

NATIONAL POWER CORPORATION

Table 1.2.a
NATIONAL POWER CORPORATION
CORPORATE OBJECTIVES AND PRIORITIES FOR FY 2017

I. CORPORATE OBJECTIVES

- To perform the missionary electrification function through the Small Power Utilities Group (SPUG) and 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 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; and
- 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 2015-2017
 SMALL POWER UTILITIES GROUP (SPUG) SALES & GENERATION

	UNAUDITED	REVISED	PROJECTED	RATE	
				% Inc (Dec)	
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2016/2015</u>	<u>2017/2016</u>
1. ENERGY SALES, GWH	393.65	527.28	552.75	33.95	4.83

	GIGAWATT HOUR			PERCENT MIX		
	UNAUDITED	REVISED	PROJECTED	UNAUDITED	REVISED	PROJECTED
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
2. ENERGY GENERATION, GWH	406	557	599	100%	100%	100%
HYDRO	5	6	7	1%	1%	1%
OIL BASED	401	551	592	99%	99%	99%

Table 1.2.c
 NATIONAL POWER CORPORATION
 COMPARATIVE BALANCE SHEET, FY 2015-2017
 (In Thousand Pesos)

PARTICULARS	FY 2015 (Unaudited)	FY 2016 (GAA)	FY 2016 (Estimates)	FY 2017 (Projected)
ASSETS				
Current Assets	26,783,109	22,403,196	21,630,289	20,505,225
Cash	915,763	684,969	972,671	-
Investments in Securities	9,334,415		6,052,321	5,431,784
Accounts Receivables	14,909,020	20,000,710	12,706,397	12,897,597
Inventories	1,479,359	1,011,842	1,479,359	1,479,359
Cash Advances to Various Parties	96,384	648,694	371,225	648,317
Other Current Assets	48,168	56,981	48,316	48,168
Fixed Assets	11,043,320	12,842,744	13,232,241	18,101,292
Deferred Assets	32,899	14,036	1,774	1,774
Other Assets	2,675,096	2,424,021	3,795,404	3,795,404
TOTAL ASSETS	40,534,424	37,683,997	38,659,708	42,403,695
LIABILITIES				
Current Liabilities	5,793,795	3,794,850	2,587,983	2,440,169
Accounts Payable to suppliers or trade creditors	4,035,545	2,544,217	1,176,872	1,004,855
Accounts Payable - Others	1,717,873	1,208,815	1,369,293	1,388,383
Current portion of borrowings	40,377	41,818	41,818	46,931
Long Term Liabilities	644,126	636,526	602,308	555,377
Borrowings	644,126	636,526	602,308	555,377
Deferred Liabilities	2,242,800	672,397	2,293,423	2,293,423
TOTAL LIABILITIES	8,680,721	5,103,773	5,483,714	5,288,969
STOCKHOLDERS' EQUITY				
Paid-in Capital	27,048,871	27,048,871	27,048,871	27,048,871
Retained Earnings	2,598,244	3,312,356	3,920,534	7,859,266
Other Capital	2,206,588	2,218,997	2,206,589	2,206,589
TOTAL STOCKHOLDERS' EQUITY	31,853,703	32,580,224	33,175,994	37,114,726
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	40,534,424	37,683,997	38,659,708	42,403,695

Table 1.2.d
NATIONAL POWER CORPORATION
COMPARATIVE PROFIT AND LOSS STATEMENT, FY 2015-2017
(In Thousand Pesos)

PARTICULARS	FY 2015 (Unaudited)	FY 2016 (GAA)	FY 2016 (Estimates)	FY 2017 (Projected)
I. REVENUES	13,598,664	16,390,560	15,014,992	16,735,867
Operating Revenues	11,755,105	15,466,535	14,075,432	15,790,312
Other Revenues	1,843,559	924,025	939,560	945,555
II. COST OF SALES	3,041,974	6,431,810	4,868,949	4,602,506
III. GROSS PROFIT	10,556,690	9,958,750	10,146,043	12,133,361
IV. OPERATING EXPENSES/OTHER EXPENSES	6,281,235	7,591,165	8,638,682	8,299,317
Personnel Services	734,583	948,423	1,291,880	1,235,298
Maintenance and Other Operating Expenses	1,628,890	1,539,898	1,994,455	1,890,001
Interest Expense	10,787	9,307	9,307	6,969
Non-cash Expenses	1,014,611	580,850	1,285,472	1,129,250
Depreciation of fixed assets (operating plants)	331,495	337,805	422,304	489,214
Provision for Doubtful Accounts	626,578	243,045	862,848	639,716
Depreciation of Non- Operating Plants & Others	56,538	0	320	320
Other Expenses	2,892,364	4,512,687	4,057,568	4,037,799
V. NET PROFIT/(LOSS) BEFORE GAIN/(LOSS) ON FOREX FLUCTUATION	4,275,455	2,367,585	1,507,362	3,834,044
VI. GAIN/(LOSS) ON FOREX FLUCTUATION	53,018	0	0	0
VII. NET PROFIT/(LOSS) AFTER GAIN (LOSS) ON FOREX FLUCTUATION	4,328,473	2,367,585	1,507,362	3,834,044
ADD: Subsidies	2,000,000	2,063,341	2,063,341	2,798,245
Subsidies from National Government	2,000,000	2,063,341	2,063,341	2,798,245
VIII. NET PROFIT/(LOSS) BEFORE INCOME TAX	6,328,473	4,430,926	3,570,703	6,632,289
LESS: Income Tax	1,425,114	0	698,214	857,949
IX. NET PROFIT/(LOSS)	4,903,359	4,430,926	2,872,488	5,774,340
X. SUBSIDY TREATED AS DEFERRED INCOME	1,000,000	0	0	0
XI. NET AMOUNT INCLUSIVE OF DEFERRED INCOME	5,903,359	4,430,926	2,872,488	5,774,340

Table 1.2.e
NATIONAL POWER CORPORATION
STAFFING SUMMARY, FY 2015-2017
(In Thousand Pesos, Except No. of Positions)

POSITIONS	2015 Actual		2016 Estimate/GAA		2017 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	1	847	1	1,094	0	0
Vice President	5	4,160	6	5,652	6	5,652
Management/Executive Group	136	90,378	144	99,833	139	96,723
Technical Group	1,243	382,848	1,329	437,212	1,231	413,607
Technical Support	411	175,859	428	191,263	419	187,726
Administrative/Others	90	18,040	95	18,992	91	18,204
Sub-total	1,887	673,550	2,004	755,464	1,887	723,330
B. Non-Itemized Positions						
Co-Terminous	90	36,375	88	36,790	81	33,529
Contractuals	24	3,590	27	4,978	27	4,977
Casuals	116	25,216	123	31,305	123	31,306
Sub-total	230	65,181	238	73,073	231	69,812
GRAND TOTAL	2,117	738,731	2,242	828,537	2,118	793,142

Table 1.2.f
 NATIONAL POWER CORPORATION
 COMPENSATION OF ITEMIZED POSITIONS, FY 2015 - 2017
 (In Thousand Pesos)

PARTICULARS	FY 2015 (Unaudited)	FY 2016 (GAA)	FY 2016 (Estimates)	FY 2017 (Projected)
GUARANTEED CASH COMP.	790,810	872,980	875,189	895,699
Salaries	673,550	755,464	756,016	723,330
P E R A	23,553	23,868	23,880	22,644
Transp. & Rep. Allowance	21,650	20,748	22,500	19,734
Mid-Year Bonus				60,278
Year-End Bonus / Cash Gift	72,057	72,900	72,793	69,713
VARIABLE CASH COMPENSATION	94,166	-	-	-
Productivity Incentive Pay	94,166			
FRINGE BENEFITS	91,794	224,362	220,015	225,848
Night Shift Differential (NSD)	36,571	44,599	42,170	45,153
Overtime	34,418	41,751	38,814	42,274
Medical	9,898			
Special Counsel Allowance	988	1,008	2,184	2,184
Uniform Allowance	9,919	10,020	10,025	9,435
Performance-Based Bonus		126,984	126,822	126,802
FIXED EXPENDITURES	101,679	102,706	103,845	97,945
Life and Retirement	88,910	90,656	90,722	86,800
Medicare	8,037	7,276	8,347	6,395
State Insurance Premium	2,359	2,387	2,388	2,375
Pag-ibig	2,373	2,387	2,388	2,375
TERMINAL LEAVE & SEPARATION BENEFITS	139,614	169,746	170,897	88,879
PER DIEM OF BOARD MEMBERS	635	384	384	384
COMPENSATION ADJUSTMENT			600,000	580,688
SALARIES & ALLOW. Co-Terminous	36,375	53,659	53,649	52,174
Terminal Leave & Separation Benefits - Co-Terminous		4,537	4,116	6,587
Compensation Adjustment - Co-Terminous				32,270
SALARIES & ALLOW. Casual	25,216	46,563	47,568	49,156
Terminal Leave & Separation Benefits - Casual		1,567	837	1,560
Compensation Adjustment - Casual				10,988
SALARIES & ALLOW. Contractual	3,590	7,536	7,540	7,946
Compensation Adjustment - Contractual				1,867
TOTAL	1,283,879	1,484,040	2,084,040	2,051,991
Operating	1,215,391	1,398,349	1,943,083	1,955,058
Capitalized	49,664	66,064	57,290	80,970
Other Expenses / Expenditures	18,824	19,627	83,667	15,963
	1,283,879	1,484,040	2,084,040	2,051,991

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

PARTICULARS	FY 2015 (Unaudited)	FY 2016 (GAA)	FY 2016 (Estimates)	FY 2017 (Projected)
Travelling Expenses	49,663	73,216	73,216	92,360
Communication Expenses(Postal,Cable, Tel)	12,266	22,598	18,626	12,634
Repair & Maint of Govt. Facilities	474,523	444,787	595,098	595,098
Repair & Maint. of Govt Vehicles & Other Equip.	14,794	39,571	37,319	22,862
Transportation Services (Freight & Handling)	7,299	5,605	8,940	9,208
Supplies and Materials	17,607	30,138	29,294	23,301
Rents	577,241	454,880	688,262	595,969
Interests (Debt Service - Interest)	10,787	9,307	9,307	6,969
Grants, Subsidies & Contributions	4,268	6,359	6,822	6,592
Award & Indemnities(Injuries & Damages)	0	1,000	1,500	1,524
Loan Repayments/Debt Service-Principal ^{a/}	40,475	41,818	41,818	46,931
Losses/Depreciation/Depletion/Amort. Of Cap. Recov. ^{b/}	331,495	337,805	422,304	489,214
Water, Illumination and Power Service	27,421	25,026	25,191	28,244
Auditing Services	20,943	15,134	15,134	15,422
Training & Seminar Expenses (Human Resource Devt)	7,684	12,120	11,179	11,514
Extraordinary and Other Miscellaneous Expenses	666	1,003	1,003	1,003
Taxes, Duties & Fees	5,519	14,366	16,948	18,058
Trading /Production (Fuel & Purchased Power Cost)	3,041,974	6,431,810	4,868,948	4,602,506
Gasoline Oil, and Lubricants	10,367	13,321	16,571	17,068
Fidelity Bonds & Insurance Premium (Insurance)	48,569	81,593	75,085	69,500
Representation & Entertainment Expenses	0	880	830	855
Cultural Expenses	779	451	847	802
Honorary Grant	2,754	2,902	3,841	3,956
Incentive Award	102,401	0	0	0
Miscellaneous Expenses	1,483	935	2,877	1,527
Directors and Officers Liability Insurance (DOLI)	0	0	5,050	5,565
Contingencies	640	0	0	0
Other Services	242,001	294,013	360,822	356,939
Others (Input Vat, Finance Charges, Other Expenses)	5,353,913	6,704,533	6,633,822	7,601,699
Total MOOE	10,407,532	15,065,171	13,970,654	14,637,320

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 1.2.h
 NATIONAL POWER CORPORATION
 DETAILS OF CAPITAL OUTLAYS, FY 2015-2017
 (In Thousand Pesos)

PARTICULARS	2015 Unaudited	2016 GAA	2016 Estimates	2017 Projected
Land and Land Improvement Outlay	11,603	47,884	42,779	139,364
Buildings & Structures Outlay	770,317	544,597	961,435	2,649,195
Office Equipment, Furnitures and Fixtures	56,799	16,481	33,350	29,924
Machineries & Equipment Outlay	1,172,921	3,042,805	2,615,243	1,847,286
Transportation Equipment		37,252	36,212	122,312
TOTAL	2,011,640	3,689,019	3,689,019	4,788,081

Table 1.2.i
 NATIONAL POWER CORPORATION
 COMPARATIVE CASH FLOW STATEMENT, FY 2015-2017
 (In Thousand Pesos)

PARTICULARS	FY 2015 (Unaudited)	FY 2016 (GAA)	FY 2016 (Estimates)	FY 2017 (Projected)
Cash flows from operating activities				
Cash generated from operations	13,169,175	15,688,227	16,569,271	15,904,950
Receipt of government subsidy	615,043	2,063,341	2,063,000	2,798,245
Payment for salaries	(340,771)	(948,423)	(1,291,880)	(1,235,298)
Payment to suppliers	(3,481,844)	(6,416,198)	(5,276,075)	(4,624,710)
Payment of taxes	(903)	(2,068)	(714,634)	(862,130)
Other inflows/outflows	(5,894,389)	(8,473,610)	(10,522,623)	(8,449,650)
Net cash flow from operating activities	4,066,311	1,911,269	827,059	3,531,407
Cash flows from investing activities				
Purchase of property, plant and equipment	(365,390)	(3,689,019)	(3,701,120)	(4,770,715)
Other inflows/outflows	61,874	(894,955)	-	-
Net cash flow from investing activities	(303,516)	(4,583,974)	(3,701,120)	(4,770,715)
Cash Flows from financing activities				
Repayment of loan	(40,475)	(41,818)	(41,818)	(46,931)
Interest payment	(10,902)	(9,307)	(9,307)	(6,969)
Dividend Payment of Bureau of Treasury	(150,000)	-	(300,000)	(300,000)
Other inflows/outflows	421	-	-	-
Net cash flow from financing activities	(200,956)	(51,125)	(351,125)	(353,900)
Effect of Exchange Rate	725	-	-	-
Net increase/(decrease) in cash and cash equivalents	3,562,564	(2,723,830)	(3,225,186)	(1,593,208)
Cash and cash equivalents, beginning of the year	6,687,614	3,408,799	10,250,178	7,024,992
Cash and cash equivalents, end of year	10,250,178	684,969	7,024,992	5,431,784

Table 1.2.j
 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	MODE	CO	TOTAL	PS	MODE	CO	TOTAL	PS	MODE	CO	TOTAL
1. General Administration and Support	-	-	-	-	292,714	192,978	768,085	1,253,777	292,714	192,978	768,085	1,253,777
a. Head Office Support Group	-	-	-	-	181,515	162,490	-	344,005	181,515	162,490	-	344,005
b. Eng'g. Admin./Survey/Development Studies Planning	-	-	-	-	111,199	30,488	768,085	909,772	111,199	30,488	768,085	909,772
2. Support to Operations	-	-	-	-	77	816,518	-	816,595	77	816,518	-	816,595
a. Other Expenses	-	-	-	-	77	816,518	-	816,595	77	816,518	-	816,595
3. Operations	-	572,857	9,660	582,517	484,080	3,905,027	1,233,895	5,623,002	484,080	4,477,884	1,243,555	6,205,519
a. Small Power Utilities Group	-	572,857	9,660	572,857	446,865	733,323	1,227,570	2,407,758	446,865	1,306,180	1,227,570	2,980,615
b. Spares	-	-	-	9,660	-	-	-	-	-	-	9,660	9,660
c. Production of Goods	-	-	-	-	37,215	3,041,974	6,325	3,041,974	37,215	3,041,974	6,325	3,041,974
d. Watershed Management	-	-	-	-	-	129,730	-	129,730	-	129,730	-	129,730
4. Debt Servicing	-	-	-	-	-	51,262	-	51,262	-	51,262	-	51,262
5. Other Expenditures	9,378	20,640	-	30,018	-	4,516,755	-	4,516,755	9,378	4,537,395	-	4,546,773
a. Input VAT	-	-	-	-	-	926,421	-	926,421	-	926,421	-	926,421
b. BNPP Preservation Expenses	9,378	20,640	-	30,018	-	-	-	-	9,378	20,640	-	30,018
c. NPP Subsidy	-	-	-	-	-	2,015,220	-	2,015,220	-	2,015,220	-	2,015,220
d. Income Tax	-	-	-	-	-	1,425,114	-	1,425,114	-	1,425,114	-	1,425,114
e. Dividends Paid	-	-	-	-	-	150,000	-	150,000	-	150,000	-	150,000
6. Personal Services - as operator of PSALM's Assets	-	-	-	-	497,630	-	-	497,630	497,630	-	-	497,630
TOTAL	9,378	593,497	9,660	612,535	1,274,501	9,482,540	2,001,980	12,759,021	1,283,879	10,076,037	2,011,640	13,371,556

Table 1.2.k
 NATIONAL POWER CORPORATION
 SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2016
 (In Thousand Pesos)

PROGRAM/ACTIVITY/PROJECT	ING SUBSIDY			CORPORATE FUNDS			GRAND TOTAL			
	PS	MOOE	CO	PS	MOOE	CO	PS	MOOE	CO	TOTAL
1. General Administration and Support	-	-	-	761,242	341,854	421,957	1,525,053	341,854	421,957	1,525,053
a. Head Office Support Group	-	-	-	615,513	297,576	214,192	1,127,281	297,576	214,192	1,127,281
b. Eng'g. Admin./Survey/ Development Studies Planning	-	-	-	145,729	44,278	207,765	397,772	44,278	207,765	397,772
2. Support to Operations	-	-	-	-	1,563,178	-	1,563,178	1,563,178	-	1,563,178
a. Other Expenses	-	-	-	-	1,563,178	-	1,563,178	1,563,178	-	1,563,178
3. Operations	-	-	2,016,903	659,880	6,521,550	1,250,159	8,431,589	6,521,550	3,267,062	10,448,492
a. Small Power Utilities Group	-	2,016,903	2,016,903	611,103	1,387,137	495,661	2,493,901	1,387,137	2,512,564	4,510,804
b. Spares	-	-	-	-	-	706,586	706,586	-	706,586	706,586
c. Production of Goods	-	-	-	48,777	4,868,948	47,912	4,868,948	4,868,948	47,912	4,868,948
d. Watershed Management	-	-	-	-	265,465	-	265,465	265,465	-	265,465
4. Debt Servicing	-	-	-	-	51,125	-	51,125	51,125	-	51,125
5. Other Expenditures	11,955	34,483	-	-	5,036,160	-	5,036,160	5,070,643	-	5,082,598
a. Input VAT	-	-	-	-	1,707,863	-	1,707,863	1,707,863	-	1,707,863
b. BNPP Preservation	11,955	34,483	-	-	-	-	11,955	34,483	-	46,438
c. NPP Subsidy	-	-	-	-	3,328,297	-	3,328,297	3,328,297	-	3,328,297
6. Personal Services - as Operator of PSALM's Assets	-	-	-	650,963	-	-	650,963	650,963	-	650,963
TOTAL	11,955	34,483	2,016,903	2,072,085	13,513,867	1,672,116	17,258,068	13,548,350	3,689,019	19,321,409

Table 1.2.1
 NATIONAL POWER CORPORATION
 SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2017
 (In Thousand Pesos)

PROGRAM/ACTIVITY/PROJECT	NG SUBSIDY			CORPORATE FUNDS			GRAND TOTAL					
	PS	MOOE	CO	TOTAL	PS	MOOE	CO	TOTAL	TOTAL			
1. General Administration and Supl	-	-	-	-	467,168	292,406	723,916	1,483,490	467,168	292,406	723,916	1,483,490
a. Head Office Support Group	-	-	-	-	293,430	249,762	126,428	669,620	293,430	249,762	126,428	669,620
b. Eng'g. Admin./Survey/ Development Studies Planning	-	-	-	-	173,738	42,644	597,488	813,870	173,738	42,644	597,488	813,870
2. Support to Operations	-	-	-	-	-	1,716,137	-	1,716,137	-	1,716,137	-	1,716,137
a. Other Expenses	-	-	-	-	-	1,716,137	-	1,716,137	-	1,716,137	-	1,716,137
3. Operations	-	-	2,798,245	2,798,245	849,159	6,200,081	1,265,920	8,315,160	849,159	6,200,081	4,064,165	11,113,405
a. Small Power Utilities Group	-	-	2,798,245	2,798,245	788,237	1,363,794	718,053	2,870,084	788,237	1,363,794	3,516,298	5,668,329
b. Spares	-	-	-	-	-	4,602,506	511,808	5,114,314	-	0	511,808	5,114,314
c. Production of Goods	-	-	-	-	60,922	233,781	36,059	330,762	60,922	233,781	36,059	330,762
d. Watershed Management	-	-	-	-	-	-	-	-	-	-	-	-
4. Debt Servicing	-	-	-	-	-	53,900	-	53,900	-	53,900	-	53,900
5. Other Expenditures	-	-	-	-	15,904	5,885,582	-	5,901,486	15,904	5,885,582	-	5,901,486
a. Input VAT	-	-	-	-	-	2,421,915	-	2,421,915	-	2,421,915	-	2,421,915
b. BNPP Preservation	-	-	-	-	15,904	35,521	-	51,425	15,904	35,521	-	51,425
c. NPP Subsidy	-	-	-	-	-	3,428,146	-	3,428,146	-	3,428,146	-	3,428,146
6. Personal Services - as Operator of PSALM's Assets Terminal Leave/Separation Benefits	-	-	-	-	719,760	-	-	719,760	719,760	-	-	719,760
	-	-	-	-	674,661	-	-	674,661	674,661	-	-	674,661
	-	-	-	-	45,099	-	-	45,099	45,099	-	-	45,099
TOTAL	-	-	2,798,245	2,798,245	2,051,991	14,148,106	1,989,836	18,189,933	2,051,991	14,148,106	4,788,081	20,988,178

NATIONAL POWER CORPORATION

SPECIAL PROVISIONS, FY 2017

1. Approval of the FY 2017 Corporate Operating Budget of the National Power Corporation under R.A. No. 7638. The FY 2017 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 Corporate Budget Circular No. 17 dated February 9, 1996, N.B.C. No. 446 dated November 24, 1995, as amended by N.B.C. 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, E.O. No. 203, s. 2016, Corporate Compensation Circular No. 10 dated February 15, 1999, and Memorandum Order No. 20, s. 2001.

In addition, the amount of Six Hundred Twenty Five Million Eight Hundred Thirteen Thousand Pesos (P625,813,000) shall be used exclusively for the implementation of the Compensation and Position Classification System and other salary adjustment as may be approved by the President.

4. Payment of Terminal Leave, Separation and/or Retirement Benefits. Payment of terminal leave, separation and/or retirement benefits shall be computed in accordance with the rates, conditions and procedure prescribed under applicable laws and guidelines issued thereon.

The amounts of Eighty One Million Eight Hundred Eighty Thousand Pesos (P81,880,000) and Fifteen Million One Hundred Forty Six Thousand Pesos (P15,146,000) shall be used exclusively for the payment of terminal leave and separation benefits, respectively, to the affected NPC personnel based on the list submitted by the NPC to the DBM. In no case shall said amount be used to pay affected personnel who are eligible to receive separation and/or retirement benefits under applicable laws.

5. 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; and

(b) 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 Speaker of the House of Representatives, and the President of the Senate of the Philippines, 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.

6. 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 fund 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.

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 suppliers, contractors or consultant; (v) major programs and projects categorized in accordance with the five key result 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 project; (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.