



**Regulatory Reset for  
Dagupan Electric Corporation**

**July 2007 to June 2011  
(Second Regulatory Period)**

**DRAFT DETERMINATION**

**ERC Case No. 2006-042RC**

**May 16, 2007**

**Republic of the Philippines**  
**Energy Regulatory Commission**  
Pacific Centre, San Miguel Ave, Pasig City

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Pursuant to Section 43(f) of Republic Act No 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), and Rule 15, Section 5(a) of its Implementing Rules and Regulations (IRR), the Energy Regulatory Commission (ERC) promulgated the *Guidelines on the Methodology for Setting Distribution Wheeling Rates* on December 10, 2004 (DWRG). These were subsequently updated and re-issued on July 26, 2006 as the *Rules for Setting Distribution Wheeling Rates for Privately Owned Distribution Utilities entering Performance Based Regulation (First Entry Point)* (hereafter referred to as the “RDWR”).

Under Section 7.1.2 of the DWRG and the subsequent RDWR, the ERC was required to publish a Regulatory Reset Issues Paper to provide its initial views on the issues to be discussed during the pending Regulatory Reset Process, to specify the information required to be delivered by each Regulated Entity for the purposes of the Regulatory Reset Process and the time by which such information should be delivered. The Regulatory Reset Issues Paper (Issues Paper) was published on September 30, 2005. Following public consultation on the Issues Paper, the ERC’s final view on the Regulatory Reset Process was described in the Position Paper on the Regulatory Reset Process for the Second Regulatory Period (Position Paper), published on December 9, 2005.

In accordance with the RDWR and the Position Paper, the three Regulated Entities entering Performance Based Regulation (PBR) at the First Entry Point, these being Cagayan de Oro Power & Light Company (Cepalco), Dagupan Electric Corporation (Decorp) and Manila Electric Company (Meralco), filed various information and data relating to the requirements for the Regulatory Reset Process on August 31, 2006.

Pursuant to Section 7.1.7 of the RDWR, after consideration of the information provided by the Regulated Entities and the reports prepared by its Regulatory Reset Experts, the ERC is required to publish a Draft Determination on the price control arrangements that will apply to the Regulated Entities for the Second Regulatory Period. This document presents the ERC’s Draft Determination for Dagupan Electric Corporation (Decorp), based on the outcomes of its analysis to date.

Submissions are sought on this Draft Determination. Details of the required format and time of submissions, as well as the schedule for legal processes on the Draft Determination, are provided in section 1.5 of the document.

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