

XLVI. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2015

(In Thousand Pesos)

SUMMARY

Current Operating Expenditures				
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 290,467	P 260,921	P 71,770	P 623,158
a. Head Office Support Group	164,462	225,692	52,105	442,259
b. Engineering Admin./Survey/Development Studies Planning	126,005	35,229	19,665	180,899
2. Support to Operations		9,282		9,282
a. Other Expenses		9,282		9,282
3. Operations	611,843	7,727,736	3,275,450	11,615,029
a. Small Power Utilities Group	566,315	958,108	2,292,361	3,816,784
b. Spares			957,486	957,486
c. Production of Goods		6,609,329		6,609,329
d. Watershed Management	45,528	160,299	25,603	231,430
4. Debt Servicing		56,660		56,660
5. Other Expenditures	11,746	4,254,978		4,266,724
a. Input VAT		1,630,319		1,630,319
b. BNPP Preservation Expenses	11,746	20,780		32,526
c. NPP Subsidy		2,603,879		2,603,879
6. Personnel Services - as Operator of PSALM's Assets	730,914			730,914
TOTAL	P 1,644,970	P 12,309,577	P 3,347,220	P 17,301,767

XLVI. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2015

(In Thousand Pesos)

NATIONAL GOVERNMENT EQUITY AND/OR SUBSIDY

Schedule I

Current Operating Expenditures			
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays
Total			

A. PROGRAM/ACTIVITY/PROJECT

1. Operations			P	1,967,474	P	1,967,474
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a. Small Power Utilities Group				1,967,474		1,967,474
2. Other Expenditures	11,746	20,780				32,526
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a. BNPP Preservation Expenses	11,746	20,780				32,526
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TOTAL	P 11,746	P 20,780	P	1,967,474	P	2,000,000
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XLVI. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2015

Schedule II

(In Thousand Pesos)

CORPORATE FUNDS

Current Operating Expenditures

	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
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A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 290,467	P 260,921	P 71,770	P 623,158
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a. Head Office Support Group	164,462	225,692	52,105	442,259
b. Engineering Admin./Survey/Development Studies Planning	126,005	35,229	19,665	180,899
2. Support to Operations		9,282		9,282
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a. Other Expenses		9,282		9,282
3. Operations	611,843	7,727,736	1,307,976	9,647,555
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a. Small Power Utilities Group	566,315	958,108	324,887	1,849,310
b. Spares			957,486	957,486
c. Production of Goods		6,609,329		6,609,329
d. Watershed Management	45,528	160,299	25,603	231,430
4. Debt Servicing		56,660		56,660
5. Other Expenditures		4,234,198		4,234,198
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a. Input VAT		1,630,319		1,630,319
b. NPP Subsidy		2,603,879		2,603,879
6. Personnel Services - as Operator of PSALM's Assets	730,914			730,914
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TOTAL	P 1,633,224	P 12,288,797	P 1,379,746	P 15,301,767
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Special Provision(s)

1. Approval of the FY 2015 Corporate Operating Budget of the National Power Corporation under R.A. No. 7638. The FY 2015 Corporate Operating Budget (COB) of the NPC is hereby approved by the Congress of the Philippines pursuant to Section 13, Chapter III of R.A. No. 7638.

2. Payment of Compensation. Payment of salaries, wages, and allowances or other forms of compensation shall be in accordance with applicable laws, rules and regulations such as, but not limited to P.D. No. 985, as amended, R.A. No. 6758, as amended, R.A. No. 10149, Corporate Compensation Circular No. 10 dated February 15, 1999, and Memorandum Order No. 20, s. 2001.

3. Acquisition of Equipment. The acquisition of equipment, funded from internally generated funds, budgetary support or authorized borrowings included in the approved COB shall be subject to Corporate Budget Circular No. 17 dated February 9, 1996, National Budget Circular (NBC) No. 446 dated November 24, 1995, as amended by NBC No. 446-A dated January 30, 1998, Budget Circular No. 2010-2 dated March 1, 2010, and the applicable Presidential issuances and statutory requirements.

4. Budget Flexibility and Report. The NPC, through its Board of Directors, is authorized to realign programs and projects, reallocate the corresponding budgetary requirements approved herein, as well as augment the requirements which may arise from factors beyond the NPC's control. These may include, but shall not be limited to the following:

- (a) Currency depreciation;
- (b) Inflation;
- (c) Change in interest rates;
- (d) Changes in programs and projects;
- (e) Increase in oil, steam, coal or natural gas prices;
- (f) Change in generation mix and demand including purchased power;
- (g) Change in generation/transmission system plan/program;
- (h) Change in schedule of project implementation;
- (i) Transfer or elimination, at NPC's expense, of projects or installations that are hazardous to the health or safety of inhabitants;
- (j) Reorganization, subsidiarization or privatization should conditions warrant; and
- (k) Occurrence of natural calamities;

PROVIDED, That the realigned funds shall not be used for the acquisition of motor vehicles and payment of travelling, representation, discretionary, or extraordinary and miscellaneous expenses: PROVIDED, FURTHER, That allocation for Personnel Services in the approved Corporate Operating Budget shall not be augmented by new funding sources: PROVIDED, FURTHERMORE, That savings from MOOE and Capital Outlays may only be used to augment the deficient Personnel Services allocation as a result of the implementation of the Compensation and Position Classification System for GOCCs approved by the President, upon recommendation by the Governance Commission for GOCCs.

The NPC shall submit to the DBM, the House Committee on Appropriations and the Senate Committee on Finance a comprehensive financial and narrative report on the budgetary adjustments within thirty (30) days after such adjustments are made. The President of NPC and the Corporation's web administrator or his/her equivalent shall be responsible for ensuring that said report is posted on the official website of the NPC, which shall be considered compliance with the said reportorial requirement.

5. Augmentation Beyond the Approved Corporate Operating Budget. The NPC is hereby authorized to augment and disburse funds beyond the total amount approved in this Act exclusively for the operating and capital requirements related to its missionary electrification function such as increase in prices of fuel and purchased power, increase in fuel volume, provision for additional rented generating sets and new power providers' subsidy, acquisition and installation of necessary electrification equipment, and interest payments on previously incurred loans for the Small Power Utilities Group: PROVIDED, That such are the effect of peso devaluation, fuel price increase in the market, improvement or changes in power generation activities or demand of customers, increase in taxes and production

costs, or imposition of new taxes beyond NPC's control: PROVIDED, FURTHER, That the amount to be disbursed shall be sourced from actual income realized by NPC due to increase in rates for universal and generation charges approved by the Energy Regulatory Commission within the year, and from financial assistance grants given by LGUs to and actually received by the NPC: PROVIDED, FINALLY, That in no case shall the allocation for Personnel Services be augmented from funds beyond the total amount approved in this Act.

6. Separation Benefits of NPC Employees. An amount not exceeding Two Hundred Sixty Six Million One Hundred Twenty Three Thousand Pesos (P266,123,000) shall be used exclusively for the payment of separation benefits to the affected NPC employees based on the list submitted by the NPC to the DBM: PROVIDED, That affected employees, who are eligible to receive either retirement or separation benefits under applicable laws, shall not be entitled to the separation benefits authorized herein.

7. Collection of Delinquent Receivables from Electric Cooperatives under the Small Power Utilities Group. In order to augment the fund sources necessary to support the budgetary requirements of NPC and ensure the viability of its operations, the NPC Board is hereby authorized to act with finality, without further need of confirmation, appraisal, or assessment from other government agencies, the settlement and compromise of accrued penalties, interest and other charges due from electric cooperatives: PROVIDED, That such settlement and compromise shall redound to the benefit of the National Government.

8. Procurement of Critical Supplies. The NPC shall ensure the timely and sufficient provision of fuel and spare parts for its Small Power Utilities Group (SPUG) to ensure adequate power supply in SPUG areas. For this purpose, the NPC shall undertake bulk purchases or resort to the use of Ordering Agreement in the procurement thereof, subject to the pertinent provisions of R.A. No. 9184, its Implementing Rules and Regulations, and guidelines.

9. Remittance of Cash Dividends. Cash dividends equivalent to at least fifty percent (50%) of the annual net earnings of the NPC shall be deposited with the National Treasury as income of the General Fund pursuant to R.A. No. 7656.

10. Audit of Government Funds. Government funds authorized herein to be invested as equity by the corporation to its subsidiaries, as well as the grant of subsidy, loan contribution or any kind of financial assistance to end-user entities both in private or public sector, shall be subject to audit by the COA pursuant to the provisions of P.D. No. 1445, as amended.

11. Transparency Seal. To enhance transparency and enforce accountability, the NPC shall maintain a transparency seal to be posted on its official website. The transparency seal shall contain the following information: (i) the Corporation's mandates and functions, names of its officials with their position and designation, and its contact information; (ii) year-end financial reports and trial balances for the last three (3) fiscal years; (iii) approved COB and corresponding targets immediately upon approval thereof; (iv) any amount of budgetary support from the National Government; (v) major programs and projects categorized in accordance with the five (5) key result areas under E.O. No. 43, s. 2011; (vi) the programs/projects beneficiaries as identified in the applicable special provisions; (vii) the status of implementation of said programs/projects and project evaluation and/or assessment reports; and (viii) the annual procurement plan, contracts awarded and the name of contractors/suppliers/consultants.

The President of the NPC and the Corporation's web administrator or his/her equivalent shall be responsible for ensuring compliance with this requirement. For this purpose, the DBM shall post on its official website the status of compliance by the NPC.