to the confirmation process under Article IV. For PDUs, the proposed recovery shall be filed with the Commission within sixty (60) days from effectivity of these Rules. For ECs, recovery shall be allowed only after securing the consent of the concerned EC's member-consumers through existing legal procedures, and upon complete submission of the documents enumerated in Articles II or III, as applicable. Failure by the DUs to file within the required period of time shall be deemed as a waiver on their part to file for recovery of such arrearages.

Tax arrearages assessed for one particular year after the effectivity of these Rules but paid by the concerned DU in the succeeding year/s shall not be allowed to be passed on to consumers, except when the LGU has allowed the payment thereof in installments in which some or all the amortizations are paid in the succeeding calendar year/s. In such instances, the amount of taxes permitted by LGUs to be paid in the succeeding year/s shall be allowed to be passed on, provided that the requirements under these Rules are complied with.

These Rules shall likewise govern the applications for the recovery of any allowable real property, local franchise and business tax. Applications of this nature filed under Resolution No. 16, Series of 2009 shall no longer be accepted by the ERC. However, applications filed prior to the effectivity of these Rules shall continue to be processed and resolved under the rules in force at the time of filing.

Subject to the requirements provided in these Rules, the real property, local franchise and business taxes paid by the DUs for a particular calendar year may be passed on to consumers only within the same calendar year in which such taxes were paid. Other taxes allowed to be passed on to their consumers but paid beyond such period mentioned in the preceding statement shall be recovered through the confirmation mechanisms under Article V of these Rules.

The resulting pass-through charges shall be reflected as a separate line item in the customers' electricity bills using the terms "*RPT Charge*", "*LFT Charge*" and "*BT Charge*" for Real Property Tax, Local Franchise Tax and Business Tax, respectively.

1.4 Definition of Terms

- a. "**Annual Revenue Requirement**" or "**ARR**" shall refer to the allowed annual revenue requirement for a utility which fully compensates the utility for efficient distribution expenses such as operating and maintenance expenses, return of capital, return on capital and other taxes;

- b. **“Business Tax” or “BT”** shall refer to the tax levied by the municipalities and cities as contemplated under Article Two and Three, respectively, of Republic Act No. 7160 (RA 7160) or the Local Government Code of 1991 (LGC);
- c. **“Compliance Filing”** shall refer to Rule 20, Paragraph G, Section 3 of the ERC Resolution No. 38, Series of 2006;¹
- d. **“Current Taxes”** shall refer to the Real Property, Local Franchise and Business Taxes that are covered by these rules, which are levied by the LGU for the present year starting 2021;
- e. **“Distribution Utility” or “DU”** shall refer to any electric cooperative, private corporation, government-owned utility or existing LGU which has an exclusive franchise to operate a distribution system in accordance with its franchise and Republic Act 9136;
- f. **“Distribution Wheeling Charges”** shall refer to the cost or charged regulated by the ERC for use of a distribution system and/or the availment of related services;
- g. **“Electric Cooperative” or “EC”** shall refer to a distribution utility organized and incorporated pursuant to Presidential Decree No. 269, as amended by Presidential Decree No. 1645 and Republic Act No. 6938, otherwise known as the Cooperative Code of the Philippines, wherein:
 - i. **On-Grid ECs** shall refer to the ECs connected to the Grid operating under the RSEC-WR.
 - ii. **Off-Grid ECs** shall refer to the island ECs that are not connected to the Grid;
- h. **“Levying LGU or LGU”** shall refer to the local government unit authorize to levy tax, fee, charge or other imposition unless otherwise provided under the Local Government Code of the Philippines;
- i. **“Local Franchise Tax” or “LFT”** shall refer to the tax levied by the province and cities on business enjoying a franchise as defined under to Sections 137 and 151 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991;
- j. **“Machinerics”** shall refer to machines, equipment, mechanical contrivances, instruments, appliances or apparatus which may or may not be attached, permanently or temporarily, to the real property. It includes the physical facilities for production, the installations and appurtenant service facilities, those which are mobile, self-powered or self- propelled, and those not permanently attached to the real property which are actually, directly, and exclusively used to meet the needs of the particular industry, business or activity and which by their very nature and purpose are designed for, or necessary to its manufacturing, mining, logging, commercial, industrial or agricultural purposes, as defined under Section 199 of the Local Government Code of 1991. For DUs, this includes assets such as transformers, electric posts, transmission lines, insulators, and electric meters;

¹ “A Resolution Promulgating the Energy Regulatory Commission’s Rules of Practice and Procedure”, and any applicable amendments thereof.

- k. **“Privately-owned DUs” or “PDUs”** shall refer to private corporation which has an exclusive franchise to operate a distribution system in accordance with its franchise;
- l. **“Real Property Taxes” or “RPT”** refers to Local Taxes imposed by Provinces, Cities and Municipalities pursuant to Sections 197 to 283 of the LGC;
- m. **“Recoverable Cost”** shall refer to the cost of any tax imposed to the utility that has been paid or incurred and allowed to be passed on by the utility;
- n. **“Recovery Period”** shall generally refer to the period when the cost adjustments are implemented;
- o. **“Statement of Account”** shall refer to an account statement sent to a customer or client which contains the detailed report of the contents of an account. It shows billings to and payments from the customer or client during a specific time period; and
- p. **“Tax Assessment”** shall refer to the act or process of determining the value of a property, or proportion thereof, subject to tax, including the discovery, listing and appraisal of properties.

ARTICLE II

REAL PROPERTY TAX

2.1 Current RPT

Current RPTs that are paid by the DUs are deemed part of their operating costs and shall be allowed to be recovered from the end users as the Current RPT Charge, subject to the limitations in these Rules.

While the RPT is a common expenditure for all DUs, the rate thereof varies depending on the LGU.

The Current RPT Charge to be recovered by the DUs shall be determined and limited to the real property taxes assessed by the LGUs for the current year and paid for by the DUs, as evidenced by the following:

- a. a certified true copy of the Local Tax Ordinance and/or any applicable Provincial Tax Ordinance/Resolution;
- b. a certified true copy of the tax declaration/s duly issued to the DU;
- c. a certified true copy of the tax assessment;
- d. a certified true copy of the statement of account;
- e. a certified true copy of the official receipt of payment / LGU Assessor's or Treasurer's office issuance of a certificate of full payment;
- f. projected kilowatt-hours sales for the particular proposed recovery period; and
- g. such other documents as may be required by the Commission.

Upon the complete submission of the foregoing documents, the DU is authorized to recover from its consumers the allowable Current RPT as pass-through charges pursuant to these Rules. Such pass-through charges shall be reflected as a separate line item in the electric bill, and subject to post-verification and confirmation by the Commission as provided under Article V of these Rules, where the corresponding over/under recovery shall be considered in the DUs filing of their respective applications through Compliance Filing.

The recovery period shall be equivalent to the number of months for which the DU has paid the said Current RPT. To illustrate, for DUs that made a one-time payment for the entire amount due for the year, the same shall be recoverable from their consumers for a period of twelve months. On the other hand, for those who paid on a quarterly basis, the recovery period shall be three (3) months of the quarter covered by the said payment. To illustrate, if a DU paid the current RPT for the first quarter of the year 2021, the DU may recover the said Current RPT for three (3) months or until March 2021.

Notwithstanding the immediately preceding paragraph, the said RPT charges shall only be allowed recovery for the current year and any remaining uncollected amount shall be included as part of the DUs' under-recovery in its compliance filing. To illustrate, the paid RPT for the year 2021 shall only be allowed as a pass-through in 2021. The uncollected portion of the allowable RPT charges shall then be recovered as part of the DU's compliance filing.

On or before the 30th day of the month from the implementation of collections, and every month thereafter until the total amount has been fully collected, a report on the said recovery, in accordance with the prescribed format provided in Appendix "A" hereof, shall be submitted to the Commission, complete with supporting documents, which shall include, but not limited to, the following:

- a. Sample Bills;
- b. A certified true copy of the official receipt of payment /LGU Assessor's or Treasurer's office issuance of a certificate of full payment; and
- c. Certification by the DU's authorized personnel that it has fully complied with the requirements under Section 2.1, with date the ERC received the documents.

Monthly collections and revenue shall be included in the DUs submission to the Commission under the Uniform Reportorial Requirements (URR).

2.2 Current RPT Pass-Through Computation

The Current RPT Charge shall be calculated using the following formula:

$$RPT\ Charge = \frac{RPT_c}{S_c}$$

Where:

RPT Charge = The Current RPT Charge expressed in Php/kWh representing the RPT paid for the present year to the LGUs

RPT_c = The total RPT paid for present year to all the LGUs imposing the tax within the specific municipality(ies) and/or city(ies)

S_c = Projected Total kWh Sales for the recovery period of the Current RPT

For PDUs under the Performance Based Regulation, these rules shall apply to Current RPT related to Machineries only, and only until the next regulatory reset. Upon the finalization of the Regulatory Reset Process for the next Regulatory Period, privately-owned DUs shall already exclude the RPT in the financial Building Blocks of the ARR for each Regulatory Year in such Subsequent Regulatory Period, and the Rules provided herein shall apply to all RPT charges that will be imposed by the LGUs.

For ECs, these Rules shall be applied prospectively on all their Current RPT Charges that will be imposed by the LGUs.

2.3 Strict Monitoring of the RPT Collections

The DUs should strictly monitor the collection of the RPT charged to the customers until such time that the full amount of Total RPT paid to the LGUs has been collected. A report shall be required from the DUs containing the monthly tax collections and running balance in accordance with the prescribed format.

ARTICLE III

LOCAL FRANCHISE AND BUSINESS TAXES

3.1 Local Franchise Tax Pass-Through Computation

A DU is obligated to pay Local Franchise Taxes (LFT) to their respective LGU/s. This shall be reflected in its customer's electric bill, and its recovery shall be based on the tax rate multiplied against the total gross revenue² in Peso (Distribution, Supply, Metering (DSM) and other DSM charges/adjustments, i.e. subsidy on lifeline charge, lifeline subsidy discount and inter-class cross subsidy charge, excluding Reinvestment Fund collections in the case of an EC).

3.2 Business Tax Pass-Through Computation

Business Taxes (BT) paid by DUs may be recovered from its customers. The recovery of the said taxes shall be reflected in its customer's electric bill, with the amount to be recovered based on the following formula:

$$BT = \frac{Bt_a}{S_{FBT}} + OBTA$$

Where:

BT = Business Taxes Charge expressed in Peso/kWh representing business taxes that a DU paid to the specific LGUs

² The Department of Finance (DOF) Local Circular No. 1-07 dated June 28, 2007 has prescribed the guidelines on how the ECs may be levied by the LGUs on their gross receipts, which is net of the Generation, Transmission, Reinvestment Fund and Universal Charges. The gross revenue as tax base shall be subject to the actual assessment of the LGU.

<i>Bt_a</i>	=	Business Taxes (excluding penalty and surcharge) other than those already considered in the distribution rates, paid for the current calendar year
<i>ACS_{FBT}</i>	=	Projected Total kWh Sales for the recovery period
<i>OBTA</i>	=	Other Business Taxes Cost Adjustment, refer to adjustments as approved by the Commission after prior verification and confirmation.

In calculating the local business taxes, it shall be based on the DU's total distribution charges, excluding the penalties and surcharges paid. The DU shall reflect the computed rate, in PhP/kWh and corresponding revenues in a separate line item in the customers' monthly billing.

3.3 Supporting Documents for Local Franchise and Business Taxes Adjustment; Recovery Period as a Pass-Through Charge

The LFT and BT to be recovered by the DUs shall be determined and limited to the taxes assessed by LGUs and paid for by the DUs, as evidenced by the following:

- a. Certified true copies of the Local Ordinances of the Province, Cities and each of the Municipalities wherein franchise/business tax are levied;
- b. Tax receipts for the payments made;
- c. Summary of Franchise/Business tax computation;
- d. Actual distribution revenues;
- e. Breakdown of gross sales and receipts of which the current LFT was based; and
- f. Other relevant documents as may be required by the Commission.

Upon complete submission of the foregoing documents, the DU is authorized to recover the allowable LFT/BT under these Rules. Such pass-through charges shall be reflected as a separate line item in the electric bill, subject to post-verification and confirmation by the Commission as provided under Article V of these Rules, where the corresponding over/under recovery shall be considered in the DUs filing of their respective applications through Compliance Filing.

The recovery period shall be equivalent to the number of months for which the DU has paid the said LFT/BT. To illustrate, for DUs that made a one-time payment for the entire amount due for the year, the same shall be recoverable from their consumers for a period of twelve (12) months. On the other hand, for those who paid on a quarterly basis, the recovery period shall be three (3) months of the quarter covered by the said payment. To illustrate, if a DU paid the LFT/BT for the first quarter of the year 2021, the DU may recover the said LFT/BT for three (3) months or until March 2021.

Notwithstanding the immediately preceding paragraph, the said LFT/BT charges shall only be allowed recovery for the current year, and any remaining uncollected amount shall be included as part of the DUs' under-recovery in its compliance filing. To illustrate, the paid LFT/BT for the year 2021 shall only be allowed as a pass-through in 2021. The uncollected portion of the allowable LFT/BT charges shall then be recovered as part of the DU's compliance filing.

On or before the 30th day of the month from the implementation of collections, and every month thereafter until the total amount has been fully collected, a report, in accordance with the prescribed format in the Appendix “A” for the BT and Appendix “B” for the LFT, shall be submitted to the Commission, complete with supporting documents regarding its implementation.

Likewise, the monthly collections and revenue shall be included in the DUs submission to the Commission under the URR, which shall include, but not limited to, the following:

- a. Sample Bills;
- b. A certified true copy of the official receipt of payment / LGU Assessor's or Treasurer's office issuance of a certificate of full payment; and
- c. Certification by the DU’s authorized personnel that it has fully complied with requirements under Section 3.3, with date the ERC received the documents.

ARTICLE IV

TRUE UP MECHANISM

This Article shall establish a procedure for the recovery or refund of pass-through costs and the confirmation process that would govern the cost adjustment and true-up mechanisms approved by the ERC.

4.1 Calculation of Over/Under Recoveries

The DU shall calculate the over or under recoveries on the RPT, LFT and BT Rate brought about by the variance between the allowable cost and the revenues billed using the applicable formulae provided herein.

4.2 RPT Over/Under Recovery

Consistent with ERC Resolution No. 14, series of 2022³, a provision for true up mechanism is allowed every three (3) years that coincides with the DU's confirmation filing. The RPT over/under recovery charged to customers shall be based on the following formula:

$$RPT_{OUR} = \frac{(RPTR_i + RPTR_{ii} + \dots RPTR_n) - (RPTA_i + RPTA_{ii} + \dots RPTA_n)}{S_{RPTOUR_{Total\ Actual}}}$$

Where:

RPT_{OUR} = Refers to over/under recoveries real property taxes during the recovery period expressed in Peso/kWh

$RPTR_{i\ to\ n}$ = Real Property tax revenue for the recovery period i to n computed as follows:

³ “A Resolution Adopting the Revised Rules Governing the Automatic Cost Adjustment and True-Up Mechanism and Corresponding Confirmation Process for Distribution Utilities.”

$$RPTR = RPT \text{ Charge} \times \sum S_{RPTOUR \text{ Actual}}$$

Where:

- RPT Charge = The RPT Charge expressed in Php/kWh as determined in Section 2.2 above
- $S_{RPTOUR \text{ Actual}}$ = kWh sales for i to month n during the recovery period
- $RPTA_{i \text{ to } n}$ = ERC verified real property taxes paid by the DU for the recovery period i to n
- $S_{RPTOUR \text{ Actual}}$ = Actual Total kWh sales for the recovery period.

4.3 Local Franchise and Business Taxes Over/Under Recovery

The Local Franchise and Business Taxes Over/Under Recovery to be charged to customers shall be calculated based on the following formulae:

4.3.1 Business Tax Over/Under Recovery

For BT Over/Under Recovery (BTOUR) to be charged to customers shall be calculated based on the following formula:

$$BT_{OUR} = \frac{(BTR_i + BTR_{ii} + \dots BTR_n) - (BTA_i + BTA_{ii} + \dots BTA_n)}{S_{BTOUR \text{ Total Actual}}}$$

Where:

- BT_{OUR} = Refers to over/under recoveries business taxes during the recovery period express in Php/kWh
- $BTR_{i \text{ to } n}$ = Business tax revenue for the recovery period i to n computed as follows:

$$BTR = \left(BT \times \sum_{i=1 \dots m} S_{BTOUR \text{ ACTUAL}} \right)$$

Where:

- BT = ERC Other Business Tax Rate
- $S_{BTOUR \text{ ACUAL}}$ = kWh Sales for the Month i to Month m during the recovery period
- $BTA_{i \text{ to } n}$ = ERC verified business taxes paid by the DU for the recovery period i to n
- $S_{BTOUR \text{ TOTAL ACTUAL}}$ = Actual kWh Sales for the recovery period

4.3.2 Local Franchise Tax Over/Under Recovery

For LFT Over/Under Recovery (LFTOUR) to be charged to customers shall be calculated based on the following formula:

$$LFT_{OUR} = \frac{(LFTR_i + LFTR_{ii} + \dots LFTR_n) - (LFTA_i + LFTA_{ii} + \dots LFTA_n)}{S_{LFTOUR\ TOTAL\ ACTUAL}}$$

Where:

LFT_{OUR} = Refers to over/ under recoveries in local franchise taxes during the recovery period expressed in PhP/ kWh

$LFTR_{i\ to\ n}$ = Local Franchise Tax revenue for the recovery i to n

$LFTA_{i\ to\ n}$ = ERC verified local franchise taxes paid by the DU for the recovery period i to n

$S_{LFTOUR\ Total\ Actual}$ = Actual Total kWh sales for the recovery period

ARTICLE V

FILING AND RESOLUTION OF THE APPLICATIONS

5.1 Filing

The DUs shall file their respective initial consolidated applications through Compliance Filing within the corresponding periods as prescribed hereunder:

DISTRIBUTION UTILITIES	PERIOD OF FILING	COVERED ADJUSTMENTS
Luzon DUs	31 March 2023	January 2021 - December 2022
Visayas DUs	31 March 2024	January 2021 - December 2023
Mindanao DUs	31 March 2025	January 2021 - December 2024

Subsequently, the DUs shall file their respective consolidated applications every three (3) years following the period of filing prescribed under ERC Resolution 14, Series of 2022.⁴

5.2 Form of Application and Supporting Document

The Applications and supporting documents therewith shall adopt the prescribed templates (Appendix “A” or Appendix “B”) by the ERC.

⁴ “A Resolution Adopting the Revised Rules Governing the Automatic Cost Adjustment and True-Up Mechanism and Corresponding Confirmation Process for Distribution Utilities.”

5.3 ERC Post Audit

At any given time, the DUs implementation of recovery of Real Property Taxes, Local Franchises Taxes and Business Taxes may be subjected to any post audit by the Commission to examine the implemented rates based on the recovery period. Thus, DUs shall retain relevant documents for at least 10 years from the expiration of DUs' franchise.

ARTICLE VI

MISCELLANEOUS PROVISIONS

6.1 Separability

If for any reason any provision of these Rules is declared unconstitutional or invalid, the other parts or provisions hereof which were not affected thereby shall continue to be in full force and effect, unless such declaration would render the entire rules unenforceable or non-implementable.

6.2 Fines and Penalties

Violation of any provisions of these Guidelines shall be subject to the imposition of fines and penalties in accordance with the Guidelines to Govern the Imposition of Administrative Sanctions in the form of fines and penalties pursuant to Section 46 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2011 (EPIRA).

6.3 Exception Clause

Where good cause appears, the Commission may allow an exception from any provision of these Rules if such exception is found to be in the public interest and is not contrary to law or any other related rules and regulations.

6.4 Repealing Clause

All rules, regulations, guidelines, policies or portions thereof previous issued by the Commission not consistent with the herein Rules are repealed or modified accordingly.

6.5 Effectivity

These Rules shall take effect within fifteen (15) days following its publication in newspaper of general circulation in the country or in the Official Gazette.

Appendix “A”

Name of DU: _____

ERC Case No.: _____

Decision Date: _____

Total Amount to be Collected: _____

Rate per kWh (PhP/kWh): _____

Implementation Date: _____

Name of
LGU/City/Municipality: _____

Collection Due to Real Property Tax (RPT)/ Business Tax

Amount to be Collected _____

For the Period Covering _____

Month	kWh Sold	Amount Collected (PhP)	Balance (PhP)
Beginning Balance			0.00
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
TOTAL			0.00
Ending Balance			0.00

Note: This Report should be submitted on or before the 30th day of the month from the implementation of refund/collection, and every month thereafter until the total amount has been fully refunded/collected.

Prepared by:

Certified True and Correct:

Name & Designation

Name & Designation

Appendix “B”

Name of DU: _____

ERC Case No.: _____

Decision Date: _____

Tax Rate in Percentage (%): _____

Implementation Date: _____

Name of
LGU/City/Municipality: _____

Collection Due to Local Franchise Tax (LFT)

**Amount Collected _____
For the Year _____**

Month	LFT Revenue (PhP)
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	
TOTAL	0.00

Note: This Report should be submitted on or before the 30th day of the month from the implementation of refund/collection, and every month thereafter until the total amount has been fully refunded/collected.

Prepared by:

Certified True and Correct:

Name & Designation

Name & Designation