ANNEX "A"

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

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE ANNUAL REVENUE REQUIREMENT (ARR), PERFORMANCE INCENTIVE SCHEME (PIS), MAXIMUM AVERAGE PRICE (MAP) FOR THE FIRST REGULATORY YEAR 2027 (RY 2027) AND TRANSLATION OF MAP FOR RY 2027 INTO DISTRIBUTION RATE STRUCTURE FOR OEDC'S VARIOUS CUSTOMER CLASSES IN ACCORDANCE WITH THE RATIONALIZED RULES FOR SETTING DISTRIBUTION WHEELING RATES (RRDWR),

ERC Case No. 2026-062 RC

OLONGAPO ELECTRICITY DISTRIBUTION COMPANY, INC. (OEDC),
Applicant.
X - X

May 04, 2026

APPLICATION

COMES NOW, applicant Olongapo Electricity Distribution Company, Inc. (OEDC), through counsel, unto this Honorable Commission, respectfully states that:

1. Applicant is a corporation duly organized and existing under Philippine law; franchised under RA No. 10373 to construct, install, establish, operate and maintain a Distribution System for the conveyance of electric power to end-users in the Olongapo City and its suburbs, with principal office at 1170 Rizal Avenue East Tapinac, Olongapo City, and represented here by its President, **JOSE MARIA ABAYA.**

2. Applicant OEDC is entering the Performance-Based Regulation for the first time as part of the Second Entry Group under the First Regulatory Period from 01 January 2027 to 31 December 2030, as described in Annex A of ERC Resolution No. 24, series of 2025, ***A Resolution Adopting the Rationalized Rules for Setting the Distribution Wheeling Rates (RRDWR) for Privately-Owned Distribution Utilities under Performance Based Regulation (PBR)***, dated 16 October 2025.

3. This application filed before the Commission seeks approval of the proposed Annual Revenue Requirement (ARR) and Performance Incentive Scheme (PIS) required for the First Regulatory Period described in the RRDWR for Privately Owned Distribution Utilities entering PBR issued by the Commission on 28 November 2025.

4. Applicant OEDC proposes that the ARR and PIS values that may be approved by the Commission form the basis in determining the X-factor, P_0-factor and the Maximum Annual Prices that will apply to applicant OEDC and on which it will base its rate setting for the First Regulatory Period.

5. Applicant OEDC prepared this application in accordance with the conditions described in the RRDWR and in the implementing guidelines issued by the Commission in its Position Paper on the Regulatory Reset for the First Regulatory Period of Privately Owned Distribution Utilities under the RRDWR, dated 16 October 2025 (Position Paper). The application submitted to the Commission made use of the methodology described in the RRDWR, the Position Paper and applied the financial spreadsheet model titled Price-Cap-MODEL for the 1st RP.xls (Price-Cap Model) provided by the Commission.

6. The proposed ARR is based on the Building Block calculation described in the RRDWR, excluding corporate income tax, as set out below for each Regulatory Year and for which the applicant OEDC is seeking the Commission's immediate approval.

   a. Included as part of the capital subject to return is Working Capital Allowance equivalent to 14.38 days of the Applicant's estimated cost of power purchased from its suppliers. In support of this proposal is a detailed lead/lag analysis herein attached as **Schedule K**

Table 1: Annual Revenue Requirement as per Building Block approach

Building Block	Proposed Annual Revenue Requirement per RY, in Millions (Php)			
	2027	**2028**	**2029**	**2030**
Operating and Maintenance Expenditures	297.56	296.66	327.76	359.54
Taxes, Levies and Other Duties (other than Corporate Tax)	0.10	0.10	0.10	0.11
Regulatory Depreciation	54.94	68.80	74.98	77.75
Return on Capital	149.50	190.69	208.09	212.12
Revenue Requirement Sub-total	***502.10***	***556.25***	***610.94***	***649.53***
GSL Allowance	2.51	2.78	3.05	3.25
Total Revenue Requirement	**504.61**	**559.03**	**614.00**	**652.77**

Notes: All values are in nominal terms
The meaning and application of these parameters are as described in the RRDWR.

   b. The ARR proposed above is based on a proposed rolled-forward value of the applicant's Regulatory Asset Base (RAB) as described below. The opening value of the RAB for 2025 is based on the value of the RAB on 31 October 2025, in accordance with the method described in the RRDWR.

Table 2: Summary of Proposed Rolled-Forward Regulatory Asset Base (RAB)

Item	2027	2028	2029	2030
Opening Value of RAB	730,987,459	1,121,197,584	1,291,500,713	1,350,324,122
Plus Capital Expenditures	445,153,214	239,105,408	133,807,660	64,796,145
Minus Regulatory Depreciation on Asset Base at start of First Regulatory	(45,699,154)	(45,927,826)	(44,688,551)	(42,854,951)
Minus Regulatory Depreciation on Capital Expenditure Incurred during the First Regulatory Period	(9,243,935)	(22,874,454)	(30,295,699)	(34,899,846)
Closing Value of RAB	1,121,197,584	1,291,500,713	1,350,324,122	1,337,365,470
Average Value of RAB	**926,092,522**	**1,206,349,149**	**1,320,912,418**	**1,343,844,796**

7. In calculating the ARR for the First Regulatory Period, applicant OEDC made use of the estimated Philippine Consumer Price Index, United States of America Consumer Price Index and Philippine Peso/United States dollar exchange rate figures below (figures provided for calendar years and converted to regulatory years):

Table 3a: Forecast Change in the Consumer Price Index for the Philippines

	2025	2026	2027	2028	2029	2030
Calendar Year	1.7%	3.0%	3.2%	3.2%	3.2%	3.2%
Regulatory Year	[redacted]	3.5%	3.1%	3.2%	3.2%	3.2%
Data Source: IMF World Economic Outlook (Oct 2025)						

Table 3b: Forecast Change in the Consumer Price Index for USA

	2025	2026	2027	2028	2029	2030
Calendar Year	2.6%	2.4%	2.2%	2.2%	2.2%	2.2%
Regulatory Year	[redacted]	1.7%	2.3%	2.2%	2.2%	2.2%
Data Source : IMF World Economic Outlook (Oct 2025)						

Table 3c: Forecast Php/US$ Exchange Rate (average for the year)

Quarter Ending	2025	2026	2027	2028	2029	2030
Calendar Year	57.70	58.00	58.00	58.00	58.00	58.00
Regulatory Year	[redacted]	58.11	58.00	58.00	58.00	58.00
Data Source : Department of Budget Coordinating Council target for 2026-2028						

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

8. The proposed ARR is in part based on a proposed rate of return of **14.6%** per annum, based on the NERA Report prepared for MERALCO and PEPOA submitted as **Schedule J** of this Application.

9. Allowance has been made in accordance with the RRDWR to include assets used beyond their standard lives in the Regulatory Asset Base, at a value equal to 5% of their optimized cost.

10. The proposed Capital Expenditure included in the afore-mentioned calculation of the Rolled-forward Regulatory Asset Base is as demonstrated below:

Table 4: Proposed Capital Expenditures, Real (per Regulatory Year)

		CAPITAL EXPENDITURE - ALL PROJECTS (TOTAL, REAL)				
		Forecast, real (Jan '26 to Dec '26)	Forecast (PhP, Real) (Regulatory Year)			
Category		**2026**	**2027**	**2028**	**2029**	**2030**
Regulated Distribution Services Assets						
Network	Land and Land Rights (Distribution Purposes)	-	-	-	-	-
	Structures and Improvements (Distribution Purposes)	-	6,525,146	40,187,559	43,334,689	-
	Station Equipment	-	133,305,251	-	-	-
	Power transformers	-	1,177,000	-	-	-
	Switchgear	574,121	-	-	-	-
	Protective equipment	-	-	-	-	-
	Metering & control equipment	-	-	-	-	-
	Communications equipment	5,921,307	-	-	-	-
	Other station equipment	-	-	-	-	-
	Poles, Towers and Fixtures - Distribution	-	-	-	-	-
	Overhead Conductors and Devices - Distribution	-	590,620	590,620	8,928,497	590,620
	Underground Conduits - Distribution	-	-	-	-	-
	Underground Conductors and Devices - Distribution	-	-	-	-	-
	Distribution Transformers	43,910,117	35,494,506	35,494,506	36,953,453	28,990,883
	Power Conditioning Equipment	-	-	-	-	-
	Meters, Metering Instruments & Metering Transformers - Distribution	-	6,995,879	7,017,853	7,079,012	7,015,277
	Information technology equipment including Cybersecurity (distributio	-	-	-	-	-
	Regulated Entity Property on Consumer's Premises	-	-	-	-	-
	Street Lights and Signal Systems	-	-	-	-	-
	Submarine Cables	-	-	-	-	-
Non-network	Land and Land Rights (non-network)	-	-	-	-	-
	Structures and Improvements (non-network)	1,680,136	106,660,498	71,106,999	-	-
	Office Furniture and Equipment	4,299,307	3,302,654	1,085,393	2,008,255	820,654
	Transportation Equipment	10,174,226	20,663,585	7,412,609	-	45,227
	Stores Equipment	-	-	-	-	-
	Tools, Shop and Garage Equipment	2,560,065	19,264,757	6,570,823	636,502	637,383
	Laboratory Equipment	20,900	-	-	-	-
	Information Systems Equipment including Cybersecurity (non-networl	3,520,149	13,923,452	5,151,183	7,087,910	5,736,066
	Power-operated Equipment	-	-	-	-	-
	Communication Plant and Equipment	1,236,249	9,823,147	2,204,006	655,844	633,051
	Miscellaneous Equipment	25,843	565,673	298,549	131,247	292,615
Materials	Materials and Supplies, including spares	-	-	-	-	-
Subtrans	Transferred Sub-transmission Assets	-	-	-	-	-
Innovation	Innovation	-	-	-	-	-
	Sub-total Regulated Distribution Services	73,922,420	358,292,168	177,120,100	106,815,409	44,761,776
Distribution Connection Services Assets						
Network	Poles, Towers and Fixtures (Customer)	-	-	-	-	-
	Overhead Conductors and Devices (Customer)	-	-	-	-	-
	Underground Conduits (Customer)	-	-	-	-	-
	Underground Conductors and Devices (Customer)	-	-	-	-	-
	Distribution Transformers (Customer)	-	-	-	-	-
	Information Technology Equipment including Cybersecurity (Connecti	-	-	-	-	-
	Street Lights and Signal Systems	-	-	-	-	-
Non-network	Land and Land Rights (non-network)	-	-	-	-	-
	Structures and Improvements (non-network)	171,648	5,154,960	3,425,750	-	-
	Office Furniture and Equipment	22,070	117,141	165,068	171,032	25,900
	Transportation Equipment	-	576,953	674,248	-	8,289
	Stores Equipment	-	-	-	-	-
	Tools, Shop and Garage Equipment	27,088	693,633	348,786	39,112	4,859
	Laboratory Equipment	-	-	-	-	-
	Information Systems Equipment including Cybersecurity (non-networl	-	-	-	-	-
	Power-operated Equipment	-	-	-	-	-
	Communication Plant and Equipment	-	-	-	-	-
	Miscellaneous Equipment	18,170	85,079	51,830	6,560	49,684
Materials	Materials and Supplies, including spares	-	-	-	-	-
	Sub-total Distribution Connection Assets	238,976	6,627,767	4,665,681	216,705	88,732
Regulated Retail Services Assets						
	Meters, Instruments & Metering Transformers (Consumer Import and Export Metering)	8,229,515	8,738,461	9,072,566	8,741,747	9,380,355
	Land and Land Rights	-	-	-	-	-
	Structures and Improvements	615,510	30,119,465	20,042,164	-	-
	Office Furniture and Equipment	1,227,108	1,179,297	762,255	910,942	282,815
	Transportation Equipment	88,000	2,581,724	2,393,393	-	29,868
	Stores Equipment	-	-	-	-	-
	Tools, Shop and Garage Equipment	127,266	3,986,254	2,113,660	133,743	16,209
	Laboratory Equipment	-	-	-	-	-
	Information Systems Equipment including Cybersecurity (non-networl	981,895	2,604,960	158,061	698,284	321,206
	Communication Plant and Equipment	344,834	2,740,026	614,776	182,938	176,581
	Miscellaneous Equipment	72,014	334,355	202,000	50,263	194,652
	Sub-total Regulated Retail Services Assets	11,686,143	52,284,542	35,358,876	10,717,917	10,401,686
TOTAL CAPEX		85,847,539	417,204,477	217,144,657	117,750,030	55,252,194

Table 5: Proposed Capital Expenditures, Nominal (per Regulatory Year)

		CAPITAL EXPENDITURE - ALL PROJECTS (TOTAL, NOMINAL)				
		Forecast, real (Jan '26 to Dec '26)	Forecast (PhP, Nominal) (Regulatory Year)			
Category		**2026**	**2027**	**2028**	**2029**	**2030**
Regulated Distribution Services Assets						
Network	Land and Land Rights (Distribution Purposes)	-	-	-	-	-
	Structures and Improvements (Distribution Purposes)	-	6,962,269	44,251,895	49,244,262	-
	Station Equipment	-	142,235,437	-	-	-
	Power transformers	-	1,255,848	-	-	-
	Switchgear	597,396	-	-	-	-
	Protective equipment	-	-	-	-	-
	Metering & control equipment	-	-	-	-	-
	Communications equipment	6,161,354	-	-	-	-
	Other station equipment	-	-	-	-	-
	Poles, Towers and Fixtures - Distribution	-	-	-	-	-
	Overhead Conductors and Devices - Distribution	-	630,186	650,352	10,146,080	692,640
	Underground Conduits - Distribution	-	-	-	-	-
	Underground Conductors and Devices - Distribution	-	-	-	-	-
	Distribution Transformers	45,690,209	37,872,301	39,084,215	41,992,813	33,998,604
	Power Conditioning Equipment	-	-	-	-	-
	Meters, Metering Instruments & Metering Transformers - Distribution	-	7,464,536	7,727,598	8,044,381	8,227,056
	Information technology equipment including Cybersecurity (distributio	-	-	-	-	-
	Regulated Entity Property on Consumer's Premises	-	-	-	-	-
	Street Lights and Signal Systems	-	-	-	-	-
	Submarine Cables	-	-	-	-	-
Non-network	Land and Land Rights (non-network)	-	-	-	-	-
	Structures and Improvements (non-network)	1,748,248	113,805,738	78,298,348	-	-
	Office Furniture and Equipment	4,473,598	3,523,901	1,195,164	2,282,122	962,410
	Transportation Equipment	10,586,683	22,047,849	8,162,277	-	53,039
	Stores Equipment	-	-	-	-	-
	Tools, Shop and Garage Equipment	2,663,849	20,555,313	7,235,358	723,302	747,481
	Laboratory Equipment	21,747	-	-	-	-
	Information Systems Equipment including Cybersecurity (non-network	3,662,854	14,856,191	5,672,144	8,054,492	6,726,882
	Power-operated Equipment	-	-	-	-	-
	Communication Plant and Equipment	1,286,366	10,481,204	2,426,906	745,281	742,401
	Miscellaneous Equipment	26,890	603,567	328,743	149,146	343,160
Materials	Materials and Supplies, including spares	-	-	-	-	-
Subtrans	Transferred Sub-transmission Assets	-	-	-	-	-
Innovation	Innovation	-	-	-	-	-
	Sub-total Regulated Distribution Services	76,919,195	382,294,340	195,032,999	121,381,878	52,493,672
Distribution Connection Services Assets						
Network	Poles, Towers and Fixtures (Customer)	-	-	-	-	-
	Overhead Conductors and Devices (Customer)	-	-	-	-	-
	Underground Conduits (Customer)	-	-	-	-	-
	Underground Conductors and Devices (Customer)	-	-	-	-	-
	Distribution Transformers (Customer)	-	-	-	-	-
	Information Technology Equipment including Cybersecurity (Connecti	-	-	-	-	-
	Street Lights and Signal Systems	-	-	-	-	-
Non-network	Land and Land Rights (non-network)	-	-	-	-	-
	Structures and Improvements (non-network)	178,606	5,500,294	3,772,210	-	-
	Office Furniture and Equipment	22,965	124,988	181,761	194,356	30,374
	Transportation Equipment	-	615,604	742,437	-	9,721
	Stores Equipment	-	-	-	-	-
	Tools, Shop and Garage Equipment	28,186	740,100	384,061	44,446	5,698
	Laboratory Equipment	-	-	-	-	-
	Information Systems Equipment including Cybersecurity (non-network	-	-	-	-	-
	Power-operated Equipment	-	-	-	-	-
	Communication Plant and Equipment	-	-	-	-	-
	Miscellaneous Equipment	18,906	90,778	57,071	7,455	58,266
Materials	Materials and Supplies, including spares	-	-	-	-	-
	Sub-total Distribution Connection Assets	248,664	7,071,764	5,137,541	246,257	104,059
Regulated Retail Services Assets						
	Meters, Instruments & Metering Transformers (Consumer Import and Export Metering)	8,563,135	9,323,855	9,990,113	9,933,863	11,000,665
	Land and Land Rights	-	-	-	-	-
	Structures and Improvements	640,463	32,137,183	22,069,113	-	-
	Office Furniture and Equipment	1,276,854	1,258,299	839,345	1,035,168	331,667
	Transportation Equipment	91,567	2,754,675	2,635,447	-	35,027
	Stores Equipment	-	-	-	-	-
	Tools, Shop and Garage Equipment	132,426	4,253,295	2,327,423	151,982	19,009
	Laboratory Equipment	-	-	-	-	-
	Information Systems Equipment including Cybersecurity (non-network	1,021,701	2,779,468	174,047	793,509	376,689
	Communication Plant and Equipment	358,813	2,923,582	676,951	207,886	207,082
	Miscellaneous Equipment	74,933	356,753	222,429	57,117	228,275
	Sub-total Regulated Retail Services Assets	12,159,892	55,787,110	38,934,868	12,179,524	12,198,414
TOTAL CAPEX		89,327,751	445,153,214	239,105,408	133,807,660	64,796,145

a. The increases reflect new capital expenditures, specifically the project for headquarter office, substation uprating and rehabilitation, and line projects required to meet growing energy demand, increased customer numbers, service quality and performance measurement improvements and the replacement of ageing or obsolete equipment.

11. The proposed Operating & Maintenance Expenditure included in the calculation of the ARR is demonstrated below:

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

	Nominal, in Php			
Business Segments	**RY 2027**	**RY 2028**	**RY 2029**	**RY 2030**
Regulated Distribution Services	157,994,685	185,857,586	210,730,186	235,250,195
Distribution Connection Services	26,901,248	31,638,534	35,861,992	40,023,842
Regulated Retail Services	112,663,665	79,161,570	81,172,694	84,267,879
Total Operating & Maintenance Expenditures	**297,559,599**	**296,657,689**	**327,764,873**	**359,541,917**

a. The proposed Operating and Maintenance expenditures are higher than current levels due to the increased resources required to operate and maintain the expanding regulatory asset base, the growing number of customers, rising material and labor costs, and inflationary pressures.

12. The proposed expenditure on Taxes, Levies and Duties (other than corporate income tax) included in the afore-mentioned calculation of the Annual Revenue Requirement is as demonstrated below:

Table 7: Summary of Proposed Taxes, Levies and Duties (other than corporate income tax) expenditure (per Regulatory Year)

	Nominal, in Php			
	2027	**2028**	**2029**	**2030**
Levies	-	-	-	-
Duties	-	-	-	-
Other Taxes	95,711	98,774	101,935	105,196
Total	**95,711**	**98,774**	**101,935**	**105,196**

a. The proposed taxes, levies and duties (other than corporate taxes) increased from current levels for the following reasons: Business Permit Fees and Other Local Taxes are non-discretionary expenses incurred by OEDC to comply with local government regulations, including permits, inspections, and related charges necessary for continued operations.

13. The proposed Depreciation included in the ARR is as demonstrated below. These values include depreciation on the applicant's Regulatory Asset Base as at the start of the First Regulatory Period, as well as depreciation on those assets proposed to be acquired during the First Regulatory Period.

Table 8: Summary of Proposed Depreciation (per Regulatory Year)

	2027	**2028**	**2029**	**2030**
Proposed Depreciation	54,943,089	68,802,280	74,984,250	77,754,798

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

14. Forecast for sales of energy, including company use, is forecasted as follows:

Table 9: Summary of Forecast Energy Consumption (per Regulatory Year)

	2027	2028	2029	2030
Energy Consumption, in MWh	252,131	258,388	264,696	270,953

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

Table 10: Summary of Forecast Peak Demand (per Regulatory Year)

	2027	2028	2029	2030
Non-Coincident Peak Demand, in MW	417.43	429.34	442.99	458.66

16. The estimated price-path for the First Regulatory Period that was determined using the proposed Allowed Annual Revenue and an assumed zero X-factor and P_0-factor is demonstrated below:

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

	2027	2028	2029	2030
Max Annual Price (Php/kWh)	1.4804	1.9226	2.4967	3.2423

a. The applicant recognizes that the Commission will determine the actual X-factor and P_0-factor after its consideration of this application for Allowed Annual Revenue and will determine the actual price-path for the First Regulatory Period after incorporating such amendments to these proposals as the Commission deems necessary. As part of its consideration, the Commission may also amend one or more of the parameters on which the calculations of the Allowed Annual Revenue are based. The actual approved price path is therefore likely to differ from that estimated above.

17. Since the Maximum Average Prices calculated under Performance-Based Regulation are not directly comparable with unbundled rates, for illustrative purposes, applicant OEDC has prepared a comparison of its current rates for providing distribution wheeling services with those that would result from the implementation of the estimated Maximum Annual Prices. This is presented below:

Table 12: Comparison of Estimated Rates with Current Rates (Illustrative only)

Current Rate Schedule

	Distribution			Supply			Metering		
	P/kWh	P/kW	P/Cust	P/kWh	P/kW	P/Cust	P/kWh	P/kW	P/Cust
Streetlight	0.7836					33.96			9.21
Residential	0.9638			0.05300			0.0792		5.00
Commercial	0.8360					32.16			11.57
Government	0.9638					32.82			11.77
Hospital	0.8360					36.68			13.18
Industrial	0.9638					31.44			11.30
Wheeling	0.8360					32.16			11.57

Proposed Tariff Structure and Rate

Rate Schedule	Distribution			Supply			Metering		
	P/kWh	P/kW	P/Cust	P/kWh	P/kW	P/Cust	P/kWh	P/kW	P/Cust
Streetlight	1.1287			-		48.92	-		13.27
Residential	1.3821		149.4	0.0761		-	0.1137		7.53
Commercial	1.2198		555.5	0.0181		27.40	-		16.99
Industrial	0.8662	380		-		46.43	-		16.69
Wheeling	0.6389	172		-		47.00	-		16.21

Note:

- *Distribution Charge, P/Cust applicable only to customers with self-generation*
- *P/kW will be imposed to all customers under Industrial and Wheeling but customers with self-generation will be billed at the higher of guaranteed or registered demand.*
- *The Commercial rate schedule includes Government and Hospital customers applicable charges and conditions under the Commercial classification shall likewise apply to these customer types.*

18. Applicant OEDC proposes adopting a Price-Linked Performance Incentive Scheme as required in terms of the RRDWR. According to this Performance Incentive Scheme, the applicant will be rewarded if the service performance levels of its electricity distribution business exceed the target levels proposed below and will be penalized if the service performance level of its electricity distribution business falls below the proposed targets. The proposed Price-linked Performance Incentive Scheme is based on the performance measures and performance targets demonstrated below. Stepped performance target levels are proposed, which will influence the size of the reward or penalty.

Table 13: Summary of Proposed Price-Linked Performance Incentive Scheme

Performance Measure	Unit	Weight	Reward		Target	Penalty	
			Level A	Level B	Level C	Level D	Level E
System average interruption frequency index (SAIFI)	NO	0.2	3.13	4.77	6.4	8.03	9.66
Customer average interruption duration index (CAIDI)	MIN.	0.2	20.81	39.68	58.55	77.42	96.29
Planned system average interruption duration index (SAIDI)	MIN.	0.15	175.65	214.29	252.94	291.59	330.23
Voltage regulation	%	0.1	1.30%	3.44%	5.57%	7.71%	9.84%
Feeder Distribution Losses	%	0.05	3.50%	4.50%	5.50%	[redacted]	[redacted]
Time to process applications for Regulated Distribution Services.	DAYS	0.15	0.71	1.17	1.62	2.08	2.54
Time to connect premises to the Regulated Distribution System after compliance with all government and Regulated Entity requirements	DAYS	0.15	1.21	1.32	1.44	1.55	1.66

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

Table 14: Summary of Proposed Guaranteed Service Level Incentive Scheme

Performance Measure	Threshold	Penalty Level, Php
Customer experiencing more than the target total time of sustained interruptions over a regulatory year	18 hours	788.76
Customer experiencing more than the target number of sustained interruptions in a regulatory year	16 times	788.76
Restoration of service after a secondary-side fault does not occur within the target time after the fault occurs	12 hours	788.76
Regulated entity fails to provide connection on the day promised (cumulative payments apply for each day late, up to 5 days)	More than 1 day late	788.76 per day of delay (maximum of five (5) days)

a. The applicant will be entitled to an additional revenue amount equal to 0.5% of its Annual Revenue Requirement (excluding any provision for under/over-recovery, or regulatory intervention, or efficiency carry-over from the Previous Regulatory Period), which is intended to be applied to the Guaranteed Service Level Scheme and can be used to either provide for penalties under the scheme, or for network or operational improvements to avoid such penalties.

20. The MAP_{2027} of P1.4804 per kWh is then broken down into the unbundled components of Distribution Charge, Supply Charge and Metering Charge, with the following resulting figures:

Table 15. Proposed Tariff Structure and Rate

Rate Schedule	Distribution			Supply			Metering		
	P/kWh	P/kW	P/Cust	P/kWh	P/kW	P/Cust	P/kWh	P/kW	P/Cust
Streetlight	1.1287			-		48.92	-		13.27
Residential	1.3821		149.4	0.0761		-	0.1137		7.53
Commercial	1.2198		555.5	0.0181		27.40	-		16.99
Industrial	0.8662	380		-		46.43	-		16.69
Wheeling	0.6389	172		-		47.00	-		16.21

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

22. Applicant OEDC proposes adopting a normalization of the **"K"** correction factor" in the price control formula per Section 4.2.1(b) thru the computation of Actual Weighted Average Tariff (AWAT) under Section 4.3.1a. It is proposed that the CR_{t-1} should be adjusted to also exclude revenue derived from fixed charges for customers with Distributed Energy Resource (DER) or Self-Generating Facility (SGF). This exclusion shall be in addition to the adjustment for revenue due to applications of Articles X and XI and Section 8.2.

23. Applicant OEDC respectfully prays for the approval of this application to allow it to fulfill its obligations under Performance Based-Regulation and to avoid irreparable losses which will ultimately result in the deterioration of its services, to the damage, and prejudice of the public, in general, and its consumers, in particular.

24. Applicant OEDC submits the following documents in support of this application:

SCHEDULE	PARTICULARS
A	**REGULATORY ASSET BASE**
A1	Independent Expert's Report
A1.1	Roll Forward Summary
A2	Director's Certificate
A3	Completed Opening Regulatory Asset Base (RAB)
A3.1	Calculations for Previous Regulatory Period (RP) Closing RAB
A3.2	Completed Closing RAB
A4	Asset Forecast to be Acquired during the Period Between Initial Roll Forward RAB Valuation Date and Start of 1st RP
A5	Written Explanation on Forecast Asset Disposal
A6	Roll Forward Depreciation Schedules for RAB for the Period Between Initial Roll Forward RAB Valuation Date and Start of 1st RP
A6.1	Assets Included in Original RAB

A6.2	Assets Acquired in Lead-up to 1st RP
A7	Historical Cost Depreciation Schedules for RAB for Period between Initial Roll Forward RAB Valuation Date and Start of 1st RP
A7.1	Assets Included in RAB
A7.2	Assets Acquired in Lead-up to 1st RP
A8	Written Explanation on Application of Construction Work In Progress (CWIP) Factor
A9	Summary of Estimated Roll Forward Depreciation Replacement Cost and Depreciated Historical Cost of Full RAB at the Start of 1st RP
A10	Detailed Fixed Asset Register (FAR)
A10.1	Detailed FAR - Network
A10.2	Detailed FAR - Non-Network
B	**FINANCIAL INDICES FORECAST FOR 1st REGULATORY PERIOD**
B1	Philippine Quarterly Consumer Price Index (CPI)
B1.1	Philippine CPI Change - Actual
B1.2	Philippine CPI Change - Forecast
B2	United States Quarterly CPI
B2.1	United States CPI Change - Actual
B2.2	United States CPI Change - Forecast
B3	Php/US$ Quarterly Exchange Rate
B3.1	Php/US$ Quarterly Exchange Rate - Actual
B3.2	Php/US$ Quarterly Exchange Rate - Forecast
B4	364-day Manila Reference Rate
C	**FORECAST CAPITAL EXPENDITURE FOR 1st REGULATORY PERIOD**
C1	Summary of Capital Expenditure for Each Year of 1st RP
C1.1	Total Real Values, in PhP
C1.2	Total Nominal Values, in PhP
C1.3	Justification for Capital Expenditure - Major
C1.4	Justification for Capital Expenditure - Residual Network Projects
C1.5	Justification for Capital Expenditure - Residual ICT Projects
C1.6	Justification for Capital Expenditure - Residual Non-Network Projects
C2	Broken Down Historical Capital Expenditure
D	**FORECAST DISPOSALS DURING 1st REGULATORY PERIOD**
D1	Written Explanation on Forecast Disposals during 1st RP
E	**FORECAST DEPRECIATION DURING 1st REGULATORY PERIOD**
E1	Forecast Depreciation during 1st RP
E1.1	Depreciation of the Opening Assets Base - Historical Cost Basis
E1.2	Depreciation of the Assets Forecast - Historical Cost Basis
F	**FORECAST ASSETS USED BEYOND STANDARD LIVES**
F1	Forecast Addition to Assets Used Beyond Standard Lives
G	**FORECAST OPERATING AND MAINTENANCE EXPENDITURE**
G1	Summary of Forecast Operating & Maintenance Expenditure

G1.1	Annual Expenditure, Local in Real PhP
G1.2	Annual Expenditure, in Real PhP
G1.3	Annual Expenditure, in Nominal PhP
G1.4	Justification for O&M Expenditure Forecasts
G2	Historical
G3	Summary of Expenditure on Taxes
G3.1	Annual Expenditure Other Taxes, in Real PhP
G3.2	Annual Expenditure Other Taxes, in Nominal PhP
G3.3	Justification for Expenditure
G3.4	Historical Expenditure Other Taxes
H	**FORECAST ENERGY CONSUMPTION AND DEMAND**
H1	Forecasting Methodology and Framework
H2	Forecast Energy Consumption Figures
H2.1	Breakdown of Consumption Figures into Customer Classes
H2.2	Supporting Evidence on Energy Forecast
H3	Forecast Energy Demand Figures
H3.1	Breakdown of Demand Figures into Customer Classes
H3.2	Supporting Evidence on Energy Demand
H4	Forecast Customer Numbers
H4.1	Breakdown of Customer Numbers per Customer Class
H4.2	Supporting Evidence on Customer Forecast
I	**CARRY-OVER FROM PREVIOUS REGULATORY PERIOD**
I1	Written Explanation on Efficiency Carry-Overs as Described in Article IX of the RRDWR
J	**PROPOSED REGULATORY WACC FOR 1st REGULATORY PERIOD**
J1	Philippine DUs WACC for 1st RP
J2	NERA Report on Philippine DUs WACC
K	**PROPOSED WORKING CAPITAL**
K1	Cash Flow Lead/Lag Information
K2	Average Receivable Lag Time
K3	Cash Flow Lead/Lag Information (Purchased Power)
K4	Computation of Average Expense Lead Time, Days
L	**PROPOSED CONSTRUCTION WORK IN PROGRESS (CWIP) FACTOR**
L1	Written Explanation on Proposed CWIP Factor
M	**PERFORMANCE INCENTIVE SCHEME DETAILS**
M1	Price-Linked Incentive Scheme
M1.1	Details of Scheme Proposed
M1.2	Proposed Target Levels
M1.3	Actual Performance Levels against the Proposed Indices
M1.4	Supporting Information and Calculations
M2	Guaranteed Service Level Scheme
M2.1	Details of Scheme Proposed

M2.2	Proposed Target Levels
M2.3	Actual Performance Levels against the Proposed Indices
M2.4	Proposed Penalty Levels
M2.5	Supporting Information and Calculations
N	**ADDITIONAL INFORMATION FOR PRICE-CAP MODEL**
N1	Contact Details for Input Sheets
O	**DETAILED CALCULATIONS FOR 1st REGULATORY PERIOD**
O1	Rolled Forward Regulatory Asset Base for 1st RP
O2	Annual Revenue Requirement (Completed Price CAP model)
P	**CALCULATION OF DEMONSTRATIVE RATES**
P1	Calculation of Demonstrative Rates
Q	**PERFORMANCE OVERVIEW OF NETWORK AND UTILITY DURING PREVIOUS REGULATORY PERIOD**
Q1	Written Explanation on Overview of Performance of Network and Utility
R	**ANNUAL VERIFICATION AND MAP TRANSLATION FOR 1ST REGULATORY YEAR**
R1	Detailed Calculation for Proposed MAP
R2	Detailed Calculation of the Translation of Proposed MAP into a Distribution Rate Structure for Various Customer Classes
R2.1	Rate Schedule per Customer Class
R2.2	Rate Impact of Proposed Rates per Customer Class

PRAYER

WHEREFORE, applicant OEDC prays for the approval of above-captioned application and that a final authority be issued authorizing applicant OEDC to adopt the proposed:

(1) Annual Revenue Requirements

(2) Performance Incentive Scheme

(3) MAP for RY 2027; and

(4) Rate schedule per customer class.

Applicant OEDC further prays for such other relief or remedy as may just and equitable under the circumstances.

RESPECTFULLY SUBMITTED this 20th day of April 2026 at Pasig City.

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PTR No. 10434217 / 06 January 2026 / Marikina City | MCLE No. VIII-0010986 valid until 14 April 2028
Roll No. 33872 | IBP Lifetime No. 014284 | ERC Registration ER No. 2022-0481-3