Annex "A"

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Exquadra Tower, Jade Drive, Ortigas Center, Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF A TAX RECOVERY ADJUSTMENT CHARGE ON TAX ARREARAGES PAID ON REAL PROPERTY TAX ON MACHINERIES WITH PRAYER FOR PROVISIONAL AUTHORITY

ERC Case No. 2026-067 CF

TARLAC ELECTRIC INC. (TEI),
Applicant.

July 27, 2026

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APPLICATION

APPLICANT TEI, through counsel, respectfully alleges:

1. TEI is a Distribution Utility duly organized and existing under Philippine law, with principal office address at Mabini Street, Brgy. Mabini, Tarlac City; franchised under Republic Act No. 10795 to construct, operate, and maintain in the public interest and for commercial purposes, a Distribution System for the conveyance of electric power to the end-users of Tarlac City. TEI is represented here by its President and General Manager, Vitus M. Romero.

2. TEI seeks to recover tax adjustment charges on arrearages paid to the local government unit of Tarlac City, on Real Property Tax on machineries, such as transformers, electric posts, transmission lines, insulators, and electric meters.

3. This application was filed pursuant to ERC Resolution No. 09, Series of 2026, entitled: "***A RESOLUTION GOVERNING THE REVISED RULES ON THE RECOVERY OF PASS-THROUGH TAXES (REAL PROPERTY, LOCAL FRANCHISE, AND BUSINESS TAXES) OF DISTRIBUTION UTILITIES***" which allowed recovery of tax arrearages, excluding interests, penalties and other charges, imposed on and paid by DUs for the years prior to the effectivity of these Rules, subject to confirmation process under Article IV, of Annex "A" of the aforementioned ERC resolution.

4. Applicant TEI seeks to recover the following amounts paid on Local Business Tax and Real Property Tax, to wit:

Real Property Tax (Machineries)		
Years	Official Receipt Number	Real Property Tax Paid (Machineries
2016	196838	94,937.38
2016	196839	53,369.16
2016	196840	30,994.06
2016	196841	58,522.08
2016	196842	50,160.18
2016	196843	43,957.28
2016	196844	40,255.40
2016	196845	59,225.64
2016	196846	66,312.32
2016	196847	39,633.04
2016	196848	7,272.72
2016	196849	79,260.32
2016	196850	44,188.94
2016	196851	54,715.36
2016	196852	117,291.80
2016	196853	124,198.16
2016	196854	54,127.80
2016	196855	121,741.06
2016	196856	69,069.86
2016	196857	56,619.50
2016	196858	129,082.20
2016	196859	170,551.36
2016	196860	153,711.94
2016	196861	210,033.56
2016	196862	50,171.00
2016	196863	143,312.50
2016	196864	22,937.94
2016	196865	162,529.74
2016	196866	35,248.18
2017	196838	65,410.40
2017	196839	56,276.96
2017	196840	14,427.84
2017	196841	59,021.28
2017	196842	36,640.32
2017	196843	40,584.16
2017	196844	24,396.48
2017	196845	57,228.96
2017	196846	24,169.76
2017	196847	62,759.68
2017	196848	5,967.36
2017	196849	47,424.80
2017	196850	53,866.88
2017	196851	19,669.76
2017	196852	121,464.16
2017	196853	15,066.56
2017	196854	131,252.00

2017	196855	27,128.80
2017	196856	129,433.92
2017	196857	12,140.80
2017	196858	140,229.76
2017	196859	35,972.96
2017	196860	230,089.12
2017	196861	164,913.28
2017	196862	48,587.84
2017	196863	101,744.32
2017	196864	34,666.24
2017	196865	100,364.80
2017	196866	61,914.56
2018	240678	97,154.88
2018	242747	30,623.36
2018	240679	79,259.84
2018	240680	78,625.60
2018	240681	58,860.80
2018	240682	56,586.08
2018	240683	77,776.64
2018	240684	169,626.88
2018	242748	22,975.36
2018	240685	142,947.36
2018	240686	163,494.56
2018	240687	114,360.48
2018	240688	238,789.28
2018	240689	285,138.56
2018	240690	133,315.52
2018	240691	150,930.08
2018	240725	22,348.48
2019	299008	93,444.96
2019	299009	79,259.84
2019	299010	60,694.72
2019	299011	81,398.72
2019	299012	101,687.04
2019	299013	65,026.08
2019	299014	136,530.72
2019	299015	158,380.80
2019	299016	141,574.72
2019	299017	176,202.72
2019	299018	395,002.40
2019	299019	150,332.16
2019	299020	135,031.04
2019	299021	115,513.28
2019	299022	32,734.56
2020	336279	63,237.60
2020	336280	154,288.64
2020	336281	86,736.00
2020	336282	47,890.56
2020	336283	168,201.28
2020	336284	96,008.16

2020	336285	249,590.40
2020	336286	133,549.76
2020	336287	312,941.60
2020	336288	176,678.08
2020	336289	69,009.52
2020	336290	145,131.84
2020	336291	94,758.56
2020	336292	91,520.00
2020	336293	33,261.76
	TOTAL RPT AMOUNT	**10,034,675.52**

5. TEI proposes to recover the tax arrearages paid on LBT and RPT under the following schemes:

REAL PROPERTY TAXES PAID	PROJECTED 2027 KWH SALES	RATE PER KWH	
		1 YEAR RECOVERY	2 YEARS RECOVERY
10,034,675.52	573,807,761.66	0.0175	0.0087

ALLEGATIONS IN SUPPORT OF PRAYER FOR PROVISIONAL AUTHORITY

6. One of the objectives of ERC Resolution No. 09, Series of 2026, is *to allow Distribution Utilities 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*.

7. Until ERC Res. No. 09, Series of 2026 was published on 02 April 2026 at the Business Mirror, Distribution Utilities could not recover their paid local taxes arrearages.

8. Since these paid local tax arrearages were not included in TEI's annual revenue requirement, TEI had to advance the cost of these local tax arrearages.

9. It is a **Guiding Principle** of ERC Res. No. 09, Series of 2026, that Distribution Utilities 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.

10. Premises considered, it is imperative that TEI pray that it be granted provisional authority to include in its power bills to its customers a Tax Recovery Adjustment Charge to recover tax arrearages paid on Local Business Tax and Real Property Tax so it can operate viably.

11. TEI submits the following documents in support of this application:

    11.1. City Ordinance No. 018-19 Series of 2020
    11.2. Tax Declaration 2021
    11.3. Statement of Accounts (SOA)
        a. RPT 2016 & 2017 SOA
        b. RPT 2017 SOA
        c. RPT 2018 SOA
        d. RPT 2019 SOA
        e. RPT 2020 SOA

11.4. Official Receipts (OR)
   a. RPT 2016-2017 OR
   b. RPT 2018 OR
   c. RPT 2019 OR
   d. RPT 2020 OR
11.5. RPT 2016-2020 Computation

PRAYER

WHEREFORE, TEI respectfully prays that the Honorable Commission issue a Decision/Provisional Authority to TEI to include as separate line item in its bills to customers in Tarlac City a Tax Recovery Adjustment Charge (TRAC) to recover the Real Property Tax in the net amount of **P10,034,675.52** under any of the proposed recovery schemes.

Applicant TEI also pray for such other relief or remedy as may be just and equitable under the circumstances.

RESPECTFULLY SUBMITTED this 15th day of June 2026 at Pasig City.

[redacted]

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