

BUDGET OF THE THREE ENERGY CORPORATIONS

BUDGETS OF DEPARTMENT OF ENERGY ATTACHED CORPORATIONS

Sec.2. Approval of Annual Budgets of Corporations under R.A. No. 7638. Pursuant to Section 13, Chapter III of Republic Act No. 7638, the 1997 annual budgets of the National Electrification Administration (NEA), the National Power Corporation (NPC) and the Philippine National Oil Company (PNOC) are hereby approved as follows:

I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997
(In Thousand Pesos)
SUMMARY

A. PROGRAM/ACTIVITY/PROJECT	<u>Current Operating Expenditures</u>			
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
1. General Administration and Support	P 37,476 P	77,920 P	6,720 P	122,116
2. Support to Operations	103,855	55,935	2,489	162,279
3. Operations	69,435	656,134	1,933,190	2,658,759
3.1 In-house for Lending Operations	69,435	70,858	1,013	141,306
3.2 Locally-Funded Projects		375,000	209,550	584,550
3.2.1 Rural Electrification		375,000	206,550	581,550
3.2.2 Mini-Hydro				
3.2.3 Solar Energy Program			3,000	3,000
3.3 Foreign Borrowings		10,276	1,722,627	1,732,903
3.3.1 Rural Electrification			1,722,627	1,722,627
3.3.2 Institutional Strengthening		10,276		10,276
3.4 Customs, Duties and Fees		200,000		200,000
4. Debt Servicing		1,455,368		1,455,368
4.1 Loan Repayment		1,321,363		1,321,363
4.2 Reserve for Sinking Fund		134,005		134,005
Total	P 210,766 P	2,245,357 P	1,942,399 P	4,398,522

*/MOOE, Net of Allowance for Depreciation of P16.355 Million

I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997
 (In Thousand Pesos)
 NATIONAL GOVERNMENT EQUITY AND/OR SUBSIDY

Schedule I

Current Operating Expenditures

A. PROGRAM/ACTIVITY/PROJECT	<u>Current Operating Expenditures</u>			<u>Total</u>
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	
1. Operations	P	575,000		P 575,000
1.1 Locally-Funded Projects		375,000		375,000
1.1.1 Rural Electrification		375,000		375,000
1.2 Customs, Duties and Fees		200,000		200,000
2. Debt Servicing		406,000		406,000
2.1 Loan Repayment		406,000		406,000
Total	P	981,000		P 981,000

I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997
 (In Thousand Pesos)
 CORPORATE BORROWINGS

Schedule II

Current Operating Expenditures

A. PROGRAM/ACTIVITY/PROJECT	<u>Current Operating Expenditures</u>			<u>Total</u>
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	
1. Operations	P	10,276	P 1,709,983	P 1,720,259
1.1 Foreign Borrowings		10,276	1,709,983	1,720,259
1.1.1 Rural Electrification			1,709,983	1,709,983
1.1.2 Institutional Strengthening		10,276		10,276
2. Debt Servicing		532,173		532,173
2.1 Loan Repayment		532,173		532,173
Total	P	542,449	P 1,709,983	P 2,252,432

I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997
(In Thousand Pesos)
CORPORATE FUNDS

Schedule III

Current Operating Expenditures

A. PROGRAM/ACTIVITY/PROJECT	<u>Current Operating Expenditures</u>			
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
1. General Administration and Support	P 37,476 P	77,920 P	6,720 P	122,116
2. Support to Operations	103,855	55,935	2,489	162,279
3. Operations	69,435	70,858	223,207	363,500
3.1 In-house for Lending Operation	69,435	70,858	1,013	141,306
3.2 Locally-Funded Projects			209,550	209,550
3.2.1 Rural Electrification			206,550	206,550
3.2.2 Solar Energy Program			3,000	3,000
3.3 Foreign Borrowings			12,644	12,644
3.3.1 Rural Electrification			12,644	12,644
4. Debt Servicing		517,195		517,195
4.1 Loan Repayment		383,190		383,190
4.2 Reserve for Sinking Fund		134,005		134,005
Total	P 210,766 P	721,908 P	232,416 P	1,165,090

*/MOOE, Net of Allowance for Depreciation of P16.355 Million

Special Provisions

1. Audit of Government Funds - The status or use of all government funds received, whether in the form of equity, subsidy, grant, loan, contribution or any kind of assistance shall be subject to audit by the Commission on Audit up to and including any end-user entity.
2. Budget Flexibility and Report - The National Electrification Administration, through its Board of Administrators, is authorized to realign/reallocate the projects/programs and their corresponding budgetary requirements as contained in its submission pursuant to the 1997 Budget Call, as well as, augment the requirements which may arise from factors beyond the Corporation's control. These may include, but shall not be limited to, currency depreciation, inflation, change in interest rate, new loans/financing that may be contracted or sourced, substitute projects and programs, and schedule of project implementation should conditions warrant: PROVIDED, That augmentation funds shall not be used for the acquisition of motor vehicles and payment of travelling, representation and discretionary expenses: PROVIDED, FURTHER, That the Personal Services shall not be augmented by savings from Maintenance and Other Operating Expenses as well as, Capital Outlays, or by new funding sources.

A report on the aforesaid budgetary adjustments shall be submitted to the House Committee on Appropriations and the Senate Committee on Finance, including the Department of Budget and Management, within thirty (30) days after such adjustments are made.

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997
(In Thousand Pesos)
SUMMARY

Current Operating Expenditures

	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 723,195 P	657,981 P	7,104,888 P	8,486,064
A. Head Office Support Group	723,195	657,981	4,412,617	5,793,793
B. Engineering			2,692,271	2,692,271
2. Support to Operations	25,814	21,594		47,408
A. NPC Training Center/Test-Run Plants	25,814	21,594		47,408
3. Operations	4,539,967	61,465,520	6,622,757	72,628,244
A. Utility Operations/SO/IBMG/SPUG	4,242,485	4,025,683	4,185,845	12,454,013
B. Small Island Grids	297,482	173,637	972,885	1,444,004
C. Spares			1,464,027	1,464,027
D. Production of Goods (Power Generation)		50,000,000		50,000,000
E. Other Expenses		7,266,200		7,266,200
4. Locally-Funded Projects			715,493	715,493
5. Foreign-Assisted Projects			39,582,795	39,582,795
A. Generation			9,364,750	9,364,750
B. Transmission Lines & Substation			26,680,559	26,680,559
C. Others			1,576,666	1,576,666
D. Interest during Construction			1,960,820	1,960,820
6. Debt Servicing		22,723,000		22,723,000
7. Other Expenditures	107,877	7,060,206	305,000	7,473,083
TOTAL	P 5,396,853 P	91,928,301 P	54,330,933 P	151,656,087

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997
(In Thousand Pesos)
CORPORATE BORROWINGS

Schedule I

Current Operating Expenditures

A. PROGRAM/ACTIVITY/PROJECT	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
1. General Administration and Support			P 6,917,888 P	6,917,888
A. Head Office Support Group			4,412,617	4,412,617
B. Engineering			2,505,271	2,505,271
2. Operations			6,573,765	6,573,765
A. Utility Operations/SO/IBMG/SPUG			4,136,853	4,136,853
B. Small Island Grids			972,885	972,885
C. Spares			1,464,027	1,464,027
3. Locally-Funded Projects			715,493	715,493
4. Foreign-Assisted Projects			35,080,890	35,080,890
A. Generation			7,159,258	7,159,258
B. Transmission Lines & Substation			24,384,146	24,384,146
C. Others			1,576,666	1,576,666
D. Interest during Construction			1,960,820	1,960,820
TOTAL			P 49,288,036 P	49,288,036

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997
(In Thousand Pesos)
CORPORATE FUNDS

Schedule II

A. PROGRAM/ACTIVITY/PROJECT	Current Operating Expenditures			
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
1. General Administration and Support	P 723,195 P	657,981 P	187,000 P	1,568,176
A. Head Office Support Group	723,195	657,981		1,381,176
B. Engineering			187,000	187,000
2. Support to Operations	25,814	21,594		47,408
A. NPC Training Center/ Test-Run Plants	25,814	21,594		47,408
3. Operations	4,539,967	61,465,520	48,992	66,054,479
A. Utility Operations/SO/IBMG/SPUG	4,242,485	4,025,683	48,992	8,317,160
B. Small Island Grids	297,482	173,637		471,119
C. Production of Goods (Power Generation)		50,000,000		50,000,000
D. Other Expenses		7,266,200		7,266,200
4. Foreign-Assisted Projects			4,501,905	4,501,905
A. Generation			2,205,492	2,205,492
B. Transmission Lines & Substation			2,296,413	2,296,413
5. Debt Servicing		22,723,000		22,723,000
6. Other Expenditures	107,877	7,060,206	305,000	7,473,083
TOTAL	P 5,396,853 P	91,928,301 P	5,042,897 P	102,368,051

Special Provisions

1. Budget Flexibility and Report - The National Power Corporation through its Board of Directors, is authorized to realign/reallocate the projects/programs and their corresponding budgetary requirements as contained in its submission pursuant to the 1997 budget call, as well as augment the requirements which may arise from factors beyond the Corporation's control. These may include, but shall not be limited to increase in oil/steam/coal prices, currency depreciation, inflation, change in generation mix and demand, interest rate, new loans/financing that may be contracted or sourced, substitute projects and programs, change in schedule of project implementation, and correction, transfer, or elimination of projects or installations that inhabitants affected thereby complain are a hazard to their health or safety, and reorganization, privatization or subsidiarization, should conditions warrant: PROVIDED, That augmentation funds shall not be used for the acquisition of motor vehicles and payment of travelling, representation and discretionary expenses: PROVIDED, FURTHER, That the Personal Services shall not be augmented by savings from Maintenance and Other Operating Expenses as well as Capital Outlays or by new funding sources.

A report on the aforesaid budgetary adjustments shall be submitted to the House Committee on Appropriations and the Senate Committee on Finance, including the Department of Budget and Management, within thirty (30) days after such adjustments are made.

2. **Restrictions on the Use of Funds.** In the event that certain MPC power plants have been completely subsidiarized and privatized before the end of 1997, any balance of the amounts earmarked for rehabilitation and other costs intended for said power plants as reflected in the Corporate Operating Budget, shall not be made available for such plants. **PROVIDED,** That the grant of additional cash, non-cash and other economic benefits to employees as provided for under Memorandum Order no.198, s. 1994, shall only be made upon payment of the dividends due to the National Government pursuant to Republic Act No. 7656 and other obligations which are due and demandable to the National Government during the year.

III. PHILIPPINE NATIONAL OIL COMPANY

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, CY 1997
(In Thousand Pesos)
SUMMARY

<u>Current Operating Expenditures</u>				
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. PROGRAM/ACTIVITY/PROJECT				
1. General Administration and Support	P 44,786 P	659,657 P	12,632 P	717,075
2. Operations	9,666	182,285	11,959,726	12,151,677
3. Others				
Debt Servicing				
Principal		354,285		354,285
Interest Expense		1,825,746		1,825,746
		*/		
TOTAL	P 54,452 P	3,021,973 P	P 11,972,358 P	15,048,783

*/ NOOE, net of allowance for depreciation of P26.483 M

III. PHILIPPINE NATIONAL OIL COMPANY

SOURCES AND USES OF FUNDS BY EXPENSE CLASS
(In Thousand Pesos)
CORPORATE BORROWINGS

Schedule I

<u>Current Operating Expenditures</u>				
	<u>Personal Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. PROGRAM/ACTIVITY/PROJECT				
1. Operations			P 7,267,500 P	7,267,500
TOTAL			P 7,267,500 P	7,267,500

III. PHILIPPINE NATIONAL OIL COMPANY

SOURCES AND USES OF FUNDS BY EXPENSE CLASS
(In Thousand Pesos)
CORPORATE FUNDS

Schedule II

A. PROGRAM/ACTIVITY/PROJECT	Current Operating Expenditures			
	Personal Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
1. General Administration and Support	P 44,786 P	659,657 P	12,632 P	717,075
2. Operations	9,666	182,285	4,692,226	4,884,177
3. Others				
Debt Servicing				
Principal		354,285		354,285
Interest Expense		1,825,746		1,825,746
TOTAL	P 54,452 P	3,021,973 P	4,704,858 P	7,781,283

*/ MOOE, net of allowance for depreciation of P26.483 M

Special Provisions

1. Budget Flexibility and Report. The Philippine National Oil Company (PNOC), through its Board of Directors, is authorized to realign/reallocate the projects/programs and their corresponding budgetary requirements as contained in its submission pursuant to the 1997 budget call, as well as augment the requirements which may arise from factors beyond the Company's control. These may include, but shall not be limited to, increase in costs associated with the privatization of subsidiaries, bond flotation and increase in lending and equity infusion to subsidiaries, changes in foreign exchange rate, taxes, inflation, interest rates, payment of obligations as a result of final judgment of the court, and changes in programs/projects: PROVIDED, That augmentation funds shall not be used for the acquisition of motor vehicles and payment of travelling, representation and discretionary expenses: PROVIDED, FURTHER, That the Personal Services shall not be augmented by savings from Maintenance and Other Operating Expenses (MOOE), as well as, Capital Outlays, or by new funding sources.

A report on the aforesaid budgetary adjustments shall be submitted to the House Committee on Appropriations and the Senate Committee on Finance, including the Department of Budget and Management, within thirty (30) days after such adjustments are made.

2. Funds for Capital Outlays. The provisions of paragraph 1 above notwithstanding, Capital Outlays provided herein under operations, Program 2, whether funded from internally generated funds, budgetary support or authorized borrowings, shall be utilized for the primary purposes of exploration, exploitation and development of local energy resources: PROVIDED, That an amount not exceeding one billion pesos (P1,000,000,000) in aggregate may be invested in entities not engaged in the said primary purposes: PROVIDED, FURTHER, That consistent with the privatization program of the government, such equity investments shall not exceed thirty six percent (36%) of the outstanding capital stock of any one such entity concerned: PROVIDED, FINALLY, That such Capital Outlays shall not be used as loans or advances to entities not engaged in the primary purposes herein defined. This provision shall apply to the Philippine National Oil Company and all its subsidiaries.

Special Provisions Applicable to All of the Above-named Corporations

1. Payment of Compensation. Payment of salaries, wages, and allowances or other forms of compensation shall be in accordance with Republic Act No. 6758 (Salary Standardization Law), as amended by Joint Resolution No.1, s. 1994 of Congress and Executive Order No. 164, s. 1994, as well as Corporate Compensation Circular No. 10 and other pertinent implementing rules and regulations, unless the corporation is exempted therefrom by special law.

2. Compliance with the Attrition Law. Republic Act No. 7430 or the Attrition Law shall be strictly observed.

3. Remittance of Dividends. Dividends equivalent to at least fifty percent (50%) of annual net earnings shall accrue to the National Government and shall be remitted to the National Treasury pursuant to Republic Act No. 7656.

4. Acquisition of Equipment. The acquisition of equipment, whether funded from internally generated funds, budgetary support or authorized borrowings, shall be subject to Corporate Budget Circular No. 17, s. 1996, National Budget Circular No. 446, s. 1995 and other existing statutory requirements and/or Presidential issuances.

5. Jurisdiction of the Commission on Audit. The constitutional jurisdiction of the Commission on Audit over government funds and resources shall remain unimpaired.