Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE: A) ANNUAL REVENUE REQUIREMENT, PERFORMANCE INCENTIVE SCHEME AND MAXIMUM AVERAGE PRICES FOR THE FIRST REGULATORY PERIOD; AND B) TRANSLATION OF THE MAXIMUM AVERAGE PRICE FOR THE FIRST REGULATORY YEAR (RY 2027) INTO A DISTRIBUTION RATE STRUCTURE FOR VARIOUS CUSTOMER CLASSES IN ACCORDANCE WITH THE PROVISIONS OF THE RATIONALIZED RULES FOR SETTING DISTRIBUTION WHEELING RATES (RRDWR), UNDER ERC RESOLUTION NO. 24, SERIES OF 2025,

ERC Case No. 2026-016RC
February 02, 2026

MANILA ELECTRIC COMPANY (MERALCO),
Applicant.
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APPLICATION

Applicant **MANILA ELECTRIC COMPANY** ("**MERALCO**"), by counsel, most respectfully states that:

1) Applicant MERALCO is a private corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City. It may be served with notices and other processes of this Honorable Commission through its undersigned counsel at the address indicated herein.

2) Applicant has a legislative franchise to construct, operate and maintain an electric power distribution system for the conveyance

of electric power to the end-users in the cities and municipalities of Metro Manila, Bulacan, Cavite and Rizal, and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209, as subsequently renewed under Republic Act No. 12146.

I. BACKGROUND

3) Under Energy Regulatory Commission (ERC) Resolution No. 24, Series of 2025, the Honorable Commission adopted the Rationalized Rules for Setting Distribution Wheeling Rates (RRDWR) for Privately-Owned Distribution Utilities under Performance-Based Regulation (PBR) and the corresponding Position Paper. The Resolution became effective on 3 December 2025.

4) Applicant belongs to the First Entry Group operating under PBR with the First Regulatory Period (1RP) covering Regulatory Years (RYs) 2027 to 2030, or from 1 July 2026 to 30 June 2030.[1]

5) Under Article VII of the RRDWR, private Distribution Utilities under the First Entry Group were further directed to file their reset applications for the 1RP within sixty (60) days from the effectivity of the Resolution. The application for the approval of the Annual Revenue Requirement (ARR), Performance Incentive Scheme (PIS) and Maximum Average Prices (MAP) for the First Regulatory Period under the RRDWR shall include a proposed rate translation for the First Regulatory Year that will reflect the tariff applicable to each Customer Segment for providing Regulated Distribution Services during the First Regulatory Year.

II. ARR, PIS AND MAP FOR THE FIRST REGULATORY PERIOD

6) Applicant prepared its proposed ARR and PIS in accordance with the conditions set forth in the RRDWR, as well as all applicable rules, regulations and implementing guidelines issued by the Honorable Commission. Applicant utilized the methodology described in the RRDWR, and mainly applied the financial spreadsheet model, entitled: *"Price-Cap-MODEL-GroupA-1^{sth}_RP.xls (Price-Cap Model)"* provided to the Applicant by the Honorable Commission.

7) Applicant proposes that the ARR and PIS values approved by the Honorable Commission shall serve as the basis for determining the X-factor, P_0-factor and the MAPs applicable to Applicant, which will govern its rate setting for the 1RP.

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1 RRDWR, Appendix C.

Proposed Annual Revenue Requirement (ARR)

8) The proposed ARR for the 1RP is based on the Building Block computation[2] described in the RRDWR, with the exclusion of corporate income tax.

9) As prescribed under the RRDWR,[3] included in the proposed ARR is an efficiency carry-over calculated in accordance with pertinent rules and regulations.

10) The proposed ARR for each RY based on the Building Block computation under the RRDWR is set forth below:

Table 1. Proposed Annual Revenue Requirement per Regulatory Year as per Building Block Approach[4] (Nominal PhP)

Building Block	Proposed Revenue Requirement per Regulatory Year (PhP, Nominal)			
	RY2027	RY2028	RY2029	RY2030
Operating and maintenance expenditure	34,258,511,163	37,512,370,643	40,587,597,746	43,527,265,117
Taxes, levies & duties (other than corporate tax)	4,616,647,125	538,373,756	571,640,495	621,906,959
Regulatory depreciation	19,704,895,713	24,003,876,674	26,707,472,800	29,668,791,329
Return on capital	56,885,077,748	64,179,173,837	70,193,950,256	75,905,530,205
Sub-Total	**115,465,131,750**	**126,233,794,910**	**138,060,661,297**	**149,723,493,610**
GSL Allowance*	577,325,659	631,168,975	690,303,306	748,617,468
TOTAL REVENUE REQUIREMENT	**116,042,457,408**	**126,864,963,884**	**138,750,964,604**	**150,472,111,078**

**GSL Allowance is calculated as 0.5% of the annual revenue requirement in accordance with Appendix B3.2(a) of the RRDWR.*

11) The ARR is based on a proposed rolled-forward value of the Applicant's Regulatory Asset Base ("RAB") as described below. The opening value is based on the value of the RAB as of 30 June 2025, and rolled forward using the projected Capital Expenditure ("CAPEX") additions, depreciation and disposals from 1 July 2025 to 30 June 2026. The value of the RAB, as of 30 June 2025, is currently undergoing internal review and approval, in accordance with the Honorable Commission's Regulatory Asset Base (RAB) Roll Forward Handbook for Privately Owned Electricity Distribution Utilities (PDUs), issued as Appendix D of ERC Resolution No. 24, Series of 2025.

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2 RRDWR, Article IV, Section 4.7.1.
3 RRDWR, Article VI, Section 6.4.2.
4 The meaning and application of these parameters are as described in the RRDWR.

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

	RY2027	RY2028	RY2029	RY2030
Opening Value of RAB	358,859,575,568	410,432,541,478	457,833,128,507	491,933,077,998
Depreciation on RAB	19,704,895,713	24,003,876,674	26,707,472,800	29,668,791,329
Capital Expenditure	71,260,889,599	71,389,855,381	60,794,742,721	72,944,109,115
Change in assets used over regulatory lives	16,972,025	14,608,321	12,679,571	11,286,601
Closing Value of RAB	410,432,541,478	457,833,128,507	491,933,077,998	535,219,682,386
Average RAB for the Year	**384,646,058,523**	**434,132,834,993**	**474,883,103,253**	**513,576,380,192**

12) Several Major CAPEX Projects are tagged as "Carry-over" as they are currently ongoing and are essential for the improvement of Applicant's operations. These projects are slated to be commissioned between RY2027 and RY2028, and formed part of the 1RP RAB computations.

Table 3. Summary of Proposed Lapsed Period Carry-Over Capital Expenditure

Lapsed Period Carry-Over Capital Expenditures per Regulatory Year		
	RY2027	RY2028
Nominal Value	20,007,559,660	10,638,924,338
Nominal Value with CWIP	20,355,658,838	10,790,816,092

13) In calculating the ARR, Applicant utilized the estimated Philippine Consumer Price Index, United States of America Consumer Price Index and Philippine Peso/United States dollar exchange rate figures, as follows:

Table 4a. Forecast of the Consumer Price Index for the Philippines

	2025	2026	2027	2028	2029	2030
Calendar Year	128.1	130.6	134.8	138.8	142.8	147.0
Regulatory Year	[redacted]	129.9	133.2	137.3	141.4	145.5
Data Source	Actual CPI, all items, for all income households in the Philippines (2018=100) up to September 2025, Philippine Statistics Authority Calendar year forecasts of PH CPI are based on the inflation forecast of the Economist Intelligence Unit (EIU) as contained in its 02					

	December 2025 One-click Report for the Philippines. The regulatory year forecasts of PH CPI are based on regulatory year translation of calendar year Philippine inflation forecasts.

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

	2025	2026	2027	2028	2029	2030
Calendar Year	322.472	331.824	338.792	346.245	353.863	361.648
Regulatory Year	[redacted]	326.893	335.063	342.267	349.797	357.492
Data Source	Actual CPI, all items in U.S. city average, all urban consumers, not seasonally adjusted (1982-84=100) up to September 2025, United States Bureau of Labor Statistics Calendar year forecasts of U.S. CPI are based on the U.S. inflation forecast of the Economist Intelligence Unit as contained in its 02 December 2025 One-click Report for the Philippines. The regulatory year forecasts of U.S. CPI are based on regulatory year translation of calendar year U.S. inflation forecasts.					

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

	2025	2026	2027	2028	2029	2030
Calendar Year	57.48	57.75	55.99	54.50	53.00	52.04
Regulatory Year	[redacted]	57.79	56.87	55.25	53.75	52.52
Data Source	Actual period average of PhP:USD exchange rate up to September 2025, Bangko Sentral ng Pilipinas Calendar year forecasts of PhP:USD exchange rate are based on period average PhP:USD exchange rate forecast of the Economist Intelligence Unit (EIU) as contained in its 02 December 2025 One-click Report for the Philippines. The regulatory year forecasts of PhP:USD exchange rate are based on regulatory year translation of calendar year PhP:USD exchange rate forecasts following the formula provided by the ERC in the CAPEX data template worksheet.					

For purposes of the subsequent annual price resets after RY 2027, Applicant will update the afore-mentioned Consumer Price Indices and foreign exchange rates using actual values.

14) The aforementioned ARR is partly based on a proposed Weighted Average Cost of Capital ("WACC") of 14.6%. Applicant's calculations considered the recommendations of NERA Economic Consulting, Inc., a recognized and reputable global economic consulting firm which conducted a study on the matter for the Applicant and other PDUs.

15) In accordance with the RRDWR, a proposal has been made to include assets used beyond their standard lives in the RAB at a value equivalent to five (5%) percent of their optimized replacement cost for assets acquired prior to April 2010 or of their actual cost for assets acquired from April 2010 onwards.

Capital Expenditure

16) The proposed CAPEX included in the afore-mentioned calculation of the rolled-forward RAB is as follows:

Table 5. Summary of Proposed 1RP New Capital Expenditure

	Capital Expenditures per Regulatory Year (1RP) (PhP)			
	RY2027	**RY2028**	**RY2029**	**RY2030**
Nominal Values	50,797,304,890	59,869,084,518	59,670,384,578	71,173,148,819
Nominal Values, including CWIP factor	51,806,399,031	61,193,780,965	61,077,871,880	73,066,607,281

17) The proposed CAPEX projects, following the latest RRDWR Position Paper and planning criteria in the ERC's Investor-Owned Distribution Utility Planning Manual, are necessary to: (i) augment the capacity of the network to meet demand growth or new customer requirements; to replace and refurbish aging, and obsolete assets; (ii) relocate assets needed for the implementation of government infrastructure and third-party initiated projects; (iii) purchase and construct non-network assets required for the normal efficient operation of the electric distribution system; (iv) deploy automation and technology projects, including Advanced Metering Infrastructure ("AMI") Program to more than three (3) million customers as well as innovative solutions for various electrification projects; and (v) comply with regulatory requirements as embodied in the EPIRA, the Philippine Distribution Code, the Philippine Electrical Code, applicable international standards, and other relevant rules and regulations with emphasis on maintaining the integrity, reliability and efficiency of the electric system, and for the continuous improvement in service quality and performance measurement for the benefit of the consumers.

Operating & Maintenance Expenditure

18) The proposed Operating & Maintenance Expenditure ("OPEX") included in the calculation of the ARR is provided as follows:

Table 6. Summary of Proposed 1RP Operating & Maintenance Expenditure

	Operating & Maintenance Expenditures per Regulatory Year (1RP) (PhP)			
	RY2027	**RY2028**	**RY2029**	**RY2030**
Nominal Value	34,258,511,163	37,512,370,643	40,587,597,746	43,527,265,117

19) The proposed OPEX are necessary to: (i) maintain the safety, efficiency and reliability of the distribution network; (ii) support

the growing asset base; (iii) allow Applicant to deliver services to its customers and support its business operations including the use of automation and digital technologies; (iv) meet the requirements of Government programs and regulations imposed on the Applicant; and (v) meet the performance targets under the Performance Incentive Scheme. The proposed OPEX will support strong growth prospects for the economy with sustained moderate growth in kWh sales throughout the 1RP. Moreover, additional OPEX is needed, not only to meet service performance levels, but also to ensure that Applicant's reliability standards are kept at par with other power distribution utilities in the Asian region, which are the Philippines' competitors for direct foreign investments. Applicant has to meet customers' increasingly more stringent requirements; particularly, those customers whose output are the main drivers of our economic growth and source of export income.

Taxes other than Corporate Income Tax

20) The proposed expenditure on Taxes, Levies & Duties (other than corporate income tax) included in the afore-mentioned calculation of the ARR is provided as follows:

Table 7. Summary of proposed 1RP Taxes, Levies & Duties (other than Corporate Income Tax) Expenditure

	Other Taxes per Regulatory Year (1RP) (PhP)			
	RY2027	**RY2028**	**RY2029**	**RY2030**
Nominal Value	4,616,647,125	538,373,756	571,640,495	621,906,959

a. As provided under ERC Resolution No. 2, Series of 2021, real property taxes for the 1RP are no longer included in the forecast and are recovered in accordance with said resolution. However, Applicant proposed to recover the real property taxes incurred and paid for the period prior to CY 2021.

b. The above-mentioned proposed taxes, levies & duties (other than corporate income taxes) expenditures show an increase from current levels due to new and additional impositions initiated by various local government units within Applicant's franchise area such as for changes in the schedule of fees and other permits. The forecasts likewise considered the imposition by Local Government Units of regulatory fees on Applicant's poles.

Regulatory Depreciation

21) The proposed Regulatory Depreciation, which includes an

allowance for assets intended to be disposed of during the 1RP, after allowing for any potential income from the sales of such disposed assets, is as shown below. The values below include depreciation both on the assets which make up Applicant's RAB at the start of the 1RP, and those that Applicant proposes to be acquired during the 1RP. Additionally, depreciation is calculated on a straight-line basis, based on the standard asset lives as approved by the Honorable Commission, where these are available.

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

	RY2027	RY2028	RY2029	RY2030
Opening asset base	15,315,384,481	15,056,698,820	13,803,788,808	13,574,886,290
Interim assets before regulatory period	1,743,420,869	1,743,420,869	1,743,420,869	1,743,420,869
Assets acquired during regulatory period	2,244,107,348	6,758,771,295	10,686,171,454	13,841,474,744
Subtotal	**19,302,912,698**	**23,558,890,984**	**26,233,381,131**	**29,159,781,903**
plus Disposals	697,234,039	771,821,588	822,305,512	882,869,882
minus Income from Disposals	295,251,023	326,835,899	348,213,843	373,860,457
TOTAL	**19,704,895,713**	**24,003,876,674**	**26,707,472,800**	**29,668,791,329**

22) Sales of energy, including those to Applicant, are forecasted as follows:

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

	RY2027	RY2028	RY2029	RY2030
Energy consumption (MWh)	53,840,634	55,389,023	56,977,102	58,460,753

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

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

	RY 2027	RY 2028	RY 2029	RY 2030
Demand (MW)	9,498	9,862	10,251	10,635

Proposed Maximum Average Prices (MAP)

24) The proposed price-path for the 1RP, determined using the proposed ARR and an assumed 0.0298 X-factor and -1.0016 P_0-factor, is provided below:

Table 11. Proposed Annual Maximum Average Prices for the First Regulatory Period

	RY 2027	RY 2028	RY 2029	RY 2030
Maximum Annual Price (PhP/kWh)	2.3436	2.3463	2.3455	2.3436

25) The Honorable Commission will determine the actual X factor and P_0-factor after its consideration of this Application and the actual price-path after incorporating such amendments to these proposals as it may deem necessary.

Proposed Performance Incentive Scheme

26) The RRDWR prescribes the determination of a Price-Linked Performance Incentive Scheme ("PIS"). According to this PIS, Applicant will be rewarded if the service performance levels of its electricity distribution business exceed the target levels as proposed and will be penalized if such service performance levels fall below the proposed targets. The proposed Price-Linked PIS is based on the performance measures and performance targets shown below. Stepped performance target levels are proposed, which will influence the size of the reward or penalty.

Table 12. Summary of proposed Price-linked Performance Incentive Scheme

			Reward		Target	Penalty	
Performance Indices	**Units**	**Wt.**	**Level A**	**Level B**	**Level C**	**Level D**	**Level E**
System Average Interruption Frequency Index (SAIFI)	Number	0.20	SAIFI is less than or equal to 0.68	SAIFI is less than or equal to 0.99 but greater than 0.68	SAIFI is greater than 0.99 but less than or equal to 1.58	SAIFI is greater than 1.58 but less than or equal to 1.89	SAIFI is greater than 1.89
System Average Interruption Duration Index (SAIDI)	Minutes	0.20	SAIDI is less than or equal to 65.26	SAIDI is less than or equal to 98.84 but greater than 65.26	SAIDI is greater than 98.84 but less than or equal to 166.00	SAIDI is greater than 166.00 but less than or equal to 199.58	SAIDI is greater than 199.58

Momentary Average Interruption Frequency Index (MAIFI)	Number	0.20	MAIFI is less than or equal to 6.32	MAIFI is less than or equal to 7.48 but greater than 6.32	MAIFI is greater than 7.48 but less than or equal to 9.78	MAIFI is greater than 9.78 but less than or equal to 10.93	MAIFI is greater than 10.93
System Losses (SL)	%	0.10	SL is less than or equal to 6.33%	SL is less than or equal to 6.50% but greater than 6.33%	Not Applicable	Not Applicable	Not Applicable
Time to Process Applications for New Connections (TPA-NC)	Days	0.10	TPA-NC is less than or equal to 4.10 days	TPA-NC is less than or equal to 4.27 days but greater than 4.10 days	TPA-NC is greater than 4.27 days but less than or equal to 4.59 days	TPA-NC is greater than 4.59 days but less than or equal to 4.76 days	TPA-NC is greater than 4.76 days
Time to Connect Premises for New Connections (TCP-NC)	Days	0.10	TCP-NC is less than or equal to 2.31 days	TCP-NC is less than or equal to 2.36 days but greater than 2.31 days	TCP-NC is greater than 2.36 days but less than or equal to 2.48	TCP-NC is greater than 2.48 days but less than or equal to 2.53 days	TCP-NC is greater than 2.53 days
Call Center Performance (CCP)	% of calls answered within 30 seconds	0.10	CCP is greater than or equal to 96.94%	CCP is greater than or equal to 91.47% but less than 96.94%	CCP is greater than or equal to 80.53% but less than 91.47%	CCP is greater than or equal to 75.06% but less than 80.53%	CCP is less than 75.06%

27) Under the RRDWR, Applicant is likewise required to propose a Guaranteed Service Level ("GSL") that will directly compensate customers, in the form of reductions in their monthly electricity bills, if service performance falls below certain minimum thresholds. The proposed thresholds and the penalties that will apply are as shown below:

Table 13. Summary of Proposed Guaranteed Service Level Incentive Scheme

Performance Measure	Threshold	Proposed Pay-out Level
GSL 1: Customer experiencing a cumulative duration of sustained interruptions in a Regulatory Year that exceeds the threshold	12 hours	PhP2,235.77

GSL 2: Customer experiencing a total number of sustained interruptions in a Regulatory Year that exceeds the threshold	12 times	PhP2,235.77
GSL 3: Restoration of supply to a customer after a fault on the secondary distribution network taking longer than the threshold time	12 hours	PhP2,235.77
GSL 4: Customer connection not provided on the day agreed with the customer	2 days minimum, 5 days maximum	Payout per day – PhP2,142.69 Minimum Payout – PhP4,285.38 Maximum Payout – PhP10,713.45

III. PROPOSED DISTRIBUTION RATE STRUCTURE AND RATE TRANSLATION OF THE MAP FOR RY 2027

28) In accordance with the RRDWR, MERALCO's MAP for the First Regulatory Year, or MAP2027, was translated into rate schedules for the distribution, supply and metering charges for its various customer classes.

Translation of MAP2027 into a Distribution Rate Structure for Applicant's Various Customer Classes

29) The MAP2027 of PhP2.3436 per kWh was first broken down into the unbundled components of Distribution Charge, Supply Charge and Metering Charge, with the following resulting figures:

Table 14. Breakdown of MAP 2027 into Distribution, Supply and Metering Charge

Distribution Charge	PhP1.8142 per kWh
Supply Charge	PhP0.2705 per kWh
Metering Charge	PhP0.2589 per kWh
TOTAL	**PhP2.3436 per kWh**

30) The distribution rate structure, as applied for by the Applicant in ERC Case No. 2011-088 RC, and approved by the Honorable Commission, was then adopted for the instant Application, subject to the following modifications:

a. *On the Distribution Charges*

i. The Power Factor Adjustment (PFA) for General Power (GP) customers with Self-Generating Facilities (SGF)

and/or Distributed Energy Resources (DER) with generating capacity of more than 100 kW shall have a deadband at the power factor (PF) range of 85% to 95%. The proposed PFA formula shall be as follows:

Power Factor Level	PFA Formula
PF < 85%	PFA = |PF – 0.85| x 1.4% x Distribution Charge
85% ≤ PF ≤ 95%	PFA = 0
PF > 95%	PFA = |PF – 0.95| x -0.7% x Distribution Charge

ii. For Generator Wheeling (GW) customers, eligible GW customers, except those that are either FIT-eligible or GEA-eligible, and those selling electricity outside the franchise area, shall not be imposed a distribution charge for the portion of energy that has been certified to be delivered to customers located within MERALCO's franchise area.[5]

b. *On the Supply Charges*

i. Captive customers and customers participating in Customer Choice Programs (CCP)[6] belonging to the same customer class will be charged with different fixed supply charges.

ii. For Residential and General Service A customers, a fixed customer charge is introduced to cover the minimum cost the Applicant incurs in order to bill customers. The supply charge will now include both a fixed charge per customer and a per kWh charge.

c. *On the Metering Charges*

i. Captive customers and CCP customers belonging to the same customer class will be charged with different fixed metering charges.

ii. For Residential and General Service A customers, a fixed customer charge is introduced to cover the minimum cost the Applicant incurs in order to bill customers. The metering charge, thus, includes both a fixed charge per customer and a per kWh charge.

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5 A generator wheeling power into or through the distribution system shall likewise pay the applicable DWS charges unless those charges are paid to the DU by load-service entities such as a RES or another DU.

6 Customer Choice Programs include the Competitive Retail Electricity Market, Green Energy Option Program, and Retail Aggregation Program.

iii. The metering charge for General Power customers and Generator Wheeling customers is differentiated by voltage level instead of load size.

d. On Other Rate Items

i. Applicant proposes to bill customers with a Solar Home System (SHS) the same rate as a captive Residential customer or a captive General Service A customer, whichever is applicable, at a fixed energy consumption determined by the generating capacity of the deployed SHS unit.

ii. For Flat Streetlights customers, Applicant is proposing a simpler nomenclature based on light level with equivalence to light output (lumens) while the transition to full installation of LED bulbs is ongoing:

Bulb Category	Light Output (lumens)
Light Level 1	min of 3,600
Light Level 2	min of 7,200
Light Level 3	min of 14,400
Light Level 4	min of 21,600

31) The proposed rate structure for each customer class is shown below:

Table 15. MERALCO'S PROPOSED DISTRIBUTION RATES FOR ITS VARIOUS CUSTOMER CLASSES

FIRST REGULATORY PERIOD (1ST RP) REGULATORY YEAR 1 PROPOSED RATES									
Rate Schedule	Customer Class	Rate Brackets		Distribution Charge		Supply Charge		Metering Charge	
				Per kW	Per kWh	Per Customer/mo.	Per kWh	Per Customer/mo.	Per kWh
RS1	Residential	Up to 200 kWh			1.6286				
		201-300 kWh			2.1445				
		301-400 kWh			2.6311				
		401 kWh & Over			3.4790				
		Captive				25.00	0.5056	18.00	0.4916
		Customer Choice Program (CCP)				34.00	0.5056	74.00	0.4916
RS2	General Service A	Up to 200 kWh			1.6286				
		201-300 kWh			2.1445				
		301-400 kWh			2.6311				
		401 kWh & Over			3.4790				
		Captive				25.00	0.5056	18.00	0.4916
		Customer Choice Program (CCP)				34.00	0.5056	74.00	0.4916
RS3	General Service B			455.30	0.2624				
		Captive				383.14		571.63	
		Customer Choice Program (CCP)				597.82		1,399.98	
RS4	General Power	Secondary (480 Volts and below)		431.94	0.2491				
		Primary 13.8 kV and below		329.56	0.0925				
		Primary 34.5 kV		288.51	0.0810				
		Primary 115 kV & 69 kV		218.12	0.0781				
		Medium (40 kW ≤ demand < 200 kW)	Captive			904.14			
			Customer Choice Program (CCP)			1,105.40			
		Large (200 kW ≤ demand < 750 kW)	Captive			3,784.73			
			Customer Choice Program (CCP)			4,537.56			
		Very Large (750 kW ≤ demand < 10,000 kW)	Captive			13,681.93			
			Customer Choice Program (CCP)			15,870.19			
		Extra Large (10,000 kW ≤ demand)	Captive			13,681.93			
			Customer Choice Program (CCP)			15,870.19			
		Secondary (480 Volts and below)	Captive					1,560.30	
			Customer Choice Program (CCP)					2,040.34	
		Primary 13.8 kV and below	Captive					11,240.89	
			Customer Choice Program (CCP)					12,137.63	
		Primary 34.5 kV	Captive					12,146.82	
			Customer Choice Program (CCP)					15,642.84	
		Primary 115 kV & 69 kV	Captive					22,359.54	
			Customer Choice Program (CCP)					28,339.95	
RS5	Government Hospitals, Metered Streetlighting & Charitable Institutions				1.5162				
		Captive				333.06		397.90	
		Customer Choice Program (CCP)				392.68		974.49	
RS6	Flat Streetlights				per lamp		per lamp		
		Light Level 1 (minimum of 3,600 lumens)			177.08		11.83		
		Light Level 2 (minimum of 7,200 lumens)			383.68		25.63		
		Light Level 3 (minimum of 14,400 lumens)			718.17		47.98		
		Light Level 4 (minimum of 21,600 lumens)			1,052.66		70.33		
RS7	Generators Wheeling	Secondary (480 Volts and below)		431.94	0.2491			1,560.30	
		Primary 13.8 kV and below		329.56	0.0925			11,240.89	
		Primary 34.5 kV		288.51	0.0810			12,146.82	
		Primary 115 kV & 69 kV		218.12	0.0781			22,359.54	
		Medium (40 kW ≤ demand < 200 kW)				904.14			
		Large (200 kW ≤ demand < 750 kW)				3,784.73			
		Very Large (750 kW ≤ demand < 10,000 kW)				13,681.93			
		Extra Large (10,000 kW ≤ demand)				13,681.93			

32) In support of this Application for the approval of its ARR, PIS, MAP and distribution rate structure, Applicant has attached the following required documents/schedules:

Schedule	Information provided
A	Regulatory Asset Base
B	Financial indices forecast for the First Regulatory Period
C	Forecast capital expenditure for the First Regulatory Period
D	Forecast disposals during the First Regulatory Period
E	Forecast depreciation during the First Regulatory Period
F	Forecast assets used beyond standard lives
G	Forecast operating & maintenance expenditure
H	Forecast energy consumption and demand
I	Carry-overs from the Previous Regulatory Period (if applicable)
J	Proposed Regulatory WACC for the First Regulatory Period

K	Proposed Working Capital
L	Proposed Construction Work in Progress (CWIP) Factor
M	Performance incentive scheme details
N	Additional information for price-cap model
O	Detailed calculations for First Regulatory Period
P	Overview of performance of the network and the utility during the past five (5) years and Proposals for the First Regulatory Period
Q	Proposed Translation of MAP 2027 into Rate Schedules per Customer Class

33) Considering the foregoing, Applicant most respectfully prays for the approval of this Application to allow it to fulfill its obligations under PBR and to ensure its continued reliable and efficient operations and provision of its services to the public, in general, and its customers, in particular.

PRAYER

WHEREFORE, premises considered, Applicant **MANILA ELECTRIC COMPANY** most respectfully prays that, after due notice and hearing, the instant Application be approved authorizing Applicant to adopt the proposed Annual Revenue Requirement ("ARR"), Performance Incentive Scheme ("PIS") and Maximum Average Prices ("MAP") for the First Regulatory Period.

MERALCO further prays that its proposed translation of the MAP for Regulatory Year 2027 into distribution rates for its various customer classes be approved, authorizing Applicant to adopt the distribution rate structure and rate schedules proposed herein.

Applicant MERALCO prays for such other relief as are deemed just and equitable under the premises.

Pasig City, 29 January 2026.

(Signature page follows)

MANILA ELECTRIC COMPANY
Applicant
7th Floor, Lopez Building,
Ortigas Avenue, Barangay Ugong, Pasig City
Tel no. 1622-2260; Fax No: 1622-3550
Email: *regaffairs@meralco.com.ph*

By:

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MCLE Compliance No. N/A - Admitted to the Bar in 2025

REPUBLIC OF THE PHILIPPINES }
CITY OF PASIG } S.S.

VERIFICATION and CERTIFICATION AGAINST FORUM SHOPPING

I, **JOSE RONALD V. VALLES**, Filipino, of legal age, married and with office address at the Lopez Building, MERALCO Center, Ortigas Avenue, Barangay Ugong, Pasig City, after being sworn to in accordance with law, hereby depose and say, that:

1. I am the Senior Vice President and Head, Regulatory Affairs and DU Regulatory Management, of Manila Electric Company (MERALCO). In such capacity, I have caused the preparation of the foregoing Application. A copy of the Secretary's Certificate authorizing me to cause the preparation of the instant Application and sign this Verification and Certify Against Forum Shopping is attached hereto as **Annex "A";**

2. I have read and understood the foregoing Application, the allegations of which are true and correct based on my own personal knowledge and/or on authentic records;

3. The Application is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;

4. The factual allegations in the foregoing Application have evidentiary support, or if specifically so identified, will likewise have evidentiary support; and

5. I certify that I have not commenced any other action involving the same issues in this case with this Honorable Commission, or any tribunal or quasi-judicial agency and to the best of my knowledge, no such action or proceeding is pending in this Honorable Curt or any tribunal or quasi-judicial agency.

6. Should I hereafter learn that a similar action or proceeding has been filed or is pending before this Honorable Commission or any tribunal or quasi-judicial agency, I undertake to promptly inform this Honorable Commission and other tribunal or agency thereof within five (5) calendar days therefrom.

IN WITNESS WHEREOF, I have hereunto affixed my signature this JAN 29 2026 at Pasig City, Philippines.

JOSE RONALD V. VALLES
Affiant

SUBSCRIBED and SWORN to before me this JAN 29 2026, affiant exhibited to me his Social Security System ID bearing the number 33-10900088.

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Page No. 31
Book No. XII
Series of 2025.

MA. ELISHA S. ELORIAGA
NOTARY PUBLIC
Appointment No. 175 (2025-2026)
City of Pasig and Municipality of Pateros
Issued on 03 March 2025, until December 31, 2026
Roll No. 73497; IBP No. 589192; 01/06/2026; Quezon City
PTR No. 4005310; 01/07/2026; Pasig City
MCLE Compliance No. VIII-0039682; Valid until 14 April 2028
7th Floor Lopez Bldg., Ortigas Ave., Pasig City

ANNEX "A"

REPUBLIC OF THE PHILIPPINES)
PASIG CITY) S.S.

SECRETARY'S CERTIFICATE

I, WILLIAM S. PAMINTUAN, a duly elected, qualified and incumbent Assistant Corporate Secretary of the Manila Electric Company (MERALCO), a corporation duly organized and existing under and by virtue of the laws of the Philippines, do hereby certify that:

At the Organizational meeting of the Board of Directors of the Company duly convened and held on May 28, 2024, at which meeting a quorum was present, acted throughout and voted, the following resolution amending the resolution of the Board on June 26, 2023, on the same subject, was approved and that said amendatory resolution is in full force and effect hereof:

"RESOLVED, that the Board of Directors of the Manila Electric Company (MERALCO) authorize, as it hereby authorizes, the following officers:

MANUEL V. PANGILINAN	Chairman and Chief Executive Officer
SIMEON KEN R. FERRER	Corporate Secretary
RONNIE L. APEROCHO	Executive Vice President and Chief Operating Officer
WILLIAM S. PAMINTUAN	Senior Vice President, Assistant Corporate Secretary, Compliance Officer and Head, Legal and Corporate Governance
FERDINAND O. GELUZ	Senior Vice President and Chief Revenue Officer
EDGARDO V. CARASIG	Senior Vice President & Chief HR Officer and Head, Corporate Services
MARIA LUISA V. ALVENDIA	Senior Vice President and Chief Supply Chain Officer
JOSE RONALD V. VALLES	Senior Vice President and Head, Regulatory Affairs & DU Regulatory Management
JERRY B. LAO	Vice President & Head, Facilities and Safety Management
MARIA ZARAH R. VILLANUEVA-CASTRO	Vice President & Head, Corporate Legal Services,
FRANCIS DINO S. ANTONIO	Senior Assistant Vice President and Head, Regulatory Legal Case Management Office
CARMEN GRACE S. RAMOS	Senior Assistant Vice President and Head, Regulatory Legal Contract Management Office
CRISTOPHER B. ARPON	Assistant Vice President and Head, Litigation Services
OSCAR P. MORENO, JR.	Assistant Vice President and Head, Local Government and Special Projects
MICHELLE O. DELOS SANTOS-BONA	Assistant Vice President & Head, Legal Operations Support
HAZEL ROSE B. SEE	Assistant Vice President and Lead Legal Counsel, Regulatory Legal Case Management Office
RAYMOND B. YAP	Assistant Vice President and Lead Legal Counsel, Regulatory Legal Case Management Office
ROMMEL L. YAP	Assistant Vice President and Head, Regulatory Affairs, MPower
CORNELIO MANUEL III C. DICCION	Head, Litigation Team 2
SHEILA MARIE C. GRANADOS	Head, Litigation Team 1
CATHERINE Y. VIRAY	Lead, Tax Force

and any lawyer or employee of MERALCO and/or other external counsels and law firms that any of them may designate, name or appoint:

(1) to represent the Company, in the institution, prosecution, and defense of any claim, complaint, action, proceeding, petition, application, protest, suit, or case, for or against the Company, before any court, prosecutor's office, regulatory, quasi-judicial, or administrative body, agency, or office of the national or any local government;

(2) to sign, execute, and deliver in connection therewith the necessary or appropriate complaint, petition, application, position paper, memorandum, all types of pleadings and motions, verifications, affidavit-complaint, counter-affidavit, affidavit of merit, affidavit of desistance, affidavit of witness, and all other affidavits of whatever nature, certificate of non-forum shopping, powers of attorney, certifications, and all other instruments as may be necessary or proper;

(3) to represent the Company or to designate, name, and appoint a representative or an attorney-in-fact in behalf of the company during the investigation, inquest, preliminary investigation, preliminary conference, pre-trial, mediation, conciliation, arbitration, trial, execution, and all other stages of or incidents related to the case, proceeding or action; to negotiate, enter into, and agree to an amicable settlement, compromise agreement, plea bargaining, admissions or stipulations of fact or documents, simplification of issues, limitation on the number of witnesses, alternative modes of dispute resolution, withdrawal, dismissal or waiver of claim or action; and to perform and execute any and all actions or deeds as may aid in the prompt disposition of such cases, proceedings, or actions filed in behalf of or against the Company;

"RESOLVED, FURTHER, that any previous resolution of the Board of Directors on the same subject matter that is inconsistent herewith shall be deemed terminated, superseded and revoked."

Pursuant to the above resolutions, JOSE RONALD V. VALLES, Senior Vice President and Head of Regulatory Affairs and DU Regulatory Management Office, is an authorized representative and signatory of the Company with respect to MERALCO's filing of its Application, entitled, "IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE: A) ANNUAL REVENUE REQUIREMENT, PERFORMANCE INCENTIVE SCHEME AND MAXIMUM AVERAGE PRICES FOR THE FIRST REGULATORY PERIOD; AND B) TRANSLATION OF THE MAXIMUM AVERAGE PRICE FOR THE FIRST REGULATORY YEAR (RY 2027) INTO A DISTRIBUTION RATE STRUCTURE FOR VARIOUS CUSTOMER CLASSES IN ACCORDANCE WITH THE PROVISIONS OF THE RATIONALIZED RULES FOR SETTING DISTRIBUTION WHEELING RATES (RRDWR), UNDER ERC RESOLUTION NO. 24, SERIES OF 2025," before the Energy Regulatory Commission (ERC).

WITNESS THE SIGNATURE of the undersigned as such officer of the Company and its corporate seal hereunto affixed on this _____ day of January 2026.

JAN 29 2026

WILLIAM S. PAMINTUAN
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this JAN 29 2026 day of January 2026, affiant exhibited to me his Taxpayer Identification Number (TIN) 146-473-562, issued by the Bureau of Internal Revenue (BIR) as his competent evidence of identity.

Doc. No. 197;
Page No. 31;
Book No. XII;
Series of 2026.

MA. ELISHA S. ELORIAGA
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