

**BUDGETARY SOURCES AND  
USES OF FUNDS BY EXPENSE  
CLASS, FY 2018 AND SPECIAL  
PROVISIONS FOR NPC**

**BUDGETS OF DEPARTMENT OF ENERGY  
ATTACHED CORPORATIONS  
FISCAL YEAR 2018**

II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2018  
(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>
<b>A. PROGRAM/ACTIVITY/PROJECT</b>				
1. General Administration and Support	P 414,766 P	289,541	P 1,735,000 P	2,439,307
a. Head Office Support Group	242,465	217,482	257,060	717,007
b. Engineering Admin./Survey/Development Studies Planning	172,301	72,059	1,477,940	1,722,300
2. Support to Operations		885,245		885,245
a. Other Expenses		885,245		885,245
3. Operations	922,557	8,668,589	5,173,826	14,764,972
a. Small Power Utilities Group	863,287	1,687,970	4,176,676	6,727,933
b. Spares			964,765	964,765
c. Production of Goods		6,705,069		6,705,069
d. Watershed Management	59,270	275,550	32,385	367,205
4. Debt Servicing		52,630		52,630
5. Other Expenditures	14,481	4,773,405		4,787,886
a. Input VAT		2,271,766		2,271,766
b. BNPP Preservation Expenses	14,481	32,630		47,111
c. NPP Subsidy		2,469,009		2,469,009
6. Personnel Services	697,339	977,758		1,675,097
a. As Operator of PSALM's Assets	697,339	977,758		1,675,097
<b>TOTAL</b>	<b>P 2,049,143 P</b>	<b>15,647,168</b>	<b>P 6,908,826 P</b>	<b>24,605,137</b>

## II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2018  
(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 2,080,702 P	2,080,702
a. Small Power Utilities Group			2,080,702	2,080,702
TOTAL			P 2,080,702 P	2,080,702

## II. NATIONAL POWER CORPORATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2018  
(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 414,766 P	289,541	P 1,735,000 P	2,439,307
a. Head Office Support Group	242,465	217,482	257,060	717,007
b. Engineering Admin./Survey/Development Studies Planning	172,301	72,059	1,477,940	1,722,300
2. Support to Operations		885,245		885,245
a. Other Expenses		885,245		885,245
3. Operations	922,557	8,668,589	3,093,124	12,684,270
a. Small Power Utilities Group	863,287	1,687,970	2,095,974	4,647,231
b. Spares			964,765	964,765
c. Production of Goods		6,705,069		6,705,069
d. Watershed Management	59,270	275,550	32,385	367,205
4. Debt Servicing		52,630		52,630
5. Other Expenditures	14,481	4,773,405		4,787,886
a. Input VAT		2,271,766		2,271,766
b. DNPP Preservation Expenses	14,481	32,630		47,111
c. NPP Subsidy		2,469,009		2,469,009

## GENERAL APPROPRIATIONS ACT, FY 2018

6. Personnel Services	697,339	977,758	1,675,097
a. As Operator of PSALM's Assets	697,339	977,758	1,675,097
TOTAL	P 2,049,143 P	15,647,168	P 4,828,124 P 22,524,435

## Special Provision(s)

1. Approval of the FY 2018 Corporate Operating Budget of the National Power Corporation under R.A. No. 7638. The FY 2018 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, 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, 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 Three Hundred Ninety Thousand Pesos (P625,390,000) 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 Thirty Million Six Hundred Thirty Six Thousand Pesos (P30,636,000) and Sixteen Million Three Hundred Forty One Thousand Pesos (P16,341,000) 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 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 modify 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) 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 NPC 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, the Senate Committee on Finance, the House Committee on Energy, and the Senate Committee on Energy, 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 the 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 Services 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.