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Today, the National Power Corporation (NPC) is all about its biggest and most valuable asset, its people.

The hard work and dedication of its employees has allowed National Power to remain a relevant player in the power industry in spite of the recent changes and the privatization of its major power plants.

A company powered by steadfast and committed people, National Power continues to be the Filipinos' partner for growth. The company's long-standing goal is to bring electricity to every island in the country, especially in the most distant inland communities.



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We shall adhere to the highest standards of business practices, making optimum use of indigenous energy resources.

We shall continuously improve technologies and processes, empower our employees, and provide reasonable returns to stakeholders.

We shall be the showcase of corporate responsibility, always caring for society and the environment.

All these for God and country.

Mission

We are a world-class, globally competitive Filipino power corporation committed to the highest standards of customer satisfaction in providing quality and reliable electricity and services with due care for society and the environment.



OUR Accomplishments IN 2010

The year 2010 saw us grappling with the same financial and operational challenges we faced in 2009. And while it may not have been a banner year, we managed to chalk up a number of accomplishments, through the hard work, determination and dedication of our employees.

First, we were able to trim our net loss by P94 million, or from P2.87 billion in 2009 to P2.78 million in P2010. The lower net loss was primarily due to a 35-percent improvement in our net utility revenues, which went up by P1.40 billion year-on-year from P3.99 billion to P5.39 billion. This in turn was brought about by the improved energy sales, as well as higher revenues realized from the Universal Charge for Missionary Electrification, which rose from P1.42 billion in 2009 to P2.76 billion in 2010.

The strong performance of the peso against major foreign currencies in 2010 also contributed to the lower net loss, with the exchange rate standing at P43.88:US\$1 as of end-2010 vis-à-vis the comparative year-ago figure of P46.36:US\$1. This, plus an increase in interest receivables and other income from back-up and administrative fees from New Power Providers, a reduction in other operating expenses and purchased power costs, all combined to bring down our net loss in 2010.

It is because of our employees that we have stayed in this industry for the past 74 years, it is also our employees who will lead the charge to a better and brighter corporate performance in the years ahead.

In terms of operations, our gross generation went up from 527,963 gigawatt-hours in 2009 to 537,780 GWh in 2010. The higher power output can be attributed to twin improvements in our energy generation in the Visayas and Mindanao regions, which went up by 12 percent and 9 percent, respectively. Specifically, our energy generation in the Visayas went up from 26,516 GWh to 29,781 GWh year-on-year, while that in the Mindanao region went up from 102,138 GWh to 111,805 GWh. Energy generation in Luzon dipped slightly from 399,306 GW to 396,194 GWh.

Similarly, energy sales went up by a modest two percent, from 501,181 GWh in 2009 to 513,004 in 2010. As with our gross generation, the higher energy sales were buoyed by robust electricity demand in the Visayas and Mindanao,









In 2009, following the privatization of almost all of our major power plants, we trained our sights on intensifying our off-grid and island grid operations. And this is exactly what we did in 2010. Despite serious budgetary constraints, our Small Power Utilities Group (SPUG) was able to install 6,528 kilowatts in new capacity in 2010. Of this figure, 3,588 kW were added to various SPUG plants in Luzon, namely, the Basco Diesel Power Plant (DPP) in Batanes; the Casiguran DPP in Aurora; the Polilio DPP in Quezon; Power Barges (PB) 109 and 114 in Romblon; and the Busuanga and Agutaya DPP in Palawan. In Mindanao, another 2,315 kW in additional capacity projects were completed at the Jolo DPP in Sulu; PB 111 and Palimbang DPP in Sultan Kudarat; Hikdop DPP in Surigao del Norte; and the Tandubanak and Bongao DPP in Tawi Tawi. Capacity addition projects were also completed in our mini-grids in Balatubat and Minabel in Cagayan; in Sibolo and Batbatan in Antique; and in Guiwanon in Guimaras.



In 2010, we also energized 42 barangays in remote islands nationwide under in Remote Area Electrification Subsidy Program. Specifically, we constructed diesel mini-grid systems and new distribution lines in far-flung barangays in Claveria and San Pascual in Burias Island, Masbate; Sibolo and Batbatan Islands in Antique; Almagro and Tarangnan in Western Samar; and Calayan in Cagayan. We built a new, 360-kW power plant for the benefit of six barangays in Batag Island in Laoang, Northern Samar. On the distribution side, we also completed the 22.41-kilometer Sta. Cruz-San Jose 69-kilovolt transmission line Occidental Mindoro, and constructed new distribution lines for four sitios in Lubang in Cabra Island, Occidental Mindoro.

In Masbate, we scored a major victory with the completion of the Philippine Rural Electrification Service (PRES) Project. As of the end of 2010, all of the 154 power plants and 5,129 solar home systems under the PRES Project were already in commercial operation, lighting up 18,000 homes in 128 barangays in 14 municipalities in Masbate.

Also in Masbate, we commissioned six new power plants with a combined capacity of 390 kW. These are the Dangcalan DPP, the Osmeña DPP, and the Peñafrancia DPP (which have a capacity of 70 kW each), and the Malaking llog DPP, the Mababang Baybay DPP, and the Quezon DPP (which have a capacity of 60 kW each). In Northern Samar, meanwhile, we commissioned a 60-kW power plant in Batag Island.













In the area of environmental stewardship, we continued to take care of the 11 watershed areas under our wing. We rehabilitated 313 hectares of open and denuded areas in 2010. Of this figure, 250 has. were planted through reforestation projects, while another 52 has. were rehabilitated through agro-forestry initiatives. Still another 11 has. were planted with different species of bamboo. As of end-2010, we had rehabilitated a total of 2,272 has., or about 82 percent of our 2,758-ha target under our Watershed Rehabilitation Program.

We continued our crusade against illegal logging, confiscating roughly 4,000 board feet of lumber with the help of operatives from the Department of Environment & Natural Resources and the Philippine Army. We also enlisted the assistance of more than 1,300 volunteers to stop illegal logging activities inside our watershed reservation areas. Of these volunteers, 495 have been deputized as forest officers, and are now working closely with our own watershed teams as well as our police and military partners.

In 2011, our country celebrated the 25th Anniversary of the EDSA Revolution and the People Power that ushered the return of our freedom and democracy. And while 2010 may have been a year of modest accomplishments for the National Power Corporation, we know that we have reason to celebrate our own "People Power" – the employees who perform admirably in the face of various financial and operational challenges in the name of public service. Indeed, much like a vehicle that runs on diesel or gasoline, our Corporation is "powered by people" – from the plant operator who makes sure that a small diesel power plant in a far-off island is able to provide electricity to its residents; to the accountant who thinks out of the box and comes up with creative ways to ease the Corporation's financial burdens; to the senior executives who steer the Corporation on the road to financial recovery and ensure that it continues to be a relevant player in the power sector. It is because of our employees that we have stayed in this industry for the past 74 years, it is also our employees who will lead the charge to a better and brighter corporate performance in the years ahead.

FROILAN A TAMPINCO
President

MESSAGE FROM THE Chairman



CESAR V. PURISIMA Secretary, Department of Finance Chairman, National Power Board

every Filipino, especially the most disadvantaged, with affordable and reliable electricity that keeps National Power working all hours of the day and working hard.

Seventy-four years since its creation, the National Power Corporation (National Power) continues to be at the forefront of the Philippine Power Industry through its main operations of "missionary" electrification.

Since the passage of the Electric Power Industry Reform Act or EPIRA, National Power has been scaled down significantly, but sill maintains its most important mission in the industry – to provide an affordable supply of electricity to the poorest people of our country. In order to do this, National Power has restructured its table of organization to be leaner thereby saving on personnel costs while remaining efficient. It also draws from the Universal Charge for Missionary Electrification, a contribution that Filipinos with better living conditions provide in order to subsidize their less fortunate countrymen in far-flung rural areas.

It is the mission of providing every Filipino, especially the most disadvantaged, with affordable and reliable electricity that keeps National Power working all hours of the day and working hard.

I am confident that with the Aquino administration at the helm, Filipinos can be certain that electricity will continue to reach those who need it the most.



Outlook FOR 2011

The year 2010 was indeed a challenging year for the National Power Corporation, as it hurdled the difficulties brought about by a prolonged drought, higher fuel prices and a limited budget. These concerns persisted until the early part of 2011.

Countering these developments, the company eventually laid down a responsive work program for 2011, to fulfill its commitment to intensify its presence in the off-grid areas.

The experience has been stirring; the Small Power Utilities Group, the missionary electrification arm of National Power, is set to improve and install a total of 7,033 kilowatts (kW) in new capacity this year, of which 6,333 kW is in the Mindanao region. Specifically, SPUG will beef up the existing capacity of the Basilan Diesel Power Plant (DPP) by 2,180 kW; the Dinagat DPP in Surigao del Norte by 1,250 kW; and the Jolo DPP in Sulu by 1,000 kW. In the province of Tawi-Tawi alone, five capacity addition projects have been programmed for 2011, consisting of the installation of an additional 280 kW for the Sibutu DPP; 250 kW for the Tandubanak DPP; 163 kW for the Simunul DPP; 150 kW for the Balimbing DPP; and 80 kW for the Manuk Mankaw DPP. The other capacity addition projects lined up in Mindanao will bolster the output of the Kalamansig DPP in Sultan Kudarat by 720 kW; the Luuk DPP in Sulu by 160 kW; and the Sacol DPP in Zamboanga by 100 kW.

In Luzon, SPUG has programmed the addition of 200 kW each to the Itbayat and Sabtang DPPs, both of which are located in Batanes. Meanwhile, in the Visayas region, SPUG will beef up the capacity of three existing power plants – the Almagro, San Vicente and Sto. Niño DPP, all in Samar – by 100 kW each.

The construction of five new power plants with a combined capacity of 366 kW is expected to be completed in Western Samar in 2011: a 120-kW power plant in Brgy. Libucan Dacu in the municipality of Tarangnan; a 120-kW facility in Brgy. Rama in Catbalogan; two 38-kW power plants in in Brgys. Buluan and Bagongon, also in Catbalogan; and a 50-kW power plant in Brgy. Kerikite in Almagro. The communities of Maconacon, Isabela, will also have more power with the completion of a 240-kW diesel power plant in Brgy. Maasin this year.

Aside from implementing these supply capacity-building projects, National Power will continue to play a crucial role in watershed rehabilitation and in the management of some of the country's major dams. For 2011, the company targets to reforest 150 hectares of denuded and degraded areas within the 11 watersheds that it manages. At the same time, it is eyeing to produce around 400,000 seedlings of forest and fruit trees, about half of which will be used for reforestation projects, and the other half for seedling dispersal and livelihood projects. In the area of watershed protection, National Power will also strengthen our Bantay Watershed Task Force, which consists of local communities and other stakeholders like nongovernment organizations, local government units and members of the academe.

The smooth operations of SPUG and the management of National Power watersheds may lead the company's Management to create potential business units that may be spun off from its main operations. The company will continue to thrive even with the privatization of majority of its power generation assets.

The DOE is optimistic that the company will continue rendering quality service with the same dedication and fervor it has shown over the past seven decades.



JOSE RENE D. ALMENDRAS
Secretary, Department of Energy
Vice Chairman, National Power Board

On the exploration of ways to use renewable energy in off-grid areas, the Department of Energy (DOE) commends National Power for its assistance in forming strategic partnerships for the eventual utilization of hydro, biomass, natural gas, solar and wind energy in support of the government's public-private partnership initiative.

It is envisioned that the upcoming changes will bring forth the best of National Power Corporation as it marks its Diamond Year in 2011. The DOE is optimistic that the company will continue rendering quality service with the same dedication and fervor it has shown over the past seven decades.

JAGew

2010: THE YEAR IN Review



JANUARY

JANUARY 14

The National Power Corporation extended P3.5 million in livelihood assistance to 138 families in Semirara Island, Antique who were affected by an oil spill involving one of National Power's power barges in 2005. Of the said amount, P2.5 million was earmarked for the purchase of a deep-sea fishing boat complete with fishing gears and accessories, while the other P980,000 went to the construction of 98 "lantay" (seaweed farming) structures. The check was formally turned over by President Froilan A. Tampinco to Caluya Mayor Reynante Lim.

The check donation brought to a total of P12.5 million the amount that National Power had given the affected residents of Semirara Island in terms of livelihood assistance and compensation for income/opportunity losses and structural damages. National Power also spent P62 million to clean up an estimated 113 hectares of beach and mangrove areas that were affected by the oil spill, which occurred when Power Barge 106 ran aground Semirara Island at the height of a storm and accidentally spilled some 210,000 liters of Bunker C Oil along its coastal waters.

JANUARY 19-23

The National Power Corporation played host to an 11-man mission from Vietnam Electricity (EVN) that visited Manila to study the Philippine experience in restructuring its power industry. During its five-day stay in the country, the EVN delegation was briefed by key officials of National Power, the Department of Energy, the Power Sector Assets & Liabilities Management Corporation, the Philippine Electricity Marketing Corporation, the National Transmission Corporation, and the Energy Regulatory Commission on the different reforms that were implemented in the Philippine power sector. Currently in the first stages of privatization, EVN is the biggest power company in Vietnam, with total assets of US\$10.8 billion and energy sales of 65.93 billion kilowatt-hours.





JANUARY 27

For the third consecutive time, the Technical & Maintenance Services Group – the engineering arm of the National Power Corporation – passed the surveillance audit of its ISO 9001 certification with flying colors in January 27. The thumbs-up was given to TMS by Certification International Philippines, Inc. (CIPI) – the same independent ISO-certifying body that conferred an ISO 9001 certification for Quality Management System (QMS) to TMS in July 2008. TMS is made up of five departments, namely, Design and Development Department, Project Management Department, Environmental Management Department, Energy Services Department, and Major Repair and Maintenance Department.

APRIL



APRIL 29

In line with its thrust to intensify its missionary electrification function, the National Power Corporation has tapped ePLDT, Inc. to provide the data communication link to 103 of its field offices, power barges and off-grid/island grid power plants. Under the Wide Area Network (WAN) Connectivity Project, ePLDT will connect designated National Power sites nationwide, and provide these with voice, electronic mail, and file/data transfer services. Apart

from the National Power Head Office, the other sites covered by the WAN project are Puerto Princesa in Palawan; Baguio City; Tacloban City in Leyte; Angat in Bulacan; Tablas Island in Romblon; Masbate; San Jose in Mindoro; Iloilo City; Davao City; and Zamboanga City. The contract was signed by National Power President Froilan A. Tampinco and ePLDT, Inc. President and Chief Executive Officer Beth G. Lui.



APRIL 26-29

The Agus 1 & 2 Hydroelectric Power Plant Complex passed the Surveillance Audit of its Integrated Management System (IMS) for the second straight year with flying colors. Following a four-day surveillance audit conducted last April 26 to 29, TUV SUD PSB Philippines, the local unit of a Munich-based independent IMS-certifying agency, recommended that Agus 1 & 2's existing IMS certification be maintained. TUV SUD also found no major non-conformances on the implementation of the IMS in the hydroelectric power plant complex, which means that the plants' IMS works perfectly.

MAY



National Power Corporation, along with its partners, the Department of Energy, the Philippine National Oil Company and the local government unit of Aurora Province, inaugurated the 35-kilowatt Dimotol Micro-Hydro Power Project in Maria Aurora town in the said province. The project was designed to energize close to 500 households in four remote barangays in Ma. Aurora, namely, Barangays Dianawan, Decoliat, Galintuja and San Juan. National Power had allocated P9.8 million to build the distribution line system that will connect the micro-hydro power plant to the distribution line of the local electric cooperative. Through its Small Power Utilities Group, National Power also constructed additional lateral lines for 135 households in the four beneficiary-barangays.

The Facilities Management Department became the first office at the National Power Corporation to secure an ISO 9001:2008 Certificate for Quality Management System. The certificate was formally awarded to FMD last May 24 by AJA Registrars, Inc., an independent, ISO-certifying agency, at the AJA Office in Makati City. The ISO 9001:2008 is the latest version of the ISO certification for QMS, replacing the ISO 9001:2000. The QMS covers the following services: Head Office Building and Complex Operation and Maintenance; Reservation of HO Facilities/Amenities and Resorts/Guesthouses/Hotel Facilities; Operation and Maintenance of Guesthouses, Resorts Facilities and Equipment; Issuance of Authority to Drive National Power Vehicles; Safety, Housekeeping and Enercon (SHE) implementation; Events Management; Condition Monitoring of Equipment; and Office Space Standards and Technical Services.





JUNE

JUNE 9

The National Power Corporation signed a Memorandum of Agreement with Clenergen Corporation, a US-based renewable energy development firm, for a feasibility study on the possible deployment of National Power personnel to Clenergen's upcoming power projects in Africa. Under the MOA, National Power and Clenergen formed a four-man Joint Technical Working Group to undertake the study. The MOA also tasked National Power to provide Clenergen with the necessary human assets data, in exchange for pertinent information on human resources demand and relevant market assessment studies. The MOA was signed by National PowerPresident Froilan A. Tampinco and Clenergen Chief Executive Officer and Co-Founder Mark LM Quinn.

JULY

JULY 2

National Power Corporation joined other power utilities in the ASEAN region in calling for a shift to green energy and for greater focus on minimizing carbon growth in view of the worsening threat of climate change and global warming. At the 26th Heads of ASEAN Power Utilities/Authorities (HAPUA) Council Meeting in Hua Hin, Thailand, the group "acknowledged the adverse impact of climate change and global warming . . . and (the need) to promote a more determined cooperation in green energy investment, especially in renewable energy and new energy sources". National Power President Froilan A. Tampinco represented the Philippines in the said conference.



JULY 19

The National Power Corporation receives a "Kabalikat Award" from the National Kidney & Transplant Institute in recognition of its blood-letting initiatives. At the 4th Kabalikat Awards held on July 19 at the NKTI Auditorium, the NKTI also commended four employees of the National Power Head Office for consistently donating blood to the hospital. In the corporate citation given to National Power, the NKTI commended the Corporation "for its exceptional commitment and unwavering support for the voluntary blood donation program of the NKTI".



SEPTEMBER



SEPTEMBER 16

The National Power Corporation and the Power Generation Employees Association-National Power (PGEA-National Power) on September 16 signed a three-year Collective Negotiating Agreement (CNA) which calls for a five-point Employee Benefits Program that includes a P5,000 per annum reimbursable dental, optical and hospitalization benefits, free cell phone load worth P300 per month, and a Pay Equalization Allowance for personnel designated as Officers-In-Charge. The CNA was signed by President Froilan A. Tampinco and PGEA-National Power President Raul del Mundo.



OCTOBER

OCTOBER 1

The National Power Corporation formally launched on October 1 "Watersheds – Sheltering Life", a coffee-table book celebrating the 11 watersheds which are being managed and protected by its Watershed Management Department. The 156-page book features more than 200 breath-taking photographs, as well as feature stories, on the watersheds. The coffee-table book also showcases rarely-seen images of the wildlife that are endemic to each watershed, as well as dramatic shots of the different tree/forest species that thrive within the watersheds. The watersheds featured in the book are the Magat Watershed; the Upper Agno Watershed; the Lower Agno Watershed; the Pantabangan Watershed; the Angat Watershed; the Makiling-Banahaw Watershed; the Caliraya-Lumot Watershed; the Buhi-Barit Watershed; the Tiwi Watershed; the Lake Lanao-Agus River Watershed; and the Pulangi Watershed.

OCTOBER 31

Malacañang officially re-appointed President Froilan A. Tampinco as President and Chief Executive Officer of the National Power Corporation. In a letter dated October 31, 2010, President Benigno S. Aquino III said that President Tampinco's appointment as National Power President will be on a co-terminus status. President Tampinco formally took his oath of office before President Aquino on November 22.



NOVEMBER



Standard & Poor's Rating Services raised the corporate credit rating of the National Power Corporation from "BB-" to "BB", indicating its confidence on the Corporation's enhanced capability to pay its debts. The ratings upgrade covers six outstanding foreign-currency bond issues of undertaken by NPC with the Power Sector Assets & Liabilities Management Corporation. S&P pointed out that the sovereign guarantee being extended by the National Government on NPC's and PSALM's foreign borrowings, coupled with the government's rising dollar reserves, indicate that the two agencies will be able to meet their outstanding obligations. S&P also affirmed the local currency corporate credit ratings of NPC and PSALM at 'BB+'.

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, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 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 state accounting principles generally accepted in the Philippines, and for such internal control as management determines is necessary to enable the preparation and fair presentation 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 Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether or not 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 audit opinion.

Basis for Qualified Opinion

The Electric Plant in Service stated at P15.914 billion was last revalued in 1996. This is contrary to Philippine Accounting Standard (PAS) 16, Property, Plant and Equipment, which requires an entity using the revaluation model as its accounting policy to revalue its assets with sufficient regularity so that the assets' fair values are not materially different from their carrying amounts.

The Temporary Registry (TR) is misstated due to the presence of unadjusted/uncorrected account balances totaling P7.160 billion. These are balances that were left in NPC upon the asset and debt

transfer to PSALM and separation of TransCo books effective October 1, 2008, which are for validation, reconciliation, adjustment and transfer to either PSALM, TransCo or NPC.

The balance of Materials, Supplies and Equipment for Operation and Project Construction in both TR and NPC – Small Power Utilities Group (SPUG)/Watershed in the total amount P7.241 billion differs from the balance per inventory count by P4.698 billion. Further, balances of certain asset accounts are doubtful because the details of these accounts include items with abnormal and unidentified balances totaling P0.854 billion. We were not able to obtain sufficient appropriate evidence to ascertain the fairness of the said account balances by other alternative procedures.

The balance of the Construction Work in Progress (CWIP) account in both TR and NPC SPUG/Watershed includes balances of work orders for projects totaling P1.681 billion that could not be traced to the Project Status Reports. These projects may have already been completed but were not yet transferred to Electric Plant in Service (EPIS) account resulting in the overstatement of CWIP and understatement of EPIS and the related depreciation expense accounts.

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 of December 31, 2010, and of its financial performance and cash flows for the year then ended in accordance with the state accounting principles generally accepted in the Philippines.

Report on the Supplementary Information Required Under **Revenue Regulations 15-2010**

Management of National Power Corporation has not presented the supplementary information on taxes, duties and license fees required for purposes of filing with the Bureau of Internal Revenue. Such information is not a required part of the basic financial statements. Our opinion on the basic financial statements is not affected by the non-presentation of the information.

COMMISSION ON AUDIT



June 7, 2011

STATEMENT OF FINANCIAL POSITION

December 31, 2010 (With Comparative Figures as of December 31, 2009) (In Philippine Peso)

4 5 6 7 8	6,740,811,838 2,061,617,812 111,836,738	5,239,764,412 3,798,162,233
5 6 7 8	2,061,617,812 111,836,738	
5 6 7 8	2,061,617,812 111,836,738	
6 7 8	111,836,738	
7 8		
8		=
	166,912,527	158,354,166
	7,768,099	8,909,246
9	1,470,195	1,480,156
10	3,773,298	3,773,298
	9,094,190,507	9,210,443,511
11	1.078.799.897	1,559,390,677
		2,069,427,739
		1,207,775,138
		1,721,103,824
		8,962,185
13		6,566,659,563
16		22,663,599,554
10		38,440,702,628
	33,073,000,003	30,110,702,020
	8,424,361,609	8,033,997,028
19	948,896,297	1,047,845,716
20	583,661,291	-
	58,102,597	71,144,640
	1,590,660,185	1,118,990,356
	4.866.462.588	4,080,353,478
21		2,300,000,000
		100,572,033
		131,600,835
22		7,411,571
		4,177,773
	8,178,516,350	6,624,115,690
16		22,663,599,554
10	· · · · · · · · · · · · · · · · · · ·	38,440,702,628
	20	11

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2010 (With Comparative Figures for the Year Ended December 31, 2009) (In Philippine Peso)

	Notes	2010	2009
OPERATING REVENUE			
Utility income		2,730,133,336	2,663,237,877
Transmission services income		15,361,976	13,164,704
Ancillary service charge		4,816,574	5,447,293
Universal charge	23	2,763,174,962	1,420,672,509
Total operating revenue		5,513,486,848	4,102,522,383
Prompt payment discount		(29,543,833)	(31,500,360)
Other demand energy adjustment income		(92,386,027)	(81,468,242)
Net Operating Revenue		5,391,556,988	3,989,553,781
OPERATING EXPENSES			
Generation		5,926,773,770	4,968,072,711
Depreciation and depletion		836,660,028	533,285,000
Administrative and general expenses		686,923,259	567,941,827
Bad debts		186,504,745	1,214,724
Transmission and distribution		35,167,105	47,006,555
Other operating expenses		120,785,019	764,438,121
Total Operating Expenses		7,792,813,926	6,881,958,938
OPERATING LOSS		(2,401,256,938)	(2,892,405,157)
OTHER INCOME(EXPENSES)			
Interest income		285,621,837	236,378,741
Revenue from lease of electric plant		3,137,351	2,213,755
Gain on diesel/fuel transfer		130,763	592,547
Gain(loss) on debt service principal/forex recovery	24	1,481,537	273,476
Gain(loss) on forex fluctuation	25	140,356,068	1,305,250
Miscellaneous income	26	262,571,443	207,202,656
Interest expense	27	(182,284,671)	(11,972,614)
Depreciation-other plants/property		(97,547,867)	(77,803,940)
Finance & other bank charges		(7,199,850)	(21,661,834)
Miscellaneous expenses	28	(785,407,144)	(318,267,444)
Other Income (Expenses)	-	(379,140,533)	18,260,593
NET LOSS		(2,780,397,471)	(2,874,144,564)

See accompanying Notes to Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2010 (With Comparative Figures for the Year Ended December 31, 2009) (In Philippine Peso)

	Notes	2010	2009
CAPITAL STOCK P100 par value			
Authorized 500,000,000 shares, issued 270,488,708		27,048,870,789	27,048,870,789
DONATED CAPITAL			
Balance, Beginning		-	-
Additions -diesel power plants	17	4,157,956	-
Balance, End		4,157,956	-
RETAINED EARNINGS			
Balance, Beginning		(21,238,740,661)	(18,440,314,228)
Adjustments on net effect of asset and debt transfer		279,842,788	(318,528,722)
to PSALM and separation of Transco books from NPC			, , , ,
Net loss during the year		(2,780,397,471)	(2,874,144,564)
Correction of prior year's income	18	2,886,771,270	394,246,853
Balance, End		(20,852,524,074)	(21,238,740,661)
APPRAISAL CAPITAL			
Balance, Beginning		2,222,386,744	2,222,386,744
Balance, End		2,222,386,744	2,222,386,744
CONTINGENT SURPLUS			
Balance, Beginning		1,480,156	1,480,156
Adjustments		(9,962)	
Balance, End		1,470,194	1,480,156
EQUITY		8,424,361,609	8,033,997,028

See accompanying Notes to Financial Statements.

NATIONAL POWER CORPORATION STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2010 (With Comparative Figures for the Year Ended December 31, 2009) (In Philippine Peso)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections from power customers	7,208,015,210	2,800,018,155
Amount withheld from employees, suppliers & other creditors	651,075,153	448,941,078
Interest and dividends received	227,404,065	158,231,764
Collections of other receivables	221,332,959	29,778,505
Deposits and trust funds received	10,201,380	7,864,280
'	(400,690,221)*	(276,485,727)
Net funds transferred/paid to/for PSALM/OMA		
Purchase of fuel for generation	(3,996,935,059)	(2,149,066,938)
Purchased power cost	(20,098,881)	(118,523,848)
Personnel cost	(251,463,894)	(34,216,788)
Other operating expenses	(1,646,383,304)	(482,614,627)
Other expenses	(543,416,191)	(185,752,157)
Statutory remittances	(1,437,591,400)	(694,947,200)
Refund of deposits and trust funds	(40,109,003)	(7,671,014)
Financial assistance	(5,229,569)	-
Realty tax paid	(852,815)	(311,311)
Share of local government units in the national wealth	-	(635,313)
Franchise tax	(52,500)	-
Deposits and other advances	(32,340)	(49,480)
Net Cash Used in Operating Activities	(24,826,410)	(505,440,621)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	11,819,922	2,671,933
Capital expenditures	(188,558,686)	(156,710,077)
Net Cash Used in Investing Activities	(176,738,764)	(154,038,144)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	_	2,269,331,487
Payment of loans	(99,660,281)	2,207,331,707
Refund of KEPCO deposit	(99,000,201)	(78,531,870)
Interest paid on loans	(170.265.206)	
•	(179,365,206)	(17,938,475)
Net Cash Provided by/(Used in) Financing Activities	(279,025,487)	2,172,861,142
Effect of Foreign Exchange Rate Changes on Cash & Cash Equivalents	(400 500 661)	1,098,250
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(480,590,661)	1,514,480,627
CASH & CASH EQUIVALENTS, BEGINNING OF THE YEAR	1,559,390,558	44,910,050
CASH & CASH EQUIVALENTS, END OF YEAR	1,078,799,897	1,559,390,677

See accompanying Notes to Financial Statements.

^{*} includes payment of interests on the Short Term Loan availed of for the payment of coal deliveries to Pagbilao CFTPP for the account of PSALM

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The National Power Corporation (NPC) was created under Commonwealth Act No. 120 on November 3, 1936. Its charter was then revised by virtue of Republic Act 6395, as amended. From its creation up to the late 1980's, the generation of power and its transmission through the nationwide transmission grid (the Grid) in the country was vertically integrated, centrally controlled and managed, and wholly-owned by the NPC. Created as a non-stock government corporation, NPC was tasked to undertake the development of hydraulic power and the production of power, subject to existing rights, from Phillippine water resources reserved for its use and all other sources, to meet the needs of industrial development and of rural electrification. Subsequently, NPC was granted an authorized capital stock of P50 billion corresponding to 500 million shares of stock at P100 par value, of which 270,488,708 shares were issued equivalent to P27.049 billion.

In 1971, NPC's operations were decentralized to its regional centers in Luzon, Visayas and Mindanao. In 1988 and under its Small Island Grid Power Development Program, NPC took over the operation of generating facilities formerly managed by rural electric cooperatives in small islands and installed additional generation plants to make power rates affordable in these remote rural areas. In 1992, the Small Power Utilities and Barge Management Group was formed to handle this operation. This group later became the Small Power Utilities Group (SPUG). A subsequent reorganization was implemented in 1993 brought on by the enactment of the Electric Power Crisis Act of 1993. Five (5) regional profit centers were devolved and functional groups were created in preparation for the planned privatization of the Corporation. The said law also liberalized the power industry by allowing more private sector participation in the generation of electricity. NPC, however, retained exclusive ownership and operation of the Grid and continued to own and operate its existing plants and develop new plants.

In 1987, President Corazon Aquino promulgated Executive Order No. 215 to authorize private sector participation in electricity generation to augment the country's power capacity. This resulted in the first investments by Independent Power Producers (IPPs) in generation plants. The Electric Power Crisis Act of 1993, brought on by the power crisis that began in 1989, encouraged increased private capital infusion to power generation, and authorized the increase in the return on rate base from 8% to 12%. Due to the incentives under this statute, more private capital was invested on the construction of Independent Power Plants undertaken in partnership with NPC. These undertakings were formed under different BOT (Built-Operate-Transfer) schemes.

In June 2001, Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001", the EPIRA, was enacted to institute reforms in the industry. The major aspects of the reforms include the: (1) restructuring of the entire power industry to introduce competition in the generation sector; (2) change from government to private ownership; and (3) introduction of a stable regulatory framework for the electricity sector.

The EPIRA organized the industry unto 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 (GOCCs): the Power Sector Assets and Liabilities Management Corporation (PSALM) and the National Transmission Corporation (TransCo)

PSALM was created to take ownership of all existing generation assets, independent power producers (IPP) contracts, real estate and all other disposable assets, and to assume all liabilities and obligations of NPC. The principal purpose of PSALM is to manage the orderly sale, disposition and privatization of NPC's assets with the objective of liquidating in an optimal manner all the NPC's financial obligations and stranded contract costs. On the other hand, TransCo was created to take over the electric transmission function of NPC and the responsibility for planning, construction and centralized operation and maintenance of high voltage transmission facilities including grid interconnections and ancillary services. NPC was retained as a GOCC (a) to perform the missionary electrification functions, i.e. provision of power generation and its associated power delivery systems in areas that are not connected to the transmission system through its Small Power Utilities Group (SPUG), (b) to manage the watersheds and (c) to operate and maintain the generation assets transferred to PSALM pending their disposal.

Separation of TransCo Books from NPC and the Transfer of Asset and Liability accounts 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 the interim financial report as of September 30, 2008. Full implementation was effected on December 31, 2008. This event significantly affected the financial position of the residual 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. Pending validation, reconciliation and adjustment, certain PSALM/TransCo accounts were retained in NPC books and are reported in the Statement of Financial Position under the Temporary Registry Accounts (see Note 16).

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 generation and other assets/facilities transferred by NPC and are now owned by PSALM pending privatization of such assets. This agreement shall be effective until the second anniversary unless otherwise extended or renewed by the parties.

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

2. 2010 SPUG AND WATERSHED OPERATIONS

Following are the highlights of accomplishments of SPUG and Watershed in 2010:

FINANCIAL HIGHLIGHTS

Revenue

The Corporation reported revenue of P5.392 billion for CY 2010, which improved by P1.402 billion or 35% over the actual revenue of P3.990 billion in CY 2009. This improvement in revenue is attributed primarily to higher revenue derived from Universal Charge for Missionary Electrification of about P2.763 billion over the actual level of P1.421 billion in CY 2009.

Net Operating Loss

NPC-SPUG/Watershed operations for CY 2010 resulted in a net operating loss of P2.401 billion which is lower by 17% or P491 million over the actual net operating loss of P2.892 billion in CY 2009

Net Loss

The Corporation incurred a net loss of P2.780 billion which is lower by 3.27% or P94 million over the actual net loss of P2.874 billion in 2009.

OPERATIONAL HIGHLIGHTS

SPUG in furtherance of its mandate to bring power as catalyst for development to the farthest, smallest and remotest areas and islands has the following programs and projects accomplishments in 2010:

<u>SPUG</u>

LUZON OPERATION

Project Name	Project Description	Status
Distribution Line Assistance in Lubang and Cabra Island	Construction of new distribution lines for 4 sitios in Lubang, Cabra Island, Occidental Mindoro	Operational.
Remote Area Electrification Subsidy – Claveria	Electrification of 12 barangays with 2,153 household connections thru grid extension and construction of 4 diesel mini – grid (MG) systems in Claveria, Burias Island, Masbate	MG and Grid extension ready for commercial operation thru the Local Government Unit (LGU).
Remote Area Electrification Subsidy – San Pascual	Electrification of 8 barangays with 1,124 household connections thru grid extension and construction of 2 diesel MG systems in San Pascual, Burias Island, Masbate	MG ready for commercial operation. Grid extension operational thru LGU.
Expanded Rural Electrification in Maconacon	Electrification of six barangays thru the construction of a diesel mini – grid system in Maconacon, Isabela	Construction was suspended until Feb. 6, 2011 due to impact of super typhoon Juan last Oct. 2010.
Sta. Cruz – San Jose "3" 69 kv T/L Project	Installation of 22.41 km, 69kv transmission line in Occidental Mindoro	Completed on January 14, 2010
Remote Area Electrification Subsidy – Calayan Island	Electrification of 3 barangays with 461 household connections thru grid extension and construction of 2 diesel MG systems in Camiguin Island, Cagayan, Calayan Group of Islands	Operational.

VISAYAS OPERATION

Project Name	Project Description	Status
Remote Area Electrification Subsidy – Antique	Electrification of 2 barangays thru the construction of 2 diesel mini – grid systems in Sibolo and Batbatan Islands, Antique	
Electrification of Batag Island	Construction of new power plant for 6 barangays in Batag Island, Laoang, Northern Samar	Construction completed except for delivery of power transformer.
Remote Area Electrification Subsidy – Guimaras	Electrification of one barangay thru the construction of a diesel mini – grid system in Guimaras, lloilo	Operational.
Remote Area Electrification Subsidy – Catbalogan	Electrification of 4 barangays thru the construction of 3 diesel mini – grid system in Catbalogan, Western Samar	On gong construction.
Remote Area Electrification Subsidy – Tarangnan	Electrification of 3 barangays thru the construction of a diesel mini – grid system in Tarangnan, Western Samar	
Remote Area Electrification Subsidy – Almagro 1	Electrification of 2 barangays thru the construction of a diesel mini – grid system in Almagro, Western Samar	
Remote Area Electrification Subsidy – Almagro 2	Electrification of 8 barangays thru the construction of new distribution line in Almagro, Western Samar	

WATERSHED

Watershed Rehabilitation

- Establishment of a total area of 364 hectares of open and denuded areas covering 11 watersheds, where 305 hectares were planted to various forestry species through reforestation project, 52 hectares planted to combination of agro-forestry species, and 7 hectares to different species of bamboo. As of 2010, a total of 2,312 hectares or about 84 % against the total target of 2,758 hectares were established. The remaining 446 hectares will be completed until CY 2012.
- Establishment of 800 cubic meters of structural measures (riprap) to control and prevent soil erosion of degraded and flood prone areas.
- Propagation of seedlings in support of the environmental commitments of local groups to plant trees. About 170,000 seedlings of various forestry species and fruit trees were produced for landholdings development and greening projects in partnership with other groups.

Watershed Protection

- Regular patrolling of watershed areas in coordination with the Military or Philippine Army and
- Confiscation of about 4,000 bd. ft. of lumber from the joint confiscation effort of NPC-Angat Watershed, DENR-CENRO Tabang and the 56th Infantry Battalion of the Philippine Army.
- Tapping the assistance of 1,306 volunteers to help NPC reduce, if not totally stop, illegal activities inside watershed reservations. Around 495 volunteers are already deputized as forest officers to augment the watershed personnel as well as the military/PNP partners of NPC

Programs & Projects

~ Corporate Social Responsibility Program

- Dispersal of 50,000 seedlings (both forestry species and fruit trees) to various stakeholders, LGUs, academes and institutions and private organizations for their re-greening programs
- Dispersal of 116 gilts in the area of Buhi, Camarines Sur, Tiwi, Albay, and Benguet Animal dispersal is one of the activities of the Watershed Management Department to uplift the livelihood of local residents inside the watersheds

~ Information Dissemination Campaign

- Continuous implementation of Information Education and Communication activities of the Watershed Management Department such as TV and radio plugging and production and distribution of print materials such as posters, leaflets, flyers, brochures and calendars
- Production of video film featuring the protection and rehabilitation of the 11 watersheds under National Power Corporation

~ Community Development and Extension

- Conduct of various livelihood training to communities supporting and helping NPC
- in its endeavor of forest protection Provision of technical assistance in the implementation of livelihood projects
- Implementation of Lakbay Aral and educational tour to promote awareness on the importance of watersheds and its relation to climate change

SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Preparation

The financial statements of NPC are prepared in accordance with accounting principles generally accepted in the Philippines under the historical cost basis, except for property, plant and equipment, which are carried in the Statement of Financial Position at revalued amounts.

Utility Plant and Depreciation

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 Philippine Accounting Standards (PAS) No. 16, 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.

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 the Resource Management International Inc. (RMII) in 1996. In 1997 and 1998, NPC applied 6% and 8% trending factors, respectively, for the internal revaluation. The difference between the new over the old appraised values is recorded under the Appraisal Capital account

Expenditures for regular annual maintenance, repairs and minor replacements are charged to expense as they are incurred, whereas expenditures for major maintenance, which is done on a periodic three-to five-year intervals, is deferred, amortized and charged to operations over the number of years interval. Rehabilitation expenditures which would result in improvement of the plant's efficiency beyond five (5) years are capitalized and transferred to plant cost upon completion of work orders.

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

Type of Plant	Economic Li
Diesel plants and barges	20
Transmission Lines	30

Depletion expense shows the periodic provision for the depletion of extractable natural resources such as steam, natural gas, etc. The same straight-line method and remaining useful life are used in the computation of the expense.

Capitalization of Interest

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

Allocation of Support Group Income and Expenses

Income and expenses of the Support Services Group are allocated between operation and construction. The allocation rate is based on the extent of support services rendered to operations and capital projects. The present ratio of operating expenses to capital expenses of NPC is 94/6.

Cost Center services that cannot be clearly classified, as well as expenses identified as having no direct effect to projects, are fully charged to operations.

Investments

Local Investments are recorded at face value. Investments in foreign currency are recorded at the date of the transaction using standard booking rates equivalent to the Bangko Sentral ng Pilipinas (BSP) guiding rates on the last working day of the preceding year. Balances are then revalued at the end of the reporting date using the BSP guiding rate.

Interest earnings on placements follow the accrual method of accounting; however, for shortdated placements of less than a month, the interest earnings are recognized in the books at maturity dates.

Receivables and Allowance for Bad Debts

Power and other receivables are stated net of allowance for bad debts. Allowances are determined through specific identification of uncollectible accounts and evaluation of such factors as aging of accounts, collection experience and expected loss experience.

Materials and Supplies for Operation

Materials and supplies (M & S) for operation are categorized as fuel (and its related products) and non-fuel. The Fuel M & S are composed of the fuel oil, diesel, coal & thermal chemical stocks used by NPC plants for power generation. These inventories are valued at cost using the weighted average method.

The non-Fuel M & S, on the other hand, are valued at cost using the moving average method and are further broken down into the non-fuel M & S of NPC plants and areas and those non-fuel M & S of NPC plants and areas and those non-fuel M & S of NPC plants are as a full plants and areas and those non-fuel M & S of NPC plants and areas and those non-fuel M & S of NPC plants are as a full plants are a full plants are a full plants are a full plants. Fuel M & S assigned to private IPPs.

The non-Fuel M & S of NPC plants and areas represent basically the materials, supplies and equipment received by NPC property custodian for use in operations; while non-Fuel M & S 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.

Accounting for Foreign Exchange Transactions

Transactions denominated in foreign currencies are recorded at standard booking rates established on the last working day of the immediately preceding reporting date and then restated at the end of the reporting date using the rate of exchange prevailing as at that date. Foreign exchange differentials accruing on loans for projects under construction are recorded as project cost. On the other hand, differentials on the restatement of outstanding loans used for operating plants are treated as Gain or Loss on Forex Fluctuation. The same is true with differentials from restatement of working capital loans.

Payments of loans and interests are recorded at prevailing exchange rates at date of transaction. Any difference from the booking rate is, likewise, treated as Gain or Loss on Forex Fluctuation.

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 value of the plants are recorded as Donated Capital under Equity, which will be reduced by annual depreciation.

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 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, while taxes and duties on materials and equipment for operation are expensed as incurred.

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.

4. UTILITY PLANT

This account consists of the following electric plants in service:

	Hydraulic Production Plant	Other Production Plant	Transmission Plant	Distribution Plant	Others	Total
Cost						
Beginning	71,010,325	9,046,981,934	4,485,776,533	20,214,328	988,164,313	14,612,147,433
Additions	-	1,323,913,795	50,251,245	335,394,028	49,464,000	1,759,023,068
Adjustments	1,001,938	501,796,942	34,821,187	24,408,358	782,122,229	1,344,150,654
Ending	72,012,263	10,872,692,671	4,570,848,965	380,016,714	1,819,750,542	17,715,321,155
Accumulated D	epreciation / De	pletion				
Beginning	71,010,057	7,646,118,757	1,458,397,621	14,526,332	273,931,121	9,463,983,888
Additions	-	624,303,206	171,798,567	24,117,700	44,241,900	864,461,373
Adjustments	776,000	29,327,559	4,342,192	11,160,000	600,458,305	646,064,056
Ending	71,786,057	8,299,749,522	1,634,538,380	49,804,032	918,631,326	10,974,509,317
Carrying Value Dec. 31, 2010	226,206	2,572,943,149	2,936,310,585	330,212,682	901,119,216	6,740,811,838
Carrying Value Dec. 31, 2009	268	1,477,750,188	3,027,380,913	5,814,904	728,818,139	5,239,764,412

Additions during the year is composed mainly of the total cost of the completed Philippine Rural Electrification Service in Masbate and the Burias Mini – Grid projects totaling P1.405 billion, while the bulk of the adjustments pertain to the stated book value and related accumulated depreciation of P821.208 million and P598.163 million, respectively of assets excluded from the sale of Upper Agno and Magat Hydroelectric plants that were transferred to the Functional Group of Watershed Management Department – R1.

5. CONSTRUCTION WORK IN PROGRESS (CWIP)

This account consists of the following:

	2010	2009
CWIP - Work Order	1,985,785,766	3,670,948,353
CWIP - Materials & Supplies	75,832,046	127,213,880
	2,061,617,812	3,798,162,233

CWIP – Work Order refers to the costs of projects under construction, while CWIP – Materials & Supplies represents stock inventory intended for projects which are still in the custody of project custodians or are in transit. The net decrease in the account is attributed mainly to the unitization of completed projects and their reclassification to the Electric Plant in Service (EPIS) account under Utility Plant. This includes the Masbate PRES Project which has become fully operational in 2010.

6. NON-UTILITY PROPERTY

Non-utility property account consists of the following:

	2010	2009
Cost		
Beginning	-	1,898,106,878
Adjustments	670,972,951	(1,898,106,878)
Ending	670,972,951	=
Accumulated Depreciation		
Beginning	-	763,666,494
Adjustments	559,136,213	(763,666,494)
Ending	559,136,213	-
	111,836,738	=

The adjustment of P671 million in 2010 pertains to the reclassification from the EPIS account of the decommissioned Bantayan Diesel Power Plant in Visayas and the transfer from the Temporary Registry account of the assets identified to be retained with NPC, i.e., assets of the Maintenance Engineering Center (MEC) and Bataan Nuclear Power Plant (BNPP) Preservation and Disposal.

7. NON-CURRENT POWER RECEIVABLES

The 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. Current portion is recorded under Restructured Power Receivables (Note 12).

8. DEFERRED CHARGES

Deferred charges include:

	2010	2009
Preliminary Surveys and Investigation	6,537,709	6,537,709
Others	1,230,390	2,371,537
	7,768,099	8,909,246

Preliminary Surveys and Investigation are costs of undertakings to determine the feasibility of a project for development, which shall be transferred to the CWIP account once construction commences. If the project is abandoned, charges are written off to expenses or against retained earnings, where appropriate.

9. CONTINGENT ASSETS

This account consists of:

	2010	2009
Claims for Disallowed Payments-Disallowance	1,470,195	1,480,156
Contingent Surplus	(1,470,195)	(1,480,156)

The account consists of disallowances in COA post-audit, as well as claims for unrelieved losses of NPC properties and claims for all established inventory shortages of Property Custodians. The contra account for these Contingent Assets is Contingent Surplus which is presented as part of the equity accounts in the Statement of Financial Position.

0. OTHER NON-CURRENT ASSETS

This account consists of the following:

	2010	2009
Restricted Cash	3,643,800	3,643,800
Stock for Disposal	129,498	129,498
	3,773,298	3,773,298

The Restricted Cash account pertains to the funds deposited with the Land Bank of the Philippines in connection with the expropriation case of NPC vs. Meralco, Civil Case No. 08-10.

11. CASH AND CASH EQUIVALENTS

This account consists of the following:

	2010	2009
Cash in Bank	149,294,153	172,123,031
Cash on Hand	1,800	3,594,044
Working Fund	503,944	3,673,602
Temporary Investments	929,000,000	1,380,000,000
	1,078,799,897	1,559,390,677

Temporary Investments pertain to the invested proceeds from the short-term loan from the Land Bank of the Philippines. The decrease is mainly due to the termination of a portion of the investments

12. POWER RECEIVABLES

Receivables from power customers consist of the following:

	2010	2009
Power Receivables	2,858,300,660	2,209,977,530
Accrued Utility Revenue	187,738,511	91,865,687
Restructed Power Receivables	52,992,280	51,307,309
	3,099,031,451	2,453,150,526
Allowance for Bad Debts	(786,338,137)	(383,722,787)
	2,312,693,314	2,069,427,739

13. OTHER RECEIVABLES

This account consists of the following:

	2010	2009
Receivables from PSALM	2,528,051,848	-
Interest Receivables	145,568,327	155,536,526
Receivables from the National Gov't.	9,737,003	-
Receivables from Officers & Employees	6,677,172	7,388,423
Accounts Receivables - Others	302,200,052	271,509,095
Recoverable from Insurance Company	104,967,448	104,967,448
Output Tax Receivable	475,288,210	424,087,524
Input Tax Credit on Non-Depreciable Capital	600,452,950	241,419,652
Input Tax Credit on Depreciable Capital	21,384,315	4,521,265
	4,194,327,325	1,209,429,933
Allowance for Bad Debts	(2,370,238)	(1,654,795)
	4,191,957,087	1,207,775,138

Receivables from PSALM pertain to the unremitted balance of the Universal Charge for Missionary Electrification for 2010, a charge passed on and collected from power end users (Note 23) and advances made by NPC SPUG/Watershed for coal deliveries and other OMA related expenses.

14. MATERIALS AND SUPPLIES FOR OPERATION

Details of the account are as follows:

	2010	2009
Materials, Supplies and Equipment	576,234,775	774,237,412
Diesel	461,802,988	400,237,927
Fuel Oil	47,548,774	17,718,868
Thermal Chemicals	245,668	245,668
Gasoline	174,263	505,069
Other Oil Products	23,621,604	29,143,630
MSE in Transit - Operating Plants	159,404,261	197,531,535
Materials, Supplies Temporary Adjustments	157,045,747	154,931,017
Stock Transfer - Clearing Accounts	46,492,957	146,552,698
	1,472,571,037	1,721,103,824

15. ADVANCES AND PREPAYMENTS AND DEPOSITS

This account consists of the following:

	2010	2009
Advances and Prepayments		
Advances to Contractors /Prepaid Charges	32,644,000	1,113,716
Advances to Gov't. Bodies & Institutions	378,093	378,093
Marginal & Guaranty Deposits	531,320	523,980
	33,553,413	2,015,789
Court and Other Deposits		
Advances for Medical & Group Life Insurance	8,848,586	5,517,702
Court and Other Deposits	472,545	616,904
Other Advances	422,353	422,353
	9,743,484	6,556,959
Advances to Officers & Employees	29,405	389,437
	43,326,302	8,962,185

The increase in Advances to Contractors/Prepaid Charges is mainly due to payment of mobilization expenses relative to the new Off Grid Electrification projects in 2010. Advances for Medical & Group Life Insurance refer to advance payments made to employees for the medical benefits which are subject to reimbursement from insurance companies.

16. TEMPORARY REGISTRY ACCOUNTS

This consists of the following:

	2010	2009
Trust Accounts	8,542,462,468	13,411,281,502
Retained PSALM Accounts	5,311,358,613	7,403,816,394
Retained Transco Accounts	1,848,501,658	1,848,501,658
	15,702,322,739	22.663.599.554

Trust Accounts 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.

Retained PSALM and TransCo Accounts consist of account balances retained at NPC by PSALM and TransCo as of the asset-debt transfer to PSALM and separation of TransCo books effective October 1, 2008, which are for further validation, reconciliation, adjustments and final transfer to PSALM, TransCo and/or NPC, as the case maybe. The decrease in the retained PSALM/TransCo accounts is due to the transfer to NPC of assets identified as supporting the SPUG/Watershed operations.

17. DONATED CAPITAL

The amount of P4.157 million pertains to the net book value of 12 diesel plants which were taken over by NPC in December, 2009 from Bohol Electric Cooperative, Inc. (BOHECO I) under a Memorandum of Agreement between NPC and BOHECO I. The latter requested the transfer under BOHECO's Board Resolution No. 13-2002 citing difficulties in maintaining and operating the plants due to increasing costs of fuel and spare parts.

Bohol 1 Mini Grid

Cabilao, Loon Pamilacan, Baclayon Mantata-o, Calape Balicasag, Panglao Cuaming, Inabanga

Bohol 2 Mini Grid

Bilangbilangan, Tubigon Mocaboc, Tubigon Pangapasan, Tubigon Ubay, Tubigon Batasan, Tubigon Bag-Ong Banwa, Tubigon Hambungan, Inabanga

18. CORRECTION OF PRIOR YEAR'S INCOME

The account mainly consists of the receipt from PSALM of the CY 2009 Universal Charge and the recognition of employee's accrued leave benefits earned as of December 31, 2009 amounting to P3.895 billion and P497.884 million, respectively.

19. LONG-TERM DERTS

This account consists of the outstanding foreign borrowings broken down as follows:

CREDITOR / PROJECTS	MATURITIES	INTEREST RATES	2010	2009
Natixis/Credit National – Philippine Rural Electrification Services Project (PRESP)	2016 to 2031	FIXED at 0.40%	609,241,720	646,054,691
Banque Paribas - PRESP	2009 to 2019	FIXED at 5.09%	339,654,577	401,791,025
•			948,896,297	1,047,845,716
Less: Current Portion			45,287,279	100,572,033
			903,609,018	947,273,683

The loan balances are restated at reporting dates at year-end BSP guiding rates, as follows:

	12-30-2010	12-29-2009
Dollar USD 1	43.8850	46.3560
Euro EUR 1	58.0335	66.6646

20. PROVISION FOR VACATION AND SICK LEAVE PAYMENTS

In compliance with PAS No.19 which requires that short-term employee benefits, which include paid annual vacation and sick leave, be recognized as either a liability or expense on the period they were incurred, accrued leave benefits of employees as of December 31, 2010 were recognized.

21. NOTES PAYABLE

Breakdown of this account is as follows:

Creditor	Maturities	Interest Rate	2010	2009
Land Bank of the Philippines	1/21/2011	4.8%	300,000,000	300,000,000
Land Bank of the Philippines	1/07/2011	4.8%	2,000,000,000	2,000,000,000
Land Bank of the Philippines	1/30/2011	4.16678%	683,067,405	-
Land Bank of the Philippines	1/14/2011	4.8%	181,106,419	-
			3,164,173,824	2,300,000,000

The amounts of P683.067 million and P181.106 million are promissory notes availed by NPC to fund the payment of coal deliveries to Pagbilao Coal Fired Thermal Plant, an IPP plant already transferred to PSALM. The total amount P864.174 million is recognized as a receivable from PSALM (Note 13).

22. DEPOSITS AND TRUST FUNDS

This account pertains to the amounts received and segregated for the execution of specific projects or contracts and the amounts deposited/advanced by suppliers, contractors and power customers.

23. UNIVERSAL CHARGE

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 royalities; (d) environmental charge; and (e) cross subsidies.

The UC shall be a non – by passable 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.

NOTES TO FINANCIAL STATEMENTS

The UC for missionary electrification together with the sales from the missionary areas, shall provide funds for the operation of the NPC – SPUG. 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.

24. FOREX RECOVERY

This account consists of the additional costs incurred as a result of the appreciation or devaluation of the peso currency which affects the costs of servicing foreign currency debts (excluding interest). These costs are recoverable/refundable from/to power consumers under the ICERA (Incremental Currency Exchange Rate Adjustment) upon approval by the ERC.

25. GAIN (LOSS) ON FOREX FLUCTUATION

The account pertains to the restatement of the outstanding balance of foreign currency denominated loans as of reporting date using the year-end BSP guiding rates (Note 19).

26. MISCELLANEOUS INCOME

This account consists of the following:

	2010	2009
Income from Liquidated Damages	7,168,401	10,694,170
Bid Related Income	2,916,122	855,700
Supplier's Discount	368,062	342,531
Rental Income	218,708	2,810,798
Others	251,900,150	192,499,457
	262,571,443	207,202,656

Miscellaneous income - Others consists mainly of income derived from fees collected from new owners/administrators of NPC/IPP plants for the administration of the Transition Supply Contract between NPC and MERALCO under their respective Implementation Agreement with NPC.

27. INTEREST EXPENSE

This account pertains to interest expenses on loans for projects already in operation and for general fund requirement. The increase was due to the interest accruing to the P2.3 billion short term loan from the Land Bank of the Philippines amounting to P132 million in CY 2010.

28. MISCELLANEOUS EXPENSES

This account consists of:

2010	2009
693,606,943	250,346,083
91,800,201	67,921,361
785,407,144	318,267,444
	693,606,943 91,800,201

Subsidy to New Power Providers (NPP) pertains to subsidy to NPPs of Missionary Electrification Areas as approved by the Energy Regulatory Commission (ERC). As of December 31, 2010 the qualified NPPs and their year of entry are as follows:

Bantayan Diesel Power Plant (DPP) – 2008 Palawan DPP – 2009 Paragua Power Generation – 2009 Powersource Phils. – 2010 DM Consunji Inc. (DMCI) - 2010

29. PROVISION FOR PRESENT OBLIGATIONS PURSUANT TO COURT RULINGS/DECISIONS

The finality of the December 2, 2009 decision of the Supreme Court on the DAMA case and March 23, 2009 decision of the Regional Trial Court Branch 84 of Quezon City, on the MANDAMUS case have presented obligations for NPC which would require the outflow of resources.

In accordance with PAS 37 (IAS 37) "Provisions, Contingent Assets and Contingent Liabilities", provision relative to the above Court decisions estimated at P41 billion has been recognized in the books under the Temporary Registry account.

In G.R. No. 156208, Entitled "NPC DRIVERS AND MECHANICS ASSOCIATION (NPC DAMA) ET. AL., (Petitioners), -versus- THE NATIONAL POWER CORPORATION (NPC) ET. AL., (Respondents)' the Supreme Court ordered NPC to cause the immediate payment due to the petitioners and all other illegally dismissed NPC personnel/employees and the amount of charging lien of the attorneys. On the other hand, in CIVIL CASE NO. Q-07-61728 FOR: MANDAMUS Entitled "ABNER P ELERIA and MELITO B. LUPANIGCO, (Petitioners), -versus- MR. CYRIL C. DEL CALLAR, in his capacity as PRESIDENT of the NATIONAL POWER CORPORATION (NPC) ET. AL., (Respondents), NECU AND NEWU ET.AL (Petitioners-Intervenors)" the Regional Trial Court Branch 84 of Quezon City ordered to cause payment of the Cost of Living Allowance (COLA) and Amelioration Allowance (AA) to NPC employees.

On January 7, 2010, the Supreme Court issued a status quo order on the DAMA case. On the MANDAMUS case, the Department of Budget and Management and the Office of the Solicitor General filed a *Petition for Certiorari and Prohibition* on May 26, 2009 which seeks to annul the Joint Order issued by the Regional Trial Court of Quezon City, Branch 84. The Joint Order grants the Motion for Execution filed by the NPC workers, petitioners and intervenors and the Motion to Deposit the Amount Equivalent to Judgment Award and Interest.

30. TARIFF DEVELOPMENT IN THE YEAR 2010

In 2010, the Energy Regulatory Commission (ERC) issued the final decision for the Universal Charge on Missionary Electrification (UCME) under ERC Case No. 2009 – 029RC. The decision, which was based on the test years 2009 – 2013, granted rate adjustment of P.0454/kWh effective August 2010 billing month, a reduction of P.0524/kWh from the Provisional Authority (PA) issued on August 17, 2009 of P.0978/kWh.

The pending applications for rate adjustments under the 3rd to 5th Generation Rate Adjustment Mechanism (GRAM) and the 3rd to 5th Incremental Currency Exchange Rate Adjustment (ICERA) amounting to P12.045 billion are still pending approval by the ERC as of December 31, 2010.

Other pending applications are the True Cost Generation Rates (TCGR) under ERC Case No. 2006 – 004RC, the Subsidized Approved Generation Rates (SAGR) under ERC Case No. 2006 – 020RC and the Transmission Delivery Service Rates (TDSR) under ERC Case No. 2007 – 009RC.

31. UPDATE ON PRIVATE SECTOR PARTICIPATION PROGRAM IN THE POWER GENERATION IN SPUG-SERVICED AREAS

In line with the government thrust to privatize the power industry, including the operation of NPC – SPUG plants, and minimize the subsidy on these areas, the following are the developments on the participation of the private sector in the power generation in the SPUG serviced areas:

NEW POWER PROVIDER	LOCATION	STATUS
1. BIPCOR	Bantayan Island	Operational and UCME recipient since May 2006
2. Palawan Power Gen. Inc.	Mainland Palawan	Operational and UCME recipient since May 2008
3. Delta P	Mainland Palawan	Operational and UCME recipient since April 2009
4. Powersource Phils. (QTP)	Bataraza, Palawan	Operational and UCME recipient since July 2010
5. DMCI	Masbate Mini Grid	Operational and UCME recipient since August 2010
6. Catanduanes Power Gen. Inc.	Catanduanes	Operational but no ERC-approved Power Supply Agreement (PSA) yet
7. Power One / Mid Island	Oriental Mindoro	Stopped operation due to defective generating sets, no ERC-approved PSA yet
8. 3i Power Gen	Rombion Island	Not yet operational, with ERC-approved PSA, power plant not yet completed.
9. 3i Power Gen	Marinduque	Not yet operational, with ERC-approved PSA but no power plant yet
10. 3i Power Gen	Tablas Island	Not yet operational, with ERC-approved PSA but no power plant yet
11. Coastal Power Dev't Corp.	Basilan Island	No ERC-approved PSA/ no power plant yet
12. (none yet)	Siquijor Island	Ongoing competitive selection process
13. (none yet)	Busuanga Island	Ongoing competitive selection process

The Power Source Phils. (QTP) in Bataraza, Palawan and the DMCl in Masbate are the additional recipients of UCME for 2010.

32. UPDATE ON NPC REORGANIZATION

The NP Board, under NP Board Resolution No. 2010 – 34 dated October 19, 2010 has initially approved the proposed Macro NPC Table of Organization with a total staffing of 2,472. Likewise, the Board, under NP Board Resolution No 2010 – 45 dated December 7, 2010, has approved a Special Disengagement Program for its personnel particularly for Early Leavers and non – plantilla personnel whose appointments will no longer be extended beyond March 31, 2011.

NPC Management has recommended a partial reorganization since most of the existing units, particularly those involved in operations, will remain the same as well as the Watershed and Dams Management.

The detailed NPC Table of Organization is now undergoing review by the Organizational Review Committee headed by the NPC President which will then be submitted to the NP Board for approval.

The re-organizational process shall observe the existing CSC rules and policies, including proper consultations with employee unions/associations, and it is targeted to be completed by end of June 2011.

33. DATE OF AUTHORIZATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the National Power Board on May 11, 2011.

No events occurred between the end of the reporting date and the date on which the financial statements were approved by the Board of Directors for issue that would require





From left:

Atty. Melchor P. Ridulme

Vice President

Office of the General Counsel

Lorna T. Dy

Senior Department Manager Finance (OMA)

Alexander P. Japon

Senior Department Manager Finance (SPUG/WM/DRFF)

Melburgo S. Chiu

Vice President

Small Power Utilities

Froilan A. Tampinco

President

National Power Corporation

Katambayan S. Celino

Vice President Logistics

Oscar C. Lorico

Vice President

Luzon & Visayas Generation

Lorenzo S. Marcelo

Vice President

Pre and Post Privatization Activities; IPP Contracts Management, Asset Preservation

Urbano C. Mendiola

OIC-Vice President

Corporate Services

Head, Man Com Secretariat

Juan Carlos J. Guadarrama

Vice President

Sales & Services; Trading; Regulatory Compliance Officer

Pio J. Benavidez

Senior Vice President

Edmund P. Anguluan

Vice President

Human Resources and Administration

Dr. Eduardo R. Eroy

Vice President

Mindanao Generation

Danilo S. Sedilla

Vice President

Technical & Maintenance Services

Chairman,



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- 9. Froilan A. Tampinco
 President
 National Power Corporation
 Member









LIST OF SPUG POWER PLANTS

A. **Existing** Areas

LUZON

	Plant Name	Location	Related Cap. (MW)	Dep. Cap (MW)
1	BOAC DPP	Marindugue	4.650	4.650
2	TORRIJOS DPP	Marindugue	0.500	0.500
3	POWER BARGE 120	Marinduque	7.200	4.700
4	POLILIO DPP	Quezon	3.180	2.390
5	JOMALIG DPP	Quezon	0.317	0.305
6	PATNANUNGAN DPP	Quezon	0.326	0.320
7	BASCO DPP	Batanes	1.923	1.300
8	WIND TURBINE	Batanes	0.180	-
9	SABTANG DPP	Batanes	0.326	0.320
10	ITBAYAT DPP	Batanes	0.326	0.320
11	CALAYAN DPP	Cagayan	0.426	0.250
12	LUBUAGAN DPP	Kalinga	0.550	0.530
13	KABUGAO DPP	Apayao	0.643	0.600
14	PALANAN DPP	Isabela	0.523	0.500
15	CASIGURAN DPP	Aurora	2.610	1.935
16	BALONGBONG MHEP	Catanduanes	1.800	1.800
17	MARINAWA DPP	Catanduanes	6.048	4.350
18	POWER BARGE 110	Catanduanes	2.240	0.700
19	VIGA DPP	Catanduanes	2.240	1.050
20	RAPU-RAPU DPP	Albay	1.046	0.920
21	BATAN DPP	Albay	0.489	0.450
22	MASBATE DPP	Masbate	1.500	1.100
23	POWER BARGE 105	Masbate	-	-
24	TICAO DPP	Masbate	1.920	1.600
25	PULANG LUPA DPP	Occ. Mindoro	5.400	5.100
26	POWER BARGE 106	Occ. Mindoro	12.600	8.500
27	MAMBURAO	Occ. Minodoro	10.500	9.450
28	CALAPAN (MODULAR)	OR. Mindoro	21.000	20.700
29	LUBANG DPP	Occ. Mindoro	1.704	1.400
30	TINGLOY DPP	Batangas	1.183	0.940
31	TABLAS DPP	Romblon	7.320	4.750
32	POWER BARGE 109	Romblon	1.740	1.450
33	ROMBLON DPP	Romblon	1.720	0.600
34	POWER BARGE 114	Romblon	2.600	1.200
35	SIBUYAN DPP	Romblon	2.406	2.073
36	SAN JOSE DPP	Romblon	0.554	0.350
37 38	BANTON DPP CORCUERA DPP	Romblon Romblon	0.326 0.826	0.320
39				0.770
40	CONCEPCION DPP IRAWAN MODULAR	Romblon Palawan	0.326 10.000	0.320 10.000
41	EL NIDO DPP	Palawan	1.850	1.800
42	ROXAS DPP	Palawan	1.403	1.300
42	TAYTAY DPP	Palawan	0.830	0.780
44	SAN VICENTE DPP	Palawan	0.923	0.740
45	BUSUANGA DPP	Palawan	2.680	2.220
46	CULION DPP	Palawan	0.603	0.490
47	LINAPACAN DPP	Palawan	0.108	0.054
48	CUYO DPP	Palawan	3.448	1.530
49	ARACELI DPP	Palawan	0.326	0.150
50	BALABAC DPP	Palawan	0.326	0.300
51	CAGAYANCILLO DPP	Palawan	0.217	0.214
52	AGUYATA DPP	Palawan	0.326	0.300
		TOTAL LUZON	134.208	108.391

VISAYAS

	Plant Name	Location	Related Cap. (MW)	Dep. Cap (MW)
53	BANTAYAN DPP	Cebu	4.000	
54	GUINTARCAN DPP	Cebu	0.263	0.263
55	DOONG DPP	Cebu	0.326	0.326
56	SIQUIJOR DPP	Siquijor	2.500	2.200
57	POWER BARGE 113	Siquijor	2.620	1.150
58	POWER BARGE 116	Siquijor	2.800	0.700
59	GIGANTES DPP	Iloilo	0.326	0.323
60	CALUYA DPP	Antique	0.590	0.578
61	CAMOTES DPP	Cebu	2.188	2.045
62	PILAR DPP	Cebu	0.576	0.555
63	MARIPIPI DPP	Biliran	0.326	0.320
64	LIMASAWA DPP	Leyte	0.326	0.320
65	ZUMARRAGA DPP	W. Samar	0.589	0.580
66	TAGAPUL-AN DPP	W. Samar	0.326	0.263
67	ALMAGRO DPP	W. Samar	0.217	0.160
68	STO. NIÑO DPP	W. Samar	0.263	0.160
69	SAN ANTONIO DPP	N. Samar	0.576	0.540
70	CAPUL DPP	N. Samar	0.326	0.318
71	SAN VICENTE DPP	N. Samar	0.263	0.258
72	BIRI DPP	N. Samar	0.489	0.480
		TOTAL VISAYAS	19.890	11.539

MINDANAO

	Plant Name		Rated Cap. (MW)	Dep. Cap. (MW)
73	BASILAN DPP	Basilan	4.272	3.050
74	POWER BARGE 119	Basilan	7.200	4.500
75	JOLO DPP	Sulu	8.440	6.900
76	LUUK DPP	Sulu	0.229	0.200
77	SIASI DPP	Sulu	2.640	1.910
78	BONGAO DPP	Tawi-Tawi	1.984	1.580
79	POWER BARGE 108	Tawi-Tawi	5.400	4.500
80	BALIMBING DPP	Tawi-Tawi	0.726	0.560
81	TANDUBAS DPP	Tawi-Tawi	0.258	0.100
82	SIBUTU DPP	Tawi-Tawi	0.326	0.300
83	SITANGKAY DPP	Tawi-Tawi	0.500	0.500
84	MANUK-MANGKAW DPP	Tawi-Tawi	0.163	0.150
85	WEST SIMULNUL DPP	Tawi-Tawi	0.368	0.250
86	CAGAYAN DE TAWI-TAWI	Tawi-Tawi	1.020	0.900
87	TANDUBANAK DPP	Tawi-Tawi	0.440	0.390
88	DINAGAT DPP	Dinagat Province	3.259	2.340
89	LORETO DPP	Dinagat Province	0.940	0.760
90	HIKDOP DPP	Surigao Del Norte	0.446	0.150
91	KALAMANSIG DPP	Sultan Kudarat	3.587	2.585
92	POWER BARGE 111	Sultan Kudarat	2.200	1.420
93	NINOY AQUINO DPP	Sultan Kudarat	0.326	0.325
94	ABAD SANTOS DPP	Davao Del Sur	0.423	0.400
95	BALUT DPP	Saranggani	0.326	0.300
96	TALICUD DPP	Davao Del Norte	0.326	0.270
		TOTAL MINDANAO	45.799	34.340

TOTAL EXISTING AREAS

	No. of Plants	Rated (MW)	Dep. Cap. (MW)
TOTAL LUZON	52	134.208	108.391
TOTAL VISAYAS	20	19.890	11.539
TOTAL MINDANAO	24	45.799	34.340
TOTAL PHILIPPINES	96	199.897	152.69





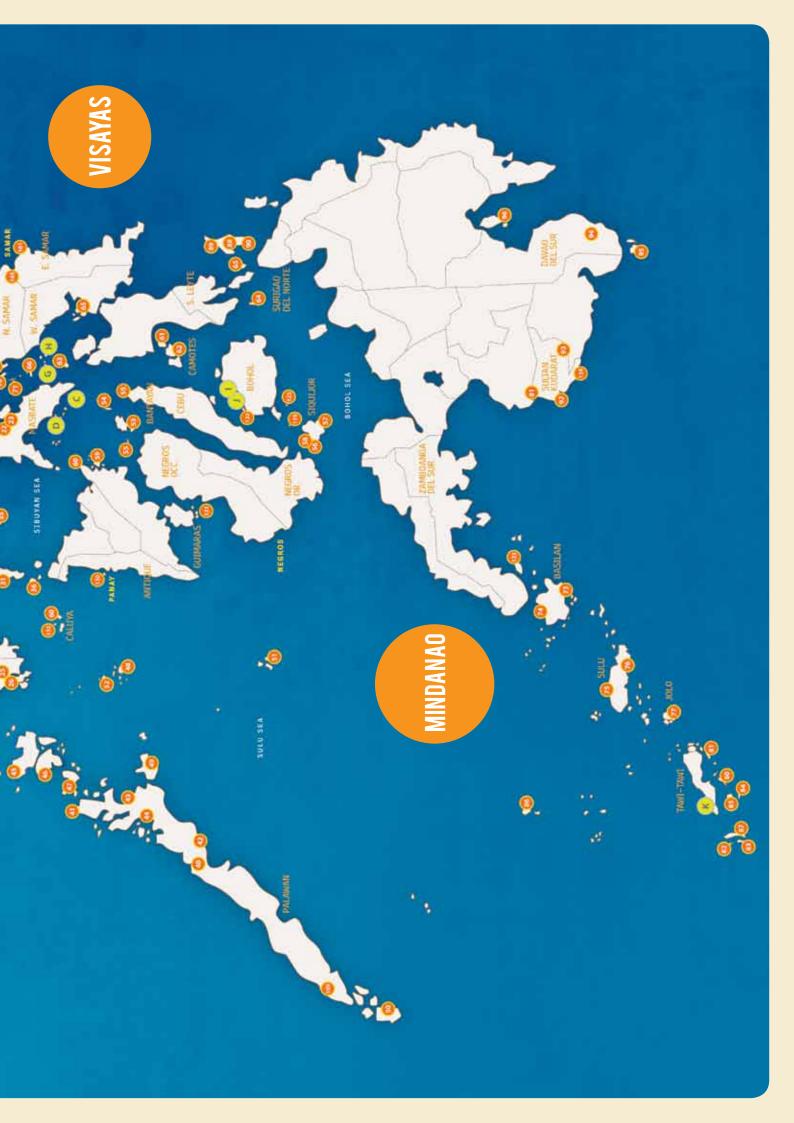


B. Mini-Grid and Transferred Areas

LUZON

	Plant Name	Location	Rated Cap (MW)	Dep. Cap. (MW)
97	MANIWAYA DPP	Marinduque	0.104	0.098
98	MONGPONG DPP	Marinduque	0.104	0.098
99	POLO DPP	Marinduque	0.092	0.088
100	GINAWAYAN DPP	Masbate	0.035	0.035
101	GILOTONGAN DPP	Masbate	0.090	0.090
102	NABUCTOT DPP	Masbate	0.025	0.025
103	PENA DPP	Masbate	0.090	0.090
104	CHICO DPP	Masbate	0.035	0.035
105	LAHUY DPP	Camarines Sur	0.120	0.096
106	HAPONAN DPP	Camarines Sur	0.035	0.028
107	QUINALASAG DPP	Camarines Sur	0.150	0.120
108	BURIAS DPP	Masbate	0.423	0.350
109	RIZAL DPP	Palawan	0.516	0.450
110	PALUAN DPP	Mindoro	0.800	0.620
111	CABRA DPP	Mindoro	0.087	0.060
		TOTAL LUZON	2.706	2.283





VISAYAS

				110/11/10
	Plant Name	Location	Rated Cap. (MW)	Dep. Cap. (MW)
112	COSTA RICA DPP	W. Samar	0.040	0.039
113	LUNANG DPP	W. Samar	0.060	0.059
114	BIASONG DPP	W. Samar	0.060	0.059
115	CABUNGAAN DPP	W. Samar	0.040	0.039
116	ILIJAN DPP	W. Samar	0.040	0.039
117	TAKUT DPP	W. Samar	0.100	0.098
118	BAGONG BANWA DPP	Bohol	0.038	0.037
119	BALICASAG DPP	Bohol	0.038	0.037
120	BATASAN DPP	Bohol	0.056	0.055
121	BILANGBILANGAN DPP	Bohol	0.020	0.020
122	CABILAO DPP	Bohol	0.150	0.147
123	CUAMING DPP	Bohol	0.086	0.084
124	HAMBONGAN DPP	Bohol	0.020	0.020
125	MANTATAO DPP	Bohol	0.038	0.037
126	MACABOC DPP	Bohol	0.020	0.020
127	PAMILACAN DPP	Bohol	0.056	0.055
128	PANGAPASAN DPP	Bohol	0.038	0.037
129	UBAY DPP	Bohol	0.015	0.015
130	BATBATAN DPP	Antique	0.100	0.098
131	GUIWANON DPP	Guimaras	0.036	0.035
132	SIBOLO DPP	Antique	0.030	0.029
	тот	AL VISAYAS	1.081	1.059

MINDANAO

	Plant Name		Rated Cap. (MW)	Dep. Cap. (MW)
133	SACOL DPP	Zamboanga Del Sur	0.163	0.155
134	PALIMBANG DPP	Sultan Kudarat	0.492	0.350
		TOTAL MINDANAO	0.655	0.505

TOTAL, MINI-GRID & TRANSFERRED AREAS

Total Luzon 15 2.706 2.283 Total Visayas 21 1.081 1.059 Total Mindanao 2 0.655 0.505		No. of Plants	Rated Cap. (MW)	Dep. Cap. (MW)
Total Mindanao 2 0.655 0.505	Total Luzon	15	2.706	2.283
	Total Visayas	21	1.081	1.059
TOTAL DUILIDDINES 30 4.443 3.047	Total Mindanao	2	0.655	0.505
IOIAL PHILIPPINES 36 4.442 5.647	TOTAL PHILIPPINES	38	4.442	3.847

C. Philippine Rural Electrification Service (PRES) Project, MASBATE

194 CALUMPANG

0.012 0.012

	Plant Name	Rated Cap (MW)	Dep. Cap. (MW)
135	B. TITONG MGE 1	0.012	0.012
136	B. TITONG MGE 2	0.012	0.012
137	CAWAYAN EXT. (POB)	0.012	0.012
138	CAWAYAN EXT. (BEL-AT)	0.012	0.012
139	UBONGAN DACU	0.012	0.012
140	BOLO MGE 1	0.012	0.012
141	BOLO MGE 2	0.012	0.012
142	BOLO MGE 3	0.012	0.012
143	BANTIGUE (TINAGO)	0.012	0.012
144	CABANGCALAN	0.012	0.012
145	PINANAAN	0.012	0.012
146	LANANG	0.012	0.012
147	SAN ISIDRO	0.012	0.012
148	SYNDICATE	0.012	0.012
	SAWANG (MG1)		
149		0.012	0.012
150	SAWANG (MG2)	0.006	0.006
151	TALIB (MG1)	0.012	0.012
152	TALIB (MG2)	0.012	0.012
153	CONCEPCION	0.012	0.012
154	BALETE	0.012	0.012
155	AMUTAG (MG1)	0.012	0.012
156	AMUTAG (MG2)	0.012	0.012
157	CALANAY (MG1)	0.012	0.012
158	CALANAY (MG2)	0.006	0.006
159	BALAWING	0.006	0.006
160	CABAS-AN	0.006	0.006
161	DAYHAGAN MG 1	0.012	0.012
162	DAYHAGAN MG 2	0.006	0.006
163	GUMAHANG MG 1	0.012	0.012
164	GUMAHANG MG 2	0.012	0.012
165	GUMAHANG MG 3	0.012	0.012
166	MACABUG	0.012	0.012
167	MARIPOSA	0.012	0.012
168	MATABA	0.012	0.012
169	MATALANTANG	0.012	0.012
170	MATONGOG MG1	0.012	0.012
171	MATONGOG MG2	0.006	0.006
172	SAN AGUSTIN MG1	0.012	0.012
173	SAN AGUSTIN MG2	0.006	0.006
174	TIGBAO MG1	0.012	0.012
175	TIGBAO MG2	0.006	0.006
176	TIGBAO MG3	0.012	0.012
177	TIGBAO MG4	0.006	0.006
178	TINIGBAN MG1	0.012	0.012
179	TINIGBAN MG2	0.012	0.012
180	TINIGBAN MG3	0.012	0.012
181	TINIGBAN MG4	0.012	0.012
182	JAMORAWON MG1	0.012	0.006
183	JAMORAWON MG2	0.012	0.012
184	JAMORAWON MG3	0.012	0.012
	JAMORAWON MG4 TAGBON	0.006	0.006
185		0.012	0.012
185 186			
185 186 187	TIGBAO MG1	0.012	0.012
185 186 187 188	TIGBAO MG1 TIGBAO MG2	0.012	0.012
185 186 187 188 189	TIGBAO MG1 TIGBAO MG2 TIGBAO MG3	0.012 0.006	0.012 0.006
185 186 187 188 189 190	TIGBAO MG1 TIGBAO MG2 TIGBAO MG3 TIGBAO MG4	0.012 0.006 0.006	0.012 0.006 0.006
185 186 187 188 189 190 191	TIGBAO MG1 TIGBAO MG2 TIGBAO MG3 TIGBAO MG4 TIGBAO MG5	0.012 0.006 0.006 0.006	0.012 0.006 0.006 0.006
185 186 187 188 189 190	TIGBAO MG1 TIGBAO MG2 TIGBAO MG3 TIGBAO MG4	0.012 0.006 0.006	0.012 0.006 0.006

105	CALACUCUE	0.012	0.012
195	CALASUCHE	0.012	0.012
196	DOCOL	0.006	0.006
197	BAAO	0.006	0.006
198	LOOC	0.012	0.012
199	LANTANGAN MG1	0.012	0.012
200	LANTANGAN MG2	0.006	0.006
201	BUGTONG	0.012	0.012
202	TUMALAYTAY MG1	0.012	0.012
203	TUMALAYTAY MG2	0.012	0.012
204	TUMALAYTAY MG3	0.006	0.006
205	CABANGCALAN	0.012	0.012
206	CALUMPANG	0.006	0.006
207	LOCSOAN	0.012	0.012
208	TAN-AWAN	0.012	0.012
209	LUNA MG1	0.012	0.012
210	LUNA MG2	0.012	0.012
211	LUNA MG3	0.012	0.012
212	MAHAYAHAY	0.006	0.006
213	NAGARAO	0.012	0.012
214	ITOMBATO	0.012	0.012
215	IRAYA	0.012	0.012
216	CABAYUGAN MG1	0.012	0.012
217	CABAYUGAN MG2	0.006	0.006
218	CALUMPANG	0.006	0.006
219	PANANAWAG MG1	0.012	0.012
220	PANANAWAG MG2	0.012	0.012
221	CAMPANA	0.012	0.012
222	CANDELARIA MG1	0.012	0.012
223	CANDELARIA MG2	0.012	0.012
224	BONIFACIO MG1	0.012	0.012
225	BONIFACIO MG2	0.006	0.006
226	SAN JOSE	0.006	0.006
227	MATAYUM MG1	0.012	0.012
228	MATAYUM MG2	0.012	0.012
229	MATAYUM MG3	0.012	0.012
230	PITOGO MG1	0.006	0.012
231	PITOGO MG2	0.006	0.006
232	MADAMBA MG1	0.012	0.012
233	MADAMBA MG2	0.006	0.006
234	LIBTONG	0.006	0.006
235	OSMEÑA	0.006	0.006
236	AGUADA	0.012	0.012
237	SAN RAFAEL	0.012	0.012
238	NADAWISAN	0.006	0.006
239	MAGCARAGUIT MG1	0.012	0.012
240	MAGCARAGUIT MG2	0.012	0.012
241	MAGCARAGUIT MG3	0.012	0.012
242	T.R. YANGCO	0.012	0.012
243	JINTOTOLO MG1	0.012	0.012
244	JINTOTOLO MG2	0.012	0.012
245	JINTOTOLO MG3	0.006	0.006
246	SAN ANTOÑIO MG1	0.012	0.012
247	SAN ANTOÑIO MG2	0.006	0.006
248	CANTIL MG1	0.012	0.012
249	CANTIL MG2	0.006	0.006
250	CANTIL MG3	0.006	0.006
251	CANTIL MG4	0.006	0.006
252	SAPATOS ISLAND	0.000	0.000
232	JAI ATOS ISLAIND	0.012	0.012

253	SAWMILL	0.012	0.012
254	BAANG	0.006	0.006
255	MABUHAY	0.012	0.012
256	SOROSIMBAJAN MG1	0.006	0.006
257	SOROSIMBAJAN MG2	0.012	0.012
258	COSTA RICA	0.012	0.012
259	MATABAO	0.012	0.012
260	RIZAL	0.006	0.006
261	LUNA	0.012	0.012
262	ALTA VISTA	0.012	0.012
263	DON PABLO DELA ROSA	0.012	0.012
264	PANGLE	0.012	0.012
265	BARA MG1	0.012	0.012
266	BARA MG2	0.012	0.012
267	BARA MG3	0.012	0.012
268	GUINLUTANGAN MG1	0.012	0.012
269	GUINLUTANGAN MG2	0.006	0.006
270	SAWMILL MG1	0.006	0.006
271	SAWMILL MG2	0.006	0.006
272	MATAGBAK	0.012	0.012
273	SAN CARLOS	0.012	0.012
274	BURI	0.012	0.012
275	CAGMAMOSO	0.012	0.012
276	POLO DACU	0.012	0.012
277	R M MAGBALON	0.012	0.012
278	COBRE IS.	0.012	0.012
279	SAN VICENTE	0.012	0.012
280	BURACAN	0.012	0.012
281	QUINYANGAN DIOTAY	0.012	0.012
282	QUINYANGAN TONGA	0.012	0.012
283	SAN ANDRES	0.006	0.006
284	SAN ROQUE	0.006	0.006
285	BUGTONG	0.012	0.012
286	STO. NIÑO	0.012	0.012
287	DANAO	0.012	0.012
288	SAN ANTOÑIO	0.006	0.006
	TOTAL PRES	1.566	1.566

*Due to space constraints, Power Plants 135 to 288 are not reflected on the accompanying SPUG Map. These plants are all located in Masbate province, under the PRES Project.

TOTAL SPUG POWER PLANTS

	No. of Plants	Rated Cap. (MW)	Dep. Cap. (MW)
Total Luzon	67	136.914	110.674
Total Visayas	41	20.971	12.598
Total Mindanao	26	46.454	33.265
PRES, Masbate	154	1.566	1.566
TOTAL PHILIPPINES	288	205.905	159.683



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