

Table 1.1.a

**NATIONAL ELECTRIFICATION ADMINISTRATION
CORPORATE OBJECTIVES AND PRIORITIES FOR FY 2018****I. CORPORATE OBJECTIVES**

1. Intensify implementation of total electrification on an area coverage basis for emerging additional sitios, construction of distribution lines under the Zamboanga City Roadmap to Recovery and Reconstruction (Z3R) and ensure immediate power restoration after natural/man-made disasters and calamities.

II. CORPORATE PRIORITIES

1. To provide financial, institutional, technical assistances to electric cooperatives (ECs);
2. Energization of emerging one thousand eight hundred seventeen (1,817) additional sitios and construction of distribution lines in Barangays Kasanyangan and Rio Hondo, Zamboanga City; and
3. To provide assistance to electric cooperatives (ECs) for the restoration/rehabilitation of distribution line damaged by natural/man-made disasters and calamities.

III. MAJOR PROGRAMS AND PROJECTS

1. Complete the National Rural Electrification Program;
2. Carry out Rural Development program through Rural Electrification Program;
3. Intensify implementation of Household Electrification; and
4. Mitigate calamity-related damage to the EC distribution system and facilities, and to facilitate rehabilitation/restoration of identified assets.

Table 1.1.b
NATIONAL ELECTRIFICATION ADMINISTRATION
COMPARATIVE BALANCE SHEET, FY 2016 - 2018
(In Thousand Pesos)

PARTICULARS	2016 AUDITED	2017 ESTIMATE	2018 PROPOSED
ASSETS			
Current Assets	17,387,391	10,690,648	9,975,915
Cash and Cash Equivalents	8,190,883	6,692,737	6,629,589
Loans Receivable, Matured Portion (Net)	2,248,190	2,748,130	2,748,636
Other Receivables (Net)	6,938,630	1,241,093	589,977
Inventories (Net)	7,830	6,995	6,130
Prepayments	1,858	1,693	1,583
Non-Current Assets	9,651,410	10,576,469	10,664,812
Long Term Loans Receivable	9,414,248	10,327,538	10,395,654
Property and Equipment (Net)	232,451	244,220	264,447
Other Assets	4,711	4,711	4,711
TOTAL ASSETS	27,038,801	21,267,117	20,640,727
LIABILITIES			
Current Liabilities	31,967,052	26,223,838	25,566,537
Payables	164,273	141,052	138,397
Payables to Government Agencies	18,195,409	18,176,750	18,173,220
Current Portion of Loans Payable	3,797	-	-
Other Payables	13,603,573	7,906,036	7,254,920
Non-Current Liabilities	66,466	63,016	59,366
Deferred Credits	66,466	63,016	59,366
TOTAL LIABILITIES	32,033,518	26,286,854	25,625,903
STOCKHOLDERS' EQUITY			
Government Equity	4,772,564	4,772,564	4,772,564
Donated Capital	177,561	177,561	177,561
Retained Earnings	(9,944,842)	(9,969,862)	(9,935,301)
TOTAL STOCKHOLDERS' EQUITY	(4,994,717)	(5,019,737)	(4,985,176)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	27,038,801	21,267,117	20,640,727

Table 1.1.c
 NATIONAL ELECTRIFICATION ADMINISTRATION
 COMPARATIVE PROFIT AND LOSS STATEMENT, FY 2016 - 2018
 (In Thousand Pesos)

PARTICULARS	2016 AUDITED	2017 ESTIMATE	2018 PROPOSED
I. REVENUES			
Operating Revenues			
Interest Income	599,957	583,813	624,776
Other Revenues	66,866	104,880	70,004
TOTAL REVENUES	666,823	688,693	694,780
II. OPERATING EXPENSES			
Personnel Services	252,977	386,031	440,159
Maintenance and Other Operating Expenses	113,651	209,964	145,637
Financial Expenses	93,787	366	-
Non-Cash Expenses			
Depreciation/Bad Debts/Amortization/Others	44,162	19,379	19,573
TOTAL OPERATING EXPENSES	504,577	615,740	605,369
III. NET PROFIT BEFORE FOREX GAIN	162,246	72,953	89,411
IV. FOREX DIFFERENTIAL- GAIN	801	-	-
V. NET PROFIT AFTER FOREX GAIN	163,047	72,953	89,411
VI. INCOME TAX	53,655	27,234	28,209
VII. NET PROFIT AFTER INCOME TAX	109,392	45,719	61,202
Subsidies from the National Government	3,146,186	1,824,100	1,966,590
VIII. NET PROFIT AND SUBSIDIES	3,255,578	1,869,819	2,027,792

Table 1.1.d
NATIONAL ELECTRIFICATION ADMINISTRATION
STAFFING SUMMARY, FY 2016 - 2018
(In Thousand Pesos, Except No. of Positions)

POSITION	2016 AUDITED		2017 ESTIMATE		2018 PROPOSED	
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
Top Two Corporate Positions						
Administrator	1	979	1	947	1	958
Deputy Administrator	3	3,082	4	3,249	4	3,321
Management/Executive Group	12	11,823	23	16,081	23	16,917
Supervisory Group	19	14,543	28	16,637	35	16,837
Professional/Technical Group (High Level)	70	39,258	97	47,624	98	48,628
Professional/Technical Group (Entry Level)	85	34,582	86	31,727	90	33,725
Technical Support	53	14,854	49	13,155	52	15,258
Administrative/Others	46	8,187	47	8,887	47	9,598
TOTAL	289	127,308	335	138,307	350	145,242

Table 1.1.e
NATIONAL ELECTRIFICATION ADMINISTRATION
OTHER COMPENSATION, FY 2016 - 2018
(In Thousand Pesos)

PARTICULARS	2016 AUDITED	2017 ESTIMATE	2018 PROPOSED
MANDATORIES	35,834	39,721	41,438
Representation & Transportation Allowance	5,840	6,954	7,080
Personnel Economic Relief Allowance	7,119	8,040	8,400
Mid-year Bonus	10,838	11,526	12,104
Year-end Bonus and Cash Gift	12,037	13,201	13,854
FIXED EXPENDITURES	17,176	18,562	19,661
PAG-IBIG Contributions	355	402	420
Retirement and Life Insurance Premium	15,221	16,597	17,429
Health Insurance Premium	1,245	1,161	1,392
Employees' Compensation Insurance Premium	355	402	420
OTHER COMPENSATION	54,587	40,611	26,606
Per Diem of Members of the Board	1,407	2,304	2,304
Special Counsel Allowance	10	324	135
Loyalty Pay	10	-	-
Clothing/Uniform Allowance	1,525	1,675	1,750
Performance-Based Bonus	13,143	19,244	6,460
Performance-Based Incentive	-	2,268	257
Productivity Enhancement Incentive	1,420	1,675	1,750
CNA Incentive	7,331	-	-
PRAISE Incentive	24,173	-	-
Honoraria	208	-	-
Monetization of Leave Credits	3,092	13,121	13,950
Rice Allowance	1,783	-	-
Medical/Health Care Plan	485	-	-
TERMINAL AND RETIREMENT BENEFITS	18,072	18,467	27,409
Terminal Leave	17,032	16,467	23,129
Retirement Benefits	1,040	2,000	4,280
COMPENSATION ADJUSTMENT		130,363	179,803
GRAND TOTAL	125,669	247,724	294,917

Table 1.1.f
NATIONAL ELECTRIFICATION ADMINISTRATION
DETAILS OF MAINTENANCE AND OTHER OPERATING EXPENSES, FY 2016 - 2018
(In Thousand Pesos)

PARTICULARS	2016 AUDITED	2017 ESTIMATE	2018 PROPOSED
Travelling Expenses	16,478	20,000	20,000
Training and Seminar	12,538	15,000	15,000
Supplies and Materials	6,030	8,013	8,000
Gasoline, Oil and Lubricants	1,090	1,400	1,400
Water, Illumination and Power Service	9,446	12,000	11,000
Communication Services	6,177	6,670	6,800
Membership Dues and Contributions to Organizations	48	-	49
Advertising	241	410	400
Printing and Binding	273	443	400
Rents/Lease	1,044	941	1,200
Publications, Books & Subscriptions	233	231	240
Professional Services	45,109	77,111	50,000
Repair and Maintenance	5,315	9,670	8,000
Grants, Subsidies and Contributions	3,332,746	1,824,100	1,966,590
Loan Repayments/Sinking Fund Contribution	68,750	22,456	-
Extraordinary and Miscellaneous Expenses (EME)	252	644	500
Taxes, Insurance Premium and Other Fees	217,036	175,861	81,511
Losses/Depreciation/Depletion a/	44,162	19,379	19,573
Miscellaneous Expenses	3,112	5,000	4,500
Other Maintenance and Operating Expenses	338	214	348
Financial Expenses	93,787	366	-
TOTAL MOOE	<u>3,864,205</u>	<u>2,199,909</u>	<u>2,195,511</u>

a/ This is a non-cash expense account, therefore, not included in the Sources and Uses of Funds by Expense Class

Table 1.1.g
NATIONAL ELECTRIFICATION ADMINISTRATION
DETAILS OF CAPITAL OUTLAYS, FY 2016 - 2018
(In Thousand Pesos)

PARTICULARS	2016 AUDITED	2017 ESTIMATE	2018 PROPOSED
Loans Outlay	3,160,048	3,525,000	2,250,000
Office Furniture, Fixtures and Equipment	6,637	3,023	6,637
Transportation Equipment Outlay	-	-	-
Information Technology Equipment Outlay	7,633	22,440	27,420
TOTAL CAPITAL OUTLAYS	3,174,318	3,550,463	2,284,057

Table 1.1.h
NATIONAL ELECTRIFICATION ADMINISTRATION
COMPARATIVE CASH FLOW STATEMENT, FY 2016 - 2018
(In Thousand Pesos)

PARTICULARS	2016 AUDITED	2017 ESTIMATE	2018 PROPOSED
Cash flows from operating activities			
Collection of receivables	2,485,103	2,689,898	2,800,412
Receipt of government subsidy	3,146,186	1,824,100	1,966,590
Receipt of trust liabilities	3,832	-	-
Collection of other receivables	194,182	-	-
Cancellation of stale checks issued in prior years	140,764	-	-
Other cash receipts	40,777	104,880	70,004
Payment for Personnel Services	(133,533)	(386,031)	(440,159)
Payment for MOOE	(89,409)	(209,964)	(145,637)
Release of loans to ECs	(3,194,041)	(3,025,000)	(2,250,000)
Release of guarantee to ECs	-	(500,000)	-
Grant of subsidies	(2,067,412)	(1,824,100)	(1,966,590)
Payment for accounts payable	(24,630)	-	-
Remittance of corporate income tax	(92,973)	(53,655)	(27,234)
Other cash payments	(483,049)	-	-
Net cash flow from operating activities	(74,203)	(1,379,872)	7,386
Cash flows from investing activities			
Purchase of property, plant and equipment	(8,433)	(25,463)	(34,057)
Net cash flow from investing activities	(8,433)	(25,463)	(34,057)
Cash flows from financing activities			
Payment of long-term liabilities	(74,635)	(22,822)	-
Remittance of dividend to National Government	(118,136)	(69,989)	(36,477)
Net cash flow from financing activities	(192,771)	(92,811)	(36,477)
Net increase/(decrease) in cash and cash equivalents	(275,407)	(1,498,146)	(63,148)
Cash and cash equivalents, beginning of the year	8,466,290	8,190,883	6,692,737
Cash and cash equivalents, end of the year	8,190,883	6,692,737	6,629,589

Table 1.1.1.i
 NATIONAL ELECTRIFICATION ADMINISTRATION
 SOURCES AND USES OF FUNDS By Expense Class, FY 2016
 (In Thousand Pesos)

PARTICULARS	NG SUPPORT			CORPORATE FUNDS					GRAND TOTAL				
	MOOE	CO	TOTAL	PS	MOOE	FINEX	CO	TOTAL	PS	MOOE	FINEX	CO	TOTAL
1. General Administration and Support				26,091	36,040		1,712	63,843	26,091	36,040		1,712	63,843
2. Support to Operations				115,236	159,175		7,563	281,974	115,236	159,175		7,563	281,974
3. Operations				76,100	105,114		4,995	186,209	76,100	105,114		4,995	186,209
4. Locally-funded Projects Rural Electrification	2,365,990		2,365,990				3,160,048	3,160,048		2,365,990		3,160,048	5,526,038
5. Debt Servicing Loan Repayment					68,750	2,069		70,819		68,750	2,069		70,819
6. Others					74,855			74,855		74,855			74,855
TOTAL	2,365,990		2,365,990	217,427	443,934	2,069	3,174,318	3,837,748	217,427	2,809,924	2,069	3,174,318	6,203,738

Table 1.1.j
 NATIONAL ELECTRIFICATION ADMINISTRATION
 SOURCES AND USES OF FUNDS By Expense Class, FY 2017
 (In Thousand Pesos)

PARTICULARS	NG SUPPORT			CORPORATE FUNDS					GRAND TOTAL				
	MOOE	CO	TOTAL	PS	MOOE	FINEX	CO	TOTAL	PS	MOOE	FINEX	CO	TOTAL
1. General Administration and Support				65,625	56,713		4,329	126,667	65,625	56,713		4,329	126,667
2. Support to Operations				208,457	180,148		13,750	402,355	208,457	180,148		13,750	402,355
3. Operations				111,949	96,747		7,384	216,080	111,949	96,747		7,384	216,080
4. Locally-funded Projects Rural Electrification	1,824,100		1,824,100				3,525,000	3,525,000		1,824,100		3,525,000	5,349,100
5. Debt Servicing Loan Repayment					22,456	366		22,822		22,456	366		22,822
TOTAL	1,824,100		1,824,100	386,031	356,064 a/	366	3,550,463	4,292,924	386,031	2,180,164	366	3,550,463	6,117,024

a/ net of depreciation expense of P19.379 Million

Table 1.1-k
 NATIONAL ELECTRIFICATION ADMINISTRATION
 SOURCES AND USES OF FUNDS By Expense Class, FY 2018
 (In Thousand Pesos)

PARTICULARS	NG SUPPORT			CORPORATE FUNDS			GRAND TOTAL				
	MOOE	CO	TOTAL	PS	MOOE	CO	TOTAL	PS	MOOE	CO	TOTAL
	1. General Administration and Support				61,622	29,309	4,768	95,699	61,622	29,309	4,768
2. Support to Operations				215,678	102,581	16,688	334,947	215,678	102,581	16,688	334,947
3. Operations				162,859	77,458	12,601	252,918	162,859	77,458	12,601	252,918
4. Locally-funded Projects Rural Electrification	1,966,590		1,966,590			2,250,000	2,250,000		1,966,590	2,250,000	4,216,590
TOTAL	1,966,590	440,159	1,966,590	440,159	209,348 a/	2,284,057	2,933,564	440,159	2,175,938	2,284,057	4,900,154

a/ net of depreciation expense of P19.573 Million

Table 1.1.I NATIONAL ELECTRIFICATION ADMINISTRATION

1. Approval of the FY 2018 Corporate Operating Budget of the National Electrification Administration under R.A. No. 7638. The FY 2018 Corporate Operating Budget (COB) of the NEA 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, Budget Circular No. 2016-5 dated August 22, 2016, as amended by Budget Circular No. 2017-1 dated April 26, 2017, and other guidelines issued thereon.

3. Payment of Compensation and Benefits. Payment of salaries, allowances and other benefits 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, 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 One Hundred Seventy Nine Million Eight Hundred Three Thousand Pesos (P179,803,000) 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 Twenty Three Million One Hundred Twenty Nine Thousand Pesos (P23,129,000) and Four Million Two Hundred Eighty Thousand Pesos (P4,280,000) shall be used exclusively for the payment of terminal leave and separation benefits, respectively, to the affected NEA personnel based on the list submitted by NEA 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 NEA Board of Administrators is authorized to modify programs and projects, reallocate the corresponding budgetary requirements approved herein, as well as augment the deficiencies which may arise from factors beyond the NEA's control such as, but not limited to: (i) currency depreciation; (ii) inflation; (iii) change in interest rates; (iv) changes in programs and/or projects; and (v) change in schedule of project implementation.

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

(a) Said funds shall not be used for the acquisition of motor vehicles and payment of travelling, representation, discretionary, or extraordinary and miscellaneous expenses; and

(b) Personnel Services allocation in the approved COB shall not be augmented by new funding sources.

The NEA shall submit, within thirty (30) days after such adjustments are made, to the DBM, the Speaker of the House of Representatives, the President of the Senate of the Philippines, 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 Administrator of NEA and the Administration's web administrator or his/her equivalent shall be responsible for ensuring that said report is likewise posted on the NEA website.

6. Augmentation Beyond the Approved Corporate Operating Budget. The NEA Board of Administrators is authorized to augment and disburse funds beyond the total amount approved in this Act exclusively for the continuous implementation of the Sitio Electrification and Barangay Line Enhancement Projects. The fund shall come from the unutilized balances of previous years' subsidy by the National Government or from new funding sources as certified by the Chief Accountant and Administrator of NEA.

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

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

8. 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.

9. Transparency Seal. To enhance transparency and enforce accountability, the NEA 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; and (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 Administrator of the NEA and the Administration'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 NEA.