

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2016
(In Thousand Pesos)
SUMMARY

	<u>Current Operating Expenditures</u>			
	<u>Personnel 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 348,713	P 293,458	P 300,102	P 942,273
a. Head Office Support Group	214,379	252,139	104,916	571,434
b. Engineering Admin./Survey/Development Studies Planning	134,334	41,319	195,186	370,839
2. Support to Operations	45,685	550,739		596,424
a. Other Expenses	45,685	550,739		596,424
3. Operations	664,364	7,678,250	3,082,917	11,425,531
a. Small Power Utilities Group	616,688	1,067,842	2,227,047	3,911,577
b. Spares			823,820	823,820
c. Production of Goods		6,431,810		6,431,810
d. Watershed Management	47,676	178,598	32,050	258,324
4. Locally-Funded Projects			306,000	306,000
a. Transmission Lines and Substation			306,000	306,000
5. Debt Servicing		51,125		51,125
6. Other Expenditures	13,603	6,153,794		6,167,397
a. Input VAT		2,204,696		2,204,696
b. BNPP Preservation Expenses	11,955	34,483		46,438
c. NPP Subsidy		3,914,615		3,914,615
d. Nuclear Power Village	1,648			1,648
7. Personnel Services	411,675			411,675
a. As Operator of PSALM's Assets	374,416			374,416
b. Terminal Leave/Separation Benefits	37,259			37,259
TOTAL	P 1,484,040	P 14,727,366	P 3,689,019	P 19,900,425

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2016
(In Thousand Pesos)
NATIONAL GOVERNMENT SUBSIDY

Schedule I

A. PROGRAM/ACTIVITY/PROJECT	Current Operating Expenditures			
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
1. Operations	P	P	P 1,710,903 P	1,710,903
a. Small Power Utilities Group			1,710,903	1,710,903
2. Locally-Funded Projects			306,000	306,000
a. Transmission Lines and Substation			306,000	306,000
3. Other Expenditures	11,955	34,483		46,438
a. BMPP Preservation Expenses	11,955	34,483		46,438
TOTAL	P 11,955 P	34,483	P 2,016,903 P	2,063,341

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2016
(In Thousand Pesos)
CORPORATE FUNDS

Schedule II

A. PROGRAM/ACTIVITY/PROJECT	Current Operating Expenditures			
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
1. General Administration and Support	P 348,713 P	293,458	P 300,102 P	942,273
a. Head Office Support Group	214,379	252,139	104,916	571,434
b. Engineering Admin./Survey/Development Studies Planning	134,334	41,319	195,186	370,839
2. Support to Operations	45,685	550,739		596,424
a. Other Expenses	45,685	550,739		596,424
3. Operations	664,364	7,678,250	1,372,014	9,714,628
a. Small Power Utilities Group	616,688	1,067,842	516,144	2,200,674
b. Spares			823,820	823,820
c. Production of Goods		6,431,810		6,431,810
d. Watershed Management	47,676	178,598	32,050	258,324

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4. Debt Servicing		51,125		51,125
5. Other Expenditures	1,648	6,119,311		6,120,959
a. Input VAT		2,204,696		2,204,696
b. NPP Subsidy		3,914,615		3,914,615
c. Nuclear Power Village	1,648			1,648
6. Personnel Services	411,675			411,675
a. As Operator of PSALM's Assets	374,416			374,416
b. Terminal Leave/Separation Benefits	37,259			37,259
TOTAL	P 1,472,085	P 14,692,883	P 1,672,116	P 17,837,084

Special Provision(s)

1. Approval of the FY 2016 Corporate Operating Budget of the National Power Corporation under R.A. No. 7638. The FY 2016 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. Acquisition of Equipment. The acquisition of equipment included in the approved COB shall be subject to the provisions of 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 other guidelines issued thereon.

3. Payment of Compensation and Benefits. Payment of salaries, allowances and other benefits shall be made in accordance with applicable provisions of 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. In addition, payment of separation or retirement benefits shall be computed in accordance with the rates, conditions and procedure prescribed under existing separation or retirement laws and guidelines issued thereon.

4. Budget Flexibility and Report. The NPC Board of Directors is authorized to realign programs and projects, reallocate the corresponding budgetary requirements approved herein, as well as augment the deficiencies which may arise from factors beyond the NPC's control such as, but not limited to: (i) occurrence of natural calamities; (ii) currency depreciation; (iii) inflation; (iv) change in interest rates; (v) increase in oil, steam, coal or natural gas prices; (vi) change in generation mix and demand including purchased power; (vii) change in generation or transmission system plan or program; (viii) change in programs and projects; (ix) change in schedule of project implementation; (x) transfer or elimination of projects or installations that are hazardous to the health or safety of inhabitants; and (xi) reorganization, subsidiarization or privatization should conditions warrant.

In the exercise of said authority, the NPC shall observe and/or comply with the following:

- Realigned funds shall not be used for the acquisition of motor vehicles and payment of travelling, representation, discretionary, or extraordinary and miscellaneous expenses;
- Personnel Services (PS) deficiencies resulting from the implementation of the Compensation and Position Classification System for GOCCs approved by the President, upon recommendation by the GCG, shall be sourced from savings in MOOE and Capital Outlays; and
- PS allocation in the approved COB shall not be augmented by new funding sources.

The NPC shall submit, within thirty (30) days after such adjustments are made, to the DBM, the House Committee on Appropriations and Senate Committee on Finance, either in printed form or by way of electronic document, a comprehensive financial and narrative report on the budgetary adjustments. The President of NPC and the Corporation's web administrator or his/her equivalent shall be responsible for ensuring that said report is likewise posted on the NPC website.

5. Augmentation Beyond the Approved Corporate Operating Budget. The NPC Board of Directors is authorized to augment and disburse funds beyond the total amount approved in this Act exclusively for the MOOE and Capital Outlay requirements related to missionary electrification due to the effects of peso devaluation, fuel price increase in the market, improvement or changes in power generation activities or demand of customers, electrification of new areas, increase in taxes and production costs, or imposition of new taxes.

The funds shall be sourced from new funding sources, such as income arising from increase in universal and generation charges approved by the Energy Regulatory Commission or grant of financial assistance by LGUs as certified by the Chief Accountant and President of NPC.

In no case shall PS allocation be augmented beyond the total amount approved in this Act.

6. Payment of Separation Benefits. An amount not exceeding One Hundred Seventy Five Million Eight Hundred Fifty Thousand Pesos (P175,850,000) shall be used exclusively for the payment of separation benefits to affected NPC personnel based on the list submitted to DBM. In no case shall said amount be used to pay affected personnel who are eligible to receive either retirement or separation benefits under applicable laws.

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 of Directors 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. In all cases, the NPC Board of Directors shall ensure that the approved settlement and compromise shall not be against provisions of law or public policy, and shall be consistent with public interest and 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 to ensure adequate power supply in areas covered. 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 IRR, and other guidelines issued thereon.

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 website. The Transparency Seal shall contain the following: (i) corporation's mandates and functions, names of its officials with their position and designation, and its contact information; (ii) approved COB and corresponding targets including any amount of budgetary support from the National Government; (iii) realignments made in its COB; (iv) annual procurement plan/s and contracts awarded with the winning supplier, contractor or consultant; (v) major programs and projects categorized in accordance with the five key results areas under E.O. No. 43, s. 2011 and their target beneficiaries; (vi) status of implementation, evaluation and/or assessment reports of said programs or projects; (vii) Budget and Financial Accountability Reports, pursuant to COA and DBM J.C. No. 2014-1 dated July 1, 2014; and (viii) year-end financial reports and trial balances for the last three (3) fiscal years.

The President of the NPC and the Corporation's web administrator or his/her equivalent shall be responsible for ensuring compliance with this requirement.

The DBM shall post on its website the status of compliance of the NPC.