REPUBLIC OF THE PHILIPPINES
**ENERGY REGULATORY COMMISSION**
JADE DRIVE, PASIG CITY

IN THE MATTER OF THE APPLICATION THE CONFIRMATION AND APPROVAL OF RECOVERY OF PASS-THROUGH TAXES FOR VARIOUS YEARS PURSUANT TO ERC RESOLUTION NO. 09, SERIES OF 2026, WITH PRAYER FOR THE ISSUANCE OF PROVISIONAL AUTHORITY AND/OR INTERIM RELIEF,

ERC CASE NO. 2026-061 CF
June 26, 2026

DAGUPAN ELECTRIC CORPORATION (DECORP),
*Applicant.*
x----------------------------------------------x

# APPLICATION

APPLICANT DAGUPAN ELECTRIC CORPORATION (DECORP), by the undersigned counsel, respectfully states: That -

1. Applicant is a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at AB Fernandez West, Dagupan City where it may be served with summons and other legal processes.

2. The Applicant is the exclusive franchise holder issued by Congress of the Philippines to operate an electric light and power services in the Cities and Municipalities of Dagupan, Calasiao, San Fabian, Sta. Barbara, San Jacinto, Manaoag, Barangays Cruz and Bolingit of San Carlos City, all in the Province of Pangasinan.

3. The ERC adopted ERC Resolution No. 9, series of 2026 or "A Resolution Governing the Revised Rules on the Recovery of Pass-through Taxes (Real Property, Local Franchise, and Business Taxes) of Distribution Utilities" ("Rules").

4. Based on the Rules, Distribution Utilities shall be allowed the recovery of all just and reasonable costs pertaining to taxes that are levied by the local government units, subject to the post-validation and confirmation mechanism of this Honorable Commission.

5. The Rules also provide that tax arrearages, excluding interests, penalties and other charges, imposed on and paid by Distribution Utilities for the years prior to the effectivity of the Rules shall be allowed recovery, subject to the confirmation process therein. For Private Distribution Utilities, the proposed recovery shall be filed with this Honorable Commission within sixty (60) days from the effectivity of the Rules.

5. Applicant has calculated the following tax arrearages from 2008 to 2020:

| Franchise Areas | 4th Quarter 2015 to Dec. 31, 2017 | Jan. 1, 2008 to Dec. 31, 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| Dagupan | 12,067,963.83 | | 4,993,618.48 | 4,951,911.89 | 5,044,559.89 | 27,058,054.09 |
| Calasiao | | 13,601,874.00 | 1,110,357.11 | 1,110,357.12 | 1,110,357.10 | 16,932,945.33 |
| Manaoag | | 9,728,112.80 | 778,249.06 | 778,249.04 | 778,249.04 | 12,062,859.94 |
| Sta. Barbara | | 12,011,824.00 | 960,945.92 | 960,945.92 | 960,945.84 | 14,894,661.68 |
| San Carlos | | 121,063.92 | 118,750.05 | 101,157.45 | 392,299.77 | 733,271.19 |
| San Fabian | | 9,241,992.00 | 726,095.36 | 726,095.36 | 726095.36 | 11,420,278.08 |
| San Jacinto | | 5,011,096.00 | 427,550.72 | 427,551 | 427,550.72 | 6,293,748.16 |
| Urdaneta | | 60,663.68 | 28,362.24 | 28,362.24 | 26,786.56 | 144,174.72 |
| Lingayen | | 844,404.00 | 67,552.32 | 67,552.32 | 67,552.32 | 1,047,060.96 |
| Labrador | | 362,968.00 | 29,037.44 | 29,037.44 | 29,037.44 | 450,080.32 |
| Binmaley | | 629,874.00 | 50,389.92 | 50,389.92 | 50,389.92 | 781,043.76 |
| Total | 12,067,963.83 | 51,613,872.40 | 9,290,908.62 | 9,231,609.42 | 9,613,823.96 | 91,818,178.23 |

6. The Applicant proposes a recovery rate of ₱0.0394/kWh over a four-year (4) duration or until the total amount of P91,818,178 is recovered. The proposed recovery scheme is attached to this Application as Schedule 7.

7. In support of this Application, the Applicant respectfully submits attaches the following documents:

| REFERENCE | INFORMATION PROVIDED |
|---|---|
| Schedule 1 | Local Tax Ordinance |
| Schedule 2 | Tax Declaration |
| Schedule 3 | Tax Assessment |
| Schedule 4 | Official Receipts |
| Schedule 5 | Energy Forecast |
| Schedule 6 | Tax Arrearage Calculation |
| Schedule 7 | Proposed Recovery Scheme |

8. Applicant most respectfully requests for the confirmation and approval of this Application to allow recover of pass-through taxes by Applicant.

**Motion for Provisional Authority and Allegations in Support of Prayer for Provisional Authority and/or Interim Relief**

9. Rule 14 of the Honorable Commission's Rules of Practice and Procedure authorizes the issuance of a provisional authority or an interim relief prior to a final decision, provided that the facts and circumstances warrant the issuance of the same.

10. Applicant requests that a provisional authority and/or interim relief be issued so that Applicant may be able to implement the proposed recovery scheme for the said tax arrearages in order to facilitate the proper recovery of pass-through charges as well as in order not to overwhelm the consumers of Applicant with a later recovery of the same.

11. It is in such context that Applicant respectfully prays that a provisional authority and/or interim relief be immediately issued for the implementation of the proposed recovery scheme.

## PRAYER

WHEREFORE, premises considered, Applicant respectfully prays that the Honorable Commission, after due notice and hearing and consideration:

a) CONFIRM and APPROVE the calculations for tax arrearages:

| Franchise Areas | 4th Quarter 2015 to Dec. 31, 2017 | Jan. 1, 2008 to Dec. 31, 2017 | 2018 | 2019 | 2020 | Total |
|---|---|---|---|---|---|---|
| Dagupan | 12,067,963.83 | | 4,993,618.48 | 4,951,911.89 | 5,044,559.89 | 27,058,054.09 |
| Calasiao | | 13,601,874.00 | 1,110,357.11 | 1,110,357.12 | 1,110,357.10 | 16,932,945.33 |
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| San Jacinto | | 5,011,096.00 | 427,550.72 | 427,551 | 427,550.72 | 6,293,748.16 |
| Urdaneta | | 60,663.68 | 28,362.24 | 28,362.24 | 26,786.56 | 144,174.72 |
| Lingayen | | 844,404.00 | 67,552.32 | 67,552.32 | 67,552.32 | 1,047,060.96 |
| Labrador | | 362,968.00 | 29,037.44 | 29,037.44 | 29,037.44 | 450,080.32 |
| Binmaley | | 629,874.00 | 50,389.92 | 50,389.92 | 50,389.92 | 781,043.76 |
| Total | **12,067,963.83** | **51,613,872.40** | **9,290,908.62** | **9,231,609.42** | **9,613,823.96** | **91,818,178.23** |

b) APPROVE the proposed recovery scheme (Schedule 7) based on the calculated figures;

c) Issue an order provisionally authorizing Applicant to implement the proposed recovery shceme (Schedule 7) based on calculated figures.

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

RESPECTFULLY SUBMITTED.

Pasig City, June 16, 2026.

**The Law Firm of**
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