

# COVER SHEET

for  
ANNUAL REPORT

PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND  
SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

SEC Registration Number

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## COMPANY NAME

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PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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Form Type

17	-	A		
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

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## COMPANY INFORMATION

Company's email Address

[decorp@decorp.com.ph](mailto:decorp@decorp.com.ph)

Company's Telephone Number

(632) 8374 3040

Mobile Number

9285066639

No. of Stockholders

55

Annual Meeting (Month / Day)

Every 3rd Tuesday of April

Fiscal Year (Month / Day)

31-Dec

## CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Lilian D. Saralde

Email Address

[lds@decorp.com.ph](mailto:lds@decorp.com.ph)

Telephone Number/s

(632) 8374 3040

Mobile Number

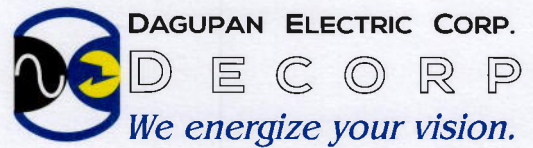
9285066639

## CONTACT PERSON'S ADDRESS

VERIA I Bldg., 62 West Avenue, Quezon City

**Note 1 :** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated

**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



## DECLARATION OF AUTHENTICITY

### SECURITIES AND EXCHANGE COMMISSION

7907 Makati Avenue, Salcedo Village  
Bel-Air, Makati City, 1209

I, LILIAN D. SARALDE, designated as Finance Manager and Compliance Officer of Dagupan Electric Corporation, with contact number (632) 374 3040, and office address at Veria I Building, 62 West Avenue, Quezon City, do hereby certify the authenticity of the attached SEC Form 17-A Annual Report with attached audited financial statements for the years ended December 31, 2024, 2023, and 2022.

**LILIAN D. SARALDE**  
Finance Manager and Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, **AS AMENDED**

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **31 DECEMBER 2024**
2. SEC Identification Number **18890**    3. BIR Tax Identification No. **000-202-524-000**
4. Exact name of issuer as specified in its charter **DAGUPAN ELECTRIC CORPORATION**
5. **DAGUPAN CITY, PANGASINAN, PHILS.**  
Province, Country or other jurisdiction of  
incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. **AB FERNANDEZ ST., DAGUPAN CITY, PANGASINAN, PHILS.**    **2400**  
Address of principal office    Postal Code
8. **(632) 8374 3039**  
Issuer's telephone number, including area code
9. **NOT APPLICABLE**  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA  

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b><u>COMMON SHARES</u></b>	<b><u>14,662,000</u></b>

11. Are any or all of these securities listed on a Stock Exchange.

Yes [ ]    No [ ☒ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

\_\_\_\_\_

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and **SRC Rule 17.1** thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [ ☒ ]

No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ ☒ ]      No [ ☐ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

**APPLICABLE ONLY TO ISSUERS INVOLVED IN  
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ☐ ]      No [ ☐ ] **NOT APPLICABLE**

**DOCUMENTS INCORPORATED BY REFERENCE**

15. DECORP Prospectus dated 22 December 2023 filed with SEC with its Registration Statement. Attached in this report as Exhibit A-1.

**DAGUPAN ELECTRIC CORPORATION**  
**Amended SEC Form 17 -A**

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## **PART 1. BUSINESS AND GENERAL INFORMATION**

### **ITEM 1. BUSINESS**

#### **A. Description of Business**

##### **1. Business Development**

Dagupan Electric Corporation (DECORP or the Company) is a domestic corporation duly organized under and by virtue of the laws of the Philippines. It is a private electric distribution utility holding a congressional franchise under R.A. 9969 to construct, operate, and maintain a distribution system for the conveyance of electric power to the end-users in the City of Dagupan, the Municipalities of Calasiao, Sta. Barbara, San Fabian, San Jacinto, and Manaoag, and Barangays Bolingit and Cruz in the City of San Carlos, all in the province of Pangasinan, for a period of twenty-five (25) years from February 2010. A Certificate of Public Convenience and Necessity (CPCN) was issued by the ERC to DECORP on 21 June 2011 for the operation of electric service within its franchise areas.

DECORP has an authorized capital stock of One Billion Five Hundred Million Pesos (₱1,500,000,000.00), divided into 15,000,000 common shares with a par value of One Hundred Pesos (₱ 100.00).

On December 27, 2023, the SEC rendered effective DECORP's application for the registration of Fourteen Million Six Hundred Sixty-Two Thousand (14,662,000) common shares, of which Two Million Two Hundred Thousand (2,200,000) shares were issued and offered for sale to the public by way of an initial public offering at an offer price of Five Hundred Thirty-Three Pesos (₱ 533.00) per share. As of February 2, 2024, the Two Million Two Hundred Thousand (2,200,000) common shares offered to the public were fully subscribed and paid.

As of December 31, 2024, DECORP provides the electricity requirements of around 141,611 end-users within its franchise areas.

##### **2. Business**

###### **a. Description of the Company**

###### **i. Principal Services**

The Company's primary business is to construct, operate, maintain a distribution system for the conveyance of electric power to the end-users in the City of Dagupan, the Municipalities of Calasiao, Sta. Barbara, San Fabian, San Jacinto, and Manaoag, and Barangays Bolingit and Cruz in the City of San Carlos, all in the province of Pangasinan.

## ii. Distribution

The Company's distribution system is composed of four (4) substations: Calasiao Substation, San Jacinto Substation, San Fabian Substation, and Dagupan Substation. These substations are monitored and controlled with a modern Supervisory Control and Data Acquisition ("SCADA"). All substations are designed with two (2) power transformers that are configured for the N-1 reliability scheme. All feeders are also compliant with the N-1 redundancy criterion and are equipped with Automatic Voltage Regulators ("AVR"), overcurrent protection devices such as Automatic Circuit Reclosers ("ACR") and Circuit Breakers ("CB"). DECORP substations are also equipped with microprocessor-based digital Protective Relays for control and monitoring.

DECORP has a total substation capacity of 181 MVA detailed below:

<b>Substation</b>	<b>No. of Feeders Connected</b>	<b>Power Transformer</b>	<b>Total Capacity (MVA)</b>
Calasiao	14	20/27/33 MVA – 2 units	66
San Jacinto	7	15/20 MVA – 2 units	40
San Fabian	4	20/25 MVA – 1 unit	25
Dagupan	8	20/25 MVA – 2 units	50
<b>Total</b>	<b>33</b>		<b>181</b>

The circuit lengths of the lines in the distribution system are shown in the table:

<b>Circuit Description</b>	<b>Unit</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Subtransmission	Km	211.38	211.38	211.38
Primary Lines	Km	1,763.00	1,790.68	1822.95
Secondary Lines	Km	2,780.00	2,847.72	2,908.24

## iii. Percentage of foreign sales

The Company does not derive any income from foreign sales.

## iv. State of any-publicly announced new product or service

The Company has no publicly announced products or services in any stage of development aside from the services described above.

## v. Competition

The Company, being the sole franchise grantee within the covered franchise areas, has a natural monopoly over power distribution in a portion of Pangasinan province, covering 349.33 km<sup>2</sup>, equivalent to 6.5% of the total land area in the province.

Despite the promulgation of the Retail Competition and Open Access ("RCOA") framework, its impact on the operational activities of distribution utilities has been negligible. RCOA allows contestable customers the freedom to choose their electricity supplier. However, the responsibility for transmitting electricity to these contestable

customers remains with distribution utilities, such as DECORP. As of December 31 2024, the Company is servicing four (4) contestable customers.

Distribution utilities continue to be responsible for providing retail services to both captive and contestable customers.

The Company is also the sole Metering Service Provider (“MSP”) for the retail market until such time that the ERC determines that the provision of metering services at the retail level is competitive.

The Company’s exclusive rights extend to operating a distribution system in the City of Dagupan, the Municipalities of Calasiao, Sta. Barbara, San Fabian, San Jacinto, and Manaoag, as well as Barangays Bolingit and Cruz in the City of San Carlos. This exclusive franchise status precludes the likelihood of competitors or other distribution utilities entering the designated franchise area during the franchise's duration.

Nevertheless, DECORP remains steadfast in its commitment to delivering high-quality, efficient, and reliable service to its customers. The Company is dedicated to complying with all regulatory requirements and providing any necessary reports or submissions as mandated by government authorities and their agencies. DECORP will continue to fulfill its role and responsibilities as a distribution utility until the expiration of its franchise.

## vi. Suppliers

### Power Supply Contracts

DECORP sources the electricity it distributes from the following power suppliers:

Supplier	Contracted Capacity	Duration of Contract
GNPower Mariveles Energy Center Ltd. Co. (GMEC)	30 MW	February 26, 2014 to February 25, 2029
Energy Development Corporation (EDC)	20 MW	December 26, 2022 to December 25, 2032
OneManaoag Solar Corporation (OMSC)	20 MW	September 26, 2022 to September 25, 2047

DECORP also procures its electricity from the Wholesale Electricity Spot Market (“WESM”) where it has been a direct member since November 26, 2009.

DECORP relies on the aforementioned suppliers for its electric power supply, as it can only procure from other suppliers once approved by the ERC.

### Transmission and Metering Supply Contracts

DECORP's current contract with the National Grid Corporation of the Philippines (NGCP) for transmission and metering services will expire on July 25, 2026. As NGCP



is the sole provider of these essential services, DECORP depends on their continued provision to ensure the reliable operation of our infrastructure.

### **Supplies of Materials and Services**

The Company is not limited or dependent with any other supplier of materials and services

### **vii. Customers**

The Company's franchise area covers 349.33 km<sup>2</sup>, which accounts for 6.5% of Pangasinan's total land area. The Company is committed to meeting the diverse needs of consumers within this region, and it currently serves residential, commercial, industrial, and streetlight customers.

The Company's customer base is primarily residential, accounting for 91% of its customers and 56% of its revenues. This customer classification applies to retail services provided to individual persons or households within their dwelling or primary place of residence, which typically includes houses, apartments, and condominiums.

Commercial customers, representing 9% of the Company's customer base, generate 31% of its revenues. This group includes non-residential customers served at secondary lines, mainly small to medium businesses, as well as those served at secondary voltage like manufacturing plants, water supply facilities, and malls with a contracted capacity of 40kW or more.

Industrial customers, constituting 0.02% of the Company's customer base while contributing 12% of its revenues, also fall under the non-residential category as they draw power from the primary lines. This segment typically includes manufacturing facilities, cold storage, and supermalls with demands equal to or exceeding 250kW.

Streetlights accounts for 0.03% of DECORP's consumer base and contributes 0.01% of its revenues. This group includes roadway lighting service where existing facilities have adequate capacity and suitable voltage

As of December 31, 2024, DECORP has reached a total of 141,661 customers with energy sales of 4,170 GWh. The following is the detailed breakdown by customer segment:

	<b>No. of Customers</b>	<b>Energy Sales (GWh)</b>	<b>%</b>	<b>Revenues (In Millions)</b>	<b>%</b>
Residential	128,241	260	53	2,342	56
Commercial	13,331	149	30	1,273	31
Industrial	36	78	16	513	12
Streetlights	53	4	1	42	1
<b>Total</b>	<b>141,661</b>	<b>492</b>	<b>100</b>	<b>4,170</b>	<b>100</b>

The Company's revenues consist of the following components: 1. Generation, transmission, and system loss, categorized as pass-through charges; 2. Distribution charges, which include distribution, supply, and metering; and 3. Additional charges related to its services.

Pass-through charges are revenue-neutral to the Company. The ERC establishes limits for these charges, and any overage or shortage triggers an adjustment to ensure the correct recovery. Furthermore, the ERC reviews these charges every three years to identify any over- or under-recoveries. With ERC approval, DECORP then either refunds these over-recoveries to customers or collects any under-recoveries from them.

Distribution charges of the Company are based on the latest approved rates of the ERC, determined using the Performance-Based Regulation ("PBR") rate setting methodology. In 2022, the Company filed its application for the approval of its Annual Revenue Requirements ("ARR") under PBR, which will be the basis of its distribution rates for the regulatory years 2023 to 2026. The Company uses the distribution rates authorized by the ERC for the last regulatory year of the third regulatory period under PBR while it waits for the ERC to make a decision regarding its ARR application.

**viii. Dependence on a single or few a few customers**

The Company is not dependent on any one of the customers for at least 20% of its distribution revenues. The loss of a single customer or a few customers will not have a material adverse effect on DECORP.

**ix. Related Party Transactions**

The Company has a lease agreement with Veria Realty, Inc, a company owned by DECORP's major stockholders, for the rent of office spaces in the amount ₱4,246,800 in 2024, ₱4,320,079 in 2023, and ₱4,459,553 in 2022. This transaction was disclosed under Note 16 of the December 31, 2024 Audited Financial Statements.

There is no outstanding balance related to the above transactions as of December 31, 2024.

**x. Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements**

The Company was granted a legislative franchise for a period of twenty-five (25) years from February 2010 to provide the electricity requirements of its customers in accordance with Republic Act No. 9969 otherwise known as, "An Act Amending Republic Act No. 3221, Granting a Franchise to Dagupan Electric Corporation to Construct, Operate, and Maintain a Distribution System for the Conveyance of Electric Power to the End-Users in the City of Dagupan, the Municipalities of Calasiao, Sta. Barbara, San Fabian, San Jacinto, and Manaoag, and Barangays Bolingit and Cruz in the City of San Carlos, All in the Province of Pangasinan, and Renewing/Extending the Term of the Franchise to Another Twenty-Five (25) Years from the Date of the Approval of this Act."

The Company does not own any patent, trademark, copyright, franchise (other than the legislative franchise mentioned above), concession and royalty agreement.

#### **xi. Regulatory Approvals**

The filing of rate-related cases, compliance filing, capital expenditures, and for other matters as may be required by ERC must be done in accordance with the Rules of Practice as promulgated by ERC. The applicant is required to submit all documentary requirements and undergo a pre-filing requirement, comply with publication and other requirements prior to its formal filing. Once filed, the application shall then be scheduled for an expository and judicial hearing.

Below is the list of applications with ERC pending approval:

<b>ERC Case No.</b>	<b>Title</b>	<b>Date Applied</b>
2012-021 RC	In the Matter of the Application for the Sale of Various Sub-transmission Lines/Assets of TRANSCO to DECORP	February 10, 2012
2014-052 CF	In the Matter of the Application for the Approval of the Calculation for the Automatic Cost Adjustment and True Up Mechanisms for the A) Generation Rate, B) Transmission Rate, C) System Loss Rate, D) Lifeline Subsidy Rate, and E.) Senior Citizen Subsidy Rates, Under ERC Resolution No. 16, Series of 2009 As Amended, for the Period 2011 to 2013	April 1, 2014
2017-052 CF	In the Matter of the Application for the Approval of the Calculation for the Automatic Cost Adjustment and True Up Mechanisms for the A) Generation Rate, B) Transmission Rate, C) System Loss Rate, D) Lifeline Subsidy Rate, and E.) Senior Citizen Subsidy Rates, Under ERC Resolution No. 16, Series of 2009 As Amended, for the Period 2014 to 2016	March 21, 2017
2018-110 RC	In the Matter of the Application for the Approval of Capital Projects for the RY 2016 to 2019	November 20, 2018
2020-014 CF	In the Matter of the Application for the Approval of the Calculation for the Automatic Cost Adjustment and True Up Mechanisms for the A) Generation Rate, B) Transmission Rate, C) System Loss Rate, D) Lifeline Subsidy Rate, and E.) Senior Citizen Subsidy Rates, Under ERC Resolution No. 16, Series of 2009 as Amended, for the Period 2017 to 2019	August 8, 2020
2022-057 RC	In the Matter of the Application for (A) Confirmation of True-Up Calculations of the	August 25, 2022

	Actual Weighted Average Tariff vis-à-vis ERC-Approved Maximum Average Rate for the Lapsed Regulatory Years; and (B) Approval of the Final Refund/Collect Scheme to Account for the Lapsed Regulatory Years	
2022-20 RC	In the Matter of the Application for the Approval of the Annual Revenue Requirement and Performance Incentive Scheme in Accordance with the Provisions of the Rules for Setting Distribution Wheeling Rates (RDWR)	March 28, 2022
2022-082 RC	In the Matter of the Application for Approval for Approval of the Power Supply Agreement between Energy Development Corporation and Dagupan Electric Corporation and Dagupan Electric Corporation with Prayer for Provisional Authority and Motion for Confidential Treatment of Information	November 23, 2022
2023-029 CF	In the Matter of the Application for the Approval of the Calculations for the Automatic Cost Adjustment and True-up Mechanisms for the a) Generation Rate, b) Transmission Rate, c ) System Loss Rate, d) Lifeline Subsidy Rate, and e) Senior Citizen Subsidy Rate, Under ERC Resolution No. 16, Series of 2009 as Amended, and f) Real Property Tax, and g) Local Franchise Tax Under ERC Resolution No. 2, Series of 2021 for the Period 2020 to 2022	May 17, 2023
2024-123RC	In the Matter of the Application for the Approval of Capital Projects for RY 2020 to 2022	October 2, 2024

**xii. Effect of existing or probable government regulations on the business**

The Company operates in a highly regulated sector and is subject to the laws and regulations set in place, which are designed to guarantee that the general public can continue to enjoy reliable and reasonably priced electricity.

The passage of the EPIRA has paved the way for new reforms aimed at privatizing and deregulating certain aspects of the power industry.

Under the said law, the distribution of electricity to end-users shall be a regulated business requiring a national franchise. The distribution of electric power to all end-users may be undertaken by private distribution utilities, cooperatives, local government units presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC.

On February 26, 2021, the ERC under Resolution No. 12, Series of 2020, extended the scope of Retail Competition and Open Access (RCOA) to include electricity end-

users with an average monthly demand of five hundred kilowatts (500 KW). The coverage of RCOA will be gradually expanded to the household level as mandated under Section 131 of the EPIRA. The initial implementation of RCOA covered electricity end-users with a demand of one megawatt (1MW) and above making them eligible to migrate to other Retail Electricity Suppliers (RES).

As of December 31, 2024, the Company has four (4) customers who have switched to the contestable market and seven (7) qualified customers who have remained as captive customers.

On August 19, 2021, ERC has promulgated ERC Resolution No. 8, Series of 2021 entitled "Rules for the Green Energy Option Program (GEOP). The program encourages end-users to choose renewable energy resources. Said program maybe availed by an end-user with an average peak demand of one hundred kilowatts (100KW) and above for the past twelve months; 2) those newly connected end-user whose estimated average monthly peak demand of three hundred kilowatts (300kW) and above for the next twelve (12) months based on load profiling, and 3) those newly connected end-users with an average peak demand of one hundred kilowatts (100 kW) and above for three (3) consecutive months.

As of December 31, 2024, the Company has one hundred three (103) customers who are qualified to join GEOP, of which, one (1) has already switched to an RE Supplier under GEOP and one has signified its interest to join the program.

The continuous migration of eligible consumers to RCOA and GEOP will likely result in additional stranded contracted capacity. However, with the consistent growth in the Company's energy sales, any displaced capacity resulting from the migration of contestable customers to RCOA and GEOP maybe absorbed by the growth in the energy sales of its remaining captive market.

To further expand the base of end-users having the ability to choose their suppliers of electricity. ERC has promulgated ERC Resolution No. 4, Series of 2020, entitled "Rules for the Electric Retail Aggregation of the electricity requirements of End-users, whose monthly average peak demand is at least 500kW and are located within a Continuous Area is effective beginning 28 December 2022.

As of December 31, 2024, no customer has signified their interest to join the Electric Retail Aggregation Program.

The Company intends to manage this risk by renegotiating its contracted capacity with its suppliers and consulting with ERC to prevent any dispute that may result from the renegotiation, offer the excess capacity to RES or sell the excess capacity to the WESM in accordance with the pertinent rules and regulations.

Below are other relevant resolutions promulgated by ERC in 2024 which may impact the Company.

Resolution Number	Title	Overview			
Resolution No. 1, Series of 2024	A Resolution Adopting the Lifting of Suspension of the Collection of Feed-in Tariff Allowance (FIT-All)	Considering the FIT-All fund balance projection to be insufficient beginning the February 2024 customer billing month, the ERC lifted the suspension of the collection of Feed-In Tariff			
Resolution No. 2, Series of 2024	A Resolution Setting the Installed Generating Capacity (IGC) and Market Share Limitation (MSL)Per Grid and National Grid for 2024	Pursuant to the ERC’s mandate to promote free and fair competition in the generation and supply of electricity to achieve greater operational and economic efficiency and to ensure consumer protection and enhance the competitive operation of the markets for generation and supply of electricity, the ERC resolved to set the 2024 IGC and MSL per Grid and National Grid using Pmax as the maximum capacity adopted for generation facilities, as follows:			
		Grid	IGC (kW)	% MSL as per RA 9136	IGC Limit (kW)
		Luzon	17,961,724	30%	5,388,517
		Visayas	3,417,708	30%	1,025,312
		Mindanao	4,187,838	30%	1,256,351
		National	25,567,270	25%	6,391,818
Resolution No. 8, Series of 2024	A Resolution Adopting the Renewable Energy Certificate (REC) Price Cap	In line with the ERC’s mandate to offer regulatory support for the Renewable Energy Market (REM), which encompasses Renewable Energy (RE) price mitigation and electricity pricing related to the compliance of Mandated Participants with both the On-Grid RPS Rules and REM Rules, the ERC has set the REC Price Cap at ₱241.56 / MWh			
Resolution No. 12, Series of 2024	A Resolution Governing the Cost Recovery Mechanism of the On-Grid Distribution Utilities in Compliance with the	Pursuant to Section 6, Chapter III of Republic Act No. 9513 (Renewable Energy Act of 2008), Section 4, Rule 2 of the Implementing Rules and Regulations (IRR) of the Renewable Energy Act of 2008, and the policies issued by the DOE governing			

	Renewable Portfolio Standards	<p>the establishment of the Renewable Portfolio Standards (RPS) for On-Grid Rules), the ERC promulgated the rules and regulations on the Cost Recovery Mechanism of the On-Grid Distribution Utilities in compliance with the RPS. These Rules aim:</p> <ul style="list-style-type: none"> <li>• To ensure compliance of On-Grid Dus with their RPS requirements, in a cost-effective manner;</li> <li>• To provide the recovery mechanism for costs incurred by the Dus in compliance with their RPS requirements;</li> <li>• To ensure that the End-Users will not unduly bear the consequence of non-compliance by Dus, including the penalties thereto and as provided in Section 24 of the RPS On-Grid Rules; and</li> <li>• To ensure that any gains from the sale of Renewable Energy (RE) Certificates will be for the benefit of the End-Users.</li> </ul>
Resolution No. 13, Series of 2024	A Resolution Adopting the Omnibus Rules for Customer Choice Programs in the Retail Market	<p>Pursuant to Section 2 and 43 of Republic Act No. 9136, otherwise known as the EPIRA and its Implementing Rules and Regulations (IRR) mandating the ERC to promulgate rules and regulations and perform regulatory functions appropriate and necessary to ensure the successful restructuring of the Philippine Electric Power Industry and Section 31 of the EPIRA and Section 1, Rule 12 of its IRR mandating the implementation of Retail Competition and Open Access (RCOA), the ERC promulgated the Omnibus Rules for Customer Choice Programs in the Retail Market to with the following objectives:</p> <ul style="list-style-type: none"> <li>• Consolidate the rules that will henceforth govern the implementation of all the Customer Choice Programs and all participants in the Retail Market;</li> </ul>

		<ul style="list-style-type: none"> <li>• Amend, modify, repeal and/or supersede various ERC issuances related to the Retail Competition and Open Access (RCOA), Green Energy Option Program (GEOP) and Retail Aggregation Program (RAP);</li> <li>• Provide a set of rules that are responsive to current market and technological developments, and anticipate evolution of markets;</li> <li>• Streamline application process for license applications and renewals for Retail Suppliers; and</li> <li>• Ensure and strengthen consumer protection, particularly against abuse of market power, and other discriminatory and anti-competitive behaviors.</li> </ul>
Resolution No. 18, Series of 2024	A Resolution Directing Distribution Utilities to Refund All Collected and Unutilized Regulatory Reset Experts Cost and Cease Any Future Collection Thereof	<p>Section 43 (f) of RA 9136 and 5(a) Rule 15 of its IRR, authorized the ERC to establish and enforce a methodology for setting distribution wheeling rates of a distribution utility, taking into account all relevant considerations, including efficiency and inefficiency of regulated entities. On December 10, 2004, the ERC Issued Resolution No. 12-02, Series of 2004, entitled “Adopting a Methodology for Setting Distribution Wheeling Rates,” wherein the ERC employed a performance-based rate setting methodology for setting distribution wheeling rates of privately-owned Distribution Utilities as embodied in the Guidelines annexed to the said resolution, entitled “Guidelines on the Methodology for Setting Distribution Wheeling Rates”. On July 26, 2006, the ERC issued Resolution No. 39, Series of 2006, entitled “Adopting the Rules for Setting the Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering Performance Based Regulation (First Entry Point)”. Article XIV of the RDWR provides that, “the ERC may engage the services of an independent expert/external consultant for purposes of assisting it in connection</p>



		<p>with any matter arising under the rules”. Section 14.4.2 of the RDWR provides that “Each Regulated Entity must bear a proportion of the cost of the Reset Expert as described in each contract”. This cost was included in the Annual Revenue Requirements (ARR) of applicable distribution utilities. In 2018, given the resources allocated to the ERC by the National Government, the Commission announced that the cost of regulation shall henceforth be shouldered by the government, and as such, no charges to that effect shall be borne by consumers, the ERC issued the resolution directing distribution utilities to refund all collected and unutilized regulatory reset experts cost and cease any future collection thereof.</p>
Resolution No. 17, Series of 2024	A Resolution Adopting the Amendments to ERC Resolution No. 10, Series of 2021	<p>On December 16, 2021, the Commission issued Resolution No. 10, Series of 2021, entitled, “A Resolution Modifying the Rules for Setting Distribution Wheeling Rates (RDWR) for Privately-Owned Distribution Utilities Distribution Utilities Entering Performance-Based Regulation (PBR)”, wherein the Commission adopted the Modified RDWR to be applicable to all privately-owned Distribution Utilities operating under the PBR.</p> <p>On various dates, the First Entry Group, composed of MERALCO, Cagayan Electric Power and Light Company (CEPALCO), and Dagupan Electric Corporation (DECORP) have filed their respective revenue applications for the Fifth Regulatory Period (5<sup>th</sup> RP) based on Modified RDWR. There was no Final Determination issued for the 5<sup>th</sup> RP of the First Entry Group in the respective revenue applications filed based on the Modified RDWR for reasons beyond the control of the Commission.</p> <p>The Commission recognizes that certain portions of the original 5<sup>th</sup> RP have already lapsed, particularly with MERALCO that has</p>

		not even completed its legal proceedings. The Commission promulgated the Rules Amending the Modified RDWR applicable only to MERALCO's 5 <sup>th</sup> RP and the Lapsed Period indicated therein. The 5 <sup>th</sup> RP Applications of CEPALCO and DECORP shall be resolved separately by the Commission.
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The Company is also covered by the following DOE issuances in 2023:

<b>DOE Circular Number</b>	<b>Title</b>	<b>Overview</b>
DC 2024-05-0011	Rules on the Administration and Enforcement of the Obligations of Designated Establishments Under the Energy Efficiency and Conservation Act	Pursuant to RA 11285, otherwise known as the "Energy Efficiency and Conservation Act (EEC Act) that provides the establishment of a framework for introducing and institutionalizing fundamental policies on energy efficiency and conservation (EEC), including the promotion of efficient and judicious utilization of energy and renewable energy technologies, and the delineation of responsibilities among various government agencies and private entities and Section 23 of the EEC, which provides that the DOE shall have the authority to visit Designated Establishments (Des) to inspect energy consuming facilities, evaluate energy management systems and procedures, identify areas for efficiency improvement, verify energy monitoring records, reports, and other documents related to the compliance requirements of the EEC Act, the DOE issued the Rules on the Administration and Enforcement of the Obligations of Designated Establishments under the Energy Efficiency and Conservation Act.
DC 2024-08-0022	Amending Certain Provisions of Department Circular No. DC2024-06-0013 on the Framework Governing the Test	The DOE revisited the procedures in the issuance by the Transmission Network Provider (TNP) of the Clearance to Energize (CTE), vis-à-vis the Test and Commissioning procedures of the DUs in the issuance of Final Certificate of Approval

	and Commissioning of Generation Facilities for Ensuring Readiness to Deliver Energy to the Grid or Distribution Network	to Connect (FCATC) and deems it necessary to amend DC No. DC2021-06-0013 to eliminate duplication of documentary requirements and/or processes in the conduct of Test and Commissioning for Embedded Generators. The DOE also recognized the necessity to modify other specific provisions of DC No. DC2021-06-0013 to streamline processes and address the obligation of Generation Companies to adhere to the DOE approved guidelines on dispatch protocol and nomination of capacities after the issuance of FCATC and pending issuance of Certificate of Compliance (COC) by the ERC
DC 2024-08-0025	Prescribing Further Policies to Enhance the Net-Metering Program for Renewable Energy Systems Amending, for this Purpose, Department Circular (DC) No. DC2020-10-0022	<p>This Circular prescribes the following policies and guidelines to provide enhancements to the Net-Metering Program in support of ERC Resolution No. 6, Series of 2019:</p> <ul style="list-style-type: none"> <li>• Application to Off-Grid or Island Grid Systems;</li> <li>• Publication by the DUs in their respective websites of the Net-Metering Program, including the hosting capacities of their Distribution Systems for Net-Metering purposes; and</li> <li>• Development of a Net-Metering Guidebook that prescribes the guidelines and procedures for Net-Metering arrangements, from offer to after-sales services by Net-Metering installers and service providers, as well as prescribing the minimum standards for all Net-Metering installations, in collaboration with all concerned government agencies.</li> </ul>
DC2024-09-0029	Promulgating the Revised Guidelines Governing the Allocation, Remittance, Monitoring and Audit of Financial Benefits	<p>The DOE issued this Circular to align related policy issuances in the implementation of the ER 1-194 Program, as follows:</p> <ul style="list-style-type: none"> <li>• Clarify further the allocation of ER 1-94 financial benefits accruing from the operations of GenCos and/or</li> </ul>

	to Host Communities Pursuant to Sections 6,7,10 and 11 of Department Circular (DC) No. DC2018-08-0021	<p>ERD facilities located within HUCs in NCR and other regions;</p> <ul style="list-style-type: none"> <li>• Harmonize the reportorial and remittance obligations of GenCos and/or ERD facilities with the new policies and procedures;</li> <li>• Monitor the compliance of GenCos and/or ERD facilities with the ER 1-94 fund remittance timeline and requirements; and</li> <li>• Provide guidance on the audit of utilized ER 1-94 financial benefits by the concerned DUs and Host ICCs/IPs</li> </ul>
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### **xiii. Research and Development**

The Company has no research and development department, nor has it been involved in any research and development activity. This is due to the fact that changes in the electric distribution industry have been relatively slow compared to other industries. The current infrastructures and systems have generally been sufficient to meet the growing market's demand for safe and efficient distribution of power. Hence, there has been no need for research and development up to present.

This is still true even with the emergence of technology and the government's implementation of a national smart grid policy framework for the Philippine electric power industry and roadmap for distribution utilities due to the sufficiency of the available products and technologies in the market.

### **xiv. Costs and effects of compliance with environmental laws**

DECORP's substations and offices have been categorized as Category D projects under the Department of Environment and Natural Resources ("DENR") 2020 Coverage Screening Guidelines and Standardized Requirements in the Philippine Environmental Impact Statement system. This classification indicates that the establishments are not expected to have a significant impact on the environment, which is a positive assessment in terms of environmental impact. The Company has secured Certificate of Non-Coverage which means that the projects are not required to undergo a full Environmental Impact Assessment process due to its minimal or non-significant environmental impact.

Compliance with RA No. 6969, also known as the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990, is essential for ensuring the responsible handling of toxic substances and hazardous waste. DECORP, which operates equipment with insulating oil that may contain hazardous materials, has registered its generated suspected hazardous wastes for each of its establishments. DENR is also notified on a quarterly basis regarding the quantity and types of suspected hazardous

wastes being generated. This information helps regulatory authorities monitor and manage the handling, transportation, treatment, and disposal of these potentially harmful substances. It ensures transparency and accountability in the management of hazardous wastes, helping to protect the environment.

For the testing, treatment and disposal of the hazardous wastes, DECORP secured the services of National Resources Development Corporation and CRL Environmental Corporation. EMB Memorandum Circular Series No. 2015-007: Technical Guidance on Polychlorinated Byphenyls (“PCB”) Management requires that all PCBs shall be treated, decontaminated, and disposed of in an environmentally sound manner consistent with the requirements of RA No. 6969 DAO 2004-01: Chemical Control Order for PCBs and other relevant environmental laws before a PCB-free declaration can be attained. The treatment and decontamination process shall only be performed by DENR-EMB accredited Treatment, Storage and Disposal facilities.

The Company has been issued Permits to Operate which indicates that the generators have met the necessary regulatory requirements outlined in RA No. 8749, otherwise known as the Philippine Clean Air Act of 1999. This legislation aims to control and reduce air pollution by regulating emissions from various sources, including industrial generators. The permit is typically issued with specific conditions and emission limits that the generators must adhere to. These limits are in place to ensure that the emissions from the generators meet the National Emission Standards for Source Specific Air Pollutants as outlined in the Clean Air Act.

#### **xv. Employees and Labor Relations**

As at December 31, 2024, DECORP has a total of 207 regular employees consisting of 10 employees in the managerial and executive positions, 28 at the supervisory level, and 169 in the rank-in-file roles.

The employees of the Company neither have formed nor do they belong to a labor union.

In addition to the benefits as mandated by the law, the Company provides its employees with additional benefits, which were discussed in detail in its Prospectus dated 22 December 2023, page 77, attached in this report as Exhibit A-1

#### **xvi. Risks Related to the Company and its Industry**

The Company identified the following risks, which were discussed in detail in its Prospectus dated 22 December 2023, pages 15 to 22, attached in this report as Exhibit A-1:

- Regulatory and Policy Risks
- Financial Risks on Capital Intensity
- Cashflow Risks
- Operational Risks on Infrastructure Failures and Human Error
- Technological Risks Grid Modernization Challenges and Integration
- Legal and Liability Risks

## ITEM 2. PROPERTIES

### **Real Estate (Land, Plant, and Building)**

The following real properties are duly registered under the Company's name, as evidenced by the Transfer Certificates of Title ("TCT") listed below:

	<b>TCT No. / Tax Declaration No.</b>	<b>Location</b>	<b>Land Area</b>	<b>Liens/ Mortgages /Encumbrance, if any</b>	<b>Use of Property</b>
1	62155	Dagupan	1,483 sqm	None	Being used for office and substation
2	62156	Dagupan	1,483 sqm	None	Being used for office and substation
3	029-2020000127	Dagupan	145 sqm	None	Being used for office and substation
4	198945	Calasiao	7,285 sqm	None	Being used for office and substation
5	198946	Calasiao	7,285 sqm	None	Being used for office and substation
6	198947	Calasiao	1,569 sqm	None	Being used for office and substation
7	235392	Calasiao	1,087 sqm 228 sqm	None	Being used for office and substation
8	026-2020001613	Calasiao	1,974 sqm	None	Being used for office and substation
9	026-2020001614	Calasiao	1,973 sqm	None	Being used for office and substation
10	026-2020001615	Calasiao	1,973 sqm	None	Being used for office and substation
11	026-2019000976	Calasiao	637 sqm	None	Being used for office and substation
12	218368	Sta. Barbara	1,000 sqm	None	Being used for office and pole yard
13	218369	Sta. Barbara	1,339 sqm	None	Being used for office and pole yard
14	218370	Sta. Barbara	1,672 sqm	None	Being used for office and pole yard
15	218371	Sta. Barbara	2,436 sqm	None	Being used for office and pole yard
16	222449	Sta. Barbara	6,533 sqm	None	Being used for office and pole yard
17	026-2018006642	San Fabian	420 sqm	None	Being used for substation
18	026-2018006643	San Fabian	584.75 sqm	None	Being used for substation
19	026-2018006644	San Fabian	584.75 sqm	None	Being used for substation

20	026-2018006645	San Fabian	584.75 sqm	None	Being used for substation
21	026-2018006646	San Fabian	584.75 sqm	None	Being used for substation
22	222801	San Jacinto	4,570 sqm	None	Being used for substation

Below are the buildings and warehouses owned by the Company:

	<b>Description</b>	<b>Location</b>	<b>Floor Area</b>	<b>Liens/ Mortgages /Encumbrance, if any</b>	<b>Use of Property</b>
1	VFL Building	Brgy. 1, Dagupan City	830 sq. m.	None	Being used as office
2	ANL Building	Brgy. 1, Dagupan City	850 sq. m.	None	Being used as office and meter shop
3	Workshop	Brgy. 1, Dagupan City	35 sq. m.	None	Being used as workshop
4	Control Building	Brgy. 1, Dagupan City	70 sq. m.	None	Being used for substation
6	Parking Shed	Brgy. 1, Dagupan City	220 sq. m.	None	Being used for service vehicles
7	LCL Building	Brgy. San Miguel, Calasiao	588 sq. m.	None	Being used as office
8	Control Building	Brgy. San Miguel, Calasiao	220 sq. m.	None	Substation
9	Warehouse	Brgy. San Miguel, Calasiao	966 sq.m.	None	Substation
10	Guardhouse 1	Brgy. San Miguel, Calasiao	7 sq. m.	None	Substation
11	Guardhouse 2	Brgy. San Miguel, Calasiao	8 sq.m.	None	Substation
12	Oil Storage Facility	Brgy. San Miguel, Calasiao	68 sq. m.	None	Substation
13	Motorpool	Brgy. San Miguel, Calasiao	310 sq. m.	None	Substation
14	Commercial Building	Brgy. San Miguel, Calasiao	45 sq. m.	None	Collection Office
15	Commercial Building	Brgy. Maningding, Sta. Barbara	30 sq. m.	None	Collection Office
16	Linemen's Shed	Brgy. Maningding, Sta. Barbara	27 sq. m.	None	For the linemen following their fieldwork
17	Guard Locker Room	Brgy. Maningding, Sta. Barbara	10 sq. m.	None	For the security guards
18	Control House	Brgy. Casibong, San Jacinto	120 sq. m.	None	Substation

19	Control House	Brgy. Tempra Guilig, San Fabian	45 sq. m.	None	Substation
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The Company owns the following vehicles:

	Description	Qty	Use of Property
1	Utility Truck with Boom Basket	7	Service vehicle
2	Utility Truck with Hydraulic Boom	4	Service vehicle
3	Utility Truck	7	Service vehicle
4	Truck with Digger Derrick	1	Service vehicle
5	Cable Puller	1	Service vehicle
6	Mobile Meter Lab	1	Service vehicle
7	Rough Terrain Crane	1	Service vehicle
8	Service Vehicle	62	Service vehicle

The Company also owns equipment and other properties such as power transformers and other substation equipment, sub-transmission and distribution lines including pole and attachments, distribution transformers, meters, and other metering equipment installed within the Company's franchise areas, as detailed in its Prospectus dated 22 December 2023, pages 94 to 106, attached in this report as Exhibit A-1.

### ITEM 3. LEGAL PROCEEDINGS

As of the date of this report, there are no legal disputes affecting the Company or any of its properties, whether material or immaterial.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There is no matter submitted to the vote of security holders, through solicitation of proxies or otherwise, from the time the Registration Statement was approved until the end of the fourth quarter of the fiscal year covered by this report



## PART II. OPERATIONAL AND FINANCIAL PERFORMANCE

### ITEM 5. MARKET FOR ISSUERS' COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

#### A. Market Price of and Dividends on Issuer's Common Equity and Related Stockholders Matters

##### 1. Market Information

##### a. Principal Market

The shares of the Company are not traded in any stock exchange

##### 2. Holders

As of December 31, 2024, the Company has a total of 55 stockholders

##### Top 20 Stockholders

	<b>Stockholders</b>	<b>Nationality</b>	<b>Number of Shares</b>	<b>%</b>
1.	Rene Bernard L. Llames	Filipino <sup>1</sup>	3,606,006	24.59
2.	Angelique Maxime L. Lllames-James	Filipino	3,606,003	24.59
3.	Cynthia Irene L. Llames	Filipino	3,606,004	24.59
4.	Deon Peter James	Non-Filipino	803,292	5.48
5.	PentaCapital Holdings, Inc.	Filipino	400,000	2.73
6.	Vivencio M. Romero Jr.	Filipino	378,310	2.58
7.	Jose Maria A. Abaya	Filipino	378,310	2.58
8.	PentaCapital Management Corporation	Filipino	360,000	2.46
9.	ME-KA Corporation	Filipino	229,000	1.56
10.	ETM Incorporated	Filipino	215,000	1.47
11.	Ranulfo M. Ocampo	Filipino	84,071	.57
12.	Sterwyn Paul B. De Guzman	Filipino	50,000	.34
13.	Russel P. Dela Cruz	Filipino	50,000	.34
14.	Randy J. Legaspi	Filipino	50,000	.34
15.	Randy F, Castilan	Filipino	50,000	.34
16.	Miriam G. San Pedro	Filipino	50,000	.34
17.	Gemma M. Recel	Filipino	50,000	.34
18.	Emmanuel V. Cabario	Filipino	50,000	.34
19.	Christopher Grajo	Filipino	50,000	.34
20.	Benjomer D. Galang	Filipino	50,000	.34
	<b>Sub-total</b>		<b>14,115,996</b>	<b>96.28</b>
	Other Stockholders		546,004	3.72
	<b>Total Shares</b>		<b>14,662,000</b>	<b>100</b>
	<b>Issued and Outstanding</b>		<b>14,662,000</b>	<b>100</b>

### 3. Dividends

The following cash dividends were declared by the Company's Board of Directors for the years ended December 31, 2024 and 2023:

<b>Year</b>	<b>Rate Per Share</b>	<b>Record Date</b>	<b>Payment Date</b>
2024	₱11.94	December 31, 2023	September 2, 2024
2023	₱128.39	June 15, 2023	June 30, 2023, July 31, 2023, August 30, 2023, and September 30, 2023

### 4. Sale of Unregistered or Exempt Transactions

None

## ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion and analysis of the financial position and results of operations of Dagupan Electric Corporation (DÉCORP) should be read in conjunction with the audited financial statements as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023, and 2022. The financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations which have been approved by the Financial and Sustainability reporting Standards Council (FSRSC).

The financial information appearing in this report and in the accompanying audited financial statements is presented in Philippine Peso. All values are rounded to the nearest million pesos except earnings per share.

### Financial Highlights and Key Performance Indicators

(Amounts in million, except earnings per share and operational data)

#### Condensed Statements of Financial Position

	<b>As at December 31</b>		<b>Increase (Decrease)</b>	
	<b>2024</b>	<b>2023</b>	<b>Amount</b>	<b>%</b>
Total assets	₱7,325.51	₱5,849.65	₱1,475.86	25
Current assets	3,180.98	1,739.78	1,441.20	83
Cash and cash equivalents	2,179.84	886.89	1,292.95	145
Non-current liabilities	942.80	947.37	-4.57	-0.4
Current liabilities	740.35	682.42	57.93	8
Total liabilities	1,683.15	1,629.79	53.36	3

## Condensed Statements of Income

	For the Years Ended December 31			% Change	
	2024	2023	2022	2024	2023
				vs. 2023	vs. 2022
Revenues	₱4,207.21	₱4,044.64	₱4,678.35	4	-13
Operating expenses	3,753.56	3,571.87	4,367.24	5	-18
Other income, net of expenses	66.11	41.83	33.80	58	23
Income before income tax	519.75	514.59	344.92	1	49
Net income	375.69	372.04	241.40	0.9	54
Earnings per share (EPS)	25.62	29.85	19.37	-14	54

## Condensed Statements of Cash Flows

	For the Years Ended December 31			% Change	
	2024	2023	2022	2024	2023
				vs. 2023	vs. 2022
Net cash provided by operating activities	₱508.74	₱796.86	₱327.20	-36	144
Net cash provided by (used in) investing activities	-239.57	-131.93	140.01	82	-194
Net cash provided (used in) financing activities	1,023.77	-1,600.00	-	-164	

## Operational Data

	For the Years Ended December 31			% Change	
	2024	2023	2022	2024	2023
				vs. 2023	vs. 2022
Number of customers					
Residential	128,241	125,181	122,754	2	3
Commercial	13,331	12,925	12,604	3	3
Industrial	36	33	30	9	13
Streetlight	53	55	57	-4	-4
Electricity Sales (in GWh)	492	444	417	11	6
System Loss (in percentage)					

## Key Performance Indicators

		For the Years Ended December 31		
		2024	2023	2022
Debt to equity	Total liabilities / Total equity	.30	.39	.29
Current ratio	Current assets/Current Liabilities	4.30	2.55	4.42
Net profit margin	(Net income / Revenues) x 100	9%	9%	8%
Return on equity	(Net income / Average shareholders' equity) x 100	7%	8%	8%
Return on assets	(Net income / Average total assets) x 100	6%	6%	6%

## 2024 compared with 2023

### Results of Operations

The results of operations for the years ended December 31, 2024 and 2023 are discussed below:

### Condensed Statements of Income

	For the Years Ended December 31		Increase (Decrease)	
	2024	2023	Amount	%
Revenues	₱4,207.21	₱4,044.64	163	4
Operating expenses	3,753.56	3,571.87	182	5
Other income, net of expenses	66.11	41.83	24	57
Income before income tax	519.75	514.59	5	49
Net income	375.69	372.04	4	1
Earnings per share (EPS)	25.62	29.85	-4	-13

### Revenues

Revenues of DECORP consist of: 1. pass-through charges or generation, transmission, system loss, and other related revenues; 2. distribution wheeling charges, which include distribution, supply, and metering; and 3. other charges such as service reconnection and pole attachment rental.

Revenues in 2024 were at ₱4,207.21 million, which is ₱162.57 million or 4% higher than in 2023, due to higher distributed energy and higher pass-through transmission charges. The details of the revenues are as follows:

	<b>2024</b>		<b>2023</b>		<b>Increase (Decrease)</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Generation	₱2,595.45	62	₱2,643.33	65	-47.88	-2
Transmission	379.93	9	290.93	7	89	31
System Loss	228.42	5	214.37	5	14.05	7
Distribution	929.55	22	836.74	21	92.81	11
Other pass-through charges	36.64	1	33.59	1	3.05	9
Other revenues	37.21	1	25.68	1	11.53	45
Total	₱4,207.21	100	₱4,044.64	100	₱162.56	4

The generation charge, which accounted for 62% of the total revenues of DECORP, dropped by 2%. The cost of producing electricity decreased as a result of the improvement in the supply situation in Luzon and the decline in global coal prices, leading to lower cost of power sourced from the Wholesale Electricity Spot Market (WESM) and GNPower Mariveles, a coal-fired power plant generation company.

The transmission charge, which was 9% of the total revenues, increased by 31% due to higher ancillary service charges from additional capacity sourced by the National Grid Corporation of the Philippines (NGCP).

DECORP's average retail rate was ₱9.57 per kwh and ₱10.15 per kWh in 2024 and 2023, respectively. The decline in selling rate was due to lower generation charges that negated the increase in transmission and other charges.

The following is a summary of customer volume and electricity sales categorized by customer type for the years ending December 31, 2024 and 2023:

<b>Customer Type</b>	<b>No. of Customers</b>		<b>Electricity Sales (in GWh)</b>		<b>% Change</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>No. of Customers</b>	<b>Electricity Sales</b>
Residential	128,241	125,181	260	230	2	13
Commercial	13,331	12,925	149	139	3	7
Industrial	36	33	78	71	9	9
Streetlights	53	55	4	4	-4	-
Total	141,661	138,194	492	443	3	11

DECORP's energy sales reached 492 GWh in 2024, reflecting an 11% increase from the 443 GWh recorded in 2023.

The residential customer segment accounted for the largest share of DECORP's energy sales mix, at 53%, followed by the commercial and industrial segments at 30% and 16%, respectively, while the streetlights made up the remaining 1%.

The energy consumption of the residential segment grew by 13%, or from 230 GWh in 2023 to 260 GWh in 2024. This rise is attributed to the extended use of cooling systems by residential customers, driven by the El Niño phenomenon that lasted until mid-2024. This phenomenon resulted in a warmer-than-average season, especially in Northern Luzon, making it the warmest year on record.

Electricity sales in the commercial segment were 149 GWh, reflecting a 7% increase from the 139 GWh in 2023. The growth was attributable to additional retail stores and office facilities, supported by the resurgence of on-site operations within educational institutions, dining establishments, and various other commercial domains.

The industrial segment's sales went up by 9%, from 71 GWh in 2022 to 78 GWh in 2023, due to additional customers, which includes a home improvement construction supply and retailer, a grocery and retail warehouse, and schools.

### Costs and Expenses

The costs and expenses of DECORP for the year ended December 31, 2024 amounted to ₱3,753.56 million in 2024, an increase of 5% or ₱181.69 million from ₱3,571.87 million in 2023. The costs and expenses are detailed in the table below:

	2024		2023		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Purchased power	₱3,165.23	84.3	₱3,076.63	86	88.60	3
Depreciation	207.25	6	201.06	6	6.19	3
Salaries, wages, and employee benefits	167.62	4	157.56	4.4	10.06	6
Taxes other than income tax	67.77	2	23.95	0.6	43.82	183
Outside services	44.67	1.2	35.23	0.9	9.44	27
Repairs and maintenance	18.62	0.4	17.86	0.5	0.76	4
Others	82.40	2.1	59.58	1.6	22.82	38
<b>Total</b>	<b>₱3,753.56</b>	<b>100</b>	<b>₱3,571.87</b>	<b>100</b>	<b>181.69</b>	<b>5</b>

The cost of purchased power went up by 3% or ₱88.60 million from ₱3,076.63 million in 2023 to ₱3,165.23 million in 2024, in line with the fluctuations in the pass-through revenues. The increase was due to higher volume purchased and transmission charges partially mitigated by the decline in the average generation cost.

Depreciation was ₱207.25 million in 2024, higher by ₱6.19 million or 3% from the ₱201.06 million in 2023. This change is attributable to the completed projects during the year.

Taxes other than income tax increased by 183%, equivalent to ₱43.82 million, due to the change in the method of recognizing real property and local franchise taxes,

where charges are considered revenues and payments or remittances were recorded as expenses.

The expenses for outside services were higher by 27%, equivalent to ₱9.44 million, mainly due to the increase in the volume and the associated costs related to both bill distribution and meter readings, including maintenance work on the line distribution network carried out by third-party contractors.

The increase in repairs and maintenance expenses can be attributed to the higher in-house maintenance requirements within the distribution network, particularly in areas associated with the recently acquired distribution assets in San Fabian previously managed by another distribution utility. It also includes higher software maintenance

Other expenses consist of professional fees, office supplies, rent, training, and other expenses.

### Statements of Financial Position

	December 31		Increase (Decrease)	
	2024	2023	Amount	%
<b>ASSETS</b>				
<b>Noncurrent Assets</b>				
Utility plant and equipment	₱3,879	₱3,847	₱32	1
Other property and equipment	86	85	1	1
FVOCI	152	152	-	-
Deferred tax assets	28	26	2	8
	<b>4,145</b>	<b>4,110</b>	<b>35</b>	<b>1</b>
<b>Current Assets</b>				
Cash and cash equivalents	2,180	887	1,293	146
Trade and other receivables	635	518	116	22
Financial assets at FVPL	184	175	9	5
Inventories	116	83	34	41
Prepayments and other current assets	66	77	-11	-14
	<b>3,181</b>	<b>1,740</b>	<b>1,441</b>	<b>83</b>
<b>TOTAL ASSETS</b>	<b>₱7,326</b>	<b>₱5,850</b>	<b>₱1,476</b>	<b>25</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Capital stock	₱1,466	₱1,246	₱220	18
Additional paid-in capital	1,142	189	953	504
Revaluation reserve	1,481	1,550	-69	-4
Remeasurement gain (loss) on retirement benefits	3	3	-	
Retained earnings				
Appropriated		400	-400	-100

Unappropriated	1,551	832	719	86
	<b>5,642</b>	<b>4,220</b>	<b>1,422</b>	<b>34</b>
<b>LIABILITIES</b>				
Current liabilities				
Trade and other payables	703	636	67	11
Dividends payable	-	-	-	-
Income tax payable	37	46	-9	-20
	<b>740</b>	<b>682</b>	<b>58</b>	<b>8</b>
Noncurrent liabilities				
Customers' deposit	338	335	3	1
Deferred tax liabilities	519	539	-21	-4
Retirement benefits obligation	86	73	13	18
	<b>943</b>	<b>947</b>	<b>-5</b>	<b>0.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>₱7,326</b>	<b>₱5,850</b>	<b>₱1,476</b>	<b>25</b>

### Changes in Financial Position

Utility plant and equipment and others closed at ₱3,965 million in 2024, a net increase of 1% or ₱33 million from ₱3,932 million in 2023. The capital expenditures amounted to ₱239.88 million for the expansion of distribution assets and the upgrade and rehabilitation of the existing electrical facilities, including the purchase of service vehicles and trucks to support the operation of DECORP. The additional expenditures were offset by the depreciation of ₱207.25 million

Cash and cash equivalents went up by 146% or ₱1,293 million from ₱887 million in 2023 to ₱2,180 million in 2024. The growth was due to the additional ₱635 million derived from DECORP's operational activities and ₱1,024 million from its financing activities, which include the proceeds from DECORP's initial public offering approved by the Securities and Exchange Commission (SEC) on December 27, 2023. The proceeds will be used for capital projects and investment of the Company detailed in its Prospectus dated 22 December 2023, pages 23 to 32, attached in this report as Exhibit A-1

The year-end trade and other receivables primarily reflect the December billing cycle. The increase in receivables was attributable to the higher retail rate in December 2024 compared to December 2023.

The capital stock increased by 18%, or ₱220 million from ₱1,246 million in 2023 to ₱1,466 million in 2024. The additional paid-in capital also went up by 504%, or ₱953 million from ₱189 million in 2023 to ₱1,142 million in 2024. The increase in capital stock was due to the shares issued to the public by way of an initial public offering, in which the SEC rendered the application of registration of shares effective on December 27, 2023. The excess of the proceeds from the issuance of shares over the par value was credited to additional paid-in capital.



## **2023 compared with 2022**

### **Results of Operations**

The results of operations for the years ended December 31, 2023 and 2022 are discussed below:

### **Condensed Statements of Income**

	<b>For the Years Ended December 31</b>		<b>Increase (Decrease)</b>	
	<b>2023</b>	<b>2022</b>	<b>Amount</b>	<b>%</b>
Revenues	₱4,045	₱4,678	-633	-13
Operating expenses	3,572	4,367	-795	-18
Other income, net of expenses	42	34	8	23
Income before income tax	515	345	170	49
Net income	372	241	131	54
Earnings per share (EPS)	29.85	19.37	10.48	54

### **Revenues**

Revenues in 2023 went down by 13% or ₱633 million from the ₱4,678 million in 2022 to ₱4,045 million in 2023. The decrease was due to the lower costs of energy and transmission services, which outweighed the increase in the volume of energy distributed. The following are the details of revenues:

	<b>2023</b>		<b>2022</b>		<b>Increase (Decrease)</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Generation	₱2,643	65	₱3,188	68	-₱645	-20
Transmission	291	7	394	8	-103	-26
System Loss	214	5	263	6	-49	-18
Distribution	837	21	793	17	44	6
Other pass-through charges	34	1	8	0.1	25	302
Other revenues	26	1	32	0.7	-6	-20
<b>Total</b>	<b>₱4,045</b>	<b>100</b>	<b>₱4,678</b>	<b>100</b>	<b>-₱633</b>	<b>-13</b>

In 2023, the Company's generation revenues, which accounted for 65% of its total revenues, went down by 20%. The addition of geothermal and solar power plants in DECORP's power suppliers' portfolio during a period marked by high global coal prices and supply constraints notably mitigated its generation charge.

The transmission revenues, accounting for 7% of the total revenues, also decreased by 26%. The reduction in the cost of transmission services was due to the lower ancillary service charges of NGCP.

DECORP's average retail rate was ₱10.15 per kWh and ₱12.57 per kWh in 2023 and 2022, respectively. The decline in selling rate was due to lower generation and transmission charges, which offset the increase in the volume of energy distributed.

The customer volume and energy sales for the years ended December 31, 2023 and 2022 are as follows:

<b>Customer Type</b>	<b>No. of Customers</b>		<b>Electricity Sales (in GWh)</b>		<b>% Change</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>No. of Customers</b>	<b>Electricity Sales</b>
Residential	125,181	122,754	230	220	2	4.5
Commercial	12,925	12,604	139	129	3	7.8
Industrial	33	30	71	64	10	11
Streetlights	55	57	4	4	-4	-
<b>Total</b>	<b>138,194</b>	<b>135,445</b>	<b>444</b>	<b>417</b>	<b>2</b>	<b>6.5</b>

The Company's energy sales rose to 444 GWh in 2023, a 6.5% increase from 417 GWh in 2022.

In 2023, the energy sales mix slightly shifted. The residential segment contributed 52% to total sales, down from 53% in 2022. The commercial segment remained steady at 31%, while sales to the industrial segment increased from 15% to 16%. Streetlights accounted for 1% of the total energy sales.

Sales to residential customers closed at 230 GWh in 2023, a 4.5% increase from the 220 GWh in 2022. The increase is attributable to a higher volume of customers in addition to more frequent use of cooling systems in households as a result of the El Niño phenomenon.

Sales to the commercial segment had a notable increase of 7.8%, rising from 129 GWh in 2022 to 139 GWh in 2023. This growth was largely driven by increased demand in the real estate and educational sectors, as schools and other businesses resumed face-to-face classes and onsite activities.

The energy consumption within the industrial segment rose by 11% as the volume of customers under this group also increased by 10%

### **Costs and Expenses**

The costs and expenses of DECORP for the year ended December 31, 2023 amounted to ₱3,751.87 million in 2023, a decrease of 18% or ₱795.37 million from ₱4,367.24 million in 2022. The costs and expenses are detailed in the table below:

	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Purchased power	₱3,076.63	86	3,865.89	89	-789.26	-20
Depreciation	201.06	6	185.36	4	15.70	8.5
Salaries, wages, and employee benefits	157.56	4.4	153.08	3.5	4.48	2.9
Taxes other than income tax	23.95	0.6	52.44	1.2	-28.5	54
Outside services	35.23	0.9	35.93	0.8	-.70	-1.9
Repairs and maintenance	17.86	0.5	16.81	0.4	1.05	6
Others	59.58	1.6	57.73	1.3	1.85	3
<b>Total</b>	<b>₱3,571.87</b>	<b>100</b>	<b>4,367.24</b>	<b>100</b>	<b>-795.37</b>	<b>-18</b>

The cost of power decreased by 20%, equivalent to ₱789.26 million, bringing the total down from ₱3,865.89 million in 2023 to ₱3,076.63 million in 2022. The decline aligns with the fluctuation in the pass-through revenues, particularly in generation charges. The lower average generation costs and transmission services offset the increase in the volume of purchased energy.

Depreciation was higher by 8.5%, or ₱15.70 million, from the ₱185.36 million in 2022 to ₱201.06 million in 2023, due to the completed projects during the year

Taxes other than income tax include payments for registration fees, regulatory supervision fees, licenses, business permits, local franchise taxes, real property taxes, and other related taxes paid to the national and local governments except income tax. This account decreased by ₱28.5 million, or 54%, due to the timing of real property tax recognition. A payment of this tax intended for 2023 was recognized as an expense at the time it was paid in 2022.

Outside Services comprise payments to third-party contractors for the issuance of billing statements and notices, bill collection, meter reading, meter connection, disconnection, security services, tree trimming, and distribution line maintenance. This account decreased by ₱0.70 million or 2% due to the reduction in services availed for disconnection of delinquent accounts.

The costs of repairs and maintenance were higher by ₱1.05 million, or 6%, due to the higher maintenance costs of technological upgrades and infrastructure improvements.

Other expenses consist of professional fees, office supplies, rent, training, and other expenses.

## Statements of Financial Position

	December 31		Increase (Decrease)	
	2023	2022	Amount	%
<b>ASSETS</b>				
<b>Noncurrent Assets</b>				
Utility plant and equipment	₱3,847	₱3,813	₱34	1
Other property and equipment	85	93	-8	-8
FVOCI	152	152	-	-
Deferred tax assets	26	24	2	8
	<b>4,110</b>	<b>4,082</b>	<b>28</b>	<b>0.7</b>
<b>Current Assets</b>				
Cash and cash equivalents	887	1,822	-935	-51
Trade and other receivables	518	755	-237	-31
Financial assets at FVPL	175	270	-95	-35
Inventories	83	97	-14	-14
Prepayments and other current assets	77	58	19	33
	<b>1,740</b>	<b>3,002</b>	<b>-1,262</b>	<b>-42</b>
<b>TOTAL ASSETS</b>	<b>₱5,850</b>	<b>7,084</b>	<b>-₱1,234</b>	<b>-17</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Capital stock	₱1,246	₱1,246		
Additional paid-in capital	189	189		
Revaluation reserve	1,550	1,619	-69	-4
Remeasurement gain (loss) on retirement benefits	3	-6	9	-150
Retained earnings				
Appropriated	400	400	-	-
Unappropriated	832	1,968	-1,136	-58
	<b>4,220</b>	<b>5,416</b>	<b>1,422</b>	<b>-22</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	636	701	-65	-9
Dividends payable	-	-	-	-
Income tax payable	46	-	46	-
	<b>682</b>	<b>701</b>	<b>-19</b>	<b>-3</b>
<b>Noncurrent liabilities</b>				
Customers' deposit	335	334	1	0.3
Deferred tax liabilities	539	561	-22	-4
Retirement benefits obligation	73	73	-	-
	<b>947</b>	<b>967</b>	<b>-20</b>	<b>-2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>₱5,850</b>	<b>7,084</b>	<b>-₱1,234</b>	<b>-17</b>

Utility, plant and equipment was higher by 1%, or an equivalent net amount of ₱34 million, from ₱3,813 million in 2022 to ₱3,813 million in 2023, taking into account depreciation. The capital investment in 2023 was ₱214 million, which was used for the continuous expansion of the distribution assets to accommodate the growth in customers, construction of 69 kV lines, and various land and building improvements.

Cash and cash equivalents decreased by ₱935 million or 51%, attributable to the net cash provided by the operating activities of the Company amounting to ₱797 million, reduced by its investment activities amounting to ₱132 million and payment of dividends amounting to ₱1.6 billion.

Trade and other receivables decreased by ₱237 million or 31% compared to the 31 December 2022 balance. The decline attributed to the significant reduction in the cost of generation charge, which accounts for 60% of the receivables billed to customers.

Prepayments and other current assets increased by ₱19 million or 33% due to the payment of real property tax intended for 2023 in 2022.

On June 16, 2023, the Company approved the declaration of cash dividends amounting to ₱1,600 million to stockholders of record as of June 15, 2023, payable on various dates until September 29, 2023. As of December 31, 2023, the Company paid in full the cash dividends amounting to ₱1,600 million.

The unappropriated retained earnings decreased by ₱1,136 million or 58% due to the declaration and payment of cash dividends.

The total non-current liabilities decreased by ₱19.9 million or 2.07%, which can be attributed to the reduction in deferred tax liabilities related to the realized revaluation of appraisal increase through depreciation.

## **LIQUIDITY RISKS**

The Company considers the following elements to constitute a risk to its capacity to fulfill its commitments when they become due: a typhoon or other occurrence that would constitute a force majeure, non-payment or delays in the payment by its customers, and unexpected economic disruption.

The Company monitors and maintains a level of funds deemed adequate by management to finance the Company's operations and mitigate the effects of cash flows. Any excess funds are placed with reputable banks to generate interest income. As of December 31, 2024, the Company's financial liabilities have contractual maturities as follows:

<b>As of December 31, 2024</b>		
	<b>Due within one year</b>	<b>Due beyond one year</b>
Trade payables	₱249,274,778	₱ -
Other payables	163,790,780	-
Customers' deposits	240,763,052	337,846,798
	<b>₱653,828,610</b>	<b>₱337,846,798</b>

The Company does not foresee that it will have any cashflow or liquidity problems within the next twelve (12) months from the date of this report.

The Company is not aware of any event that will trigger direct or contingent financial obligations that are material to the Company, including default or acceleration of any obligations.

The Company does not have any off-balance sheet transactions, arrangements, obligations, including contingent obligations, and other relationships with unconsolidated entities or other persons created during the relevant period.

The Company is not in default or breach of any note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments.

The Company is not aware of any trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales, revenues, income from continuing operations.

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.

## **ITEM 7. FINANCIAL STATEMENTS**

The Audited Financial Statements of the Company as of and for the year ended December 31, 2024 and the schedules listed in the accompanying index to Supplementary Schedules are filed as part of this report (see Exhibit A-2)

## **ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

The audited financial statements (AFS) of the Company, for the years ended December 31, 2024 and 2023 have been audited by Diaz Murillo Dalupan and Company.

The Company has had no disagreements with its independent or external auditor on any matter of accounting principles or practices, financial statements disclosure, or auditing scope or procedure from the periods ending December 31, 2024 and 2023

## PART III. CONTROL AND COMPENSATION INFORMATION

### ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS

#### A. DIRECTORS, EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL

##### 1. DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by its Board of Directors. The Board of Directors is empowered to direct, manage, supervise the affairs of the Company. As of December 31, 2024, the names of the incumbent Directors and Executive officers of DECORP and their respective ages, citizenship, current positions, periods of service and business experiences for the past five (5) years are as follows

##### **Directors**

##### **ANGELIQUE MAXIME L. LLAMES-JAMES**

Filipino, 53 years old  
Chairperson, Board of Directors  
Director since 1996

Membership in the Board of Non-Listed Companies

- Veria Realty, Inc., Chairperson and President
- Veria Holdings Corporation, Director
- DECORP Solar Inc., Director

Ms. Angelique Maxime L. Llames-James has served as the Chairperson of the Board of Dagupan Electric Corporation since 2022. When she joined the Company in 1996, she was elected as a member of the Board of Directors and appointed as Assistant to the President until 2022. In 2023, in addition to being the Chairperson, she also became the Vice President of the Company.

As a Board Member and Assistant to the President from 1996 to 2022, she was among those who oversee and direct the business operations, set policies, and approve business decisions.

##### **RENE BERNARD L. LLAMES**

Filipino/American<sup>1</sup>, 64 years old  
Director since 2022  
President and Chief Executive Officer (CEO)

Membership in the Board of Non-Listed Companies

- Veria Realty, Inc., Treasurer
- Veria Holdings Corporation, Director
- DECORP Solar Inc., Director

<sup>1</sup> A dual citizen by birth



Mr. Rene Bernard L. Llames, with a Ph.D. in Electrical Engineering, has served as a member of the Board of Directors of the Company since 2002. In addition to being a director, he was also the Treasurer of the Company until he was elected as its CEO in 2021 and later became the President and CEO in 2022. Mr. Llames has also acted as the Management Information System (“MIS”) Manager of the Company since 2002.

### **DEON PETER JAMES**

South African, 64 years old  
Director since 2004

Membership in the Board of Non-Listed Companies and other Organizations

- Veria Holdings Corporation, Director
- DECORP Solar Inc., Director
- Private Electric Power Operators Association, Director
- Cagayan Electric Power and Light Corporation, Director

Mr. Deon James, a Mechanical Engineer by profession, is a member of the Board of Directors of the Company. He has been serving as a director since 2004. As a member of the Board of the Company, he among other directors, is responsible for the governance, oversight, and major decision-making, representing the interests of the shareholders and stakeholders.

Mr. James worked for an electric utility company in South Africa as Generation Power Station Engineering Manager and Distribution Regional Engineering Manager from 1994 to 2003.

Mr. James became a director of the Philippine Electricity Market Corporation (“PEMC”) from 2004 to 2019.

### **CYNTHIA IRENE L. LLAMES**

Filipino, 58 years old  
Treasurer  
Director since 2002

Membership in the Board of Non-Listed Companies and other Organizations

- Veria Realty, Inc., Corporate Secretary
- Veria Holdings Corporation, Director

Ms. Cynthia Irene L. Llames, an Electrical Engineer by profession, is the Treasurer of the Company. She was elected to the position of Treasurer in 2022. She joined the Company in 1987 as Purchasing Specialist handling the requirements of the MIS Department. In 2002, she was appointed as Corporate Secretary of the Company until 2021.

### **GEROMIN T. NEPOMUCENO, JR.**

Filipino, 69 years old

## Independent Director

### Membership in the Board of Non-Listed Companies and other Organizations

- Angeles Industrial Park, Inc., Chairman
- Crismin Reaty Corporation, Chairman
- M.S.N Foods Inc., Chairman
- Angeles Ice Plant, Inc., President
- Clark Electric Distribution Corp., Director
- Angeles Power, Inc., Director and Treasurer
- Raslag Corp., Vice-Chairman and Treasurer
- TGN Realty, Inc., Director and Treasurer
- Teresa Waterworks, Inc., Director and Treasurer
- J Ten Equities, Inc., Director and Treasurer
- Holy Angel University, Trustee
- JDN Sons, Inc., Director
- Wespan Development Corporation, Director

Geromin “Gerry” T. Nepomuceno, Jr. was recently elected as an independent director in DECORP. Gerry is a graduate of Bachelor of Science in Mechanical Engineering from De La Salle University and is a licensed mechanical engineer. He holds a Master’s Degree in Business Management from the Asian Institute of Management.

He has been the Chairman of the Board of Angeles Electric Corporation (“AEC”), a distribution utility recently registered with the SEC, since December 2019. He has vast experience in the electric power industry having been the President of AEC from 2001 to 2019, and the Treasurer and Director of Angeles Power, Inc. from 1993 up to the present. Gerry is an active member of the Executive Committee of the Board of Trustees of Holy Angel University where he became the interim President from 2014 to 2015.

### **JOSE MARIA A. ABAYA**

Filipino, 51 years old  
Director

### Membership in the Board of Non-Listed Companies and other Organizations

- Olongapo Electricity Distribution Company, Director and President
- Cepalco Energy Services, Chairman
- Mindanao Energy Systems, Inc., Director
- Bubunawan Power Company, Inc., Director
- Minergy Power Corporaiton, Director

Mr. Jose Maria A. Abaya has been a member of the Board of Directors of the Company since 2015.

Mr. Abaya has served as Director for Cagayan Electric Power & Light Company, Inc. since July 2010, and was elected as the Chairman of the Board in October 2020. He has also been serving as Director and President of Olongapo Electricity Distribution Company, Inc. since September 2012, as Chairman of Cepalco Energy Services since July 2015, as Director of Mindanao Energy Systems, Inc. since May 2008, as Director of Bubunawan Power Company, Inc. since January 2011, and Minergy Power Corporation since May 2013.

**ATTY. RANULFO M. OCAMPO**

Filipino, 64 years old  
Independent Director

Atty. Ranulfo M. Ocampo, a practicing lawyer, is a member of the Board of Director of DECORP. He has been a Director since 2015. He is an independent director of the Company.

Atty. Ocampo has been the President of the Private Electric Power Operators Association since 2006. He also became a member of the National Renewable Energy Board representing the private electric distribution utilities from December 2010 to June 2016.

**Executive Officers and Other Key Personnel**

**ERWIN MARK A. GAVINO**

Filipino, 55 years old  
Corporate Secretary

Atty. Erwin A. Gavino is the Corporate Secretary of the Company. He was appointed as Corporate Secretary in 2022. He is also the legal consultant of the Company since 2004.

Atty. Gavino is a practicing lawyer and is the Managing Partner of Divino & Gavino Law Offices. He is also a member of the Board of Directors of companies engaged in varied business lines, including: Spiderhook Capital Inc., Spiderhook Corporate Governance Inc., Metro Kitchens Innovations, Inc., and Altus Capital Corporation.

**RANDY F. CASTILAN**

Filipino, 49 years old  
Chief Operating Officer (COO)

Randy Castilan has been the COO of the Company in 2024. He joined the Company in 2001 as Legal Associate and became the Human Resources Manager in 2015 until 2024.

As the COO, Mr. Castilan is primarily responsible for overseeing the reliable and efficient distribution of electricity to customers.

**JOSEPH F. CARINO**

Filipino, 51 years old  
Network Operations Manager

Mr. Joseph F. Carino, a registered Electrical Engineer, has been the Network Operations Manager of the Company since 2019. He joined the Company in 1997 as Cadet Engineer. In 2008, he became the Planning and Design Section Head of the Company until he was promoted to Network Operations Manager in 2019.

As the Network Operations Manager, he oversees the safe and reliable operation of the electric distribution network, including substations, transformers, power lines, and related infrastructure.

**GEMMA M. RECEL**

Filipino, 48 years old  
Retail Services Manager

Ms. Gemma M. Recel has been the Retail Services Manager of the Company since January 2023. She joined the Company in 1999 as an accounting assistant. From 2005 to 2022, she held a variety of supervisory positions, serving as the Section Supervisor for the Controls and Standards Section, Application and Customer Assistance Section, Data Management Section, and the Customer Accounting Section.

As the Retail Service Manager, she oversees the efficient operations of the retail business segment, which include customer acquisition, customer management, metering service provision, power supply and service provision, account management, and receivables management.

**LILIAN D. SARALDE**

Filipino, 51 years old  
Finance Manager and Regulatory Compliance Officer

Ms. Lilian D. Saralde, a Certified Public Accountant, has been the Finance Manager of the Company since March 2004. She joined the Company in 2004 as Accounting Supervisor and in the same year became the Finance Manager. She is also the Regulatory Compliance Officer and WESM Compliance Officer since 2008 and 2021, respectively.

Ms. Saralde, as Finance Manager, oversees the Company's financial operations, including budgeting, financial planning, and regulatory compliance.

**ROCHELLE B. BAUTISTA**

Filipino, 37 years old  
Human Resources Manager

Rochelle B. Bautista has been recently appointed as the Human Resources Manager. She joined the Company in May 2017 as Human Resources Officer, where she supervised recruitment, learning and development, and organizational development.

Ms. Bautista, as Human Resource Manager, oversees the workforce planning, recruitment, development, and retention strategies.

### **EMMANUEL V. CABARIO**

Filipino, 44 years old

Logistics Manager

Emmanuel V. Cabario, a Registered Electrical Engineer, has been recently appointed as the Logistics Manager. He joined the Company in 2005, starting as a Line Inspector. He progressed to a Cadet Engineer then later on the Construction Section Engineer. In 2017, he became the Health, Environment, Safety, Security, and Quality Section Head until he was appointed as Logistics Manager.

As Logistics Manager, Mr. Cabario, oversees the company's Material Supply Chain management, encompassing procurement, delivery, warehousing, and stocks management.

### **1. FAMILY RELATIONSHIPS**

The Company's Chairperson, Angelique Maxime L. Llames-James, President and CEO, Rene L. Llames, and Treasurer, Ms. Cynthia Irene L. Llames are brothers and sisters.

The Company's Director, Deon Peter James, is related to the Chairperson, Ms. Angelique Maxime L. Llames-James, by marriage.

Aside from the foregoing, there are no other family relationships between other directors, executive officers, or other persons nominated or chosen by the Company to become directors or executive officers.

### **2. INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

Within the past five (5) years, there has been no bankruptcy petition filed by or against any business of which any of the foregoing named directors or executive officers have been a general partner or executive officer at the time of the bankruptcy or within two (2) years prior to that time.

None of the foregoing directors or executive officers have been convicted by final judgment in any criminal proceeding nor involved in any pending criminal proceeding, whether domestic or foreign in the past five (5) years up to the latest date.

None of the foregoing directors or executive officers have been subject to any order, judgment, or decree by any domestic or foreign court of competent jurisdiction, permanently or temporarily barring, suspending, or otherwise limiting his involvement in

any type of business, securities, commodities, or banking activities in the past five (5) years up to the latest date.

None of the foregoing directors or executive officers have been found by a domestic or foreign court or tribunal of competent jurisdiction in a civil action, domestic or foreign Exchange, or other market or self-regulatory organization to have violated a securities or commodities law or regulation in the past five (5) years up to the latest date.

### 3. Resignation of Directors

To date, no director has resigned or declined to stand for re-election for the Board due to any disagreement with the Company relative to the Company's operations, policies, and practices.

## ITEM 10. EXECUTIVE COMPENSATION

### COMPENSATION

Name and Position	Year Covered	Salary	Bonus	Other Annual Compensation
Angelique Maxime L. Llames-James, Chairperson and Vice President	2022	3,300,000	500,000	61,278
	2023	3,600,000	988,800	36,600
	2024	4,250,000	1,126,000	47,600
Rene L. Llames President and CEO	2022	3,582,118	738,000	43,678
	2023	3,600,000	951,000	14,850
	2024	4,250,000	1,126,000	16,200
Cynthia Irene L. Llames Treasurer	2022	825,000	125,000	53,878
	2023	900,000	150,000	35,400
	2024	1,192,500	195,000	44,750
All other officers as a group	2022	14,246,289	2,958,749	551,008
	2023	13,689,392	2,993,436	654,513
	2024	14,388,556	3,224,327	790,957

### COMPENSATION OF DIRECTORS

#### Standard Arrangements

The directors receive a per diem of Fifteen Thousand Pesos (₱15,000.00) for each meeting attended.

Pursuant to the Company's Manual on Corporate Governance, which was approved by the Company on 02 October 2023, the Company shall have three (3) committees namely, the Corporate Governance Committee, Board Risk Oversight Committee, and Audit Committee. The Committee chairpersons and committee members shall be entitled to a per diem of Ten Thousand Pesos (₱10,000.00) for each meeting attended.

No other compensation, in any form, is paid to the directors for the services they provide as directors of the Company.

The total per diems received by each director for the years 2023 and 2024 are shown below:

<b>Name</b>	<b>Position</b>	<b>2023</b>	<b>2024</b>
Angelique Maxime L. Llames-James	Chairperson and Vice President	45,000	45,000
Rene L. Llames	President and CEO	45,000	45,000
Cynthia Irene L. Llames	Treasurer	45,000	45,000
Deon Peter James	Director	45,000	45,000
Jose Maria A. Abaya	Director	45,000	45,000
Ranulfo M. Ocampo	Independent Director	45,000	45,000
Geromin T. Nepomuceno Jr.	Independent Director		45,000

#### **ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

On December 27, 2023, the SEC approved the registration of the Company's Fourteen Million Six Hundred Sixty-Two Thousand (14,662,000) common shares, of which Two Million Two Hundred Thousand (2,200,000) shares were issued and offered for sale to the public by way of an initial public offering that was concluded in February 2024. The Company's holders of its sole class of common equity increased to 55 after the completion of the public offering.

The table below shows the security ownership of more than 5% of the Company's voting shares as of December 31, 2024:

<b>Name of Record Owner, Address, and Relationship with the Issuer</b>	<b>Type of Share</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>Number of Shares Held</b>	<b>Percent of Total Issued and Outstanding Shares</b>
<b>Rene Bernard L. Llames</b> , 103 Mother Ignacia Ave. Quezon City, President and CEO	Common	Rene Bernard L. Llames - record owner	Filipino/ American	3,606,006	24.59%
<b>Cynthia Irene L. Llames</b> , 103 Mother Ignacia Ave. Quezon City, Treasurer and Director	Common	Cynthia Irene L. Llames - record owner	Filipino	3,606,004	24.59%
<b>Angelique Maxime L. Llames-James</b> ,	Common	Angelique Maxime L. Llames-James - record owner	Filipino	3,606,003	24.59%

103 Mother Ignacia Ave. Quezon City, Chairperson and Director					
<b>Deon Peter James,</b> 103 Mother Ignacia Ave. Quezon City, Director	Common	Deon Peter James - record owner	South African	803,292	5.48%
<b>Total</b>				<b>11,621,305</b>	<b>79.25%</b>

### SECURITY OWNERSHIP OF MANAGEMENT

As of December 31, 2024, the securities owned beneficially, directly or indirectly, by directors and executive officers of DECORP are as follows:

<b>Name of Beneficial Owner</b>	<b>Type of Share Held</b>	<b>Number of Shares and Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Rene Bernard L. Llames	Common	3,606,006 shares; direct ownership	Filipino	24.59%
Cynthia Irene L. Llames	Common	3,606,004 shares; direct ownership	Filipino	24.59%
Angelique Maxime L. Llames-James	Common	3,606,003 shares; direct ownership	Filipino	24.59%
Deon Peter James	Common	803,292 shares; direct ownership	Filipino	5.48%
Jose Maria A. Abaya	Common	378,310 shares; direct ownership	Filipino	2.58%
Ranulfo M. Ocampo	Common	84,071 shares; direct ownership	Filipino	0.57%
Geromin T. Nepomuceno Jr.	Common	1 share; direct ownership	Filipino	0%
Randy F. Castilan	Common	50,000 shares; direct ownership	Filipino	0.34%

### VOTING TRUST

There are no voting trust holders in respect of more than five percent (5%) of the Company's voting shares.



**CHANGE IN CONTROL ARRANGEMENTS**

There are no contracts, agreements, or arrangements with respect to the issued and outstanding shares which will result in a change in the control of the Company.

**ITEM 12. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

Except with respect to the Related Party Transactions as discussed in Note 16 to the audited financial statements as at December 31, 2024 and 2023 and for each of the three (3) years in the period ended December 31, 2024, there was no transaction during the last three years involving DECORP in which any of its directors or executive officers, any nominee for election as director, or security holder owning 10% or more of DECORP's total outstanding shares and members of their immediate family had a material interest.

## **PART IV. CORPORATE GOVERNANCE**

### **ITEM 13. CORPORATE GOVERNANCE**

The Company has always been dedicated in upholding a sound corporate governance even before adopting its Manual on Corporate Governance (the “Manual”).

The Company, with the intention of strengthening its corporate governance standards to be comparable with or exceed the leading standards adopted the Manual on 02 October 2023 in compliance with SEC Memorandum Circular No. 24, Series of 2019.

#### **Board Composition**

The Board consists of seven (7) members, each elected by the common stockholders during the Annual Stockholders’ Meeting (ASM). The Board members hold office for one (1) year until their successors are duly elected and qualified in accordance with the amended by-laws of the Company. The Company’s Board is a combination of executive and non-executive that are possessed with qualifications and stature that enable them to effectively participate in the deliberations of the Board.

The Board includes two (2) independent directors selected based on the independence criteria as set forth under the SEC’s revised Securities Regulation Code and implementing rules and regulations, and the Company’s Manual of Corporate Governance (MCG).

#### **Board Committees**

The Board, to enhance its effectiveness in fulfilling its oversight responsibilities and aid in ensuring compliance with the principles of good corporate governance, shall establish and maintain the following board committees: 1.) the Corporate Governance Committee; 2.) the Board Risk Oversight Committee; and 3.) the Audit Committee

As of December 31, 2024, the Board has yet to appoint the members of the above Committees.

#### **Board Assessment**

The Board shall conduct an annual assessment of its performance, including the performance of the Chairman, individual members and committees. The Corporate Governance Committee shall oversee the assessment/evaluation process.

Every three (3) years, as far as practicable, the assessment may be supported by an external facilitator. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization appointed by the Board.

The Board assessment system shall provide a criteria and process to determine the performance of the Board, individual directors and committees. The system shall allow for a feedback mechanism from shareholders.

**Compliance Measures**

The Compliance Officer plays a pivotal role in ensuring that the Company adheres to all applicable laws and regulations, and that it operates within its boundaries while upholding the highest ethical standards. Duties and responsibilities are as follows:

1. Design, implement, and oversee the Company's compliance programs and policies to ensure adherence to all relevant laws and regulations.
2. Conduct regular risk assessments to identify potential compliance risks and develop strategies to mitigate them.
3. Stay updated on changes in laws, regulations, and industry standards that could impact the Company's operations.
4. Prepare and present compliance reports to the Board and report on compliance issues, investigations, and corrective actions taken.
5. Conduct or oversee internal investigations into alleged compliance violations, including fraud, misconduct, or breaches of policies and procedures.
6. Coordinate with external auditors and regulatory authorities during compliance audits and inspections.
7. Oversee and promote the Company's code of conduct and ethics policies.
8. Foster a culture of compliance within the Company and promote ethical behavior and accountability at all levels.

**Deviation from Corporate Governance Practices**

The Company is still in the process of establishing policies and procedures required under its Corporate Governance Manual, nonetheless, there are no major deviations noted.

**Improvement of Corporate Governance Practices**

The Company has continually worked to improve its corporate governance system so that it complies with the national regulatory agencies and best practices.

The Board sees corporate governance as a crucial component of the Company's corporate identity. The Company is thus committed to a process of continual improvement, guided by best practices and the evolving needs of shareholders and stakeholders. Governance practices will continue to contribute to the long-term success and sustainability of the Company.

The Board remains dedicated to upholding a culture of accountability, ethical conduct, and responsible leadership.

## ART V. EXHIBITS AND SCHEDULES

### ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

#### A. EXHIBITS

	<b>Particulars</b>	<b>Reference</b>
1	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession	NA
2	Instruments Defining the Rights of Security Holders, Including Indentures	NA
3	Voting Trust Agreement	NA
4	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	See Index to Exhibit "A"
5	Letter re: Change in Certifying Accountant	NA
6	Letter re: Change in Accounting Principles	NA
7	Report Furnished to Security Holders	NA
8	Subsidiaries of the Registrant	NA
9	Published Report Regarding Matters Submitted to Vote of Security Holders	NA
10	Consents of Experts and Independent Counsel	NA
11	Power of Attorney	NA
12	Additional Exhibits	NA

**B. REPORTS ON SEC FORM 17-C**

The Company filed the following reports on SEC Form 17-C in 2024

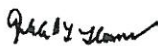
<b>Date of Report</b>	<b>Description</b>	<b>Reference</b>
31 May 2024	The Board resolutions made during the 29 May 2024 Special Meeting of the Board of Directors regarding the postponement of the 2024 Annual Stockholders Meeting, the declaration of cash dividends, the amendment of Article II of the Corporation's By-Laws, and the increase in remuneration of certain officer positions	Exhibit "B-1"
06 June 2024	The amendment of the disclosure filed on 31 May 2024 regarding the Board resolution regarding the declaration of cash dividends made during the 29 May 2024 Special Meeting of the Board of Directors	Exhibit "B-2"
12 July 2024	1. The publication of the Notice of the 2024 Annual Stockholders Meeting of the Corporation in print and online in the business section of two newspapers of general circulation; and 2. The posting of the official website of the Corporation of the Corporation's approved DIS, Management Report, AFS for year 2023, interim FS for the quarter ending March 31, 2024, and other supporting documents of the DIS.	Exhibit "B-3"


SIGNATURES

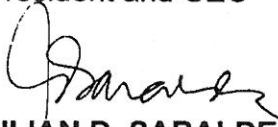
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of PASIG CITY on APR 30 2025 20\_\_.

By:

  
**ANGELIQUE MAXIME L. LLAMES-JAMES**  
Chairperson of the Board

  
**CYNTHIA IRENE L. LLAMES**  
Treasurer

  
**RENE BERNARD L. LLAMES**  
President and CEO

  
**LILIAN D. SARALDE**  
Finance Manager

**SUBSCRIBED AND SWORN** to before me this APR 30 2025 day of 20 affiant(s) exhibiting to me the following documents

NAMES	COMPETENT EVIDENCE OF IDENTITY	VALID UNTIL	PLACE OF ISSUE
Angelique Maxime L. Llames-James	Driver's License No. N02-91-162837	30 June 2032	Quezon City
Rene Bernard L. Llames	Driver's License No. X01-05-002065	28 July 2032	Quezon City
Cynthia Irene L. Llames	UMID No. CRN-0111-3759385-8		Quezon City
Lilian D. Saralde	Driver's License No. N25-12-005017	12 March 2032	Quezon City

  
**Notary Public**

**AGATHA LOREN S. EDILLOR**  
Notary Public for and in the City of Pasig and in the Municipality of Pateros, Metro Manila  
Until 31 December 2025  
PTR No. 3040305; 01/03/2025; Pasig City  
IBP No. 498478; 01/05/2025; RSM  
Appointment No. 274 [2024-2025]  
Roll No. 90547  
MCLE Compliance No: VIII - 0022953  
Valid until: 14 April 2028  
5501 OMM-CITRA Bldg., San Miguel Avenue  
Ortigas Center, 1605 Pasig City

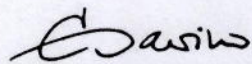
Doc. No. 198 ;  
Page No. 43 ;  
Book No. II ;  
Series of 2025.



### SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on 30 April 2025.

By:

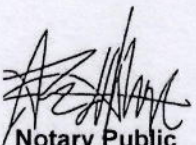


**ERWIN MARK A. GAVINO**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this 30th day of April 2025 affiant(s) exhibiting to me the following documents

NAMES	COMPETENT EVIDENCE OF IDENTITY	VALID UNTIL	PLACE OF ISSUE
Erwin Mark A. Gavino	Passport no. P2303713C	08 Nov 2032	Manila

Doc. No. 197  
Page No. 43  
Book No. 11  
Series of 2025

  
**Notary Public**  
**AGATHA LOREN S. EDILLOR**  
 Notary Public for and in the City of  
 Pasig and in the  
 Municipality of Pateros, Metro Manila  
 Until 31 December 2025  
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**DAGUPAN ELECTRIC CORPORATION  
INDEX TO EXHIBIT A**

<b>Date of Report</b>	<b>Type of Report</b>	<b>Reference</b>
22 December 2023	Prospectus	Exhibit "A-1"
15 May 2024	SEC 17-L for the quarter ended March 30, 2024	Exhibit "A-2"
17 May 2024	SEC 17-L for the year ended December 2023	Exhibit "A-3"
15 August 2024	SEC 17-L for the quarter ended June 30, 2024	Exhibit "A-4"
15 November 2024	SEC 17-L for the quarter ended September 30, 2024	Exhibit "A-5"
22 May 2024	SEC Form 17-Q for the Quarterly Financial Report as of and for the quarter ended March 31, 2024	Exhibit "A-6"
30 August 2024	SEC Form 17-Q for the Quarterly Financial Report as of and for the quarter ended June 30, 2024	Exhibit "A-7"
21 November 2024	SEC Form 17-Q for the Quarterly Financial Report as of and for the quarter ended September 30, 2024	Exhibit "A-8"
30 April 2024	SEC Form 17-C for the Annual Progress Report on the Application of Offering Proceeds for the year ended December 31, 2024	Exhibit "A-9"
15 April 2024	Audited Financial Statements with supplementary information required by the SEC as of and for the ended 31 December 2024	Exhibit "A-10"