

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE ANNUAL REVENUE REQUIREMENT AND PERFORMANCE INCENTIVE SCHEME FOR THE FIRST REGULATORY PERIOD AND MAXIMUM AVERAGE PRICE FOR THE FIRST REGULATORY YEAR 2027 (RY 2027) AND TRANSLATION OF THE MAXIMUM AVERAGE PRICE FOR RY 2027 INTO A DISTRIBUTION RATE STRUCTURE FOR *DUS* VARIOUS CUSTOMER CLASSES IN ACCORDANCE WITH THE PROVISIONS OF THE RATIONALIZED RULES FOR SETTING DISTRIBUTION WHEELING RATES (RRDWR),

ERC CASE NO. 2026-020 RC
February 09, 2026

DAGUPAN ELECTRIC CORPORATION
(DECORP)

Applicant.

APPLICATION

COMES NOW, Applicant Dagupan Electric Corporation (DECORP) through the undersigned counsel, and unto this Honorable Commission, most respectfully states; that:

1. Applicant is a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at AB Fernandez West, Dagupan City where it may be served with summons and other legal processes, represented in this instance by its President and CEO, Rene L. Llames, of legal age, Filipino, single and with office address also at AB Fernandez West, Dagupan City. Herein applicant is the exclusive franchise holder issued by Congress of the Philippines to operate an electric light and power services in

the City of Dagupan and Municipalities of Calasiao, San Fabian, Sta. Barbara, San Jacinto, Manaoag, Barangays Cruz and Bolingit of San Carlos City, all in the Province of Pangasinan.

2. Applicant entered Performance-Based Regulation at the Third Regulatory Period, as part of the First Entry Group. Applicant's revenue application for the Third Regulatory Period under Performance-Based Regulation was lodged to the Energy Regulatory Commission (the "Commission") on June 10, 2010 and following due consideration, was finally approved under the Commission's Final Determination on the Price Control Arrangements for the Third Regulatory Period (ERC Case No 2010-070RC) on June 29, 2011.
3. The Third Regulatory Period commenced on July 1, 2011. During this period, up to the date of this Application, Applicant has operated its electricity distribution network efficiently and in accordance with the Commission's rules and guidelines.
 - a. The Applicant implemented the following key projects to maintain the reliable, efficient and safe operation of its distribution network as well as to provide for the growing electricity demand in its franchise areas:
 - The development of the Applicant's substation and sub-transmission assets located in Dagupan, San Jacinto, and Calasiao Substations to ensure adequate capacity and N-1 reliability. The Dagupan Substation has been equipped with 2 x 20/25 MVA power transformers, the San Jacinto's Substation capacity has been augmented to 2 x 15/20 MVA, and the Calasiao Substation has been installed with 2 x 20/27/33 MVA power transformers.
 - The construction of 5.679 kilometers of three 795 MCM ACSR 69 kV sub-transmission line from Dagupan Substation to Bolosan, Dagupan City has looped the existing sub-transmission system of DECORP to meet the single outage contingency criterion. N-1 redundancy.
 - The acquisition of LUELCO distribution facilities serving Barangays Awai, Bolo and Sta. Cruz in San Jacinto, and Barangays Alacan, Ambalangan-Dalin, Bigbiga, Bolaoen, Colisao, Gumot, Inmalog, Lipit-Tomeeng, Rabon and Tiblong in San Fabian. The mentioned barangays were served by LUELCO but are covered by the franchise area of DECORP.
 - The construction of 20/25 MVA 69/13.8kV San Fabian Substation in Brgy. Tempra-Guilig to serve the Municipality of San Fabian. This development allowed the San Fabian load to be transferred from the San

Jacinto Substation, significantly unloading the latter and attaining compliance with the N-1 redundancy

- The distribution line rehabilitation project along Arellano St., Dagupan City relocated and adjusted existing utility poles and distribution lines affected by the DPWH road elevation, road widening, and drainage construction projects. This initiative ensured compliance with safety standards and service reliability.
- b. The operating and maintenance expenditures incurred throughout the period were undertaken to fulfill the Applicant's obligation to provide and maintain safe, reliable, and efficient distribution network facilities and systems while adhering to the performance standards and ensuring compliance with regulatory requirements.
 - c. The Applicant's network and customer service performance during this period generally remained within the approved levels or targets, with some periods greatly exceeding the standards. There were instances where some of the Applicant's performance indices fell below expected levels due to the effect of the pandemic, typhoons, and the turnover of additional customers from LUELCO to the Applicant.
4. Applicant will continue operating under Performance-Based Regulation, entering the First Regulatory Period at the first entry point, as originally described in Annex A of Commission Resolution No. 24, series of 2025, A Resolution Adopting the Rationalized Rules for Setting the Distribution Wheeling Rates (RRDWR) for Privately-Owned Distribution Utilities under Performance Based Regulation (PBR), dated 16 October 2025. The application submitted to the Commission is for the approval of the Annual Revenue Requirement and Performance Incentive Scheme required for the First Regulatory Period described in the Rationalized Rules for setting Distribution Wheeling Rates (RRDWR) for Privately Owned Distribution Utilities entering Performance Based Regulation issued by the Commission on November 28, 2025. This First Regulatory Period commences on July 1, 2026 and terminates on June 30, 2030.
 5. Applicant proposes the Annual Revenue Requirement and Performance Incentive Scheme values thus approved to form the basis of the Commission's determination of the X-factor, P₀-factor and the Maximum Annual Prices that will apply to the applicant and on which it will base its rate setting for the First Regulatory Period.
 6. Applicant has prepared its proposal as contained in this application in accordance with the conditions described in the afore-mentioned RRDWR and in the implementing guidelines issued by the Commission in its Position Paper

on the Regulatory Reset for the First Regulatory Period of Privately Owned Distribution Utilities under the Rationalized Rules for Setting Distribution Wheeling Rates (RRDWR), dated 16 October 2025 (Position Paper). The application submitted to the Commission made use of the methodology described in the RRDWR, the Position Paper and applied the financial spreadsheet model titled Price-Cap-MODEL-GroupA-1st_RP.xls (Price-Cap Model) that was provided to the applicant by the Commission.

7. The proposed Annual Revenue Requirement is based on the Building Block calculation described in the afore-mentioned RRDWR, with the exclusion of corporate income tax, as set out below for each Regulatory Year and for which the applicant is seeking the immediate approval of the Commission.
8. Included in the proposed Annual Revenue Requirement are allowances for under- or over-recoveries carried over from the Previous Regulatory Period; allowances for regulatory interventions imposed by the Commission during the Second Regulatory Period; and provision for an efficiency carry-over as described in the afore-mentioned RRDWR. These values have been calculated as instructed by the Commission in the afore-mentioned Position Paper, and are also set out below.

Table 1. Annual Revenue Requirement as per Building Block approach

Building Block	Proposed revenue requirement per Regulatory Year (PhP)			
	2027	2028	2029	2030
Operating and maintenance expenditure	290,565,581	302,876,048	317,943,206	332,916,519
Taxes, levies & duties (other than corporate tax)	32,695,044	34,279,617	35,404,285	34,597,494
Regulatory depreciation	200,663,586	218,062,034	235,943,008	254,250,951
Return on capital	508,586,187	543,452,655	580,169,133	597,241,812
Revenue Requirement Subtotal	1,032,510,399	1,098,670,354	1,169,459,632	1,219,006,776
Allowance for under/over recovery	101,893,139	103,171,591	106,266,739	109,741,661
Allowance for regulatory intervention	35,612,841	36,823,677	37,928,388	39,168,646
Efficiency carry-over	-7,156,783	19,034,993	16,673,669	2,827,304
TOTAL REVENUE REQUIREMENT	1,162,859,595	1,257,700,615	1,330,328,427	1,370,744,388

Note : All values are in nominal terms

9. The meaning and application of these parameters are as described in the afore-mentioned RRDWR.
10. The afore-mentioned Annual Revenue Requirement is based on a proposed rolled-forward value of the applicant's Regulatory Asset Base as described below. The opening value of the Regulatory Asset Base for 2025 is based on the value of the Regulatory Asset Base on June 30, 2025, in accordance with the method described in the RRDWR. The Applicant notes that the December 31, 2025 value of the Regulatory Asset Base used in this Application is an

interim value only. This value will be updated not later than July 31, 2026, applying the Commission’s Regulatory Asset Base (RAB) Roll-Forward Handbook for Privately Owned Distribution Utilities, issued by the Commission under Resolution No. 24, series of 2025.

Table 2. Summary of proposed Rolled-forward Regulatory Asset Base (RAB)

ITEM	PhP for Regulatory Year			
	2027	2028	2029	2030
Opening value of RAB	3,362,562,628	3,558,931,531	3,827,836,634	4,059,022,179
plus Capital Expenditure	407,032,489	486,967,137	467,128,553	254,080,808
minus Regulatory Depreciation on asset base at start of First Regulatory Period	188,414,385	187,165,673	183,382,729	182,379,637
minus Regulatory Depreciation on capital expenditure incurred during the First Regulatory Period	10,142,281	30,896,361	52,426,350	70,544,618
Closing value of RAB	3,558,931,531	3,827,836,634	4,059,022,179	4,058,852,036
AVERAGE VALUE OF RAB	3,455,747,080	3,693,384,083	3,943,429,407	4,058,937,108

Note : All values are in nominal terms

- In calculating the afore-mentioned Annual Revenue Requirement for the First Regulatory Period, the applicant made use of the estimated Philippine Consumer Price Index, United States of America Consumer Price Index and Philippine Peso/United States dollar exchange rate figures below (figures provided for calendar years and converted to regulatory years):

Table 4a. Forecast Change in the Consumer Price Index for the Philippines

	2025	2026	2027	2028	2029	2030
Calendar Year	1.70%	3.30%	3.40%	3.00%	3.27%	3.20%
Regulatory Year		3.79%	3.35%	3.20%	3.13%	3.23%
Data source :	Bangko Sentral ng Pilipinas and Philippine Statistics Authority					

Table 4b. Forecast Change in the Consumer Price Index for the United States of America

	2025	2026	2027	2028	2029	2030
Calendar Year	1.0%	2.4%	2.2%	2.2%	2.20%	2.20%
Regulatory Year		1.66%	2.30%	2.20%	2.20%	2.20%
Data source :	U.S. Bureau of Labor Statistics					

Table 4c. Forecast PhP/US\$ Exchange Rate (average for the year)

Quarter ending	2025	2026	2027	2028	2029	2030
Calendar Year	57.51	59.11	58.70	60.54	60.69	63.83
Regulatory Year		58.66	58.90	59.62	60.61	62.26
Data source :	Bangko Sentral ng Pilipinas					

- For the purposes of the initial and subsequent annual price resets during the First Regulatory Period as required in terms of the RRDWR, the applicant will update the afore-mentioned Consumer Price Indices and foreign exchange rates with actual values in accordance with the RRDWR and will use such updated values for the price resets.

13. The afore-mentioned Annual Revenue Requirement is in part based on a proposed rate of return of 14.6% per annum based on the calculation and recommendation of NERA Economic Consulting, Inc.
14. Allowance has been made in accordance with the RRDWR to include assets used beyond their standard lives in the Regulatory Asset Base, at a value equal to 5% of their optimized cost.
15. The proposed Capital Expenditure included in the afore-mentioned calculation of the Rolled-forward Regulatory Asset Base is as demonstrated below:

Table 5. Proposed Capital Expenditure (per regulatory year)

	In Thousand Pesos			
	2027	2028	2029	2030
Regulated Distribution Services				
Network	160,063.20	250,414.70	293,053.19	83,515.87
Non-network	147,519.75	128,826.04	58,465.35	53,308.90
Distribution Connection Services				
Network	15,333.57	16,403.55	17,624.81	18,809.88
Non-Network	4,074.18	3,018.91	3,243.71	3,462.30
Regulated Retail Services	80,041.78	90,303.93	94,741.49	94,983.86
Total	407,032.48	486,967.14	467,128.55	254,080.81

Note : All values are in nominal terms

16. The proposed capital expenditures are required to meet growing energy demand, increased customer volume, improve service quality and performance, replacement or refurbishment of ageing or obsolete equipment, and compliance with government programs and regulations.
17. The proposed Operating & Maintenance Expenditure (OPEX) included in the afore-mentioned calculation of the Annual Revenue Requirement is as demonstrated below:

Table 6. Proposed Operating & Maintenance Expenditure (per regulatory year)

	In Thousand Pesos			
	2027	2028	2029	2030
Regulated Distribution Services				
Operation	76,353.30	79,865.78	84,267.98	88,610.72
Maintenance	25,613.96	26,738.35	28,411.22	29,967.86
Administrative and General	71,194.01	74,120.91	77,283.86	80,589.18
Distribution Connection Services				
Operation	5,939.43	6,135.99	6,381.51	6,622.77
Maintenance	200.86	212.21	262.32	299.08
Administrative and General	973.11	1,005.15	1,044.02	1,082.62
Regulated Retail Services	110,290.91	114,797.66	120,292.28	125,744.29
Total	290,565.58	302,876.05	317,943.21	332,916.52

Note : All values are in nominal terms

18. The above-mentioned proposed OPEX is necessary for the Applicant to maintain the continuous, efficient, reliable, and safe operation of its distribution network and to deliver the requisite services to its customers. Further, this OPEX will provide the Applicant with the required resources to ensure compliance with various government initiatives and regulations and to attain the performance targets stipulated within its Performance Incentive Scheme (PIS).
19. The proposed expenditure on Taxes, Levies & Duties (other than corporate income tax) included in the afore-mentioned calculation of the Annual Revenue Requirement is as demonstrated below:

Table 7. Summary of proposed Taxes, Levies & Duties (other than corporate income tax) expenditure (per Regulatory Year)

	Nominal PhP, In Thousand Pesos			
	2027	2028	2029	2030
Levies	31,704.57	33,232.39	34,297.62	33,426.73
Duties				
Other taxes	990.48	1,047.22	1,106.67	1,170.77
TOTAL	32,695.04	34,279.62	35,404.28	34,597.49

20. The above-mentioned proposed taxes, levies & duties (other than corporate income taxes) expenditure include provision for regulatory supervision, permit fees, and renewal of licenses and registrations.
21. The proposed Depreciation included in the afore-mentioned calculation of the Annual Revenue Requirement, including an allowance for assets intended to be disposed of during the First Regulatory Period after allowing for any potential income from the sales of such disposed assets, is as demonstrated below. These values include depreciation on the applicant's Regulatory Asset Base as at the start of the First Regulatory Period, as well as depreciation on those assets proposed to be acquired during the First Regulatory Period.

Table 8. Summary of proposed Depreciation (per Regulatory Year)

	Nominal PhP, In Thousand Pesos			
	2027	2028	2029	2030
Depreciation of Regulatory Asset Base as at the start of the First Regulatory Period	188,414.38	187,165.67	183,382.73	182,379.64
Depreciation on Assets Acquired during the First Regulatory Period	10,142.28	30,896.36	52,426.35	70,544.62
Disposal of Assets	2,106.92	-	133.93	1,326.69
TOTAL	200,663.58	218,062.03	235,943.01	254,250.95

- a. The afore-mentioned depreciation is calculated on a straight-line basis, based on the standard asset lives approved by the Commission where these are available.

22. Forecast sales of energy, including sales to the Regulated Entity itself, is forecast as follows:

Table 9. Summary of forecast energy consumption (per Regulatory Year)

	2026	2027	2028	2029	2030
Energy consumption (MWh)	500,635	520,173	557,490	585,607	605,842

23. The estimates of the afore-mentioned energy sales are based on the following forecast co-incident, annual, sustained peak demand on the whole distribution network:

Table 10. Summary of forecast peak demand (per Regulatory Year)

	2026	2027	2028	2029	2030
Demand (MW)	101.53	104.87	111.25	116.05	119.51

24. The estimated price-path for the First Regulatory Period that was determined using the afore-mentioned proposed Allowed Annual Revenue and an assumed -0.0385 X-factor and P₀-factor is demonstrated below:

Table 11. Assumed Maximum Annual Prices for the First Regulatory Period

	2027 Regulatory year	2028 Regulatory year	2029 Regulatory year	2030 Regulatory year
Maximum Annual Price (PhP/kWh)	2.0549	2.1997	2.3532	2.5197

25. The applicant recognizes that the Commission will determine the actual X-factor and P₀-factor after its consideration of this application for Allowed Annual Revenue and will determine the actual price-path for the First Regulatory Period after incorporating such amendments to these proposals as the Commission deems necessary. As part of its consideration the Commission may also amend one or more of the parameters on which the calculations of the Allowed Annual Revenue are based. The actual approved price path is therefore likely to differ from that estimated above.
26. The applicant proposes to adopt a Price-Linked Performance Incentive Scheme as required in terms of the RRDWR. According to this Performance Incentive Scheme the applicant will be rewarded if the service performance levels of its electricity distribution business exceed the target levels proposed below, and will be penalized if the service performance level of its electricity distribution business falls below the proposed targets. The proposed Price-linked Performance Incentive Scheme is based on the performance measures and

performance targets demonstrated below. Stepped performance target levels are proposed, which will influence the size of the reward or penalty.

Table 13. Summary of proposed Price-linked Performance Incentive Scheme

Performance index	Units	Weight	Reward		Target	Penalty	
			Level A	Level B	Level C	Level D	Level E
System average interruption frequency index (SAIFI)	Number	.20	4.76	5.92	7.08	8.24	9.39
Customer average interruption duration index (CAIDI)	Minutes	.20	76.47	83.81	94.15	104.48	114.82
Planned system average interruption duration index (SAIDI)	Minutes	.15	159	243.20	327.39	411.58	495.78
Probability of voltage levels falling within prescribed limits	%	.10	.2%	1.10%	2.0%	2.90%	3.80%
Distribution Feeder Losses	%	.05	3.50%	4.50%	5.50%		
Average time to process applications for Regulated Distribution Services (1)	Days	.08	2	5	8	11	14
Average time to process application for Regulated Distribution Services (2)		.02	12	21	30	39	48
Average time to connect premises to the Regulated Distribution System (1)	Days	.02	1	3	5	7	9
Average time to connect premises to the Regulated Distribution System (2)		.08	11	18	25	32	39
Average time to answer calls at call centre	Seconds	.10	11	18	25	32	39

27. The applicant proposes to adopt a Guaranteed Service Level Performance Incentive Scheme as required in terms of the RRDWR. According to this Guaranteed Service Level scheme, customers will be directly compensated, in the form of reductions in their monthly electricity bills, if service performance falls below certain minimum thresholds. The thresholds and the penalties that will apply are as demonstrated below:

Table 14. Summary of proposed Guaranteed Service Level Incentive Scheme

Performance Measure	Unit	Threshold	Penalty level (PhP)
Customer experiencing a total duration of sustained service interruptions in a Regulatory Year that exceeds the threshold	Hours	52	1,299
Customer experiencing a number of sustained service interruptions in a Regulatory Year that exceeds the threshold	Numbers	33	1,299
Restoration of supply to a customer after a fault on the secondary distribution network taking longer than the threshold time	Hours	4 hours if the customer is in Dagupan City (except in Island Barrios) or Calasiao	1,299
		Within 8 hours if in Sta. Barbara, San Fabian, San Jacinto, and Manaoag, except for the 14 barangays in San Fabian and San Jacinto turned over by	

		LUELCO	
		Within 24 hours if in the Island Barrios, 14 Barangays in mountainous areas of San Fabian (Brgys. Colisao, Ambalangan Dalin, Lipit Tomeeng, Inmalog Norte, Inmalog Sur, Alacan, Rabon, Bigbiga, Tiblong, Gumot, Bolaoen) and San Jacinto (Brgys. Sta, Cruz, Awai, and Bolo) turned over by LUELCO	
Customer connection not provided on the day agreed with the customer	Days	Same Target Level for Time to Connect in the PIS	1,299

28. The applicant will be entitled to an additional revenue amount equal to 0.5% of its Annual Revenue Requirement (excluding any provision for under/over-recovery, or regulatory intervention, or efficiency carry-over from the Previous Regulatory Period), which is intended to be applied to the Guaranteed Service Level Scheme and can be used to either provide for penalties under the scheme, or for network or operational improvements to avoid such penalties.
29. Applicant will comply with the requirements in Section 4(e), Rule 3 of the Rules and Regulations of Republic Act No. 9136, in relation to Rule 6 of the Commission Rules of Practice and Procedure, prior to the filing of this application with the Commission.
30. The MAP₂₀₂₇ of 2.0549 per kWh is then broken down into the unbundled components of Distribution Charge, Supply Charge and Metering Charge, with the following resulting figures:

	Distribution	Supply	Metering	Total
Average Rate / kWh	1.6118	0.2462	0.1969	2.0549

31. The Distribution, Supply and Metering charge components of the MAP are further broken down into the detailed customer classes using the allocation factors prescribed by this Honorable Commission as well as account specific composite allocation factors derived from appropriate cost causation drivers of each directly attributable activity component.

		Distribution	Supply	Metering
Residential	P/kWh	1.8554	0.4024	0.2349
	P/Customer/Mo.			5.000
Street Lighting	P/kWh	6.1092		
	P/Customer/Mo.		69.8875	
General Retail	P/kWh	1.5214		
	P/Customer/Mo.		69.8888	101.1834
General Power	P/kWh	0.3935		
	P/kW	286.9125		
	P/Customer/Mo.		473.3367	1,859.1592
Bulk Power	P/kWh	0.2597		

	P/kW	372.3561		
	P/Customer/Mo.		473.3271	7,871.7614

32. In support of this application for the approval of its Allowed Annual Revenue and Performance Incentive Scheme, the applicant has attached the following required documents as described in the RRDWR and the Position Paper:

Table 15. Supporting Information attached

Schedule	Information provided
A	Regulatory Asset Base
A1	Summary of the estimated optimized depreciated cost (ODC) and the depreciated historical cost of the Regulatory Asset Base as at the initial valuation date (the Regulatory Asset Base).
A2	Summary of the optimized depreciated cost and the depreciated historical cost of the Original Regulatory Asset Base as at the start of the First Regulatory Period, with supporting calculations for indexing applied.
A3	Assets forecast to be acquired during the period between the initial valuation date and the start of the First Regulatory Period.
A3.1	- Schedule of assets to be acquired
A3.2	- Value of the assets to be acquired
A3.3	- Justification for assets to be acquired
A5	Forecast asset disposal during the period between the initial valuation date and the start of the First Regulatory Period.
A5.1	- Schedule of assets to be disposed of
A5.2	- Value of the assets to be disposed of
A5.3	- Forecast income from the sale of disposed assets
A6	ODC depreciation schedules for the Regulatory Asset Base for the period between the initial valuation date and the start of the First Regulatory Period, for
A6.1	- Assets included in the Original Regulatory Asset Base
A6.2	- Assets acquired in the lead-up to the First Regulatory Period
A7	Historical cost depreciation schedules for the Regulatory Asset

Schedule	Information provided
<p>A7.1</p> <p>A7.2</p> <p>A8</p> <p>A9</p>	<p>Base for the period between the initial valuation date and the start of the First Regulatory Period, for</p> <ul style="list-style-type: none"> - Assets included in the Original Regulatory Asset Base - Assets acquired in the lead-up to the First Regulatory Period <p>Application of the construction work in progress (CWIP) factor to the Regulatory Asset Base as at the start of the First Regulatory Period.</p> <p>Summary of the estimated optimized depreciated cost (ODC) and the depreciated historical cost of the full Regulatory Asset Base as at the start of the First Regulatory Period (the opening value of the rolled-forward Regulatory Asset Base).</p>
<p>B</p> <p>B1</p> <p>B2</p> <p>B3</p> <p>B4</p>	<p>Financial indices forecast for First Regulatory Period</p> <p>Philippine quarterly CPI</p> <p>United States quarterly CPI</p> <p>PhP/US\$ quarterly exchange rate</p> <p>180-Day Manila Reference Rate</p>
<p>C</p> <p>C1</p> <p>C1.1</p> <p>C1.2</p> <p>C1.3</p> <p>C1.4</p> <p>C2</p>	<p>Forecast capital expenditure for the First Regulatory Period</p> <p>Summary of capital expenditure forecasts for each year of the First Regulatory Period</p> <ul style="list-style-type: none"> - Real values, divided in PhP and US\$ components - Total real values, in PhP - Total nominal values, in PhP - Justification for capital expenditure (major and minor projects) <p>Broken down historical capital expenditure</p>
<p>D</p> <p>D1</p> <p>D2</p>	<p>Forecast disposals during the First Regulatory Period</p> <p>Value of assets to be disposed of (based on Asset register)</p> <p>Forecast income from the sale of disposed assets</p>
<p>E</p>	<p>Forecast depreciation during the First Regulatory Period</p>

Schedule	Information provided
<p>E1</p> <p>E1.1</p> <p>E1.2</p> <p>E2</p> <p>E2.1</p> <p>E2.2</p>	<p>Depreciation of the opening asset base</p> <ul style="list-style-type: none"> - ODC basis - Historical cost basis <p>Depreciation of the assets forecast to be acquired during the First Regulatory Period</p> <ul style="list-style-type: none"> - ODC basis - Historical cost basis
<p>F</p> <p>F1</p> <p>F2</p>	<p>Forecast assets used beyond standard lives</p> <p>Forecast addition to assets used beyond standard lives</p> <p>Forecast removal from assets used beyond standard lives</p>
<p>G</p> <p>G1</p> <p>G1.1</p> <p>G1.2</p> <p>G1.3</p> <p>G1.4</p> <p>G2</p> <p>G3</p> <p>G3.1</p> <p>G3.2</p> <p>G3.3</p> <p>G3.4</p>	<p>Forecast operating & maintenance expenditure</p> <p>Summary of forecast operating & maintenance expenditure</p> <ul style="list-style-type: none"> - Annual expenditure, divided in real PhP and US\$ components - Total annual expenditure, in real PhP - Total annual expenditure, in nominal PhP - Justification for operating & maintenance expenditure forecasts <p>Historical operating & maintenance expenditure</p> <p>Summary of expenditure on taxes (other than corporate income tax), duties and levies</p> <ul style="list-style-type: none"> - Annual expenditure, in real PhP - Annual expenditure, in nominal PhP - Justification for expenditure - Historical taxes, levies & duties
<p>H</p> <p>H1</p> <p>H1.1</p> <p>H1.2</p>	<p>Forecast energy consumption and demand</p> <p>Forecast energy consumption figures (kWh)</p> <ul style="list-style-type: none"> - Breakdown of consumption figures into customer classes - Supporting evidence

Schedule	Information provided
H2	Forecast energy demand figures (MW)
H2.1	<ul style="list-style-type: none"> - Breakdown of demand figures into customer classes - Supporting evidence
H2.2	
H3	Forecast customer numbers, per customer class
I	Carry-overs from the Previous Regulatory Period
I1	<p>Under- or over recovery of revenue to which <i>the regulated entity</i> was entitled in terms of the RRDWR, but was unable to recover or return during the first three Regulatory Years of the Previous Regulatory Period</p> <p>Regulatory interventions applied by the Commission in its Final Determination on the price-control arrangements that would apply to the electricity distribution wheeling rates for <i>the regulated entity</i> during the First Regulatory Period.</p> <p>Efficiency carry-over as described in Article IX of the RRDWR</p>
I2	
I3	
J	Regulatory WACC for the First Regulatory Period
K	Working Capital
L	Construction Work in Progress (CWIP) Factor)
M	Performance incentive scheme details
M1	Price-linked incentive scheme
M1.1	<ul style="list-style-type: none"> - Details of scheme proposed - Proposed target levels - Actual performance levels against the proposed indices for the five years prior to this Application - Supporting information & calculations
M1.2	
M1.3	
M1.4	
M2	Guaranteed service level scheme
M2.1	<ul style="list-style-type: none"> - Details of scheme proposed - Proposed target levels - Actual performance levels against the proposed indices for the five years prior to this Application - Proposed penalty levels - Supporting information & calculations
M2.2	
M2.3	
M2.5	
M2.6	
M2.6	
N	Additional information for price-cap model

Schedule	Information provided
N1	Contact details for input sheets
O	Detailed calculations for First Regulatory Period Rolled forward regulatory asset base Annual revenue requirement Corporate income tax forecasts Forecast price-caps for the opening and subsequent years of the First Regulatory Period
P	Overview of performance of the network and the utility during the Previous Regulatory Period (to date)
Q	Rate Schedules per Customer Class

33. The Independent Expert Report (IER) on the Regulatory Asset Base Value is currently being prepared by Asian Appraisal Company Inc. The IER, under the RRDWR, will be compared with the submissions of the Applicant with respect to its Regulatory Asset Base. The Applicant undertakes to submit the IER as soon as it is completed and made available to it.
34. Applicant most respectfully requests for approval of this application to allow it to fulfill its obligations under Performance Based-Regulation and in order to avoid irreparable losses which will ultimately result in the deterioration of its services, to the damage, and prejudice of the public, in general, and its consumers, in particular.
35. Applicant understands that since the foregoing Application is partially based on forecasts, estimates and projections, the final approved rates by the Commission may be higher or lower than what has been initially proposed by the Applicant.

PRAYER

WHEREFORE, premises considered, DECORP prays, after due notice and hearing and consideration, that the application be approved and that a final authority be issued to applicant authorizing it to adopt the following:

- (1) Annual Revenue Requirements;
- (2) Performance Incentive Scheme;
- (3) MAP for RY 2027; and
- (4) Rate schedule per customer class.

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

Pasig City, Philippines, January 30, 2026.

**The Law Firm of
QUIASON MAKALINTAL**
Counsel for the Applicant
21/F Robinsons Equitable Tower
4 ADB Avenue, Ortigas Center,
Pasig City, Philippines 1605
Tel. No. +63 (2) 8631-0981 to 0985
ercfilings@qmlaw.com.ph

By:


MIGUEL K. MATHAY
ROLL OF ATTORNEYS NO. 43982
MCLE COMPLIANCE NO. VIII-0023334; 4/14/2028
PTR NO. 3985714; 01/07/2026
PASIG CITY
IBP NO. 536434; 12/26/2025
RIZAL (RSM)


GIANNA MARIA C. COMSTI
ROLL OF ATTORNEYS NO. 63071
MCLE COMPLIANCE NO. VIII-0022934; 4/14/2028
PTR NO. 3985716; 01/07/2026
PASIG CITY
IBP NO. 536437; 12/26/2025
RIZAL (RSM)

VERIFICATION & CERTIFICATION
AGAINST FORUM SHOPPING

I, **RENE L. LLAMES**, of legal age, Filipino, with office address at AB Fernandez West, Dagupan City after having been duly sworn to in accordance with law, hereby depose and state:

1. I am the President and CEO of Dagupan Electric Corporation (“DECORP”), the Applicant in the above-captioned case;
2. I have caused the preparation of the foregoing Application;
3. I have read the Application and the allegations contained herein are true and correct of my personal knowledge and based on authentic records and/or documents;
4. The foregoing Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;
5. The factual allegations in the foregoing Application have evidentiary support, or if specifically so identified, will likewise have evidentiary support after a reasonable opportunity for discovery;
6. I certify that Applicant has not commenced any other action, claim for relief or proceeding involving the same issues in the Supreme Court, the Court of Appeals, or any other court, tribunal or quasi-judicial agency; and to the best of my knowledge, no such other action, claim or proceeding is pending; and that, if I should learn that a same or similar action, claim or proceeding has been filed or is pending before the Supreme Court, the Court of Appeals, or different Divisions thereof, or any other court, tribunal or quasi-judicial agency, I undertake to promptly inform this Honorable Court within five (5) calendar days therefrom.



RENE L. LLAMES

Affiant **JAN 2026**

SUBSCRIBED AND SWORN to before me this ___ day of ___ 2026 at **QUEZON CITY**, affiant is known to me and exhibited to me his Competent Evidence of Identity as follows:

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Date/Place Issued</u>
Rene L. Llames	Driver's License X01-05-002065	08/04/2022 / Quezon City

Doc. No. 128;
Page No. 24;
Book No. 24;
Series of 2026.

ATTY.  E. SEGUIT
NOTARY PUBLIC, QC. VALID UNTIL DEC. 31, 2025
ROLL NO. 59421, TIN NO. 427-348-464
PTR NO. 8751331/ JAN. 5, 2026
IBP NO. 596810/JAN. 23, 2025 QUEZON
MCLE COMP NO. VIII -0032673 4/14/2026
ADM MATTER NO. BP-016 (2025-0000)
ADD 99 WEST AVENUE BROYE, DAGUPAN CITY