

SUSTAINING THE GAINS CONTINUING THE GROWTH





OUR COVER

The out-of-the-box design ties the concept of sustainable gains and continuous growth with the concept of sustainable energy and continuing environmental growth.

The Corporation continues to be a staunch supporter of the environmental initiatives of the Philippine government. This has manifested a number of times, from its legacy watershed management arm, to its pursuit of renewable energy sources for its off-grid electrification programs.





NPC Vision

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 Mission

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 2012

Although the year 2012 saw the strengthening of the local economy, the continuing upheavals in the international financial circles and the weak peso against the strong dollar (where the dollar was pegged at an average of P42.23 to US\$1 in 2012) directly affected local investments including the power sector. The above condition coupled with the uncontrolled fluctuation of crude oil price (approx. \$105.54/ barrel) and coal in the international market contributed to the rise in the cost of power production. National Power in particular felt this impact especially that it is focused on the Missionary Electrification in the islands and the countryside.

CY 2012 saw a significant turnaround for National Power after posting a net income of P398 Million as compared to a Net Loss of P19 Million in 2011. The improvement in the financial performance was brought about by increase in revenue due to the ERC's approval of the RORB for the first time, UC recovery from prior years, and lower operating expenses as it struggled to overcome the challenges it encountered in CY2011. The decreased Interest Expenses by P152 Million was a result of lower amount of interest paid in 2012 due to the repayment of loans while the lower depreciation by P127 Million is a result of the full depreciation of some plants of SPUG as of December 31, 2011.

SPUG ACCOMPLISHMENTS

The Small Power Utilities Group or SPUG, the missionary electrification arm of National Power, currently manages 302 plants in 233 areas nationwide. We operate 529 generating units including the PRES project in Masbate with a total rated capacity of 283.06 megawatts. We have 51 customers consisting of 43 electric cooperatives, 7 Local Government Units and 1 multi-purpose cooperative.

In 2012, National Power installed a total of 14,186 kW of new and augmentation capacities in 21 different power plants and areas nationwide. A 560 kW genset was added to Burias DPP in Masbate in September 2012. In October 2012, a 600 kW genset was also added to Casiguran DPP in Aurora and 2 x 500 kW genset at Viga DPP in Catanduanes.

In Masbate, 6 new mini grids with an aggregate capacity of 420 kW started commercial operation in the 2nd half of 2012. These were the formerly unelectrified areas of Dancalan (1 x 80 kW); Mababangbaybay (1 x 60 kW); Malaking Ilog (1 x 60 kW); Osmeña (1 x 80 kW); Peñafrancia (1 x 80 kW); and Quezon (1 x 60 kW).

In Samar, households in 5 areas of 3 municipalities in Western Samar likewise enjoyed electricity for the first time starting May 2012, namely: Bagongon (1 x 50 kW); Buluan (1 x 36 kW); Cinco Rama (1 x 80 kW); Kirikite (1 x 60 kW); and, Libucan Dacu (1 x 80 kW). Aggregate capacity installed was 306 kW. As a remedial measure to cope with the power demand in 8 SPUG areas with aging gensets, National Power resorted to a short-to-medium-term (1 to 2 years) genset rental. This was implemented to lessen the effect of power shortages in areas whose power plants have ageing gensets. In 2012, a total of 11,300 kW of additional rented capacity was installed in 8 Diesel Power Plants in Batanes, Aurora, Palawan, Romblon, Masbate, Siquijor, Basilan and Sulu.

Also, one of the 560 kW genset of Viga DPP (Catanduanes) was transferred to Marinawa DPP (Catanduanes) and was successfully tested and commissioned on 13 November 2012 as a back-up capacity.

The SPUG, now at the forefront of National Power's thrust will be a vital factor in countryside development.



PSP New Power Provider (NPP) Program

On 26 January 2004, the DOE issued Department Circular No. 2004-01-001, "Prescribing the Rules and Procedures for Private Sector Participation in Existing NPC-SPUG Areas". The DOE issued the Circular to serve as a set of guidelines and procedures to guide and encourage the private sector to participate in existing NPC-SPUG areas. The Circular took effect on 12 February 2004.

As of 31 December 2012, 5 of the first 15 areas (14 First–Wave Areas plus Busuanga) opened for Private Sector Participation (PSP) have 8 NPPs that are in operation commercially in Oriental Mindoro, Mainland Palawan, Catanduanes, Bantayan Island and Masbate.

The latest Distribution Utilities (DUs) that conducted Competitive Selection Process (CSP) were TIELCO in Tablas, PROSIELCO in Siquijor and BISELCO in Busuanga. Activities for the takeover of SPUG's generation function in these islands are now in different stages of completion. The CSP for Occidental Mindoro on the other hand is on hold due to some legal issues while the NPPs of Romblon, Marinduque and Basilan are yet to perform. Prior to 2012, the DUs in Marinduque, Romblon and Basilan conducted CSPs and Power Supply Agreements (PSAs) were signed with the winning NPPs. However, 3i Powergen (for Marinduque and Romblon) and Coastal Power (for Basilan) failed to deliver their contractual obligations.

Meanwhile, there are 3 areas where no NPPs are interested to participate as of end of 2012. These are: Camotes, Tawi-Tawi and Sulu.

<u>PSP Qualified Third Party (QTP)</u> <u>Program</u>

On 18 June 2004, the DOE issued Department Circular No. 2004-06-006, Prescribing the Qualification Criteria for the Qualified Third Party Pursuant to Section 59 of *"The Electric Power Industry Reform Act of 2001, and its Implementing Rules and Regulations".* The Circular was issued to promulgate the guidelines setting out the qualification criteria for the determination of QTPs that may be authorized to participate in missionary electrification in remote and unviable areas that the franchised DU is unable to service.

The first ever QTP Service and Subsidy Contract (QSC) was signed in 18 July 2008 by NPC and Powersource Philippines, Inc. (PSPI) for the supply of electricity in Brgy. Rio Tuba in Bataraza, Palawan.

Initially, PSPI provided 24-hour electricity service to about 1,374 households in Rio Tuba with an installed capacity of 420 kW. The construction of a 70-kW biomass gasifier fueled by coconut and wood chips was started in 2012 and is projected to be operational in 2013.

Meanwhile, PSPI also submitted its proposed QSC for Malapascua Island in Cebu. Evaluation of the QSC is ongoing as of end 2012.

DOE's PSP Strategies per 2012 MEDP

Under the 2012 Missionary Electrification Development Plan, the DOE grouped the NPC-SPUG areas and outlined its strategies on PSP implementation for each group as follows:

Large NPC-SPUG Areas

To accelerate PSP implementation in the remaining Large NPC-SPUG Areas (14-First Wave Areas plus Busuanga), the DOE, NEA and NPC entered into a Memorandum of Agreement (MOA) entitled "Enhanced Private Sector Participation Program in Existing NPC-SPUG Areas" on 21 October 2011.

• Medium NPC-SPUG Areas

Medium NPC-SPUG Areas are DOE's Second Wave Areas (SWAs) whose 2011 gross generation were significantly higher than 1 GWh.

Small NPC-SPUG Areas

Areas that do not satisfy the definition of large and medium areas above shall comprise the Small NPC-SPUG Areas group and are further distinguished as Small A, Small B, and PRES Mini-grids.

In total, NPC must enter into 51 Power Supply Agreements (PSAs) with various ECs/LGUs nationwide. As of end 2012, 46 PSAs or 90% of total have been signed. The remaining 5 PSAs or 11% of the total are in different stages of processing and discussions with the concerned electric cooperatives.

UCME - Related Matters

On 30 July 2012, the ERC issued its final decision on the NPC's petition filed under ERC Case No. 2011-074RC for the approval of the recovery from the Universal Charge of the shortfall in the Missionary Electrification Subsidy for the Calendar Years 2003 to 2009 under the true-up mechanism pursuant to the Commission's Resolution No. 11, Series of 2005. The approval has enabled NPC to recover the remaining allowable costs of P6.327 Billion for seventeen (17) months which is part of the total allowable costs of P10.796 Billion. The difference of P4.469 Billion, which was recovered in 2011 starting August 2011, was granted thru the provisional approval issued by the ERC in its Order dated 01 August 2011. From the time the adjustment was provisionally approved in 2011, NPC has been given an approved rate of P0.0709/kWh chargeable to all electricity end-consumers up to December 2013 billing month.



It is noteworthy that NPC was given approval not only on the cost difference of allowable cost and amount collected through the Subsidized Approved Generation Rate, but also with Return on Rate Base of 12% as part of its total revenue requirement for CY 2009.

The above recovery is being collected on top of the existing UCME charge of P0.0454/kWh approved under ERC Case No. 2009-028RC with subsidy equivalent to P2.763 Billion per year from 2009 to 2013.

Aside from the approved recovery from the Universal Charge, NPC has also been given approval on the recovery of its 3rd GRAM and 3rd ICERA Deferred Accounting Adjustments. On 24 September 2012, the ERC issued its final decision on the 3rd GRAM Application filed by NPC on 01 March 2007, which allowed recovery of P1.963 Billion from NPC customers in the Luzon, Visayas, and Mindanao off-grid areas starting the billing month of December 2012, subject to the following equivalent rates and recovery scheme:

Grids	DAA Rate (PhP/kWh)	Recovery Period (Months)
Luzon	0.5585	64
Visayas	0.8043	57
Mindanao	1.0773	12

The said approval effectively modified the provisional approval granted by ERC under its Orders dated 24 and 31 January 2011.

Likewise, NPC has also been given approval on the recovery of 3rd ICERA DAA of P341.42 Million, equivalent to P0.3907/kWh charge to off-grid customers starting December 2012.

Considering that the amount approved covers allowable costs up to CY 2009 only, NPC filed a petition on 23 March 2012 consistent with the ERC prescribed true-up and reconciliation mechanism for the recovery of the shortfall in the UCME for CY 2010 in the amount P4.463 Billion in order to recover the difference of the total revenue requirement and the amount recovered thru the UCME and its revenue from sales.

Particular	In '000 PhP	P/kWh
Shortfall (CY 2010), PhP	4,154,848.32	0.0649
Add: Subsidy Payment to		
NPP (CY2008 to 2009)	307,680.39	0.0048
TOTAL Shortfall	4,462,528.71	0.0697
Proj. Energy Sales, MWh		
(Phil Sales)	64,017,280.50	

CY 2011 UCME Shortfall

Particular	In '000 PhP	P/kWh
Cost of Service	9,458,812.98	0.1414
Add: Desired RORB @ 12%	1,284,510.93	0.0192
Revenue Requirement	10,743,323.91	0.1606
Less: Generated Revenue (Funds)	5,051,653.96	0.0755
Shortfall (CY 2011)	5,691,669.95	0.0851
Proj. Energy Sales, GWh		
(Oct. 2012 to Sept 2013)	66,912.83	

Pursuant to ERC Resolution No. 21 Series of 2011, NPC filed an Omnibus Petition on 04 July 2012 for its proposed adjustment of the approved UCME Subsidy for CY 2012 and CY 2013, as well as proposed UCME subsidy requirement for CY 2014 to CY 2016. Also included is the proposed recovery of shortfall in the UCME subsidy for CY 2011 is the amount of P5.692 Billion or equivalent to P0.0851/kWh.

These proposed adjustments in UCME Subsidy for CY 2012 and CY 2013 as well as our pending UCME true-up petition for 2010 and 2011 will provide NPC with sufficient funds for its operational requirements, as well as the subsidy requirements of New Power Providers equivalent to the difference between its approved True Cost Generation Rate (TCGR) and the Subsidized Approved Generation Rate (SAGR).

MAIN GRID

National Power continue to operate and maintain the undisposed assets of PSALM including the Agus and Pulangi Complexes in Mindanao, Angat Hydroelectric Power Plant in Bulacan, the Bunker-fired Diesel Power Barges 101 to 103 in Iloilo and PB 104 in Davao. The total rated capacity of these plants aggregates to more than 1,350 MW.

While the Angat HEPP was already bid out as early as 2010, the transaction had slowed down due to legal matters and up to now, has not been turned-over to the winning bidder.

On the other hand, the Independent Power Producer (IPP) Contracts continue to be implemented and managed by National Power including those whose respective outputs have already been privatized through the IPP Administration Agreements executed by PSALM. The rated capacity of the power plants under the NPC IPP Contracts total to more than 5,080 MW in 2012.

All in all, National Power is responsible for the operation and maintenance of NPC's generation assets in the Main Grid with a rated capacity of approximately 6,430 MW.

WATERSHED MANAGEMENT ACCOMPLISHMENT

In the area of Watershed Management, National Power is mandated to protect 11 watersheds with a total area of 476.469 hectares (has). In 2012, we rehabilitated 170 hectares of open and denuded areas in various watersheds. As of December 2012, a total of 2,608 hectares were already rehabilitated which is equivalent to about 61.64% of our total target of 4,231 hectares (UC-EC approved Plans 1 to 5 petitions).



In support of environmental commitments with local groups to plant trees, we embarked on the propagation of seedlings. About 469,804 seedlings of various forestry species and fruit bearing seedlings were produced for landholdings development and greening projects in partnership with other groups.

As to watershed protection, we confiscated 3,000 board feet of illegally-cut lumber with the joint effort of NPC Watershed Area Team personnel, DENR and the Philippine Army (PA)/Philippine National Police (PNP). In coordination with the military, we strengthened our "Bantay Watershed Task Force (BWTF) operation by tapping the assistance of 780 volunteers who were deputized to help NPC in the regular patrolling operations of our watersheds in order to reduce, if not totally stop illegal activities inside the reservations.

NPC also continues to implement its Information, Education and Communication (IEC) initiatives. We have undertaken *Lakbay Aral*, seminars, symposium, school lectures on Climate Change and Adaptation and Mitigation, clean-up drive, radio plugging and production and distribution of print materials such as posters, leaflets, flyers, brochures, calendars and billboards on the importance of preserving our watersheds.

As part of our Corporate Social Responsibility, we dispersed around 116,490 seedlings (both forestry species and fruit trees) to various watershed stakeholders as part of our regreening program. To uplift the livelihood of local residents inside the watersheds, we dispersed 208 gilts in the area of Tiwi (Albay) and Bokod (Benguet), 105 heads of goat in Buhi (Camarines Sur) and Maramag (Bukidnon) and distributed 496 heads of chicken in Maramag, Bukidnon. We likewise provided technical assistance in the implementation of such livelihood projects.

We continue to conduct livelihood training programs to various communities in our watershed areas to encourage households living there to have alternative sources of income.

Indeed, 2012 was fraught with major financial and operational challenges and structural changes that will impact on NPC. We are confident however, that in the face of these difficulties, we will continue to play a vital role in the power industry as we sustain our gains and implement our programs towards the realization of economic development in missionary areas.

2013 TARGETS AND WORK PROGRAM

A total of 21,910 kW or 21.91 MW of new capacity is programmed for installation and commissioning in 2013 in new and existing power plants of NPC-SPUG nationwide. Capacity addition projects will account for 21,825 kW of the total, while new mini-grids will account for the remaining 85 kW.

Capacity Addition

A. 14 x 600 kW Gensets

14 x 600 kW gensets with a total capacity of 8,400 kW are expected to be installed in existing power plants and barges of SPUG by the end of 2013. Test and commissioning, however, of the gensets are to be accomplished in 2014.

- In Luzon: 3 x 600 kW gensets are to be installed in Basco DPP in Batanes; and, 1 x 600 kW genset each for Casiguran DPP in Aurora, Lubang DPP in Occidental Mindoro and PB 109 in Romblon.
- In Visayas: 2 x 600 kW gensets are to be installed in PB 113 and 3 x 600 kW gensets for PB 116, both in Siquijor.
- In Mindanao: 1 x 600 kW genset each are to be installed in PB 111 in Sultan Kudarat, Siasi DPP in Sulu and Sitangkay DPP in Tawi-Tawi.

B. 300 kW (or Less) Gensets

Projects which are expected to commence in 2013, involves a total of 25 units of 50 kW, 75 kW, 100 kW and 300 kW gensets.

- In Luzon: 2 x 100 kW gensets each for Itbayat, Sabtang and Cagayancillo DPPs are to be installed; 2 x 300 kW for Rapu-rapu DPP; 1 x 300 kW each for Batan, J. P. Rizal, and Paluan DPPs; 2 x 50 kW for Quinasalag Mini-Grid; and, 1 x 75 kW for Haponan Mini-Grid.
- In Visayas: In Almagro, Biasong Mini-Grid will have additional capacity of 2 x 50 kW and Lunang Mini-Grid will have 1 x 50 kW.
- In Mindanao: 2 x 300 kW each for Sibutu and Pangutaran DPPs will be installed; and, 1 x 300 kW each for West Simunul; and, 1 x 100 kW each for Manuk-Mankaw and Sacol DPPs.

C. 10 x 600 kW Gensets

A total of 10 units of 600 kW gensets is supposed to start in 2013 for existing power plants in Luzon and Mindanao.

- In Luzon: 1 x 600 kW genset for El Nido DPP; and 2 x 600 kW each for Roxas and Ticao DPPs - are programmed for installation.
- In Mindanao: 1 x 600 kW for Cagayan de Tawi-Tawi DPP; and 2 x 600 each for Dinagat and Kalamansig are also expected to start installation.



D. Additional Capacity for Marinawa DPP

The 3 x 1,000 kW or 3,000 kW Project will commence operation in 2013.

E. New Mini Grids

Construction, test and commissioning of three (3) new Mini-Grids in Catanduanes, Camarines Sur and Bohol with an aggregate capacity of 95 Kw,

- 1 x 20 kW in Brgy. Toytoy, Palumbanes Island, Catanduanes
- 1 x 15 kW in Brgy. Atulayan, Sagñay, Caramoran, Camarines Sur and
- 1 x 60 kW in Brgy. Cabul-an, Buenavista, Bohol.

While no new transmission line was completed in 2012, the 25 MVA substation in San Jose, Occidental Mindoro was completed in December 2012.

Finally, our energy sales in the SPUG areas slightly decreased from 444 gigawatt hours (GWh) in 2011 to 443 gigawatt hours (GWh) in 2012 due to the entry of New Power Producers in SPUG areas. Average power rates in the SPUG areas went up from P 6.255 per kWh in 2011 to P 7.102 per kWh in 2012. SPUG rates are

higher than main grid rates and these are still heavilysubsidized, as our cost to produce power in the off-grid areas is estimated at P15-17 per kWh. Revenues from the Universal Charge-Missionary Electrification for the year 2012 amounted to P 6.976 Billion.

Main Grid Plants

Power Barges 101-104 have yet to be slated for re-bidding in 2013 following a failure of bidding for said assets in 2012. Also, the transfer of Angat Hydro Electric Plant to K-Water has not materialized in 2012 due to certain issues between the winning bidder and the Power Sector Assets and Liabilities Management Corporation (PSALM). On the other hand, the supposedly scheduled privatization of the Agus-Pulangi Complexes in 2011 has been deferred by Congress due to the concerns raised by stakeholders in Mindanao.

FROILAN A. TAMPINCO President & CEO



MESSAGE OF THE CHAIRMAN



We at National Power have begun to play a greater role in promoting good governance.

Congratulations to the National Power Corporation on its seventy-six years of service to the Filipino people.

The past seventy-six years of the Corporation has been characterized by challenges due to the shifting national landscape. However, in pursuit of its mandates of missionary electrification, and watershed and dam management, it has finally risen above its precarious financial condition by posting for the first time positive earnings in 2012.

In order to meet businesses' increasing operating hours and people's growing demand for power, the Corporation has installed a total of 14,186 kW new augmentation capacities in 21 different power plants and areas nationwide. After it has rightsized its organization, the Corporation has also been more capable of addressing the urgent need of providing basic electricity services in unviable areas of our country. Currently, the missionary electrification under Small Power Utilities Group operates 302 power plants nationwide with an installed capacity of 283.5 MW. These power plants, along with New Power Providers which translated to 443 GWh in energy sales in 2012, can light up the homes of 747,267 households across the archipelago.

By focusing on the delivery of basic services in unviable areas and the refinement of our processes, we at National Power have begun to play a greater role in promoting good governance. However, I urge the civil servants of National Power to challenge themselves further, by becoming more dynamic and responsive to the ever-changing needs of our countrymen.



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



OUTLOOK FOR 2013

** The SPUG, now at the forefront of National Power's thrust will be a vital factor in countryside development. >>

Looking forward to 2013, the National Power is projected to sustain its gains as it continues its growth.

By the end of 2013, fourteen (14) units of gensets with a total capacity of 8,400 kW are expected to be installed in existing power plants barges of the NPC's Small Power Utilities Group (SPUG) whilst testing and commissioning will be completed in 2014.

Under this program, three (3) gensets with capacity of 600 kW each are to be installed in Basco DPP, one (1) 600 kW each for Casiguran DPP in Aurora, Lubang DPP in Occidental Mindoro and PB 109 in Romblon. Also to be installed in Luzon SPUG Operation area would be two (2) units of gensets with 100 kW capacity each for Itbayat and Sabtang, both in Batanes and another unit in Cagayancillo DPP in Western Visayas. Two (2) units of gensets with 300 kW capacity will be installed in Rapu-rapu in Albay and one (1) 300 kW genset each in Batan (also in Albay), J.P. Rizal and Paluan DPPs in Occidental Mindoro. Two (2) units of W capacity each will be installed in the Mini-Grid of Quinalasag and one (1) 75 kW unit for Haponan Mini-Grid, both in Camarines Sur.

In Visayas, two (2) units with 600 kW capacity gensets are to be installed in PB 113 and three (3) units of gensets with 600 kW capacity will be added to PB 116, both in Siquijor. Likewise Biasong DPP in the island of Almagro, Western Samar will have additional two (2) units of 50 kW while Lunang Mini-Grid will have an additional one (1) unit of 50 kW genset.

While in Mindanao one (1) unit each with 600 kW gensets are to be installed in PB 111 in Sultan Kudarat, Siasi DPP in Sulu and Sitankay DPP in Tawi-Tawi. Further, two (2) units of 300 kW each will be placed in Sibutu and Pangutaran DPPs and one (1) 300 kW each for West Simunul and Sacol DPPs while one (1) 100 kW for Manuk-mankaw DPP will be added.

By 2013, another set of capacity will be installed for various islands in Luzon and Mindanao. Ten (10) units of 600 kW will be put in place to existing power plants. In Luzon one (1) 600 kW genset for El Nido DPP and two (2) 600 kW gensets each for Roxas and Ticao DPPs, are programmed for installation. In Mindanao, one (1) 600 kW for Cagayan de Tawi-tawi DPP; and two (2) 600 kW gensets each for Dinagat and Kalamasig will also be put in place. Likewise, there are plans to upgrade Marinawa DPP in Catanduanes by an additional 3,000 kW.

In addition, three (3) new Mini-Grids in the municipalities of Palumbanes in Catanduanes, Sangay in Camarines Sur and Buenavista in Bohol will be built in 2013. These three (3) Mini-Grids will have an aggregate capacity of 85 kW when completed. Slowly, the expansion in the operation of SPUG in various islands throughout the archipelago is now felt more than ever.

In the Main Grid, since the Angat HEPP was already bid out as early as 2010, it is projected that the legal matters will be resolved so that turnover is expected by 2013.

The Independent Power Producer (IPP) Contracts will continue to be implemented and managed by National Power including those whose respective outputs have already been privatized through the IPP Administration Agreements executed by PSALM. The rated capacity of the power plants under the NPC IPP Contracts amount to more than 5,080 MW in 2012. All in all, National Power is responsible for a rated capacity of approximately 6,430 MW for the Main Grid through the operation and maintenance of undisposed power plants and the management the IPP Contracts. Power Barges 101-104 have yet to be slated for rebidding in 2013 following a previous failure of bidding for said assets in 2012.

Another mandate of National Power is the management of eleven (11) watershed areas throughout the country. For 2012, a total of 170 hectares of open and denuded areas were reforested. And in support of local groups helping preserve the environment some 469,804 seedlings of various forestry species and fruit bearing seedlings were produced for greening projects. Also, in partneship with the military, Bantay Watershed Task Force Operation (BWTF) and Philippine National Police (PNP), about 3,000 board feet of lumber were apprehended. NPC Watershed also tapped the assistance of about 780 volunteers to help NPC in reducing if not stopping illegal activities inside the watersheds.

Further, reorganization of the National Power has been initiated as early as July 9, 2012. This reform promised to be in tune with the changing role of the Corporation. The SPUG, now at the forefront of National Power's thrust will be a vital factor in countryside development. With this, we are confident that missionary electrification will be effectively carried out with firm commitment.

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



OPERATIONAL HIGHLIGHTS





3,000 BOARD FEET

Confiscated lumber from the joint effort of the NPC Watershed Area Team personnel, DENR and the Philippine Army/ Philippine National Police.

Animal dispersal is one of the activities of the Department to uplift the livelihood of local residents inside the watersheds.

780 VOLUNTEERS

Total number who helped NPC in reducing, if not totally stopping, the illegal activities inside the watershed reservations.



HECTARES

Total area of open and denuded areas in various watershed areas. As of December 2012, a total of 2,608 hectares were already established or about 61.64% against the total target of 4,231 hectares. (UC-EC approved plans 1 to 5 petitions.)

469,804



SEEDLINGS

of various forestry species and fruit-bearing seedlings were produced for landholding development, greening projects in partnership with other groups.

116,490 SEEDLINGS

Dispersed to various stakeholders, LGU, academes and institutions and private organization for their re-greening programs.



INDEPENDENT AUDITOR'S REPORT



The Board of Directors

The President and CEO 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, 2012, 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 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 audit opinion.

Basis for Qualified Opinion

As discussed in Part II. A – Comments and Observations, we consider the following in the formulation of our audit opinion

- The validity, valuation and existence of the year-end account balance of Utility Plants totaling P7.307 billion could not be ascertained due to a) non-appraisal of Utility Plants contrary to PAS No.16; b) inclusion of non-operating Power Plants totaling P51.851 million in the Electric Plant-in-Service (EPIS); c) unidentified/unverifiable adjustments amounting to P6.606 million; and d) inclusion of abnormal balances of some Electric Plant Sub-Accounts amounting to P58.275 million.
- Retained PSALM and Retained TransCo accounts set up by NPC for accounts retained by the latter during asset-debt accounts transfer from NPC and separation of TransCo books from NPC both in 2008, with aggregate balances of P3.402 billion and P1.849 billion, respectively, remained dormant/outstanding since CY 2009; and documents to support the same were not available for verification, hence, the validity and accuracy of the accounts' balances were not ascertained.
- The existence, validity and accuracy of "OMA Trust" account with year-end balance of P7.487 billion were not ascertained due to a) non-reconciliation with the "Assets Held in Trust with NPC" account of P3.767 billion, the reciprocal account maintained by PSALM for

fund transfers for the operation and maintenance of the generation and other assets under the Operation and Management Agreement (OMA) between PSALM and NPC, registering a variance of P3.72 billion; and b) no physical inventory for supplies, materials and equipment amounting to P2.828 billion.

- 4. The balance of Construction Work in Progress (CWIP) under SPUG and OMA operations amounting to P1.176 billion and P2.064 billion, respectively, was not properly stated due to a) inclusion of cost of completed projects totaling P102.433 million; b) non-determination of whether Work Orders (WOs) were existing due to the absence of number/code and title/description, amounting to P0.737 million and P566.894 million, respectively; and c) inclusion of accounts with abnormal balances amounting to P15.574 million.
- Of the year-end balance of *Power Receivables* amounting to P3.664 billion, the amount of P2.097 billion or 57% remained uncollected for more than two to ten years, hence their collectability and validity were doubtful.
- 6. The Power Receivable Accrued Revenue account balance of P2.387 billion as of December 31, 2012 was not properly stated due to a) classification as current asset Accrued Utility Revenue amounting to P2.304 billion identified as to be realized beyond 12 months after balance sheet date; and b) inclusion of abnormal balances of some Accrued Utility Revenue Sub-accounts amounting to P4.151 million.

Qualified Opinion

In our opinion, except for the effects and the possible effects of the matters discussed in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the **National Power Corporation** as at December 31, 2012, and of its financial performance and cash flows for the year then ended in accordance with state accounting principles generally accepted in the Philippines.

Emphasis of Matter

We draw attention to Note 32 which describes the uncertainty pertaining to the NPC-Drivers and Mechanics Association (NPC-DAMA) case filed against the Corporation which may cost approximately P41 billion. Our opinion is not qualified in respect of this matter.

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 36 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

MINERVA T. CABIGTING Supervising Audito

June14, 2013

STATEMENT OF FINANCIAL POSITION

For the Year Ended December 31, 2012 (With Comparative Figures as at December 31, 2011) (In Philippine Peso)

	Notes	2012	2011
ASSETS			
Non-Current Assets			
Utility plant - net	4	7,307,468,169	7,348,460,942
Construction work in progress	5	1,176,375,346	
			1,711,545,350
Non-utility property - net	6	171,932,791	112,940,182
Non-current power receivables	7	269,662,335	289,777,113
Deferred charges	8	-	6,796,948
Other non-current assets	9	5,126,128	68,773,298
Total Non-Current Assets		8,930,564,769	9,538,293,833
Current Assets			
Cash and cash equivalents	10	4,323,340,492	3,225,334,705
Power receivables - net	11	4,828,614,190	2,217,991,312
Other receivables - net	12	7,160,859,402	5,877,811,363
Materials and supplies for operation	13	1,265,910,703	1,277,773,502
Advances, prepayments and deposits	14	31,565,210	27,496,047
Total Current Assets		17,610,289,997	12,626,406,934
Temporary Registry	15	12,738,159,102	16,266,588,753
TOTAL ASSETS		39,279,013,868	38,431,289,520
EQUITY AND LIABILITIES			
E an citar		21 242 742 101	12 646 760 610
Equity		21,242,743,191	13,646,760,610
Non-Current Liabilities	16		
Non-Current Liabilities Long-term debts (net of current portion)	16	806,504,596	885,069,257
Non-Current Liabilities Long-term debts (net of current portion) Provision for vacation and sick leave benefits	17	806,504,596 625,061,839	885,069,257 613,463,402
Non-Current Liabilities Long-term debts (net of current portion) Provision for vacation and sick leave benefits Deferred credits		806,504,596 625,061,839 7,302,632	885,069,257 613,463,402 8,076,690
Non-Current Liabilities Long-term debts (net of current portion) Provision for vacation and sick leave benefits	17	806,504,596 625,061,839	885,069,257 613,463,402 8,076,690
Non-Current Liabilities Long-term debts (net of current portion) Provision for vacation and sick leave benefits Deferred credits Total Non-Current Liabilities Current Liabilities	17	806,504,596 625,061,839 7,302,632 1,438,869,067	885,069,257 613,463,402 8,076,690 1,506,609,349
Non-Current Liabilities Long-term debts (net of current portion) Provision for vacation and sick leave benefits Deferred credits Total Non-Current Liabilities Current Liabilities Accounts payable and accrued expenses	17 18	806,504,596 625,061,839 7,302,632	885,069,257 613,463,402 8,076,690 1,506,609,349 4,499,584,094
Non-Current Liabilities Long-term debts (net of current portion) Provision for vacation and sick leave benefits Deferred credits Total Non-Current Liabilities Current Liabilities Accounts payable and accrued expenses Notes payable	17 18 19	806,504,596 625,061,839 7,302,632 1,438,869,067 3,724,016,543	885,069,257 613,463,402 8,076,690 1,506,609,349 4,499,584,094 2,300,000,000
Non-Current Liabilities Long-term debts (net of current portion) Provision for vacation and sick leave benefits Deferred credits Total Non-Current Liabilities Current Liabilities Accounts payable and accrued expenses Notes payable Current portion of long-term debts	17 18	806,504,596 625,061,839 7,302,632 1,438,869,067 3,724,016,543 - 42,553,272	885,069,257 613,463,402 8,076,699 1,506,609,349 4,499,584,094 2,300,000,000 44,358,099
Non-Current Liabilities Long-term debts (net of current portion) Provision for vacation and sick leave benefits Deferred credits Total Non-Current Liabilities Current Liabilities Accounts payable and accrued expenses Notes payable Current portion of long-term debts Retention on contract payments	17 18 19 16	806,504,596 625,061,839 7,302,632 1,438,869,067 3,724,016,543 - 42,553,272 68,716,096	885,069,257 613,463,402 8,076,699 1,506,609,349 4,499,584,094 2,300,000,000 44,358,099 80,980,435
Non-Current Liabilities Long-term debts (net of current portion) Provision for vacation and sick leave benefits Deferred credits Total Non-Current Liabilities Current Liabilities Accounts payable and accrued expenses Notes payable Current portion of long-term debts Retention on contract payments Deposits and trust funds	17 18 19	806,504,596 625,061,839 7,302,632 1,438,869,067 3,724,016,543 - 42,553,272 68,716,096 23,409,090	885,069,257 613,463,402 8,076,690 1,506,609,349 4,499,584,094 2,300,000,000 44,358,099 80,980,435 63,263,469
Non-Current Liabilities Long-term debts (net of current portion) Provision for vacation and sick leave benefits Deferred credits Total Non-Current Liabilities Current Liabilities Accounts payable and accrued expenses Notes payable Current portion of long-term debts Retention on contract payments Deposits and trust funds Interest payable	17 18 19 16	806,504,596 625,061,839 7,302,632 1,438,869,067 3,724,016,543 - 42,553,272 68,716,096	885,069,257 613,463,402 8,076,690 1,506,609,349 4,499,584,094 2,300,000,000 44,358,099 80,980,435 63,263,469
Non-Current Liabilities Long-term debts (net of current portion) Provision for vacation and sick leave benefits Deferred credits Total Non-Current Liabilities Current Liabilities Accounts payable and accrued expenses Notes payable Current portion of long-term debts Retention on contract payments Deposits and trust funds	17 18 19 16	806,504,596 625,061,839 7,302,632 1,438,869,067 3,724,016,543 - 42,553,272 68,716,096 23,409,090	885,069,257 613,463,402 8,076,690 1,506,609,349 2,300,000,000 44,358,099 80,980,435 63,263,469 23,144,711
Non-Current Liabilities Long-term debts (net of current portion) Provision for vacation and sick leave benefits Deferred credits Total Non-Current Liabilities Current Liabilities Accounts payable and accrued expenses Notes payable Current portion of long-term debts Retention on contract payments Deposits and trust funds Interest payable Total Current Liabilities	17 18 19 16 20	806,504,596 625,061,839 7,302,632 1,438,869,067 3,724,016,543 - 42,553,272 68,716,096 23,409,090 547,507 3,859,242,508	13,646,760,610 885,069,257 613,463,402 8,076,690 1,506,609,349 4,499,584,094 2,300,000,000 44,358,099 80,980,435 63,263,469 23,144,711 7,011,330,808 16,266,588,755
Current Liabilities Accounts payable and accrued expenses Notes payable Current portion of long-term debts Retention on contract payments Deposits and trust funds Interest payable	17 18 19 16	806,504,596 625,061,839 7,302,632 1,438,869,067 3,724,016,543 - 42,553,272 68,716,096 23,409,090 547,507	885,069,257 613,463,402 8,076,690 1,506,609,349 4,499,584,094 2,300,000,000 44,358,099 80,980,435 63,263,469 23,144,711



STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2012 (With Comparative Figures for the Year Ended December 31, 2011) (In Philippine Peso)

	Notes	2012	2011
OPERATING REVENUE			
Utility income		2,319,922,691	2,389,432,470
Transmission services income		18,720,224	15,849,646
Ancillary service charge			4,816,948
Universal charge	23	7,135,343,428	4,557,550,229
Total operating revenue	25	9,473,986,343	6,967,649,293
Prompt payment discount		(34,816,303)	(34,895,243)
Other demand energy adjustment income		(63,381,267)	(86,791,252)
Net Operating Revenue		9,375,788,773	6,845,962,798
		2,373,700,773	0,045,902,790
OPERATING EXPENSES			
Generation		6,364,801,605	6,313,330,129
Administrative and general expenses		896,188,195	731,075,627
Depreciation and depletion		403,916,555	531,592,619
Bad debts		246,693,549	223,102,190
Transmission and distribution		24,161,013	37,499,765
Other operating expenses		115,287,939	114,692,668
Total Operating Expenses		8,051,048,856	7,951,292,998
			(4, 4, 6, 5, 6, 6, 6, 6, 6, 6)
OPERATING INCOME (LOSS)		1,324,739,917	(1,105,330,200)
OTHER INCOME(EXPENSES)			
Interest income		480,320,424	334,937,837
Income from admininstrative fee	24	68,517,701	178,190,915
Gain on forex fluctuation	25	36,927,507	17,686,277
Gain on debt service - ICERA/forex recovery	25	1,712,069	380,211
Gain on diesel/fuel transfer	20	443,631	70,210
Subsidy from the National Government		445,051	2,256,888,362
Miscellaneous income	27	- 101,483,071	2,230,888,302 82,352,945
	27		
Subsidy to NPP's of MEA	28	(1,479,289,940)	(1,370,782,448)
Depreciation - other plants/property	20	(77,739,051)	(107,426,590)
Interest expense	29	(32,121,826)	(184,157,418)
Finance & other bank charges	20	(450,383)	(381,055)
Miscellaneous expenses	30	(26,963,562)	(121,301,660)
Other Income (Expenses)		(927,160,359)	1,086,457,586
NET INCOME (LOSS) Before Income Tax		397,579,558	(18,872,614)
Income Tax	31	-	-
NET INCOME (LOSS)		397,579,558	(18,872,614)



STATEMENT OF CHANGES IN EQUITY

> For the Year Ended December 31, 2012 (With Comparative Figures for the Year Ended December 31, 2011) (In Philippine Peso)

	Notes	2012	2011
CAPITAL STOCK P100 par value			
Authorized 500,000,000 shares, issued 270,488,708		27,048,870,789	27,048,870,789
DONATED CAPITAL	21		
Balance, Beginning		4,157,956	4,157,956
Less: Amortization		1,335,168	-
Balance, End		2,822,788	4,157,956
RETAINED EARNINGS			
Balance, Beginning		(15,628,654,879)	(20,852,524,074)
Net income (loss) during the year		397,579,558	(18,872,614)
Correction of prior year's income	22	7,199,738,191	5,242,741,809
Balance, End		(8,031,337,130)	(15,628,654,879)
APPRAISAL CAPITAL			
Balance, Beginning		2,222,386,744	2,222,386,744
Balance, End		2,222,386,744	2,222,386,744
EQUITY		21,242,743,191	13,646,760,610



STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2012 (With Comparative Figures for the Year Ended December 31, 2011) (In Philippine Peso)

	Notes	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash collected from Universal Levy		6,993,905,083	2,603,916,662
Collections of other receivables		3,923,327,775	220,384,143
Collections from power customers		2,549,698,590	2,604,823,774
Amount withheld from employees, suppliers & other creditors		998,278,083	884,800,810
Interest and dividends received		289,729,754	287,364,691
Deposits and trust funds received		17,835,564	57,394,867
Subsidy from the National Government		-	6,624,500,000
Purchase of fuel for generation		(5,862,781,283)	(4,660,403,458)
Statutory remittances		(2,192,023,128)	(1,908,963,129)
Other operating expenses		(1,554,699,967)	(1,658,698,948)
Other expenses		(1,194,305,122)	(1,049,727,116)
Personnel cost		(452,295,542)	(413,825,114)
Refund of deposits and trust funds		(58,608,295)	(26,333,916)
Net funds transferred/paid to/for PSALM/OMA*		(23,295,038)	(933,827,880)
Realty tax paid		(476,274)	(512,130)
Share of local government units in the national wealth		(318,293)	(737,641)
Deposits and other advances		(7,531)	(41,862)
Purchased power cost		-	(10,000)
Net Cash Provided by/(Used in) Operating Activities		3,433,964,376	2,630,103,753
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from investments		69,417,238	12,877,379
Proceeds from sale of assets		57,678	-
Capital expenditures		(89,723,327)	(215,384,623)
Net Cash Used in Investing Activities		(20,248,411)	(202,507,244)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer from restricted cash account		65,000,000	-
Transfer to restricted cash account		(197,046)	(65,000,000)
Interest paid on loans		(38,637,036)	(169,371,969)
Payment of loans		(2,341,851,211)	(46,689,732)
Net Cash Used in Financing Activities		(2,315,685,293)	(281,061,701)
EFFECT OF EXCHANGE RATE ON CASH & CASH EQUIVALENTS		(24,885)	
NET INCREASE IN CASH & CASH EQUIVALENTS		1,098,005,787	2,146,534,808
CASH & CASH EQUIVALENTS, BEGINNING OF THE YEAR		3,225,334,705	1,078,799,897
CASH & CASH EQUIVALENTS, END OF YEAR		4,323,340,492	3,225,334,705



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 were 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) governmentowned 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 2012:

SMALL POWER UTILITIES GROUP (SPUG)

Various projects were completed in 2012 in the different parts of the country.

Luzon Operation

- Installation/commissioning of 2x500kW AOSIF Gensets
- Construction of San Jose 69kv Substation Project 25MVA
- Retiring/Dismantling of 115kv BASECO TEGEN and FELS North Port Transmission Lines Project
- Retiring/Dismantling of 115kv Vanderhorst North Port Transmission Line Project
- Rehabilitation of Air Conditioning System for NPC Head Office Building
- Expansion of Existing Caliraya HEPP Dam Office
- Rehabilitation of Iwahig Bodega Fence and Upgrading of Fuel Oil Tank Concrete Bund Wall of STPP
- Construction of Mezzanine Office/COA Repository at TMS ERSD Warehouse
- Repair of Powerhouse Building Aluminum Sidings of STPP

Mindanao Operation

- Rehabilitation of Catwalk and Offshore Dry Docking of PB 108
- Installation of Steel Grating Cover for Jolo DPP
- Concreting of Roadway to Powerhouse for Luuk DPP
- Purchase of Power Transformer for West Simunul DPP
- Column Reinforce & Concrete Roofing for Siasi DPP
- Purchase of Power Cable for Sacol DPP
- Expansion of Powerhouse for Kalamansig DPP
 Transfer of 5 x 275 kW Cumper Genset for Dinagat DPP

Operation and Maintenance Agreement (OMA)

- Installation of Rockfall Fence at Agus VI HEPP
- Construction of Agus 7 HEPP Nature's Park Bridge and Approaches Project
 Repair of Pulangi IV Headrace Channel
- Construction of Slope Protection Along Access Road of Agus 6/7 HEPP
- Supply & Installation of Hoisting Structure and Lifting Structure for Agus 1 HEPP Power Intake located at Marawi City, Lanao Del Sur
- Construction of Agus 6/7 HEPP Multi-Purpose Building



WATERSHED MANAGEMENT DEPARTMENT (WMD)

Watershed Rehabilitation

- Established a total area of <u>170 hectares</u> of open and denuded areas in various watershed areas.
 As of December 2012, a total of 2,608 hectares were established under Universal Charge-Environmental Charge (UC-EC) fund.
- About <u>469.804</u> seedlings of various forestry species and fruit trees were produced/propagated for the rehabilitation projects, landholdings development, greening projects in partnership with other groups.

Watershed Protection

More than <u>3.000 board feet</u> of lumber was confiscated from the joint confiscation effort of NPC Watershed Area Team personnel, DENR and Philippine Army/Philippine National Police.

Corporate Social Responsibility Program

- Dispersal of around <u>116.490 seedlings</u> (both forestry species and fruit trees) to various stakeholders, LGUs, academes and institutions and private organizations for their re-greening programs.
- Dispersal of <u>208 gilts</u> in the area of Tiwi, Albay, and Bokod, Benguet, <u>105 heads of goat</u> in Buhi, Camarines Sur and Maramag, Bukidnon and <u>496 heads of chicken</u> in Maramag, Bukidnon. Animal dispersal is one of the activities of the WMD to uplift the livelihood of local residents inside the watersheds.

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 periodic threeto-five-year intervals, is deferred, amortized and charged to operations over the number of year's 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	11,025,052,333	4,949,248,440	411,784,172	1,870,223,816	18,328,321,024
Additions	-	100,515,426	77,783,214	77,795,314	77,026,747	333,120,701
Adjustments	-	(570,381,072)	83,647,897	256,603	3,589,429	(482,887,143
Ending	72,012,263	10,555,186,687	5,110,679,551	489,836,089	1,950,839,992	18,178,554,582
Accumulated Depreciation/Depletion						
Beginning	64,585,425	8,072,823,839	1,752,510,210	69,405,818	1.020,534,790	10,979,860,082
Additions	6,761,280	201,132,851	181,205,000	22,433,999	66,075,504	477,608,634
Adjustments	(28,572,777)	(524,315,265)	(30,561,442)	(2,214,654)	(718,165)	(586,382,303)
Ending	42,773,928	7,749,641,425	1,903,153,768	89,625,163	1,085,892,129	10,871,086,413
Carrying Value						
December 31, 2012	29,238,335	2,805,545,262	3,207,525,783	400,210,926	864,947,863	7,307,468,169
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

The decrease pertains to the reclassification of Power Barge 105 and Cagraray Diesel Plant to Non-Utility Property.

5. CONSTRUCTION WORK IN PROGRESS (CWIP)

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This account consists of the following:

	2012	2011
CWIP - Work Order	1,138,813,416	1,632,902,077
CWIP - Materials & Supplies	37,561,930	78,643,273
	1,176,375,346	1,711,545,350

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 and its corresponding reclassification to the Electric Plant in Service (EPIS) account particularly the power facilities of Batag Island, Off-Grid Barangay Electrification of Western Samar and 69KV San Jose and Mobo Substations.

Part of CWIP amounting to P481.217 million pertains to Puerto Princesa – Roxas 138 KV T/L and Roxas 69 KV/5 MVA Substation projects under SPUG Operations which were discontinued/suspended since CY 2008 due to the refusal of the owners on the construction of transmission line in the subject property with land area of 77,347 sq. m. classified as agricultural land.

As a standard procedure, the whole transmission line project cannot be energized unless the whole length stretch of the transmission lines is completed. As such, corresponding unitization cannot be effected in the books.

6. NON-UTILITY PROPERTY

Non-utility property account consists of the following:

	2012	2011
Cost		
Beginning	677,931,235	670,972,951
Adjustments	656,296,611	6,958,284
Ending	1,334,227,846	677,931,235
Accumulated Depreciation		
Beginning	564,991,053	559,136,213
Additions	4,153,200	1,202,000
Adjustments	593,150,802	4,652,840
Ending	1,162,295,055	564,991,053
	171.932.791	112,940,182

This account pertains to other properties and equipment owned by the Corporation but are not used in utility operations. The increase pertains to the decommissioned Power Barge 105 and Cagraray Diesel Plant.



7. NON-CURRENT POWER RECEIVABLES

The account represents the long-term portion of the restructured accounts of power customers in accordance with memorandum of agreements executed by and between NPC and the power customers. Current portion is recorded under Restructured Power Receivables (Note 11).

8. DEFERRED CHARGES

Deferred charges include:

	2012	2011
Preliminary Surveys & Investigation	-	6,537,709
Others	-	259,239
	-	6,796,948

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. Balances in CY 2011 were closed accordingly to its proper accounts.

9. OTHER NON-CURRENT ASSETS

This account consists of the following:

	2012	2011
Restricted Cash	3,849,805	68,643,800
Stock for Disposal	1,276,323	129,498
	5,126,128	68,773,298

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 decrease in restricted cash balance pertains to the maturity of holdout deposits under the Watershed Management Department.

10. CASH AND CASH EQUIVALENTS

This account is composed of the following:

	2012	2011
Cash in Bank	257,999,922	400,943,685
Working Fund	1,340,570	2,391,020
Temporary Investments	4,064,000,000	2,822,000,000
	4,323,340,492	3.225.334.705

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. The increase in Temporary Investment pertains to new investment of the cash proceeds on VAT reimbursement received from PSALM in the amount of P3.8 billion.

11. POWER RECEIVABLES

Receivables from power customers consist of the following:

	2012	2011
Power Receivables	3,618,252,142	3,097,186,399
Accrued Utility Revenue	2,387,321,066	99,078,980
Restructured Power Receivables	46,022,277	31,166,266
	6,051,595,485	3,227,431,645
Allowance for Bad Debts	(1,222,981,295)	(1,009,440,328)
	4,828,614,190	2,217,991,317

12. OTHER RECEIVABLES

This account consists of the following:

	2012	2011
Receivables from PSALM	3,406,863,846	3,265,425,502
Input tax Credit on Non-Depreciable Capital	1,893,402,102	1,258,011,076
Accounts Receivables - Others	890,009,433	466,572,099
Output Tax Receivable	557,486,436	523,453,585
Interest Receivable	331,361,240	200,360,070
Receivable from the National Government	69,818,333	38,328,984
Receivable from Officers and Employees	7,756,464	7,388,859
Input Tax Credit on Depreciable Capital	6,102,244	15,402,473
Rent Receivable	416,667	258,631
Recoverable from Insurance Company	-	104,967,448
	7,163,216,766	5,880,168,727
Allowance for Bad Debts	(2,357,364)	(2,357,364)
	7,160,859,402	5,877,811,363

Receivables from PSALM pertains to the unremitted balance of Universal Charge for Missionary Electrification (UCME) for 2012, a charge passed on and collected from power end users.

13. MATERIALS AND SUPPLIES FOR OPERATION

Details of the account are as follows:

	2012	2011
Diesel	570,414,766	530,545,184
Materials, Supplies and Equipment	405,198,559	399,614,608
Fuel Oil	50,211,390	52,327,083
Gasoline	691,019	200,464
Other Oil Products	17,111,317	33,020,787
MSE in Transit – Operating Plants	138,431,086	138,270,512
Materials, Supply Temporary Adjustments	56,477,489	88,373,211
Thermal Chemicals	632,808	-
Stock Transfer - Clearing Account	26,742,269	35,421,653
	1,265,910,703	1,277,773,502

14. ADVANCES, PREPAYMENTS AND DEPOSITS

This account consists of the following:

	2012	2011
Advances and Prepayments		
Advances to Contractors/Prepaid Charges	14,052,253	21,218,698
Advances to Government Bodies and Institutions	378,093	378,093
Marginal and Guaranty Deposits	521,651	521,651
	14,951,997	22,118,442
Advances for Medical & Group Life Insurance	11,343,098	383,610
Court and Other Deposits	11 343 009	202.610
Court and Other Deposits	405,266	5,191
Other Advances	4,827,019	4,819,488
	16,575,393	5,208,289
Cash Advances to Officers and Employees	37,830	169,316
	31,565,210	

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 2012.

Advances for Medical & Group Life Insurance refers 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.



15. TEMPORARY REGISTRY ACCOUNTS

Temporary Registry Accounts consist of the following:

	2012	2011
OMA Trust Accounts	7,487,710,988	9,364,521,842
Retained PSALM Accounts	3,401,946,456	5,053,567,783
Retained TransCo Accounts	1,848,501,658	1,848,499,128
	12,738,159,102	16,266,588,753

Details follow:

	OMA TRUST ACCOUNTS	RETAINED PSALM ACCOUNTS	RETAINED TRANSCO ACCOUNTS
UTILITY PLANT at Appraised Values	-	6,330,443,316	2,544,297
Accumulated Depreciation & Depletion	-	(4,647,601,784)	(1,053,723)
Net Utility Plant	-	1,682,841,532	1,490,574
Construction Work in Progress	-	2,063,939,673	1,023,183,912
TOTAL UTILITY PLANT	-	3,746,781,205	1,024,674,486
Investment in Government & Other			
Corporation	-		36,262
Non-Utility Property - Net	-	1,083,211,899	500,899,936
Accounts and Other Receivables - Net	-	-	404,192
Other Assets	1,565,328,474	-	1,000,331
TOTAL NON-UTILITY PLANT & OTHER ASSETS	1,565,328,474	1,083,211,899	502,340,721
Cash & Cash Equivalents	491,993,065	157,802,301	5,064,981
Other Receivables	-	6,267,882	8,064,152
Materials & Supplies for Operation	5,430,389,448	-	289,198,542
Advances	-	-	2,624,243
Prepayments	-	1,132,881	14,857
Court & Other Deposits	-	37,693,130	5,797,624
Cash Advances - Officers & Employees	-	15,000	10,455
TOTAL CURRENT ASSETS	5,922,382,513	202,911,194	310,774,854
DEFERRED CHARGES	-	-	3,040,786
CONTINGENT ASSETS	-		7,670,811
RECIPROCAL ACCOUNTS		(1,630,957,841)	-
	7,487,710,987	3,401,946,457	1,848,501,658
EQUITY			
Donated Capital	-		
Retained Earnings	-	(40,696,656,010)	1,583,316,609
Appraisal Capital	-	(144,937,887)	-
Contingent Surplus	-	-	7,670,811
TOTAL EQUITY	-	(40,841,593,897)	1,590,987,420
LONG-TERM DEBTS (Note 33)	-	40,992,590,278	-
Accounts Payable and Accrued Expenses	-	4,900,323,959	72,344,025
Retention on Contract Payments	-	-	158,093,550
Deposits and Trust Funds	7,487,710,987	-	1,100,215
TOTAL CURRENT LIABILITIES	7,487,710,987	4,900,323,959	231,537,790
DEFERRED CREDITS	-	351,806,053	25,976,448
RECIPROCAL ACCOUTS	-	(2,001,179,937)	-
TOTAL EQUITY AND LIABILITIES	7,487,710,987	3,401,946,456	1,848,501,658

OMA-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.

16. LONG-TERM DEBTS

This account consists of the outstanding foreign borrowings as follows:

CREDITOR / PROJECT	MATURITIES	INTEREST RATE	2012	2011
Natixis/Credit National				
Project-Pres Project of SPUG	2016 to 2031	FIXED at 0.40%	572,461,612	596,741,627
Banque Paribas				
Project-Pres Project of SPUG	2009 to 2019	FIXED at 5.09%	276,596,256	332,685,729
			849,057,868	929,427,356
Less: Current Portion			42,553,272	44,358,099
			806,504,596	885.069.257

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

		12-31-2012	12-30-2011
Dollar	USD 1	41.1920	43.9280
Euro	EUR 1	54.5300	56.8428

17. 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.

18. 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).

19. NOTES PAYABLE

Breakdown of this account is as follows:

Creditor	Maturity	Interest Rate	2012	2011
Land Bank of the Philippines	January 16, 2012	6.5%	-	300,000,000
Land Bank of the Philippines	February 6, 2012	5.5%	-	2,000,000,000
			-	2,300,000,000

The decrease in Notes Payable is attributed to the settlement of NPC's Promissory Note with LBP in the amount of P2.3 billion.

20. 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 decrease in CY 2012 pertains to the release of performance bond posted by fuel/oil suppliers.

21. 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:

- <u>Bohol 1 Mini Grid</u> *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 Pangapasan Diesel Plant Ubay Diesel Plant Batasan Diesel Plant Bagongbanwa Diesel Plant Hambungan Diesel Plant

The decrease in CY 2012 pertains to amortization of Donated Capital over the remaining life of the assets under the Equity method for grant.



22. CORRECTION ON PRIOR YEAR'S INCOME

The account consists mainly of the new approved 3rd Generation Rate Adjustment Mechanism (GRAM) and 3rd Incremental Currency Exchange Rate Adjustment per ERC Case No. 2006-021RC amounting to P2.3 billion and the inclusion of the billed 3rd to 6th GRAM and 4th to 6th ICERA amounting to P757 million.

23. UNIVERSAL CHARGE

Section 34 of the EPIRA provides that a Universal Charge (UC) to be determined, fixed and approved by the Energy Regulatory Commission (ERC) shall be imposed on all end users for the (a) payment of stranded debts and contract costs; (b) missionary electrification; (c) equalization of taxes and 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 (P0.0025/kwh), shall accrue to an environmental fund to be used solely for watershed rehabilitation and management and shall be managed by NPC under existing agreements.

In CY 2012, 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 P3.825 billion under ERC Order on Case No. 2011-074RC dated July 30, 2012. ERC also granted NPC provisional authority dated July 16, 2012 for the availment of the Environmental Charge/Share from the Universal Charge for the rehabilitation and management of Watershed Areas amounting to P58.829 million for Watershed Plan 4 under ERC Order on Case No. 2008-10RC.

24. 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.

25. 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).

26. 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.

27. MISCELLANEOUS INCOME

This account consists of the following:

	2012	2011
Income from Liquidated Damages	8,345,745	33,666,323
Bid-Related Income	2,760,108	837,793
Income from Donation	2,323,946	-
Revenue from Lease of Electric Plant	1,980,833	2,064,167
Rental Income	1,661,288	1,953,845
Supplier's Discount	-	103,274
Others	4,243,799	43,727,543
	101.483.071	82,352,945

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.

28. 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). Power One is the new recipient of subsidy in CY 2012.

29. INTEREST EXPENSE

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

30. MISCELLANEOUS EXPENSES

This account consists of:

	2012	2011
Taxes withheld on interest income	17,518,219	3,395,446
Gender and Development	9,445,343	117,906,214
	26,963,562	121,301,660

31. INCOME TAX

	2012	2011
Net Income before income tax	397,579,558	-
Non-deductible expenses:		
Bad Debts	246,693,550	-
Taxes	17,518,219	-
Income not subject to tax:		
Interest income subject to final tax	(152,646,386)	-
Gain/Loss on Foreign Exchange	(36,927,507)	-
	472,217,434	-
	(472,217,434	
Net Operating Loss Carry Over (NOLCO)	z1)	-
	-	
	30%	
	-	-

32. 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., (*Petitionersi*), -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-Intervenors*)", the Regional Trial Court Branch 84 of Quezon City ordered to cause payment of the Cost of Living Allowance (COLA) and Amelioration Allowance (AA) to NPC employees.

On January 7, 2010, the Supreme Court issued a status quo order on the DAMA case. On the MANDAMUS case, the Department of Budget and Management and the Office of the Solicitor General filed a *Petition for Certiorari and Prohibition* on May 26, 2009 which seeks to annul the Joint Order issued by the Regional Trial Court, 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.



33. TARIFF DEVELOPMENT IN THE YEAR 2012

In CY 2012, the following are the decisions/orders issued by the Energy Regulatory Commission (ERC) that resulted in NPC's tariff adjustments:

- 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.
- The Provisional Authority (PA) of the Universal Charge for Missionary Electrification (UCME) True-Up for 2003 to 2009 was finalized by the ERC on July 30, 2012 and allowed the balances of the 4th to 6th Generation Rate Adjustment Mechanism (GRAM) and Incremental Currency Exchange Rate Adjustment (ICERA) to be part of the True-Up approval for one year starting August 2012 until July 2013 billing period with the same rate of P0.0709/kWh.
- The Provisional Authority for the 3rd Generation Rate Adjustment Mechanism (GRAM) was finalized on September 24, 2012 together with the 3rd ICERA with modification. This approval has no additional impact on the rate and revenue since the rate which was implemented since January 2011 was not changed. It was just divided into two recoveries and the recovery periods are 1 to 5 years for the 3rd GRAM and 2 years for the ICERA.

34. 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 Min doro	Stopped operations due to defective generating sets since Feb. 2010, no approved PSA yet.
9. SUNWEST Water & Electric Company	Catanduanes	PSA with ERC
10. Calamanian Islands Power Corporation	Busuanga	PSA with ERC

35. UPDATE ON NPC REORGANIZATION

The 2012 Table of Organization was approved by Governance Commission of GOCCs (GCG) under Resolution No. 2012-06 dated July 9, 2012 and further confirmed under National Power Board Resolution No. 2012-29 dated October 2, 2012, which authorized the NPC President to:

- a) Implement a partial reorganization
- b) Issue implementing guidelines pursuant to RA 6656
 c) Pay separation benefits
- Guidelines in the Selection and Placement of Personnel under the 2012 NPC Table of Organization was issued under Circular No. 2012-015 on October 2, 2012 and covers the following functional groups:
 - Corporate Affairs
 - Office of the Legal Counsel
 - Administration and Finance
 - Office of the Sr. Vice President
 - Power Engineering Services
 - Offices under Resource Management Service
 Newly created groups under Small Power Utilities Group
 - Newly created groups under small Power Utilities Group

36. 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 P361,015,747 for the year based on the amount reflected in the Sales Account of P3,008,464,560.

The Corporation has zero-rated/exempt sales amounting to 41,412,164 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 2012	1,504,415,611
Current year's purchases:	
Non-capital goods (fuel, materials, equipment & spares)	717,568,146
Capital goods	9,899,011
Services	264,118,151
	991,585,308
Claims for tax credit/refund and other adjustment	-
Ending Balance, December 2012	2,496,000,919

CY 2012 withholding taxes remitted for the year are as follows:

Nature	Amount
Tax on compensation and benefits	58,907,820
Creditable withholding taxes	113,949,243
Final VAT/withholding taxes	462,496,702
	635,353,765

Other taxes and licenses remitted for CY 2012 pertain to realty taxes amounting to P476,274.





UPPER ROW From Left to Right

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

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

Danilo S. Sedilla Vice President Small Power Utilities Group

Dr. Paquito F. Garcia Senior Department Manager Human Resources Department Lorna T. Dy OIC-Vice President Human Resources, Administration & Finance

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

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

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

LOWER ROW

From Left to Right

Rudy P. Brioso OIC-Vice President Mindanao Generation

Katambayan S. Celino Vice President Technical and Maintenance Services

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Froilan A. Tampinco President & CEO Pio J. Benavidez Senior Vice President

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

Juan Carlos J. Guadarrama Vice President Sales and Services

BOARD OF DIRECTORS



5

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- 3 Sec. Carlos Jericho L Petilla Department of Energy Vice-Chairman (Nov.-Dec. 2012)
- Sec. Cayetano W. Paderanga, Jr. National Economic & Development Authority Member (Jan.-April 2012)
- Sec. Arsenio M. Balasican National Economic & Development Authority Member (May-Dec. 2012)
- 6 Sec. Florencio V. Abad Department of Budget & Management Member
- Sec. Jesse M. Robredo (†) Department of Interior & Local Government Member (Jan.-Aug. 2012)
- 8 Sec. Manuel A. Roxas Department of Interior & Local Government Member (Sept.-Dec. 2012)
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 National Power Corporation
 President & CEO
 Member



Sec. Jose Rene D. Almendras Department of Energy Vice-Chairman (Jan.-Oct. 2012)



DATED in

SPUG-LUZON	AREA	PROVINCE	MUNICIPALITY	RATED in Megawatt
1. BOAC DPP	Luzon	Marindugue	Воас	6.650 MW
2. TORRIJOS DPP	Luzon	Marindugue Torrijos		0.500 MW
3. POWER BARGE 120	Luzon	Marindugue	Marindugue Mogpog	
4. POLILIO DPP	Luzon	Quezon	Polillo	2.920 MW
5. JOMALIG DPP	Luzon	Quezon	Jomalig	0.317 MW
6. PATNANUNGAN DPP	Luzon	Quezon	Patnanungan	0.326 MW
7. BASCO DPP	Luzon	Batanes	Basco	4.423 MW
8. Wind Turbine	Luzon	Batanes	Basco	0.180 MW
9. SABTANG DPP	Luzon	Batanes	Sabtang	0.163 MW
10. ITBAYAT DPP	Luzon	Batanes	Itbayat	0.326 MW
11. CALAYAN DPP	Luzon	Cagayan	Calayan	0.426 MW
12. LUBUAGAN DPP	Luzon	Kalinga	Lubuagan	0.550 MW
13. KABUGAO DPP	Luzon	Apayao	Kabugao	0.643 MW
14. PALANAN DPP,	Luzon	Isabela	Palanan	0.523 MW
15. CASIGURAN DPP.	Luzon	Aurora	Casiguran	2.535 MW
16. BALONGBONG MHEP	Luzon	Catanduanes	Bato	1.800 MW
17. MARINAWA DPP	Luzon	Catanduanes	Marinawa	3.600 MW
18. POWER BARGE 110	Luzon	Catanduanes	Bato	2.240 MW
19. VIGA DPP	Luzon	Catanduanes	Viga	2.120 MW
20. RAPU-RAPU DPP	Luzon	Albay	Rapu-Rapu	1.046 MW
21. BATAN DPP	Luzon	Albay	Batan	0.489 MW
22. MASBATE DPP	Luzon	Masbate	Mobo	0.469 MW
23. POWER BARGE 105	Luzon	Masbate	Masbate City	0.500 MW
23. FOWER BARGE 105 24. TICAO DPP	Luzon	Masbate	San Jacinto	1.950 MW
24. TICAO DPP 25. PULANG LUPA DPP	Luzon	Mindoro Occ.	San Jacinto San Jose	6.000 MW
25. POLANG LUPA DPP 26. POWER BARGE 106		Mindoro Occ.		12.600 MW
	Luzon		San Jose	
27. G. E. MODULAR GENSET	Luzon	Mindoro Or.	Calapan	15.000 MW
28. MAMBURAO DPP	Luzon	Mindoro Occ.	Mamburao	6.750 MW
29. LUBANG DPP	Luzon	Mindoro Occ.	Lubang	1.704 MW
30. TINGLOY DPP	Luzon	Batangas	Tingloy	1.183 MW
31. TABLAS DPP	Luzon	Romblon	Odiongan	5.920 MW
32. POWER BARGE 109	Luzon	Romblon	Looc	1.740 MW
33. ROMBLON DPP	Luzon	Romblon	Romblon	2.060 MW
34. POWER BARGE 114	Luzon	Romblon	Romblon	2.550 MW
35. SIBUYAN DPP	Luzon	Romblon	Sibuyan	1.643 MW
36. SAN JOSE DPP	Luzon	Romblon	San Jose	0.554 MW
37. BANTON DPP	Luzon	Romblon	Banton	0.326 MW
38. CORCUERA DPP	Luzon	Romblon	Corcuerra	0.826 MW
39. CONCEPCION DPP	Luzon	Romblon	Concepcion	0.326 MW
40. IRAWAN MODULAR	Luzon	Palawan	Puerto Princesa	10.00 MW
41. EL NIDO DPP	Luzon	Palawan	El Nido	1.850 MW
42. ROXAS DPP	Luzon	Palawan	Roxas	1.943 MW
43. TAYTAY DPP	Luzon	Palawan	Taytay	0.830 MW
44. SAN VICENTE DPP	Luzon	Palawan	San Vicente	0.923 MW
45. BUSUANGA DPP	Luzon	Palawan	Busuanga	2.680 MW
46. CULION DPP	Luzon	Palawan	Culion	0.603 MW
47. LINAPACAN DPP	Luzon	Palawan	Linapacan	0.213 MW
48. CUYO DPP	Luzon	Palawan	Cuyo	2.000 MW
49. ARACELI DPP	Luzon	Palawan	Araceli	0.326 MW
50. BALABAC DPP	Luzon	Palawan	Balabac	0.326 MW
51. CAGAYANCILLO DPP	Luzon	Palawan	Cagayancillo	0.217 MW
52. AGUTAYA DPP	Luzon	Palawan	Agutaya	0.326 MW
		Total Luzon Exi	sting Plants :	203.446 MW

SPUG - VISAYAS	AREA	PROVINCE	MUNICIPALITY	RATED in Megawatt
53. BANTAYAN DPP	Visayas	Cebu	Bantayan	4.000 MW
54. GUINTARCAN DPP	Visayas	Cebu	Guintarcan	0.263 MW
55. DOONG DPP	Visayas	Cebu	Doong	0.326 MW
56. SIQUIJOR DPP	Visayas	Siquijor	Siquijor	2.500 MW
57. POWER BARGE 113	Visayas	Siquijor	Larena	2.620 MW
58. POWER BARGE 116	Visayas	Siquijor	Larena	1.680 MW
59. GIGANTES DPP	Visayas	lloilo	Gigantes	0.326 MW
60. CALUYA DPP	Visayas	Antique	Caluya	0.590 MW
61. CAMOTES DPP	Visayas	Cebu	Camotes	2.188 MW
62. PILAR DPP	Visayas	Cebu	Pilar	0.576 MW
63. MARIPIPI DPP	Visayas	Biliran	Maripipi	0.326 MW
64. LIMASAWA DPP	Visayas	Southern Leyte	Limasawa	0.326 MW
65. ZUMARRAGA DPP	Visayas	Western Samar	Zumarraga	0.589 MW
66. TAGAPUL-AN DPP	Visayas	Western Samar	Tagpul-an	0.263 MW
67. ALMAGRO DPP	Visayas	Western Samar	Almagro	0.263 MW
68. STO. NIÑO DPP	Visayas	Western Samar	Sto Niño	0.263 MW
69. SAN ANTONIO DPP	Visayas	Northern Samar	San Antonio	0.576 MW
70. CAPUL DPP	Visayas	Northern Samar	Capul	0.326 MW
71. SAN VICENTE DPP	Visayas	Northern Samar	San Vicente	0.263 MW
72. BIRI DPP	Visayas	Northern Samar	Biri	0.489 MW
		Total Visayas Ex	cisting Plants :	18.753 MW

SPUG - MINDANAO	AREA	PROVINCE	MUNICIPALITY	RATED in Megawatt
73. BASILAN DPP	Mindanao	Basilan	Isabela City	6.352 MW
74. POWER BARGE 119	Mindanao	Basilan	Isabela City	7.200 MW
75. JOLO DPP	Mindanao	Sulu	Jolo	11.940 MW
76. LUUK DPP	Mindanao	Sulu	Luuk	0.379 MW
77. SIASI DPP	Mindanao	Sulu	Siasi	2.080 MW
78. BONGAO DPP	Mindanao	Tawi-Tawi	Bongao	2.588 MW
79. POWER BARGE 108	Mindanao	Tawi-Tawi	Bongao	5.400 MW
80. BALIMBING DPP	Mindanao	Tawi-Tawi	Balimbing	0.726 MW
81. TANDUBAS DPP	Mindanao	Tawi-Tawi	Tandubas	0.258 MW
82. SIBUTU DPP	Mindanao	Tawi-Tawi	Sibutu	0.326 MW
83. SITANGKAY DPP	Mindanao	Tawi-Tawi	Sitangkay	0.500 MW
84. MANUK-MANGKAW DPP	Mindanao	Tawi-Tawi	Manuk Mangkaw	0.163 MW
85. WEST SIMUNUL DPP	Mindanao	Tawi-Tawi	West Simunul	0.727 MW
86. CAG DE TAWI ² DPP	Mindanao	Tawi-Tawi	Mapun	1.020 MW
87. TANDUBANAK DPP	Mindanao	Tawi-Tawi	Tandubanak	0.440 MW
88. DINAGAT DPP	Mindanao	Dinagat	Dinagat	3.975 MW
89. LORETO DPP	Mindanao	Dinagat	Loreto	0.940 MW
90. HIKDOP DPP	Mindanao	Surigao Del Norte	Hikdop	0.283 MW
91. KALAMANSIG DPP	Mindanao	Sultan Kudarat	Kalamansig	4.747 MW
92. POWER BARGE 111	Mindanao	Sultan Kudarat	Kalamansig	1.120 MW
93. N. AQUINO DPP	Mindanao	Sultan Kudarat	Ninoy Aquino	0.683 MW
94. A. SANTOS DPP	Mindanao	Davao Del Sur	Abad Santos	0.423 MW
95. BALUT DPP	Mindanao	Sarangani	Balut	0.326 MW
96. TALICUD DPP	Mindanao	Davao Del Norte	Talicud	0.326 MW
		Total Mindanao E	xisting Plants :	52.922 MW

SPUG MINI-GRID AND TRANSFERRED PLANTS

	AREA	PROVINCE	MUNICIPALITY	RATED Megaw	
97. MANIWAYA DPP	Luzon	Marindugue	Sta Cruz	0.104	
98. MONGPONG DPP	Luzon	Marinduque	Sta Cruz	0.104	MW
99. POLO DPP	Luzon	Marinduque	Sta Cruz	0.092	MW
100. BALATUBAT DPP	Luzon	Cagayan	Calavan	0.120	MW
101. MINABEL DPP	Luzon	Cagavan	Calavan	0.055	MW
102. MACONACON DPP	Luzon	Isabela	Maconacon	0.240	MW
103. GINAWAYAN DPP	Luzon	Masbate	Placer	0.035	MW
104. GILOTONGAN DPP	Luzon	Masbate	Cawayan	0.090	MW
105. NABUCTOT DPP	Luzon	Masbate	Placer	0.025	MW
106, PENA DPP	Luzon	Masbate	Cawavan	0.090	MW
107. CHICO DPP	Luzon	Masbate	Cawayan	0.035	MW
108, LAHUY DPP	Luzon	Camarines Sur	Caramoan	0.120	MW
109. HAPONAN DPP	Luzon	Camarines Sur	Caramoan	0.035	MW
110. OUINALASAG DPP	Luzon	Camarines Sur	Garchitorena	0.150	MW
111. BURIAS DPP	Luzon	Masbate	San Pascual	0.983	MW
112. DANCALAN DPP	Luzon	Masbate	San Pascual	0.080	MW
113. MABABANGBAYBAY DPP	Luzon	Masbate	Claveria	0.060	MW
114. MALAKING ILOG DPP	Luzon	Masbate	San Pascual	0.060	MW
115. OSMENIA DPP	Luzon	Masbate	Claveria	0.080	MW
116. PENAFRANCIA DPP	Luzon	Masbate	Claveria	0.080	MW
117. QUEZON DPP	Luzon	Masbate	Claveria	0.060	MW
118. RIZAL DPP	Luzon	Palawan	Rizal	0.679	MW
119. PALUAN DPP	Luzon	Occ. Mindoro	Paluan	0.800	MW
120. CABRA DPP	Luzon	Occ. Mindoro	Lubang	0.007	MW
121. COSTA RICA DPP	Visayas	W. Samar	Almagro	0.240	MW
122. LUNANG DPP	Visayas	W. Samar	Almagro	0.120	MW
122. BIASONG DPP	Visayas	W. Samar	Almagro	0.060	MW
124. CABUNGAAN DPP	Visayas	W. Samar	Sto Niño	0.000	MW
124. CABONGAAN DFF	Visayas	W. Samar	Sto Niño	0.040	MW
125. TAKUT DPP	Visayas Visayas	W. Samar	Sto Niño	0.040	MW
120. KIRIKITE DPP	Visayas	W. Samar	Almagro	0.060	MW
127. NININE DPP 128. LIBUCAN DACU DPP	Visayas	W. Samar	Tarangnan	0.080	MW
129. BAGONGON DPP	Visayas	W. Samar	Catbalogan	0.080	MW
129. BAGONGON DPP 130. BULUAN DPP	,	W. Samar	Catbalogan	0.030	MW
131. CINCO RAMA DPP	Visayas Visayas	W. Samar	Catbalogan	0.030	MW
131. CINCO RAWA DPP	/	Bohol	~	0.038	MW
	Visayas	Bohol	Tubigon	0.038	MW
133. BALICASAG DPP	Visayas	Bohol	Panglao		MW
134. BATASAN DPP	Visayas	Bohol	Tubigon	0.056	MW
135. BILANGBILANGAN DPP	Visayas		Tubigon		MW
136. CABILAO DPP	Visayas	Bohol	Loon	0.150	
137. CUAMING DPP	Visayas	Bohol	Inabanga	0.086	MW
138. HAMBONGAN DPP	Visayas	Bohol	San Jose	0.020	MW
139. MANTATAO DPP	Visayas	Bohol	Calape	0.038	MW
140. MOCABOC DPP	Visayas	Bohol	Tubigon	0.020	MW
141. PAMILACAN DPP	Visayas	Bohol	Baclayon	0.056	MW
142. PANGAPASAN DPP	Visayas	Bohol	Tubigon	0.015	MW
143. UBAY DPP	Visayas	Bohol	Tubigon	0.012	MW
144. BATBATAN DPP	Visayas	Antique	Culasi	0.100	MW
145. GUIWANON DPP	Visayas	Guimaras	Nueva Valencia	0.036	MW
146. SIBOLO DPP	Visayas	Antique	Caluya	0.030	MW
147. SACOL DPP	Mindanao	Zamboanga	Zamboanga City	0.163	MW
148. PALIMBANG DPP	Mindanao	Sultan Kudarat	Palimbang	0.438	MW
		Total Luzon Exist	ting Plants :	6.367	MW

SPUG PRES PLANTS

No.	Power Plant Name	AREA	Province	Municipality	RATED IN MW	RATED IN MW
149	B. TITONG MGE 1	Luzon	Masbate	Masbate City	0.012	12
150	B. TITONG MGE 2	Luzon	Masbate	Masbate City	0.012	12
151 152	CAWAYAN EXT. CAWAYAN EXT. (Bel-at)	Luzon Luzon	Masbate Masbate	Masbate City Masbate City	0.012	12 12
152	UBONGAN DACU	Luzon	Masbate	Masbate City	0.012	12
154	BOLO MGE 1	Luzon	Masbate	Masbate City	0.012	12
155	BOLO MGE 2	Luzon	Masbate	Masbate City	0.012	12
156	BOLO MGE 3	Luzon	Masbate	Masbate City	0.012	12
157	TINAGO MG1	Luzon	Masbate	Masbate City	0.012	12
158	CABANGCALAN	Luzon	Masbate	Aroroy	0.012	12
159 160	PINANAAN LANANG	Luzon	Masbate Masbate	Aroroy	0.012	12 12
161	SAN ISIDRO	Luzon Luzon	Masbate	Aroroy Aroroy	0.012	12
162	SYNDICATE	Luzon	Masbate	Aroroy	0.012	12
163	SAWANG (MG1)	Luzon	Masbate	Aroroy	0.012	12
164	SAWANG (MG2)	Luzon	Masbate	Aroroy	0.006	5.6
165	TALIB MG1	Luzon	Masbate	Aroroy	0.012	12
166	TALIB MG2	Luzon	Masbate	Aroroy	0.012	12
167	CONCEPCION	Luzon	Masbate	Aroroy	0.012	12
168	BALETE	Luzon	Masbate	Aroroy	0.012	12
169 170	AMUTAG MG1 AMUTAG MG2	Luzon	Masbate Masbate	Aroroy	0.012	12 12
170	CALANAY MG1	Luzon	Masbate	Aroroy Aroroy	0.012	12
172	CALANAY MG2	Luzon	Masbate	Aroroy	0.006	5.6
172	BALAWING	Luzon	Masbate	Aroroy	0.006	5.6
174	CABAS-AN	Luzon	Masbate	Aroroy	0.006	5.6
175	DAYHAGAN MG1	Luzon	Masbate	Aroroy	0.012	12
176	DAYHAGAN MG2	Luzon	Masbate	Aroroy	0.006	5.6
177	Gumahang MG1	Luzon	Masbate	Aroroy	0.012	12
178	Gumahang MG2	Luzon	Masbate	Aroroy	0.012	12
179	Gumahang MG3 MACABUG	Luzon	Masbate	Aroroy	0.012	12
180 181	MACABUG	Luzon Luzon	Masbate Masbate	Aroroy Aroroy	0.012	12 12
182	MATABA	Luzon	Masbate	Aroroy	0.012	12
183	MATALANGTANG	Luzon	Masbate	Aroroy	0.012	12
184	MATONGOG MG1	Luzon	Masbate	Aroroy	0.012	12
185	MATONGOG MG2	Luzon	Masbate	Aroroy	0.006	5.6
186	SAN AGUSTIN MG1	Luzon	Masbate	Aroroy	0.012	12
187	SAN AGUSTIN MG2	Luzon	Masbate	Aroroy	0.006	5.6
188	TIGBAO MG1	Luzon	Masbate	Aroroy	0.012	12
189	TIGBAO MG2	Luzon	Masbate	Aroroy	0.006	5.6
190 191	TIGBAO MG3 TIGBAO MG4	Luzon Luzon	Masbate Masbate	Aroroy Aroroy	0.012	12 5.6
192	TINIGBAN MG1	Luzon	Masbate	Aroroy	0.012	12
193	TINIGBAN MG2	Luzon	Masbate	Aroroy	0.012	12
194	TINIGBAN MG3	Luzon	Masbate	Aroroy	0.012	12
195	TINIGBAN MG4	Luzon	Masbate	Aroroy	0.012	12
196	JAMORAWON MG1	Luzon	Masbate	Milagros	0.006	5.6
197	JAMORAWON MG2	Luzon	Masbate	Milagros	0.012	12
198	JAMORAWON MG3	Luzon	Masbate	Milagros	0.012	12
199 200	JAMORAWON MG4 TAGBON	Luzon Luzon	Masbate Masbate	Milagros Milagros	0.006	5.6 12
200	TIGBAO MG1	Luzon	Masbate	Milagros	0.012	12
202	TIGBAO MG2	Luzon	Masbate	Milagros	0.012	12
203	TIGBAO MG3	Luzon	Masbate	Milagros	0.006	5.6
204	TIGBAO MG4	Luzon	Masbate	Milagros	0.006	5.6
205	TIGBAO MG5	Luzon	Masbate	Milagros	0.006	5.6
206	MAGSALANGI	Luzon	Masbate	Milagros	0.006	5.6
207	PAMANGPANGON	Luzon	Masbate	Milagros	0.012	12
208	CALUMPANG	Luzon	Masbate Masbate	Milagros	0.012	12
209 210	CALASUCHE DOCOL	Luzon Luzon	Masbate Masbate	Milagros Baleno	0.012	12 5.6
210	BAAO	Luzon	Masbate	Baleno	0.006	5.6
212	LOOC, MANDAON	Luzon	Masbate	Mandaon	0.000	12
213	LANTANGAN MG1	Luzon	Masbate	Mandaon	0.012	12
214	LANTANGAN MG2	Luzon	Masbate	Mandaon	0.006	5.6
215	BUGTONG	Luzon	Masbate	Mandaon	0.012	12
216	TUMALAYTAY MG1	Luzon	Masbate	Mandaon	0.012	12
217	TUMALAYTAY MG2	Luzon	Masbate	Mandaon	0.012	12
218	TUMALAYTAY MG3	Luzon	Masbate Masbate	Mandaon	0.006	5.6
219 220	CABANGCALAN CALUMPANG	Luzon Luzon	Masbate Masbate	Placer Placer	0.012	12 5.6
220	LOCSOAN	Luzon	Masbate	Placer	0.000	12
222	TAN-AWAN	Luzon	Masbate	Placer	0.012	12
223	LUNA MG1	Luzon	Masbate	Placer	0.012	12
224	LUNA MG2	Luzon	Masbate	Placer	0.012	12
225	LUNA MG3	Luzon	Masbate	Placer	0.012	12
226	MAHAYAHAY	Luzon	Masbate	Placer	0.006	5.6
227	NAGARAO	Luzon	Masbate	Placer	0.012	12
228	ITOMBATO	Luzon	Masbate	Cawayan	0.012	12
229	IRAYA, CAWAYAN	Luzon	Masbate	Cawayan	0.012	12
230 231	CABAYUGAN MG1 CABAYUGAN MG2	Luzon Luzon	Masbate Masbate	Cawayan Cawayan	0.012 0.006	12 5.6
231	CALUMPANG	Luzon	Masbate	Cawayan	0.006	5.6
232	PANANAWAN MG1	Luzon	Masbate	Cawayan	0.012	12
234	PANANAWAN MG2	Luzon	Masbate	Cawayan	0.012	12
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No.	Power Plant Name	AREA	Province	Municipality	RATED IN MW	RATED IN MW
235	CAMPANA	Luzon	Masbate	Uson	0.006	5.6
236	CANDELARIA MG1	Luzon	Masbate	Uson	0.012	12
237	CANDELARIA MG2	Luzon	Masbate	Uson	0.012	12
238	BONIFACIO MG1	Luzon	Masbate	Uson	0.012	12
239	BONIFACIO MG2	Luzon	Masbate	Uson	0.006	5.6
240	SAN JOSE	Luzon	Masbate	Uson	0.012	12
241 242	MATAYUM MG1 MATAYUM MG2	Luzon Luzon	Masbate Masbate	Cataingan Cataingan	0.012	12 12
243	MATAYUM MG3	Luzon	Masbate	Cataingan	0.006	5.6
244	PITOGO MG1	Luzon	Masbate	Cataingan	0.006	5.6
245	PITOGO MG2	Luzon	Masbate	Cataingan	0.006	5.6
246	MADAMBA MG1	Luzon	Masbate	Cataingan	0.012	12
247	MADAMBA MG2	Luzon	Masbate	Cataingan	0.006	5.6
248	LIBTONG	Luzon	Masbate	Cataingan	0.006	5.6
249	OSMENA	Luzon	Masbate	Cataingan	0.006	5.6
250	AGUADA	Luzon	Masbate	Cataingan	0.012	12
251	SAN RAFAEL	Luzon	Masbate	Cataingan	0.012	12
252	NADAWISAN MAGCARAGUIT MG1	Luzon	Masbate	Cataingan	0.006	5.6 12
253 254	MAGCARAGUIT MG1 MAGCARAGUIT MG2	Luzon Luzon	Masbate Masbate	Dimasalang Dimasalang	0.012	12
254	MAGCARAGUIT MG2	Luzon	Masbate	Dimasalang	0.012	12
255	T. R. YANGCO	Luzon	Masbate	Dimasalang	0.012	12
257	JINTOTOLO MG1	Luzon	Masbate	Balud	0.012	12
258	JINTOTOLO MG2	Luzon	Masbate	Balud	0.012	12
259	JINTOTOLO MG3	Luzon	Masbate	Balud	0.006	5.6
260	SAN ANTONIO MG1	Luzon	Masbate	Balud	0.012	12
261	SAN ANTONIO MG2	Luzon	Masbate	Balud	0.006	5.6
262	CANTIL MG1	Luzon	Masbate	Balud	0.012	12
263	CANTIL MG2	Luzon	Masbate	Balud	0.006	5.6
264	CANTIL MG3 CANTIL MG4	Luzon	Masbate	Balud	0.006	5.6
265 266	SAPATOS Island	Luzon Luzon	Masbate Masbate	Balud Balud	0.006	5.6 12
267	SAWMILL	Luzon	Masbate	Mobo	0.012	12
268	BAANG	Luzon	Masbate	Mobo	0.006	5.6
269	MABUHAY	Luzon	Masbate	Mobo	0.012	12
270	SOROSIMBAJAN MG1	Luzon	Masbate	Esperanza	0.006	5.6
271	SOROSIMBAJAN MG2	Luzon	Masbate	Esperanza	0.012	12
272	COSTA RICA	Luzon	Masbate	Batuan	0.012	12
273	MATABAO, Batuan	Luzon	Masbate	Batuan	0.012	12
274	RIZAL, Batuan	Luzon	Masbate	Batuan	0.006	5.6
275	LUNA	Luzon	Masbate	San Jacinto	0.012	12
276	ALTA VISTA	Luzon	Masbate	San Fernando	0.012	12
277 278	DON PABLO DELA ROSA PANGLE	Luzon Luzon	Masbate Masbate	Aroroy Aroroy	0.012	12 12
278	BARA MG1	Luzon	Masbate	Milagros	0.012	12
280	BARA MG2	Luzon	Masbate	Milagros	0.012	12
281	BARA MG3	Luzon	Masbate	Milagros	0.012	12
282	GUILUTHANGAN MG1	Luzon	Masbate	Milagros	0.012	12
283	GUILUTHANGAN MG2	Luzon	Masbate	Milagros	0.006	5.6
284	SAWMILL MG1	Luzon	Masbate	Milagros	0.006	5.6
285	SAWMILL MG2	Luzon	Masbate	Milagros	0.006	5.6
286	MATAGBAK	Luzon	Masbate	Milagros	0.012	12
287	SAN CARLOS	Luzon	Masbate	Milagros	0.012	12
288 289	BURI CAGMASOSO	Luzon	Masbate Masbate	Mandaon Mandaon	0.012 0.012	12 12
289	POLO DACU	Luzon Luzon	Masbate	Mandaon Mandaon	0.012	12
290	R M MAGBALON	Luzon	Masbate	Cawayan	0.012	12
292	COBRE IS. PENA	Luzon	Masbate	Cawayan	0.012	12
293	SAN VICENTE	Luzon	Masbate	Uson	0.012	12
294	BURACAN	Luzon	Masbate	Dimasalang	0.012	12
295	QUINAYANGAN DIOTAY	Luzon	Masbate	Balud	0.012	12
296	QUINAYANGAN TONGA	Luzon	Masbate	Balud	0.012	12
297	SAN ANDRES	Luzon	Masbate	Balud	0.006	5.6
298	SAN ROQUE	Luzon	Masbate	Esperanza	0.006	5.6
299	BUGTONG	Luzon	Masbate	Pio V. Corpuz	0.012	12
300	STO. NINO	Luzon	Masbate	Monreal	0.012	12
301 302	DANAO SAN ANTONIO	Luzon Luzon	Masbate Masbate	San Jacinto Milagros	0.012	12 5.6
502		Luzon	Masbale	Milagios	0.000	1.572MW
						107 211100

	RATED in Megawatt
1 Total Existing Plants	275.121
2 Total Mini-Grids & Transferred	6.367
3 Total PRES	1.572
TOTAL SPUG FOR CY 2012:	283.160

SPUG SUMMARY OF POWER PLANTS FOR CY 2012

SPUG-EXISTING POWER PLANTS	RATED in Megawatt
1 SPUG-LUZON	203.446
2 SPUG - VISAYAS	18.753
3 SPUG - MINDANAO	52.922
Total Existing Plants	275.171
Total Mini-Grids & Transferred	6.367
PRES	1.572
TOTAL SPUG FOR CY 2012:	283.160



NATIONAL POWER CORPORATION 2012 ANNUAL REPORT WORKING COMMITTEE

CHAIRPERSON: Urbano C. Mendiola, Jr. Vice President, Corporate Affairs

VICE CHAIRPERSONS: Lorna T. Dy Vice President, Administration & Finance

Danilo S. Sedilla Vice President, SPUG

Roy O. Paje Officer-In-Charge, Corporate Communications Division

MEMBERS: Corporate Communications Division

Alma P. Hermosura Corporate Communications Officer A

Beejay S. Abad Corporate Communications Officer D

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Judith Mojica Manager, Controller's Department

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0-0

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