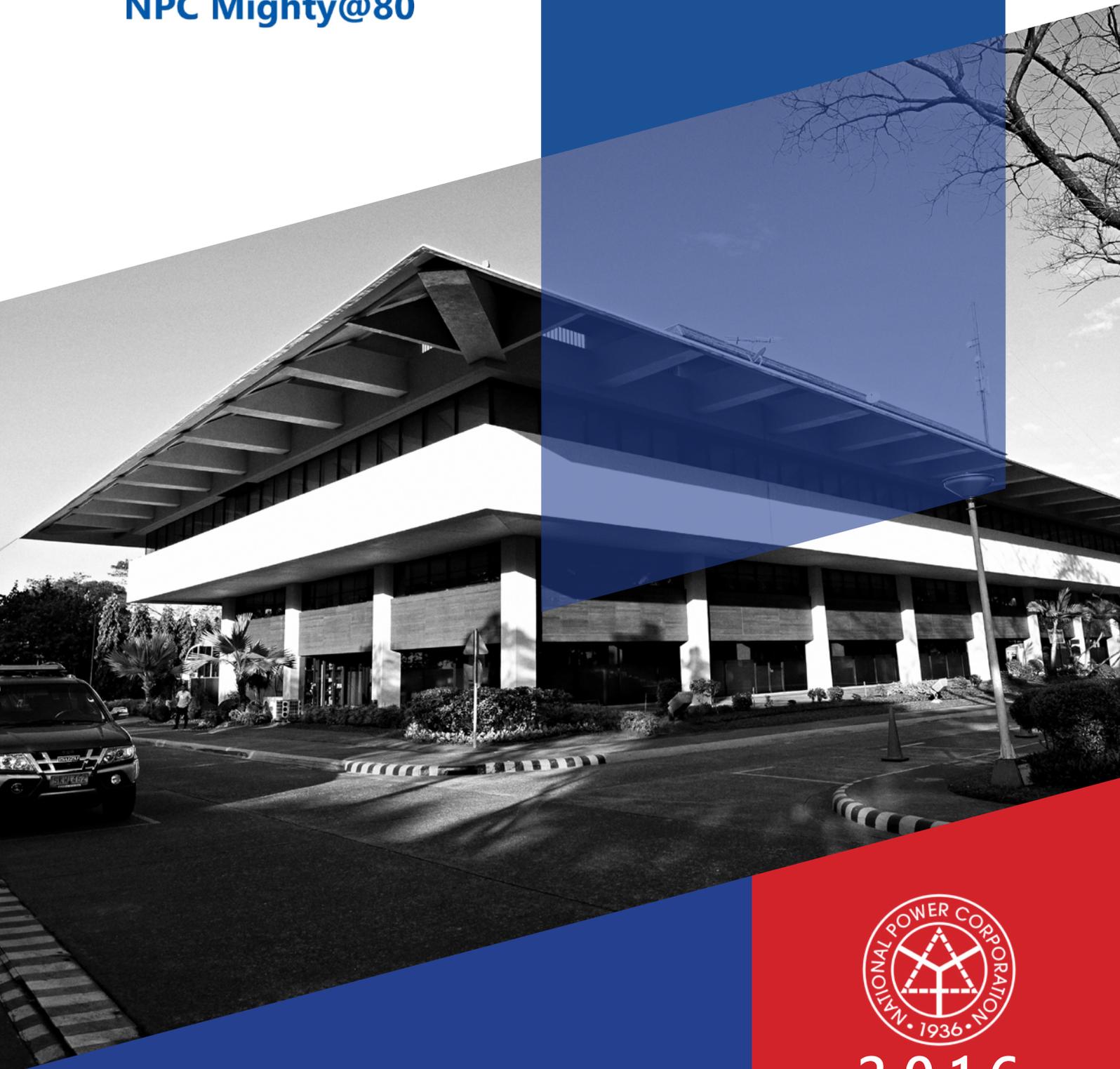




**NPC Mighty@80**



**2016**  
ANNUAL REPORT

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## NPC Mighty@80

### Cover Story

For the National Power Corporation, it is just apt to call the year 2016 'mighty' as it celebrates its 80<sup>th</sup> Founding Anniversary. The word 'mighty' captures the state-owned corporation's resilience and relevance for the past eight decades in bringing electricity to the Filipino people.

NPC Mighty@80, therefore, pays tribute to the people of the corporation, both past and present, celebrates the hurdles surpassed and the victories it achieved, and signifies a stronger commitment to perform its primary mandate of missionary electrification.

NPC Mighty@80 likewise proclaims NPC's unwavering service to the people through its solid dedication in preserving and protecting the dams and watershed under its jurisdiction and in the efficient management of the government's remaining power assets.

The year 2016 has been favorable for NPC, as evidenced by the contributions made and efforts implemented by its functional groups that earned the corporation a Certification on Quality Management System (ISO 9001:2008) and allowed a positive net income of P1.647 billion.

NPC shall remain strong and steadfast for the people it partners with and the people it serves.

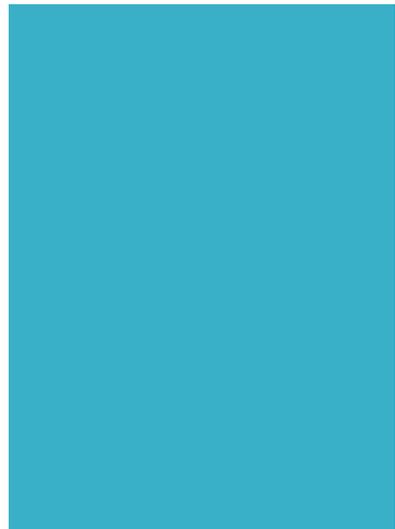


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## Message of the Chairman



It is a pleasure to present to you the National Power Corporation's (NPC) annual report for 2016.

The NPC has the challenging task of performing "missionary" electrification of our most isolated communities. At the same time, it is expected to maintain a sound fiscal position.

Recall that the NPC begins from heavy reliance on public subsidies. It began its financial turnaround a few years ago. For 2016, the NPC reported a net income of P1.6 billion. This is a milestone. It will, I expect, be sustained in the coming years.

The profitability happens even as the NPC continues its work in missionary areas. Over the past year, the NPC installed 13.55 MW in new capacity. New power generating facilities were likewise commissioned in Naro Island in Masbate, Camandag Island in Western Samar and Pangutaran in Sulu. Energizing these island economies enables them to be more productive and to be included in the mainstream

of our economic growth. The company likewise extended the operating hours of its Small Power Utilities Group in 26 missionary areas.

In addition, the NPC maintained its "Outstanding" ratings in all the seven hydroelectric plants as operator of the 982.10 MW Agus-Pulangi Power Complex. The ratings were validated by PSALM according to its Operation and Maintenance targets.

Beyond operating its generating facilities efficiently, the NPC rehabilitated 1,881 hectares within its watershed areas. The company conducted mandatory safety inspections of the twelve dams under its care to ensure the safety of downstream communities. The dams and the watershed areas are part of the hydroelectric facilities the NPC operates as its contribution to our total generating capacity.

The NPC deserves our commendation. With a more efficient and more effective NPC, we should achieve full electrification of the country. This goal is an important component of the administration's efforts to boost countryside development and achieve a truly inclusive economic growth. We foresee a future where no island is left behind, standing outside the grid. This should be the measure of full economic inclusion.

  
**CARLOS G. DOMINGUEZ**  
Chairman, National Power Board  
Secretary of Finance

# Message of the Department of Energy

It is with delight and pride that I extend my warmest congratulations to the National Power Corporation (NPC) for its achievements in 2016.

The corporation's 80 years of existence does not only show your resilience but highlights your dedicated relevance to the Filipino people.

Indeed, NPC is mighty at 80!

The road to total electrification is still a long stretch forward. NPC will remain to be an active contributor to the achievement of the Philippine Energy Plan 2030 which intends to give every Filipino household access to energy.

NPC's powering up the farthest islands that are not connected to the main grid is laudable.

Admirable too is NPC's commitment to continue the privatization of the viable SPUG areas and arranging through the help of the DOE a suitable way to participate in the ECs Competitive Selection Process for a smooth transfer of power generation functions.

The DOE acknowledges your generating and maintaining your transmission systems in Palawan, Masbate, Mindoro, Marinduque and Catanduanes, your pursuing your transmission and substation programs for these areas including Siquijor Island which enhances power dispatch, improves the grid's reliability and reduces systems loses.

NPC 's guaranteeing of the filing of petitions before the Energy Regulatory Commission (ERC) to maintain the Universal Charge for Missionary Electrification which finances the subsidy requirements of New Power Providers (NPPs) and Qualified Third Parties (QTPs) including Renewable Energy sources and its operations manifests vigilantly taking your mission and responsibilities with utmost priority.



Vigilantly work for stronger regulatory support from the ERC.

In the main grid, as NPC remains the operator and manager of the Agus-Pulangi Hydropower Electric Plants, strive to maximize the power plants' operation and delve into the upgrade of its facilities in order to supply cheaper electricity to Mindanao customers.

NPC's initiatives to produce greener forests in its watersheds to firm up the dam's integrity thereby supporting power generation while safeguarding the communities located downstream is also commendable.

I enjoined the mighty employees of NPC to carry on the spirit of dynamism and devotion in fulfilling our noble roles for the country.

Mabuhay!

A handwritten signature in blue ink, appearing to read 'Alfonso G. Cusi'. The signature is stylized and fluid.

**ALFONSO G. CUSI**  
Vice Chairman, National Power Board  
Secretary of Energy

# Our Accomplishments in 2016



In 2016, the Philippines remained to be among the fastest growing Asian economy with 6.6 percent growth in the last quarter and an average full-year growth of 6.8 percent. Higher investment and consumption, which grew by 15 percent and 6.3 percent, respectively, were said to be the main drivers of the economy during the last quarter. The energy sector has played a vital role for this feat of the country as it continues to deliver reliable power to attract investments and create jobs.

For its part, the National Power Corporation (NPC) sustained its rosy financial position and scored more breakthroughs in its primary mandate of missionary electrification in 2016, the 80<sup>th</sup> year of its founding anniversary.

With fiscal prudence and good governance practices including timely realization of the ERC applications, NPC posted a net income of P1.647 billion. Although this is a decrease from last year's reported net income due to adoption of a new methodology for computing the Universal Charge for Missionary Electrification (UCME), overall, NPC's finances remain to be positive and its operations continue to be at its best.

As testament to its enhanced operations and good governance practice, NPC was conferred with an International Organization for Standardization (ISO) Certification on Quality Management System (ISO 9001:2008) in April 2016. With the collective

efforts of all its functional groups and spearheaded by its dynamic QMS team, NPC earned the certification after it implemented conscientious management of its systems, policies, financial management, maintenance and performance procedures, and project implementation programs, among others.

The corporate-wide ISO certification will also enable the corporation to continuously improve its QMS through adoption of latest technology, ideas and best practices.

NPC's sustained good financial position does not only prove the corporation's viability as a government institution but also ensures the continuous power supply to some 280 missionary areas.

In an effort to encourage private sector participation in the missionary areas, NPC disbursed some P1.8 billion subsidy claims to 21 New Power Providers (NPPs) and Qualified Third Parties (QTPs) in privatized Small Power Utilities Group (SPUG) areas. The corporation also completed the turn-over of its generation functions in Claveria, Masbate, and the Phase-In Phase-Out and UCME Settlement Agreement with TIELCO and SUWECO for the generation function in Tablas, Romblon.

Moreover, NPC sealed a Memorandum of Agreement (MOA) with the local government of Lubang, Occidental Mindoro for the increase of operating hours of Cabra Diesel Power Plant from 8 to 16 hours. It has also signed up connection agreements with NPPs such as Emerging Power, Inc., DMCI Power Corporation, and Occidental Mindoro Consolidated Power Corporation.

NPC through the Corporate Affairs Group also conducted a Customers' Forum on 09 November 2016 as part of the corporation's customer relations program and completed the Customer/Stakeholder Satisfaction Rating Survey Project conducted by a third party. NPC obtained an overall Customer Satisfaction Rating of 3.87 on a scale of 1 to 5, with 5.00 as the highest.

NPC likewise completed and submitted the GCG requirements of the corporation's accomplishment report for the 2015 Performance Scorecard and its application for the grant of the 2015 Performance-Based Bonus to its qualified officers and employees. It also completed the requirements for the Performance Agreement Negotiations for 2017 and submitted them to GCG.

After the successful upgrade of NPC's IT network from Legacy System to Oracle System in 2015, the

corporation continued this year the series of training for Oracle. NPC completed and put into use the Budget Preparation System, Budget Utilization System and Disbursement Voucher System setting a breakthrough in the budget planning cycle of the corporation. Other Oracle-based systems on Logistics, Fuel Management and Inventory have also started in 2016 to complete the upgrade of NPC's information systems.

### SMALL POWER UTILITIES GROUP

The NPC-Small Power Utilities Group (SPUG), along with the Power Engineering Services, leads and remains determined in pushing the missionary electrification mandate of the corporation based on the 2017-2021 Missionary Electrification Plan (MEP) formulated by the Corporate Affairs Group. The MEP which serves as guide for NPC-SPUG's missionary electrification is submitted annually to the Department of Energy (DOE) for inclusion in the Missionary Electrification Development Plan (MEDP).

In 2016, SPUG has installed and commissioned 58 units of generating sets in 55 existing power plants. These gensets translate to a total of 13.66 MW capacities.

It has also constructed a new power plant and energized Naro Island in Masbate. The Naro Electrification Project in Naro Island, Cawayan, Masbate required the installation of 2 x 80 kW diesel generating units, construction of power plant and installation of 13.8kV distribution lines around the load center of the island. It initially electrified 100 households including a public school, church, health center, barangay halls and plaza on its completion in April 2016.

SPUG has also completed two (2) new SPUG areas for electrification. It has installed an 80 kW generating set in Camandag Island, Sto. Niño, Western Samar and another 160 kW generating set in Pangutaran, Sulu and commissioned the units on 11 October 2016 and 27 December 2016, respectively. However, NPC still awaits for the completion of the distribution lines to be undertaken by the concerned electric cooperatives.

NPC-SPUG has likewise increased the operating hours of some 21 power plants, seven (7) of which to 24 hours (Itbayat and Sabtang in Batanes, Polilio in Quezon, Araceli and Rizal in Palawan, Pilar in Cebu and San Antonio in Northern Samar). The additional operating hours were implemented to support growing local economies in the areas.

The Group also installed 31 units of reclosers in 26 SPUG power plants. The installation of Pole Mounted, Three-Phase Automatic Reclosers is to protect plant generating sets from frequent occurrences of line faults

on the electric cooperative's distribution system and to replace old and worn-out reclosers. The new reclosers have advanced technologies which can monitor and log line troubles and sequence of events.

NPC-SPUG installed 52 units of fuel flow meters in 12 power plants to effectively measure fuel consumption of its diesel generating units and determine fuel efficiency in terms of fuel rate. Most of the power plants that benefited from these meters were the ones which have 24 hour operation.

Moreover, the Group has successfully commissioned its pilot Telemetry System project in Ticao DPP in San Jacinto, Masbate on 31 July 2016. As a result, Ticao DPP can now be monitored online allowing the sending of hourly plant data via email and Short Message Service (SMS) to SPUG database server. The system further allows automatic notification via SMS of feeder, breaker and generating set status; hourly system demand; and fuel inventory balance.

The primary objective of a Telemetry System is to remotely gather plant parameters on real-time basis. Once applied nationwide, the SPUG Telemetry System is expected to change the manner of monitoring and reporting the status of power plants, transmission lines, substations and other facilities of SPUG. This will also enable automated gathering and collection of technical and operational data in a more efficient and reliable manner.

### POWER ENGINEERING SERVICES

The Power Engineering Services (PES) is NPC's group responsible for the implementation of power projects including project feasibility, construction, quality control, engineering surveys, hydrological studies, geological services, project review and cost control.

Comprising of Design and Development Department (DDD), Energy Services Department (ESD), Environmental Management Department (EMD), Major Repair and Maintenance Department (MRMD) and Project Management Department (PMD), the NPC -PES has breezed through many challenges and made substantial accomplishments in 2016.

Specifically, NPC-PES made major breakthroughs in the completion of transmission line (T/L) and substation projects in the provinces of Palawan, Masbate, Mindoro and Catanduanes. The completed transmission lines include 111 circuit kilometer (ckm) Puerto Princesa to Roxas 138 kV T/L project in Palawan, the 31.28 ckm Codon to Virac 69 kV T/L project in Catanduanes, and the rehabilitation of 87 ckm Mamburao to Sablayan to Ligaya 69 kV T/L.

Moreover, PES also undertook the emergency restoration of damaged pole structures along Mamburao to Calapan (1.8 ckm) and Calapan to Naujan (23 ckm) 69 kV T/L in Oriental Mindoro. It likewise completed the stringing of 61.23 ckm Bansud to Mansalay 69 kV T/L in Oriental Mindoro and stringing of extension of 2.15 ckm Mobo to Aroroy 69 kV T/L.

The Group also continued to render external engineering and environmental services in 2016 to the benefit of the Corporation in terms of added revenue. In particular, ESD and MRMD provided repair, diagnostic test, metrology and calibration services covering power plant's electro-mechanical components/equipment while EMD conducted water quality and aquatic ecology studies of Laguna and Caliraya Lakes for CBK Power Corporation Ltd. A total of about P4.082 million was contributed by PES to NPC's earnings during the year.

Being an ISO 9001:2008-certified group, the Customer Satisfaction Rating (CSR) is a major barometer in determining the quality of services that PES is rendering to its external customers. In CY 2016, the average mean customer's feedback rating that the group earned is 4.61. Reckoned with the 3.0 standard, the satisfaction of the PES customers to its services is high, with an adjectival rating of "Very Satisfactory".

#### MINDANAO GENERATION GROUP

Recognizing on the importance of the 982 MW Agus-Pulangi Hydropower Complexes in the provinces of Lanao and Bukidnon in providing clean and cheap energy for the Mindanao Grid, the NPC-Mindanao Generation continues to champion the generation and management of these complexes.

Although the year started with a very low Lake Lanao elevation of 699.942 meters above sea level (masl) due to the effects of El Niño the previous year, its management was able to sustain operation through water-conservation mode of operation of the lake. Nonetheless, a better year is anticipated in 2017 as high water inflow for the months of November and December were recorded due to sustained rainfall, allowing the lake to recover and attain a year-end elevation of 701.430 masl. Also, on the same year, Agus 1&2 HEPC experienced isolation from the main grid due to the toppling of NGCP's tower #25 of the 138 kV Agus 2 HEP-Kibawe transmission line (T/L) and during that period the 138 kV Agus 2 HEP-100 MVA Balo-i Substation T/L was also out due to vegetation problem underneath the transmission lines. The 138 kV Agus 2 HEP-Kibawe T/L was put back on line on March 14, 2016 after the restoration of tower #25 incurring an approximate of 59 GWh generation loss for Agus 1 &

2 HEPC during the outage. Total electricity generated from the Agus-Pulangi complexes was 2,715,091 megawatt hours.

For 2016, the Group has also sustained its International Standards on Quality, Safety and Environmental Management Systems for all hydroelectric plants and offices. Likewise, MinGen was able to sustain its outstanding performance rating in the PSALM-NPC 2016 Plant Performance Audit. This outstanding performance was made possible through acquisitions, installations and implementations of various work orders and projects to enhance the power plants' capabilities in power generation. These projects include the procurement of weed harvester to clean accumulated water lilies at Agus 1 Power Intake, installation of the 37.5 MVA transformer in Agus 5, implementation of Pulangi IV Phase II Selective Dredging Project, and the provision of technical assistance in the implementation of the Agus 6 Unit 1 Uprating project. On the same year, the Agus-Pulangi plants completed a total of 29 major and minor preventive maintenance activities. Also on early 2016, MinGen acquired 12 vehicles composing of eight vans and four pickup trucks that were distributed to plants and support group offices.

It was also in 2016 when the Agus and Pulangi Hydroelectric plants were given Hall of Famer Award for being consistent recipient of the Safety and Health Association of the Philippine Energy Sector Award (SHAPES) which is being given by the Department of Energy.

MinGen has likewise invested in ecotourism to promote environmental preservation and protection. In 2016, the majestic Maria Cristina Falls and the NPC Nature's Park were able to attract around 61,000 local and foreign tourists which in turn contributed a total of P2.6 million pesos to the corporation. The Group has also rescued and protected a total of 82 Philippine endemic and threatened wildlife. Through the NPC-MinGen's facilities, the corporation contributes to the tourism and investment aspects of the local governments in Mindanao.

#### RESOURCES MANAGEMENT SERVICE

NPC's Resource Management Service (RMS) is the corporation's arm for the efficient and economical management of the remaining undisposed power plants and facilities as well as the administration of NPC's contracts with Independent Power Producers.

For 2016, NPC-RMS has facilitated the turnover of the last NPC-owned power plant in its portfolio – Power Barge 104 to its new owner. Attendant administrative and personnel concerns and issues, were addressed

along with other previously privatized plants' claims. In fact, RMS has processed 80% of personnel claims and 98% of contractor/supplier claims arising out of the privatization of assets. The remaining 20% was included in the certified obligations, awaiting for the realization of corporate savings prior to its payment. RMS has effectively monitored the implementation of the remaining nine (9) contracts of IPPs of NPC and PSALM in Luzon and Visayas which have a total capacity of 5,351 MW. It has also reduced the processing and validating time of 45 purchased power monthly billings from IPPs from nine (9) days to five (5) days.

In its bid to go paperless and reduce carbon print, RMS commenced scanning and storing all its files including IPP billings in digital form for easy retrieval. The Group has also coordinated with NGCP System Operations to monitor IPPs' approved outage schedules and account them in their respective contracts.

RMS also religiously monitored and submitted to NPC and PSALM managements the daily plant statuses of IPPs to provide information on condition, dependable capacity and present load of the power plants.

The Group likewise undertook capacity and performance testing of all IPP plants in coordination with PES to confirm the guaranteed capacity levels of these plants.

Aside from the administration of the IPP contracts, the Ilijan Natural Gas Receiving Facility including its 14.6 km. long natural gas pipeline from Tabangao to Ilijan, Batangas City, is being managed by the Group. This year, a new Supervisory Control and Data Acquisition (SCADA) was installed as instructed by the Department of Energy. The SCADA is necessary for remote monitoring of operational parameters on real-time basis at the receiving facility and in adjusting physical controls in a timely manner. Additional security personnel were also deployed along the pipeline to guarantee protection of the facility.

The facility's personnel have also participated in trainings on safety and first aid applications including the conduct of fire drill with the Bureau of Fire Protection and the Department of Interior and Local Government. The seminar was beneficial in enhancing personnel knowledge and skills in ensuring the safety of the facility and pipeline.

NPC-RMS is also responsible for the preservation and maintenance of decommissioned and mothballed plants and their facilities like the Bataan Nuclear Power Plant, NPC Resort Village, Hotel and Training Center, and the Sucat Thermal Power Plant. The operation and land lease agreement of the said facilities generated a total of P16, 371, 379.15 for NPC.

## WATERSHED MANAGEMENT DEPARTMENT

Eleven (11) watershed areas with a total land area of 485,199 hectares are under the stewardship of NPC through the Watershed Management Department. These watersheds support power generation, domestic water supply and irrigation.

### WATERSHED REHABILITATION

In 2016, NPC-WMD has rehabilitated 1,881 hectares (has.) of open and denuded areas, exceeding its target of 1,496 has. and utilizing the Universal Charge-Environmental Charge. Ten percent of the total rehabilitated areas were undertaken with the private sector and local government units as part of their corporate social responsibility.

Of the total rehabilitated area, 809 hectares or 48% were done through reforestation, 588 hectares or 35% through agroforestry and the remaining 484 hectares or 17% were devoted to non-timber forest products like bamboo, rubber and coffee.

### WATERSHED PROTECTION

Seven of the eleven watershed areas are under complete jurisdiction of NPC by virtue of RA 6395 (NPC Charter), Executive Order No. 224 (s1987) and Proclamation 2320 (s1983). These watersheds are the Upper Agno, San Roque, Angat, Caliraya, Makiling-Banahaw, Tiwi and Buhi-Barit which totals to 366, 954 hectares.

The remaining watershed which totals to 118,245 hectares is co-managed by NPC with the Department of Environment and Natural Resources and National Irrigation Administration through a Memorandum of Agreement.

NPC-WMD implements strict enforcement of forestry laws and rules relating to the environment through 24/7 foot patrol and manning of checkpoints. In fact, the Department hired an additional 64 forest guards in 2016 to complement its workforce. It has also mobilized 700 Bantay Watershed Task Force volunteers (BWTF) to various areas for a more effective protection and information campaign.

Likewise, the Department has partnered with the Philippine Army, Philippine National Police and the Philippine Coast Guard in the conduct of protection and patrol in the watershed areas.

Given its workforce and manpower, the Department was able to apprehend around 24,687 board feet of forest products. Also seized during patrolling were 15 conveyances, 12 tools and 172 sacks of charcoal. As provided by NPC Circular 2014-11, these cases have to undergo administrative adjudication process.

Part of the responsibility of the NPC-WMD as caretakers of the watershed is the granting of permits for any land-use activities inside the areas. Pursuant to NPC Circular 2011-10, the Department has issued 22 permits and two watershed area clearances which in turn brought an income of P1.146 million to the corporation.

Moreover, the Department has also granted gratuitous permit to some 218 Dumagat families in Angat Watershed for the harvest of at least 83,000 pieces of rattan (approximately 249,000 meters), 75,000 pieces of bogaue, 100,000 pieces of buho and 10,000 kg of vines. These forest products are made into handmade crafts under the watch of the Pidusaw Producers Cooperative who gives support to the indigenous people of Angat. In Caliraya, fish cage permits were granted to some 72 individuals pursuant to Circular 94-34.

NPC-WMD also signed a Memorandum of Partnership with the United States Agency for International Development (USAID) for the adoption of LAWIN for NPC's watershed protection program. LAWIN is a science-based approach to protect forests and the wildlife. With this technology, real-time recording of observations during foot patrol can be done. It also informs its users with concrete actions to address threats to natural forest and monitors the effectiveness of these actions once implemented.

#### RESOURCE DEVELOPMENT

The Department's Resource Development delves on providing technical assistance and trainings to stakeholders as well as designing and implementing community, ecotourism and agricultural development programs.

NPC-WMD's information, education and communication programs are anchored in forest protection policies. The program aims not only to communicate information to the public but to rally them to actively participate in watershed protection. It is implemented through the use of various media channels like print, radio, television and even social media.

Further, the Department has also utilized lectures, film showings, production and distribution of visual aids, Lakbay exhibits in schools and barangays to reinforce the information and education drive.

The Department has also conducted para-legal training, first aid training, forest fire prevention training and team buildings for its BWTF volunteers to enhance their knowledge and skills, thereby making them more effective partners in watershed protection.

Likewise, the Department has distributed 501 gilts to 436 families in Tiwi, 35 families in Buhi, 21 families in

Upper Agno and 9 families in Pantabangan watersheds.

The confiscated forest products, mostly lumbers (5,100 board feet) were distributed to schools and LGUs such as Batan Elementary School in Rapu-Rapu, Dapdap Day Care Center in Tiwi, Buhi High School in Camarines Sur, Tublay School of Home Industries in Benguet, LGU of Jonop in Albay. The lumbers will be used in building cabinets, chairs and tables.

NPC-WMD also gives assistance to our indigenous brethren not only because of Republic Act 8371 but because NPC believes that they are one of the most effective partners of the corporation in taking good care of the forests.

The Department has conducted a series of dialogues with the Bugkalot and Igorots in Nueva Ecija through its Pantabangan Watershed Area Team to identify appropriate projects for them for inclusion in the availment of Universal Charge-Environmental Charge.

In Buhi-Barit Watershed, a seminar-workshop was conducted to help the Agta tribe in prioritizing plans and programs based on their Ancestral Domain Sustainable Development and Protection Plan (ADSDPP). Some 50 Agta families also participated in the Department's agroforestry program for 60 hectares of land. Ten Agta families in Tiwi, on the other hand, were beneficiaries of swine dispersal program.

Down south, 174 members of the Talaandig tribe benefited from the Department's various rehabilitation programs. Six (6) CADT holders were also assisted for them to avail UC-EC funds. These were the Bukidnon Hagaonon Tribe Association, Bukidnon Umayamnon Tribe Kapu-unan to mga Datu, Daranghuya CADT, Balete-on CADT, KADUMA CADT, Buhita and the Bukidnon Tribe CADT.

For the corporation's ecotourism program, the Department has recorded 19,067 visitors in the Angat Rainforest Ecotourism Park which brought in an income of P465,680. Also, the Caliraya-Lumot Watershed Ecopark has attracted 62,465 visitors in 2016. It has also launched eco parks in Upper Agno Watershed and San Roque in July and November 2016, respectively.

#### DAMS MANAGEMENT

In 2016, NPC-Dams Management Department (DMD) continued to implement its dam safety program in accordance with the updated version of the NPC Dam Safety Program covering the recent international standards and practices on the ownership, operations and maintenance of large dams.

DMD aims not only to maintain the structural integrity of the NPC-managed dams along with their appurtenances for sustainable hydropower plant operation but also to ensure that communities downstream of the dams are safe and protected.

#### DAMS INTEGRITY SURVEILLANCE

NPC-DMD has conducted ten (10) mandatory integrity and safety inspections and assessments to confirm the satisfactory behavior and condition of the following dams in Luzon and their appurtenant structures – Ambuklao & Binga in Benguet, San Roque in Pangasinan, Angat in Bulacan, and Caliraya-Lumot in Laguna. On the other hand, 14 dam safety inspections was also held in the Agus-Pulangi complexes in Mindanao. It has also conducted safety inspections for privatized smaller dams in Buhi-Barit and Cawayan Dams in Bicol area; Amlan and Loboc Dams in the Visayas area; and Agusan and Talomo Dams in Mindanao area.

Safety inspections in coordination with concerned plants were regularly done to ensure the dams' sustainability, safety and operability in impounding water needed for domestic water supply, irrigation, power generation and flood control.

Emergency inspection and monitoring were also done in the San Roque Dam to assess the progression of the reported erosion at its spillway. Remedial works was programmed for implementation to address the problem.

Dam instrumentation monitoring is a continuing activity of the Department as part of its scientific data gathering and surveillance for the long term performance and safety of dams & its appurtenances. These data are used for systematic evaluation of its structural safety and for decision making.

Moreover, geodetic deformation surveys were conducted in Caliraya Dam to monitor the horizontal and vertical deviations of the dam structure from the original design.

#### RESERVOIR WATER UTILIZATION & OPTIMIZATION

Efficient reservoir management with stakeholders and regulatory bodies help conserve water and store energy to alleviate the effects of a water crisis in the coming year. Minimized dam spilling operations are also effective in mitigating release of water to the downstream communities.

NPC-DMD was able to manage and conserve reservoir water which resulted in optimized reservoir water utilization and efficient spilling operations especially during the passage of typhoons and weather disturbances.

#### PUBLIC INFORMATION AND EDUCATION CAMPAIGN

As a continuing commitment of the Department in keeping the public safe and informed, DMD conducted 22 sessions of public information and education campaigns in 2016. These campaigns were aimed at giving orientations to the communities about dam operations and its benefits. These also allowed better communication between NPC and its stakeholders and strengthened the capacity of LGUs in dealing with flood-related hazards.

#### IMPROVEMENT OF SAN ROQUE FLOOD FORECASTING AND WARNING SYSTEM FOR DAM OPERATON PROJECT

NPC-DMD has implemented the expansion of the San Roque Flood Forecasting and Warning System through the installation of additional warning stations in four municipalities of Pangasinan specifically Sto. Tomas, Alcala, Bayambang and Bautista.

The Department has likewise pursued the restoration of Hydrological Monitoring system of San Roque which will provide hydrological data in real time basis using telemetry equipment. It will also assist the Department in monitoring and evaluating the water inflow to the dam which will result in a more reliable forecast necessary for dam discharge operations.

NPC-DMD has also initiated the geotechnical investigation of the impervious core of Ambuklao Dam to further assess the dam's structural integrity. This was completed by the dam's operator, SN Aboitiz-Benguet, Inc. in July 2016.

The Department has also recommended to SN Aboitiz the installation of strong motion accelerographs (SMAs) to assess the effect of ground shakings and earthquakes in Ambuklao and Binga Dams. NPC-DMD has facilitated the relocation of 12 families/informal settlers who will be affected by the installation of SMAs.

The Department, being a representative of NPC to the Angat Dam TWG, has also participated in the finalization of the Operation and Maintenance Manual of Angat Dam in July 2016.

DMD has likewise assisted in the identification of 15 households/informal settlers downstream of the Angat Main Dyke who will be affected by the ongoing Angat Dam and Dyke Strengthening Project.

#### CORPORATE SOCIAL RESPONSIBILITY

NPC has since believed that public service and social responsibility always come together and cannot be separated. As it provides power to the farthest islands, manages dams, protects watersheds and operates the

national government's remaining power assets, NPC also sees its role as contributors of positive and significant programs for the communities and organizations in its areas of operation. Hence, NPC implements various corporate social responsibility programs across the country.

#### Trees for Cleaner, Greener Future

NPC through the Watershed Management Department has launched Goodness for Mother Earth Program (G4ME) which encourages all employees nationwide to plant at least 80 seedlings per employee in watershed areas and open areas in celebration of the corporation's 80<sup>th</sup> founding anniversary this year.

With the country's average emission of 0.9 metric tons per capita of carbon each year, every Filipino needs to plant and maintain at least 59 trees throughout his/her lifetime. Since the average annual carbon sequestration capacity of different tree species differ, NPC assumed 80 trees planted for carbon neutrality requirement of each person.

G4ME is an ongoing project which NPC plans to expand to industry partners and stakeholders after implementation among the NPC employees.

In SPUG operations, the Palawan Operations Division supported various local environmental and tree planting projects in Palawan like the Love Affair with Nature, a Valentine's Day celebration through planting mangroves in the coastal zones of the province; Pista Yang Kagueban or Pista ng Kagubatan which promotes protection and conservation of the environment; and the Coastal Clean-Up Day which aims to preserve and safeguard the shorelines of Palawan.

SPUG's Marinduque-Quezon-Northern Luzon Operations Division also planted 2,500 narra seedlings from MakBan Watershed in the premises of Boac and Maniwaya Diesel Power Plants.

#### Amenities to Empower

The Mindanao Generation Group in collaboration with DOE's Energy Regulation (ER) 1-94 implemented various projects that intend to empower the youth and citizens of Mindanao.

It has constructed a multipurpose gym, barangay hall, provincial tree seedling nursery, fish port expansion, day care center, two farm to market roads, two water system development, two pathways concreting, one covered court bleachers and acquired 25 units of computers and six mini dump trucks for the communities it serves. These projects have positively impacted the lives of the recipient host communities and improved the corporation's relationship with the local residents.

ER 1-94 is a regulation that sets the granting of financial assistance to communities that host power assets.

MinGen has also been consistent in donating blood and spearheaded bloodletting programs in the communities it serves. This advocacy has earned the Pulangi IV team the Sandugo Kabalik Award from the Department of Health and Philippine Red Cross.

#### Medical and Dental Service

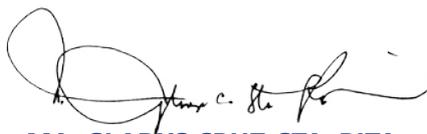
NPC, along with PSALM Corporation has conducted a medical and dental mission in Barangay Kanluran in Batangas City, serving around 400 residents of six communities that host the gas pipeline. The mission provided basic health services to the beneficiaries.

#### Helping Hand for 'Ferdie' Victims

In September 2016, some members of the Workshop, Maintenance and Technical Services Division of the Luzon Operations Department were sent to Batanes to conduct the test and commissioning of new generating sets in Sabtang, Itbayat and Basco Diesel Power Plants. However, the test and commissioning of the said gensets did not push through as planned because of the landfall of Typhoon Ferdie (Meranti) in Batanes.

With the trail of destruction it left the island province, the WMTSD team and Basco DPP personnel decided to give assistance first to the people. The mighty NPC employees deployed portable generating sets to various water pumping stations in Basco, repaired the district hospital generating sets and other units owned by local residents, transported freezer as storage for vaccines from a health center to Basco DPP where there is a stable power supply and facilitated charging of mobile phones, household generating set batteries and service vehicle batteries.

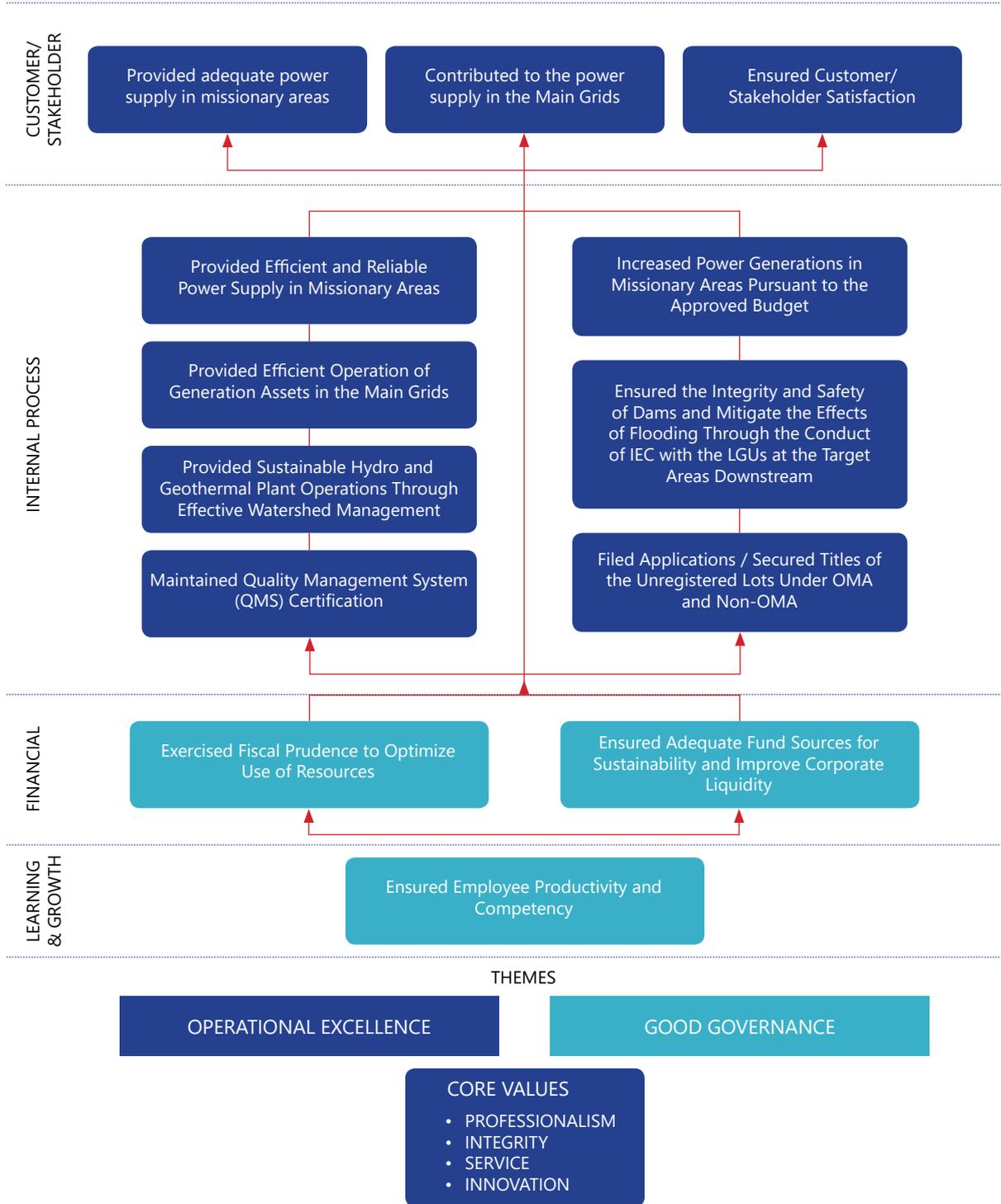
As the National Power Corporation celebrates its 'mighty' contributions to the energy sector and the 'mighty' people of its past and present, it shall endure to be the nation's partner in making inclusive growth felt in the countryside, lighting up more islands, sparking bigger hopes, fulfilling bolder dreams.



**MA. GLADYS CRUZ-STA. RITA**

President & CEO

# NPC CHARTER STATEMENT AND STRATEGY MAP



## Vision

A world-class power corporation providing reliable and reasonably-priced electricity in all missionary areas by 2025; managing sustainable watersheds and dam resources for power generation; and optimizing the use of remaining power generating assets.

## Mission

National Power Corporation is committed to:

- Provide reliable power generation and its associated power delivery systems to ensure total electrification of missionary areas while encouraging private sector participation;
- Manage its watershed and dam operations to support power generation;
- Operate and maintain the Agus and Pulangi hydroelectric power plants; and
- Adopt innovative power technologies and business processes to respond to customer needs.

# NPC Quick Facts and Figures

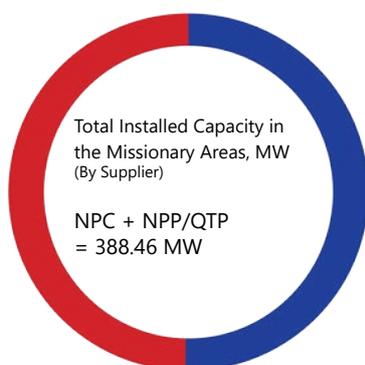
## A. Missionary Electrification

### Installed Capacity in the Missionary Areas

(By Grid & By Energy Source)

as of December 2016

| CY 2016                             |               |               |               |               |               |               |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                     | NPC           |               | NPP/QTP       |               | Total         |               |
|                                     | No. of Plants | (MW)          | No. of Plants | (MW)          | No. of Plants | (MW)          |
| <b>Philippines</b>                  |               |               |               |               |               |               |
| <b>By Energy Source</b>             | <b>280</b>    | <b>196.07</b> | <b>18</b>     | <b>192.39</b> | <b>298</b>    | <b>388.46</b> |
| <b>Diesel Power Plant</b>           | <b>119</b>    | <b>190.97</b> | <b>15</b>     | <b>182.71</b> | <b>134</b>    | <b>373.68</b> |
| Land Base                           | 111           | 164.77        | 15            | 182.71        | 126           | 347.48        |
| Power Barge                         | 8             | 26.20         | -             | -             | 8             | 26.20         |
| <b>Hydro</b>                        | <b>1</b>      | <b>1.80</b>   | <b>3</b>      | <b>9.68</b>   | <b>4</b>      | <b>11.48</b>  |
| <b>Wind</b>                         | <b>1</b>      | <b>0.18</b>   | <b>-</b>      | <b>-</b>      | <b>1</b>      | <b>0.18</b>   |
| <b>Mini-Grid</b>                    | <b>17</b>     | <b>1.68</b>   | <b>-</b>      | <b>-</b>      | <b>17</b>     | <b>1.68</b>   |
| <b>PRES &amp; Solar Home System</b> | <b>142</b>    | <b>1.44</b>   | <b>-</b>      | <b>-</b>      | <b>142</b>    | <b>1.44</b>   |
| <b>By Grid</b>                      | <b>280</b>    | <b>196.07</b> | <b>18</b>     | <b>192.39</b> | <b>298</b>    | <b>388.46</b> |
| <b>Luzon</b>                        | <b>211</b>    | <b>111.99</b> | <b>15</b>     | <b>176.54</b> | <b>226</b>    | <b>288.52</b> |
| <b>Visayas</b>                      | <b>45</b>     | <b>16.21</b>  | <b>3</b>      | <b>15.85</b>  | <b>48</b>     | <b>32.07</b>  |
| <b>Mindanao</b>                     | <b>24</b>     | <b>67.87</b>  | <b>-</b>      | <b>-</b>      | <b>24</b>     | <b>67.87</b>  |



- NPC 50.47%
- NPP & QTP 49.53%

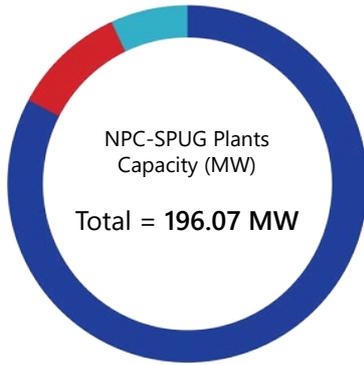


- Diesel Power Plant (Land Base) 89.45%
- Diesel Power Plant (Power Barge) 6.74%
- Hydro 2.96%
- Wind 0.05%
- Mini-Grid 0.43%
- PRES & Solar Home System 0.37%

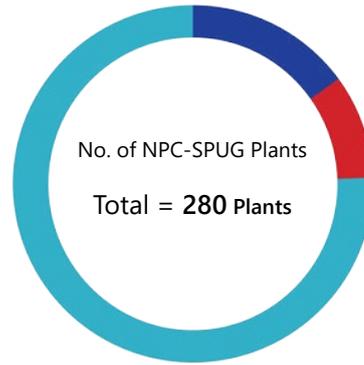


- Luzon 74.27%
- Visayas 8.26%
- Mindanao 17.47%

## NPC-SPUG Plants Capacities & No. of Plants (By Operating Hours)



- 24 Hours  
82.80%
- 12-20 Hours  
10.43%
- < 12 Hours  
6.77%



- 24 Hours  
15%
- 12-20 Hours  
10%
- < 12 Hours  
75%

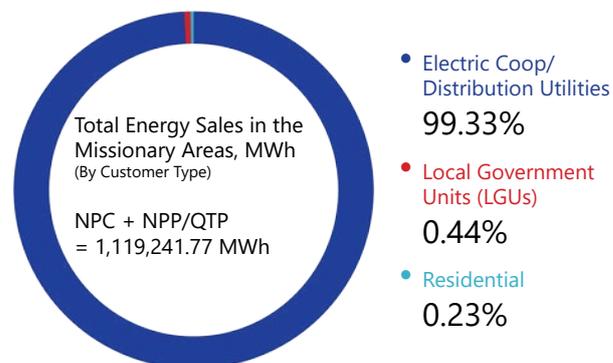
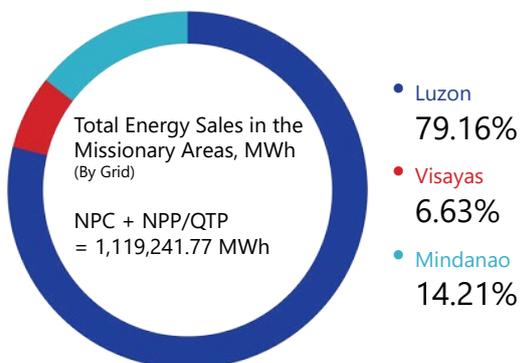
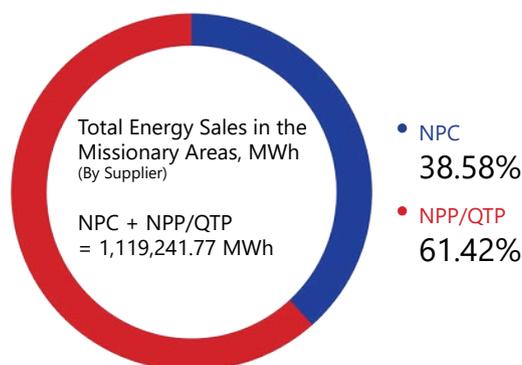
|                    | No. of Plants | Capacity (MW)  |
|--------------------|---------------|----------------|
| <b>Luzon</b>       | <b>211</b>    | <b>111.986</b> |
| 24 hours           | 27            | 95.416         |
| 12-20 hours        | 13            | 9.556          |
| Less than 12 hours | 171           | 7.014          |
| <b>Visayas</b>     | <b>45</b>     | <b>16.212</b>  |
| 24 hours           | 6             | 9.206          |
| 12-20 hours        | 4             | 2.505          |
| Less than 12 hours | 35            | 4.501          |
| <b>Mindanao</b>    | <b>24</b>     | <b>67.870</b>  |
| 24 hours           | 9             | 57.725         |
| 12-20 hours        | 10            | 8.381          |
| Less than 12 hours | 5             | 1.764          |
| <b>Total SPUG</b>  | <b>280</b>    | <b>196.068</b> |
| 24 hours           | 42            | 162.347        |
| 12-20 hours        | 27            | 20.442         |
| Less than 12 hours | 211           | 13.279         |

### List of NPC-SPUG Transmission Lines and Substations as of December 2016

|                           | Transmission Lines (CKM)                |               | Substation (MVA)    |            |
|---------------------------|---|---------------|---------------------|------------|
| <b>Catanduanes</b>        |   | <b>52.00</b>  |                     |            |
|                           | 1. Virac - Viga 69 kV T/L               | 52.00         |                     |            |
| <b>Masbate</b>            |   | <b>70.04</b>  |                     | <b>10</b>  |
|                           | 1. Mobo - Aroroy 69 kV T/L              | 43.42         | 1. Mobo S/S         | 10         |
|                           | 2. Tap Malinta - San Juan 69 kV T/L     | 26.62         |                     |            |
| <b>Oriental Mindoro</b>   |   | <b>175.00</b> |                     | <b>60</b>  |
|                           | 1. Calapan - Mamburao 69 kV T/L         | 91.00         | 1. Bansud S/S       | 10         |
|                           | 2. Calapan - Bansud 69 kV T/L           | 84.00         | 2. Calapan S/S      | 50         |
| <b>Occidental Mindoro</b> |   | <b>138.48</b> |                     | <b>35</b>  |
|                           | 1. Mamburao - Sta. Cruz 69 kV T/L       | 33.40         | 1. Mamburao S/S     | 10         |
|                           | 2. Sta. Cruz - San Jose 69 kV T/L       | 105.08        | 2. San Jose S/S     | 25         |
| <b>Palawan</b>            |   | <b>282.00</b> |                     | <b>55</b>  |
|                           | 1. Puerto Princesa - Narra 138 kV T/L   | 87.00         | 1. Brooke's Pt. S/S | 5          |
|                           | 2. Puerto Princesa - Roxas 69 kV T/L    | 106.00        | 2. Irawan S/S       | 40         |
|                           | 3. Narra - Brooke's Pt. 69 kV T/L       | 77.00         | 3. Narra S/S        | 5          |
|                           | 4. Puerto Princesa - Irawan 13.8 kV T/L | 12.00         | 4. Roxas S/S        | 5          |
| <b>Marinduque</b>         |   | <b>58.51</b>  |                     | <b>10</b>  |
|                           | 1. Boac - Torrijos 69 kV T/L            | 48.70         | 1. Boac S/S         | 10         |
|                           | 2. Boac - Balanacan 69 kV T/L           | 9.81          |                     |            |
|                           | <b>Total</b>                            | <b>776.03</b> | <b>Total</b>        | <b>170</b> |

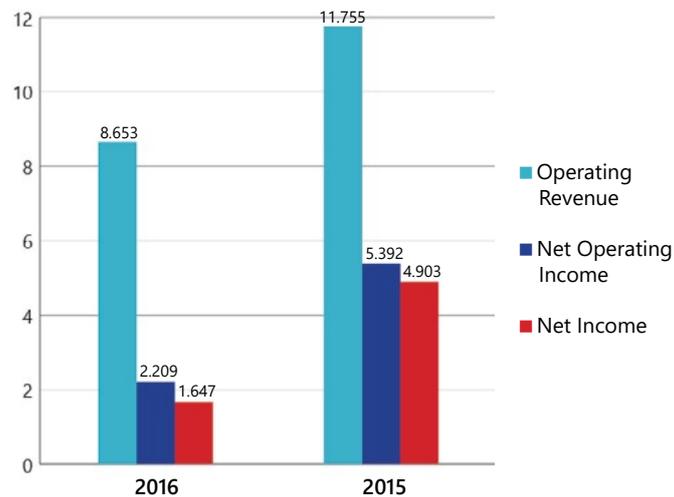
## Total Energy Sales in the Missionary Areas (By Grid & By Customer Type), kWh as of December 2016

| CY 2016                              |                       |                       |                         |
|--------------------------------------|-----------------------|-----------------------|-------------------------|
|                                      | NPC                   | NPP/QTP               | Total                   |
| <b>Philippines</b>                   | <b>431,752,097.27</b> | <b>687,489,676.00</b> | <b>1,119,241,773.27</b> |
| Electric Coop/Distribution Utilities | 424,256,938.44        | 687,489,676.00        | 1,111,746,614.44        |
| Local Government Units (LGU)         | 4,976,597.01          | -                     | 4,976,597.01            |
| Residential                          | 2,518,561.82          | -                     | 2,518,561.82            |
| <b>Luzon</b>                         | <b>250,409,176.04</b> | <b>635,567,855.00</b> | <b>885,977,031.04</b>   |
| Electric Coop/Distribution Utilities | 243,719,117.88        | 635,567,855.00        | 879,286,972.88          |
| Local Government Units (LGU)         | 4,976,597.01          | -                     | 4,976,597.01            |
| Residential                          | 1,713,461.15          | -                     | 1,713,461.15            |
| <b>Visayas</b>                       | <b>22,297,657.65</b>  | <b>51,921,821.00</b>  | <b>74,219,478.65</b>    |
| Electric Coop/Distribution Utilities | 21,492,556.98         | 51,921,821.00         | 73,414,377.98           |
| Local Government Units (LGU)         | -                     | -                     | -                       |
| Residential                          | 805,100.67            | -                     | 805,100.67              |
| <b>Mindanao</b>                      | <b>159,045,263.58</b> | <b>-</b>              | <b>159,045,263.58</b>   |
| Electric Coop/Distribution Utilities | 159,045,263.58        | -                     | 159,045,263.58          |
| Local Government Units (LGU)         | -                     | -                     | -                       |
| Residential                          | -                     | -                     | -                       |



## Financial Highlights

|                                      | 2016<br>(Bn Pesos) | 2015<br>(Bn Pesos) |
|--------------------------------------|--------------------|--------------------|
| ■ Operating Revenue <sup>1/</sup>    | 8.653              | 11.755             |
| ■ Net Operating Income <sup>2/</sup> | 2.209              | 5.392              |
| ■ Net Income <sup>2/</sup>           | 1.647              | 4.903              |



### Notes:

<sup>1/</sup> Operating Revenue includes the following:

|                          | 2016         | 2015          |
|--------------------------|--------------|---------------|
| Basic revenue            | 2.247        | 2.048         |
| UCME *                   | 6.406        | 9.707         |
| <b>Operating Revenue</b> | <b>8.653</b> | <b>11.755</b> |

\* UCME is part of the ERC approved revenue source which forms part of the corporate fund to be utilized by NPC for its missionary electrification function.

<sup>2/</sup> Net Operating Income was derived as follows:

|                             | 2016         | 2015         |
|-----------------------------|--------------|--------------|
| Operating Revenue           | 8.653        | 11.755       |
| Operating Expense           | (6.444)      | (6.363)      |
| <b>Net Operating Income</b> | <b>2.209</b> | <b>5.392</b> |
| Other Income/(Expense)      | (0.562)      | (0.489)      |
| <b>Net Operating Income</b> | <b>1.647</b> | <b>4.903</b> |

The COA Audit Report presents the Financial Statements based on Philippine Public Sector Accounting Standards (PPSAS) as aligned to international standards. This aims to provide quality accounting standards and **uniformity** in financial reporting by Phil. Public Sector Entities, thereby ensuring accountability, transparency and **comparability** of financial information with other public sector entities. This is in compliance with the COA Circular No. 2015-003 requiring all Government Corporations to adopt PPSAS in accordance with COA Resolution No. 2014-003.

The adoption of the PPSAS has caused the conversion of the Financial Statements to align with the applicable financial reporting framework, following the specific guidelines on the conversion of existing agency's chart of accounts to the Revised Chart of Accounts (RCA) as prescribed through COA Circular No. 2015-010 dated Dec. 01, 2015 and based on Circular No. 2016-006. The presentation of accounts in the financial statements has also been changed to conform with the standards of financial reporting for Phil. Public Sector Entities.

## Financial Ratios

December 31, 2016

(With Comparative Figures as of December 2015)

|   | <u>2016</u>   | <u>2015</u> |
|---|---------------|-------------|
| <b>I. Measures of Profitability (%)</b>   |               |             |
| 1.1 Net Income to net operating revenue   | <b>19.03</b>  | 41.71       |
| 1.2 Net income to net worth   | <b>5.37</b>   | 17.30       |
| 1.3 Net income to total assets <sup>1/</sup>  | <b>4.16</b>   | 13.48       |
| 1.4 Net income to rate base   | <b>28.53</b>  | 87.99       |
| 1.5 Return on rate base   | <b>38.26</b>  | 96.75       |
| 1.6 Net income to invested capital<br>(earning on capital invested by long-term investor) | <b>5.39</b>   | 15.31       |
| 1.7 Net income to government equity   | <b>6.09</b>   | 18.13       |
| <b>II. Measures of Assets Use</b>   |               |             |
| 2.1 Assets turnover <sup>1/</sup><br>(revenue generated by total assets)                  | <b>0.22</b>   | 0.32        |
| 2.2 Receivable turnover<br>(risk of loss from uncollected accts.)                         | <b>2.20</b>   | 1.82        |
| 2.3 Inventory turnover<br>(higher turnover indicates smaller investment requirements)     | <b>4.42</b>   | 4.66        |
| 2.4 Fixed assets turnover<br>(revenue generated by net utility plant assets)              | <b>1.14</b>   | 1.56        |
| <b>III. Measures of Liquidity</b>   |               |             |
| 3.11 Current ratio (including current portion of LTD)                                     | <b>4.40</b>   | 4.48        |
| 3.12 Current ratio (excluding current portion of LTD)                                     | <b>4.43</b>   | 4.51        |
| 3.21 Quick ratio (including current portion of LTD)                                       | <b>3.38</b>   | 3.58        |
| 3.22 Quick ratio (excluding current portion of LTD)                                       | <b>3.41</b>   | 3.61        |
| 3.3 Days sales in receivables collection period   | <b>163.83</b> | 198.13      |
| 3.4 Days funds held in stock  | <b>81.53</b>  | 77.24       |
| <b>IV. Measure of Use of Debt</b>   |               |             |
| 4.1 Debt to equity ratio <sup>2/</sup>  | <b>23:100</b> | 22:100      |
| <b>V. Measures of Long-term Financial Risks</b>   |               |             |
| 5.1 Interest coverage   | <b>182.82</b> | 455.55      |
| 5.2 Debt-service coverage ratio   | <b>105.70</b> | 78.98       |
| <b>VI. Measures of Long-term Financial Position</b>                                       |               |             |
| 6.1 Fixed assets to long-term liabilities   | <b>17.22</b>  | 16.59       |
| 6.2 Fixed assets to total proprietary capital   | <b>0.23</b>   | 0.26        |
| 6.3 Fixed assets to total assets <sup>1/</sup>  | <b>0.18</b>   | 0.23        |

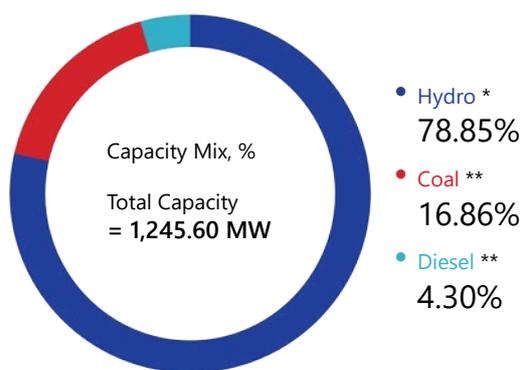
<sup>1/</sup> Excluding Trust Assets and Temporary Registry

<sup>2/</sup> Excluding Trust Liabilities and Temporary Registry

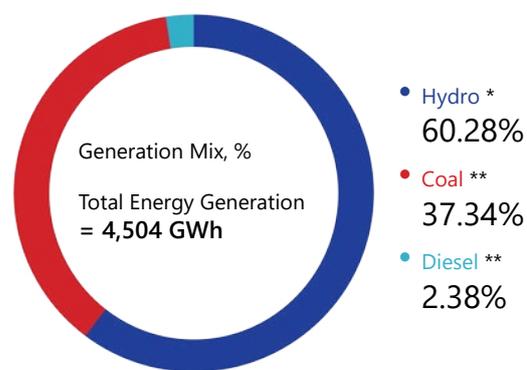
## B. Mindanao Generation (Main Grid)

| 2016 Mindanao Capacity and Generation Profile |                     |                         |
|---|---------------------|-------------------------|
| Plants  | Rated Capacity (MW) | Energy Generation (MWh) |
| <b>1. Hydroelectric (NPC-MinGen)</b>          | <b>982.10</b>       | <b>2,715,091</b>        |
| Agus 1 & 2 HEPC                               | 260.00              | 550,659                 |
| Agus 1 HEP                                    | 80.00               | 186,301                 |
| Agus 2 HEP                                    | 180.00              | 364,358                 |
| Agus 4 & 5 HEPC                               | 213.10              | 790,079                 |
| Agus 4 HEP                                    | 158.10              | 582,608                 |
| Agus 5 HEP                                    | 55.00               | 207,471                 |
| Agus 6 & 7 HEPC                               | 254.00              | 736,934                 |
| Agus 6 HEP                                    | 200.00              | 586,209                 |
| Agus 7 HEP                                    | 54.00               | 150,725                 |
| Pulangji 4 HEP                                | 255.00              | 637,419                 |
| <b>2. Coal</b>                                | <b>210.00</b>       | <b>1,681,579</b>        |
| STEAG (NPC-IPP)                               | 210.00              | 1,681,579               |
| <b>3. Diesel</b>                              | <b>53.50</b>        | <b>107,116</b>          |
| SPPC (NPC-IPP)                                | 53.50               | 107,116                 |
| <b>Total</b>                                  | <b>1,245.60</b>     | <b>4,503,786</b>        |

### 2016 Mindanao Capacity Mix



### 2016 Mindanao Generation Mix



\* NPC  
\*\* NPC-IPPs

## Comparative Results of Operation Agus-Pulangi Hydroelectric Power Plants CY 2016 & CY 2015

| Results of Operation, Comparative Data       |           |           |
|--|-----------|-----------|
| Agus-Pulangi Hydroelectric Power Plants      | 2016      | 2015      |
| Rated Capacity, MW                           | 982.1     | 982.1     |
| Gross Generation, MWh                        | 2,715,091 | 3,473,915 |
| Net Energy Sales, MWh                        | 2,489,091 | 3,293,413 |
| Average Selling Rate, P/kWh                  | 2.91012   | 2.96135   |
| Net Energy Sales, PhP (in Thousands)         | 7,243,554 | 9,752,947 |
| Total Operating Expenses, PhP (in Thousands) | 814,140   | 802,369   |
| Personal Services (in Thousands)             | 219,041   | 204,448   |
| MOOE (in Thousands)                          | 412,396   | 394,476   |
| Regional Allocation (in Thousands)           | 182,702   | 203,446   |
| Net Operating Income, PhP (in Thousands)     | 6,429,414 | 8,950,578 |

### Notes:

1. Average Selling Rates were based from Sales and Marketing but Prompt Discount were not considered. All power related transactions are handled and booked at PSALM's' books.
2. Depreciation, Bad Debts, ER 1-94 SNW & Property Taxes were not considered as it is handled and paid by PSALM.
3. Total Operating Expenses reflected were taken from the final reports of Mindanao Headquarters, Agus 1 & 2 Hydroelectric Power Plants, Agus 4 & 5 Hydroelectric Power Plants, Agus 6 & 7 Hydroelectric Power Plants and Pulangi 4 Hydroelectric Power Plant. Head Office allocation was not included in the data presented.

## Operations Performance Indicators

31 December 2016

(With Comparative Figures as at 31 December 2015)

| Objectives and Performance Measures  | 2016    | 2015    |
|--|---------|---------|
| <b>I. Provided Efficient and Reliable Power Supply in Missionary Areas</b>           |         |         |
| a. Percentage of Readiness of Existing Plants (Equivalent Availability Factor), %    | 72.503% | 67.567% |
| b. Percentage of Unexpected Power Interruption (Forced Outage Rate), %               | 0.128%  | 0.142%  |
| c. Plant Operation Efficiency (Net Heat Rate), Btu/kWh                               | 10,578  | 10,699  |
| d. Plant Maintenance Efficiency Ratio, %   | 118.36% | 109.06% |
| <b>II. Contributed to Efficient Operation of Generation Assets in the Main Grids</b> |         |         |
| a. Percentage of Readiness of Existing Plants (Availability Factor), %               | 89.82%  | 88.81%  |
| b. Unexpected Power Interruption (Forced Outage Hour), Hour per unit                 | 4.05    | 14.53*  |
| c. Plant Maintenance Efficiency Ratio), %  | 118.30% | 125.80% |

\* Due to Pulangi IV outages in the early part of 2015

# Corporate Governance

## Confirmation Statement

The National Power Corporation (NPC) strictly adheres to the principles of good corporate governance. As one of the government-owned or –controlled corporations under the oversight of the Governance Commission for Government-Owned or Controlled Corporations (GCG), NPC, its Governing Board and all of its officials and employees fully comply with the Code of Corporate Governance issued by the GCG which was made operational through the NPC Manual of Corporate Governance.

The Board, through its various committees (Executive Committee, Board Review Committee, Nomination and Remuneration Committee, Board Audit Committee, Governance Committee and Risk Management Committee), exercise and perform various oversight functions in accordance with the functions laid down in detail in the NPC Manual of Corporate Governance.

The Corporate Strategy/Mission and Vision is regularly reviewed by the NP Board and Management through Management Reviews for the different groups in the organization. The output of these reviews is integrated into an annual Management Review and submitted to the Board, through the various Board Committees, which in turn make the appropriate recommendations to the Board.

The various committees of the Board meet as often as necessary to make sure that there is strict compliance and adherence to the commitments to good governance principles.

NPC has a Manual of Approvals that was approved by the Board and is presently undergoing review, updating and possible amendments. It contains the different levels of authority within the organization and it is Management's duty to comply strictly with the Manual of Approvals. The Board, through the Internal Audit Department, exercises oversight over these compliances.

NPC has both a Code of Conduct and Ethics which provide guidance to all officials and employees and provide mechanisms for discovery, investigation and resolution of possible violations as well as provide appropriate action for violations.

NPC complies with all applicable provisions of Republic Act No. 9184 (Government Procurement Reform Act) in all levels of the organization. NPC through its Bids and Awards Committee has the duty and responsibility to properly implement the process of procurement within the organization.

NPC also adheres to the requirements of Executive Order No. 2, S. 2016, otherwise known as the "Freedom of Information (FOI) Order."

NPC will continue to strengthen its governance practices to safeguard the interests of all its stakeholders.

# National Power Board Review and Comment on the Adequacy of NPC's Material Controls (including operational, financial & compliance controls) and Risk Management Systems

The National Power Board (the "Board") has the responsibility for the National Power Corporation's (NPC) system of internal control and for reviewing its effectiveness. The system is designed to manage and minimize if not totally eliminate the risk of failure to achieve the NPC's goals, objectives and strategies.

With the NPC's thrust of mitigating/minimizing the risks associated with its operations to achieve its goals and objectives through the internal control/risk management systems, the Board can only provide reasonable and not absolute assurance against the occurrence of any material misstatement or loss of management and financial information and records or against financial losses or fraud.

To assess the adequacy and effectiveness of the NPC's internal control/risk management systems, a process of control self-assessment and hierarchical reporting has been established which provides for a documented and auditable trail of accountability. This process is facilitated by the Internal Audit, reporting to the Board Audit Committee, with the objective of providing an independent and objective assurance and consulting activity designed to add value to the operation and validity of the system of internal control. Internal audit independently reviews the risk identification procedures and control process implemented by Management.

The Board Audit Committee oversees, monitors and evaluates the adequacy and effectiveness of the NPC's internal control system. It further engages and provides oversight of the NPC's internal and external auditors, and coordinates with the Commission on Audit (COA). It reviews and approves the audit scope, internal audit plans, etc. before submission to the Board and ensures that Management is taking corrective actions in a timely manner in addressing control and compliance functions with regulatory agencies. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Board Risk Management and the Audit Committees.

The Board confirms that the Risk Management Committee has an ongoing process of performing oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of the NPC. It also has a crisis management function which includes receiving periodic information on risk exposures and risk management activities from the Management. The NPC Risk Management Manual lays down the corporation's system of risk management and allows the proper perspectives and methods of identifying, evaluating, managing and handling risks that have bearing in the effective and efficient operations within and outside the corporation.

The Board, through the Risk Management Committee, has reviewed the process for identifying and evaluating the significant risks affecting the NPC's operations and the policies and procedures by which these risks are managed and the effectiveness of the system of internal control pursuant to the NPC's mandate of electrification of missionary areas. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including power service delivery, power outages and regulatory requirements, among others.

The Committee reports based on its review of risks inherent in the NPC's operation and the system of control necessary to manage such risks. The Committee presents its findings, provides quarterly reporting and updating the Board on key Management issues as well as ad hoc reporting and evaluation on investment proposals.

In addition, all committees of the Board can be called upon to perform their specific functions in relation to the management of risks.

The Board ensures that the above systems are regularly reviewed throughout the year, taking into account changes in the regulatory and business environment to ensure the adequacy and integrity of the systems of internal controls and risk management.

For 2016, the NP Board approved the CY2016 Annual Audit Plan to be carried out by the Internal Audit Department (IAD) on 16 March 2016. The Audit Plan covered NPC's key functions and responsibility areas recognized to require sound risk management and effective control. Specific projects were prioritized in view of the materiality of the audit entities to the achievement of corporate objectives.

The results of the audit projects included in the Plan were reviewed by the Board Audit Committee on a quarterly basis. Weaknesses and areas for improvement were discussed for policy direction, and Management was instructed by the Board to address the observations.

Based on the assessment conducted by the IAD, the Board Audit Committee found the existing internal control and risk management systems to be adequate and effective. It nonetheless recommended a continuous process of review by Management to improve and strengthen the systems, particularly on areas identified in the audit reports.

# NPC Whistleblowing Policy

It is the policy of the National Power Corporation (NPC) to carry out its management based on transparency, responsibility and accountability with utmost degree of professionalism and effectiveness through prevention and control of serious misconduct and unethical work habits by providing a confidential reporting channel. The purpose of the NPC Whistleblowing Policy (Circular No. 2016-07, approved on March 01, 2016) is to enable any concerned individual to report and provide information, anonymously if he/she wishes and to testify on matters involving the actions or omissions of the Directors, Officials and Employees of NPC, that are illegal, unethical, violative of good governance principles, contrary to public policy and morals and those acts or omissions that promote unsound and unhealthy business practices that are grossly disadvantageous to the Corporation and the State.

The salient features of the Policy are as follows:

1. Creation of the NPC Investigation Committee which shall be headed by the Vice President, Legal Counsel. The members are the Department Managers of the Legal Services and Human Resources Departments, one (1) Corporate Attorney and Corporate Staff Officer C from the Office of the Legal Counsel;
2. Reportable Conditions such as but not limited to the violations of any provision provided for in the following:
  - a. Article XI, Section 1 of the 1987 Philippine Constitution; Executive Order No. 292, Series of 1987 or the Administrative Code of the Philippines; and Book II, Title VII, Act 3815 of the Revised Penal Code of the Philippines.
  - b. Revised Rules on Administrative Cases in the Civil Service and Republic Act No. 6713 or the Code of Conduct and Ethical Standards for Public Officials and Employees;
  - c. Republic Act No. 3019 or the Anti-Graft and Corrupt Practices Act and Republic Act No. 7080, as amended or the Plunder Law;
  - d. Republic Act No. 10149 or the GOCC Governance Act of 2011;
  - e. GCG Memoranda Circular Nos. 2012-05 or the Fit and Proper Rule, 2012-06 or the Ownership and Operations Manual Governing the GOCC Sector, 2012-07 or the Code of Corporate Governance for GOCCs and 2014-04 of the Whistleblowing Policy for the GOCC Sector; and
  - f. NPC Code of Conduct and Discipline and Other NPC policies as well as applicable laws, rules and regulations.
3. Reporting channels via email, mail, telephone, and face-to-face meetings with the NPC Investigation Committee.
4. Contents of the Complaints/Reports.
5. Acceptance of Anonymous Complaints/Reports.
6. Withdrawal of reports or resignation of the respondent pending investigation.
7. Confidentiality of information and identities of the Whistleblower and Respondent.
8. Protection of the whistleblower against retaliation.
9. Sanctions against untrue allegations.
10. Procedures on handling whistleblowing reports and complaints (filing of reports, handling of reports, preliminary investigation, full investigation and progress monitoring).
11. Final actions on the report of the NPC Investigation Committee.

## Statement of Management Responsibility for Financial Statements

The Management of NATIONAL POWER CORPORATION is responsible for all information and representations contained in the accompanying Statement of Financial Position as of 31 December 2016 and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the year then ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and generally accepted state accounting principles, and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or dispositions and liabilities are recognized.



**LORNA T. DY**  
VP-Administration & Finance



**MA. GLADYS CRUZ-STA. RITA**  
President & CEO

14 February 2017



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City, Philippines

# Independent Auditor's Report

## **The Board of Directors**

National Power Corporation  
Diliman, Quezon City

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the National Power Corporation, which comprise the statement of financial position as at December 31, 2016 and 2015, and the Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Cash Flows and Statement of Comparison of Budget and Actual Amount for the years then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## **Basis for Qualified Opinion**

The Trust Accounts (PSALM) totaling P4.892 billion and P6.396 billion as of December 31, 2016 and 2015, respectively was not reconciled against the Assets Held in Trust with NPC which has year end balance of P8.573 billion and P6.585 billion for the same period. These accounts are reciprocal accounts, therefore, should always have the same balance.

Other Non-Current Asset pertaining to the Retained TransCo account was understated as of December 31, 2016 and 2015 both by P1.850 billion due to write-off of the accounts without authority from the Commission on Audit. Similarly, the Current Liabilities of the Retained TransCo account was also understated by P257.5 million for same period.

Current financial liabilities' totaling P5.886 billion and P5.793 billion as of December 31, 2016 and 2015, respectively, were doubtful due to the inclusion of various accounts with abnormal or debit balances totaling P391.581 million and the existence of accounts which did not reflect the name of creditors in the subsidiary ledgers amounting to P13.198 million.

In addition, Property, Plant and Equipment of P4.460 billion was not fairly valued due to (i) unreconciled difference in the amount of P2.215 billion obtaining between the general ledger and the physical inventory report; (ii) unserviceable assets costing P34.828 million that remain undisposed at year end, contrary of Section 79 of PD 1445 resulting in further decline in value; (iii) non-recognition of impairment loss on obsolete and unserviceable assets per PPSAS 21; and (iv) unaccounted inventory of P7.864 million.

## **Qualified Opinion**

In our opinion, except for the effects and the possible effects of the matters discussed in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the National Power Corporation as at December 31, 2016 and 2015, and its financial performance and its cash flows for the year then ended in accordance with Philippine Public Sector Accounting Standards.

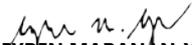
## **Emphasis of Matter**

We draw attention to Note 30 of the Notes to Financial Statements which describes the uncertainty pertaining to the NPC-Driver and Mechanics Association (NPC-DAMA) case filed against the Corporation which may cost approximately P62 billion. Our opinion is not qualified in respect of this matter.

## **Report on the Supplementary Information Required Under BIR Revenue Regulation 15-2010**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees disclosed in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of Management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## **COMMISSION ON AUDIT**

  
**EYREN MARANAN-YULDE**  
OIC - Supervising Auditor

June 1, 2017

# Condensed Statement of Financial Position

as at December 31, 2016 and 2015

|  | Notes | 2016                  | 2015           |
|--|-------|-----------------------|----------------|
| <b>ASSETS</b>                              |       |                       |                |
| <b>Current Assets</b>                      |       |                       |                |
| Cash & cash equivalents                    | 4     | 14,675,271,246        | 10,241,716,575 |
| Receivables                                | 5     | 5,241,214,966         | 10,977,036,888 |
| Inventories                                | 6     | 1,439,673,639         | 1,313,569,284  |
| Other current assets                       | 7     | 4,537,381,557         | 3,981,129,172  |
| <b>Total Current Assets</b>                |       | <b>25,893,541,408</b> | 26,513,451,919 |
| <b>Non-Current Assets</b>                  |       |                       |                |
| Property, plant and equipment              | 8     | 7,579,622,772         | 8,487,695,458  |
| Construction in progress                   | 9     | 3,397,837,384         | 2,479,879,185  |
| Other non-current assets                   | 10    | 6,994,691,125         | 9,104,440,361  |
| <b>Total Non-Current Assets</b>            |       | <b>17,972,151,281</b> | 20,072,015,004 |
| <b>TOTAL ASSETS</b>                        |       | <b>43,865,692,689</b> | 46,585,466,923 |
| <b>LIABILITIES</b>                         |       |                       |                |
| <b>Current Liabilities</b>                 |       |                       |                |
| Financial Liabilities                      | 11    | 4,620,844,679         | 4,275,230,380  |
| Inter-Agency Payables                      | 12    | 945,782,975           | 1,420,927,571  |
| Trust Liabilities                          | 13    | 30,029,740            | 50,209,711     |
| Other Payables                             | 14    | 289,399,735           | 178,106,068    |
| <b>Total Current Liabilities</b>           |       | <b>5,886,057,129</b>  | 5,924,473,730  |
| <b>Non-Current Liabilities</b>             |       |                       |                |
| Financial Liabilities                      | 15    | 604,907,507           | 644,125,723    |
| Deferred Credits/Unearned Income           | 16    | 1,934,730,181         | 1,666,791,836  |
| Provisions                                 | 17    | 572,648,304           | 576,002,226    |
| Trust Liabilities (PSALM)                  | 10    | 4,892,201,624         | 6,396,452,025  |
| <b>Total Non-Current Liabilities</b>       |       | <b>8,004,487,616</b>  | 9,283,371,810  |
| <b>TOTAL LIABILITIES</b>                   |       | <b>13,890,544,745</b> | 15,207,845,540 |
| <b>Total Assets Less Total Liabilities</b> |       | <b>29,975,147,944</b> | 31,377,621,383 |
| <b>NET ASSETS/EQUITY</b>                   |       |                       |                |
| Capital Stock                              | 18    | 27,048,870,789        | 27,048,870,789 |
| Donated Capital                            | 18    | 14,683,567            | 13,856,821     |
| Appropriated Retained Earnings             | 18    | 349,691,637           | 349,691,637    |
| Unappropriated Retained Earnings           | 18    | 366,336,203           | 1,772,471,059  |
| Appraisal Capital                          | 18    | 2,195,565,748         | 2,192,731,077  |
| <b>Total Net Assets/Equity</b>             |       | <b>29,975,147,944</b> | 31,377,621,383 |

See accompanying Notes to Financial Statements

# Statement of Financial Performance

For the Year Ended December 31, 2016 and 2015

|  | Notes | 2016                   | 2015            |
|--|-------|------------------------|-----------------|
| <b>Revenue</b>                           |       |                        |                 |
| Service and Business Income              | 19    | <b>3,828,917,044</b>   | 3,894,919,982   |
| Shares, Grants and Donations             | 20    | <b>1,987,124</b>       | 2,375,558       |
| <b>Total Revenue</b>                     |       | <b>3,830,904,168</b>   | 3,897,295,540   |
| <b>Less: Current Operating Expenses</b>  |       |                        |                 |
| Personnel Services                       | 21    | <b>802,100,259</b>     | 737,564,916     |
| Maintenance and Other Operating Expenses | 22    | <b>4,263,392,942</b>   | 5,416,909,984   |
| Financial Expenses                       | 23    | <b>9,213,126</b>       | 10,831,171      |
| Direct Materials (Fuel)                  | 24    | <b>2,714,796,036</b>   | 3,042,377,290   |
| Direct Overhead                          | 24    | <b>505,516,638</b>     | 466,941,787     |
| Non-Cash Expenses                        | 25    | <b>1,276,585,193</b>   | 1,029,025,773   |
| <b>Total Current Operating Expenses</b>  |       | <b>9,571,604,194</b>   | 10,703,650,921  |
| <b>Deficit from Current Operations</b>   |       | <b>(5,740,700,026)</b> | (6,806,355,381) |
| Financial Assistance/Subsidy             | 26    | <b>980,822,175</b>     | 2,000,000,000   |
| Share in Universal Charge                | 27    | <b>6,406,011,229</b>   | 9,706,676,769   |
| Gains                                    | 28    | <b>792,701</b>         | 53,681,502      |
| Losses                                   | 29    | <b>(71,542)</b>        | (30,531,007)    |
| <b>Surplus for the period</b>            |       | <b>1,646,854,537</b>   | 4,923,471,883   |

See accompanying Notes to Financial Statements

# Statement of Comparison of Budget and Actual Amount

For the Year Ended December 31, 2016

| Particulars                     | Budgeted Amounts       |                        | Actual Amounts on Comparable Basis | Difference Final Budget and Actual |
|---------------------------------|------------------------|------------------------|------------------------------------|------------------------------------|
|                                 | Original               | Final                  |                                    |                                    |
| <b>RECEIPTS</b>                 |                        |                        |                                    |                                    |
| Service and Business Income     | 14,083,042,560         | 13,621,485,374         | 13,222,758,622                     | 398,726,752                        |
| Assistance and Subsidy          | 2,063,341,000          | 2,063,341,000          | 980,822,175                        | 1,082,518,825                      |
| Shares, Grants and Donations    | 1,991,089,755          | 2,672,585,821          | 1,388,542,956                      | 1,284,042,865                      |
| <b>Total Receipts</b>           | <b>18,137,473,315</b>  | <b>18,357,412,195</b>  | <b>15,592,123,753</b>              | <b>2,765,288,442</b>               |
| <b>PAYMENTS</b>                 |                        |                        |                                    |                                    |
| Personnel Services              | 941,106,038            | 1,291,880,327          | 387,498,627                        | 904,381,700                        |
| Maintenance and Other Operating | 15,535,054,137         | 15,831,116,385         | 9,590,012,190                      | 6,241,104,195                      |
| Capital Outlay                  | 4,073,612,472          | 3,701,120,009          | 746,230,152                        | 2,954,889,857                      |
| Financial Expenses              | 51,124,768             | 651,124,768            | 351,157,702                        | 299,967,066                        |
| Others                          | 127,484,164            | 171,035,889            | 92,131,837                         | 78,904,052                         |
| <b>Total Payments</b>           | <b>20,728,381,579</b>  | <b>21,646,277,378</b>  | <b>11,167,030,508</b>              | <b>10,479,246,870</b>              |
| <b>NET RECEIPTS/PAYMENTS</b>    | <b>(2,590,908,264)</b> | <b>(3,288,865,183)</b> | <b>4,425,093,245</b>               | <b>(7,713,958,428)</b>             |

# Statement of Changes in Net Asset/Equity

For the Year Ended December 31, 2016 and 2015

|   | Notes | 2016                   | 2015            |
|---|-------|------------------------|-----------------|
| <b>Appropriated Retained Earnings</b>             |       |                        |                 |
| <b>Balance beginning</b>                          |       | <b>349,691,637</b>     | 349,691,637     |
| Net income  |       | 0                      | 0               |
| Correction of Prior Years Income                  |       | 0                      | 0               |
| <b>Balance end</b>                                | 18    | <b>349,691,637</b>     | 349,691,637     |
| <b>Unappropriated Retained Earnings</b>           |       |                        |                 |
| <b>Balance beginning</b>                          |       | <b>1,772,471,059</b>   | (2,720,771,200) |
| 2015 Net income                                   |       | 0                      | 4,903,358,182   |
| Dividend declared                                 |       | 0                      | (300,000,000)   |
| Adjustment 2015 Net Income                        |       | 0                      | 20,113,701      |
| Correction of Prior Years Income                  |       | 0                      | 65,965,163      |
| Other adjustments                                 |       | 0                      | (196,194,787)   |
| <b>Restated Balance</b>                           |       | <b>1,772,471,059</b>   | 1,772,471,059   |
| Changes in Net Assets/Equity for CY 2016          |       | 0                      | 0               |
| Add/(Deduct)                                      |       | 0                      | 0               |
| Surplus/(Deficit) for the period                  |       | <b>1,646,854,537</b>   | 0               |
| Other adjustments                                 |       | <b>(3,052,989,393)</b> | 0               |
| <b>Balance end</b>                                | 18    | <b>366,336,203</b>     | 1,772,471,059   |
| <b>Total Retained Earnings</b>                    | 18    | <b>716,027,840</b>     | 2,122,162,696   |
| <b>Government Equity</b>                          |       |                        |                 |
| <b>Balance beginning</b>                          |       | <b>27,048,870,789</b>  | 27,048,870,789  |
| Net income  |       | 0                      | 0               |
| Correction of Prior Years Income                  |       | 0                      | 0               |
| <b>Balance end</b>                                | 18    | <b>27,048,870,789</b>  | 27,048,870,789  |
| <b>Other Equity Instruments (Donated Capital)</b> |       |                        |                 |
| <b>Balance beginning</b>                          |       | <b>13,856,821</b>      | 13,856,821      |
| Adjustments                                       |       | 0                      | 0               |
| <b>Restated Balance</b>                           |       | <b>13,856,821</b>      | 13,856,821      |
| Changes in Net Assets/Equity for CY 2016          |       | 0                      | 0               |
| Add/(Deduct)                                      |       | 0                      | 0               |
| Surplus/(Deficit) for the period                  |       | 0                      | 0               |
| Other adjustments                                 |       | <b>826,746</b>         | 0               |
| <b>Balance end</b>                                | 18    | <b>14,683,567</b>      | 13,856,821      |
| <b>Revaluation Surplus (Appraisal Capital)</b>    |       |                        |                 |
| <b>Balance beginning</b>                          |       | <b>2,192,731,077</b>   | 2,192,731,077   |
| Adjustments                                       |       | <b>2,834,671</b>       | 0               |
| <b>Balance end</b>                                | 18    | <b>2,195,565,748</b>   | 2,192,731,077   |
| <b>EQUITY</b>                                     | 18    | <b>29,975,147,944</b>  | 31,377,621,383  |

See accompanying Notes to Financial Statements

# Condensed Statement of Cash Flows

For the Year Ended December 31, 2016 and 2015

|   | Notes | 2016                  | 2015                  |
|---|-------|-----------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |       |                       |                       |
| <b>Cash Inflows</b>   |       |                       |                       |
| Cash collected from universal levy                                  |       | 11,191,361,682        | 10,820,404,330        |
| Collections from power customers                                    |       | 2,031,396,940         | 1,810,699,892         |
| Subsidies received from other govt agencies                         |       | 980,822,175           | 615,042,606           |
| Amount withheld from employees, suppliers and other creditors       |       | 723,284,054           | 708,428,902           |
| Interest and dividends received                                     |       | 414,389,555           | 382,964,118           |
| Deposits and trust funds received                                   |       | 7,091,647             | 6,101,088             |
| Collections on deposits and advances                                |       | 22,334,764            | 9,000                 |
| Collections of other receivables                                    |       | 83,489,387            | 156,061,670           |
| <b>Total Cash Inflows</b>   |       | <b>15,454,170,204</b> | <b>14,499,711,606</b> |
| <b>Cash Outflows</b>  |       |                       |                       |
| Purchase of fuel for generation                                     |       | 2,448,292,656         | 3,481,844,096         |
| Genset rental   |       | 313,920,854           | 271,582,088           |
| Statutory remittances   |       | 1,658,991,523         | 1,849,066,791         |
| Taxes and duties  |       | 1,596,854,762         | 374,095,695           |
| Other operating expenses  |       | 2,020,085,019         | 2,324,530,638         |
| Other expenses  |       | 1,505,441,846         | 1,638,263,923         |
| Personnel cost  |       | 387,555,499           | 340,714,587           |
| Financial assistance  |       | 0                     | 12,239,610            |
| Refund of deposits and trust funds                                  |       | 27,790,348            | 5,407,558             |
| Net funds transferred   |       | 46,586,837            | 85,275,866            |
| Realty tax paid   |       | 747,289               | 903,253               |
| Share of local government units in national wealth                  |       | 0                     | 1,534,128             |
| Interest paid   |       | 0                     | 64,587                |
| Deposits and other advances   |       | 53,961,002            | 56,339,589            |
| <b>Total Cash Outflows</b>  |       | <b>10,060,227,635</b> | <b>10,441,862,409</b> |
| <b>Net Cash Provided by Operating Activities</b>                    |       | <b>5,393,942,569</b>  | <b>4,057,849,197</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |       |                       |                       |
| <b>Cash Inflows</b>   |       |                       |                       |
| Interest received from investments                                  |       | 132,818,732           | 53,516,403            |
| Proceeds from sale of assets  |       | 716,232               | 8,357,759             |
| <b>Total Cash Inflows</b>   |       | <b>133,534,964</b>    | <b>61,874,162</b>     |
| <b>Cash Outflows</b>  |       |                       |                       |
| Capital expenditures  |       | 746,230,152           | 365,390,046           |
| <b>Total Cash Outflows</b>  |       | <b>746,230,152</b>    | <b>365,390,046</b>    |
| <b>Net Cash Used in Investing Activities</b>                        |       | <b>(612,695,188)</b>  | <b>(303,515,884)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |       |                       |                       |
| <b>Cash Inflows</b>   |       |                       |                       |
| <b>Cash Outflows</b>  |       |                       |                       |
| Transfer to restricted cash account                                 |       | 124,795               | 41,829                |
| Dividend payment to Bureau of Treasury                              |       | 300,000,000           | 150,000,000           |
| Interest paid on loans  |       | 9,148,348             | 10,902,407            |
| Payment of loans  |       | 41,884,559            | 40,474,560            |
| <b>Total Cash Outflows</b>  |       | <b>351,157,702</b>    | <b>201,418,796</b>    |
| <b>Net Cash Used in Financing Activities</b>                        |       | <b>(351,157,702)</b>  | <b>(201,418,796)</b>  |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>         |       | <b>4,430,089,679</b>  | <b>3,552,914,517</b>  |
| <b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b> |       | <b>3,464,992</b>      | <b>1,188,240</b>      |
| <b>Cash and Cash Equivalents, January 1</b>                         |       | <b>10,241,716,575</b> | <b>6,687,613,818</b>  |
| <b>Cash and Cash Equivalents, December 31</b>                       | 4     | <b>14,675,271,246</b> | <b>10,241,716,575</b> |

See accompanying Notes to Financial Statements

# Notes to Financial Statements

(With Comparative Figures for CY 2015)

## 1. CORPORATE INFORMATION

The National Power Corporation (NPC) was established originally as a non-stock government corporation under Commonwealth Act No. 120 on November 3, 1936. It was later on converted to stock Corporation wholly owned by the government under Republic Act 2641 in 1960. Not for long in 1971, by virtue of Republic Act 6395, its charter was then revised as amended.

As mandated by the Revised NPC Charter, the Corporation shall undertake the development of hydroelectric generation of power and the production of electricity from nuclear, geothermal and other sources, as well as the transmission of electric power on a nationwide basis, shall continue to exist for fifty (50) years from and after expiration of its present corporate existence. It shall, as far as feasible spread the benefits of its projects and operations to the greatest number of the population possible, and the Corporation shall execute faithfully such projects as will promote total electrification of Luzon Islands, Visayan Islands, and Mindanao Islands.

NPC's Charter provides that it shall be non-profit and shall devote all its returns from its capital investment, as well as excess revenues from its operation, for expansion. To enable the Corporation to pay its indebtedness and obligations and, in furtherance and effective implementation of the government's policy of power generation, the Corporation, including its subsidiaries, is declared exempt from the payment of all forms of taxes, duties, fees, imposts as well as costs and service fees including filing fees, appeal bonds, supersede as bonds, in any court or administrative proceedings.

With the enactment of RA No. 9337, otherwise known as the Reformed Value-Added Tax (RVAT) Law of 2005, which took effect on November 1, 2005, NPC's purchases of fuel and purchased power as well as its sale of electricity are subjected to VAT, specifically stated under Sec. 24(A) of R.A. 9337 repealing Section 13 of R.A. No. 6395 on the Corporation's exemption from VAT. Moreover, with the enactment of EPIRA, NPC as power generation Corporation has been declassified from being a public utility to an ordinary business activity, hence subject to income tax.

### The EPIRA

Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001", the "EPIRA", was enacted to institute reforms and provide framework for the restructuring of the electric power industry including, among others, the privatization of generation assets, real estate, other disposable assets, independent power plants and the liquidation of all liabilities and stranded contract cost of NPC.

The EPIRA organized the industry into four (4) sectors: generation, transmission, distribution and supply. The structural reforms resulted, among others, in the creation of two (2) Government Owned and Controlled Corporations (GOCC's), the National Transmission Corporation (TRANSCO) and the Power Sector Assets and Liabilities Management Corporation (PSALM). NPC was retained as a GOCC to perform the missionary electrification function, through the Small Power Utilities Group (SPUG), watershed management and the operation and maintenance of all undisposed generation assets.

### Separation of TRANSCO Books from NPC and the Transfer of Assets and Liabilities from NPC to PSALM

As mandated under the EPIRA and pursuant to the instructions from the respective Boards and Managements of NPC, PSALM

and TRANSCO, the actual separation of books of TRANSCO from NPC and the asset-debt accounts transfer from NPC to PSALM was implemented on October 1, 2008 based on the balances of interim financial report (except for SPUG) as of September 30, 2008. Full implementation was effected on December 31, 2008. This momentous event significantly affected the current financial structure of NPC, as only the accounts pertaining to SPUG, watershed and other assets/facilities that are used and useful in the performance of its missionary function, watershed management and the operation of plants, under the Operation and Maintenance Agreement with PSALM, are retained in the books of NPC. Similar in 2008, NPC reported only the result of operation for SPUG and the financial condition of the residual NPC, consisting of accounts pertaining to SPUG and watershed and the retained PSALM.

### Operation and Maintenance Agreement (OMA)

The Operation and Maintenance Agreement (OMA) is an agreement entered into by and between NPC and PSALM on February 17, 2009 wherein NPC will act as the Operator of the transferred generation and other assets/facilities owned by PSALM prior to privatization of such assets.

In 2015, PSALM and NPC executed a new OMA and made effective by both parties. NPC will continue its obligation as Operator of the undisposed generating plants of PSALM. Under the agreement, NPC will be paid by PSALM an administrative fee equivalent to five percent (5%) margin on top of the total approved budget for personnel services, maintenance and other operating expenses inclusive of 12% VAT.

The head office is located at the National Power Corporation, Building 1, BIR Road, corner Quezon Avenue, Diliman, Quezon City.

## 2. MAJOR ACCOMPLISHMENTS

Following are the highlights of accomplishments of SPUG and Watershed in CY 2016:

### SPUG and WATERSHED

#### **FINANCIAL HIGHLIGHTS**

- **Revenue**

NPC realized a revenue of P8.653 billion for CY 2016 which is lower by 26% or P3.102 billion over its actual revenue of P11.755 billion in CY 2015.

- **Net Operating Income**

NPC posted a Net Operating Income of P2.209 billion which is lower by 59% or P3.183 billion from its Net Operating Income of P5.392 billion in CY 2015.

- **Net Income**

NPC reported a Net Income of P1.647 billion compared with the previous year's Net Income of P4.903 billion. The significant decrease is attributed mainly to lower UCME due to adoption of Energy Regulation Commission's methodology in the computation of Universal Charge – Missionary Electrification (UCME) based on the revenue requirement to cover the operating expenses, New Power Plant (NPP) subsidy and 12% return on rate base.

## OPERATIONAL HIGHLIGHTS

In furtherance of NPC's mandate to bring power as catalyst for development to the farthest, smallest and remotest areas and islands, the following are NPC's programs and project accomplishments in CY 2016:

### SMALL POWER UTILITIES GROUP (SPUG)

#### Power Plants with increase in operating hours in CY 2016

| NO. | SPUG POWER PLANTS    | PROVINCE          | OPERATING HOURS |    | DATE IMPLEMENTED |
|-----|----------------------|-------------------|-----------------|----|------------------|
|     |                      |                   | From            | To |                  |
| 1   | Itbayat DPP          | Batanes           | 18              | 24 | 1-Dec-16         |
| 2   | Sabtang DPP          | Batanes           | 18              | 24 | 1-Dec-16         |
| 3   | Jomalig DPP          | Quezon            | 8               | 16 | 16-Nov-16        |
| 4   | Patnanungan DPP      | Quezon            | 8               | 16 | 1-Dec-16         |
| 5   | Polilio DPP          | Quezon            | 16              | 24 | 30-Apr-16        |
| 6   | San Jose DPP         | Romblon           | 12              | 16 | 1-Aug-16         |
| 7   | Agutaya DPP          | Palawan           | 8               | 16 | 15-Aug-16        |
| 8   | Araceli DPP          | Palawan           | 16              | 24 | 25-Jun-16        |
| 9   | Balabac DPP          | Palawan           | 8               | 16 | 5-Sep-16         |
| 10  | Rizal DPP            | Palawan           | 16              | 24 | 11-Jan-16        |
| 11  | Rapu-Rapu DPP        | Albay             | 12              | 16 | 26-Oct-16        |
| 12  | Burias DPP           | Masbate           | 12              | 16 | 20-Dec-16        |
| 13  | Pilar DPP            | Cebu              | 20              | 24 | 8-Oct-16         |
| 14  | Limasawa DPP         | Southern Leyte    | 12              | 16 | 20-Dec-16        |
| 15  | Biri DPP             | Northern Samar    | 12              | 16 | 20-Dec-16        |
| 16  | San Antonio DPP      | Northern Samar    | 18              | 24 | 23-Dec-16        |
| 17  | Ninoy Aquino DPP     | Sultan Kudarat    | 14              | 16 | 7-May-16         |
| 18  | Palimbang DPP        | Sultan Kudarat    | 8               | 10 | 26-Jul-16        |
|     |                      |                   | 10              | 12 | 26-Oct-16        |
|     |                      |                   | 12              | 16 | 26-Nov-16        |
| 19  | Hikdop DPP           | Surigao del Norte | 7               | 10 | 16-Aug-16        |
|     |                      |                   | 10              | 12 | 7-Nov-16         |
|     |                      |                   | 12              | 16 | 26-Nov-16        |
| 20  | Cagayan de Tawi Tawi | Tawi-Tawi         | 8               | 12 | 1-Oct-16         |
| 21  | Sitangkay DPP        | Tawi-Tawi         | 8               | 12 | 6-Jun-16         |

### WATERSHED MANAGEMENT DEPARTMENT Accomplishment Report for CY 2016

The Watershed Management Department (WMD) continues to be relentless in sustaining its 11 luscious watersheds that support power generation through watershed protection, rehabilitation and resource development.

For CY 2016, at least 1,881 hectares of open and denuded areas were restored across the 11 watershed areas through reforestation (809 ha), agroforestry (588 ha) and other non-timber forest products (484 ha) such as bamboo, rubber, coffee, etc. Indigenous species of pioneer kind such as narra, molave, kalubkob, etc. dominate these reforestation areas. Likewise, fruit bearing seedlings such as mango, durian, and other non-timber forest products like rubber and coffee were intercropped in agroforestry areas to provide agricultural products as a sustainability mechanism. Similarly, bamboo, vetiver aside from soil/slope stabilization function will also provide alternative source of income for the stakeholders. Of the abovementioned Universal Charge-Environmental Charge (UC-EC) funded projects, ten percent (10%) or 190 hectares were planted thru

the initiative of private sectors like the National Grid Corporation of the Philippines (NGCP) under the cooperative planting now dubbed as "Goodness for Mother Earth (G4ME)" program.

Another colossal task of WMD is the law enforcement and regulation efforts. With its present 75 organic personnel, WMD hired at least 71 Contract of service forest guards to complement its work force. It is even beefed up by institutionalized partnerships with different law enforcement agencies/units such as Local Government Unit (LGU), Philippine Army (PA), Philippine

National Police (PNP), and Philippine Coast Guard (PCG). Complementing this partnership is the mobilization of at least 700 Bantay Watershed volunteers. These strengthened alliances resulted in confiscation of at least 24,686.95 bdft of lumber, 11 conveyances (truck, motorcycle, tricycle, motorized boats), 12 units of cutting tools/implements (chainsaw, etc) 172 sacks of charcoal and rattan. Aside from foot patrolling, periodic aerial surveillance were also conducted in Upper Agno, San Roque, Angat and Mak-ban.

From these confiscated lumbers, a total 263,511 bdft were donated to schools and LGUs which were used to construct arm chairs, tables, cabinets and refurbished barangay chapel and information center.

The mandate of NPC encompasses regulations including the granting of permits for any land-use activities inside the NPC-managed reservations. At least 22 permits, two watershed area clearances were issued in CY 2016. These incurred an income of P1.146 Million for NPC. Likewise, gratuitous permit to harvest minor forest products were granted to Dumagats. The Dumagats were also given gratuitous permit to catch fish in Angat Reservoir

while residents in Brgy. Lumot, Cavinti, Laguna were also given permit to operate fish cages.

Watershed protection remains the ultimate measure of effective watershed management. Hence, it is important to involve all stakeholders in all NPC's efforts considering that the watershed protection is a shared responsibility. This can only be attained with an effective information, education and communication (IEC) to convey to the public, both young and old. NPC's mandated roles and policies from households thru stakeholders meeting schools thru lectures and the Community Relation Officers braved its way in all sorts of terrain and weather just to bridge the information from NPC to the stakeholders and vice versa. This year at least 9,000 pcs. of calendars, folders, posters were printed and distributed. At least 30 barangay meetings and stakeholders for school lectures and film showing were complementarily carried out to sound out NPC's call for a vibrant and healthy watershed.

Above mentioned efforts will be in vain without addressing the primordial cause of watershed destruction which is anchored

on the marginalized socio-economic condition of the forest resources dependent communities. Thus, to veer away from destructive practices, alternative livelihood training or projects is of utmost importance. In CY 2016, at least 14 livelihood trainings were conducted which varies from nipa processing, handicrafts making, sinamay and abaca production, mushroom cultivation and soap making.

Most of these trainings benefitted partner indigenous people (IP) such as Igorots in Upper and Lower Agno, Agta (in Bicol), Dumagat (in Angat), and Talaandig (in Bukidnon).

**Ecotourism** continuously prosper in Angat Rainforest Ecopark. At least 19,067 visitors were recorded in our ecoparks, incurring P465,680.00 income for NPC. In Caliraya-Lumot Watershed Ecopark, a total of 62,465 visitors were recorded. Similarly, ecotourism program was launched in Upper Agno and San Roque Watershed last June 17, 2016 and November 26, 2016, respectively. Likewise, the ecotourism management plans of Tiwi, Buhi, and Mak-ban were also drafted.

### POWER ENGINEERING SERVICES Major Targets and Accomplishments as of December 31, 2016

| ITEM NO.                          | PROJECT TITLE  | WORK ORDER NO. | STATUS/ACCOMPLISHMENT   |
|-----------------------------------|--|----------------|---|
| <b>TRANSMISSION LINE PROJECTS</b> |  |                |   |
| 1.                                | Mamburao-Sablayan-Ligaya 69KV T/L Rehabilitation Project (87.00 kms.)  | F302A01        | 100% completed.<br>- On-going Project Close-out Report preparation.   |
| 2.                                | Emergency Restoration of Damaged Pole Structures along Mamburao-Calapan-Naujan 69kV T/L                          | E6PD1S1        | 100% completed.<br>- Certificate of Provisional Acceptance already issued.  |
| 3.                                | Codon-Virac 69KV T/L Project (31.28 kms.)  | I323A01        | 100% completed.<br>- Punchlist items generated during the Joint Final Inspection already rectified.<br>- For issuance of Certificate of Final Completion (Provisional Acceptance).  |
| 4.                                | Mobo-Aroroy "1" & "2" 69kV T/L Project (32.59 kms.)  | 1315A02        | On-going implementation, 91.52% complete.<br>- Per NP Board approved Completion Extension, the revised completion is 04 February 2016.<br>- Delays attributed to Contractor's lacking manpower and equipment, late delivery of Concrete/ Steel poles and Anchor Blocks, and Remaining ROW issues under Expropriation Cases. |
| 5.                                | Mobo-Cataingan "1" & "2" 69KV T/L Project, Schedule 1 (34.0 kms.)  | 1321A01        | On-going implementation, 99.05% complete.<br>- Joint Final Inspection conducted 22 - 25 November 2016. Insulation Resistance Test conducted 01 - 02 December 2016.  |
| 6.                                | Mobo-Cataingan "1" & "2" 69KV T/L Project, Schedule 2 (42.0 kms.)  | 1321A02        | On-going implementation, 96.60% complete.<br>- Delays due to late delivery of materials, ROW issues and late issuance of Cutting Permit from DENR.  |
| 7.                                | Bansud-Mansalay 69 kV T/L  | F303A01        | Under Contract Time Suspension, 80.09% complete.<br>- NPC approved the Contract Time Suspension effective 09 November 2016, until the resolution of filed Expropriation Cases and delivery of the required additional concrete/ steel poles due to re-routing.  |
| <b>CAPACITY ADDITION PROJECTS</b> |  |                |   |
| 1.                                | Supply , Delivery, Installation, Test and Commissioning for 3 x 1,000 KW and Below Genset for Various SPUG Areas | I800A01        | 100 % completed.<br>- Commercial Operation date is 10 August 2016.<br>- Project already turned-over to SPUG.  |
| 2.                                | Supply, Delivery, Installation, Test & Commissioning of 14 x 600 KW Gensets for Various SPUG Areas               | E800A01        | 100% completed.<br>- NPC is holding in abeyance the payment of billings/claims for the Contract unless all pending issues are resolved.   |

| ITEM NO.                                    | PROJECT TITLE  | WORK ORDER NO. | STATUS/ACCOMPLISHMENT   |
|---|--|----------------|---|
| 3.  | Supply, Delivery, Installation, Test and Commissioning for 10 x 600 KW Modular Gensets for Various SPUG Areas  | K606A01        | Project under Suspension, 80.53% complete.<br>- 7 out of 10 gensets already mounted/ installed.<br>Test & Commissioning activities already conducted for 4 gensets (3 sites: El Nido DPP, Taytay DPP and Ticao DPP). For Rectification works of punchlisted items.  |
| 4.  | Supply, Delivery, Installation, Test & Commissioning of 300 KW and Below Gensets for Various SPUG Areas  | I601A01        | On-going implementation, 93.90% complete.<br>- 25 gensets already delivered at site. 21 out of 23 gensets already installed.<br>- Letter dated 22 November 2016 forwarded to the Contractor, informing NPC's Take-over of the Contract.<br>- 300 KW genset for Limasawa DPP Commercially operated on 21 Dec. 2016 |
| 5.  | Supply, Delivery, Installation, Test and Commissioning of 13 x 600 KW Gensets for Various SPUG Areas   | E810A08        | On-going implementation, 70.04% complete.<br>- All Gensets & transformers already manufactured.<br>- 7 gensets and accessories already delivered at project site.<br>- Contractor is requesting for Contract Time Extension. Request under review/evaluation.   |
| 6.  | Supply, Delivery, Installation, Test & Commissioning of 15x600 kW Modular Diesel Generator sets & associated electrical equipment for various SPUG areas | F600A01        | On-going implementation, 85.46% complete.<br>- 15 genset units already delivered at project site.<br>- 20 Calendar Days Contract Time Extension approved by NPC.  |
| 7.  | Supply, Delivery, Installation, Test & Commissioning of 5x1 MW Modular Diesel Generator sets & associated electrical equipment for Boac DPP              | E810A09        | Under Contract Time Suspension, 33.13% complete.<br>- Contract Time Suspension effective 12 October 2016 to 02 January 2017 approved by NPC.<br>- Revised Contract expiry is on 24 March 2017.  |
| 8.  | 3 x 600 KW (Additional) Modular Generating Sets for SPUG Areas   | K608A01        | 100% Completed.<br>- Processing of Certificate of Acceptance, on-going.   |
| 9.  | 1 x 1.5 MW Modular Generating Sets for Dinagat DPP   | K607A01        | On-going implementation, 33.49% complete.<br>- Contractor's request for Contract Time Extension due to additional works and delayed/re-scheduled conduct of FAT for gensets under review/ evaluation.   |
| 10.   | 3 x 600 KW D/G Sets for Power Barge-109 (1 Unit) and Power Barge-116 (2 Units)   | E810A17        | On-going implementation.<br>- Kick-off Meeting conducted 21 December 2016.<br>- Site Inspection/Verification conducted at PB-116 on 10 December 2016.   |
| <b>PLANT/FACILITIES BETTERMENT PROJECTS</b> |  |                |   |
| 1.  | Supply and Installation of Hoisting Structure at Agus 2 HEP Spillway Project   | B110J28        | 100% completed.<br>- Contractor's Final Billing Claim already paid.<br>- 10% Retention Claim already paid.  |
| 2.  | Construction of Upstream Barrier Protection for Agus 6 HEP   | B150A92        | 100% completed.<br>- Contractor's Final Billing Claim already paid.<br>- 10% Retention Claim already paid.  |
| 3.  | Rehabilitation of Palawan Warehouse, Elevated Water Tank and Field Office Including Miscellaneous Structures   | L990M01        | On-going implementation, 95.97% complete.<br>- Joint Final Inspection (JFI) conducted 12-16 December 2016.<br>- On-going correction/rectification of identified punchlists.   |
| 4.  | Construction of New Mooring Facilities for PB-120 at Balanacan Port, Mogpog, Marinduque  | E60G1S1        | 100% Completed.<br>- Contractor's Final Billing already paid.<br>- Project Close-out Report completed.  |
| 5.  | Rehabilitation of Pulangi IV HEP Reservoir Project (Selective Dredging of Lower Reservoir)   | B161I64        | On-going implementation, 30.84% complete.   |

## **DAMS MANAGEMENT DEPARTMENT**

### **Major Targets and Accomplishments Report for FY 2016**

In CY 2016, Dams Management Department (DMD), as part of its mandate, implemented a dam safety program in accordance to the 2013 version of the NPC Dam Safety Program (DSP). The Program includes the recent international standards and practices on the ownership/operations/maintenance of large dams. The DSP aims at not only maintaining the structural integrity of the NPC operated and maintained dams and their appurtenances for sustainable operation but also to ensure that communities immediately downstream of these structures will not be exposed to risks from their existence and operations.

#### **Dams Integrity Surveillance**

Among the 21 dams managed by NPC, DMD-DRWD conducted 10 mandatory safety inspections/assessments to confirm the satisfactory behavior and condition of Ambuklao, Binga, San Roque, Angat and Caliraya-Lumot Dams and their appurtenant structures. DMD-DRWD also conducted safety inspections for privatized smaller dams in Buhi-Barit and Cawayan Dams in Bicol Area and Amlan and Loboc Dams in the Visayas Area as initiated by the Power Sector Assets and Liabilities Management Corporation (PSALM).

These safety inspections/assessments were carried-out to ensure the dam's sustainability, safety and operability to effectively impound water needed for domestic water supply, irrigation and power generation and for flood control when required. Inspection observations/findings and recommendations were reported and conveyed to the concerned Plant Management/Operator. The compliance to the report recommendations was diligently being monitored.

Several emergency/monitoring inspections were also carried out in CY 2016 in San Roque Dam to assess the progression of the reported emergency situation at the Spillway/Flip Bucket/Plunge Pool Area and in Ambuklao HE Plant to monitor the implementation of the O and M special project.

Dam instrumentation monitoring to observe the behavior of a structure is a continuing activity for DMD-DRWD as part of a reliable and suitable scientific data gathering and surveillance to ensure the long term performance and safety of dam and its appurtenances. These data are used for systematic evaluation of its structural safety and serves as basis for decision making.

Geodetic deformation surveys were likewise conducted to monitor the horizontal and vertical deviations of the dam structure from the original design in Caliraya Dam.

#### **Reservoir Water Utilization/Optimization**

The efficient reservoir management in coordination with the stakeholders and regulatory body helped conserve water/stored energy to alleviate any impending water crisis for the incoming year 2017 and minimized dam spilling operations thus, effectively preventing an uncontrolled outflow to downstream communities. DMD was able to manage and conserve reservoir water resulting in optimization of reservoir water utilization and efficient spilling operations especially during the passage of Typhoons Lawin and Niña.

#### **Public Information and Education Campaign**

As a continuing commitment of NPC-DMD to keep the public especially the affected communities informed, DMD conducted a series of Public Information and Education Campaign (PIEC) in CY 2016 to impart and orient the communities with dam operations and their benefits. The campaign communicated the clear, complete and up-to-date information regarding NPC operated and maintained dams and their appurtenances and

the assurance that NPC is committed to implement activities compliant to the DSP.

This campaign, which is now a continual activity, opened the door towards better communication line between NPC and the downstream communities and other stakeholders and helped strengthen the capacity of the Local Government Units (LGUs) to deal/cope with flood-related hazards.

In CY 2016, DMD has conducted 20 PIEC sessions at the following communities downstream of: Ambuklao – Binga Dams (3), San Roque Dam (4), Angat Dam and Dykes (10) and Caliraya-Lumot Dams (3).

DMD also participated in the "NPC CARES" Program spearheaded by NPC President Ma. Gladys Cruz-Sta. Rita and the then Secretary of the Department Energy, Secretary Jericho Petilla.

#### **Improvement of San Roque Flood Forecasting and Warning System for Dam Operation Project**

DMD-Flood Forecasting and Warning System Division (FFWSD), on top of the regular preventive maintenance of warning vehicles and the telemetry and warning equipment and spillway gate testing, accomplished two projects for the San Roque Flood Forecasting and Warning System for Dam Operation in CY 2016, namely:

1. Improvement of the Warning System Project, wherein additional warning stations were installed in the four municipalities of Pangasinan: Sto. Tomas, Alcala, Bayambang and Bautista as part of the expansion of San Roque Flood Forecasting and Warning System for Dam Operation; and
2. Restoration of Hydrological Monitoring System Project which will provide the usual hydrological data being gathered in real time using telemetry equipment for use in the evaluation of water inflow to come up with a more reliable forecast necessary for dam discharge operations.

#### **Other Relevant Activities**

##### **Ambuklao Dam**

DMD-DRWD also initiated the geotechnical investigation of the impervious core of Ambuklao Dam to further assess the dam structural integrity which was implemented and completed by the operator, SN Aboitiz - Benguet, Inc. in July 2016.

To assess the effect of earthquakes/ground shakings at Ambuklao and Binga Dams, DMD-DRWD recommended the installation of strong motion accelerographs (SMAs). Procurement and installation of these SMAs are currently underway. Consequently, DMD-DRWD also successfully facilitated/negotiated with the 12 families/informal settlers that would be affected by the installation of SMA store locate from the area.

##### **San Roque Dam**

DMD-DRWD facilitated the implementation and the submission of final report in June 2016 of the Assessment Study of the Erosion at Base of the Spillway Flip Bucket of San Roque Multi-purpose Power Plant Complex by the Engineering and Development Corporation of the Philippines (EDCOP).

##### **Angat Dam**

As a member agency of the Angat Dam TWG, DMD-DRWD participated in the finalization of the Operation and Maintenance Manual of Angat Dam in July 2016. This O and M Manual would serve as the guide for the operator and the inspectors for use in the O and M audit.

DMD-DRWD participated in the identification of the 15 households informally settling at the downstream face of Angat Main Dyke, mostly indigenous people, who would be affected by the Angat Dam and Dykes Strengthening Project. DRWD also participated/attended the subsequent negotiation meetings with the Indigenous People (IP) as mediated by the National Commission on Indigenous Peoples (NCIP).

#### Caliraya Dam

DMD-DRWD participated in the finalization of payment of financial assistance and disturbance compensation of affected house owners by the raising of the Caliraya reservoir elevation to 288.5 meters.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Financial Statement Preparation**

The accompanying financial statements of NPC are prepared and presented in accordance with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit per COA Resolution No. 2014-003 dated 24 January 2014. The financial statements have been prepared under the historical cost basis, except for property, plant and equipment which are carried in the balance sheet at revalued amounts and the continuing adoption of capital approach under Paragraph 14 of PAS 20 for the donated power plants that expand the asset base regardless of whether from government or private entity for property, plant and equipment, which are carried in the balance sheet at revalued amounts.

#### **Receivables and Allowance for Doubtful Accounts**

Sales Contract Receivables are stated net of allowance for impairment. Allowances for impairment losses are determined through the specific identification of uncollectible accounts.

#### **Time Deposit for Local and Foreign Currency as Temporary Investment**

Local investments are recorded at face value. Investments in foreign currency are recorded using Bangko Sentral ng Pilipinas (BSP) Reference Exchange Rate Bulletin at the date of the transaction in compliance to PPSAS No. 4. The balances are reported using the closing rate at each Balance Sheet date.

#### **Inventories for Operation**

Inventory Held for Consumption for operation is categorized as Fuel, Oil and Lubricants (including its related products) and Other Supplies and Materials for non-fuel items. The Fuel, Oil and Lubricant are composed of the fuel oil, diesel and thermal chemical stocks used by NPC plants for power generation. These inventories are valued using the weighted average method under PPSAS No. 12.

The other Supplies and Materials (S and M) which are non-fuel items, are valued using the moving average method and can be further broken down into non-fuel S and M of NPC plants and areas and those non-fuel S and M assigned to private IPPs. The S and M of NPC plants and areas represent basically the materials, supplies and equipment received by NPC property custodian for use in operations; while non-fuel S and M assigned to private IPPs, which are included in the Asset in Trust account, includes spares, materials and supplies transferred to private contractors as stipulated in the individual contracts.

#### **Infrastructure Assets Power Supply System (Utility Plant and Depreciation)**

Power Supply System (Utility Plant) is carried in the books at appraised values except for additions during the year which

are recorded at cost. These assets are revalued in consonance with NPC's loan covenants with creditor banks and in pursuance to PPSAS No. 17 paragraph 14 which permits revaluation of properties, plant and equipment. Land and landholdings, which include all the cost of land and land rights used in connection with power generation and transmission, are also included in the revaluation.

Regular annual maintenance, repairs and minor replacements are charged to expense as they are incurred, whereas major maintenance, which is done on periodic three-to-five-year intervals, is deferred, amortized and charged to operations over the number of years' interval. Rehabilitation expenditure which would result in improvement of the plant's efficiency beyond five years are capitalized and transferred to plant cost upon completion of work orders.

Depreciation of fixed assets is charged from the date of acquisition of the fixed assets or after the completion of works. Depreciation based on depreciable values is computed using the straight line (SL) method pursuant to NPC Board Resolution No. 94-58 effective 1994, based on estimated economic lives as shown below:

| Type of Plant               | Economic Life |
|-----------------------------|---------------|
| 1. Diesel Plants and Barges | 20            |
| 2. Transmission Lines       | 30            |

#### **Appraisal of Infrastructure Assets Power Supply System (Utility Plants)**

The Power Supply System (Electric Plants in Service) is recorded at appraised values in pursuance to PPSAS No.17 paragraph 44 which permits the appraisal of property, plant and equipment.

An independent appraiser conducts the review and appraisal of NPC's assets once every four years. In the interim, NPC undertakes the internal revaluation which is adjusted when there are variances between the internally appraised figures and those arrived at by the independent appraisers. The last external revaluation of NPC assets was done by Resource Management International Inc. (RMII) in 1996. In 1997 and 1998, NPC applied six percent (6%) and eight percent (8%) trending factors respectively for the internal revaluation.

The difference between the new over the old appraised values is recorded under the Revaluation Surplus account. This account is treated as a permanent account and is not diminished by any depreciation charges.

#### **Capitalization of Interest**

Interests incurred on external borrowings which relate to capital projects in progress and prior to the commencement of operation are capitalized.

#### **Taxes and Duties**

With the enactment of R.A. 9337, otherwise known as the Reformed Value-Added Tax (RVAT) Law of 2005, which took effect on November 1, 2005, NPC's purchases of fuel and purchased power as well as its sale of electricity are subjected to VAT specifically stated under Section 24(A) of R.A. 9337 repealing Section 13 of R.A. No. 6395 on the exemption from VAT of the National Power Corporation. Effective February 1, 2006, the value-added tax rate increased from ten percent (10%) to twelve percent (12%) pursuant to Revenue Memorandum Circular No. 7-2006 dated January 1, 2006. Moreover, with the enactment of EPIRA, NPC as power generation corporation has been declassified from being a public utility to an ordinary business activity, hence, subject to income tax.

### Accounting for Foreign Exchange Transactions

The transactions denominated in foreign currencies are recorded using the BSP Reference Exchange Rate at the date of the transaction pursuant to PPSAS No. 4. Foreign exchange differentials resulting from these transactions are recorded as project cost for projects under construction while differentials pertaining to operating plants are recorded as Gain/Loss on Foreign Exchange Fluctuations. Outstanding payable accounts are reported using the closing rate at each Balance Sheet date.

### Accounting for Donated Assets

NPC adopts the capital approach under Paragraph 14 of PAS 20 – Accounting for Government Grants and Disclosure of Government Assistance in recognizing donated power plants that expand the asset base regardless of whether from government or private entity. The fair values of the plants are recorded as Donated Capital under Equity, which will be reduced by annual depreciation. The PPSAS 23 recognition of revenue for nonexchange transaction was not applied.

### Income Determination

The Corporation uses the accrual method of accounting for income and expenses and an all inclusive concept of income determination wherein all ordinary and extraordinary items pertaining to current period are considered in computing net income while items applicable to prior periods are recorded as adjustment of prior years' income and are reflected in the Statement of Changes in Net Asset/Equity.

### Accounting for Taxes and Duties on Importation

Taxes and duties on imported materials and equipment intended for projects are recorded as part of project costs (PPSAS No. 17), while taxes and duties on materials and equipment for operation are expensed as incurred (PPSAS No. 12).

### Composition of Rate Base

Rate Base is the average value of the net fixed assets in operation at the beginning and at the end of each year. The value of net fixed assets in operation equals the gross value of the operating assets less the amount of accumulated depreciation.

Plants undergoing major rehabilitation/repair and which are out of operation for less than one calendar year are included in the computation of Rate Base.

### Accounting for Subsidy from National Government (Income Approach)

Adoption of Philippine Public Sector Accounting Standards (PPSAS) 23 – Revenue arising from non-exchange transactions derived from taxes or transfers whether cash or non cash, including grants, debt, forgiveness, fines, bequest, gifts, donations, goods and services in-kind, and the off-market portion of concessionary loans received.

For the NG subsidy i.e. SARO (Special Allotment Release Order) funds, income is recognized upon transfer of cash to NPC. The basis of cash transfer is based on the approved contracts/purchase orders and progress billings for CAPEX requirements of SPUG for the missionary electrification. While for Bataan Nuclear Power Plant (BNPP), cash transfer is based on its monthly disbursement plan.

### Rental/Lease of Generating Set

Payment for lease of generating sets to suppliers/contractors that augment the existing power plant capacity and sustain the demands of power customers.

In case of the undelivered portion of the net generating capacity under the terms of the generating set lease contract the supplier/contractor shall be subjected to penalties for capacity shortfall. Likewise over-consumption of fuel based on agreed fuel cap curve limit shall also be subjected to penalties for excess fuel rate.

## 4. CASH AND CASH EQUIVALENTS

This account composed of the following:

|  | 2016           | 2015           |
|--|----------------|----------------|
| Cash in Bank-Local Currency, Current Account | 189,290,364    | 617,439,670    |
| Investment in Time Deposit - Local Currency  | 14,456,992,461 | 9,334,414,769  |
| Cash in Bank-Foreign Currency, Current Acct. | 28,988,421     | 289,862,136    |
|  | 14,675,271,246 | 10,241,716,575 |

The **increase in Cash and Cash Equivalent** is attributed to the collections of receivables from power customers and the remittance of UCME from PSALM. Pending utilization of the said funds, they are placed on a short term investments to maximize interest earnings.

## 5. RECEIVABLES

This account consists of the following:

|  | 2016                   | 2015            |
|--|------------------------|-----------------|
| Sales Contract Receivables                           | <b>5,566,620,689</b>   | 5,156,665,933   |
| Allowance for Impairment- Sales Contract Receivables | <b>(3,621,152,205)</b> | (2,686,818,405) |
|  | <b>1,945,468,484</b>   | 2,469,847,528   |
| Interest Receivables                                 | <b>1,183,812,505</b>   | 976,665,124     |
| Operating Lease Receivables                          | <b>315,476</b>         | 389,881         |
| Due from National Agencies                           | <b>48,422,503</b>      | 48,422,503      |
| Due from Government Corporations                     | <b>378,093</b>         | 378,093         |
| Due from Officers and Employees                      | <b>6,893,081</b>       | 7,146,736       |
| Universal Charge Receivables                         | <b>0</b>               | 3,459,341,533   |
| Other Receivables                                    | <b>2,058,282,188</b>   | 4,017,202,854   |
| Allowance for Impairment-Other Receivables           | <b>(2,357,364)</b>     | (2,357,364)     |
|  | <b>3,295,746,482</b>   | 8,507,189,360   |
|  | <b>5,241,214,966</b>   | 10,977,036,888  |

**The increase in Sales Contract Receivables** was due to build-up of accounts of BASELCO, SULECO, CASELCO & TAWELCO (BASULTA), Masbate PRES and Catbalogan Mini Grid.

**Increase in Allowance for Impairment - Sales Contract Receivables** is due to accumulated overdue power accounts of six power customers namely: BASELCO, SULECO, CASELCO and TAWELCO (BASULTA), Masbate PRES and Catbalogan Mini Grid.

**The decrease in Accounts Receivable - Others** account is mainly attributed to the adjustment made as a result of the adoption of PPSAS 23 (see Note 26) and no outstanding receivables of Universal Charge in CY 2016. This account also includes the Output Tax Receivables amounting to P789.779 million composed of Output VAT from power and nonpower related receivables of 97% and 3% respectively the details are as follows:

|                                | 2016               | 2015        |
|--------------------------------|--------------------|-------------|
| Output Vat (Power Related)     |                    |             |
| Regular                        | <b>281,078,518</b> | 215,753,160 |
| Deferred VAT                   | <b>482,326,491</b> | 485,469,051 |
| Output Vat (Non-Power Related) | <b>26,373,797</b>  | 21,348,600  |
|                                | <b>789,778,806</b> | 722,570,811 |

Out of the total output VAT from power receivables, 63% or P482.326 million pertains to Deferred VAT of the following power customers:

| Customer   | 2016            | 2015               |
|--|-----------------|--------------------|
| <b>Luzon Area</b>                                |                 |                    |
| 1. Cagayan Electric Cooperative, Inc.            | <b>CAGELCO</b>  | <b>536,948</b>     |
|  |                 | 536,948            |
| 2. Busuanga Electric Cooperative, Inc.           | <b>BISELCO</b>  | <b>478,291</b>     |
|  |                 | 478,291            |
| 3. Marinduque Electric Cooperative, Inc.         | <b>MARELCO</b>  | <b>66,795,031</b>  |
|  |                 | 66,795,031         |
| 4. Masbate Electric Cooperative, Inc.            | <b>MASELCO</b>  | <b>72,711,733</b>  |
|  |                 | 72,711,733         |
| 5. Occidental Mindoro Electric Cooperative, Inc. | <b>OMECCO</b>   | <b>108,668,278</b> |
|  |                 | 108,668,278        |
| 6. Oriental Mindoro Electric Cooperative, Inc.   | <b>ORMECCO</b>  | <b>21,222,033</b>  |
|  |                 | 23,514,157         |
| 7. Romblon Electric Cooperative, Inc.            | <b>ROMECCO</b>  | <b>23,362,210</b>  |
|  |                 | 23,362,210         |
| 8. Ticao Island Electric Cooperative, Inc.       | <b>TISELCO</b>  | <b>5,056,135</b>   |
|  |                 | 5,056,135          |
| <b>Visayas Area</b>                              |                 |                    |
| 1. Bantayan Electric Cooperative, Inc.           | <b>BANELCO</b>  | <b>0</b>           |
|  |                 | 75,494             |
| 2. Camotes Electric Cooperative, Inc.            | <b>CELCO</b>    | <b>4,617,059</b>   |
|  |                 | 4,617,059          |
| 3. Samar Electric Cooperative, Inc.              | <b>SAMELCO1</b> | <b>0</b>           |
|  |                 | 774,942            |

| Customer                                      |          | 2016               | 2015        |
|---|----------|--------------------|-------------|
| <b>Mindanao Area</b>                          |          |                    |             |
| 1. Basilan Electric Cooperative, Inc.         | BASELCO  | 48,201,765         | 48,201,765  |
| 2. Cagayan De Sulu Electric Cooperative, Inc. | CASELCO  | 1,705,941          | 1,705,941   |
| 3. Siasi Electric Cooperative, Inc.           | SIASELCO | 2,623,134          | 2,623,134   |
| 4. Sulu Electric Cooperative, Inc.            | SULECO   | 85,720,575         | 85,720,575  |
| 5. Tawi-Tawi Electric Cooperative, Inc.       | TAWELCO  | 40,627,358         | 40,627,358  |
|   |          | <b>482,326,491</b> | 485,469,051 |

**Deferred VAT** consists of overdue Output VAT Receivables from the above listed power customers (DU/ECs) of NPC as of August 25, 2012. According to BIR RMC No. 71-2012, the concerned DUs/ECs shall directly remit the Deferred VAT to the Bureau of Internal Revenue (BIR) in behalf of NPC. The DUs/ECs shall provide a copy of proof of remittance for offsetting from the outstanding balance of Deferred VAT.

## 6. INVENTORY HELD FOR CONSUMPTION

This account consists of the following:

|                                      | 2016                 | 2015          |
|--------------------------------------|----------------------|---------------|
| Fuel, Oil and Lubricant Inventory    | 492,168,239          | 402,278,356   |
| Other Supplies & Materials Inventory | 947,505,400          | 911,290,928   |
|                                      | <b>1,439,673,639</b> | 1,313,569,284 |

Other Supplies and Materials Inventory account includes materials in trust with CBK Power Ltd.

## 7. OTHER CURRENT ASSETS

### ADVANCES AND PREPAYMENTS AND DEPOSITS

This account consists of the following:

|   | 2016                 | 2015          |
|---|----------------------|---------------|
| <b>Advances and Prepayments</b>         |                      |               |
| Advances for Special Disbursing Officer | 18,321,726           | 10,386,737    |
| Advances to Officers and Employees      | 525,446              | 153,250       |
| Advances to Contractors                 | 121,468,145          | 95,857,005    |
| Creditable Input Tax                    | 4,320,317,752        | 3,821,611,059 |
| Other Prepayments                       | 75,859,309           | 52,248,054    |
|   | <b>4,536,492,378</b> | 3,980,256,105 |
| <b>Deposits</b>                         |                      |               |
| Guaranty Deposits                       | 889,179              | 873,067       |
|   | <b>889,179</b>       | 873,067       |
|   | <b>4,537,381,557</b> | 3,981,129,172 |

**Advances for Special Disbursing Officer** pertains to cash advances to Disbursing Officers in Head Office, Field Offices and others as working fund for minor operating expenses and disbursement.

The **increase in Advances to Contractors** was attributed to the payment of mobilization for various approved supply/construction contracts, works orders with contractors (Ambit Trading & Technical Service, Dhayang Construction, SL Development & Construction Corp. and Sunwest Construction and Dev. Corp).

The **increase in Other Prepayments** pertains to the payment of insurance premiums for Motor Vehicles, Marine Cargo and Marine Hull and Industrial All Risk Insurance Policy with GSIS and cash advances of officers and employees for their official travel abroad which are not yet liquidated.

## 8. PROPERTY PLANT AND EQUIPMENT (PPE)

This account consists of the following:

|                         | 2016                 | 2015          |
|-------------------------|----------------------|---------------|
| Utility Plant (Net)     | <b>7,019,996,401</b> | 8,209,029,711 |
| Non Utility Plant (Net) | <b>559,626,371</b>   | 278,665,747   |
|                         | <b>7,579,622,772</b> | 8,487,695,458 |

The **decrease** in **Utility Property** is attributed by the reclassification of the Power Supply Systems (Electric Plant in Service) to Non-Utility Property (Power Supply Systems) particularly the generating sets from various SPUG areas, Catanduanes Grid and Roxas Substation and the transfer of Other Property Plant and Equipment to PSALM account as part of the cleaning of the assets accounts under the Temporary Registry Accounts (TRA) as agreed between PSALM and NPC.

Likewise, the decrease was partly offset by the completion of the rehabilitation of Power Barge 106 and 109, completion of fuel oil storage tanks of various SPUG Luzon areas (Boac, Peña, Chico, Lahuy, Quinaltag, Gilotongan, Nabuctor and San Pascual DPPs) SPUG Visayas areas (Gigantes, Caluya, and Pilar DPPs) SPUG Mindanao areas (Siasi, Sitangkay and Tandubas DPPs, unitization of Taguilan, Colonia and San Agustin Transmission Line projects and the transfer of title of ownership of the Camarin Lake Resort and its facilities to NPC.

The **Non-Utility Property** pertains to other properties and equipments owned by the Corporation but are not used in utility operations. The increase pertains to non operating generating sets from various SPUG areas.

### UTILITY PROPERTY

|   | Land               | Land Improvements | Infrastructure Assets | Buildings and Other Structures | Machinery & Equipment | TOTAL                |
|---|--------------------|-------------------|-----------------------|--------------------------------|-----------------------|----------------------|
| <b>Carrying Amounts January 1, 2016</b>   | 256,368,934        | -                 | 5,792,444,806         | 671,741,777                    | 1,488,474,194         | 8,209,029,711        |
| Additions                                 | 4,896,276          |                   | 26,798,381            |                                | 9,606,495             | 41,301,152           |
| Adjustments                               |                    |                   | (2,142,421,259)       | 7,755,945                      | (275,471,698)         | (2,410,137,012)      |
| Depreciation Expense                      |                    |                   | (276,787,993)         |                                | (39,770,528)          | (316,558,521)        |
| Adjustments of Accumulated Depreciation   |                    |                   | 1,420,536,946         |                                | 75,824,125            | 1,496,361,071        |
| <b>Carrying Amounts December 31, 2016</b> | <b>261,265,210</b> | <b>-</b>          | <b>4,820,570,881</b>  | <b>679,497,722</b>             | <b>1,258,662,588</b>  | <b>7,019,996,401</b> |

|   | Land               | Land Improvements | Infrastructure Assets | Buildings and Other Structures | Machinery & Equipment | TOTAL                |
|---|--------------------|-------------------|-----------------------|--------------------------------|-----------------------|----------------------|
| <b>Gross Cost (Assets Accounts)</b>       | 261,265,210        | -                 | 14,317,413,463        | 1,343,633,211                  | 2,879,409,636         | 18,801,721,520       |
| Less Accumulated Depreciations            |                    |                   | (9,496,842,582)       | (664,135,489)                  | (1,620,747,048)       | (11,781,725,119)     |
| <b>Carrying Amounts December 31, 2016</b> | <b>261,265,210</b> | <b>-</b>          | <b>4,820,570,881</b>  | <b>679,497,722</b>             | <b>1,258,662,588</b>  | <b>7,019,996,401</b> |

### NON-UTILITY PLANT

#### NET OF ACCUMULATED DEPRECIATION BEGINNING BALANCE OF THE YEAR

|   | Land | Land Improvements | Infrastructure Assets | Buildings and Other Structures | Machinery & Equipment | TOTAL              |
|---|------|-------------------|-----------------------|--------------------------------|-----------------------|--------------------|
| <b>Carrying Amounts January 1, 2016</b>   |      |                   | 278,665,747           |                                |                       | 278,665,747        |
| Adjustments carrying value                |      |                   | 1,053,774,942         |                                |                       | 1,053,774,942      |
| Depreciation Expense                      |      |                   | (28,476,000)          |                                |                       | (28,476,000)       |
| Adjustments of Accumulated Depreciation   |      |                   | (744,338,318)         |                                |                       | (744,338,318)      |
| <b>Carrying Amounts December 31, 2016</b> |      |                   | <b>559,626,371</b>    |                                |                       | <b>559,626,371</b> |

## GROSS COST ASSETS

|   | Land     | Land Improvements | Infrastructure Assets | Buildings and Other Structures | Machinery & Equipment | TOTAL              |
|---|----------|-------------------|-----------------------|--------------------------------|-----------------------|--------------------|
| <b>Gross Cost (Assets Accounts)</b>       |          |                   | 2,209,691,823         |                                |                       | 2,209,691,823      |
| Less Accumulated Depreciations            |          |                   | (1,650,065,452)       |                                |                       | (1,650,065,452)    |
| <b>Carrying Amounts December 31, 2016</b> | <b>0</b> |                   | <b>559,626,371</b>    | <b>0</b>                       | <b>0</b>              | <b>559,626,371</b> |

## 9. CONSTRUCTION IN PROGRESS

This account consists of the following:

|                                | 2016                 | 2015          |
|--------------------------------|----------------------|---------------|
| Construction In Progress (CIP) | <b>3,397,837,384</b> | 2,479,879,185 |
|                                | <b>3,397,837,384</b> | 2,479,879,185 |

**CIP** – refers to the costs of projects under construction. The **increase** pertains to work orders and contracts for various on-going projects for the additional rated capacity and construction of transmission line projects, replacement of non-operating generator sets and construction of power facilities necessary for the continuous operation of SPUG power plants.

## 10. OTHER NON-CURRENT RECEIVABLES

This account consists of the following:

|  | 2016                 | 2015          |
|--|----------------------|---------------|
| Non Current Sales Contract Receivables (Net) | <b>1,518,593,161</b> | 1,664,882,928 |
| Other Receivables                            | <b>0</b>             | 1,000,000,000 |
| Restricted Fund                              | <b>4,205,474</b>     | 4,023,032     |
| Abandoned/Surrendered Property/Assets        | <b>3,337,669</b>     | 6,190,295     |
| Deferred Charges                             | <b>576,353,197</b>   | 32,892,081    |
| Other Assets                                 |                      |               |
| Trust Assets PSALM                           | <b>4,892,201,624</b> | 4,547,950,367 |
| Temporary Registry Accounts                  | <b>0</b>             | 1,848,501,658 |
|  | <b>6,994,691,125</b> | 9,104,440,361 |

The **Non-Current Sales Contract Receivables** account represents the long-term portion of the restructured accounts of power customers in accordance with memorandum of agreements executed by and between NPC and the power customers. The **decrease** was due to reclassification of the account to current Sales Contract Receivables (Accrued Utility Revenue account) and collections from power customers.

The **Non-Current Other Receivables** in CY 2015 of P1 billion represents the balance on the approved P2 billion NG subsidy per SARO No. BMB-F-15-0001471 dated February 20, 2015 (see Note 26).

The **Restricted Fund** account pertains to the funds intended for purposes other than current operations and therefore, not immediately available to Management for any disbursement transactions other than its specified purpose.

The **Abandoned/Surrendered Property/Assets** pertains to Other Non Utility Plants items which are transferred to stock for disposal.

**Deferred Charge** pertains to expenditures related to preliminary surveys, studies, investigations and other related undertakings to determine the feasibility of a project for development by the Corporation. The account composed of the parcellary survey of lots affected by existing Narra-Brooke's Point 69 Kv Transmission Line(T/L) Project, Puerto Princesa-Narra 69 kv T/L Project, survey for the proposed 70 kms Tay-Tay-El Nido 69 kv/T/L Project, geological and geotechnical investigation for the proposed Roxas-Taytay 69 kv T/L and Taytay Substation Project, Abo-Abo-Quezon-Rizal 69 kv T/L and substations project in Palawan and Virac-San Miguel 69 kv T/L. Also included are tax credits from BIR amounting to P542 million as a result of the application of ERC methodology in the computation of UCME.

**Other assets consist of the following:**

|  | 2016                 | 2015          |
|--|----------------------|---------------|
| Net Utility Plant                      | 0                    | 2,722,142     |
| Total Investments & Other Assets       | <b>1,372,283,408</b> | 1,365,475,022 |
| Cash and Cash Equivalents              | <b>1,726,529,404</b> | 1,124,186,959 |
| Materials and Supplies for Operation   | <b>1,788,246,265</b> | 2,049,920,299 |
| Prepayments                            | <b>408,798</b>       | 466,439       |
| Court and Other Deposits               | <b>516,249</b>       | 846,420       |
| Cash Advances - Officers and Employees | <b>34,133</b>        | 0             |
| Other Receivables                      | <b>4,183,367</b>     | 4,333,086     |
| Trust Assets PSALM                     | <b>4,892,201,624</b> | 4,547,950,367 |
| Temporary Registry Accounts            | 0                    | 1,848,501,658 |
|  | <b>4,892,201,624</b> | 6,396,452,025 |

**Trust Assets (PSALM)** pertain to balances of accounts set-up as working capital for the operation, maintenance and management of the facilities and generation plants of the main grid under the OMA.

**Trust Liability (PSALM)** represents the corresponding liability to PSALM for the Trust Assets.

## 11. FINANCIAL LIABILITIES

This account consists of the following:

|   | 2016                 | 2015          |
|---|----------------------|---------------|
| Accounts Payable                        | <b>4,322,439,678</b> | 3,953,443,770 |
| Due to Officers and Employees           | <b>194,116,692</b>   | 218,490,163   |
| Interest Payable                        | <b>201,485</b>       | 292,072       |
| Accrued Benefits Payable                | <b>63,632,420</b>    | 62,627,461    |
| Insurance/Reinsurance Premiums Payable  | 0                    | 0             |
| Loans Payable – Foreign Current Portion | <b>40,454,404</b>    | 40,376,914    |
|   | <b>4,620,844,679</b> | 4,275,230,380 |

**Loans Payable** pertains to the repayment of principal for Natixis will start on September 30, 2017 (see Note 15).

## 12. INTER-AGENCY PAYABLES

This account consists of the following:

|                                       | 2016               | 2015          |
|---------------------------------------|--------------------|---------------|
| Due to GSIS                           | <b>15,763,295</b>  | 12,232,460    |
| Due to Phil-Health                    | <b>495,839</b>     | 473,175       |
| Due to PAG-IBIG                       | <b>1,461,325</b>   | 1,641,386     |
| Due to BIR-Income Tax/Value Added Tax | <b>908,529,251</b> | 1,391,365,168 |
| Due to Government Corporation         | <b>9,524,400</b>   | 9,351,799     |
| Due to LGUs                           | <b>10,008,865</b>  | 5,863,583     |
|                                       | <b>945,782,975</b> | 1,420,927,571 |

### 13. TRUST LIABILITIES

This account consists of the following:

|                             | 2016              | 2015       |
|-----------------------------|-------------------|------------|
| Bail Bonds Payable          | 28,437,401        | 48,617,372 |
| Customer's Deposits Payable | 1,592,339         | 1,592,339  |
|                             | <b>30,029,740</b> | 50,209,711 |

The account mainly includes amounts received and segregated for the execution of specific project or contract. It also includes the amounts deposited/advanced by suppliers, contractors and power customers to the Corporation.

### 14. OTHER PAYABLES

This account consists of the following:

|                | 2016               | 2015        |
|----------------|--------------------|-------------|
| Other Payables | 289,399,735        | 178,106,068 |
|                | <b>289,399,735</b> | 178,106,068 |

The account pertains to 10% retention for various work orders/purchase orders/contracts due to suppliers and contractors.

### 15. FINANCIAL LIABILITIES

#### LOANS PAYABLE-FOREIGN LONG-TERM DEBTS/ NON-CURRENT PORTION

This account consists of the outstanding foreign borrowings as follows:

| CREDITOR/PROJECT           | Maturities   | Interest Rates | 2016               | 2015        |
|----------------------------|--------------|----------------|--------------------|-------------|
| Natixis / Credit National  |              |                |                    |             |
| Project-PRES Proj. of SPUG | 2016 to 2031 | Fixed at 0.40% | 544,225,912        | 543,183,450 |
| Banque Paribas             |              |                |                    |             |
| Project-PRES Proj. of SPUG | 2009 to 2019 | Fixed at 5.09% | 60,681,595         | 100,942,273 |
|                            |              |                | <b>604,907,507</b> | 644,125,723 |

Repayment of principal for Natixis will start on September 30, 2017.

#### Year-end BSP Reference Exchange Rate used in compliance to PPSAS 4:

|        |       | December 31, 2016 | December 31, 2015 |
|--------|-------|-------------------|-------------------|
| Dollar | USD 1 | 49.8130           | 47.1660           |
| Euro   | EUR 1 | 51.8404           | 51.7411           |

### 16. UNEARNED REVENUE/INCOME

|                            | 2016                 | 2015          |
|----------------------------|----------------------|---------------|
| Unearned Income (Revenue)  | 1,332,905,524        | 1,006,982,716 |
| Unearned Income (Interest) | 601,824,657          | 659,809,120   |
|                            | <b>1,934,730,181</b> | 1,666,791,836 |

**Decrease in Unearned Income (Interest)** was due to realized interest income on the restructured power receivables account of cooperatives namely: MASELCO, TICELCO, OMECO, SIASELCO and LGU CALAYAN.

**Increase in Unearned Income (Revenues)** mainly pertains to UCME amounting to P1.326 billion which will be considered as part of revenue in 2017.

## 17. PROVISIONS

This account consists of the following:

|                        | 2016        | 2015        |
|------------------------|-------------|-------------|
| Leave Benefits Payable | 572,648,304 | 576,002,226 |

**Provision for Vacation and Sick Leave** pertains mainly to accrued leave benefits of employees in compliance with PPSAS No.19 which requires that short term employee benefits, including paid annual vacation leave and sick leave, be recognized as either a liability or expense on the period they were incurred.

## 18. EQUITY

This account consists of the following:

|                          | 2016                  | 2015           |
|--------------------------|-----------------------|----------------|
| Share Capital            | 27,048,870,789        | 27,048,870,789 |
| Appraisal Capital        | 2,195,565,748         | 2,192,731,077  |
| Other Equity Instruments | 14,683,567            | 13,856,821     |
| Retained Earnings        | 716,027,840           | 2,122,162,696  |
|                          | <b>29,975,147,944</b> | 31,377,621,383 |

The **increase in Appraisal Capital** pertains only to the adjustment of the account.

The **increase in Other Equity Instruments** pertains to donated land to NPC's Concepcion DPP in Romblon and Kabugao in Apayao DPP based on tax declaration.

The **accumulated Retained Earnings** remained in positive amounting to P716.028 million while it significantly reduced as compared in CY 2015 by P1.406 billion due to the adoption of ERC methodology in the computation of the UCME and the net effect of the adjustment of the outstanding Accounts Receivable-Others amounting to P2.143 billion pertaining to the approved SARO in CYs 2014 and 2015. The actual cash transfers were recognized as other income in compliance to PPSAS 23 effective January 2016.

NPC remitted to the National Government the amount P300 million which represents around ten percent (10%) of the CY 2015 net income of P2.903 billion (exclusive of NG subsidy reported as other income). NPC requested the Department of Finance for a relaxed application of the Dividend Law.

As provided for in Section 8, item (a) of NPC Charter (R.A. 6395 as amended), the Corporation shall set aside five percent (5%) of its annual net operating revenue before interest as reserve or Sinking Fund to answer for amount advanced to it by the National Government for any loan, credit and indebtedness contracted by the former the latter shall be held answerable as primary obligor or guarantor. The sinking fund reported for CY 2016 amounting to P619.270 million represents the five percent (5%) of the net operating income of CY 2015 (P269.579 million), CY 2014 (P162.496 million), CY 2013 (P120.958 million) and CY 2012 (P66.237 million).

Correction of prior year earnings is mainly attributed to adjustment made on the depreciation in CY 2015 of electric plant in service of SPUG plants in Luzon, Visayas and Mindanao.

## 19. SERVICE AND BUSINESS INCOME

This account consists of the following:

|                                     | 2016                 | 2015          |
|-------------------------------------|----------------------|---------------|
| Power Supply System Fees            | 2,247,502,368        | 2,049,960,264 |
| Interest Income                     | 910,569,375          | 582,913,444   |
| Management Fees                     | 41,398,984           | 68,340,179    |
| Fines and Penalties-Business Income | 25,658,132           | 14,809,470    |
| Lease Income                        | 8,477,104            | 8,564,178     |
| Miscellaneous Income                | 595,311,081          | 1,170,332,447 |
|                                     | <b>3,828,917,044</b> | 3,894,919,982 |

The **increase of Power Supply System Fees** is due to higher energy sales.

The **increase in Interest Income** is attributed to substantial increase in volume of temporary investment and interest earned from overdue accounts of Western Mindanao power customers which compose of BASILAN, SULU and TAWI-TAWI Electric Cooperatives.

The **Management Fee and Miscellaneous Income** include MOOE fee corresponding to the actual approved MOOE budget for the operation and maintenance of the undisposed assets of the main grid and a reasonable administrative fee based on the O and M Agreement between NPC and PSALM. For CY 2016 the income was decreased due to lower budget provision.

## 20. INCOME FROM GRANTS AND DONATIONS IN KIND

|  | 2016             | 2015      |
|--|------------------|-----------|
| Income from Grants and Donations in Kind | <b>1,987,124</b> | 2,375,558 |

The income from grants and donation pertains to donated fuel oil from various Local Government Units in SPUG Visayas areas namely: Sto Nino, Caluya, Almagro, Capul, Limasawa, Bagonbanwa, Coincorama, Mantatao, Pamilacan, Ubay, San Vicente, Mountain Studio, Bilangbilang and Mocaboc.

## 21. PERSONNEL

This account consists of the following expenses:

|   | 2016               | 2015        |
|---|--------------------|-------------|
| Salaries - Regular                          | <b>446,828,347</b> | 427,220,142 |
| Year End Bonus                              | <b>83,054,504</b>  | 42,306,536  |
| Productivity Incentive Allowance            | <b>62,033,941</b>  | 60,167,216  |
| Retirement and Life Insurance Premium       | <b>55,062,311</b>  | 52,154,579  |
| Terminal Leave Benefits                     | <b>42,902,609</b>  | 56,832,257  |
| Overtime and Night Pay                      | <b>40,299,824</b>  | 38,803,574  |
| Personnel Economic Relief Allowance (PERA)  | <b>15,325,000</b>  | 14,538,818  |
| Wages - Casual/Contractual                  | <b>13,631,761</b>  | 8,801,688   |
| Representation and Transportation Allowance | <b>12,379,137</b>  | 12,688,636  |
| Clothing /Uniform Allowance                 | <b>6,390,000</b>   | 6,394,035   |
| Phil-health Contributions                   | <b>5,061,862</b>   | 4,768,700   |
| Honoraria                                   | <b>4,141,177</b>   | 2,753,806   |
| Pag-ibig Contributions                      | <b>1,534,500</b>   | 1,455,800   |
| Employees Compensation Insurance Premiums   | <b>1,532,218</b>   | 1,452,573   |
| Retirement Gratuity                         | <b>0</b>           | 3,736       |
| Other Personnel Benefits                    | <b>8,224,068</b>   | 7,222,820   |
| Other Bonuses and Allowance                 | <b>3,699,000</b>   | 0           |
|   | <b>802,100,259</b> | 737,564,916 |

The **increase in Salaries and Wages** is due to filled-up vacant positions and additional hiring of employees for various SPUG projects.

The **increase in Year-End Bonus** includes the grant of one month mid-year bonus to regular employees.

The **Other Bonuses and Allowance** pertains to NPC's anniversary bonus to regular employees.

The **increase** in other Personnel Benefit is due to filled-up vacant positions.

## 22. MAINTENANCE AND OTHER OPERATING EXPENSES (MOOE)

This account consists of the following:

|   | 2016                 | 2015                 |
|---|----------------------|----------------------|
| Subsidy to Operating Units                            | 2,020,644,334        | 1,985,640,201        |
| Rent/Lease Expenses                                   | 643,874,876          | 576,602,651          |
| Income Tax Expenses                                   | 512,636,135          | 1,425,114,457        |
| Other General Services                                | 122,290,713          | 94,653,654           |
| Security Services                                     | 101,340,577          | 88,502,020           |
| Awards/Rewards Expenses                               | 51,950,505           | 102,400,630          |
| Travelling Expenses - Local                           | 51,542,204           | 48,476,311           |
| Janitorial Services                                   | 44,723,048           | 48,042,243           |
| Taxes, Duties and Licenses                            | 37,846,005           | 19,075,660           |
| Insurance Expenses                                    | 27,371,173           | 48,569,297           |
| Water and Electricity Expenses                        | 26,494,252           | 27,421,283           |
| Semi-Expendable Machinery & Equipment                 | 22,453,931           | 10,442,259           |
| Auditing Services                                     | 18,286,806           | 20,943,198           |
| Repairs and Maintenance-Buildings and Other Structure | 13,053,284           | 7,628,035            |
| Repairs and Maintenance-Machinery and Equipment       | 12,855,066           | 14,794,117           |
| Postage and Telephone Expenses                        | 11,279,299           | 12,266,128           |
| Training Expenses                                     | 10,513,034           | 7,672,666            |
| Consultancy Services                                  | 10,168,778           | 4,395,444            |
| Fuel, Oil and Lubricant Expenses                      | 6,579,018            | 10,367,165           |
| Office Supplies Expenses                              | 6,518,749            | 7,164,305            |
| Advertising, Promotional and Marketing Expenses       | 6,085,922            | 5,175,800            |
| Transportation and Delivery Expenses                  | 5,546,691            | 7,299,400            |
| Financial Assistance to Local Government Units        | 4,145,282            | 4,060,378            |
| Travelling Expenses - Foreign                         | 3,334,063            | 1,186,883            |
| Charity Expenses                                      | 807,358              | 207,815              |
| Extraordinary and Miscellaneous Expenses              | 709,200              | 666,133              |
| Representation Expenses                               | 663,822              | 0                    |
| Repairs and Maintenance- Land                         | 231,472              | 0                    |
| Director's and Committee Member's Fee                 | 18,750               | 184,681              |
| Printing and Publication Expenses                     | 0                    | 89,100               |
| Other Maintenance and Operating Expenses              | 489,428,595          | 837,868,070          |
|   | <b>4,263,392,942</b> | <b>5,416,909,984</b> |

The **increase in Travelling expenses** is due to ISO certification related surveillance audit and factory acceptance tests for equipments purchased from abroad.

The **increase in Training expenses** was due to compliance of ISO 9001-2008 and Competency Enhancement Action Plan (CEAP).

The Electricity expenses includes the water expenses, the **decrease** is due to cost-cutting measures.

The **increase in Consultancy services** is due to hiring of SPUG technical consultant and consultancy services of Towers Watson Philippines, Inc.

**Increase in Repair and maintenance expenses** of SPUG plants and substations.

The **increase in Subsidy to operating units** (New Power Providers) is due to long duration of operations of SI Power Corporation in CY 2016 compared to CY 2015. The subsidy to New Power Providers (NPP) of Missionary Electrification Areas (MEA) is approved by the Energy Regulatory Commission (ERC).

The **increase in rent/lease expense** is due to new rental of generating sets for Polilio, Ninoy Aquino DPPs and additional capacity for Mamburao, El Nido, Kalamansig, Bongao and Dinagat DPPs.

The **decrease in Other maintenance and operating expenses** is mainly due to lower budget for the OMA-MOOE of PSALM.

### 23. FINANCIAL EXPENSES

This account consists of the following:

|                   | 2016             | 2015       |
|-------------------|------------------|------------|
| Interest Expenses | 9,057,761        | 10,787,200 |
| Bank Charges      | 155,365          | 43,971     |
|                   | <b>9,213,126</b> | 10,831,171 |

The interest expense pertains to outstanding foreign loans with BNP Paribas and Natixis.

### 24. DIRECT COST

#### MATERIALS

This account consists of the following:

|                  | 2016          | 2015          |
|------------------|---------------|---------------|
| Materials - Fuel | 2,714,796,036 | 3,042,377,290 |

The **decrease in fuel cost** was attributed to substantial decrease in the average fuel price per liter from P26.69 to P21.89.

#### OVER HEAD

This account consists of the following:

|   | 2016               | 2015        |
|---|--------------------|-------------|
| Generation, Transmission & Distribution Expenses            | 294,258,426        | 348,771,936 |
| Repair and Maintenance Infrastructure Assets (Power System) | 211,258,212        | 118,169,851 |
|   | <b>505,516,638</b> | 466,941,787 |

### 25. NON-CASH EXPENSES

This account consists of the following expenses:

|   | 2016                 | 2015          |
|---|----------------------|---------------|
| Impairment Loss - Loans and Receivables       | 934,333,800          | 626,578,479   |
| Depreciation Expenses - Infrastructure Assets | 276,689,993          | 331,495,000   |
| Depreciation Expenses - Other PPE             | 65,561,400           | 70,952,294    |
|   | <b>1,276,585,193</b> | 1,029,025,773 |

### 26. FINANCIAL ASSISTANCE/SUBSIDY FROM NGA, LGU, GOCC

|                                  | 2016               | 2015          |
|----------------------------------|--------------------|---------------|
| Subsidy from National Government | 980,822,175        | 2,000,000,000 |
|                                  | <b>980,822,175</b> | 2,000,000,000 |

The subsidy from NG is intended for CAPEX utilization for missionary electrification and BNPP maintenance.

For the CYs 2013 to 2015, the approved SARO amount was reported as other income. With the adoption of PPSAS No. 23 in CY 2016, the cash transfers were recognized as outright income.

The affected accounts such as Accounts Receivable – Others, Non-Current Receivables and Unearned Revenue/Income were adjusted accordingly. The cash transfers for CY 2016 amounting to P980.822 million is composed of P580.388 million (CY 2014 SARO), P376.871 million (CY 2015 SARO) and P23.563 million (CY 2016 SARO).

The unreleased cash allocation as of December 2016 amounted to P4.225 billion.

|              |                      |
|--------------|----------------------|
| CY 2014 SARO | <b>604,471,577</b>   |
| CY 2015 SARO | <b>1,580,943,425</b> |
| CY 2016 SARO | <b>2,039,778,000</b> |
|              | <b>4,225,193,002</b> |

## 27. SHARE IN UNIVERSAL CHARGE

This account consists of the following:

|                           | <b>2016</b>          | 2015          |
|---------------------------|----------------------|---------------|
| Share in Universal Charge | <b>6,406,011,229</b> | 9,706,676,769 |
|                           | <b>6,406,011,229</b> | 9,706,676,769 |

The **decrease in Universal Charge for Missionary Electrification** (UCME) from P9.707 billion to P6.406 billion is attributed to the application of the ERC methodology in the computation of the revenue requirement to cover the total operating expenses, NPP subsidy and return on rate base of 12%.

Section 34 of the EPIRA provides that a Universal Charge (UC) to be determined, fixed and approved by the Energy Regulatory Commission (ERC) shall be imposed on all end – users for the (a) payment of stranded debts and contract costs; (b) missionary electrification; (c) equalization of taxes and royalties; (d) environmental charge; and (e) cross subsidies.

The UC shall be a non–bypassable charge which shall be passed on and collected from end users on a monthly basis by the distribution utilities to be remitted to PSALM, the administrator of the fund.

The UC for missionary electrification shall provide funds for the operation of the NPC SPUG, together with the sales from the missionary areas. On the other hand, the UC for environmental charge, which is equivalent to one–fourth of one centavo per kilowatt hour (P0.0025/ kwh), shall accrue to an environmental fund to be used solely for watershed rehabilitation and management and shall be managed by NPC under existing agreements.

## 28. GAINS

This account consists of the following:

|  | <b>2016</b>    | 2015       |
|--|----------------|------------|
| Gain on Foreign Exchange (FOREX)             | <b>792,701</b> | 53,481,476 |
| Gain on sales of Property, Plant & Equipment | <b>0</b>       | 200,026    |
|  | <b>792,701</b> | 53,681,502 |

The gains on foreign exchange from debt service is reported under Effect of Exchange Rate on Cash and Cash Equivalents of the Statement of Cash Flows per PPSAS No. 4

## 29. LOSSES

This account consists of the following:

|  | <b>2016</b>   | 2015       |
|--|---------------|------------|
| Loss on Foreign Exchange (FOREX)               | <b>71,542</b> | 0          |
| Loss on sales of Property, Plant and Equipment | <b>0</b>      | 144,885    |
| Other Losses                                   | <b>0</b>      | 30,386,122 |
|  | <b>71,542</b> | 30,531,007 |

The loss on foreign exchange is from the revaluation of outstanding foreign loans as the results of the depreciation of Philippine Peso against US Dollar.

### 30. PROVISION FOR PRESENT OBLIGATIONS PURSUANT TO COURT RULINGS/DECISIONS

#### EXECUTIVE BRIEF

#### re NPC DAMA, ET AL. VS. NPC, ET AL.

G.R. No. 156208 – Third Division, Supreme Court

- Section 63 (Separation Benefits of Officials and Employees of Affected Agencies) of EPIRA provides, among others, that (i). employees displaced or separated from service as a result of restructuring of the electricity industry and privatization of NPC assets **shall be entitled either to a separation pay and other benefits** in accordance with existing laws, rules or regulations or **be entitled to avail of the privileges provided under a separation plan which shall be 1.5 month salary for every year of service in the government** and (ii). those who avail of such privileges shall start their government service anew if absorbed by any government-owned successor company and that there shall no diminution of benefits under the separation plan until the full implementation of the restructuring and privatization.
- On **12 December 2002**, petitioners (NPC DAMA, et al.) filed a petition before the Supreme Court questioning the authority of the NP Board in passing NPB Resolutions No. 2002-124 and No. 2002-125 on the ground that these were not passed and issued by the majority of the members of the duly constituted Board of Directors since only three of its members were present.
- NPC basically argued that the said Resolutions are valid because the Directors were ably represented by their respective alternates.
- On **26 September 2006**, the Supreme Court ruled that National Power Board Resolutions No. 2002-124 and No. 2002-125 are “**VOID and WITHOUT LEGAL EFFECT**” on the ground that “**department secretaries cannot delegate their duties as members of NPB**, much less their power to vote and approve board resolutions, because it is their personal judgment that must be exercised in the fulfillment of such responsibility”.
- On **14 September 2007**, NP Board issued Board Resolution No. 2007-55 that “**ratifies and confirms** NP Board Resolution Nos. 2003-01, 2003-11, 2003-12, 2003-15 and all other Board Resolutions related to the approval of the present Table of Organization of the National Power Corporation (NPC)”.
- Supreme Court issued its Resolution dated **17 September 2008** clarifying the legal effects of the 26 September 2006 Decision that is, the right to reinstatement or separation pay in lieu of reinstatement plus backwages, wages adjustment and other benefits.
- On **27 October 2008**, an Entry of Judgment was issued. On 14 November 2008, an Urgent Motion for Execution was filed by petitioner NPC DAMA.
- The Supreme Court promulgated its Resolution on **10 December 2008** ordering the Chairman and Members of the NPC Board and the President of NPC to **cause the preparation of a list, under oath**, of the names of NPC employees and amounts due to each and directed the payment.
- On **09 March 2009**, the OSG filed the Compliance to the December 10, 2008 Supreme Court Resolution wherein it manifested that:
  - 1) Only the top level employees were terminated on January 31, 2003 pursuant to the nullified NPB Resolution Nos. 2002-124 and 2002-125;
  - 2) These top level employees were also rehired the day after their termination and as such any additional payment of separation pay, backwages and other benefits would be unjust; and
  - 3) The NP Board adopted Resolution No. 2007-55 ratifying and confirming Resolution Nos. 2002-124 and 2002-125 and other Board Resolutions for the reorganization. Resolution No. 2007-55 was not “made subject of” the DAMA Petition.
- The Supreme Court promulgated on **02 December 2009** a Resolution which GRANTED Petitioners (NPC DAMA) Manifestation in the Urgent Omnibus Motion dated 09 February 2009. The following are the salient points of the said resolution:
  - 1) Ordering NP Board and its President to SHOW CAUSE why they should not be held for contempt for failure to comply with the SC Resolution dated 10 December 2008;
  - 2) Ordering the Clerk of Court of the Third Division to IMPLEAD or JOIN PSALM as party-respondent to the case;
  - 3) Ordering NP Board and President of NPC to comply with the SC Resolution dated 10 December 2008; and
  - 4) Directing the Clerk of Court of the Regional Trial Court and Ex-Officio Sheriff of Quezon City to immediately execute the SC decision and for the Clerk of Court to submit compliance within thirty (30) days from receipt of the Resolution.
- In promulgating the said resolution, the Supreme Court reasoned that:
  - 1) The SC Resolutions dated 26 September 2006, 24 January 2007, 17 September 2008 and 10 December 2008 were referring to all employees of NPC and not only to the sixteen (16) top-level employees.
  - 2) It is only after the decisions/resolutions became final and executory when NPC revealed that only 16 top-level employees were terminated on 31 January 2003.
  - 3) The approval of NP Board Resolution No. 2007-55 that adopted, confirmed and approved the contents of NP Board Resolution Nos. 2002-124 and 2002-125 only have prospective effect, not a retroactive effect.
  - 4) The approval cannot ratify and validate the voided NP Board Resolutions.
  - 5) The approval of NP Board Resolution No. 2007-55 on 14 September 2007 means that the services of all NPC employees have been legally terminated on said date.
- The OSG filed Urgent Plea to Defer Execution of the 02 December 2009 Resolution.
- A Status Quo Order was issued on **7 January 2010** such that no NPC assets/deposits will be garnished and at the same time, setting the case for oral arguments initially on 13 January 2010.
- Hearing on the oral arguments was actually held on **20 January 2010** and the following issues were discussed that are still pending resolution:
  - 1) Who are the NPC personnel that were actually separated from the service as a result of the implementation of NP Board Resolution Nos. 2002-124 and 125;

- 2) Whether the 17 September 2008 Resolution granted relief not sought in the 26 September 2006 Decision;
  - 3) Whether the 10 December 2008 Resolution exceeded the terms of the 17 September 2008 Resolution sought to be executed;
  - 4) What was the effect, if any, of NP Board Resolution No. 2007-55 on the nullified NP Board Resolution Nos. 2002-124 and 125; and
  - 5) What is the extent of PSALM's liability for NPC's liabilities in this case
- On the offer of settlement of all pending monetary claims, OSG opined in its letter dated **17 February 2012** that "(i) t would be proper and prudent to await the resolution thereof before any action is undertaken in relation thereto. This is to ensure that justice is served and that disbursement of government funds is made only to legitimate and valid claims".
  - In a meeting held on 12 July 2012, the NP Board confirmed that NPC Management has no authority to start negotiation and placed on record its position to await the SC resolution.
  - NPC through OSG filed an Urgent Motion to Resolve dated **08 April 2013**.
  - The Supreme Court in its Resolution dated **30 June 2014** ruled on the five (5) pending issues and concluded that:
    1. The finalities of the 26 September 2006 Decision and 17 September 2008 Resolution contemplate and cover all the NPC employees whose illegal termination from employment stemmed from NP Board Resolution Nos. 2002-124 and 2002-125, hence, NPC is barred from estoppel from raising arguments aimed at modifying the final rulings;
    2. The 17 September 2008 Resolution did not grant additional reliefs as it merely clarified the consequences of the 17 September 2006 Decision;
    3. The dispositive portion of the 10 December 2008 Resolution did not exceed the terms of the final 17 September 2008 Resolution;
    4. The final rulings declared the nullified NP Board Resolutions as void and without legal effects and as such, cannot be ratified and the issuance of NP Board Resolution No. 2007-55 did not affect its final rulings; and
    5. PSALM assumed NPC's liabilities existing at the time of the EPIRA's effectivity including the separation benefits due to the petitioners. PSALM is considered as a necessary party to the case.
  - The Supreme Court likewise concluded that the refusal of NPC to comply with the 10 December 2008 Resolution and 2 December 2009 Resolution constitutes contumacious conduct for being unjustified and without legal and factual basis.
  - In effect, the Supreme Court denied, among others, the Motions for Reconsideration filed by NPC and PSALM and cited NPC and the Office of the Solicitor General for indirect contempt with fine of P30,000.00 each for non-compliance to final orders.
  - The Clerk of Court and Executing Sheriffs issued a **Demand for Immediate Payment** in relation to the said Resolution of the Supreme Court addressed to the NP Board and NPC and the same was served upon NPC on 28 July 2014 involving the amounts of:
    1. P60,244,316,841.88 less ten percent (10%) corresponding to the charging lien of DAMA, et al. counsels;
    2. P6,024,431,684.18 which represents the attorney's liens; and
    3. P1,807,329,725.25 as lawful fees and costs for the execution.
  - On **5 August 2014**, NPC wrote PSALM formally informing it of the said Resolution considering the conclusion of the Supreme Court that the judgment obligation is part of PSALM's assumed liability. NPC likewise wrote the Clerk of Court and Executing Sheriffs of RTC-QC with information that the Demand for Immediate Payment was referred to PSALM and its principal.
  - Beginning **14 August 2014**, notices of garnishment issued by the Executing Sheriffs of RTC, Quezon City were served upon Land Bank of The Philippines, National Transmission Corporation, STEAG State Power, customers and other energy industry partners against NPC and PSALM properties.
  - NPC, through the OSG, filed a Manifestation and Motion on **22 August 2014** before the Supreme Court praying, among others, to declare the case as an en banc case and restrain the execution of the judgment obligation.
  - PSALM, through the OGCC, likewise filed its Omnibus Motion (Second Motion for Reconsideration) dated **22 August 2014**.
  - On **09 September 2014**, the Supreme Court issued a Resolution **deferring** the implementation of the Decision dated 26 September 2006 and Resolutions dated 17 September 2008, 02 December 2009 and 30 June 2014 until further notice and lifting the Notice of Garnishment dated 14 August 2014. The court likewise directed the parties to submit within 45 days the lists of NPC employees as of 31 January 2002. The required lists of the Supreme Court should include the data on the following:
    1. full name;
    2. date of hiring;
    3. last date of uninterrupted service after date of hire;
    4. position and salary as of last date of service; and
    5. if termination or separation pay has been received at anytime from NPC, the amount of termination or separation pay received and date of receipt.
  - NPC and PSALM were likewise required to comment within 10 days on the (i) letter of 31 July 2014 of Atty. Perlita V. Ele and the letter of 05 August 2014 of Attys. Orocio and Aldon; (ii) Motion to Expunge filed by NPC-DAMA; and (iii) Special Appearance of MERALCO.
  - NPC, through OSG, filed its Comment dated **7 October 2014** and prayed for the denial of petitioner's Motion to Expunge and Meralco's Special Appearance on the ground that the same were superseded by the 9 September 2014 Resolution. The OSG merely noted the letters of Attys. Ele, Orocio and Aldon.

- Attys. Orocio and Aldon, in a letter dated **16 October 2014**, wrote National Power Corporation that the “ xxx the rate of interest on the principal amount of the award was not correct as it was done on a straight basis, and not compounded as should have been the case xxx “. It advised NPC that “in the event the pending incidents of the case in the Supreme Court are disposed of and the decision/ resolution is ultimately implemented, a re-computation be made to arrive at the proper and correct amount of interests on the principal amounts of the award due our clients, the petitioners.” NPC referred the same to OSG per letter dated 4 November 2014.
- NPC through OSG filed its Compliance Ad Cautelam on **24 November 2014**, within the extendible period to comply with the 09 September 2014 Resolution to submit the required list.
- NPC received on 27 November 2014 the Resolution dated **20 October 2014** of the Supreme Court modifying its 09 September 2014 Resolution by requiring the submission of list of NPC employees as of 26 June 2001 with additional information on the DAMA-affected employees’ separation pay; wage adjustments; date of rehire by NPC/PSALM/ TRANSCO and their subsequent positions and salaries; subsequent termination and amount of separation pay received.
- NPC complied the same on 16 March 2015.
- To date, the Supreme Court has yet to resolve the issues. Recently, a number of claimants are seeking Malacañang’s intercession for the payment of DAMA claims.
- The Status of Pending Case as of December 31, 2016 showed that the estimated cost is approximately P62 billion.

#### EXECUTIVE BRIEF

**re NPC AND NP BOARD vs. Hon. RALPH LEE and  
EMMA Y. BAYSIC and NARCISA G. SANTIAGO  
G.R. No. 213893 – Supreme Court  
(CA-G.R. SP No. 115773 – Court of Appeals)**

- Petitioners Baysic, et al. filed on 12 July 2007 a case for Mandamus with Prayer for Accounting and Motion for Evidentiary Hearing. Petitioners are retirees of NPC from 1998 to 2001. They are claiming full amount of financial assistance provided for under the Special Early Disengagement Plan (SEPD). The said plan was authorized under NP Board Resolution No. 98-130.
- Petitioners claim that the financial assistance provided for under said Board Resolution was fixed at 1.5 months salary for every year of government service computed as:
  - a) the *difference* between the lump sum gratuity benefits under R.A. 1616 multiplied by 1.5; and the present value of the 5 years lump sum benefit under PD 1146 as amended by R.A. 8291 or R.A. 660, for those qualified to retire under both R.A. 1616 and either PD 1146 or R.A. 660; and
  - b) for those not qualified to retire under any of the retirement plans or those who have not yet reached 60 years old, a lump sum benefit equivalent to 1.5 months salary for every year of government service.”

Further, they claim that they did not receive financial assistance equivalent to 1.5 months salary for every year of government service because the amount of retirement pay they received from GSIS was deducted from the gross financial benefits.

When the EPIRA took effect in 2003, separation pay in the amount of 1.5 months for every year of government service was granted to legally terminated employees (as of 2003) without deducting gratuity/retirement pay received from GSIS.

- NPC filed its Answer dated 17 October 2008 alleging the following:
  - a) Petitioners Baysic, et al. should have first raised their issues before the Civil Service Commission as part of the exhaustion of administrative remedies;
  - b) Petitioners have no clear right because they are fully aware of the guidelines of retirement under NP Board Resolution No. 98-130 when they availed of it; and
  - c) The EPIRA provisions on separation/retirement cannot retroactively apply to the petitioners.
- A motion to strike out NPC’s Answer was filed by petitioners which questioned the Verification/Certification of NPC and which the court immediately granted. NPC moved for the reconsideration but was denied.
- On 6 September 2010, NPC through the OSG filed a petition for certiorari and prohibition before the Court of Appeals based on the following:
  - a) NPC complied with the Rules on Verification;
  - b) NPC’s Answer dated 17 October 2008 does not actually require Verification; and
  - c) The trial court committed grave abuse of discretion in issuing the Order of Default.
- On the same date (6 September 2010), NPC received a copy of the 16 August 2010 Decision of the trial court ordering it to pay petitioners the aggregate sum of P301.50 million plus interest at six percent (6%) per annum, P1 million as exemplary damages and ten percent (10%) of the total amount as attorney’s fees.
- Subsequently, OSG filed an Amended Petition on 16 September 2010 to include the 16 August 2010 Decision of the trial court.
- In a letter dated 14 February 2011, the petitioners offered to compromise certain components of the RTC decision. Petitioners are waiving portion of their separation pay under the EPIRA though this was not included in their original claim nor included in the Decision of the RTC. In addition, they are also proposing to waive the award of exemplary damages and one-half (1/2) of the award of legal interest.
- The initial proposal for settlement by petitioners was denied by the NP Board Review Committee in its 17 February 2011 meeting.
- Another proposal was received from the petitioners reducing by five percent (5%) the actual damages and waiving all its interest and P1 million exemplary damages.
- As of June 2011, the reduced total amount claimed by petitioners is P315.105 million with the waived components amounting to P97.30 million.
- After evaluation of the proposal, the OSG opined in its letter dated 21 February 2012 that “*accepting the compromise agreement was not sound and will not serve the best interest of NPC*”. Hence, it recommended that the petition for certiorari pending before the Court of Appeals be pursued.

- The proposal for settlement was again presented to the Board Review Committee in its 5 July 2012 meeting. In the said meeting, the BRC endorsed the matter to the NP Board.
- On various dates of October and November 2012, some of the individual claimants/petitioners wrote to the members of the NP Board seeking their assistance in the payment of their claims.
- During the BRC meeting held on May 2013, it confirmed that the issue will be decided upon by its principal. Subsequently, on the Special NP Board Meeting held on 31 July 2013, the Board decided to write the OSG on the matter of entering into Compromise Agreement with the claimants. As of July 2013, the judgment obligation is computed at P452.197 million with petitioners offering to settle at P315.015 million.
- In a letter dated 13 September 2013, DOF Undersecretary John P. Sevilla (as Alternate Chairman) and NPC President Ma. Gladys Cruz-Sta. Rita wrote OSG seeking clarification on the effect of the Beto Case and sworn statements of Messrs. Delgado and Viray and an opinion on the legality of entering into settlement with the claimants taking into consideration the supervening circumstances surrounding the case.
- On 04 March 2014, the Court of Appeals issued a Resolution dismissing the Amended Petition for Certiorari and Prohibition for being an improper remedy. The Court of Appeals ruled that the proper remedy in case of default judgment is an Appeal, a remedy available to NPC when it filed its Amended Peition. As of 31 March 2014, the total judgment obligation based on the RTC Decision amounts to P467.123 million.
- NPC retirees through Ms. Emma Baysic wrote the NPC President on 13 March 2014 furnishing the latter with a copy of the said 04 March 2014 Resolution of the Court of Appeals and soliciting the kind assistance to facilitate the immediate resolution of the retirees' financial claim.
- A Motion for Reconsideration dated 24 March 2014 was filed by OSG arguing that the certiorari will correct an invalid order and an order issued without jurisdiction. That jurisprudence does not prohibit the petition for certiorari if the order of default is being assailed, even if appeal is an available remedy. Hence, it stated that *"the resort to certiorari by herein petitioners is justified because the default judgment is being assailed on the ground that it is intrinsically void for having been rendered pursuant to a patently invalid order of default"*.
- The Court of Appeals issued a Resolution on 11 August 2014 denying the Motion for Reconsideration, there being no cogent and compelling reasons found to justify the modification or reversal of its 04 March 2014 Resolution.
- On 10 October 2014, NPC through the OSG filed a petition for review on certiorari before the Supreme Court.
- Pursuant to NPC Circular No. 2003-09, a Step Increase Adjustment was given to employees. The said adjustment is a consequence of the step increment, a salary increase based on the number of years of service in the same position starting 1 January 1994.
- NPC discontinued the Step Increment because of the issue of Disallowance and that the EPIRA required the downsizing of personnel as a consequence of privatization. NPC employees were eventually terminated in January to February 2003.
- The issue arose on which amount of basic salary will be used in the computation of separation benefits. Some argued that it should be the **"pre-rollback rate"** or the highest monthly salary of the employee while in government service. Others argued that it should be the **"rollback rate"** or the basic monthly salary net of the total salary adjustments including additional bonus. This issue was brought before the court for adjudication.
- Pending resolution of the case, NPC deposited on escrow the amount corresponding to the difference between "pre-rollback rate" and "rollback rate". The difference is the **step increment adjustment**.
- A substantial number of NPC employees voluntarily signed waivers losing their right to claim the difference. (They are now the petitioners in this case.)
- The step increment adjustment was intended for those NPC employees, whether rehired or not after legal termination, but did not waive their additional separation benefits.
- Petitioners filed the instant case seeking the release of the "net increase adjustment". NPC posited that there was no "net increase adjustment", only a "step increase adjustment".
- On 31 August 2008, NPC moved for the dismissal of the case based on the following grounds:
  1. Petitioner NEWU has no legal standing on behalf of all NPC employees before the court;
  2. The payment of Step Increment Adjustment to petitioners is not a ministerial duty of NPC;
  3. Petitioners have no cause of action against NPC; and
  4. Petitioners failed to exhaust all administrative remedies.
- NPC's motion to dismiss was denied by the court on 25 June 2008.
- NPC filed its Memorandum on 11 February 2009.
- The trial court in its decision dated 9 June 2009 denied the petition of NEWU for injunction but ordered NPC to pay the employees of the so-called net increase adjustment.
- NPC filed a Motion for Partial Reconsideration which was denied by the trial court in an Order dated 27 November 2009.
- NPC, through the OSG, filed a petition before the Court of Appeals and was submitted for decision as of 27 July 2010.
- A Petition for mandamus with prayer for a temporary restraining order and preliminary injunction was filed on 19 October 2007 by NEWU and 21 other NPC employees seeking the release of the so-called "net increase adjustment" which was purportedly withheld from them. NEWU also claims to represent other NPC employees similarly situated.

**EXECUTIVE BRIEF**  
**NEWU VS. DEL CALLAR (as NPC President)**  
**CA-GR S.P. No. 113743**

- On the offer of settlement of all pending monetary claims including the step increment (P549.408 Million per claimants' proposal), OSG opined in its letter dated 05 March 2012 that "*considering the merits of the NPC's appeal which is anchored on the ground that NPC Circular No. 2001-51 is invalid, it having been repealed and superseded by NPC Board Resolution No. 2002-81, and considering further that a resolution of the appeal may already be forthcoming, it would be more prudent to await the same. It must be emphasized that NPC has raised meritorious grounds and thus its appeal must be pursued until the very end*".
  - On 23 October 2013, the Court of Appeals rendered a Decision granting the appeal of NPC such that the 9 June 2009 Decision of the trial court was reversed and set aside insofar as it directed the NPC President to pay its employees covered under NPC Circular No. 2001-51. The denial of the prayer for injunction was sustained.
  - In granting NPC's appeal, the Court of Appeals noted that the issue raised by appellees' NEWU was already decided in the case of Boncodin vs. NECU where the Supreme Court stated that "the step increments enjoyed by the NAPOCOR employees could not have ripened into vested rights. In brief, it is seriously contended that because they were granted without the required DBM approval, no vested rights to the step increments could have been acquired."
  - The 23 October 2013 Decision has become final and executory on 02 October 2014 as per Entry of Judgment received by the OSG on 03 February 2015.
1. Release and pay the petitioners/intervenors/other non-union employees within 30 days from finality of the Decision, the amount of P6,496,055,339.98 representing the COLA and AA and P704,777,508.60 representing **interest** computed from December 28, 2007. The monetary judgment shall earn interest of 12 percent (12%) per annum from finality of the Decision until its full satisfaction;
  2. Pay Attorney's fees in the amount of P100,000.00 in favor of Petitioners and P200,000.00 in favor of intervenors NECU and NEWU;
  3. Deduct the amount of P145,464,872.55 representing deficiency payment of docket and other legal fees from the NPC officials/workers/employees including non-union beneficiaries similarly situated, and Remit and Pay the same to the Clerk of Court of RTC of Quezon City, Branch 84. The amount is subject to final computation and assessment of the Clerk of Court; and
  4. Deduct five percent (5%) of the amount payable to each NPC employee, including non-union beneficiaries similarly situated, for the said Attorney's Fees pro-rata and to Pay the amount deducted to Atty. Galit and Presquito, after deducting the appropriate taxes.
- A Motion for Execution against the Respondent NPC was filed by the Petitioners and Petitioners-Intervenors on **December 5, 2008**. A Notice of Appeal was filed by the OSG on **December 5, 2008**.
  - A Motion for Reconsideration of the RTC Decision was filed by Secretary Andaya (as member of the NP Board) on **December 18, 2008**. On the other hand, NPC-OGC filed a Manifestation in behalf of NPC Management on December 16, 2008 stating that the authority to decide upon the issue at hand rests with the NP Board, although it was likewise reiterated that NPC Management, consistent with its previous position, supports the release of the COLA and AA.
  - **March 20, 2009** – The Court promulgated its **Joint Order** with the following directive:
    1. The Motion for Execution is granted. The Branch Clerk of Court is directed to issue the Certificate of Finality of Judgment and the Writ of Execution;
    2. The Motion to Deposit the Amount Equivalent to the Judgment Award is granted. The NPC Management through its President, the NP Board and Treasurer are ordered to deposit the amount of P6,496,055,339.98 representing COLA and AA and P704,777,508.60 representing interest, with the Land Bank of the Philippines, with high yielding bearing interest, within 30 days from receipt of the order;
    3. The Notice of Appeal filed by the OSG is denied and dismissed; and
    4. The Motion for Reconsideration filed by Secretary Andaya is denied with finality.
  - **March 23, 2009** – Finality of Judgment, Writ of Execution and Notice of Garnishment issued by the RTC
  - **March 27, 2009** – Letter of the OSG advising NPC to write its banks that the notice of garnishment as well as the writ of execution cannot be implemented.
  - **April 15, 2009** - The SC issued a **TRO/Injunction** on the March 20, 2009 Decision and March 23, 2009 Writ of Execution issued by the RTC.

#### EXECUTIVE BRIEF

#### re RP, ET AL. VS. CORTEZ, NEWU/NECU (COLA/AA)

G.R. No. 187257 – Supreme Court

- **January 3, 2008** – Petitioners Abner Eleria and Melito Lupangco filed their Petition for Mandamus before the Regional Trial Court of Quezon City, Branch 84. In the said petition, NECU/NEWU pray for the Court to order NPC and the NP Board to immediately **release and pay the COLA and AA** on the bases of:
  1. De Jesus vs. COA (294 SCRA 152 [1998]) which invalidated **DBM CCC No. 10** on the basis of its non-publication as required by law;
  2. *PPA vs. PPA Employees Hired After July 1, 1989* (469 SCRA 397 [2005]) which declared that all and not only incumbents as of July 1, 1989 should be allowed to receive back pay corresponding to the said benefits from July 1, 1989 to March 16, 1999; and
  3. *MWSS vs. Bautista, et al.* (G.R. No. 171351, March 14, 2008) reiterated the Supreme Court's pronouncements in the De Jesus and PPA cases.
- **February 18, 2008** – NECU and NEWU filed its Petition-in-Intervention supporting the release of the COLA/AA.
- **May 30, 2008** – The OSG filed its Omnibus Motion praying that: (1) it be allowed to withdraw its appearance as counsel for NPC and the NP Board; (2) it be allowed to intervene as the People's Tribune; and (3) the petition be dismissed. The Regional Trial Court of Quezon City, Branch 84 promulgated its **Decision** in favor of the Petitioners on **November 28, 2008**. The Decision orders the NPC and the NP Board to:

- **May 27, 2009** - DBM filed a separate Petition for Certiorari with the SC questioning the RTC's Decision, Joint Order and Writ of Execution.
- **9 September 2009** – The Supreme Court issued a Resolution directing that:
  1. G.R. No. 187359 (NEWU and NECU, etc. vs. NPC, etc. et al.) be consolidated with G.R. 187257;
  2. G.R. 187776 (Andaya, etc., et al. vs. Hon. Cortez, etc., et al.) and G.R. 187420 (PGEA, etc. et al. vs. NPC, et al) be transferred to the First Division where G.R. 187257 and the two consolidated cases are assigned, to avoid conflicting decisions; and
  3. Note: G.R. 187359 and G.R. 187420 involve a common question of law – the validity of the Operations and Maintenance Agreement (OMA) dated 30 January 2009 in relation to the EPIRA.
- As of date, all the cases cited above are still pending resolution by the Supreme Court.
- On the offer of settlement of all pending monetary claims, OSG opined in its letter dated 17 February 2012 that *"(i)t would be proper and prudent to await the resolution thereof before any action is undertaken in relation thereto. This is to ensure that justice is served and that disbursement of government funds is made only to legitimate and valid claims"*.
- In a meeting held on 12 July 2012, the NP Board confirmed that NPC management has no authority to start negotiation and placed on record its position to await the SC resolution.
- On 03 May 2013, the Officers and Members of PGEA-NPC wrote the NP Board and NPC Management requesting the release of COLA and AA. It is the group's contention that the disallowance of COLA and AA provided under the Salary Standardization Law does not cover the NPC and as such, its employees are long deprived of its rightful claim over the said allowances. The letter did not provide any terms except their willingness to execute a "Release, Waiver and Quitclaim".
- The Department of Budget and Management, thru Director Lorenzo C. Drapete, in a letter dated 15 May 2013 referring to National Power the subject letter of NPC-PGEA, stated that *"(t)he Supreme Court under G.R. No. 157492 dated March 10, 2006 (copy attached) denied the petition of Napocor Employees Consolidated Union, et. al. for Employee Welfare Allowance equivalent to 10% of employees basic salary since the subject allowance, like COLA and AA, are among the allowances actually integrated into the basic monthly salary of employees"*.
- Several letters to NPC was submitted by petitioners claiming payment of the COLA/AA. The latest of said letters were on 18 and 28 August 2014 from petitioners' counsel offering the settlement of the claims. The said letters were referred to the NP Board for its information and consideration.
- More recently on 11 June 2015, the National Power People (NPP) requested the payment of COLA and AA with manifestation of their willingness to receive only the principal amounts of such claims which shall constitute full and final settlement thereof. Similar to DAMA claims, a number of claimants are seeking Malacañang's intercession for the payment of COLA claims.

**STATUS OF PENDING CASES  
SUMMARY OF CONTINGENT CLAIMS AND LIABILITIES  
As of 31 December 2016**

| NATURE   | NO. OF CASES WITHOUT AMOUNT INVOLVED / NO BASIS / TO BE DETERMINED | CONTINGENT CLAIMS * (ESTIMATED AMOUNT INVOLVED) |                    | CONTINGENT LIABILITIES * |                         |                 |                              |
|--|--|---|--------------------|--------------------------|-------------------------|-----------------|------------------------------|
|  |  | Number of Cases                                 | Total Amount (Php) | Number of Cases          | Total Amount (Php)      | Number of Cases | Total Amount (\$ US Dollars) |
| EXPROPRIATION (Plant Related/SPUG)                         | 50   |   |                    | 9                        | 2,297,426.75            |                 |                              |
| Land Registration Cases                                    | 2  |   |                    |                          |                         |                 |                              |
| ERC  | 34   |   |                    |                          |                         |                 |                              |
| TAX  |  |   |                    |                          |                         |                 |                              |
| Real Property Cases (IPP)                                  |  |   |                    |                          |                         |                 |                              |
| Real Property Cases (NPC)                                  |  |   |                    |                          |                         |                 |                              |
| Local Tax  |  |   |                    | 1                        | 9,699,313,855.93        |                 |                              |
| Franchise Tax Cases  | 2  |   |                    |                          |                         |                 |                              |
| OTHER CIVIL CASES  | 9  |   |                    | 1                        | 41,656,184.41           |                 |                              |
| EJECTMENT/RECOVERY OF POSSESSION/DAMAGES/JUST COMPENSATION | 9  |   |                    | 3                        | 6,738,800.00            |                 |                              |
| LABOR CASES  |  |   |                    |                          |                         |                 |                              |
| CRIMINAL CASES   |  |   |                    |                          |                         |                 |                              |
| ADMINISTRATIVE CASES                                       | 8  |   |                    |                          |                         |                 |                              |
| <b>TOTAL NUMBER OF CASES</b>                               | <b>114</b>   |   |                    | <b>14</b>                | <b>9,750,006,267.09</b> |                 |                              |
| <b>TOTAL ESTIMATED AMOUNT (Php &amp; \$)</b>               |  |   |                    |                          |                         |                 |                              |

**NOTE:** \* Claims and Liabilities of NPC are subject to change because the amounts among others are one of the areas under court litigation. Cases decided in favor of NPC are still reflected in the Summary of Claims and Liabilities. The amount involved in the DAMA Case is not included.

### 31. TARIFF DEVELOPMENT IN THE YEAR 2016

The following are the developments in Tariff for the Year 2016:

#### CY 2016 BASIC UCME

- The National Power Corporation (NPC) implemented the Basic Universal Charge for Missionary Electrification (UCME) for CY 2016 of P927 million per month or equivalent to P0.1544/kWh (P0.1163/kWh regular UCME and P0.0381/kWh True-up intended for CY 2012). The said recovery was based on the extension of Provisional Authority (PA) granted by the Energy Regulatory Commission (ERC) on ERC Case No. 2014-135 RC.

#### CY 2014 True-up

- On 26 January 2016, NPC filed its application for the recovery of revenue shortfall from UCME for CY 2014 before the ERC and docketed under ERC Case No. 2016-008 RC. The proposed recovery of CY 2014 True-up adjustment amounted to **P5.895 billion**, or equivalent to **P0.0788/kWh** is in compliance with ERC Resolution No. 21, Series of 2011 and ERC Resolution No. 22, Series of 2006, respectively.

#### CY 2017 BASIC UCME

- NPC filed its application of Basic UCME for CY 2017 before the ERC and docketed under ERC Case No. 2016-134 RC on 26 May 2016. In the said filing NPC prays for the adoption of the Proposed UCME for CY 2017 of **P10.324 billion**, or equivalent to **P0.1248/kWh**.

#### 14<sup>th</sup> GRAM

- On 28 June 2016, NPC filed its application for the 14th Generation Rate Adjustment Mechanism (GRAM) before the ERC as part of its compliance to the directives of the power rate regulator and docketed under ERC Case Nos. 2016-144 RC. Adjustments corresponding to this filing covering the billing period July to December 2014 are referred to as Deferred Accounting Adjustment or DAA which are pass-thru costs in NPC's rates. The proposed recovery amounted to **P1.653 billion** if approved would translate into upward adjustments of rates in Luzon, Visayas and Mindanao grids amounting to P1.5594/kWh, P2.0170/kWh and P1.2921/kWh respectively, or an average increase of **P1.4941/kWh** and will also have a corresponding reduction in the UCME True-up Recovery for the same year. The proposed recovery for the 14th GRAM are spread into 24 months.

#### CY 2015 True-up

- On 22 September 2016, NPC Management and NP Board members approved the filing for the recovery of revenue shortfall from UCME for CY 2015 before the ERC. The proposed recovery of CY 2015 True-up adjustment amounted to **P1.112Bn**, or equivalent to **P0.0134/kWh**.

#### 13<sup>th</sup> GRAM and 13<sup>th</sup> ICERA

- NPC also conducted the ERC public hearing on the 13th GRAM and 13th Incremental Currency Exchange Rate Adjustment (ICERA) in the last quarter of 2016 for Luzon, Visayas and Mindanao.

### 32. SUPPLEMENTARY INFORMATION REQUIRED UNDER RR No. 15-2010

In compliance with the requirements set forth by Revenue Regulations No. 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year.

The Corporation is a VAT - registered company with VAT output tax declaration of P300,610,167 during the year based on the amount reflected in the Sales Account of P2,505,084,721.

The Corporation has zero-rated/exempt sales amounting to P14,468,965 pursuant to the provisions of Sections 106 (A)(2) and 108 (B) of the National Internal Revenue Code, as amended.

The amount of VAT Input taxes claimed are broken down as follows:

|  |               |
|--|---------------|
| Beginning Balance, January 2016                            | 5,257,170,908 |
| Current year's purchases:                                  |               |
| I. Non-Capital Goods (fuel, materials, equipment & spares) | 333,957,700   |
| II. Capital Goods  | 31,143,940    |
| III. Services  | 466,786,144   |
|  | 831,887,784   |
| Claims for tax credit/refund and other adjustment          | 0             |
| Ending Balance December 2016                               | 6,089,058,692 |

Other taxes and licenses pertain to:

|            |         |
|------------|---------|
| Nature     |         |
| Realty Tax | 770,892 |
|            | 770,892 |

The amount of withholding taxes paid/occurred for the year amounted to:

|  |             |
|--|-------------|
| Nature                                 |             |
| I. Tax on compensation and benefits    | 149,700,390 |
| II. Creditable withholding taxes       | 126,576,251 |
| III. Final VAT/Final withholding taxes | 345,658,995 |
|  | 621,935,636 |

# Management Committee



**MA. GLADYS CRUZ-STA. RITA**  
President & CEO



**URBANO C. MENDIOLA, JR.**  
Vice-President  
Corporate Affairs Group



**LORNA T. DY**  
Vice-President  
Administration & Finance Group



**DADELIO C. CORPUZ**  
Vice-President  
Mindanao Generation Group



**MELCHOR P. RIDULME**  
Vice-President  
Office of the Legal Counsel



**EDMUNDO A. VELOSO, JR.**  
Vice-President  
Small Power Utilities Group



**KATAMBAYAN S. CELINO**  
Vice-President  
Power Engineering Services  
(until June 2016)



**ROGEL T. TEVES**  
OIC, Vice-President  
Power Engineering Services



**MANUEL LUIS B. PLOFINO**  
Senior Department Manager  
Resource Management Service



**EMMANUEL A. UMALI**  
Department Manager  
Watershed Management Department



**MANUEL I. MONTEVERDE**  
OIC-Department Manager  
Dams Management Department



**GREGORIO ALEXANDER A. PALADA**  
OIC-Department Manager  
Dams Management Department  
(February-March & June-July 2016)

# Board of Directors



## **CESAR V. PURISIMA**

Secretary, Department of Finance  
Ex-Officio-Chair  
Age: 56  
Date of Appointment: June 30, 2010

Secretary Purisima served in the government as Secretary of the Department of Trade and Industry in 2004 and Secretary of the Department of Finance in 2005. He was reappointed as Secretary of Finance on July 1, 2010. He also served as Chair and Member of the Board of many government institutions including National Power Corporation (NAPOCOR), Land Bank of the Philippines, and Monetary Board (Bangko Sentral ng Pilipinas).

He holds various memberships in several business organizations including the Management Association of the Philippines, Philippine Institute of Certified Public Accountants, Philippine-France Business Council, Philippine-Thailand Business Council and the Makati Business Club, among others.

He obtained his Bachelor of Science in Commerce, Majors in Accounting & Management of Financial Institutions from De La Salle University (1979) and his MBA from J.L. Kellogg Graduate School of Management, Northwestern University in Chicago, Illinois (1983).

Sec. Purisima was born on April 3, 1960.



## **CARLOS G. DOMINGUEZ**

Secretary, Department of Finance  
Ex-Officio-Chair  
Age: 71  
Date of Appointment: June 30, 2016

Carlos "Sonny" Dominguez has over 40 years of experience managing various organizations in both public and private sectors. He was a shareholder, and board chairman or member of over dozen corporations across various industries such as power, agriculture, mining, banking, hospitality, real estate, and investment.

Notable positions held were Secretary of the Environment and Natural Resources and Agriculture during the presidency of Corazon Aquino. He also became president of leading Philippine corporations such as the Philippine Airlines and the Philippine Associate Smelting and Refining Corporation, and the former Bank of the Philippine Islands Agriculture Bank.

He obtained his Master's Degree in Business Administration from Ateneo De Manila University and attended the Executive Management Program at the Stanford University.

Sec. Dominguez was born on September 16, 1945.



**ZENAIDA Y. MONSADA**

Secretary, Department of Energy  
Ex-Officio-Vice Chair  
Age: 61  
Date of Appointment: July 2, 2015

Secretary Monsada was appointed as the head of the Department of Energy (DOE) in October 2015. Prior to her appointment, she was assigned as the DOE's Officer-in-Charge on July 1, 2015.

She is a member of various inter-agency/international committees and working groups representing the DOE such as the Extractive Industries Transparency Initiative (Phil.), Tripartite Council for Biofuels, Technical Committee on Petroleum Products and Additives (Chair), Harmonization of Vehicle Standards and Regulations, and the Partnership for Clean Air/Clean Air Asia Initiative, to name a few.

Sec. Monsada is a graduate of BS Chemistry from the University of San Carlos, Cebu City. She also earned units in MS Chemistry from UP Diliman, and Master in Public Management from the Development Academy of the Philippines. In addition, she had professional studies in Petroleum Management at the Arthur D. Little Management Education Institute in Boston, USA and the Norwegian Petroleum Directorate in Stavenger, Norway.

She was born on January 1, 1955.



**ALFONSO G. CUSI**

Secretary, Department of Energy  
Ex-Officio-Vice Chair  
Age: 67  
Date of Appointment: June 30, 2016

Energy Secretary Alfonso G. Cusi has more than four decades of leadership experience in the private and public sectors. As a leader in the Philippine business sector, Cusi was engaged in the logistics and transportation industries.

Cusi started his career in the government service during the Arroyo administration, serving as General Manager of the Philippine Ports Authority (PPA) from February 2001 to July 2004. He was instrumental in the launch of the Strong Republic Nautical Highway that linked Luzon, Mindoro, Panay and Zamboanga del Norte in the country's western seaboard.

He also served as General Manager of the Manila International Airport Authority (MIAA) from August 2004 to March 2010. He initiated the opening of the mothballed NAIA Terminal 3 in 2008.

As Director General of the Civil Aviation Authority of the Philippines from March to December 2010, he laid the groundwork for the restoration of the Category 1 status of the Philippine aviation industry.

Cusi hails from Roxas town in Oriental Mindoro and from Cebu City. He earned his Bachelor of Science degree in 1972 from La Salle College in Bacolod, his Master's degree in Business Administration in 1976 from the University of the Philippines-Cebu, and his Doctorate in Business degree, honoris causa, in 2008 from the Polytechnic University of the Philippines.

He was born on December 5, 1949.



### **PROCESO J. ALCALA**

Secretary, Department of Agriculture  
Ex-Officio-Member  
Age: 61  
Date of Appointment: June 30, 2010

Prior to his stint as head of the Department of Agriculture, Secretary Proceso J. Alcala served as the Representative of the 2<sup>nd</sup> District of Quezon Province for two terms and was the Vice Chairman of the Committee of Agriculture and Food. One would surmise that this is the reason for his appointment as Secretary of DA but that is just a small portion of the big reason.

As Representative of the one of the agricultural hubs of the country, Secretary Alcala established the 'Sentrong Pamilihan ng Produktong Agrikultura sa Quezon. 'The project is an avenue for farmers to sell their products directly to consumers. It resolved the problems of farmers in marketing their products and having to pay additional fees for middlemen.

He also pushed other initiatives related to agriculture like the Rehabilitation of PostHarvest facilities in Quezon Province, coauthored Organic Agriculture Act of 2010, and launched the Proceso ng Gulay para sa Masaganang Buhay to teach among youth the importance of agriculture in national development.

As DA Secretary, he instituted reforms like the Philippine Rural Development Project which aims to establish a modern, inclusive, value chain-oriented and climate-resilient agri-fishery in the country.

Secretary Alcala is married to Corazon Asuncion Maano and has three children. He earned his Baccalaureate Degree in Civil Engineering in 1978.

He was born on July 2, 1955.



### **EMMANUEL F. PIÑOL**

Secretary, Department of Agriculture  
Ex-Officio-Member  
Age: 63  
Date of Appointment: June 30, 2016

Prior to his stint as head of the Department of Agriculture, Secretary Emmanuel F. Piñol served as Municipal Mayor of M'lang in 1995-1998, North Cotabato Governor in 1998-2007 and Cotabato Vice Governor in 2007-2010.

Secretary Piñol is remembered for his accomplishments such as: the bottom-up agricultural planning program he initiated used the priority crops approach in North Cotabato focusing on four major crops: rubber, oil palm, banana and coconut. This approach which rapidly transformed North Cotabato from the poorest provinces in the country in 1998 to one of the Top 30 Provinces with Lowest Poverty Incidence in 2007.

He was born on December 16, 1953 and married to Emily G. Asentista and has three children.



**FLORENCIO B. ABAD**

Secretary, Department of Budget and Management  
Ex-Officio-Member  
Age: 62  
Date of Appointment: June 30, 2010

Secretary Abad was appointed chief of the Department of Budget and Management on July 1, 2010. He finished Bachelor's Degree in Business Management from Ateneo de Manila University where he also took Law as President's scholar. He passed the bar in 1985 and completed his studies with Masters in Public Administration at the John F. Kennedy School of Government in Harvard University in Cambridge, Massachusetts as a student of the Edward Mason Program in Public Policy and Management.

During the martial law years, he founded the Ateneo Legal Assistance Center with Fr. Joaquin Bernas, where he and his peers worked as paralegals for clients who otherwise could not afford legal services.

In 1987, Abad served as Representative of Batanes in 1987 and was appointed Secretary of Agrarian Reform under the first Aquino administration. He later returned to Congress as House Representative of Batanes in 1995, where he served three consecutive terms. In 2004, he began his term as Secretary of Education, during which he pursued key reforms in basic education that he started as a legislator.

From 1994 to 1999, Abad served as President of the Liberal Party, He continues to be a highly influential figure in the organization and is widely regarded as a mentor for political aspirants. Those include President Benigno S. Aquino III himself, whom Abad served as campaign manager in his Senatorial and Presidential bids in 2007 and 2010.

He was born on July 13, 1945 in Sampaloc, Manila.



**BENJAMIN E. DIOKNO**

Secretary, Department of Budget and Management  
Ex-Officio-Member (June 2016-present)  
Age: 69  
Date of Appointment: June 30, 2016

Prior to his stint as head of the Department of Budget and Management, he used to be a political and economic commentator. He wrote a weekly op-ed for BusinessWorld, Malaya Business Insight, and The Daily Tribune.

He holds a Ph.D. in Economics from Maxwell School of Citizenship and Public Affairs, Syracuse University, Syracuse, New York, U.S.A., M. A. Political Economy in Johns Hopkins University, Baltimore, Maryland, U.S.A., M.A. in Economics at the University of the Philippines, Quezon City, Certificate in Development Economics (With Very High Distinction) at the University of the Philippines-University of Wisconsin Program in Development Program in Development Economics, School of Economics, University of the Philippines, Diliman, Quezon City, Master of Public Administration at the University of the Philippines, Diliman, Quezon City and B.A. Public Administration also at the University of the Philippines.

Secretary Diokno holds various memberships in several organizations including Philippine Economic Society as President/Member since 1974-1990, Acting President/Member of the Rotary Club of Manila, Inc. among others.

He was born on March 31, 1948 in Taal, Batangas.



**RAMON J.P. PAJE**

Secretary, Department of Environment & Natural Resources

Ex-Officio-Member

Age: 56

Date of Appointment: June 30, 2010

Secretary Ramon Jesus P. Paje is the 19<sup>th</sup> secretary of the Department of Environment and Natural Resources (DENR). Before his appointment to the position, he was the department's undersecretary for field operations and executive director of the Minerals Development Council under the Office of the President.

He began working in the government in 1982 as a junior forester conducting field inspection of reforestation projects of then Bureau of Forest Development, now Forest Management Bureau.

His efforts in curbing air pollution and improving environmental quality has earned international recognition for the country. In its 2012 report, the Yale and Columbia Universities in the USA (in collaboration with the World Economic Forum in Switzerland and the Joint Research Center of the European Commission in Italy) ranked the Philippines as 42<sup>nd</sup> among 132 countries in its overall Environmental Performance Index (EPI).

Secretary Paje finished Bachelor of Science in Forestry from the University of the Philippines at Los Banos, Laguna (UPLB). He finished his M.A. in Urban and Regional Planning and Doctorate in Public Administration at the University of the Philippines in Diliman, Quezon City. He holds Certificates on Environmental Economics and Policy Analysis from the Harvard University in Massachusetts, USA and on Human Resources Development and Management from the Australian National University.

He was born on November 27, 1960.



**REGINA PAZ L. LOPEZ**

Secretary, Department of Environment & Natural Resources

Ex-Officio-Member

Age: 63

Date of Appointment: June 30, 2016

Prior to her appointment as Secretary of Department of Environment & Natural Resources on July 1, 2016, Secretary Lopez spearheaded Bantay Kalikasan, for which she received the 1997 International Public Relations Award of Excellence for the Environment and Outstanding Manilans Award for the Environment in 2009. For her efforts in rehabilitating the Pasig River, she was appointed in 2010 by former President Benigno S. Aquino as the Chairperson of the Pasig River Rehabilitation Commission. She also launched the "Save Palawan Movement" along with partner organizations.

Secretary Lopez studied at Assumption College and Newton College of the Sacred Heart in Boston. She finished her Master's Degree in Development Management from the Asian Institute of Management (AIM) and a Doctorate Degree in Humanities, Honoris Causa from the Ateneo Naga University and another Doctorate Degree in Human Letters, Honoris Causa from the Palawan State University.

She was born on December 27, 1953.



**MEL SENEN S. SARMIENTO**

Secretary, Department of Interior & Local Government  
Ex-Officio-Member  
Age: 54  
Date of Appointment: September 11, 2015

Prior to his appointment as Secretary of the Department of Interior and Local Government on September 29, 2015, Secretary Sarmiento was on his second term as representative of the 1st District of Samar. As Western Samar representative, he filed a total of 48 house bills and co-authored 157 bills.

At present, he is part of the Parliamentarians' Advisory Group of the UNISDR and UNDP for Disaster Risk Reduction and Climate Change both based in Geneva. He is also a member of the Multi- sectoral Advisory Council for the Civil Service Commission; the Vice Chairman of the Multi-Sectoral Governance Council for the Armed Forces of the Philippines; and the Chairman of the Multi-Sectoral Advisory Board for the Philippine Army.

Sec. Sarmiento finished his Bachelor of Science in Commerce at the University of San Carlos in Cebu City in 1982.

He was born on August 11, 1962.



**ISMAEL D. SUENO**

Secretary, Department of Interior & Local Government  
Ex-Officio-Member  
Age: 69  
Date of Appointment: June 30, 2016

Secretary Sueno was appointed as head of the Department of Interior and Local Government on July 1, 2016. Sueno is backed by years of experience in public service as the municipal mayor of Koronadal, South Cotabato in 1980-1986, OIC, Governor in 1986-1988 and elected Governor of South Cotabato in 1988-1992.

He finished his AB Philosophy at the Regional Major Seminary in Davao City.

He was born on July 23, 1947.



**ADRIAN S. CRISTOBAL, JR.**

Secretary, Department of Trade & Industry  
Ex-Officio-Member

Age: 53

Date of Appointment: December 31, 2015

Adrian S. Cristobal, Jr. is a lawyer, columnist and law professor.

He first joined government as the Special Assistance to the Secretary of the Department of the Interior and Local Government from 1991 to 1994. Thereafter, he established his own law practice, taught politics and governance at the Ateneo School of Government, and served as adviser to heads of different government agencies.

In 2001 he was appointed Undersecretary for Consumer Welfare and Trade Regulation, and was also designated Supervising Undersecretary for Legal Affairs and Chief of Staff of the Secretary of the Department of Trade and Industry.

In 2012, Mr. Cristobal was named Undersecretary for Industry Development and Trade Policy and concurrent Vice Chairman and Managing Head of the Board of Investments. He is responsible for the formulation and implementation of the country's policies on industry development, investment and trade as well as international negotiations on these matters.

Mr. Cristobal obtained his Bachelor of Arts degree in Political Science from the University of California at Berkeley, U.S.A. and his Juris Doctor of Laws at the Ateneo de Manila University, Philippines. He has published papers on Constitutional Law, Intellectual Property Law, and Governance. He has also been writing a weekly column since 2006 for the Philippine business newspaper, Business Mirror.

He was born on February 8, 1963.



**RAMON M. LOPEZ**

Secretary, Department of Trade & Industry  
Ex-Officio-Member

Age: 56

Date of Appointment: June 30, 2016

Ramon M. Lopez started a solid professional economic, trade and industry development career in the government in 1981. He worked at the Presidential Management Staff Office (1981), the Department of Trade and Industry (1982-1989) and the National Economic Development Authority (1989-1993). He has extensive experience in trade and industry development planning, at the forefront of the Tariff Reform Program, Industry development programs, setting up of Asia Pacific Economic Cooperation (APEC) and the Association of Southeast Asian Nations (ASEAN) cooperation programs, technical studies on Countervailing Duty cases, critical consumer products' price structures and the development of the Foreign Investment Act. This included policy and program development and project evaluation functions.

He was the Executive Director of the advocacy group Go Negosyo for the past 11 years (October 2005 - June 2016), initiating and implementing all its programs that empower the youth and aspiring entrepreneurs, micro and small entrepreneurs, the underprivileged sectors such as the PWDs, women and out-of-school youths.

Ramon M. Lopez topped his Masters in Development Economics at Williams College in Massachusetts, USA in 1988 and finished his AB Economics degree at the University of the Philippines' School of Economics in 1981. He was recently recognized as one of the Outstanding Alumnus of the School.

He was born on October 26, 1960.



**EMMANUEL F. ESGUERRA**

Director-General, National Economic and Development Authority  
Ex-Officio-Member  
Age: 63  
Date of Appointment: February 1, 2016

Emmanuel F. Esguerra is the Secretary of Socioeconomic Planning and concurrently the Director-General of the National Economic and Development Authority (NEDA). He also serves as the Chairman of the Boards of the Philippine Statistics Authority, Philippine Institute for Development Studies, Philippine Center for Economic Development, and Public-Private Partnership Center.

Prior to his appointment as the Secretary of Socioeconomic Planning and NEDA Director-General, he served as the NEDA Deputy Director-General of the National Development Office (NDO) for Policy and Planning. The NDO-Policy and Planning provides technical staff support to the NEDA Board, which is headed by the President of the Republic of the Philippines, in coordinating the formulation of national and sectoral policies, plans and programs. The NDO also monitors macroeconomic and sectoral performance, and conducts economic and development studies on macrolevel plans and policies.

Esguerra is a Professor of Economics at the University of the Philippines School of Economics (UPSE). Labour economics, development economics, and public economics are his areas of research interest. Prior to his appointment to NEDA in July 2012, Esguerra was chair of the Economics Department at the UPSE. He has also editor of the Philippine Review of Economics from 2001 to 2007 and 2008 to 2010.

Esguerra has also done consulting work with multilateral agencies, such as the Asian Development Bank, United Nations Development Program, the International Labour Organization, and the World Bank. He was born on October 6, 1953.



**ERNESTO M. PERNIA**

Director-General, National Economic and Development Authority  
Ex-Officio-Member  
Age: 73  
Date of Appointment: June 30, 2016

Prior to his appointment as NEDA Director General, he has close to 18 years experience at the Asian Development Bank (ADB) and served as its representative in various international development conferences in North and Latin America, Europe and Africa.

Dr. Ernesto M. Pernia obtained his PhD degree from the University of California Berkeley on a Ford Foundation scholarship and a Smithsonian Institution dissertation grant. He was granted the Balik Scientist award by the Department of Science and Technology (DOST). He received the first award as Outstanding Young Scientist (economics and social sciences) from the National Academy of Science and Technology. He is a former President of the Philippine Economic Society and Co-Chair of the Federation of ASEAN Economic Associations (1988).

Dr. Pernia had been Professor of Economics and Chairman, Department of Economics at the UP School of Economics and previously Director for Research. He also served as a consultant to various international organizations including the World Bank and UN agencies. He was chosen in February 2015 by the Philippine American Academy of Science and Engineering (PAASE) for the Science Award. He also received Achievement Award for social sciences from the National Research Council of the Philippines, DOST. In 2009, he was accorded The Outstanding Boholano Around the World award (economics). He is ranked 7th among 250 scientists in the Philippines according to Google Scholar Citations public profiles.

He was born on December 30, 1943.



**MA. GLADYS CRUZ-STA. RITA**

President & CEO, National Power Corporation  
Appointive Director  
Age: 53  
Date of Appointment: August 01, 2013

Sta. Rita is a former Director of the mother board of the Philippine National Oil Company (PNOC), from March 2011 to July 2013, and Chairperson of its subsidiary PNOC Development and Management Corporation (PDMC), from October 2012 to July 2013. She also served in the board of PNOC Renewable Corporation (July 2011 – July 2012) and PNOC Shipping Transport Corporation (October 2012 – June 2013).

Before her stint in the energy sector, Sta. Rita served as the Provincial Administrator of Bulacan for 17 years and worked as consultant at United States Agency for International Development (USAID) through the HPDP of the UPEcon for projects in the Philippines. She also worked as the Director General of the Liberal Party of the Philippines. She was born on January 12, 1963.

She studied at the University of the Philippines School of Economics, both for her undergraduate and graduate degree courses. She completed a Certificate Program for Senior Executives at the John F. Kennedy School of Government in Harvard University. She also completed a master's degree in Public Administration at La Consolacion University Philippines. As part of her continuing education in the service, she attended the 14<sup>th</sup> Annual Career Executive Service (CES) National Conference in November 2015 in Cagayan de Oro and the IAEA Conference on the Prospects for Nuclear Power in the Asia Pacific Region where she also presented the "Prospects of Nuclear Power in the Philippines: Historical Perspective" in September 2016.

In her capacity as President and CEO, President Gladys also serves as member of the National Power Board, National Irrigation Administration Board, National Renewable Energy Board and the Philippine Electricity Market Corporation Board.



**VICTOR GAUDENCIO C. GARCIA**  
Corporate Secretary



**VEDALISA N. AREVALO**  
Senior Department Manager  
Internal Audit Department

# 2016 NPC Annual Report Working Committee

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Watershed Management Department

Layout & Design

**BEEJAY S. ABAD**  
Corporate Communications Officer D  
Corporate Communications Division



# List of SPUG Power Plants

| NO.          | PLANT NAMES               | PROVINCE           | RATED CAPACITY (MW) |
|--------------|---------------------------|--------------------|---------------------|
| <b>LUZON</b> |                           |                    |                     |
| 1            | BOAC DPP                  | Marinduque         | 7.672               |
| 2            | TORRIJOS DPP              | Marinduque         | 0.500               |
| 3            | POWER BARGE 120           | Marinduque         | 7.200               |
| 4            | MANIWAYA DPP              | Marinduque         | 0.104               |
| 5            | MONGPONG DPP              | Marinduque         | 0.104               |
| 6            | POLO DPP                  | Marinduque         | 0.092               |
| 7            | POLILIO DPP               | Quezon             | 3.935               |
| 8            | JOMALIG DPP               | Quezon             | 0.616               |
| 9            | PATNANUNGAN DPP           | Quezon             | 0.616               |
| 10           | BASCO DPP                 | Batanes            | 2.100               |
| 11           | Batanes Wind Turbine Farm | Batanes            | 0.180               |
| 12           | SABTANG DPP               | Batanes            | 0.519               |
| 13           | ITBAYAT DPP               | Batanes            | 0.519               |
| 14           | CALAYAN DPP               | Cagayan            | 0.741               |
| 15           | KABUGAO DPP               | Apayao             | 0.643               |
| 16           | PALANAN DPP               | Isabela            | 0.523               |
| 17           | CASIGURAN DPP             | Aurora             | 2.659               |
| 18           | BALONGBONG HEPP           | Catanduanes        | 1.800               |
| 19           | MARINAWA DPP              | Catanduanes        | 5.582               |
| 20           | VIGA DPP                  | Catanduanes        | 2.120               |
| 21           | PALUMBANES DPP            | Catanduanes        | 0.022               |
| 22           | RAPU-RAPU DPP             | Albay              | 1.019               |
| 23           | BATAN DPP                 | Albay              | 0.519               |
| 24           | TICAO DPP                 | Masbate            | 2.415               |
| 25           | BURIAS DPP                | Masbate            | 1.298               |
| 26           | GINAWAYAN DPP             | Masbate            | 0.140               |
| 27           | GILOTONGAN DPP            | Masbate            | 0.195               |
| 28           | NABUCTOT DPP              | Masbate            | 0.025               |
| 29           | PEÑA DPP                  | Masbate            | 0.090               |
| 30           | CHICO DPP                 | Masbate            | 0.140               |
| 31           | NARO DPP                  | Masbate            | 0.210               |
| 32           | DANCALAN DPP              | Masbate            | 0.185               |
| 33           | MABABANGBAYBAY DPP        | Masbate            | 0.060               |
| 34           | MALAKING ILOG DPP         | Masbate            | 0.060               |
| 35           | OSMENIA DPP               | Masbate            | 0.185               |
| 36           | PENAFRANCIA DPP           | Masbate            | 0.185               |
| 37           | QUEZON DPP                | Masbate            | 0.060               |
| 38           | LAHUY DPP                 | Camarines Sur      | 0.120               |
| 39           | HAPONAN DPP               | Camarines Sur      | 0.035               |
| 40           | QUINALASAG DPP            | Camarines Sur      | 0.150               |
| 41           | ATULAYAN DPP              | Camarines Sur      | 0.022               |
| 42           | PULANG LUPA DPP           | Occidental Mindoro | 15.000              |
| 43           | POWER BARGE 106           | Occidental Mindoro | 7.200               |
| 44           | MAMBURAO DPP              | Occidental Mindoro | 5.944               |
| 45           | LUBANG DPP                | Occidental Mindoro | 3.428               |
| 46           | CABRA DPP                 | Occidental Mindoro | 0.180               |
| 47           | TINGLOY DPP               | Batangas           | 1.020               |
| 48           | ROMBLON DPP               | Romblon            | 3.000               |

| NO.            | PLANT NAMES          | PROVINCE       | RATED CAPACITY (MW) |
|----------------|----------------------|----------------|---------------------|
| 49             | POWER BARGE 114      | Romblon        | 1.300               |
| 50             | POWER BARGE 109      | Romblon        | 1.200               |
| 51             | SIBUYAN DPP          | Romblon        | 2.283               |
| 52             | BANTON DPP           | Romblon        | 0.519               |
| 53             | SAN JOSE DPP         | Romblon        | 0.869               |
| 54             | CORCUERA DPP         | Romblon        | 0.978               |
| 55             | CONCEPCION DPP       | Romblon        | 0.326               |
| 56             | EL NIDO DPP          | Palawan        | 3.175               |
| 57             | TAYTAY DPP           | Palawan        | 1.760               |
| 58             | SAN VICENTE DPP, PAL | Palawan        | 1.223               |
| 59             | RIZAL DPP            | Palawan        | 0.994               |
| 60             | CULION DPP           | Palawan        | 1.795               |
| 61             | LINAPACAN DPP        | Palawan        | 0.322               |
| 62             | CUYO DPP             | Palawan        | 2.500               |
| 63             | ARACELI DPP          | Palawan        | 0.779               |
| 64             | BALABAC DPP          | Palawan        | 0.519               |
| 65             | CAGAYANCILLO DPP     | Palawan        | 0.356               |
| 66             | AGUTAYA DPP          | Palawan        | 0.519               |
| <b>VISAYAS</b> |                      |                |                     |
| 67             | GUINTARCAN DPP       | Cebu           | 0.263               |
| 68             | DOONG DPP            | Cebu           | 0.326               |
| 69             | POWER BARGE 116      | Siquijor       | -                   |
| 70             | GIGANTES DPP         | Iloilo         | 0.662               |
| 71             | CALUYA DPP           | Antique        | 0.966               |
| 72             | CAMOTES DPP          | Cebu           | 3.412               |
| 73             | POWER BARGE 113      | Cebu           | 2.100               |
| 74             | PILAR DPP            | Cebu           | 0.891               |
| 75             | MARIPIPI DPP         | Biliran        | 0.791               |
| 76             | LIMASAWA DPP         | Southern Leyte | 0.626               |
| 77             | ZUMARRAGA DPP        | Western Samar  | 0.925               |
| 78             | TAGAPUL-AN DPP       | Western Samar  | 0.426               |
| 79             | ALMAGRO DPP          | Western Samar  | 0.263               |
| 80             | STO. NIÑO DPP        | Western Samar  | 0.163               |
| 81             | SAN ANTONIO DPP      | Northern Samar | 0.912               |
| 82             | CAPUL DPP            | Northern Samar | 0.711               |
| 83             | SAN VICENTE DPP, VIS | Northern Samar | 0.263               |
| 84             | BIRI DPP             | Northern Samar | 0.825               |
| 85             | BATAG DPP            | Northern Samar | 0.050               |
| 86             | BAGONGBANWA DPP      | Bohol          | 0.038               |
| 87             | BALICASAG DPP        | Bohol          | 0.038               |
| 88             | BATASAN DPP          | Bohol          | 0.056               |
| 89             | BILANGBILANGAN DPP   | Bohol          | 0.015               |
| 90             | CUAMING DPP          | Bohol          | 0.086               |
| 91             | HAMBONGAN DPP        | Bohol          | 0.020               |
| 92             | MANTATAO DPP         | Bohol          | 0.038               |
| 93             | MOCABOC DPP          | Bohol          | 0.020               |
| 94             | PAMILACAN DPP        | Bohol          | 0.056               |
| 95             | PANGAPASAN DPP       | Bohol          | 0.038               |
| 96             | UBAY DPP             | Bohol          | 0.012               |

| NO.                      | PLANT NAMES           | PROVINCE          | RATED CAPACITY (MW) |
|--------------------------|-----------------------|-------------------|---------------------|
| 97                       | CABUL-AN DPP          | Bohol             | 0.169               |
| <b>MINDANAO</b>          |                       |                   |                     |
| 98                       | BASILAN DPP           | Basilan           | 10.859              |
| 99                       | POWER BARGE 119       | Basilan           | 3.600               |
| 100                      | JOLO DPP              | Sulu              | 11.100              |
| 101                      | LUUK DPP              | Sulu              | 0.150               |
| 102                      | SIASI DPP             | Sulu              | 1.860               |
| 103                      | BONGAO DPP            | Tawi-Tawi         | 3.588               |
| 104                      | POWER BARGE 108       | Tawi-Tawi         | 3.600               |
| 105                      | BALIMBING DPP         | Tawi-Tawi         | 0.726               |
| 106                      | TANDUBAS DPP          | Tawi-Tawi         | 0.150               |
| 107                      | SIBUTU DPP            | Tawi-Tawi         | 0.519               |
| 108                      | SITANGKAY DPP         | Tawi-Tawi         | 1.017               |
| 109                      | MANUK MANKAW DPP      | Tawi-Tawi         | 0.163               |
| 110                      | WEST SIMUNUL DPP      | Tawi-Tawi         | 0.673               |
| 111                      | CAG.DE TAWI-TAWI DPP  | Tawi-Tawi         | 1.075               |
| 112                      | TANDUBANAK DPP        | Tawi-Tawi         | 0.628               |
| 113                      | SACOL DPP             | Zamboanga City    | 0.255               |
| 114                      | DINAGAT DPP           | Dinagat           | 4.875               |
| 115                      | LORETO DPP            | Dinagat           | 0.500               |
| 116                      | HIKDOP DPP            | Surigao del Norte | 0.581               |
| 117                      | KALAMANSIG DPP        | Sultan Kudarat    | 4.520               |
| 118                      | NINOY AQUINO DPP      | Sultan Kudarat    | 1.196               |
| 119                      | PALIMBANG DPP         | Sultan Kudarat    | 0.996               |
| 120                      | BALUT DPP             | Davao del Sur     | 0.787               |
| 121                      | TALICUD DPP           | Davao del Norte   | 0.884               |
| <b>MINI GRIDS</b>        |                       |                   |                     |
| 122                      | BALATUBAT DPP         | Cagayan           | 0.280               |
| 123                      | MINABEL DPP           | Cagayan           | 0.109               |
| 124                      | MACONACON DPP         | Isabela           | 0.240               |
| 125                      | COSTA RICA DPP        | Western Samar     | 0.120               |
| 126                      | LUNANG DPP            | Western Samar     | 0.060               |
| 127                      | BIASONG DPP           | Western Samar     | 0.060               |
| 128                      | KIRIKITE DPP          | Western Samar     | 0.060               |
| 129                      | CABUNGAAN DPP         | Western Samar     | 0.040               |
| 130                      | ILIJAN DPP            | Western Samar     | 0.040               |
| 131                      | TAKUT DPP             | Western Samar     | 0.205               |
| 132                      | LIBUCAN DACU DPP      | Western Samar     | 0.100               |
| 133                      | BAGONGON DPP          | Western Samar     | 0.060               |
| 134                      | BULUAN DPP            | Western Samar     | 0.040               |
| 135                      | CINCO RAMA DPP        | Western Samar     | 0.100               |
| 136                      | BATBATAN DPP          | Antique           | 0.100               |
| 137                      | GUIWANON DPP          | Guimaras          | 0.036               |
| 138                      | SIBOLO DPP            | Antique           | 0.030               |
| <b>MASBATE PRES AREA</b> |                       |                   |                     |
| 139                      | CAWAYAN EXT. (Pob.)   | Masbate City      | 0.012               |
| 140                      | CAWAYAN EXT. (Bel-at) | Masbate City      | 0.012               |
| 141                      | BOLO MGE 1            | Masbate City      | 0.012               |
| 142                      | BOLO MGE 2            | Masbate City      | 0.012               |
| 143                      | BOLO MGE 3            | Masbate City      | 0.012               |
| 144                      | TINAGO, Bantigue      | Masbate City      | 0.012               |
| 145                      | CABANGCALAN           | Aroroy            | 0.012               |

| NO. | PLANT NAMES         | PROVINCE | RATED CAPACITY (MW) |
|-----|---------------------|----------|---------------------|
| 146 | PINANAAN            | Aroroy   | 0.012               |
| 147 | LANANG              | Aroroy   | 0.012               |
| 148 | SAN ISIDRO          | Aroroy   | 0.012               |
| 149 | SYNDICATE           | Aroroy   | 0.012               |
| 150 | SAWANG MG1          | Aroroy   | 0.012               |
| 151 | SAWANG MG2          | Aroroy   | 0.006               |
| 152 | TALIB MG1           | Aroroy   | 0.012               |
| 153 | TALIB MG2           | Aroroy   | 0.012               |
| 154 | CONCEPCION          | Aroroy   | 0.012               |
| 155 | BALETE              | Aroroy   | 0.012               |
| 156 | AMUTAG MG1          | Aroroy   | 0.012               |
| 157 | AMUTAG MG2          | Aroroy   | 0.012               |
| 158 | CALANAY MG1         | Aroroy   | 0.012               |
| 159 | CALANAY MG2         | Aroroy   | 0.006               |
| 160 | BALAWING            | Aroroy   | 0.006               |
| 161 | CABAS-AN            | Aroroy   | 0.006               |
| 162 | DAYHAGAN MG1        | Aroroy   | 0.012               |
| 163 | DAYHAGAN MG2        | Aroroy   | 0.006               |
| 164 | GUMAHANG MG1        | Aroroy   | 0.012               |
| 165 | GUMAHANG MG2        | Aroroy   | 0.012               |
| 166 | GUMAHANG MG3        | Aroroy   | 0.012               |
| 167 | MACABUG             | Aroroy   | 0.012               |
| 168 | MARIPOSA            | Aroroy   | 0.012               |
| 169 | MATABA              | Aroroy   | 0.012               |
| 170 | MATALANGTALANG      | Aroroy   | 0.012               |
| 171 | MATONGOG MG1        | Aroroy   | 0.012               |
| 172 | MATONGOG MG2        | Aroroy   | 0.006               |
| 173 | SAN AGUSTIN MG1     | Aroroy   | 0.012               |
| 174 | SAN AGUSTIN MG2     | Aroroy   | 0.006               |
| 175 | TIGBAO MG1          | Aroroy   | 0.012               |
| 176 | TIGBAO MG2          | Aroroy   | 0.006               |
| 177 | TIGBAO MG3          | Aroroy   | 0.012               |
| 178 | TIGBAO MG4          | Aroroy   | 0.006               |
| 179 | TINIGBAN MG1        | Aroroy   | 0.012               |
| 180 | TINIGBAN MG2        | Aroroy   | 0.012               |
| 181 | TINIGBAN MG3        | Aroroy   | 0.012               |
| 182 | TINIGBAN MG4        | Aroroy   | 0.012               |
| 183 | DON PABLO DELA ROSA | Aroroy   | 0.012               |
| 184 | PANGLE              | Aroroy   | 0.012               |
| 185 | JAMORAWON MG1       | Milagros | 0.006               |
| 186 | JAMORAWON MG2       | Milagros | 0.012               |
| 187 | JAMORAWON MG3       | Milagros | 0.012               |
| 188 | JAMORAWON MG4       | Milagros | 0.006               |
| 189 | TAGBON              | Milagros | 0.012               |
| 190 | TIGBAO MG1          | Milagros | 0.012               |
| 191 | TIGBAO MG2          | Milagros | 0.012               |
| 192 | TIGBAO MG3          | Milagros | 0.006               |
| 193 | TIGBAO MG4          | Milagros | 0.006               |
| 194 | TIGBAO MG5          | Milagros | 0.006               |
| 195 | MAGSALANGI          | Milagros | 0.006               |
| 196 | PAMANGPANGON        | Milagros | 0.012               |
| 197 | CALUMPANG           | Milagros | 0.012               |

| NO. | PLANT NAMES      | PROVINCE  | RATED CAPACITY (MW) |
|-----|------------------|-----------|---------------------|
| 198 | CALASUCHE        | Milagros  | 0.012               |
| 199 | SAN ANTONIO      | Milagros  | 0.006               |
| 200 | BARA MG1         | Milagros  | 0.012               |
| 201 | BARA MG2         | Milagros  | 0.012               |
| 202 | BARA MG3         | Milagros  | 0.012               |
| 203 | GUILUTHANGAN MG1 | Milagros  | 0.012               |
| 204 | GUILUTHANGAN MG2 | Milagros  | 0.006               |
| 205 | SAWMILL MG1      | Milagros  | 0.006               |
| 206 | SAWMILL MG2      | Milagros  | 0.006               |
| 207 | MATAGBAK         | Milagros  | 0.012               |
| 208 | SAN CARLOS       | Milagros  | 0.012               |
| 209 | DOCOL            | Baleno    | 0.006               |
| 210 | BAAO             | Baleno    | 0.006               |
| 211 | LOOC             | Mandaon   | 0.012               |
| 212 | LANTANGAN MG1    | Mandaon   | 0.012               |
| 213 | LANTANGAN MG2    | Mandaon   | 0.006               |
| 214 | BUGTONG          | Mandaon   | 0.012               |
| 215 | TUMALAYTAY MG1   | Mandaon   | 0.012               |
| 216 | TUMALAYTAY MG2   | Mandaon   | 0.012               |
| 217 | TUMALAYTAY MG3   | Mandaon   | 0.006               |
| 218 | BURI             | Mandaon   | 0.012               |
| 219 | CAGMASOSO        | Mandaon   | 0.012               |
| 220 | POLO DACU        | Mandaon   | 0.012               |
| 221 | LUNA MG1         | Placer    | 0.012               |
| 222 | LUNA MG2         | Placer    | 0.012               |
| 223 | LUNA MG3         | Placer    | 0.012               |
| 224 | MAHAYAHAY        | Placer    | 0.006               |
| 225 | NAGARAO          | Placer    | 0.012               |
| 226 | ITOMBATO         | Cawayan   | 0.012               |
| 227 | IRAYA            | Cawayan   | 0.012               |
| 228 | CABAYUGAN MG1    | Cawayan   | 0.012               |
| 229 | CABAYUGAN MG2    | Cawayan   | 0.006               |
| 230 | CALUMPANG        | Cawayan   | 0.006               |
| 231 | PANANAWAN MG1    | Cawayan   | 0.012               |
| 232 | PANANAWAN MG2    | Cawayan   | 0.012               |
| 233 | R M MAGBALON     | Cawayan   | 0.012               |
| 234 | COBRE IS. PENA   | Cawayan   | 0.012               |
| 235 | CAMPANA          | Uson      | 0.006               |
| 236 | CANDELARIA MG1   | Uson      | 0.012               |
| 237 | CANDELARIA MG2   | Uson      | 0.012               |
| 238 | BONIFACIO MG1    | Uson      | 0.012               |
| 239 | BONIFACIO MG2    | Uson      | 0.006               |
| 240 | SAN JOSE         | Uson      | 0.012               |
| 241 | SAN VICENTE      | Uson      | 0.012               |
| 242 | MATAYUM MG1      | Cataingan | 0.012               |
| 243 | MATAYUM MG2      | Cataingan | 0.012               |
| 244 | MATAYUM MG3      | Cataingan | 0.006               |
| 245 | PITOGO MG1       | Cataingan | 0.006               |
| 246 | PITOGO MG2       | Cataingan | 0.006               |
| 247 | MADAMBA MG1      | Cataingan | 0.012               |
| 248 | MADAMBA MG2      | Cataingan | 0.006               |
| 249 | LIBTONG          | Cataingan | 0.006               |

| NO. | PLANT NAMES        | PROVINCE      | RATED CAPACITY (MW) |
|-----|--------------------|---------------|---------------------|
| 250 | OSMENA             | Cataingan     | 0.006               |
| 251 | AGUADA             | Cataingan     | 0.012               |
| 252 | SAN RAFAEL         | Cataingan     | 0.012               |
| 253 | NADAWISAN          | Cataingan     | 0.006               |
| 254 | MAGCARAGUIT MG1    | Dimasalang    | 0.012               |
| 255 | MAGCARAGUIT MG2    | Dimasalang    | 0.012               |
| 256 | MAGCARAGUIT MG3    | Dimasalang    | 0.012               |
| 257 | T. R. YANGCO       | Dimasalang    | 0.012               |
| 258 | BURACAN            | Dimasalang    | 0.012               |
| 259 | JINTOTOLO MG1      | Balud         | 0.012               |
| 260 | JINTOTOLO MG2      | Balud         | 0.012               |
| 261 | JINTOTOLO MG3      | Balud         | 0.006               |
| 262 | SAN ANTONIO MG1    | Balud         | 0.012               |
| 263 | SAN ANTONIO MG2    | Balud         | 0.006               |
| 264 | CANTIL MG1         | Balud         | 0.012               |
| 265 | CANTIL MG2         | Balud         | 0.006               |
| 266 | CANTIL MG3         | Balud         | 0.006               |
| 267 | CANTIL MG4         | Balud         | 0.006               |
| 268 | SAPATOS IS         | Balud         | 0.012               |
| 269 | QUINAYANGAN DIOTAY | Balud         | 0.012               |
| 270 | QUINAYANGAN TONGA  | Balud         | 0.012               |
| 271 | SAN ANDRES         | Balud         | 0.006               |
| 272 | SAWMILL            | Mobo          | 0.012               |
| 273 | BAANG              | Mobo          | 0.006               |
| 274 | MABUHAY            | Mobo          | 0.012               |
| 275 | SOROSIMBAJAN MG1   | Esperanza     | 0.006               |
| 276 | SOROSIMBAJAN MG2   | Esperanza     | 0.012               |
| 277 | SAN ROQUE          | Esperanza     | 0.006               |
| 278 | BUGTONG            | Pio V. Corpuz | 0.012               |
| 279 | MATABAO            | Batuan        | 0.012               |
| 280 | DANAO              | San Jacinto   | 0.012               |

## List of NPC Operated and Maintained Power Plants in the Main Grids

| NO.                      | PLANT NAMES                                | LOCATION   | SIZE/NO. OF UNITS | INSTALLED CAPACITY (MW) |
|--------------------------|--|--|-------------------|-------------------------|
| 1                        | AGUS 1 HEP                                 | Brgy. Saber, Marawi City, Lanao del Sur                                      | 2 x 40            | 80.00                   |
| 2                        | AGUS 2 HEP                                 | Pawak, Saguiaran, Lanao Del Sur  | 3 x 60            | 180.00                  |
| 3                        | AGUS 4 HEP                                 | Baloi, Lanao del Norte   | 3 x 52.7          | 158.10                  |
| 4                        | AGUS 5 HEP                                 | Ditucalan, Iligan City   | 2 x 27.5          | 55.00                   |
| 5                        | AGUS 6 HEP (Units 1 & 2)<br>(Units 3 to 5) | Fuentes, Maria Cristina, Iligan City<br>Fuentes, Maria Cristina, Iligan City | 2 x 25<br>3 x 50  | 50.00<br>150.00         |
| 6                        | AGUS 7 HEP                                 | Fuentes, Maria Cristina, Iligan City   | 2 x 27            | 54.00                   |
| 7                        | PULANGI 4 HEP                              | Kiuntod, Camp 1, Maramag, Bukidnon   | 3 x 85            | 255.00                  |
| <b>TOTAL PHILIPPINES</b> |  |  |                   | <b>982.10</b>           |

## List of NPC-SPUG Transmission Lines & Substations

| PROVINCE                              | TRANSMISSION LINES (CKM) | SUBSTATIONS (MVA)   |            |
|---------------------------------------|--------------------------|---------------------|------------|
| <b>Catanduanes</b>                    | <b>52.00</b>             |                     |            |
| 1. Virac-Viga 69 kV T/L               | 52.00                    |                     |            |
| <b>Masbate</b>                        | <b>70.04</b>             |                     | <b>10</b>  |
| 1. Mobo-Aroroy 69 kV T/L              | 43.42                    | 1. Mobo S/S         | 10         |
| 2. Tap Malinta-San Juan 69 kV T/L     | 26.62                    |                     |            |
| <b>Oriental Mindoro</b>               | <b>175.00</b>            |                     | <b>60</b>  |
| 1. Calapan-Mamburao 69 kV T/L         | 91.00                    | 1. Bansud S/S       | 10         |
| 2. Calapan-Bansud 69 kV T/L           | 84.00                    | 2. Calapan S/S      | 50         |
| <b>Occidental Mindoro</b>             | <b>138.48</b>            |                     | <b>35</b>  |
| 1. Mamburao-Sta. Cruz 69 kV T/L       | 33.40                    | 1. Mamburao S/S     | 10         |
| 2. Sta. Cruz-San Jose 69 kV T/L       | 105.08                   | 2. San Jose S/S     | 25         |
| <b>Palawan</b>                        | <b>282.00</b>            |                     | <b>55</b>  |
| 1. Puerto Princesa-Narra 138 kV T/L   | 87.00                    | 1. Brooke's Pt. S/S | 5          |
| 2. Puerto Princesa-Roxas 69 kV T/L    | 106.00                   | 2. Irawan S/S       | 40         |
| 3. Narra-Brooke's Pt. 69 kV T/L       | 77.00                    | 3. Narra S/S        | 5          |
| 4. Puerto Princesa-Irawan 13.8 kV T/L | 12.00                    | 4. Roxas S/S        | 5          |
| <b>Marinduque</b>                     | <b>58.51</b>             |                     | <b>10</b>  |
| 1. Boac-Torrijos 69 kV T/L            | 48.70                    | 1. Boac S/S         | 10         |
| 2. Boac-Balanacan 69 kV T/L           | 9.81                     |                     |            |
| <b>TOTAL</b>                          | <b>776.03</b>            | <b>TOTAL</b>        | <b>170</b> |

## NPC Managed Watersheds

| NO.                                      | WATERSHED              | PROVINCE                        | WATERSHED AREA (ha) |
|--|------------------------|---------------------------------|---------------------|
| <b>EO 224 Areas</b>                      |                        |                                 |                     |
| 1  | Upper Agno River       | Benguet                         | 86,675.00           |
| 2  | San Roque              | Pangasinan & Benguet            | 9,558.00            |
| 3  | Angat                  | Bulacan & Rizal                 | 57,995.00           |
| 4  | Buhi-Barit             | Camarines Sur                   | 18,372.00           |
| 5  | Caliraya-Lumot         | Laguna                          | 10,741.00           |
| 6  | Makiling-Banahaw       | Laguna, Batangas & Quezon       | 165,959.00          |
| 7  | Tiwi                   | Albay                           | 17,654.00           |
| <b>SUB-TOTAL</b>                         |                        |                                 | <b>366,954.00</b>   |
| <b>Co-Management with DENR &amp; NIA</b> |                        |                                 |                     |
| 8  | Pantabangan-Carranglan | Nueva Ecija                     | 14,783.00           |
| 9  | Magat                  | Ifugao & Isabela                | 4,806.00            |
| 10                                       | Lake Lanao-Agus River  | Lanao del Sur & Lanao del Norte | 46,080.00           |
| 11                                       | Pulangi                | Bukidnon                        | 52,576.00           |
| <b>SUB-TOTAL</b>                         |                        |                                 | <b>118,245.00</b>   |
| <b>GRAND TOTAL</b>                       |                        |                                 | <b>485,199.00</b>   |

## List of NPC Managed/Operated Dams

| NO.             | NAME       | DAM CLASSIFICATION | TYPE                           | LOCATION                   | NHWL  | INSTALLED CAPACITY (MW) | USE  |
|-----------------|------------|--------------------|--------------------------------|----------------------------|-------|-------------------------|--|
| <b>LUZON</b>    |            |                    |                                |                            |       |                         |  |
| 1               | Ambuklao   | Large Dam          | earth and rockfill             | Benguet                    | 752.0 | 105                     | Hydroelectric  |
| 2               | Binga      | Large Dam          | earth and rockfill             | Benguet                    | 575.0 | 140                     | Hydroelectric  |
| 3               | San Roque  | Large Dam          | earth core gravel fill         | Pangasinan                 | 280.0 | 435                     | Hydroelectric/Irrigation/Flood Control                 |
| 4               | Angat      | Large Dam          | earth and rockfill             | Bulacan                    | 210.0 | 246                     | Hydroelectric/Irrigation/Water Supply/Flood Mitigation |
| 5               | Caliraya   | Large Dam          | rolled earth with inlet tunnel | Laguna                     | 288.0 | 35                      | Hydroelectric  |
| 6               | Lumot      | Large Dam          | rolled earth dam               | Laguna                     | 292.0 | -                       | Hydroelectric  |
| 7               | Balombong* | Small Dam          | concrete gravity               | Catanduanes                |       | 1.8                     | Hydroelectric  |
| 8               | Buhi-Barit | Small Dam          | earthfill                      | Camarines Sur              |       | 2                       | Hydroelectric  |
| 9               | Cawayan    | Small Dam          | concrete gravity               | Sorsogon                   |       | 0.4                     | Hydroelectric  |
| <b>VISAYAS</b>  |            |                    |                                |                            |       |                         |  |
| 10              | Amlan      | Small Dam          | grouted derrick-laid rocks     | Negros Oriental            |       | 0.8                     | Hydroelectric  |
| 11              | Loboc      | Small Dam          | concrete gravity               | Bohol                      |       | 1.2                     | Hydroelectric  |
| <b>MINDANAO</b> |            |                    |                                |                            |       |                         |  |
| 12              | Agusan     | Small Dam          | concrete gravity               | Bukidnon                   |       | 1.6                     | Hydroelectric  |
| 13              | Agus 1     | Small Dam          | removable concrete blocks      | Marawi City, Lanao Del Sur | 700.0 | 80                      | Hydroelectric  |
| 14              | Agus 2     | Large Dam          | earthfill                      | Saguiran, Lanao Del Sur    | 636.0 | 180                     | Hydroelectric  |
| 15              | Agus 4     | Large Dam          | earthfill                      | Balo-I, Lanao Del Norte    | 357.0 | 158.1                   | Hydroelectric  |
| 16              | Agus 5     | Large Dam          | concrete gravity               | Balo-I, Lanao Del Norte    | 242.0 | 55                      | Hydroelectric  |
| 17              | Agus 6     | Large Dam          | rockfill                       | Iligan City                | 197.0 | 200                     | Hydroelectric  |
| 18              | Agus 7     | Large Dam          | concrete gravity               | Iligan City                | 35.0  | 54                      | Hydroelectric  |
| 19              | Pulangui 4 | Large Dam          | earthfill                      | Bukidnon                   | 285.0 | 255                     | Hydroelectric  |
| 20              | Talomo 2   | Small Dam          | concrete gravity               | Davao City                 |       | 1.55                    | Hydroelectric  |
| 21              | Talomo 3   | Small Dam          | earthfill                      | Davao City                 |       | 1.92                    | Hydroelectric  |

Note: \* SPUG



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