

SOARING AT 75



ANNUAL REPORT 2011

Our COVER

The unique cover design of the 2011 Annual Report of the National Power Corporation features the image of the mythical phoenix to denote how NPC has triumphantly risen from the proverbial ashes of the different financial and operational challenges it has encountered over the last 75 years. The diamond pattern and the silver color scheme were also used throughout the Annual Report to symbolize an important milestone in NPC's corporate history – its 75th Anniversary.



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SOARING AT 75

NPC Mission

With social progress as our ultimate goal, we shall be a partner in nation-building.

We shall electrify the country to its farthest communities and manage our assets to ensure their sustainability.

We commit to continuously improve ourselves to better serve the public.

All these for God and country.

NPC Vision

We play a vital role in the electric power industry.

With our wealth of experience and technical expertise, we lead in uplifting the quality of life in the country and its islands.

We extend the same values of sustainability, reliability and safety to the management of power systems, dams and watershed areas.

This is our commitment to the Filipino people.

our ACCOMPLISHMENTS in 2011



FROILAN A. TAMPINCO PRESIDENT

In 2011, the National Power Corporation marked a very significant milestone in its corporate history – its 75th Anniversary. And while this turning point was definitely a cause for celebration, the year 2011 also posed a number of challenges for us: challenges that tested our mettle and determination; challenges that allowed us to emerge victorious in the end; challenges that made 2011 one of the most trying, one of the most colorful, and one of the most rewarding in our history.

Allow me to look back on some of the obstacles we had to hurdle in 2011:

We had to work with a very lean budget of P7.58 billion in 2011, which was roughly one-fourth of the original appropriation we were seeking from Congress, and less than half of the amount endorsed by the Department of Budget and Management (DBM). Moreover, we had to contend with a legal opinion from the Department of Justice which practically prohibits National Power from incurring additional borrowings or from undertaking fund-raising initiatives like bond flotations. Making matters worse was a decision by the Energy Regulatory Commission (ERC) to finally approve a Universal Charge for Missionary Electrification (UCME) level that was less than half of the ERC's earlier Provisional Approval, resulting in foregone expected revenues of about P3 billion.

With a very tight budget and hardly any fiscal flexibility, our missionary electrification operations were directly affected, as available funds were enough only for five to six months' worth of fuel supply for the power plants being operated by our Small Power Utilities Group (SPUG). We also took a direct hit from Mother Nature, as our dams were wrongly blamed for the massive floods in Bulacan following the onslaught of typhoon Pedring in September 2011. Towards the close of the year, 84 of our very own employees and their families were affected by the devastation wrought by typhoon Sendong in the cities of Iligan and Cagayan de Oro.

I have always urged our employees to think out of the box, and in situations like these, we knew that creative thinking and dogged perseverance were the order of the day. Hence, we were able to solve the budget deficit problem by pursuing government subsidies with the intervention of the key line agencies like the DBM, the Department of Energy, and the Department of Finance, and even of His Excellency, President Benigno S. Aquino III himself. These same line agencies, as well as key members of Congress and Malacañang also helped us to secure a supplemental budget towards the end of 2011.

As for the fuel supply problem, we turned to our stakeholders for help. In some SPUG areas, the local government unit saved the day by extending a loan to the local electric cooperative so that the latter may in turn advance the money to National Power and enable us to purchase the much-needed fuel supply. Our fuel suppliers were also very patient with us during those times when

payments for our fuel supply were delayed. With the help of these partners, we were able to avert widespread power interruptions in the SPUG areas.

In short, we were able to turn the crises that came our way into opportunities. And against this backdrop of challenges, National Power was able to turn in a remarkable performance on its 75th year, including on the financial front. Specifically, we were able to rein in our net loss to P18.87 million, or a mere 0.67 percent of our 2010 net loss of P2.78 billion.

Meanwhile, net operating revenues rose by 27 percent year-on-year, or from P5.39 billion in 2010 to P6.85 billion in 2011. This may be attributed to higher revenues from the Universal Charge for Missionary Electrification, which went up from P2.76 billion in 2010 to P4.56 billion in 2011. Other income from interest, administrative fees, forex fluctuation gains, and similar items also stood at a robust P1.08 billion, in sharp contrast to the P379.14 million other-expenses reported in 2010.

Despite limited funds, we installed 4,635 kilowatts in new capacity in 2011 in the far-flung areas being serviced by SPUG. Of this figure, 4,045 kW were added by expanding the capacity of a number of our existing power plants, namely: 2,180 kW to the Basilan Diesel Power Plant; 1,000 kW to the Basco DPP in Batanes; 600 kW to the Kalamansig DPP in Sultan Kudarat; 265 kW to the Costa Rica DPP and 60 kW to the Lunang DPP, both in Almagro, Western Samar.

Six new mini-grids with a combined capacity of 590 kW were also completed in 2011. Five of these were built in Western Samar, namely, the 90-kW Libucan Dacu DPP in Tarangnan; the 60-kW Kirikite DPP in Almagro; and the 90-kW Rama-Cinco DPP, the 55-kW Bagongon DPP and the 55-kW Buluan DPP, all in Catbalogan. In the province of Isabela, SPUG completed the 240-kW Maconacon DPP in November 2011. This mini-grid now supplies electricity to six barangays in the province, namely, Fely, Lita, Minanga, Aplaya, Malasin and Eleonor.

We completed Schedule II of the Sta. Cruz-San Jose 69-kV transmission line project in August 2011. Located in Occidental Mindoro, the said project measures 37.36 kilometers in length. Also in Occidental Mindoro, we built a 25-megavolt-ampere substation in San Jose. In Masbate, we completed the 10-MVA substation in Mobo.

In the area of watershed management, National Power rehabilitated 172 hectares of open and denuded areas in the 11 watersheds under its care, including 22 has. in the Caliraya and Angat watersheds. This brings to 2,438 has. the watershed areas that we have rehabilitated, or about 88.4 percent of our target area of 2,758 has. We are eyeing to complete the rehabilitation of the remaining 320 has. in 2012.

our ACCOMPLISHMENTS in 2011

In 2011, we also produced 184,791 seedlings of various forestry species and fruit trees in line with our ongoing efforts to encourage different stakeholders to plant trees. Of this figure, about 59,000 seedlings were dispersed to local government units, schools, private companies, and other government agencies to help them in their tree-planting and re-greening initiatives.

Finally, in the area of watershed protection, we were able to confiscate 3,748 board feet of illegal lumber with the help of operatives from the Philippine Army and from the Department of Environment and Natural Resources. We also enlisted the assistance of 1,294 volunteers to help us stop illegal logging activities within our watershed areas. Of these volunteers, 346 have already been deputized as forest officers to beef up the ranks of our watershed personnel and our military and police partners.

The Next 75 Years: Looking Forward

After 75 years, we are set to begin a new chapter in our corporate history. And in the same way that we weathered the obstacles that came our way in the last seven and a half decades, this new journey will be guided by the same corporate values that we have stood for over the years and that have made us what we are today: the values of determination, service, resilience, and commitment.

These are the core values that have seen us through all these years – the determination to look for all possible solutions when we were up against corporate roadblocks; the drive to extend the best possible electricity service to each and every one of our customers, no matter how big or small; the resilience to rise up in the face of the changes

and challenges that come our way; and the commitment to be loyal to our country, to our customers, and to our corporation.

Armed with these values and with a collective desire to steer National Power back on the road to profitability, we have formulated a corporate plan that will put into a more accurate perspective the new roles that the Corporation will play in the power industry, given the rapid changes that are happening in this sector.

Set within a three-year time frame, or from 2012 to 2014, this workplan involves 11 key result areas, or KRAs, each of which will have a flagship project and a designated leader or "champion". The unique thing about these KRA projects is that they are not in the mainstream business of National Power, which are of course power generation and missionary electrification. Be that as it may, we are confident that these initiatives will not only support our mainstream operations but will moreover set the direction that your National Power will take in the next few years. Let me enumerate these exciting KRAs:

First, in the area of operation and maintenance, we are eyeing to implement the community/social relations aspect of the **flood control project at the Balo-i Plains**, which will maximize the potential of the Agus 2 Hydroelectric Power Plant.

Second, we are targetting the repackaging of the **privatization of SPUG areas** that are already financially viable, beginning with the provinces of Palawan and Mindoro, so that these can be more attractive to prospective investors.



Third, we want to formulate a more **updated dams safety program** to ensure the safe operations of our dams and reservoirs at all times. We also intend to take on the proactive role of educating the communities that are located downstream of our dams, and to provide them with the necessary orientation and training on Emergency Response Procedures.

Fourth, we envision the establishment of **eco-tourism projects** in the 11 watersheds under our jurisdiction, piloting in the Angat watershed in Bulacan. This will develop eco-friendly destinations within our watersheds, where tourists can see first-hand the natural landscape, local culture and traditions, and flora and fauna of these areas.

Fifth, in the area of **finance**, we are targetting major systems improvements in our financial operations, including the computerization of our financial data.

Sixth, we are eyeing a significant **improvement in our collection efficiency**, especially in relation to the account receivables in the SPUG areas, as well as those that are due from the distribution utilities and local government units. This KRA also calls for the creation of a manual that will enhance our collection efficiency rate.

Two of our KRAs aim to improve our human resource, in keeping with our long-standing principle that our employees are our best assets. In the area of **human resource management**, we are looking at re-engineering our performance management system to better measure group and individual productivity vis-à-vis our overall corporate performance.


Similarly, on **human resource development**, we want to start productivity and work improvement training programs that will continuously improve work processes in each level of

the organization, with the end view of increasing both our efficiency and effectiveness. Initial programs include the development of a fuel inventory and monitoring system, as well as a fuel contract monitoring system to ensure that our power plants have uninterrupted fuel supply.

Our ninth KRA focuses on **career development** and involves the creation of business units. The identified pilot business unit will offer specialized services like plant electrical and mechanical maintenance, including manufacturing services to both internal and external customers. We are also looking forward to the creation of a power utility institute that will offer post-graduate degrees and other skills enhancement programs to practitioners in the power industry. These potential business units will be designed to operate sustainably, bringing in much-needed income for NPC.

Finally, we are also setting our sights on **missionary electrification environmental transformation**, and on an enterprise-wide **risk awareness and management program**.

The targets that we have set are achievable. More importantly, I believe our success in attaining them will carry us for another 75 years or at least until our centennial anniversary. And when that time comes, National Power will proudly soar, like the mythical phoenix that we have chosen to symbolize our 75th year. And it will be our privilege to soar with the Filipino public, whom we had proudly served over these last seven and a half decades. Our victory will also be theirs.



FROILAN A. TAMPINCO
President



MESSAGE from the CHAIRMAN



Let me take this opportunity to congratulate the National Power Corporation as you mark a milestone with your celebration of NPC's 75th Anniversary.

Throughout its 75 years of existence, NPC has had to grapple with shifting mandates and changing economic and social landscapes. Today, NPC continues to strive to respond to the call of the times. In 2011, NPC was able to minimize its losses, increase its revenues, expand its missionary electrification programs and accelerate its watershed management projects.

Let us continue to challenge ourselves so that we remain dynamic and responsive to the needs of the public. By streamlining our operations, thereby ensuring the effective delivery of our services through the most efficient process, we bring to reality President Aquino's commitment that good governance will uplift the lives of our fellow Filipinos.

Mabuhay kayong lahat!

CESAR V. PURISIMA

Secretary, Department of Finance
Chairman, National Power Board

OUTLOOK for 2012

As the National Power Corporation celebrates its 75th year in the industry in 2011, it has transitioned from power generation to focusing in one of its key priorities, missionary electrification.

Through the Small Power Utilities Group (SPUG), National Power has programmed for 2012, the procurement of a total of 25,051 kilowatts (kW) in additional capacity for 46 existing SPUG power plants. Of this figure, 12,995 kW will be added to 20 SPUG power plants in Luzon, while another 3,816 kW will be installed in 14 plants in the Visayas region. Mindanao, meanwhile, can look forward to the addition of 8,240 kW in new capacity for 12 of its plants.

In terms of individual power plants, the biggest capacity addition will be made to the Ticao Diesel Power Plant (DPP) in Masbate at 3,000 kW. Coming in second is the Tablas DPP in Romblon with 2,700 kW in new capacity, while the third-biggest capacity addition will be installed at the Basilan DPP at 2,400 kW.

Other power plants that are slated for sizable expansion projects are Power Barge 116 in Siquijor with 1,800 kW; PB 113, also in Siquijor with 1,500 kW; and the Viga DPP in Catanduanes with 1,000 kW.

Likewise, even as it continues to strengthen its presence off-grid, National Power will also pursue the privatization of several SPUG areas. As of end-2011, New Power Providers have been selected in 10 of the 14 priority or First-Wave Areas for Privatization. Steady progress is also being made in the privatization of SPUG operations in Occidental Mindoro, Busuanga Island and Tablas Island. In addition to the first 14 areas, National Power is opening 61 additional SPUG areas to private sector participation in the next few years. Of this figure, 29 are in Luzon, 15 are located in the Visayas, and the remaining 17 are in Mindanao. Financially viable SPUG areas will also be repackaged to make them more attractive to potential investors. This new marketing strategy will initially be tried out in the provinces of Palawan and Mindoro.

An equally important mandate of National Power is the management of 11 watersheds throughout the country. Hence, in 2012, National Power – through its Watershed Management Department (WMD) – will also continue its environmental stewardship programs, beginning with the rehabilitation and reforestation of 150 hectares of open and denuded watershed areas throughout the country. In line with this, the WMD is targeting to produce 250,000 seedlings of various forestry species and fruit trees landholdings development and greening projects that will be undertaken in partnership with other groups, such as, private companies, schools, other government agencies and environmental groups. Still another 58,000 seedlings will be dispersed to different stakeholders and concerned sectors for various tree-planting initiatives.

In the area of watershed protection and law enforcement, National Power is eyeing to recruit some 500 volunteers



JOSE RENE D. ALMENDRAS

Secretary, Department of Energy
Vice Chairman, National Power Board

from the local communities living within the 11 watersheds under its jurisdiction. By being deputized as forest officers, these volunteers will beef up the Corporation's Bantay Watershed Task Force, and will help minimize illegal activities inside the watershed reservations.

Alongside the rehabilitation and reforestation program, National Power is also set to come up with an updated dam safety program for the benefit of the communities that live downstream of large dams such as Angat and San Roque. As an initial step, National Power will conduct a public information drive to educate these communities on the primary purpose of these dams, which involves the storage of water for release to meet energy demands.

Lastly, the year 2012 promises to be an interesting one for National Power in terms of organizational development as this will be the year when it will launch what it calls the "Ripple Program," a corporate roadmap aimed at improving the profitability of the Corporation.

To be implemented over a period of three years, this program will focus on 11 key result areas (KRAs), and will set the stage for the Corporation's future role in the constantly-evolving power sector. Aimed at adding value to National Power's mainstream operations, these KRAs cover a wide range of projects from improving collection efficiency, financial data computerization, flood control, eco-tourism projects, human resource management to career development, among others.

As it begins the journey towards its next 75 years, I have no doubt that National Power will continue to lead in uplifting the quality of life in the country and its islands. With its well-thought out programs and the support of its driven and results-oriented employees, I believe that the Corporation will continue to be a very relevant player in the Philippine power sector, and will admirably carry out its mandate for public service and missionary electrification.

Mabuhay and more power!

75 Years of Improving the Filipino's Quality of Life



Logo launching

National Power's 75th Anniversary officially started with the launching of the 75th Anniversary logo on March 14, 2011. The logo features an image of the mythical phoenix, which symbolizes National Power's rebirth in the wake of the major challenges it had hurdled during its 75-year corporate existence. With the trademark dedication and resilience of its employees, National Power was able to survive World War II, the oil crisis of the 1970s, the Asian financial crisis of the late 1980s, the power crisis of the early 1990s, the mothballing of the Bataan Nuclear Power Plant, and the structural and organizational reforms brought about by the implementation of the Electric Power Industry Reform Act. Among those who graced the launching of the anniversary logo were Mr. Rolando T. Bacani, President of the National Transmission Corporation and Mr. Henry Sy, Jr., President of the National Grid Corporation of the Philippines



Harry Potter 7 screening

The NPC Provident Fund spearheaded a special screening of "Harry Potter and the Deathly Hallows, Part 2" at the Cinema 1 of the Trinoma Mall on July 17, 2012. Sponsored by SMC Global Power Corporation with Globe Telecom as co-presensor, the final installment in the blockbuster Harry Potter movie series was attended by more than 400 people. Proceeds from the fund-raising event went to some socio-civic projects for members of the Dumagat tribe living within the Angat Watershed in Bulacan, as well as to other 75th anniversary-related activities of National Power.



Recuerdo Museum

On September 9, 2011, VP Danilo Sedilla and OIC-VP Urbano Mendiola Jr. formally opened the Mini-Recuerdo Museum at the Atrium Area of the NPC Head Office. The exhibit showcased various memorabilia from National Power's colorful 75-year corporate history, including a copy of the first-ever Power



Development Plan crafted in 1947, antique mechanical calculators that are almost as big as manual typewriters, and were used in the 1950s and 1960s, different types of telephones (bell type, wall hang, and control room units), old plant equipment like clamp meters and voltage regulators, and safety gear like helmets and hardhats from the 1940s to the 1960s, goggles and safety belts. The exhibit also showed the evolution of the NPC logo.



Fun Run

Some 2,000 runners participated in "Run for M.E. (Missionary Electrification)", a fun run for a cause organized by the NPC Ladies' Foundation, Inc. (NPC LFI) as part of the celebration of the National Power Corporation's 75th Anniversary. Anchored on the theme "Sustaining the Social and Economic Development of Marginalized Communities through Missionary Electrification", the event kicked off at the Quirino Grandstand along Roxas Boulevard on October 16, 2011 at 5:00 AM. Among those who participated were runners from various energy, power and oil companies that are also partners of National Power in its power generation business and missionary electrification mandate; different government offices, notably agencies belonging to the Department of Energy family; non-government organizations; professional runners and student runners. The biggest contingent came from National Power itself, consisting of officials and employees and members of the NPC LFI. Proceeds from the activity were later used to help improve and energize marginalized communities living within the Missionary Electrification areas being serviced by National Power's Small Power Utilities.



75 Years of Improving the Filipino's Quality of Life



Anniversary Night

Perhaps the biggest highlight of National Power's 75th anniversary celebration was the "Grand Night" held on the anniversary day itself – November 3, 2011. With Vice President Jejomar Binay as the Guest of Honor and Keynote Speaker, National Power retirees, partners in the government and in the private sector, and other stakeholders joined National Power employees and officials in a four-hour celebration that was highlighted by an Audio-Visual Presentation and musical production numbers that showcased the four core values of the Corporation – Determination, Service, Resilience and Commitment. Among the night's performers were Marcelito Pomoy, Grand Champion of "Pilipinas Got Talent" (Season

2); violinist Cynthia Sanchez; the NPC Chorale with select members of the choirs of the Department of Energy, the Philippine National Oil Company, the National Electrification Administration, and the National Grid Corporation of the Philippines; and "Lights Out! Black Theater!".

In his anniversary message, President Froilan A. Tampinco commended National Power employees and retirees for staying united, even as he thanked National Power customers for remaining loyal to the Corporation despite the rapid changes taking place in the power sector. He added that a corporate anniversary is always a good time to look back and reflect on the different things that National Power employees should be grateful for, including "the opportunity to serve" and to make a difference in people's lives as government employees.

The celebration was capped by a fireworks display at the Helipad area.

Employees Night

After feting retirees, business partners and friends in a "Grand Night" affair, it was the employees' turn to celebrate the National Power Corporation's 75th Anniversary during the Employees Night held last November 11.

Among the highlights of the event was the "Kanta o Balik" retro singing contest, which saw representatives of the different functional groups performing songs from the 1970s and 1980s. The Technical Maintenance & Services group won the competition, bagging a cash prize of P8,000 for their rendition of "Bonggahan" by 70s Pinay rock icon, Sampaguita.

Also recognized on Employees Night were the winners of the NPC 75th Anniversary Short Story/Anecdote Writing contest and the

photo contest. Mr. Generoso Autor of the Dams, Reservoirs & Waterways Division won the essay-writing competition and the top prize of P5,000 with his account of a close encounter with New People's Army rebels entitled "Buhay Ko, Inialay ko sa Korporasyon". In the photo contest, the winners were Ms. Yolanda Gimena of the Agus 6/7 hydroelectric power plant for a 1985 photo of the Agus 6 HEP ("old photos" category); and Mr. Pacifico de Guzman of the Angat Hydroelectric Power Plant for his entry entitled, "Angat's Pot of Gold" (digital photography category).

No less than 2011 Miss Universe 3rd runner-up Shamcey Supsup handed out the awards to the winners, assisted by National Power President Froilan A. Tampinco. Shamcey was also one of the judges in the retro group singing contest.



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, 2011, 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 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 P15.307 billion were not revalued regularly as required by Philippine Accounting Standard (PAS) 16, Property, Plant and Equipment. The standard 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 assets were last revalued in 1996.

The Temporary Registry (TR) was misstated due to the presence of unadjusted/uncorrected account balances totaling P6.902 billion. These balances 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, as may be appropriate.

The balance of Materials, Supplies and Equipment (MSE) for Operation and Project Construction in both TR and NPC - Small Power Utilities Group (SPUG)/Watershed in the total amount P7.515 billion differed from the balance per inventory count by P5.716 billion. There were also balances in the MSE for Operation account that were recorded under unidentified/non-custodian/non-employee Debtor/Creditor/Employee (DCEs) code and Custodians who were not bonded totaling P2.484 billion. We were not able to obtain sufficient appropriate evidence by other alternative procedures to ascertain the fairness of the said account balances.

The balance of the Construction Work in Progress (CWIP) account in both TR and NPC SPUG/Watershed included balances of work orders for projects totaling P1.597 billion that were already completed and work orders that could not be traced to the Project Status Reports, which may have already been completed but were not yet transferred to the 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 at December 31, 2011, and of its financial performance and cash flows for the year then ended in accordance with state accounting principles generally accepted in the Philippines.

Supplementary Information Required Under Revenue Regulation No. 15-2010

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required by the Bureau of Internal Revenue on taxes, duties and license fees disclosed in Note 38 to the financial statements is presented for purposes of additional analysis and is not a required part of the financial statements prepared in accordance with state accounting principles generally accepted in the Philippines. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT

By:

CORAZON V. ESPAÑO
Supervising Auditor

May 25, 2012

STATEMENT OF FINANCIAL POSITION

For the Year Ended December 31, 2011
(With Comparative Figures as at December 31, 2010)
(In Philippine Peso)

	Notes	2011	2010
ASSETS			
Non-Current Assets			
Utility plant - net	4	7,348,460,942	6,740,811,838
Construction work in progress	5	1,711,545,350	2,061,617,812
Non-utility property - net	6	112,940,182	111,836,738
Non-current power receivables	7	289,777,113	166,912,527
Deferred charges	8	6,796,948	7,768,099
Contingent assets	9	-	1,470,195
Other non-current assets	10	68,773,298	3,773,298
Total Non-Current Assets		9,538,293,833	9,094,190,507
Current Assets			
Cash and cash equivalents	11	3,225,334,705	1,078,799,897
Power receivables - net	12	2,217,991,317	2,312,693,314
Other receivables - net	13	5,877,811,363	4,191,957,087
Materials and supplies for operation	14	1,277,773,502	1,472,571,037
Advances, prepayments and deposits	15	27,496,047	43,326,302
Total Current Assets		12,626,406,934	9,099,347,637
Temporary Registry (Schedule)	16	16,266,588,753	15,702,322,739
TOTAL ASSETS		38,431,289,520	33,895,860,883
EQUITY AND LIABILITIES			
Equity		13,646,760,610	8,424,361,609
Non-Current Liabilities			
Long-term debts (net of current portion)	19	885,069,257	948,896,297
Provision for vacation and sick leave benefits	20	613,463,402	583,661,291
Deferred credits	21	8,076,690	58,102,597
Total Non-Current Liabilities		1,506,609,349	1,590,660,185
Current Liabilities			
Accounts payable and accrued expenses		4,499,584,094	4,866,462,588
Notes payable	22	2,300,000,000	3,164,173,824
Current portion of long-term debts	19	44,358,099	45,287,279
Retention on contract payments		80,980,435	85,352,111
Deposits and trust funds	23	63,263,469	10,928,101
Interest payable		23,144,711	6,312,447
Total Current Liabilities		7,011,330,808	8,178,516,350
Temporary Registry (Schedule)	16	16,266,588,753	15,702,322,739
TOTAL EQUITY and LIABILITIES		38,431,289,520	33,895,860,883

See accompanying Notes to Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2011
(With Comparative Figures for the Year Ended December 31, 2010)
(In Philippine Peso)

	Notes	2011	2010
OPERATING REVENUE			
Utility income		2,389,432,470	2,730,133,336
Transmission services income		15,849,646	15,361,976
Ancillary service charge		4,816,948	4,816,574
Universal charge	24	4,557,550,229	2,763,174,962
Total operating revenue		6,967,649,293	5,513,486,848
Prompt payment discount		(34,895,243)	(29,543,833)
Other demand energy adjustment income		(86,791,252)	(92,386,027)
Net Operating Revenue		6,845,962,798	5,391,556,988
OPERATING EXPENSES			
Generation		6,313,330,129	5,926,773,770
Administrative and general expenses		731,075,627	686,923,259
Depreciation and depletion		531,592,619	836,660,028
Bad debts		223,102,190	186,504,745
Transmission and distribution		37,499,765	35,167,105
Other operating expenses		114,692,668	120,785,019
Total Operating Expenses		7,951,292,998	7,792,813,926
OPERATING LOSS		(1,105,330,200)	(2,401,256,938)
OTHER INCOME (EXPENSES)			
Interest income		334,937,837	285,621,837
Income from administrative fee	25	178,190,915	67,269,641
Gain on forex fluctuation	26	17,686,277	140,356,068
Gain on debt service - ICERA/forex recovery	27	380,211	1,481,537
Gain on diesel/fuel transfer		70,210	130,763
Revenue from lease of electric plant		-	3,137,351
Subsidy from the National Government	28	2,256,888,362	-
Miscellaneous income	29	82,352,945	195,301,802
Subsidy to NPP's of MEA	30	(1,370,782,448)	(693,606,944)
Interest expense	31	(184,157,418)	(182,284,671)
Depreciation - other plants/property		(107,426,590)	(97,547,867)
Finance & other bank charges		(381,055)	(7,199,850)
Miscellaneous expenses	32	(121,301,660)	(91,800,200)
Other Income (Expenses)		1,086,457,586	(379,140,533)
NET LOSS		(18,872,614)	(2,780,397,471)

See accompanying Notes to Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2011
(With Comparative Figures for the Year Ended December 31, 2010)
(In Philippine Peso)

	Notes	2011	2010
CAPITAL STOCK P100 par value			
Authorized 500,000,000 shares, issued 270,488,708		27,048,870,789	27,048,870,789
DONATED CAPITAL	17		
Balance, Beginning		4,157,956	-
Additions - diesel power plants		-	4,157,956
Balance, End		4,157,956	4,157,956
RETAINED EARNINGS			
Balance, Beginning		(20,852,524,074)	(21,238,740,661)
Adjustments on net effect of asset and debt transfer to PSALM and separation of TransCo books from NPC		-	279,842,788
Net loss during the year		(18,872,614)	(2,780,397,471)
Correction of prior year's income	18	5,242,741,809	2,886,771,270
Balance, End		(15,628,654,879)	(20,852,524,074)
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		1,470,194	1,480,156
Adjustments	9	(1,470,194)	(9,962)
Balance, End		0	1,470,194
EQUITY		13,646,760,610	8,424,361,609

See accompanying Notes to Financial Statements.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2011
(With Comparative Figures for the Year Ended December 31, 2010)
(In Philippine Peso)

	Notes	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Subsidy from the National Government	18 & 28	6,624,500,000	-
Collections from power customers		2,604,823,774	7,208,015,210
Cash collected from Universal Levy		2,603,916,662	-
Amount withheld from employees, suppliers & other creditors		884,800,810	651,075,153
Interest and dividends received		287,364,691	227,404,065
Collections of other receivables		220,384,143	221,332,959
Deposits and trust funds received		57,394,867	10,201,380
Purchase of fuel for generation		(4,660,403,458)	(3,996,935,059)
Statutory remittances		(1,908,963,129)	(1,437,591,400)
Other operating expenses		(1,658,698,948)	(1,646,383,304)
Other expenses		(1,049,727,116)	(543,416,191)
Net funds transferred/paid to/for PSALM/OMA*		(933,827,880)	(400,690,221)
Personnel cost		(413,825,114)	(251,463,894)
Refund of deposits and trust funds		(26,333,916)	(40,109,003)
Share of local government units in the national wealth		(737,641)	-
Realty tax paid		(512,130)	(852,815)
Deposits and other advances		(41,862)	(32,340)
Purchased power cost		(10,000)	(20,098,881)
Financial assistance		-	(5,229,569)
Franchise tax		-	(52,500)
Net Cash Provided by/(Used in) Operating Activities		2,630,103,753	(24,826,410)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from investments		12,877,379	11,819,922
Capital expenditures		(215,384,623)	(188,558,686)
Net Cash Used in Investing Activities		(202,507,244)	(176,738,764)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loans		(46,689,732)	(99,660,281)
Transfer to restricted cash account		(65,000,000)	-
Interest paid on loans		(169,371,969)	(179,365,206)
Net Cash Used in Financing Activities		(281,061,701)	(279,025,487)
NET INCREASE(DECREASE) IN CASH & CASH EQUIVALENTS		2,146,534,808	(480,590,661)
CASH & CASH EQUIVALENTS, BEGINNING OF THE YEAR		1,078,799,897	1,559,390,558
CASH & CASH EQUIVALENTS, END OF YEAR		3,225,334,705	1,078,799,897

See accompanying Notes to Financial Statements.

* includes payment of principal and interests on the Short Term Loan availed of for the payment of coal deliveries to Pagbilao CFTPP for offsetting against PSALM's payable accounts to NPC

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The National Power Corporation (NPC) was created under Commonwealth Act No. 120 on November 3, 1936 as a non-stock government corporation. In 1960, NPC was converted into a stock corporation wholly owned by the government under Republic Act 2641. In 1971, its charter was revised by virtue of Republic Act 6395, as amended. 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.

Under Section 1 of its Charter, the Corporation has the following declared policy:

"(1) the comprehensive development, utilization and conservation of Philippine water resources for all beneficial uses, including power generation; and

(2) the total electrification of the Philippines through the development of power from all sources to meet the needs of industrial development and dispersal and the needs of rural electrification are primary objectives of the nation which shall be pursued coordinately and supported by all instrumentalities and agencies of the government, including its financial institutions."

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.

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 then 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 authorizing 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 (Build-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 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 (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 at 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, were 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 Quezon Avenue, Diliman, Quezon City.

2. MAJOR ACCOMPLISHMENTS

In furtherance of its 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 2011:

Small Power Utilities Group (SPUG)

Project Name	Project Description	Status
Luzon Operation		
Casiguran DPP – Construction of Gravity Type Oil/ Water Separator	Oil / Water separator for oil storage tank and canal	Completed in August 2011
PB 109 – Mooring Facility	Construction of mooring Port, Looc, Tablas Island	Completed in July 2011
PB 114 – Acquisition of 1x600 kW Generator Set (genset)	Supply, delivery, installation, test and commissioning of 1x600kW genset	Completed in November 2011
Viga DPP – Acquisition of 2x500kW gensets	Supply, delivery, installation, test and commissioning of 2x500kW genset	Arrived in Manila in December 2011
Maconacon Mini Grid - Expanded Rural Electrification in Maconacon (6 bgy's)	Electrification of six (6) barangays thru the construction of a diesel mini-grid system	Completed in November 2011
Sta Cruz – San Jose '4' 69kv T/L Project, Schedule II	Construction of Sta Cruz – San Jose '4' 69kv T/L Project, Schedule II	Project completed in August 2011
Mobo 69kv Substation Project	Construction of Mobo 69kv Substation Project	Project was substantially completed. Remaining works include rectification of punchlist items and demobilization
San Jose 69kv Substation Project	Construction of San Jose 69kv Substation Project	Project was substantially completed. MRMD to re-mobilize on January 12-20, 2012
Old Caliraya Spillway Tower	Improvement of Old Caliraya Spillway Tower	Project completed in May 2011
Angat HEPP Dike	Construction of Perimeter Fence along Angat HEPP Dike	Project completed in November 2011
Angat HEPP Spillway Area Project	Construction of Drainage System at Angat HEPP Spillway Area Project	Project completed in October 2011

Project Name	Project Description	Status
Visayas Operation		
Catbalogan Mini Grid (MG) - Remote Area Electrification Subsidy - Catbalogan (4 bgys)	Electrification of four barangays thru the construction of 3 diesel mini-grid system	Completed in October 2011
Tarangan MG - Remote Area Electrification Subsidy - Tarangan (3 bgys)	Electrification of three barangays thru the connection of a diesel mini-grid system	Completed in August 2011
Almagro 1 MG - Remote Area Electrification Subsidy - Almagro 1 (2 bgys)	Electrification of two barangays thru the construction of a diesel mini-grid system	Completed in October 2011
Almagro 2 - Remote Area Electrification Subsidy - Almagro 2 (8 bgys)	Electrification of eight barangays thru the construction of new distribution line	Completed in December 2011
Mindanao Operation		
Basilan DPP - Acquisition of 2x1,500kVa Power Transformer at Basilan DPP	Supply, delivery, test & commissioning of 2x1,500 KVA Power Transformer at Basilan DPP	Completed
Tandubas DPP - Acquisition of 250kVa Power Transformer	Supply, delivery, test & commissioning of 250kVA Power Transformer at Tandubas DPP	Completed
West Simunul - Construction of Fuel Storage Tank	Construction of Fuel Storage Tank 16KL at West Simunul DPP	Completed
Dinagat DPP Construction of Genset Foundation	Construction of genset foundation for 5x275kW at Dinagat DPP	Completed

OPERATION AND MAINTENANCE AGREEMENT (OMA)

Project Name	Project Description	Status
Maria Cristina Bridge	Maria Cristina Bridge Rehabilitation Project, Iligan City	Project completed in October 2011
Agus 5 HEP Bailey Bridge	Rehabilitation of Agus 5 HEP Bailey Bridge located at Ditucalan, Iligan City	Project completed in September 2011

WATERSHED MANAGEMENT DEPARTMENT (WMD)

Watershed Rehabilitation

- Established a total area of 150 hectares of open and denuded areas in various watershed areas and 21.5 hectares in Caliraya and Angat watershed areas as part of NPC's partnership with private institutions and other groups. As of December 2011, a total of 2,438 hectares were established or about 88.40% against the total target of 2,758 hectares. The remaining 320 hectares will be completed until CY 2012.
- Established 422 cubic meters of structural measures (riprap) to control and prevent soil erosion of degraded and flood prone areas.
- Embarked on the propagation of seedlings in support to environmental commitments of local groups to plant trees. About 184,791 seedlings of various forestry species and fruit trees were produced for landholdings development, greening projects in partnership with other groups and as the Department's commitment in celebration of NPC's 75th Anniversary.

Watershed Protection

- Completed 5 aerial flights as part of WMD-NPC protection efforts and aerial surveillance in Angat Watershed (3 flights) and MakBan Watershed (2 flights).
- Conducted regular patrolling of watershed areas in coordination with the Military or Philippine Army and the volunteers.
- Confiscated about 3,748 board feet of lumber from the joint confiscation effort of NPC-Angat Watershed, DENR-CENRO Tabang and Philippine Army.
- Tapped the assistance of 1,294 volunteers to help NPC reduce, if not totally stop, illegal activities inside watershed reservations. Of these volunteers, around 346 were already deputized as forest officers to augment the watershed personnel as well as the military/PNP partners of NPC.

Corporate Social Responsibility Program

- Dispersal of around 58,936 seedlings (both forestry species and fruit trees) to various stakeholders, LGUs, academes and institutions and private organizations for their re-greening programs.
- Dispersal of 168 gilts in the area of Buhí, Camarines Sur, Tiwi, Albay, and Bokod, Benguet and 2,000 heads of quails in Brgy. San Gregorio, Alaminos, Laguna and Lumbang, Lipa City. Animal dispersal is one of the activities of the WMD to uplift the livelihood of local residents inside the watersheds.

Information Dissemination Campaign (IDC)

- Continuous implementation of IDC activities of the WMD such as TV and radio plugging and production and distribution of print materials such as poster, leaflets, flyers, brochures and calendars

- Production of video film featuring the protection and rehabilitation of the 11 watersheds under NPC

Community Development and Extension

- Conduct of various livelihood training to communities living within watershed areas who are supporting and helping NPC's forest protection endeavor
- Provision of technical assistance in the implementation of livelihood projects :
 - Charcoal Briquetting Project in Brgy. Ayusan 2, Tiaong, Quezon
 - Pangasius Cat Fish Production in Lake Lanao Watershed
 - Goat Raising Livelihood Project in Pulangi Watershed
- Implementation of Lakbay Aral and educational tour to promote awareness on the importance of watersheds and their relation to climate change

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Preparation

The financial statements of NPC are prepared in accordance with state 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 Life
1.	Diesel plants and barges	20
2.	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 short-dated 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 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, include

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 these came 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.

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	72,012,263	10,872,692,671	4,570,848,965	380,016,714	1,819,750,542	17,715,321,155
Additions	-	22,829,732	328,645,938	-	15,527,861	367,003,531
Adjustments	-	129,529,930	49,753,537	31,767,458	34,945,413	245,996,338
Ending	72,012,263	11,025,052,333	4,949,248,440	411,784,172	1,870,223,816	18,328,321,024
Accumulated Depreciation/Depletion						
Beginning	71,786,057	8,299,749,522	1,634,538,380	49,804,032	918,631,326	10,974,509,317
Additions	-	356,915,219	159,814,000	17,177,000	90,830,720	624,736,939
Adjustments	(7,200,632)	(583,840,902)	(41,842,170)	2,424,786	11,072,744	(619,386,174)
Ending	64,585,425	8,072,823,839	1,752,510,210	69,405,818	1,020,534,790	10,979,860,082
Carrying Value						
December 31, 2011	7,426,838	2,952,228,494	3,196,738,230	342,378,354	849,689,026	7,348,460,942
December 31, 2010	226,206	2,572,943,149	2,936,310,585	330,212,682	901,119,216	6,740,811,838

Additions during the year are mainly attributed to the transfer to the account of the total cost of completed Sta. Cruz/San Jose 69kv T/L project in Mindoro Area in the amount of P340 million, while adjustments mainly consist of allocated Engineering and Administrative cost of Masbate PRES and Burias Island Grid which were completed in 2010 and the cost of prior years' capex increment of existing plants.

5. CONSTRUCTION WORK IN PROGRESS (CWIP)

This account consists of the following:

	2011	2010
CWIP - Work Order	1,632,902,077	1,988,717,806
CWIP - Materials & Supplies	78,643,273	72,900,006
	1,711,545,350	2,061,617,812

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 CWIP - Work Order account is attributed mainly to the unitization of the completed projects Sta. Cruz - San Jose 69kv T/L Project in August 2011 and its reclassification to the Electric Plant in Service (EPIS) account under Utility Plant.

6. NON-UTILITY PROPERTY

Non-utility property account consists of the following:

	2011	2010
Cost		
Beginning	670,972,951	-
Adjustments	6,958,284	670,972,951
Ending	677,931,235	670,972,951
Accumulated Depreciation		
Beginning	559,136,213	-
Additions	1,202,000	-
Adjustments	4,652,840	559,136,213
Ending	564,991,053	559,136,213
	112,940,182	111,836,738

This account pertains to other properties and equipment owned by the Corporation but are not used in utility operations particularly the decommissioned Bantayan Diesel Power Plant, Maintenance Engineering Center (MEC) and Bataan Nuclear Power Plant (BNPP).

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. The account increased in CY 2011 due to the additional restructured amount of Occidental Mindoro Electric Cooperative (OMECECO) of P78.072 million and new restructured overdue power accounts of Marinduque Electric Cooperative (MARELCO) amounting to P65.232 million. Current portion is recorded under Restructured Power Receivables (Note 12).

8. DEFERRED CHARGES

Deferred charges include:

	2011	2010
Preliminary Surveys & Investigation	6,537,709	6,537,709
Others	259,239	1,230,390
	6,796,948	7,768,099

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:

	2011	2010
Claims for Disallowed Payments	-	1,470,195
Contingent Surplus	-	(1,470,195)
	-	-

This account was closed in 2010 in compliance with PAS 37 which states that "An entity shall not recognize contingent asset." The PAS further provides that "a contingent asset is disclosed where an inflow of economic benefits is possible but should be assessed continually to ensure that developments are appropriately reflected in the financial statements."

In this case, the claims for disallowed payment is uncertain because this could further be subject to relief upon the presentation by payee of the required documents needed to completely support the transaction in question. Further, said COA Notice of Disallowance could still be subject to several appeals, as the case may warrant, which makes it more difficult to ascertain its collectibility.

10. OTHER NON-CURRENT ASSETS

This account consists of the following:

	2011	2010
Restricted Cash	68,643,800	3,643,800
Stock for Disposal	129,498	129,498
	68,773,298	3,773,298

The *Restricted Cash* 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 increase in restricted cash balance pertains to the transfer of hold-out deposits of Watershed Management Department from Temporary Investment to Restricted Cash account.

11. CASH AND CASH EQUIVALENTS

This account is composed of the following:

	2011	2010
Cash in Bank	400,943,685	149,294,153
Cash on Hand	-	1,800
Working Fund	2,391,020	503,944
Temporary Investments	2,822,000,000	929,000,000
	3,225,334,705	1,078,799,897

The balance of *Temporary Investments* pertains to the invested proceeds from the cash subsidy from the National Government (NG) and reimbursement by the NG of expenses advanced by NPC for the mothballing of the Bataan Nuclear Plant.

12. POWER RECEIVABLES

Receivables from power customers consist of the following:

	2011	2010
Power Receivables	3,097,186,399	2,858,300,660
Accrued Utility Revenue	99,078,980	187,738,511
Restructured Power Receivables	31,166,266	52,992,280
	3,227,431,645	3,099,031,451
Allowance for Bad Debts	(1,009,440,328)	(786,338,137)
	2,217,991,317	2,312,693,314

13. OTHER RECEIVABLES

This account consists of the following:

	2011	2010
Receivables from PSALM	3,265,425,502	2,528,051,848
Interest Receivable	200,360,070	145,568,327
Rent Receivable	258,631	-
Receivable from the National Government	38,328,984	9,737,003
Receivable from Officers and Employees	7,388,859	6,677,172
Accounts Receivables - Others	466,572,099	302,200,052
Recoverable from Insurance Company	104,967,448	104,967,448
Output Tax Receivable	523,453,585	475,288,210
Input tax Credit on Non-Depreciable Capital	1,258,011,076	600,452,950
Input Tax Credit on Depreciable Capital	15,402,473	21,384,315
	5,880,168,727	4,194,327,325
Allowance for Bad Debts	(2,357,364)	(2,370,238)
	5,877,811,363	4,191,957,087

Receivables from PSALM pertains to the unremitted balance of Universal Charge for Missionary Electrification (UCME) for 2011, a charge passed on and collected from power end users.

14. MATERIALS AND SUPPLIES FOR OPERATION

Details of the account are as follows:

	2011	2010
Diesel	530,545,184	461,802,988
Materials, Supplies and Equipment	399,614,608	576,234,775
Fuel Oil	52,327,083	47,548,774
Gasoline	200,464	174,263
Other Oil Products	33,020,787	23,621,604
Thermal Chemicals	-	245,668
MSE in Transit – Operating Plants	138,270,512	159,404,261
Materials, Supply Temporary Adjustments	88,373,211	157,045,747
Stock Transfer – Clearing accounts	35,421,653	46,492,957
	1,277,773,502	1,472,571,037

15. ADVANCES, PREPAYMENTS AND DEPOSITS

This account consists of the following:

	2011	2010
Advances and Prepayments		
Advances to Contractors/Prepaid Charges	21,218,698	32,644,000
Advances to Government Bodies and Institutions	378,093	378,093
Marginal and Guaranty Deposits	521,651	531,320
	22,118,442	33,553,413
Court and Other Deposits		
Advances for Medical & Group Life Insurance	383,610	8,848,586
Court and Other Deposits	5,191	472,545
Other Advances	4,819,488	422,353
	5,208,289	9,743,484
Cash Advances to Officers and Employees	169,316	29,405
	27,496,047	43,326,302

The decrease in *Advances to Contractors/Prepaid Charges* is mainly due to the recoupment by the contractors of payment of mobilization expenses relative to the completed Off Grid Electrification projects in 2011. *Advances for Medical & Group Life Insurance* refer to advance payments to insurance companies of employees' medical benefits which are subject to reimbursement through salary deduction.

The increase in *Other Advances* pertains to the CY 2012 portion of the premium paid to the Government Service Insurance System on the policy contract covering the period October 31, 2011 to October 31, 2012.

16. TEMPORARY REGISTRY ACCOUNTS

Temporary Registry Accounts consist of the following:

	2011	2010
Trust Accounts	9,364,521,842	8,542,462,468
Retained PSALM Accounts	5,053,567,783	5,311,358,613
Retained TransCo Accounts	1,848,499,128	1,848,501,658
	16,266,588,753	15,702,322,739

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

This pertains to the 12 diesel plants which were taken over by NPC in December 2009 at its Net Book Value from Bohol Electric Cooperative (BOHECO) in accordance with the Memorandum of Agreement between NPC and BOHECO and BOHECO's Board Resolution No. 13-2002 in 2008, as follows:

Bohol 1 Mini Grid
Cabilao Diesel Plant
Pamilacan Diesel Plant
Mantatao Diesel Plant
Balicasag Diesel Plant
Cuaming Diesel Plant

Bohol 2 Mini Grid
Bilangbilangan Diesel Plant
Mocaboc Diesel Plant
Pangapasian Diesel Plant
Ubay Diesel Plant
Batasan Diesel Plant
Bagongbanwa Diesel Plant
Hambungan Diesel Plant

18. CORRECTION ON PRIOR YEAR'S INCOME

The account mainly consists of cash subsidy from the National Government (NG) to cover payment for SPUG's a) fuel/oil requirement of power plants; b) genset lease/rentals; c) capital expenditure and d) maturing loan from the Land Bank of the Philippines.

As indicated in the Special Allotment Release Order (SARO), the subsidy represents reimbursement by the NG of NPC's advances for the preservation and maintenance of the Bataan Nuclear Power Plant (BNPP) from CY 1986 to 2010. The advances, which were recorded by NPC as Receivables from the NG, were transferred to PSALM pursuant to the asset-debt accounts transfer. As at December 31, 2010, the balance of the account amounted to P4.367 billion.

The cash subsidy totaling P4.367 billion was released in three (3) tranches, as follows:

1st Tranche	P2 billion on February 25, 2011 under SARO No. F-11-00599
2nd Tranche	P1.624 billion on August 26, 2011 under SARO No. F-11-0019409
3rd Tranche	P742.5 million on December 22, 2011 – part of P 3 billion allotment under SARO No. F-11-0034815

19. LONG-TERM DEBTS

This account consists of the outstanding foreign borrowings as follows:

CREDITOR / PROJECT	MATURITIES	INTEREST RATE	2011	2010
Natixis/Credit National				
Project-Pres Project of SPUG	2016 to 2031	FIXED at 0.40%	596,741,627	609,241,720
Banque Paribas				
Project-Pres Project of SPUG	2009 to 2019	FIXED at 5.09%	332,685,729	384,941,856
			929,427,356	994,183,576
Less: Current Portion			44,358,099	45,287,279
			885,069,257	948,896,297

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

		12-31-2011	12-30-2010
Dollar	USD 1	43.9280	43.8850
Euro	EUR 1	56.8428	58.0300

20. PROVISION FOR VACATION AND SICK LEAVE BENEFITS

This pertains to the Corporation's liability for short-term employee benefits, which include paid annual vacation and sick leave. These are recognized on the period incurred.

21. DEFERRED CREDITS

This account consists of unearned interest income and other receipts not readily identified upon collection subject to reclassification to proper income or receivable account. The decrease during the year was mainly due to the reversal of the journal entry made to record the interest for CYs 2012 to 2019 of the restructured power receivables of Masbate Electric Cooperative (MASELCO).

22. NOTES PAYABLE

Breakdown of this account is as follows:

Creditor	Maturity	Interest Rate	2011	2010
Land Bank of the Philippines	January 16, 2012	6.5%	300,000,000	300,000,000
Land Bank of the Philippines	February 6, 2012	5.5%	2,000,000,000	2,000,000,000
Land Bank of the Philippines	August 31, 2011	6.5%	-	683,067,405
Land Bank of the Philippines	September 30, 2011	6.5%	-	101,106,419
Land Bank of the Philippines	October 28, 2011	6.5%	-	80,000,000
			2,300,000,000	3,164,173,824

23. 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. The increase in CY 2011 mainly consists of performance bond posted by fuel/oil suppliers.

24. 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 royalties; (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.

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 (PO.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.

In CY 2011, in addition to the UC of P2.763 billion, ERC granted NPC provisional authority to recover from the UC the shortfalls in Missionary Electrification Subsidy from 2003 to 2009 amounting to P4.147 billion under ERC Order on Case No. 2011-074RC dated August 1, 2011.

25. INCOME FROM ADMINISTRATIVE FEE

The account consists 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.

26. GAIN ON FOREX FLUCTUATION

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

27. GAIN ON DEBT SERVICE – ICERA/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.

28. SUBSIDY FROM THE NATIONAL GOVERNMENT

In CY 2011, the NG released P2.257 billion cash subsidy under SARO F-11-0034815 to cover payment of the Short Term Loan from the Land Bank of the Philippines (Note 18). The subsidy was recorded under Miscellaneous Income (GL 423).

29. MISCELLANEOUS INCOME

This account consists of the following:

	2011	2010
Income from Liquidated Damages	33,666,323	7,168,401
Supplier's Discount	103,274	368,062
Rental Income	1,953,845	218,708
Bid-Related Income	837,793	2,916,122
Revenue from Lease of Electric Plant	2,064,167	-
Others	43,727,543	184,630,509
	82,352,945	195,301,802

Miscellaneous income – others consists of income from sale of scrap materials and used fuel and fly ash, penalty for excess downtime and fuel cost differentials.

30. SUBSIDY TO NEW POWER PROVIDERS OF MISSIONARY ELECTRIFICATION AREAS

The account pertains to subsidy to New Power Providers (NPP) of Missionary Electrification Areas (MEA) as approved by the Energy Regulatory Commission (ERC). Catanduanes Power Corporation and Ormin Power Inc. are the new recipients of the subsidy in 2011.

31. INTEREST EXPENSE

This account pertains to interest expenses on loans for projects already in operation and for general fund requirement.

32. MISCELLANEOUS EXPENSES

This account consists of:

	2011	2010
Taxes withheld on interest income	3,395,446	3,003,771
Gender and Development	117,906,214	88,796,429
	121,301,660	91,800,200

33. 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 as long-term debt 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. LUPANGCO, (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-Intervenor)", 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, Branch 84 of Quezon City. 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.

34. LEGAL ISSUES ON INCOME TAX ASSESSMENT BY THE BUREAU OF INTERNAL REVENUE (BIR) FOR TAXABLE YEARS 2006 – 2009

In 2009, BIR assessed NPC for the first time for income tax and issued a Final Assessment Notice for the alleged income tax deficiency for taxable year 2006. In 2010, BIR issued a Preliminary Assessment Notice for taxable year 2007 and Letters of Authority for taxable years 2008 & 2009.

NPC has responded with the assessments and informed BIR that it has maintained its position that it is exempt from payment of income tax on the basis of the following:

- Section 13 of Republic Act 6395, Revised Charter of the National Power Corporation, provides "Non-profit Character of the Corporation: Exemption from All Taxes, Duties, Fees, Imposts and Other Charges by the Government and Government Instrumentalities. The corporation shall be non-profit and shall devote all its returns from its capital investments as well as excess revenues from its operations for expansion. To enable the corporation to pay its indebtedness and obligations and in furtherance and effective implementation of the policy enunciated in Section One of this Act, the corporation including its subsidiaries, is hereby declared exempt from the payment of all taxes, duties, fees, imposts as well as costs and service fees including filing fees, appeal bonds, supersedeas bonds, in any court or administrative proceedings";
- BIR Ruling No. 018 – 2000 which provides that "the income of NPC from its operations as a public utility shall be exempt from corporate income tax";
- The EPIRA Law did not withdraw the exemption of National Power Corporation nor amend Section 13 of Republic Act 6395.

Despite, however, NPC's request for review and reconsideration on the legal issues raised, BIR has issued Letter of Demand for the tax deficiencies on taxable years 2006 – 2007 alleging that NPC lost the legal ground upon which it can continuously enjoy tax exemption with the enactment of EPIRA in 2001 declassifying power generation as public utility. On February 20, 2011, NPC filed a Petition for Review with the Court of Tax Appeals under CTA Case No. 8235.

On March 22, 2011, NPC applied for a tax subsidy with the Fiscal Incentive Review Board (FIRB) of the Department of Finance (DOF) to cover the deficiency taxes for CY 2006-2007, which was approved under FIRB Resolution No. 6-11 in the amount of P7.468 billion. The amount was released by the Budget and Management to the Bureau of Treasury under SARO No. F-11-00769, dated March 31, 2011. The CTA Case No. 8235 was considered closed and terminated on July 23, 2011.

The CY 2006 & 2007 tax liability assessments are on the net income of the operation of NPC Main-Grid and TransCo, as shown in the succeeding page, which were closed at NPC books effective October 1, 2008 pursuant to the asset-debt transfer from NPC to PSALM and separation of TransCo books from NPC.

	Net Income	2006	2007
Main-Grid		69,734,177,710	113,783,500,978
TransCo		20,710,579,905	23,990,745,815
SPUG		(446,189,490)	(1,702,331,461)
Net Income (audited)		89,998,568,125	136,071,915,332

Based on the foregoing, the non-cash subsidy was taken up as debit and credit to GL 205 – Correction of Prior Year's Earnings at the NPC-SPUG books.

35. TARIFF DEVELOPMENT IN THE YEAR 2011

In CY 2011, the following are the decisions/orders issued by the Energy Regulatory Commission (ERC) that resulted in NPC's tariff adjustments:

- An order dated January 24, 2011 was issued on the NPC – SPUG's application for the 3rd Generation Rate Adjustment Mechanism (3rd GRAM) for Luzon, Visayas and Mindanao grids under ERC Case No. 2007-097RC which authorized recovery of the Deferred Accounting Adjustments (DAA) for Luzon, Visayas and Mindanao in the amount of P0.50/kWh starting January 2011 billing period December 26, 2010 to January 25, 2011 until such time that ERC approved recovery of other pending GRAM applications. Subsequently, NPC – SPUG filed a Motion on January 27, 2011 for the additional DAA to enable it to meet its fuel requirement and to ensure that there is efficient, continuous and reliable supply of power within the SPUG Areas. On January 31, 2011, an Order was issued which authorized DAA recovery of 0.9492, 1.1950, and 1.4680 in peso per kilowatt hour from Luzon, Visayas and Mindanao SPUG Areas, respectively, starting January billing period which therefore superseded the initially approved P0.50/kWh adjustment.
- Decision dated March 7, 2011 on the application for the approval of Subsidized Approved Generation Rate (SAGR) for the sixty (60) remaining NPC – SPUG Areas under ERC Case No. 2006 – 020RC which authorized implementation of gradual adjustment on the SAGR starting June 2011 (May 26 to June 25, 2011) billing month. Effectively, this resulted to an increase in the SAGR of P0.2740/kWh every three (3) months until it reaches the rate of P4.8024/kWh and P5.6404/kWh for Other Luzon Group 1 and Group 2 Areas, respectively. Hence, the adjustment of the SAGR for the Other Luzon Areas shall be implemented for the following periods:

	Group 1 (PhP/kWh)	Group 2 (PhP/kWh)
Existing SAGR	3.7064	3.7064
1 st 3 month	3.9804	3.9804
2 nd 3 month	4.2544	4.2544
3 rd 3 month	4.5284	4.5284
4 th 3 month	4.8024	4.8024
5 th 3 month	4.8024	5.0764
6 th 3 month	4.8024	5.3504
7 th 3 month	4.8024	5.6244
And Thereafter	4.8024	5.6404

- Provisional Authority dated August 1, 2011 was issued on NPC – SPUG's petition for the Recovery of Shortfall in the True – Up of Universal Charge for Missionary Electrification (UCME) Subsidy covering the year 2003 to 2009 under ERC Case No. 2011 – 074RC which authorized recovery of the amount of P4.147 billion equivalent to UCME charge of P0.0709/kWh within one (1) year starting August 2011 billing period.
- Decisions dated August 1, 2011 for the 4th to 6th GRAM and 4th to 6th ICERA Deferred Accounting Adjustments applications under ERC Case Nos. 2009 – 021RC, 2009 – 058RC, 2011 – 008RC, 2009 – 033RC, 2009 – 059RC and 2011 – 007RC, respectively, which are only docketed on December 21, 2011. The Decisions authorized recovery of the amount P3.664 billion and P508.031 million equivalent to an additional GRAM and ICERA adjustments of 1.2532 and 0.1750 in peso per kilowatt hour, respectively, starting January 2012 billing period.

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

In line with the government's 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 Generation 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 Generation Inc.	Catanduanes	Operational and UCME recipient since July 2011
7. Ormin Power Inc.	Oriental Mindoro	Operational and UCME recipient since November 2011
8. Power One / Mid Island	Oriental Mindoro	Stopped operations due to defective generating sets since Feb. 2010, no approved PSA yet.
9. SUNWEST Water & Electric Company	Catanduanes	PSA with ERC
10. Calamianian Islands Power Corporation	Busuanga	PSA with ERC

The Catanduanes Power Generation Incorporated and Ormin Power Inc. are the additional recipients of UCME for 2011.

37. UPDATE ON NPC REORGANIZATION

The NPC Board has initially approved the proposed Macro NPC Table of Organization (TO) with a total staffing of 2,472 in NPC Board Resolution No. 2010-34 dated October 19, 2010.

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 Watershed and Dams Management.

To date, the DBM is still finalizing its review and recommendations on NPC's TO which will be forwarded to the Governance Commission on GOCCs (GCG) for review. The GCG is mandated to review, monitor and formulate policies and implementing guidelines with respect to the organization and staffing, position classification, compensation, among others, of all GOCCs.

38. SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATION NUMBER 15-2010

In compliance with the requirements set forth by Revenue Regulation 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 P292,220,670 for the year based on the amount reflected in the Sales Account of P2,435,172,248.

The Corporation has zero-rated/exempt sales amounting to P63,544 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 paid and claimed are broken down as follows:

Beginning Balance, January 2011	567,755,071
Current year's purchases:	
Non-capital goods (fuel, materials, equipment & spares)	666,951,886
Capital goods	24,658,760
Services	245,049,894
	936,660,540
Claims for tax credit/refund and other adjustment	-
Ending Balance, December 2011	1,504,415,611

CY 2011 withholding taxes remitted for the year are as follows:

Nature	Amount
Tax on compensation and benefits	76,476,978
Creditable withholding taxes	96,151,793
Final VAT/withholding taxes	289,780,245
	462,409,016

Other taxes and licenses remitted for CY 2011 pertain to realty taxes amounting to P511,431.

MANAGEMENT COMMITTEE



1

Froilan A. Tampinco
President

2

Pio J. Benavidez
Senior Vice President

3

Oscar C. Lorico
Vice President
Luzon/Visayas Generation;
Chairman, Bids & Awards Committee

4

Danilo S. Sedilla
Vice President
Small Power Utilities Group

5

Rudy P. Brioso
OIC-Vice President
Mindanao Generation

6

Urbano C. Mendiola, Jr.
OIC-Vice President
Corporate Services
Head, ManCom Secretariat



7

8

9

10



11

12

13

14

7 Atty. Melchor P. Ridulme
Vice President
Office of the General Counsel

8 Lorenzo S. Marcelo
Vice President
Pre-and Post-Privatization
Activities; IPP-Contracts
Management, Asset Preservation

9 Juan Carlos J. Guadarrama
Vice President
Sales & Services

10 Katambayan S. Celino
Vice President
Technical & Maintenance Services

11 Mauro L. Marcelo, Jr.
OIC-Vice President
Logistics

12 Lorna T. Dy
OIC -Vice President
Human Resource Administration
& Finance

13 Alexander P. Japon
Senior Department Manager
Finance (Non-OMA)

14 Dr. Paquito F. Garcia
Senior Department Manager
Human Resources Department

BOARD of DIRECTORS



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Chairman
Department of Finance

2. Sec. Jose Rene D. Almendras
Vice Chairman
Department of Energy

3. Sec. Cayetano W. Paderanga Jr.
Member
National Economic and Development Authority

4. Sec. Jesse M. Robredo+
Member
Department of Interior and Local Government

5. Sec. Florencio B. Abad
Member
Department of Budget and Management

6. Sec. Gregory L. Domingo
Member
Department of Trade and Industry

7. Sec. Ramon J. P. Paje
Member
Department of Environment
and Natural Resources

8. Sec. Proceso J. Alcala
Member
Department of Agriculture

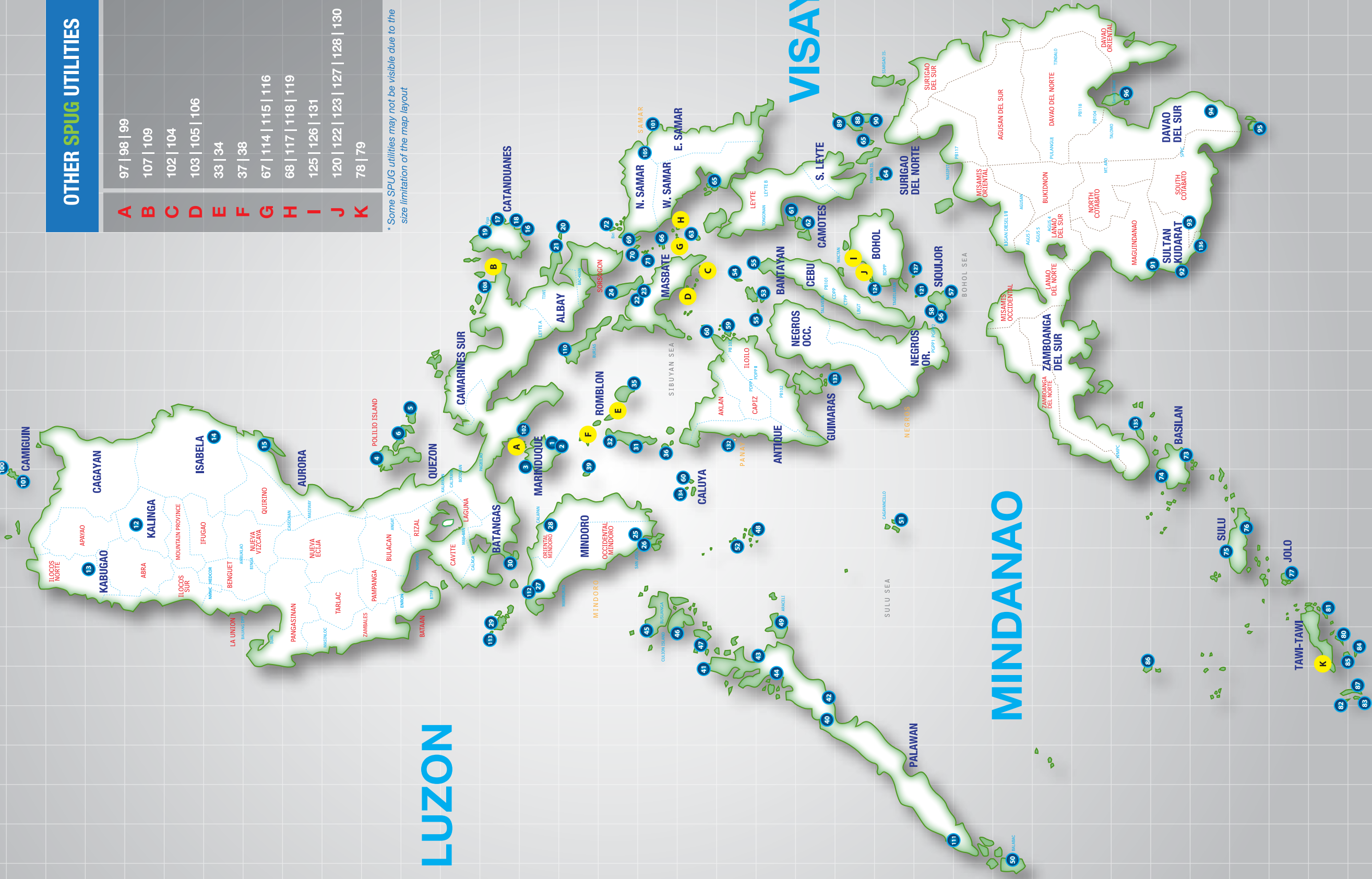
9. Froilan A. Tampinco
Member
President
National Power Corporation

LOCATION MAP of SPUG POWER PLANTS

OTHER SPUG UTILITIES

A	97 98 99
B	107 109
C	102 104
D	103 105 106
E	33 34
F	37 38
G	67 114 115 116
H	68 117 118 119
I	125 126 131
J	120 122 123 127 128 130
K	78 79

* Some SPUG utilities may not be visible due to the size limitation of the map layout



LIST OF SPUG POWER PLANTS (As of December 31, 2011)

A. Existing Areas

LUZON

Plant Name	Location	Rated Cap. (MW)	Dep. Cap. (MW)
1 BOAC DPP	Marinduque	6.650	6.650
2 TORRIJOS DPP	Marinduque	0.500	-
3 POWER BARGE 120	Marinduque	7.200	4.600
4 POLILIO DPP	Quezon	3.180	2.390
5 JOMALIG DPP	Quezon	0.317	0.295
6 PATNANUNGAN DPP	Quezon	0.326	0.300
7 BASCO DPP	Batanes	2.923	1.570
8 WIND TURBINE	Batanes	0.180	-
9 SABTANG DPP	Batanes	0.326	0.160
10 ITBAYAT DPP	Batanes	0.326	0.300
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	1.725
16 BALONGBONG DPP	Catanduanes	1.800	1.800
17 MARINAWA DPP	Catanduanes	6.048	4.000
18 POWER BARGE 110	Catanduanes	2.240	1.450
19 VIGA DPP	Catanduanes	2.240	0.915
20 RAPU-RAPU DPP	Albay	1.046	0.810
21 BATAN DPP	Albay	0.489	0.410
22 MASBATE DPP	Masbate	1.000	0.750
23 POWER BARGE 105	Masbate	-	-
24 TICA O DPP	Masbate	1.920	1.600
25 PULANG PULA DPP	Occ. Mindoro	4.000	4.000
26 POWER BARGE 106	Occ. Mindoro	12.600	4.750
27 MAMBURAO	Occ. Mindoro	10.500	5.000
28 CALAPAN (MODULAR)	OR. Mindoro	21.000	15.000
29 LUBANG DPP	Occ. Mindoro	1.704	1.400
30 TINGLOY DPP	Batangas	1.183	1.030
31 TABLAS DPP	Romblon	7.320	4.750
32 POWER BARGE 109	Romblon	1.740	1.450
33 ROMBLON DPP	Romblon	2.320	1.200
34 POWER BARGE 114	Romblon	2.550	2.200
35 SIBUYAN DPP	Romblon	1.643	1.440
36 SAN JOSE DPP	Romblon	0.554	0.320
37 BANTON DPP	Romblon	0.326	0.300
38 CORCUERA DPP	Romblon	0.826	0.770
39 CONCEPCION DPP	Romblon	0.326	0.295
40 IRAWAN MODULAR	Palawan	10.000	10.000
41 EL NIDO DPP	Palawan	1.850	0.880
42 ROXAS DPP	Palawan	1.403	1.310
43 TAYTAY DPP	Palawan	0.830	0.780
44 SAN VICENTE DPP	Palawan	0.923	0.620
45 BUSUANGA DPP	Palawan	2.680	2.000
46 CULION DPP	Palawan	0.603	0.510
47 LINAPACAN DPP	Palawan	0.213	0.202
48 CUYO DPP	Palawan	2.250	1.435
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 AGUTAYA DPP	Palawan	0.326	0.300
TOTAL LUZON		134.002	94.211

MINDANAO

Plant Name	Location	Rated Cap. (MW)	Dep. Cap. (MW)
73 BASILAN DPP	Basilan	5.228	4.600
74 POWER BARGE 119	Basilan	7.200	3.600
75 JOLO DPP	Sulu	8.440	6.660
76 LUUK DPP	Sulu	0.229	0.210
77 SIASI DPP	Sulu	2.640	1.910
78 BONGAO DPP	Tawi-Tawi	4.588	3.660
79 POWER BARGE 108	Tawi-Tawi	5.400	3.000
80 BALIMBING DPP	Tawi-Tawi	0.726	0.705
81 TANDUBAS DPP	Tawi-Tawi	0.258	0.225
82 SIBUTU DPP	Tawi-Tawi	0.326	0.280
83 SITANGKAY DPP	Tawi-Tawi	0.500	0.250
84 MANUK-MANGKAW DPP	Tawi-Tawi	0.163	0.150
85 WEST SIMULNUL DPP	Tawi-Tawi	0.727	0.400
86 CAGAYAN DE TAWI-TAWI	Tawi-Tawi	1.020	0.920
87 TANDUBANAK DPP	Tawi-Tawi	0.440	0.390
88 DINAGAT DPP	Dinagat Province	3.259	2.320
89 LORETO DPP	Dinagat Province	0.940	0.750
90 HIKDOP DPP	Surigao Del Norte	0.283	0.266
91 KALAMANSIG DPP	Sultan Kudarat	3.927	1.945
92 POWER BARGE 111	Sultan Kudarat	2.200	-
93 NINOY AQUINO DPP	Sultan Kudarat	0.683	0.485
94 ABAD SANTOS DPP	Davao Del Sur	0.423	0.400
95 BALUT DPP	Sarangani	0.326	0.300
96 TALICUD DPP	Davao Del Norte	0.326	0.290
TOTAL MINDANAO		50.252	33.716

TOTAL EXISTING AREAS

	No. of Plants	Rated (MW)	Dep. Cap. (MW)
TOTAL LUZON	52	134.002	94.211
TOTAL VISAYAS	20	18.191	11.673
TOTAL MINDANAO	24	50.252	33.716
TOTAL PHILIPPINES	96	202.445	139.600



VISAYAS

Plant Name	Location	Rated Cap. (MW)	Dep. Cap. (MW)
53 BANTAYAN DPP	Cebu	4.000	-
54 GUINTARCAN DPP	Cebu	0.261	0.258
55 DOONG DPP	Cebu	0.326	0.160
56 SIQUIJOR DPP	Siquijor	2.500	2.220
57 POWER BARGE 113	Siquijor	2.620	1.650
58 POWER BARGE 116	Siquijor	1.120	0.350
59 GIGANTES DPP	Iloilo	0.326	0.319
60 CALUYA DPP	Antique	0.590	0.578
61 CAMOTES DPP	Cebu	2.188	2.045
62 PILAR DPP	Cebu	0.576	0.564
63 MARIPIPI	Biliran	0.326	0.320
64 LIMASAWA DPP	Leyte	0.326	0.320
65 ZUMARRAGA DPP	W. Samar	0.589	0.577
66 TAGAPUL-AN DPP	W. Samar	0.263	0.261
67 ALMAGRO DPP	W. Samar	0.263	0.258
68 STO. NIÑO DPP	W. Samar	0.263	0.258
69 SAN ANTONIO DPP	N. Samar	0.576	0.479
70 CAPUL DPP	N. Samar	0.326	0.319
71 SAN VICENTE DPP	N. Samar	0.263	0.258
72 BIRI DPP	N. Samar	0.489	0.479
TOTAL VISAYAS		18.191	11.673

B. Mini-Grid and Transferred Areas

LUZON

Plant Name	Location	Rated Cap. (MW)	Dep. Cap. (MW)
97 MANIWAYA DPP	Marinduque	0.104	0.050
98 MONGPONG DPP	Marinduque	0.104	0.048
99 POLO DPP	Marinduque	0.092	0.048
100 BALATUBAT DPP	Cagayan	0.120	0.110
101 MINABEL DPP	Cagayan	0.055	0.050
102 GINAWAYAN DPP	Masbate	0.035	0.035
103 GILOTONGAN DPP	Masbate	0.090	0.090
104 NABUCTOT DPP	Masbate	0.025	0.025
105 PENA DPP	Masbate	0.090	0.090
106 CHICO DPP	Cagayan	0.035	0.035
107 LAHUY DPP	Camarines Sur	0.120	0.096
108 HAPONAN DPP	Camarines Sur	0.035	0.028
109 QUINALASAG DPP	Camarines Sur	0.150	0.120
110 BURIAS DPP	Masbate	0.423	0.360
111 RIZAL DPP	Palawan	0.516	0.244
112 PALUAN DPP	Mindoro	0.800	0.320
113 CABRA DPP	Mindoro	0.087	0.060
TOTAL LUZON		2.881	1.809

VISAYAS

Plant Name	Location	Rated Cap. (MW)	Dep. Cap (MW)
114 COSTA RICA DPP	W.Samar	0.305	0.295
115 LUNANG DPP	W.Samar	0.060	0.059
116 BIASONG DPP	W.Samar	0.060	0.059
117 CABUNGAAN DPP	W.Samar	0.040	0.039
118 ILIJAN DPP	W.Samar	0.040	0.039
119 TAKUT DPP	W.Samar	0.100	0.098
120 BAGONG BANWA DPP	Bohol	0.038	0.037
121 BALICASAG DPP	Bohol	0.038	0.037
122 BATASAN DPP	Bohol	0.056	0.055
123 BILANGBILANGAN DPP	Bohol	0.020	0.020
124 CABILAO DPP	Bohol	0.150	0.135
125 CUAMING DPP	Bohol	0.086	0.084
126 HAMBONGAN DPP	Bohol	0.020	0.020
127 MANTATAO DPP	Bohol	0.038	0.037
128 MACABOC DPP	Bohol	0.020	0.020
129 PAMILACAN DPP	Bohol	0.056	0.055
130 PANGAPASAN DPP	Bohol	0.015	0.015
131 UBAY DPP	Bohol	0.012	0.012
132 BATBATAN DPP	Antique	0.100	0.098
133 GUIWANON DPP	Guimaras	0.036	0.035
134 SIBOLO DPP	Antique	0.030	0.029
TOTAL VISAYAS		1.320	1.278

MINDANAO

Plant Name	Location	Rated Cap. (MW)	Dep. Cap (MW)
135 SACOL DPP	Zamboanga Del Sur	0.163	0.150
136 PALIMBANG DPP	Sultan Kudarat	0.492	0.220
TOTAL MINDANAO		0.655	0.370

TOTAL, MINI-GRID & TRANSFERRED AREAS

Plant Name	Location	Rated Cap. (MW)	Dep. Cap (MW)
Total Luzon	17	2.881	1.809
Total Visayas	21	1.320	1.278
Total Mindanao	2	0.655	0.370
TOTAL PHILIPPINES	40	4.856	3.457

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

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

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

Plant Name	Rated Cap. (MW)	Dep. Cap (MW)
255 SAWMILL	0.012	0.012
256 BAANG	0.006	0.006
257 MABUHAY	0.012	0.012
258 SOROSIMBAJAN MG1	0.006	0.006
259 SOROSIMBAJAN MG2	0.012	0.012
260 COSTA RICA	0.012	0.012
261 MATABAO	0.012	0.012
262 RIZAL	0.006	0.006
263 LUNA	0.012	0.012
264 ALTA VISTA	0.012	0.012
265 DON PABLO DELA ROSA	0.012	0.012
266 PANGLE	0.012	0.012
267 BARA MG1	0.012	0.012
268 BARA MG2	0.012	0.012
269 BARA MG3	0.012	-
270 GUINLUTANGAN MG1	0.012	0.012
271 GUINLUTANGAN MG2	0.006	0.006
272 SAWMILL MG1	0.006	-
273 SAWMILL MG2	0.006	0.006
274 MATAGBAK	0.012	0.012
275 SAN CARLOS	0.012	0.012
276 BURI	0.012	-
277 CAGMAMOSO	0.012	0.012
278 POLO DACU	0.012	0.012
279 R M MAGBALON	0.012	0.012
280 COBRE IS.	0.012	0.012
281 SAN VICENTE	0.012	0.012
282 BURACAN	0.012	0.012
283 QUINYANGAN DIOTAY	0.012	0.012
284 QUINYANGAN TONGA	0.012	0.012
285 SAN ANDRES	0.006	0.006
286 SAN ROQUE	0.006	0.006
287 BUGTONG	0.012	0.012
288 STO.NIÑO	0.012	0.012
289 DANA	0.012	0.012
290 SAN ANTONIO	0.006	0.006
TOTAL PRES	1.572	1.518

* Due to space constraints, Power Plants 137 to 290 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 (MW)	Dep. Cap. (MW)
Total Luzon	69	136.883	96.020
Total Visayas	41	19.511	12.951
Total Mindanao	26	50.907	34.086
PRES, Masbate	154	1.572	1.518
TOTAL PHILIPPINES	290	208.873	144.575

Annual Report **Working Committee**

Chairman:

Urbano C. Mendiola, Jr.
OIC-Vice President, Corporate Services

Members:

Corporate Communication Division

Elizabeth I. Perez
Corporate Communication Officer 'A'

Beejay S. Abad
Corporate Communication Officer 'D'

Finance

Lorna T. Dy
OIC-Vice President
Human Resource Administration and Finance

Alexander P. Japon
Senior Department Manager (SPUG/WM/DRFF)

Nerissa A. Lopez
Division Manager, Controller's Department

Rosanna L. Tiosan
Senior Financial Specialist B
Financial Review Management Division
FRMAD, NON-OMA

Maria Ana S.P. Sulit
Financial Specialist
FRMAD, NON-OMA

Small Power Utilities Group

Rene B. Barruela
Manager, Project Management Division

Biverly B. Estella
Corporate Staff Specialist A, Planning & Technical Services
Department (PTSD)

Wilma R. Beltran
Corporate Staff Specialist B, PTSD

Modesta M. Ilustre
Corporate Staff Specialist B, PTSD

Ma. Sheila S. Mudlong
Corporate Staff Specialist C, PTSD

Zenon C. Tayao
Corporate Staff Specialist D, PTSD

Watershed Management Department (WMD)

Emmanuel A. Umali
Manager

Gloria O. Faronilo
OIC-Manager, Protection and Rehabilitation Division

Office Of The President (OP)

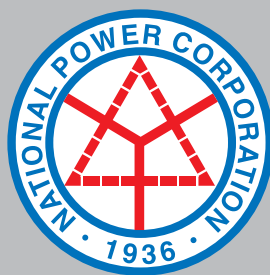
Bernadette T. Rivero
Chief of Staff

Corporate Services

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