

NATIONAL POWER CORPORATION

Table 1.2.a
NATIONAL POWER CORPORATION
CORPORATE OBJECTIVES AND PRIORITIES FOR FY 2016

I. CORPORATE OBJECTIVES

- To perform the missionary electrification function through the Small Power Utilities Group (SPUG) and shall be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system [Sec. 70 of EPIRA];
- To promote the utilization of indigenous and new and renewable energy sources, particularly in performing its Missionary Electrification mandate [Section 2(h) of EPIRA];
- To manage and continue to be responsible for watershed rehabilitation and management and shall be entitled to the environmental charge equivalent to one-fourth of one centavo per kilowatt-hour energy sales [Section 34(d) of EPIRA];
- To continue to be responsible for dam structure and all other appurtenant structure necessary for the safe and reliable operation of hydropower plants (Sec. 6 (d), Rule 23 of RA 9136-IRR
- To continue to undertake the rehabilitation, upgrading and uprating of undisposed generation assets.
- To venture into business development of its allied products and services to enhance its revenue generation.

II. CORPORATE PRIORITIES

- Reliable Supply of Electricity in Missionary Electrification Areas
- Operation and maintenance, rehabilitation, upgrading and uprating of generation assets in the main grids as needed
- Rehabilitation and management of Watershed Areas
- Corporate Social Responsibility Program

III. MAJOR PROGRAMS AND PROJECTS

- Develop and implement tariff methodology that shall promote reasonable electricity rates while reflecting true cost of service
- Develop and implement the overall island/off-grid capacity and transmission system
- Promote/implement the adoption of renewable hybrid systems
- Vegetable rehabilitation, watershed protection, and Eco-tourism for watersheds
- Dam integrity and safety, dam management protocol and flood forecasting and mitigation
- Operation and maintenance of undisposed main grid generation assets

Table 1.2.b
 NATIONAL POWER CORPORATION
 ASSUMPTIONS, FY 2014-2016
 SMALL POWER UTILITIES GROUP (SPUG) SALES & GENERATION

	UNAUDITED			REVISED			PROJECTED			RATE	
										% Inc (Dec)	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2015/2014</u>	<u>2016/2015</u>			
1. ENERGY SALES, GWH	399	448	554				12.28	23.66			
	GIGAWATT HOUR						PERCENT MIX				
	UNAUDITED	REVISED	PROJECTED	UNAUDITED	REVISED	PROJECTED	UNAUDITED	REVISED	PROJECTED		
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>		
2. ENERGY GENERATION, GWH	416	481	587				100%	100%	100%		
HYDRO	4	6	7				1%	1%	1%		
OIL BASED	412	475	580				99%	99%	99%		

Table 1.2c
 NATIONAL POWER CORPORATION
 COMPARATIVE BALANCE SHEET, FY 2014-2016
 (In Thousand Pesos)

PARTICULARS	FY 2014 (Unaudited)	FY 2015 (GAA)	FY 2015 (Estimates)	FY 2016 (Projected)
ASSETS				
Current Assets	22,224,693	14,578,346	22,481,225	22,471,437
Cash	710,614	1,198,671	710,614	817,891
Investments in Securities	5,977,000		2,698,185	
Accounts Receivables	14,157,991	11,712,985	17,737,785	19,936,028
Inventories	1,251,265	1,185,889	1,011,842	1,011,842
Cash Advances to Various Parties	70,889	452,111	265,818	648,694
Other Current Assets	56,934	28,690	56,981	56,981
Fixed Assets	8,422,155	14,620,858	10,972,193	12,842,744
Deferred Assets	0	12,900	28,073	14,036
Other Assets	1,902,201	1,937,555	2,424,021	2,424,021
TOTAL ASSETS	32,549,049	31,149,659	35,905,512	37,752,238
LIABILITIES				
Current Liabilities	4,842,098	5,468,794	5,235,078	3,730,168
Accounts Payable to suppliers or trade creditors	3,615,032	4,507,184	3,996,872	2,479,535
Accounts Payable - Others	1,184,662	917,104	1,197,679	1,208,815
Current portion of borrowings	42,404	44,506	40,527	41,818
Long Term Liabilities	718,871	767,497	678,344	636,526
Borrowings	718,871	767,497	678,344	636,526
Deferred Liabilities	1,672,397	714,138	1,672,397	672,397
TOTAL LIABILITIES	7,233,366	6,950,429	7,585,819	5,039,091
STOCKHOLDERS' EQUITY				
Paid-in Capital	27,048,871	27,048,871	27,048,871	27,048,871
Retained Earnings	(3,952,185)	(5,074,996)	(948,175)	3,445,279
Other Capital	2,218,997	2,225,355	2,218,997	2,218,997
TOTAL STOCKHOLDERS' EQUITY	25,315,683	24,199,230	28,319,693	32,713,147
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	32,549,049	31,149,659	35,905,512	37,752,238

Table 1.2.d
NATIONAL POWER CORPORATION
COMPARATIVE PROFIT AND LOSS STATEMENT, FY 2014-2016
(In Thousand Pesos)

PARTICULARS	FY 2014 (Unaudited)	FY 2015 (GAA)	FY 2015 (Estimates)	FY 2016 (Projected)
I. REVENUES	11,797,570	11,862,077	14,017,928	16,988,052
Operating Revenues	10,794,813	11,677,001	13,606,605	15,466,535
Other Revenues	1,002,757	185,076	411,323	1,521,517
II. COST OF SALES	4,468,452	6,609,329	6,244,470	6,431,810
III. GROSS PROFIT	7,329,118	5,252,748	7,773,458	10,556,242
IV. OPERATING EXPENSES/OTHER EXPENSES	5,889,191	5,405,731	6,844,526	8,179,691
Personnel Services	691,750	839,758	812,277	941,106
Maintenance and Other Operating Expenses	1,457,217	1,379,327	1,507,082	1,539,898
Interest Expense	14,577	12,155	16,693	9,307
Non-cash Expenses	957,097	561,330	621,670	580,850
Depreciation of fixed assets (operating plants)	306,114	348,352	352,154	337,805
Provision for Doubtful Accounts	621,341	212,771	269,196	243,045
Depreciation of Non- Operating Plants & Others	29,642	207	320	-
Other Expenses	2,768,550	2,613,161	3,886,804	5,108,530
V. NET PROFIT/(LOSS) BEFORE GAIN/(LOSS) ON FOREX FLUCTUATION	1,439,927	(152,983)	928,932	2,376,551
VI. GAIN/(LOSS) ON FOREX FLUCTUATION	96,347		52	0
VII. NET PROFIT/(LOSS) AFTER GAIN (LOSS) ON FOREX FLUCTUATION	1,536,274	(152,983)	928,984	2,376,551
ADD: Subsidies	1,000,000	2,000,000	2,000,000	2,063,341
Subsidies from National Government	1,000,000	2,000,000	2,000,000	2,063,341
VIII. NET PROFIT/(LOSS)	2,536,274	1,847,017	2,928,984	4,439,892
IX. SUBSIDY TREATED AS DEFERRED INCOME	1,000,000	0	0	0
X. NET AMOUNT INCLUSIVE OF DEFERRED INCOME	3,536,274	1,847,017	2,928,984	4,439,892

Table 1.2.e
 NATIONAL POWER CORPORATION
 STAFFING SUMMARY, FY 2014-2016
 (In Thousand Pesos, Except No. of Positions)

POSITIONS	2014 Actual		2015 Estimate/GAA		2016 Proposed	
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
A. Itemized Positions						
Top Three Corporate Positions						
President	1	1,418	1	1,418	1	1,418
Senior Vice President	0	0	1	1,094	1	1,094
Vice President	6	5,708	6	5,652	6	5,652
Management/Executive Group	144	98,627	151	105,047	147	102,363
Technical Group	1,258	418,984	1,415	472,262	1,333	444,011
Technical Support	409	180,401	442	196,509	433	193,849
Administrative/Others	94	24,982	95	18,992	95	18,992
Sub-total	1,912	730,120	2,111	800,975	2,016	767,378
B. Non-Itemized Positions						
Co-Terminus	93	38,099	102	41,719	93	38,086
Contractuals	17	3,065	27	4,977	27	4,977
Casuals	104	24,122	127	32,337	123	31,305
Sub-total	214	65,286	256	79,033	243	74,369
GRAND TOTAL	2,126	795,406	2,367	880,008	2,259	841,748

Table 1.2.f
 NATIONAL POWER CORPORATION
 COMPENSATION OF ITEMIZED POSITIONS, FY 2014 - 2016
 (In Thousand Pesos)

PARTICULARS	FY 2014 (Unaudited)	FY 2015 (GAA)	FY 2015 (Estimates)	FY 2016 (Projected)
GUARANTEED CASH COMPENSATION	<u>861,702</u>	<u>924,964</u>	<u>921,943</u>	<u>886,473</u>
Salaries	730,121	800,975	796,142	767,378
P E R A	31,398	25,332	25,333	24,192
Transportation & Representation Allowance	22,465	21,354	23,568	20,874
13th Month Pay/Bonus	77,718	77,303	76,900	74,029
VARIABLE CASH COMPENSATION	-	-	-	-
Productivity Incentive Pay				
FRINGE BENEFITS	<u>107,317</u>	<u>237,561</u>	<u>234,965</u>	<u>226,916</u>
Night Shift Differential (NSD)	42,989	48,090	47,056	45,153
Overtime	43,262	45,420	44,664	42,275
Medical	9,949			
Special Counsel Allowance	828			1,512
Uniform Allowance	10,289	10,555	10,555	10,080
Performance-Based Bonus		133,496	132,690	127,896
FIXED EXPENDITURES	<u>109,017</u>	<u>108,353</u>	<u>109,415</u>	<u>103,747</u>
Life and Retirement	95,460	96,117	95,537	92,085
Medicare	8,580	7,170	8,812	6,824
State Insurance Premium	2,476	2,533	2,533	2,419
Pag-ibig	2,501	2,533	2,533	2,419
TERMINAL LEAVE & SEPARATION BENEFITS	<u>165,037</u>	<u>246,551</u>	<u>262,326</u>	<u>265,212</u>
PER DIEM OF BOARD MEMBERS		384	384	384
SALARIES & ALLOW. Co-Terminus	<u>38,099</u>	<u>54,394</u>	<u>60,694</u>	<u>55,531</u>
Terminal Leave & Separation Benefits - Co-Terminus		14,672	2,450	5,879
SALARIES & ALLOW. Casual	<u>24,122</u>	<u>45,655</u>	<u>47,703</u>	<u>46,855</u>
Terminal Leave & Separation Benefits - Casual		4,900	1,348	3,667
SALARIES & ALLOW. Contractual	<u>3,065</u>	<u>7,536</u>	<u>7,540</u>	<u>7,536</u>
TOTAL	<u>1,308,359</u>	<u>1,644,970</u>	<u>1,644,970</u>	<u>1,602,200</u>
Operating	1,241,831	1,546,604	1,513,005	1,508,825
Capitalized	48,419	74,275	71,618	73,123
Other Expenses / Expenditures	18,109	24,091	60,347	20,252
	<u>1,308,359</u>	<u>1,644,970</u>	<u>1,644,970</u>	<u>1,602,200</u>

Table 1.2.g
 NATIONAL POWER CORPORATION
 DETAILS OF MAINTENANCE & OTHER OPERATING EXPENSES
 (In Thousand Pesos)

PARTICULARS	FY 2014 (Unaudited)	FY 2015 (GAA)	FY 2015 (Estimates)	FY 2016 (Projected)
Travelling Expenses & Per Diems	39,264	50,258	50,258	73,216
Communication Expenses(Postal,Cable, Tel)	10,535	25,689	21,940	22,598
Repair & Maint of Govt. Facilities	391,733	462,788	431,832	444,787
Repair & Maint. of Govt Vehicles & Other Equip.	22,196	37,861	38,418	39,571
Transportation Services (Freight & Handling)	2,761	868	4,660	5,605
Supplies and Materials	23,301	26,097	29,260	30,138
Rents	470,421	292,486	451,716	454,880
Interests (Debt Service - Interest)	14,626	12,155	16,693	9,307
Grants, Subsidies & Contributions	4,384	6,736	6,336	6,359
Award & Indemnities(Injuries & Damages)	20	500	500	1,000
Loan Repayments/D Serv-Principal ^{a/}	45,395	44,506	40,527	41,818
Losses/Depreciation/Depletion/Amort. Of Cap. Recov. ^{b/}	306,114	348,352	352,474	337,805
Water, Illumination and power service	23,427	23,875	24,297	25,026
Auditing Services (Cost of Audit)	37,190	25,237	19,132	15,134
Training & Seminar Exp.(Human Resource Devt)	5,169	11,511	14,896	12,120
Extraordinary and Other Miscellaneous Exp	487	944	944	1,003
Taxes, Duties & Fees	6,342	29,475	14,268	14,366
Trading /Production (Fuel & Purchased Power Cost)	4,468,452	6,609,329	6,244,476	6,431,810
Gasoline Oil, and Lubricants	14,102	9,008	12,933	13,321
Fidelity Bonds & Insurance Premium (Insurance)	42,570	67,837	69,696	81,593
Loss on Foreign Exchange	0			0
Representation & Entertainment Exp.	0			880
Cultural Expenses	619	453	451	451
Honorary Grant	3,014	2,678	2,886	2,902
Incentive Award	150,862			0
Miscellaneous Expenses	853	3,105	908	935
Contingencies	318			0
Other Services	207,649	301,921	311,751	294,013
Others (Input Vat, Finance Charges, Other Expenses)	3,807,046	4,264,260	5,528,483	7,408,631
Total MOOE	10,098,850	12,657,929	13,689,735	15,769,269

a/ This account is not considered as an expense item in Profit and Loss Statement.

b/ This is a non-cash expense account, therefore not included in Statement of Sources and Uses of Funds, by Expenses Class.

Table 1.2h
 NATIONAL POWER CORPORATION
 DETAILS OF CAPITAL OUTLAYS, FY 2014-2016
 (In Thousand Pesos)

PARTICULARS	2014 Unaudited	2015 GAA	2015 Estimates	2016 Projected
Land and Land Improvements Outlay	192,736	12,500	53,362	47,884
Buildings & Structures Outlay	259,152	2,230,539	2,282,859	544,597
Office Equipment, Furnitures and Fixtures	2,936	12,506	29,828	16,481
Machineries & Equipment Outlay	286,030	1,085,260	1,005,810	3,042,805
Transportation Equipment	0	6,415	9,482	37,252
TOTAL	740,854	3,347,220	3,381,341	3,689,019

Table 1.2.i
 NATIONAL POWER CORPORATION
 COMPARATIVE CASH FLOW STATEMENT, FY 2014-2016
 (In Thousand Pesos)

PARTICULARS	FY 2014 (Unaudited)	FY 2015 (GAA)	FY 2015 (Estimates)	FY 2016 (Projected)
Cash flows from operating activities				
Cash generated from operations	10,872,498	13,807,914	10,992,889	16,457,009
Receipt of government subsidy	1,062,803	2,000,000	2,691,557	2,063,341
Payment for salaries	(340,709)	(839,758)	(812,277)	(941,106)
Payment to suppliers	(4,839,065)	(6,424,990)	(6,672,009)	(6,416,198)
Payment of taxes	(1,822)	(6,408)	(13,079)	(2,068)
Other inflows/outflows	(5,219,752)	(5,849,351)	(6,561,304)	(9,116,787)
Net Cash flow from operating activities	1,533,953	2,687,407	(374,223)	2,044,191
Cash flows from investing activities				
Purchase of property, plant and equipment	(237,909)	(2,266,481)	(2,606,000)	(3,689,019)
Other inflows/outflows	35,656	(241,511)	(241,372)	(894,955)
Net cash flow from investing activities	(202,253)	(2,507,992)	(2,847,372)	(4,583,974)
Cash Flows from financing activities				
Repayment of loan	(45,395)	(44,506)	(40,527)	(41,818)
Interest payment	(14,626)	(12,155)	(16,693)	(9,307)
Dividend Payment to the Bureau of Treasury	(100,000)			
Other inflows/outflows	591	(32,526)		
Net cash flow from financing activities	(159,430)	(89,187)	(57,220)	(51,125)
Net increase/(decrease) in cash and cash equivalents	1,172,270	90,228	(3,278,815)	(2,590,908)
Cash and cash equivalents, beginning of the year	5,515,344	1,108,443	6,687,614	3,408,799
Cash and cash equivalents, end of year	6,687,614	1,198,671	3,408,799	817,891

Table 1.2.j
 NATIONAL POWER CORPORATION
 SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2014
 (In Thousand Pesos)

PROGRAM/ACTIVITY/PROJECT	NG SUBSIDY			CORPORATE FUNDS			GRAND TOTAL			
	PS	MOOE	CO	PS	MOOE	CO	PS	MOOE	CO	
1. General Administration and Support	-	-	-	249,683	205,988	16,975	472,646	205,988	16,975	472,646
a. Head Office Support Group	-	-	-	154,968	166,310	15,683	336,961	166,310	15,683	336,961
b. Eng'g. Admin./Survey/ Development Studies Planning	-	-	-	94,715	39,678	1,292	135,685	39,678	1,292	135,685
2. Support to Operations	-	-	-	947	11,181	-	12,128	11,181	-	12,128
a. Other Expenses	-	-	-	947	11,181	-	12,128	11,181	-	12,128
3. Operations	-	343,763	719,040	476,752	5,375,918	4,839	5,857,509	5,719,681	723,879	6,920,312
a. Small Power Utilities Group	-	343,763	719,040	442,204	817,197	-	1,259,401	1,160,960	-	1,603,164
b. Spares	-	-	-	34,548	4,468,452	4,839	4,468,452	4,468,452	-	719,040
c. Production of Goods	-	-	-	-	90,269	-	90,269	90,269	-	4,468,452
d. Watershed Management	-	-	-	-	-	-	-	-	4,839	129,656
4. Debt Servicing	-	-	-	-	60,021	-	60,021	60,021	-	60,021
5. Other Expenditures	-	-	-	7,116	3,795,865	-	3,802,981	3,795,865	-	3,802,981
a. Input VAT	-	-	-	-	1,018,260	-	1,018,260	1,018,260	-	1,018,260
b. BNPP Preservation Expenses	-	-	-	7,116	21,183	-	28,299	21,183	-	28,299
c. NPP Subsidy	-	-	-	-	2,756,422	-	2,756,422	2,756,422	-	2,756,422
6. Personnel Services - as operator of PSALM's Assets	-	-	-	573,861	-	-	573,861	573,861	-	573,861
TOTAL	-	343,763	719,040	1,308,359	9,448,973	21,814	10,779,146	9,792,736	740,854	11,841,949

Table 1.2k
 NATIONAL POWER CORPORATION
 SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2015
 (In Thousand Pesos)

PROGRAM/ACTIVITY/PROJECT	NG SUBSIDY			CORPORATE FUNDS			GRAND TOTAL					
	PS	MCOE	CO	TOTAL	PS	MCOE	CO	TOTAL	PS	MCOE	CO	TOTAL
1. General Administration and Support	-	-	-	-	315,648	394,889	150,822	861,359	315,648	394,889	150,822	861,359
a. Head Office Support Group	-	-	-	-	192,729	363,110	60,534	616,373	192,729	363,110	60,534	616,373
b. Eng'g. Admin./Survey/Development Studies Planning	-	-	-	-	122,919	31,779	90,288	244,986	122,919	31,779	90,288	244,986
2. Support to Operations	-	-	-	-	30,104	23,605	-	53,709	30,104	23,605	-	53,709
a. Other Expenses	-	-	-	-	30,104	23,605	-	53,709	30,104	23,605	-	53,709
3. Operations	-	-	-	-	556,558	7,356,668	1,263,045	9,176,271	556,558	7,356,668	3,230,519	11,143,745
a. Small Power Utilities Group	-	-	-	1,967,474	1,967,474	932,950	326,878	1,771,272	511,444	932,950	2,294,352	3,738,746
b. Spares	-	-	-	-	511,444	6,244,470	906,448	6,244,470	-	-	906,448	906,448
c. Production of Goods	-	-	-	-	45,114	179,248	29,719	254,081	-	6,244,470	-	6,244,470
d. Watershed Management	-	-	-	-	-	-	-	-	45,114	179,248	29,719	254,081
4. Debt Servicing	-	-	-	-	-	57,220	-	57,220	-	57,220	-	57,220
5. Other Expenditures	11,746	20,780	-	32,526	-	5,484,098	-	5,484,098	11,746	5,504,878	-	5,516,624
Input VAT	-	-	-	-	-	1,683,501	-	1,683,501	-	1,683,501	-	1,683,501
BNPP Preservation Expenses	11,746	20,780	-	32,526	-	3,800,597	-	3,800,597	11,746	20,780	-	32,526
Power Subsidy/NPP Subsidy	-	-	-	-	-	-	-	-	-	3,800,597	-	3,800,597
6. Personnel Services- as Operator of PSALM's Assets	-	-	-	-	730,914	-	-	730,914	730,914	-	-	730,914
TOTAL	11,746	20,780	1,967,474	2,000,000	1,633,224	13,316,481	1,413,867	16,363,572	1,644,970	13,337,261	3,381,341	18,363,572

Table 1.2.1
 NATIONAL POWER CORPORATION
 SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2016
 (In Thousand Pesos)

PROGRAM/ACTIVITY/PROJECT	PS			NG SUBSIDY			CORPORATE FUNDS			GRAND TOTAL		
	PS	MODE	CO	TOTAL	PS	MODE	CO	TOTAL	PS	MODE	CO	TOTAL
1. General Administration and Support	-	-	-	-	337,547	293,458	300,102	931,107	337,547	293,458	300,102	931,107
a. Head Office Support Group	-	-	-	-	211,517	252,139	104,916	568,572	211,517	252,139	104,916	568,572
b. Eng'g. Admin./Survey/ Development Studies Planning	-	-	-	-	126,030	41,319	195,186	362,535	126,030	41,319	195,186	362,535
2. Support to Operations	-	-	-	-	-	1,193,915	-	1,193,915	-	1,193,915	-	1,193,915
a. Other Expenses	-	-	-	-	-	1,193,915	-	1,193,915	-	1,193,915	-	1,193,915
3. Operations	-	-	2,016,903	2,016,903	662,622	7,678,250	1,372,014	9,712,885	662,622	7,678,250	3,388,917	11,729,788
a. Small Power Utilities Group	-	-	2,016,903	2,016,903	614,946	1,067,842	1,339,964	3,022,751	614,946	1,067,842	3,356,867	5,039,654
b. Spares	-	-	-	-	-	6,431,810	-	6,431,810	-	6,431,810	-	6,431,810
c. Production of Goods	-	-	-	-	47,676	178,598	32,050	258,324	47,676	178,598	32,050	258,324
d. Watershed Management	-	-	-	-	-	-	-	-	-	-	-	-
4. Debt Servicing	-	-	-	-	-	51,125	-	51,125	-	51,125	-	51,125
5. Other Expenditures	11,955	34,483	-	46,438	-	6,180,233	-	6,180,233	11,955	6,214,716	-	6,226,671
a. Input VAT	11,955	34,483	-	46,438	-	2,265,618	-	2,265,618	-	2,265,618	-	2,265,618
b. BNPP Preservation	-	-	-	-	-	3,914,615	-	3,914,615	11,955	34,483	-	46,438
c. NPP Subsidy	-	-	-	-	-	-	-	-	-	-	-	-
6. Personnel Services - as Operator of PSALM's Assets	-	-	-	-	590,077	-	-	590,077	590,077	-	-	590,077
Terminal Leave/Separation Benefits	-	-	-	-	453,910	-	-	453,910	453,910	-	-	453,910
TOTAL	11,955	34,483	2,016,903	2,063,341	1,590,245	15,386,981	1,672,116	18,659,342	1,602,200	15,431,464	3,689,019	20,722,683

Table 1.2.m

NATIONAL POWER CORPORATION**SPECIAL PROVISIONS, FY 2016**

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:

- (a) Realigned funds shall not be used for the acquisition of motor vehicles and payment of travelling, representation, discretionary, or extraordinary and miscellaneous expenses;
- (b) 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
- (c) 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 the 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 Personnel Service allocation be augmented beyond the total amount approved in this Act.

6. Payment of Separation Benefits. An amount not exceeding Two Hundred Seventy Four Million Seven Hundred Fifty Eight Thousand Pesos (P274,758,000) 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 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.