

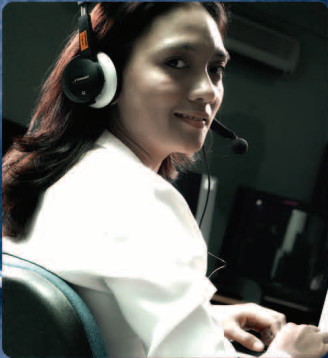


WHERE

STRENGTH,
RESOLVE,




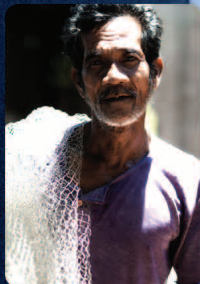
RESILIENCE



COUNT.




NATIONAL
POWER
CORPORATION
2008
ANNUAL REPORT



Mission

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

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

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

All these for God and country.

Vision

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

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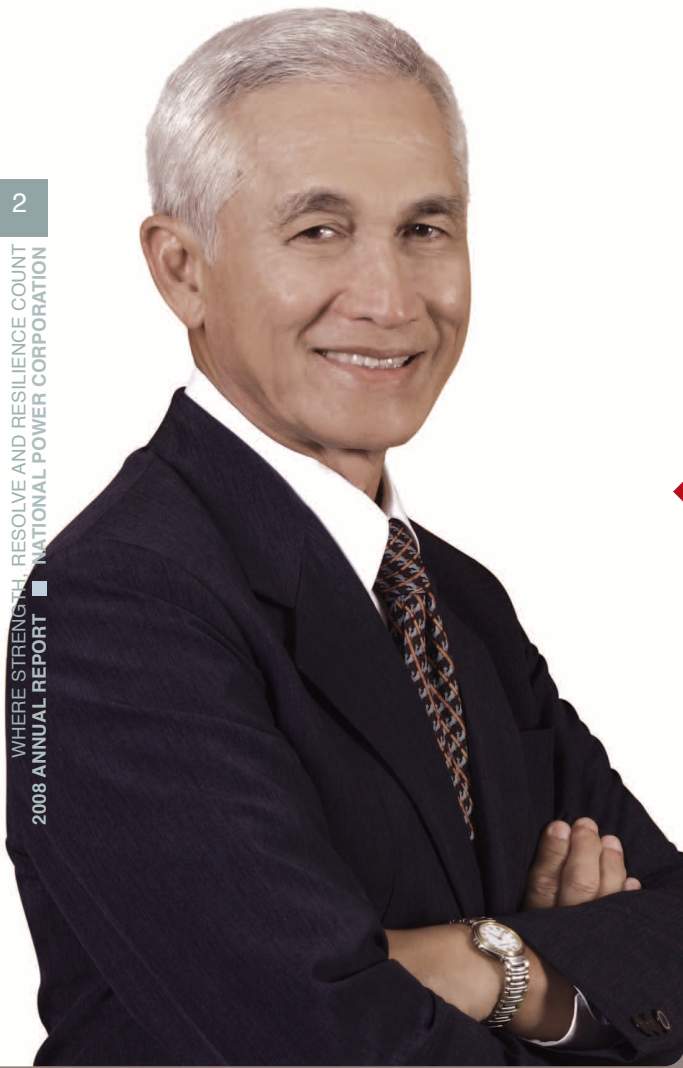
COVER:

Bamboo embodies the qualities of NPC and its constituents. It represents longevity, strength, resilience, optimism, unity, and versatility in every sense.

The grid composed of squares emphasize the significance of the individual blocks in building strong and lasting structures. The graphic itself is an analog of this idea.

The blocks, with photographs of NPC employees and stakeholders, evoke thoughts of strength and resilience in the individuals. This in turn suggest the idea of them being the blocks that build and maintain the lasting strength of the bigger cause, the larger organization – NAPOCOR.

The words, "WHERE STRENGTH, RESOLVE & RESILIENCE COUNT", reiterate the idea plainly. Individual strength counts, individual resolve matters, individual resilience goes a very long way, when the individual is part of a bigger entity.



Weathering the Storm

A message from the
Chairman

“I believe that National Power managed to overcome last year’s challenges by drawing strength from its people”

In 2008, the National Power Corporation – like many companies worldwide – felt the adverse effects of skyrocketing oil prices and the global financial crisis. More than this, it had to undertake major organizational changes in line with the continued privatization of the country’s power sector.

To its credit, National Power was able to weather these storms. Where stronger, bigger and more established companies collapsed under the strain, National Power was able to keep its net loss to a minimum.

I believe that National Power managed to overcome last year’s challenges by drawing strength from its people -- the men and women who perform their daily tasks admirably despite seemingly insurmountable odds. They have shown two commendable qualities: the resolve to carry on with their respective duties despite organizational upheavals; and the resilience to adapt to changes for the good of the organization.

Indeed, it is during times of crisis that strength of character, resolve and resilience truly count. These qualities will not only carry us through the storm, it will make us ready for the opportunities ahead when the tide finally turns and the economic upturn starts.

Looking ahead, I am confident that National Power will be able to look back on 2008, and realize that it had sailed through and turned the crisis to its advantage.

Congratulations to all of you!
Mabuhay kayong lahat!

HON. MARGARITO B. TEVES
Secretary, Department of Finance
Chairman, National Power Board

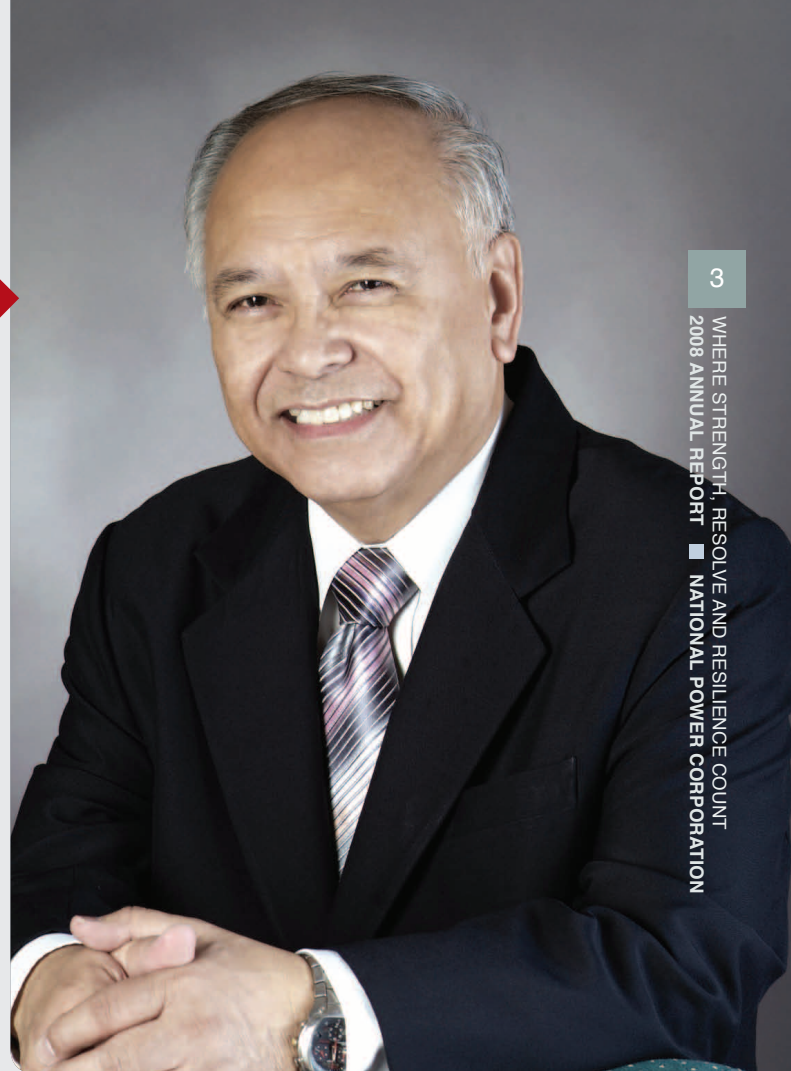
A message from the
President

Our Accomplishments for 2008

The year 2008 witnessed two significant developments that transformed the financial structure of the National Power Corporation: The first is the separation of the books of the National Transmission Corporation (TransCo) from that of National Power's effective October 2008. Where previously our Financial Statements (F/S) reflected the consolidated financial performance of National Power and TransCo, the National Power F/S will not carry the TransCo accounts from 2008 henceforth.

It was also in 2008 when we finally secured all of our creditors' consent to the Deed of Transfer that was signed between National Power and the Power Sector Assets & Liabilities Management Corporation (PSALM) in 2001. This agreement effectively transferred most of our assets and debts to PSALM. As a result, only the accounts pertaining to our missionary electrification arm, the Small Power Utilities Group (SPUG), and our Watershed Management Department (WMD) remained in our books. Also retained in our books were accounts pertaining to other assets and facilities that are used in the performance of our missionary function, watershed management and the operation of power plants in the Main Grid which are covered by the Deed of Transfer.

On a much bigger scale, 2008 also witnessed a global financial meltdown that triggered the downfall of established investment banks and insurance giants in the United States and several major banks across Europe and Asia. Prices of coal and oil spiraled uncontrollably in the world market, with crude oil costs rising to more than US\$100 per barrel in the



early part of 2008. Here at home, there was a general weakening of the peso against major foreign currencies, with the foreign exchange rate depreciating from an average of P41:US\$1 in 2007 to about P47:US\$1 in 2008.

Like most companies worldwide, your National Power felt the impact of these economic upheavals. As a result, we closed the year with a net loss of P7.2 billion, down from the record-breaking P136-billion net income posted in 2007. Before we go into the details of our financial and operational performance in 2008, however, allow us to explain the sharp difference between our 2007 and 2008 bottom-lines. It is worth noting that the P136-billion net income we realized in 2007 refers to the consolidated net income of National Power (consisting of our Main Grid and SPUG operations) and TransCo. In contrast, the 2008 net loss of P7.2 billion reflects the financial performance of SPUG only. Given the reduced scope of the 2008 bottom-line, it will naturally be significantly lower than the comparative 2007 figure. If we were to compare apples to apples, our year-ago reference for the P7.2-billion net loss in 2008 should be the 2007 financial performance of SPUG alone, which was a net loss of P1.7 billion. Year-on-year, therefore, our bottom-line dropped four-fold, or by 323 percent.

Be that as it may, the 2008 net loss may be attributed to a number of factors, which were mostly triggered by the aforementioned global financial crisis. The depreciation of the peso resulted in foreign exchange losses of P684 million, in complete contrast to the 2007 forex gains of P920 million. Relatedly, the weak peso, which resulted in the higher conversion of forex

payments, coupled with the higher volume of energy deliveries, pushed up our purchased power costs by P356 million. The higher prices of bunker and diesel meanwhile caused our fuel costs to balloon by P1.2 billion. Overall, our operating revenues went down while our other operating expenses went up.

At any rate, to give you a more complete and more accurate picture of how your National Power fared in 2008, allow us to report on the results of both our Main Grid and SPUG operations:

Our gross generation in 2008 amounted to 39,350 gigawatt-hours, just two percent lower than the 2007 figure of 40,173 gWh. This solid output was attained despite the sale of big-ticket power plants like the 600-megawatt Masinloc Coal-Fired Power Plant and the 175-MW Ambuklao-Binga Hydroelectric Power Plant in 2007, and their subsequent turn-over to their new owners in 2008. Power production by our Visayas-based plants went up by 4.89 percent from 5,623 gWh to 5,898 gWh year-on-year, while gross generation in Mindanao similarly improved by 1.25 percent from 7,725 gWh to 7,822 gWh. Because most of the privatized plants are located in Luzon, gross generation in the grid went down by 4.45 percent from 26,825 gWh to 25,630 gWh. Gross generation in the missionary areas being serviced by SPUG, meanwhile, improved by 5.76 percent from 529,599 megawatt-hours to 560,125 mWh.

Despite the financial crisis, our energy sales in 2008 remained robust at 36,781 gWh. This however represents a two percent dip from the 37,080 gWh we sold in 2007. Again, energy sales improved in the Visayas grid by seven percent, or from 5,212 gWh to 5,582 gWh, and in Mindanao by 0.85 percent, or from 7,184 gWh to 7,245 gWh. Energy sales in Luzon dropped by 2.95 percent year-on-year, or from 24,683 gWh to 23,953 gWh, while energy sales in the off-grid areas rose by 6.15 percent, or from 503,339 mWh to 534,313 mWh.

In terms of generation mix, our fuel of choice in 2008 continued to be coal and geothermal, which accounted for 26.23 percent and 26.15 percent, respectively, of our over-all fuel mix. But whereas the share of coal in 2008 was lower from the 2007 figure of 31.01 percent, the share of geothermal was comparatively higher than the 24.26 percent share reported in 2007. Natural gas ranked third in our generation mix with a share of 19.90 percent, followed by hydro with 18.52 percent. We kept our use of oil-based plants to a minimal 9.10 percent, and gas turbine to a mere 0.09 percent.

“2008 was fraught with major financial and operational challenges, and structural changes that will impact on NPC as we know it. We are confident however, that in the face of these difficulties, we can and we will continue playing a crucial role in the power industry”.

We intensified our operations in the SPUG areas, in compliance to our mandate under Republic Act 9136 or the Electric Power Industry Reform Act. Specifically, we completed the following SPUG projects in 2008: the installation of four 500-kilowatt (kW) generation sets to augment the capacity of the Cuyo Diesel Power Plant (DPP) in Palawan; two 500-kW units for the Siasi DPP in Sulu; and two 600-kW units for Power Barge 109 in Tablas, Romblon. We also beefed up the capacities of three diesel power plants in Marinduque, namely, the Maniwaya DPP; the Mongpong DPP, and the Polo DPP.

In connection with these capacity addition projects, we also laid down more than 100 circuit-kilometers (ckt-km) of 69-kilovolt (kV) transmission lines (T/L) in 2008, consisting of the 52.40 ckt-km Sta. Cruz-San Jose T/L in Occidental Mindoro and the 51.17 ckt-km Virac-Viga T/L in Catanduanes, and completed four substation (S/S) projects, namely, the Puerto Princesa-Roxas 69-kV S/S and the Roxas 69-kV S/S, both in Palawan; the Mansalay S/S in Occidental Mindoro; and the Viga Load-End S/S in Catanduanes.

We energized 106 barangays in Masbate and Ticao under the Philippine Rural Electrification Service Project. Another two barangays are now finally enjoying electricity supply through the Grid Extension Project in Burias Island, also in Masbate.

We continued to make steady progress in the privatization of our operations in SPUG areas. Of the 14 so-called “first-wave” areas for privatization, nine are already under New Power Providers, namely, Oriental Mindoro; Bantayan; Marinduque; Tablas; Romblon; Masbate; Catanduanes, Mainland Palawan; and Basilan. We are eyeing the privatization of two more areas – Camotes and Siquijor – shortly.

It was also in 2008 when we scored a breakthrough by signing the first-ever Qualified Third Party (QTP) service contract with Powersource Philippines, Inc.

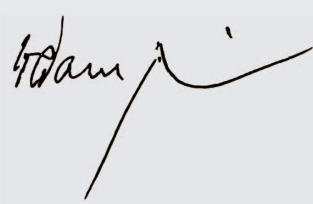
for the supply of electricity in Bgy. Rio Tuba in Bataraza, a second-class municipality located on the southernmost tip of mainland Palawan. Under Section 59 of the EPIRA, government has opened to QTPs the business of providing electricity to remote and unviable areas where neither National Power, TransCo nor the local electric cooperative is unable to provide such service.

On the environment front, our Watershed Management Department (WMD) rehabilitated 320 has. of open and denuded areas within the 11 watersheds under its care, including 142 has. that were planted to various fruit and forest tree species. The department also produced 420,293 seedlings of various forest and fruit trees, and constructed 1,300 cubic meters of riprap and rubble masonry.

In the area of watershed protection, we confiscated 24,177.55 board feet of illegally-cut lumber and filed six cases in court for illegal entry/squatting and illegal logging. We also strengthened our "Bantay-Watershed" Organization and deputized 280 volunteers to help us in our regular patrolling operations in our watersheds.

We partnered with the Philippine Task Force on Climate Change and participated in the Social Mobilization for Climate Change Mitigation Program by producing a total of 11,500 seedlings at the Angat Watershed and by planting a total of 20,000 seedlings in Caliraya. Finally, as part of our Corporate Social Responsibility projects, we joined forces with different schools, environment groups, private companies and government agencies and planted a total of 7,700 trees at the Caliraya, Pantabangan, Tiwi and Lake Lanao watersheds.

Indeed, 2008 was fraught with major financial and operational challenges, and structural changes that will impact on NPC as we know it. We are confident however, that in the face of these difficulties, we can and we will continue playing a crucial role in the power industry. Like the majestic bamboo, we will draw our strength from our resilience and our innate ability to weather the winds of change.



FROILAN A. TAMPINCO
President

Our Outlook for 2009

A message from the Secretary



It is during times of crisis that the real mettle, the true character, of an individual is tested. Faced with a huge challenge, a man may stumble or altogether sink. Or he may surmount the odds, and soar and shine through. The same is true for companies – including our very own National Power Corporation, which also felt the ill-effects of the global financial crisis of 2008.

National Power was able to survive the challenges posed by this worldwide economic meltdown. More than that, the difficulties of the previous year had motivated and inspired the Corporation to draw up a very solid work program for 2009, particularly in the area of missionary electrification.

For 2009, National Power's Small Power Utilities Group (SPUG) targets to install more than 23 megawatts (MW) of new capacity in the off-grid areas that it services. Of this figure, 14.675 MW will benefit the 14 so-called "first-wave" areas for Private Sector Participation. Another 5.05 MW will be put up in existing SPUG areas in Luzon; while existing areas in the Visayas and Mindanao can look forward to an additional 1.500 MW and 2.250 MW, respectively.

Under the Philippine Rural Electrification Service (PRES) project, SPUG is also targeting to complete 154 mini-grid systems in 2009. Meanwhile, under the current Philippine Power Development Program, SPUG will also put up 1.460 MW in new capacity in Luzon, including 515 kilowatts (kW) in the towns of San Pascual, Cawayan, and Placer (all in Masbate); 505 kW in Marinduque; and 445 kW in Calayan, Cagayan. In the Visayas, 345 kW in new capacity will be installed in the towns of Sto. Niño and Almagro, both in Western Samar. It is worth noting that the beneficiaries of these PRES projects will be enjoying electricity for the first time.

Finally, SPUG will come to the rescue of several isolated barangays in Luzon and Mindanao where the local government units were unable to sustain the operations of the generating sets that National Power had previously loaned them. For 2009, SPUG will install 1.328 MW in these newly-transferred areas.

To complete the delivery of electricity to the missionary electrification areas, National Power will construct transmission line and substation facilities in SPUG areas in three provinces, namely, Catanduanes, Occidental Mindoro, and Masbate. Specifically, SPUG is planning to put up a total of

226.01 kilometers of 69-kilovolt transmission lines in these provinces, as well as the corresponding 50 megavolt-ampere/69-kV substation facilities to support the operation of these transmission lines.

In the area of watershed management, National Power is eyeing to rehabilitate 782 hectares (has) of denuded and open areas in 2009 in the 11 watersheds under its care. This includes 608 has. of reforestation projects, 123 has. of agro-forestry projects and 51 has. that will be planted with bamboo. These watershed rehabilitation projects are designed to arrest or to minimize soil erosion, stabilize the soil and improve the water yield of the watersheds. Year-on-year, the 2009 rehabilitation target is more than double the 320 has. that the Corporation actually rehabilitated in 2008.

Relatedly, National Power, through its Watershed Management Department, will continue the maintenance and protection of established watershed plantations covering 1, 628 has. this year. It also plans to build 730 cubic meters of structural control measures to reduce soil erosion in sloping areas, road banks, stream banks and other geologically hazardous areas. Sixteen aerial surveillance flights are also being lined up in 2009 to enable the WMD to patrol the watersheds on a large scale and identify "hotspot" areas that need protection and immediate rehabilitation.

Nobody can say for certain whether the ill-effects of the global financial crisis of 2008 will linger in 2009 and beyond. The only thing we can be sure of is this: given the resolve and resilience of the men and women of National Power, this Corporation will again prevail over all financial and operational challenges that will come its way.

HON. ANGELO T. REYES
Secretary, Department of Energy
Vice Chairman, National Power Board

Operational Highlights



Generation Mix

National Power's fuel of choice in 2008 continued to be coal and geothermal, which accounted for 26.23 percent and 26.15 percent, respectively, of the generation mix. Natural gas ranked third with a share of 19.90 percent, followed by hydro with 18.52 percent. The share of oil-based plants in the generation mix was kept to a minimal 9.10 percent, and gas turbine to a mere 0.09 percent.



	CY2008		CY2007	
	Gwh	%	Gwh	%
Philippines	39,910	100.00	40,703	100.00
Oil-based	3,633	9.10	3,789	9.31
Hydro	7,392	18.52	6,639	16.31
Geothermal	10,435	26.15	9,873	24.26
Coal	10,469	26.23	12,623	31.01
Natural Gas	7,944	19.90	7,769	19.09
Gas-turbine	37	0.09	9	0.02
Luzon	25,630	64.22	26,825	65.90
Oil-based	1,205	3.02	1,364	5.08
Hydro	3,052	7.65	2,712	10.11
Geothermal	4,844	12.14	4,366	16.28
Coal	8,585	21.51	10,614	39.57
Natural Gas	7,944	19.90	7,769	28.96
Gas-turbine	-	-	-	-
Visayas	5,898	14.78	5,623	13.81
Oil-based	676	11.46	530	9.43
Hydro	2	0.03	2	0.04
Geothermal	4,798	81.35	4,640	82.52
Coal	385	6.53	42	7.86
Natural Gas	-	-	-	-
Gas-turbine	37	0.63	9	0.16
Mindanao	7,822	19.60	7,725	18.98
Oil-based	1,199	15.33	1,370	17.73
Hydro	4,331	55.37	3,921	50.76
Geothermal	793	10.14	867	11.22
Coal	1,499	19.16	1,567	20.28
Gas-turbine	-	-	-	-
Small Islands	560	1.40	530	1.30
Oil-based	553	0.99	525	99.22
Hydro	7	0.01	4	0.78
Geothermal	-	-	-	-
Coal	-	-	-	-
Natural Gas	-	-	-	-
Gas-turbine	-	-	-	-

	CY 2008			CY 2007		
	NPC-Owned	NPC-IPP ^{1/}	Total	NPC-Owned	NPC-IPP ^{1/}	Total
Philippines	12,681	26,669	39,350	15,186	24,987	40,173
Oil-based	451	2,629	3,080	455	2,809	3,264
Hydro	5,051	2,334	7,385	4,861	1,774	6,635
Geothermal	5,646	4,789	10,435	5,669	4,204	9,873
Coal	1,533	8,936	10,469	4,201	8,422	12,623
Natural Gas	-	7,944	7,944	-	7,769	7,769
Gas-turbine	-	37	37	-	9	9
Luzon	5,974	19,656	25,630	8,774	18,051	26,825
Oil-based	-	1,205	1,205	-	1,364	1,364
Hydro	718	2,334	3,052	938	1,774	2,712
Geothermal	3,723	1,121	4,844	3,635	731	4,366
Coal	1,533	7,052	8,585	4,201	6,413	10,614
Natural Gas	-	7,944	7,944	-	7,769	7,769
Gas-turbine	-	-	-	-	-	-
Visayas	2,307	3,591	5,898	2,383	3,240	5,623
Oil-based	382	294	676	347	183	530
Hydro	2	-	2	2	-	2
Geothermal	1,923	2,875	4,798	2,034	2,606	4,640
Coal	-	-	385	385	-	442
Natural Gas	-	-	-	-	-	-
Gas-turbine	-	37	37	-	9	9
Mindanao	4,400	3,422	7,822	4,029	3,696	7,725
Oil-based	69	1,130	1,199	108	1,262	1,370
Hydro	4,331	-	4,331	3,921	-	3,921
Geothermal	-	793	793	-	867	867
Coal	-	1,499	1,499	-	1,567	1,567
Natural Gas	-	-	-	-	-	-
Gas-turbine	-	-	-	-	-	-

^{1/}Includes all plants operated by independent power producers

Gross Energy Generation, by Grid and by Energy Source (GWh)

National Power's gross generation dipped by two percent in 2008 to 39,350 gigawatt-hours (gWh) from 40,173 gWh in 2007. Luzon accounted for 25,630 gWh of the total power production, while the Visayas and Mindanao grids contributed 5,898 gWh and 7,822 gWh, respectively. Gross generation in the missionary areas being serviced by SPUG, meanwhile, reached 560,125 megawatt-hours, or 5.76 percent higher than the 529,599 mWh recorded in 2007.

Small Island Grids (MWh)

	CY 2008			CY 2007		
	NPC-Owned	Rental	Total	NPC-Owned	Rental	Total
Philippines	450,071	110,054	560,125	437,765	91,834	529,599
Oil-based	443,129	110,054	553,183	433,659	91,834	525,493
Hydro	6,942	-	6,942	4,106	-	4,106
Luzon	330,530	110,054	440,584	323,032	91,834	414,866
Oil-based	323,588	110,054	433,642	318,926	91,834	410,760
Hydro	6,942	-	6,942	4,106	-	4,106
Visayas	24,677	-	24,677	24,298	-	24,298
Oil-based	24,677	-	24,677	24,298	-	24,298
Hydro	-	-	-	-	-	-
Mindanao	94,864	-	94,864	90,435	-	90,435
Oil-based	94,864	-	94,864	90,435	-	90,435
Hydro	-	-	-	-	-	-

	CY2008		CY2007	
	Effective Rate	Average Rate	Effective Rate	Average Rate
Luzon	3.7017	3.7017	5.7613	5.7507
Visayas	2.8854	2.8854	3.7120	3.7036
Mindanao	2.1842	2.1842	2.8399	2.8353
Total Main Grid	3.2789	3.2789	4.9003	4.8912
Small Island	7.2860	7.2860	7.6177	7.6177
Philippines	3.3363	3.3363	4.9371	4.9281

Average Rates (₱ per kWh)

The combined impact of higher fuel prices and a weak foreign exchange rate pushed power rates up across all grids in 2008. Rates remained cheapest in the Mindanao grid at P2.83 per kilowatt-hour.

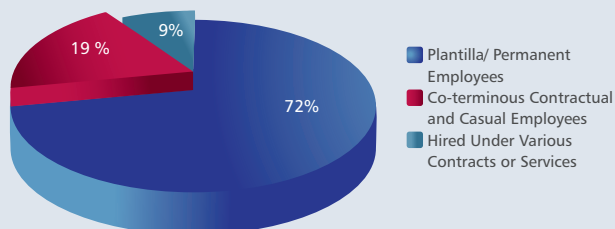
Energy Sales, by Grid and by Customer Type (MWh)

Despite the global financial crisis, National Power's energy sales remained robust at 37,315 gWh, just 0.7 percent lower than the 2007 figure of 37,583 gWh. Luzon accounted for the biggest share of the total sales with 23,953 gWh, while Mindanao reported sales of 7,245 gWh, and Visayas, 5,582 gWh. Energy sales in the off-grid areas rose by 6.15 percent, or from 503,339 mWh to 534,313 mWh.

	CY 2008	CY 2007
Philippines	37,314,675	37,582,614
Utilities	22,308,053	22,426,716
Cooperatives	11,505,048	11,566,890
Industries	3,235,604	3,327,372
Government	264,120	259,621
Others	1,850	2,015
Luzon	23,952,956	24,683,062
Utilities ^{1/}	17,727,978	18,091,896
Cooperatives	4,504,157	4,840,685
Industries	1,474,025	1,508,661
Government	246,412	241,266
Others	384	554
Visayas	5,582,445	5,212,422
Utilities	2,141,365	1,911,211
Cooperatives	2,796,374	2,719,065
Industries	635,482	572,697
Government	9,218	9,439
Others	6	10
Mindanao	7,244,961	7,183,791
Utilities	2,438,710	2,423,609
Cooperatives	3,670,204	3,503,801
Industries	1,126,097	1,246,014
Government	8,490	8,916
Others	1,460	1,451
SPUG		
Cooperatives	534,313	503,339

1/Meralco 14,779,232 15,428,584
 Meralco IPP 78,827 -

Manpower Statistics



Workforce	Number
Plantilla/Permanent Employees	3,121
Co-Terminous, Contractual and Casual Employees	811
Hired under various Contracts or Services	410
TOTAL	4,342

Manpower Statistics

As of end-2008, National Power's total workforce stood at 4,342. Of this figure, 3,121 are plantilla or permanent employees, while 811 are co-terminous, contractual and casual personnel. The remaining 410 employees are hired under various contracts of service.

	DISTRIBUTION UTILITY					INDUSTRY	MISC./GOV'T.	OVERALL TOTAL
	Electric Cooperative	Private Utility	Public Utility	Ecozone	Total			
LUZON	31	8	2	7	48	62	18	128
NORTHERN LUZON	13	3	0	1	17	10	3	30
CENTRAL LUZON	5	3	1	2	11	26	7	44
SOUTHERN LUZON	13	1	1	4	19	26	8	53
METRO MANILA	-	1	-	-	1	-	-	1
VISAYAS	27	4	-	1	32	22	8	62
MINDANAO	27	4	-	1	32	28	3	63
TOTAL	85	16	2	9	112	112	29	253

Number of Customers, by Grid and by Customer Type

As of December 31, 2008, National Power had a total of 253 customers. Of this figure, distribution utilities numbered 112, industrial customers, another 112, and government/miscellaneous customers, 29. One hundred twenty-eight of our total customers are located in the Luzon grid, while 62 and 63 are based in the Visayas and Mindanao, respectively.

2008 Corporate Milestones



January

The Panay Diesel Power Plant Complex, Power Barges 101, 102 and 103, and the Small Power Utilities Group-Visayas are conferred their respective ISO (International Organization for Standardization) 9001:2000 certifications, thus fulfilling the National Power Corporation's vision of having all of its power plants in the Visayas ISO-certified. With this development, the said facilities join the ranks of the other Visayas-based power plants that have previously secured their ISO certifications, namely, the Leyte Geothermal Power Plant and the Bohol Diesel Power Plant (both of which have an ISO for Integrated Management System), and the Palimpinon Geothermal Power Plant, which holds an ISO 9001:2000 certification.

National Power Corporation plays host to an eight-man review mission from the International Atomic Energy Agency, which came to the Philippines on January 27 to conduct a two-day ocular inspection of the mothballed Bataan Nuclear Power Plant. Considered to be the "nuclear watchdog of the United Nations", the IAEA seeks to promote the peaceful use of nuclear energy and to inhibit its use for military purposes.



March

NPC and the Bohol I Electric Cooperative, Inc. sign a Memorandum of Agreement that turns over to NPC's Small Power Utilities Group the responsibility of operating several small diesel power plants that supply electricity to 12 island-barangays in Bohol. With the MOA, power rates in the islands of Cuaming, Hambongan, Mantata-o, Cabilao, Balicasag, Pamilacan, Bag-ong Banwa, Batasan, Bilangbilangan, Mocaboc, Pangapasan and Ubay were also slashed from more than P12 per kilowatt-hour to P5.6404 per kWh.

SPUG completes the 2 x 500-kilowatt Lubang Diesel Power Plant Expansion Project, ending a 20-year wait by residents of Lubang Island in Occidental Mindoro for round-the-clock electricity supply.

The project raises the capacity of the land-based Lubang Power Plant from 1.85 megawatts to nearly 3 MW, allowing it to provide 24-hour electricity service to the said island.



April

NPC receives a 94-percent rating from the Department of Energy for its energy conservation efforts at the NPC head Office in Diliman, Quezon City. The five-star rating was given by a DOE audit team during an enercon spot check, where NPC got perfect marks in 17 out of 20 criteria in the DOE's checklist for evaluating enercon measures being implemented in government buildings.

The Masinloc Coal-Fired Thermal Power Plant in Zambales is turned over to its new owner, the Masinloc Power Partners Co. Ltd. (MPPCL). Led by the Singapore-based AES Transpower Pte. Ltd., MPPCL won the public bidding for the 600-MW power plant with an offer of US\$930 million.



February

The Agus 1 and 2 Hydroelectric Power Plants in Lanao del Sur and the Calaca Coal-Fired Power Plant in Batangas secure separate ISO certifications for Integrated Management System. Commonly referred to as a "triple ISO", an IMS certification consists of an ISO 9001:2000 certification for Quality Management, the ISO 14001:2004 for Environmental Management, and the OHSAS (Occupational Health and Safety Assessment Series) 18001:1999. Calaca holds the distinction of being the first-ever coal-fired power plant of NPC to receive an IMS.



May

President Gloria Macapagal-Arroyo declares Camarines Sur to be 100-percent energized following the inauguration of three power plant projects in the said province. Constructed in the islands of Lahuy, Quinasalag, and North Lagonoy, the missionary electrification projects will benefit 20 barangays in the province. They were jointly undertaken by NPC, the National Electrification Administration, and Camarines Sur Electric Cooperative IV under the DOE's Philippine Rural Electrification Service projects.

The Mindanao Generation Group of NPC joins the 3rd Gawad Kalinga Challenge in Mindanao by donating P425,000 and building five houses in Bukidnon and Lanao del Sur for the Gawad Kalinga Foundation.



Some 100 volunteer-employees joined the week-long build activities, which were designed to benefit displaced farm workers and Maranao families.

June

NPC deploys two 15-MW generator sets to Panay to boost the province's electricity supply. The modular gensets were installed in Panitan, Capiz and in Iloilo City in response to President Gloria Macapagal Arroyo's directive for NPC to address the tight power supply situation in the Cebu-Negros-Panay grid.



NPC and the Albay Electric Cooperative (ALECO) sign a one-year Operation & Maintenance Contract for the technical and financial rehabilitation of the ailing cooperative. Among the programs that are expected to be addressed by the rehab plan are ALECO's P1.6-billion obligations to NPC and high system losses. The rehab program is in compliance with President Gloria Macapagal Arroyo's instruction to NPC to help ALECO improve its financial viability.

The Ambuklao and Binga Hydroelectric Power Plants are formally turned over to their new owners, SN Aboitiz Power Benguet, Inc., which won the November 2007 bidding for the two power plants with an offer of US\$325 million. Considered to be among the country's oldest hydroelectric power plants, Ambuklao has been under preservation by NPC since 2000, while Binga is being operated by NPC as a baseload plant when the water level of the Agno River is high.



NPC signs a Qualified Third Party (QTP) Service Contract with Powersource Philippines, Inc. for the supply of electricity in

Rio Tuba, Palawan. It was the first QTP contract to be signed by NPC with a private power generation firm. Under the Electric Power Industry Reform Act, government has opened to QTPs the business of providing electricity to remote and unviable areas where neither NPC nor the National Transmission Corporation nor the local electric cooperative is unable to provide such service.

The Technical and Maintenance Services Group, the engineering arm of NPC, formally joins the ranks of world-class engineering services companies after securing an ISO 9001:2000 certification for Quality Management System. TMS bagged the prestigious certification after more than a year of preparations.



August

July

September



NPC donates P1 million to the University of the Philippines Engineering Research and Development Foundation, Inc. to help propel research and development in the area of power systems and engineering. The donation, which was made in time for UP's Centennial Year celebration, will be used to upgrade the existing NPC Professorial Chair at the UP College of Engineering.

NPC breaks ground for the 2 x 500-kilowatt Polillo Diesel Power Plant Expansion Project in Polillo Island in Quezon. The two units will augment the capacity of the existing 1.96-megawatt Polillo Diesel Power Plant, and will function as a baseload power plant.

October

Mr. Froilan A. Tampinco, former Vice President of the Power Sector Assets & Liabilities Management Corporation, formally assumes his post as the new President of NPC, replacing Atty. Cyril C. Del Callar. President Tampinco is no stranger to NPC, having devoted close to 20 years of his professional life to the Corporation. A licensed engineer, he joined NPC in 1985 and held various managerial and executive positions in the Corporation, including Vice President for GENCO 2 from 2001 to 2003, and Vice President for Sales & Services from 2003 to 2004.



November

The Tiwi Geothermal Power Plant is given a Safety Recognition Award by the Department of Labor and Employment for attaining a Safety Milestone of more than 1.5 million Safe Man-Hours/No Lost Time Accidents. Tiwi reported 1,541,686 Safe Man-Hours/No Lost Time Accidents from November 1, 2006 to January 31, 2008. This means that for 15 consecutive months, no man-hours were lost at the plant, and employee was absent due to a work-related accident.



NPC holds Customers' Congress to thank and to recognize the continued patronage of its loyal Customers. The Manila Electric Company was cited by NPC as its top customer corporate-wide. Top customers from Luzon, Visayas and Mindanao, both in the Distribution Utility (DU) and non-DU categories, were also given awards by NPC.

NPC signs a Memorandum of Understanding with the Korea Electric Power Corporation to pursue bilateral cooperation in the fields of nuclear power plant operation, maintenance and rehabilitation. Among other features, the MOU covers the conduct of a feasibility study on the possible rehabilitation of the Bataan Nuclear Power Plant. KEPCO operates 20 nuclear reactors in Korea with a capacity of close to 18,000 megawatts.





Paying it Forward



Atty. Antonio Cabalhug with the students of the Luyong Baybay Primary School.

In the movie "Pay it Forward", a 12-year-old boy named Trevor (played by Haley Joel Osment) is given a tough assignment in his social studies class: to think of a way to change the world. Trevor comes up with the concept of "paying it forward" – that is, of doing three good deeds to three complete strangers on the condition that each of them, in turn, does three favors for three other people. Sort of like a "pyramiding scheme", except that it involves random acts of kindness.

In June 2008, employees of the Maintenance & Technical Services Division (MTSD) of the National Power's Corporation's Small Power Utilities Group in the Visayas "paid it forward" by building two classrooms for the Luyong Baybay Primary School in far-off Doong Island in Cebu. Nothing unusual about that, you might say. Except that these employees built the classrooms from the ground up with their own hands. Equally important, they built the classrooms with their own money. Not with corporate funds or even a generous donation from some foundation or philanthropist, but with their hard-earned, personal savings.

It all started in 2006 when MTSD Manager Antonio Cabalhug Jr., during one of his visits to NPC's Doong Diesel Power Plant, spotted a forlorn, one-room structure in Bgy. Luyong Baybay. Mistaking it at first for the local health center, he soon found out that it was the barangay's primary school. That lone classroom served as the place of learning for close to a hundred Grade 1 pupils and almost 70 Grade 2 and 3 students.

That was all it took for Atty. Cabalrug to decide that he would help the school by building not one, but two classrooms for its students. And in 2006, he and the rest of his Division “adopted” the one-classroom school. They started with simple outreach activities-- donating school supplies like bags, notebooks, papers and pencils, as well as T-shirts, raincoats and slippers to the students. They also launched a feeding program.

In the meantime, they also started saving up for their classroom project. Money left over from their transportation/travel allowances soon found its way into a steel suggestion box that they decided to convert into a piggy bank of sorts for the project. Whenever they received a bonus, part of this would automatically go to what Atty. Cabalrug called their “fund-raising” program.

“It was all voluntary – they didn’t need any prodding, *at kahit minsan, hindi sila umangal o nag-dalawang-isip,*” he relates. “*Basta may sobrang pera kami, automatic na yan na mag-bibigay kaming lahat.*”



And so, after saving up enough money for construction materials and a hired vehicle to take these to Bgy. Luyong Baybay (Doong Island is about 1 ½ hours away from Bantayan Island by pumpboat), Atty. Cabalrug and the other members of the MTSD went to Doong Island to start building the classrooms. Together with SPUG-Visayas’ Operation & Maintenance Engineering Team, they spent a week in the small island doing back-breaking construction work – everything from digging the foundation to mixing the cement, from laying the hollow blocks and painting the walls -- until the two classrooms were finally completed.

“Adopting the Luyong Baybay Primary School is a part of NPC’s commitment to social responsibility, and the MTSD employees’ humble way of sharing their blessings to the less fortunate members of the community.”

On August 14, 2008, the MTSD formally turned over the two newly-built classrooms to the delighted and very grateful teachers and students of Luyong Baybay Primary School. Now, instead of trying to cram all of the students in a single classroom, the school has three classrooms that are more conducive for young minds to learn.

Atty. Cabalrug said that adopting the Luyong Baybay Primary School is a part of NPC’s commitment to social responsibility, and the MTSD employees’ humble way of giving back to the less fortunate members of the community. Coming from humble beginnings himself (his father was a farmer in Aurora, Zamboanga del Sur, and his mother, a housewife), he knew the value of education, and how it was often the only way out of a life of poverty.

“*Mahirap talaga ang buhay doon sa isla – kung hindi sila makapangisda, wala silang kakainin,*” he explains. “So in our own way, we try to encourage the children to go to school and to learn. It is only through education that we can liberate them from poverty.”

Former US First Lady and now Secretary of State Hillary Rodham Clinton once said that “It takes a village to raise a child.” In the case of close to 200 children in Barangay Luyong Baybay, it took 21 employees of the National Power Corporation to make a difference in their lives.



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

Independent Auditor's Report

The Board of Directors
 National Power Corporation
 Diliman, Quezon City

We have audited the accompanying financial statements of the **National Power Corporation**, which comprise the balance sheet as of December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the Philippines. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the 6th paragraph, we conducted our audit in accordance with Philippine Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 these 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

The balances as of December 31, 2008 of Materials, Supplies and Equipment for Operation and Project Construction stated at P7.264 billion and Materials, Supplies and Equipment in Transit stated at P490.748 million are doubtful. The former differs from the balance per inventory count by P1.275 billion, while the latter includes non-moving items in the total amount of P575.495 million. Likewise, the balances of certain asset and liability accounts are doubtful because details of these accounts include items with abnormal balances totaling P932.382 million. We were not able to obtain sufficient evidence to ascertain the fairness of the said account balances by other alternative procedures.

The Electric Plant in Service (EPIS) with a carrying value of P13.347 billion was last revalued in 1998. This is contrary to Philippine Accounting Standard (PAS) 16, Property, Plant and Equipment, which requires an entity using the revaluation model as its accounting policy to revalue its assets with sufficient regularity so that the assets' fair values are not materially different from their carrying amounts. Likewise, portion of Long-term Foreign Loans of P145.052 million payable in CY 2009 was not reclassified as current liabilities. This is contrary to PAS 1, Presentation of Financial Statements, which provides that a liability shall be classified as current if it is expected to be settled within twelve months after the balance sheet date.

Qualified Opinion

In our opinion, except for the effects on the financial statements of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the fairness of the balances of the accounts as discussed in the 6th paragraph, and except for the effects on the financial statements of the non-revaluation of the EPIS with sufficient regularity and the non-reclassification of the current portion of long-term foreign loans as discussed in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the **National Power Corporation** as of December 31, 2008, and of its financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in the Philippines.

Emphasis of the Matter

Without further qualifying our opinion, we draw attention to Notes 1, 3, and 18 to the financial statements. The Temporary Registry Account, which is presented as one line item in the balance sheet, consists of the balances of certain accounts which are for transfer to the Power Sector Asset and Liabilities Management Corporation (PSALM) and the National Transmission Corporation (TransCo) pursuant to the Asset-Debt Transfer as provided in the Electric Power Industry Reform Act of 2001, but which were instead retained in NPC books. It consists of (i) accounts which shall be used by NPC in the continuous operation and maintenance of plants/assets transferred to PSALM under an Operation and Maintenance Agreement between NPC and PSALM of P22.655 billion and (ii) those that are for validation, adjustment and reconciliation and for further transfer to PSALM, TransCo and/or NPC, as the case may be, of P7.082 billion.

COMMISSION ON AUDIT


 DIVINIA M. ALAGON
 Director IV

June 29, 2009

Balance Sheet

December 31, 2008
(With Comparative Figures for CY 2007)
(In Philippine Peso)

	Notes	2008	2007
ASSETS			
Non-Current Assets			
Utility plant - net	3a & 4	5,452,949,434	256,403,127,535
Construction work in progress	3b & 5	3,095,908,087	27,398,580,511
Electric plant under capital lease		-	480,636,623,204
Investment in government and other corporation		-	8,352,303
Non - utility property - net	6	1,134,440,384	3,181,251,762
Non - current receivables - net	7	111,736,588	5,886,553,893
Deferred charges	8	14,566,785	25,408,865,125
Other non - current assets	9	3,773,298	74,344,361,084
Contingent assets	10	1,480,156	1,882,888,302
Total Non-Current Assets		9,814,854,732	875,150,603,719
Current Assets			
Cash and cash equivalents	11	44,910,050	39,494,920,284
Power customers receivables - net	12	1,755,061,785	93,357,392,452
Other receivables - net	13	816,923,746	41,132,870,571
Materials and supplies for operation	14	1,904,209,218	21,005,287,011
Advances	15	43,037,042	10,155,565,607
Prepayments	16	1,839,803	905,464,422
Deposits	17	1,653,592	1,796,137,949
Cash advances - officers and employees		540,943	6,656,891
Total Current Assets		4,568,176,179	207,854,295,187
Temporary Registry Accounts	18	29,737,647,720	
TOTAL ASSETS		44,120,678,631	1,083,004,898,906
EQUITY AND LIABILITIES			
Equity		10,832,423,460	179,963,354,954
Non-Current Liabilities			
Long-term debts (net of current portion)	19	899,697,278	306,411,606,206
Lease obligation - BOT		-	419,648,722,643
Deferred credits		39,922,555	5,357,283,641
Total Non-Current Liabilities		939,619,833	731,417,612,490
Current Liabilities			
Accounts payable and accrued expenses		2,481,784,265	111,198,060,306
Retention on contract payments		119,023,467	1,102,152,332
Deposits and trust funds	20	5,994,820	430,548,818
Dividends payable		-	30,215,838
Lease payable		-	33,479,044,865
Interest payable		4,185,066	11,385,660,878
Current portion of long-term debts			13,998,248,425
Total Current Liabilities		2,610,987,618	171,623,931,462
Temporary Registry Accounts	18	29,737,647,720	
TOTAL EQUITY and LIABILITIES		44,120,678,631	1,083,004,898,906

See accompanying Notes to Financial Statements.

Income Statement

For the Year Ended December 31, 2008
(With Comparative Figures for CY 2007)

	Notes	2008	2007
OPERATING REVENUE			
Utility operating income		2,858,547,676	144,764,097,861
Transmission services operating income		16,379,404	33,699,312,365
Ancillary service charge		4,250,540	18,341,100,179
Universal charge		1,117,006,605	1,340,006,757
Total operating revenues		3,996,184,225	198,144,517,162
Prompt payment discount		(26,762,615)	(1,170,461,874)
Voltage discount		-	(78,259,995)
Other demand energy adjustment income		(76,433,095)	(8,141,724,705)
Power factor adjustment income		-	(1,331,003,016)
Net Operating Revenues		3,892,988,515	187,423,067,572
OPERATING EXPENSES			
Generation		7,261,860,531	100,955,598,140
Depreciation and depletion		516,954,000	14,143,598,455
Administrative and general expenses		154,231,907	2,942,638,465
Bad debts		117,996,050	907,074,693
Transmission and distribution		38,667,689	3,001,981,096
Amortization of electric plant under capital lease		-	25,112,713,083
Other operating expenses		2,109,042,576	2,804,293,824
Total Operating Expenses		10,198,752,753	149,867,897,756
OPERATING INCOME(LOSS)		(6,305,764,238)	37,555,169,816
OTHER INCOME			
Interest Income		194,316,166	4,231,273,544
Gain on diesel/fuel transfer		428,911	38,940,336
Gain on forex fluctuation	21	-	123,657,432,658
Forex recovery	22	-	532,342,339
Gain on Retirement of Asset		-	31,951,139
Miscellaneous Income	23	380,299,505	450,191,989
Total Other Income		575,044,582	128,942,132,005
INTEREST AND OTHER CHARGES			
Interest expense		474,777,109	19,390,664,253
Depreciation-other plants/property		71,926,400	1,726,030,561
Finance & other bank charges		8,227,504	2,146,559,429
Loss on forex fluctuation	22	683,739,896	-
Loss on debt service principal/forex recovery		47,106,745	-
Privatization & subsidiarization expense		-	7,628,653
Miscellaneous expenses	24	184,189,858	503,588,543
Total Interest and Other Charges		1,469,967,512	23,774,471,439
NET INCOME BEFORE TAX		(7,200,687,168)	142,722,830,382
INCOME TAX EXPENSE		-	6,650,915,050
NET INCOME(LOSS)		(7,200,687,168)	136,071,915,332

See accompanying Notes to Financial Statements.

Cash Flow Statement

For the Year Ended December 31, 2008
(With Comparative Figures for CY 2007)
(In Philippine Peso)

	2008	2007 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash collected from power customers	2,112,725,129	208,769,844,905
Amount withheld from employees, suppliers & other creditor	226,343,388	14,307,706,870 ²
Interest and dividends received	128,868,163	1,183,916,870
Cash collected from other receivables	6,868,038	1,028,543,073
Cash collected from deposits and trust funds	8,453,751	165,197,995 ³
Funds transferred to NPC main grid	(1,786,426,598) ¹	-
Purchase of generation fuel		
Oil	(38,975,124)	(19,452,399,091)
Coal	(2,625,068)	(13,942,378,943)
Natural gas and steam	-	(22,367,820,557)
Purchased power cost	-	(41,261,038,571)
Personnel cost	(28,851,552)	(3,331,410,284)
Other operating expenses	(379,160,044)	(6,791,138,435)
Other expenses	(2,643,503)	(302,545,506)
Statutory remittances	(219,764,657)	(20,067,215,565) ²
Refund of deposits and trust funds	(7,010,537)	(66,013,955) ³
Realty tax paid	(323,649)	(63,912,594)
Share in the national wealth	(278,859)	(258,655,138)
Deposits and other advances	(51,000)	(8,622,314,147)
Interest paid	(15,357)	(961,232)
Income tax including surcharges, interest & compromise penalty	-	(7,371,801,158)
Taxes and duties paid	-	(120,430,762)
Financial assistance paid	-	(865,559,114)
Franchise tax paid	-	(38,128,934)
Net Cash from Operating Activities	17,132,521	80,531,485,727
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	-	68,075,585
Interest received from investment	-	775,863,033
Capital expenditures	(6,195,848)	(6,475,123,955)
Purchase of general equipment	(1,796,195)	(709,140,698)
Interest paid on loans for PMEC & other transmission projects	-	(10,578,088)
	(7,992,043)	(6,350,904,123)
Net Cash Used in Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from the national government	-	2,559,771,027
Collection from PEMC	-	7,756,186
Transfer from restricted to current cash account	-	467,659,158
Payment of capacity fees - BOT	-	(32,275,549,837)
Payment of advances to bureau of treasury	-	(1,317,766,839)
Payment of loans	-	(14,453,481,331)
Payment of bonds	-	(1,148,116,875)
Payment of KEPCO deposit	-	(412,975,000)
Payment of guarantee fees/commitment fees	-	(6,936,888,121)
Advances to SRMPP non power components	-	(183,948,378)
Advances to PEMC	-	(440,929)
Transfer from current to restricted cash account	-	(8,698,025)
Interest paid on loans	-	(14,352,978,521)
Net Cash Used in Financing Activities	-	(68,055,657,485)
Net Increase(Decrease) in Cash & Cash Equivalents	9,140,478	6,124,924,119
Effects of Foreign Exchange Rate Changes on Cash & Cash Equivalents	-	(195,021,041)
Cash & Cash Equivalents, Beginning of the Year	39,494,920,284	33,565,017,206
Cash & Cash Equivalents, Beginning of the Year - NPC main grid	(37,149,981,171) ⁴	-
Cash & Cash Equivalents, Beginning of the Year - TransCo	(2,309,169,541) ⁴	-
Cash & Cash Equivalents, December 31, 2008	44,910,050	39,494,920,284

See accompanying Notes to Financial Statements.

1. Net of fund remittances to NPC main grid of P3,3486,763,458.
2. The total amount of P14,307,706,870 was previously shown under Statutory remittances.
3. Refund of deposits and trust funds amounting to P66,013,954.77 was previously part of Cash collected from deposits trust fund.
4. Beginning balances of transferred NPC main grid and TransCo cash and cash equivalents.

Statement of Changes in Equity

For the Year Ended December 31, 2008
(With Comparative Figures for CY 2007)

	Notes	2008	2007
Capital Stock P100 par value			
Authorized 500,000,000 shares, issued 270,488,708			
Balance, Beginning		27,048,870,789	27,048,870,789
Additions/adjustments		-	-
Balance, End		27,048,870,789	27,048,870,789
Donated Capital			
Balance, Beginning		4,021,996,948	4,021,996,948
Additions/adjustments		(4,021,996,948)	-
Balance, End		-	4,021,996,948
Retained Earnings			
Balance, Beginning		14,312,671,583	(118,020,243,912)
Net effect of asset and debt transfer to PSLAM and separation of TransCo books	25	(25,265,885,080)	-
Net Income(Loss)		(7,200,687,168)	136,071,915,332
Correction of prior year's income		(286,413,563)	(7,141,259,184)
Appraisal capital of sold NPC & TransCo assets		-	3,402,259,347
Balance, End		(18,440,314,228)	14,312,671,583
Appraisal Capital			
Balance, Beginning		132,696,927,332	140,714,036,698
Balance pertaining to transferred assets to PSALM		(60,856,351,765)	-
Balance pertaining to transferred assets to TransCo		(69,618,188,823)	-
Adjustments		-	(8,017,109,366)
Balance, End		2,222,386,744	132,696,927,332
Contingent Surplus			
	10		
Balance, Beginning		1,882,888,302	1,883,061,869
Transferred balance to PSALM/Temporary Registry		(1,881,408,146)	-
Adjustments		-	(173,567)
Balance, End		1,480,156	1,882,888,302
Equity		10,832,423,461	179,963,354,954

See accompanying Notes to Financial Statements.

Notes to the Financial Statements

1. GENERAL

The National Power Corporation (NPC) was created under Commonwealth Act No. 120 on November 3, 1936. Its charter was then revised by virtue of Republic Act 6395, as amended.

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

Primary Function - Section 1 of its Charter provides that the Corporation will undertake the following: (1) the comprehensive development, utilization and conservation of Philippine water resources for all beneficial uses, including power generation; and (2) 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.

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

With the enactment of RA # 9337, otherwise known as the Reformed Value-Added Tax (RVAT) Law of 2005, which took effect on November 1, 2005, NPC's purchases of fuel and purchased power as well as its sale of electricity are subjected to VAT, specifically stated under Sec. 24(A) of R.A 9337 repealing Section 13 of R.A. No. 6395 on the Corporation's exemption from VAT. However, its non-profit character and exemption from all other taxes, including income tax, has not been affected.

The EPIRA

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

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

National Transmission Corporation (TransCo)

TransCo was created pursuant Section 8 of the EPIRA to assume the authority and responsibility of NPC for planning, construction and centralized operation and maintenance of its high voltage transmission facilities, including grid interconnections and ancillary services.

On January 16, 2009, the National Grid Corporation of the Philippines (NGCP), has finally taken over the operation of the transmission facilities of TransCo under a concession agreement for 50 years.

Power Sector Assets and Liabilities Management (PSALM) Corporation

PSALM was created pursuant to Section 49 and 50 of the EPIRA to take ownership of all existing NPC generation assets, liabilities, IPP (Independent Power Producers) contracts, real estate and all other disposable assets, and to manage the orderly sale, disposition, and privatization thereof with the objective of liquidating all NPC financial obligations and stranded contract costs in an optimal manner.

Full Powers

Pending the actual transfer of the assets and liabilities, PSALM assumed certain NPC functions in order to ensure a smooth transition to the former of the performance of the functions once the creditors consents have been secured and also to allow the former to make key decisions and develop and execute major plans relating to such functions. The "Full Powers" was approved by the PSALM Board on April 30, 2003 and by NPC Board on May 14, 2003 per Board Resolution No. 2003-60. This was implemented until October 1, 2008, when the asset-debt transfer from NPC to PSALM has finally taken effect.

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

As mandated under the EPIRA and pursuant to the instructions from the respective Boards and Managements of NPC, PSALM and TransCo, the actual separation of books of TransCo from NPC and the assets-debt accounts transfer from NPC to PSALM was implemented on October 1, 2008 based on the balances of interim financial report (except for SPUG) as of September 30, 2008. Full implementation was effected on December 31, 2008. This significantly affected the current financial structure of NPC when compared with the previous years' financial reports, as only the accounts pertaining to SPUG, watershed and other assets/facilities that are used and useful in

the performance of its missionary function, watershed management and the operation of plants, under the Operation and Maintenance Agreement with PSALM, are retained in the books of NPC. For CY 2008 financial statements, NPC reported only the result of operation for SPUG and the financial condition of the residual NPC, consisting of accounts pertaining to SPUG & watershed and the retained PSALM/TransCo accounts which are reported in the balance sheet under the Temporary Registry Accounts (see Note 18).

To ensure an orderly process on the separation of books, the NPC President, thru Memorandum Order No. 2008 - 098 dated October 15, 2008, created a committee that took responsibility for the immediate transfer of assets and liabilities from NPC books to PSALM books in close coordination with the PSALM as counterpart. The committee, likewise, addressed issues that emanated from the process and ensured compliance to the process as set out in the agreements with PSALM, more particularly on the cut-off date for the transfer of NPC accounts to both PSALM and TransCo on September 30, 2008. This cut-off date has set the closing and transfer of all Main Grid and TransCo - related nominal and real accounts to PSALM and TransCo books, respectively, except for accounts such as the PSALM's Trust Accounts and other accounts in the Main Grid plants and TransCo that need further actions.

The October to December 2008 Main Grid transactions were still processed and recorded in the NPC books but were eventually closed and transferred to PSALM to complete the full year transfer of related transactions for the real and nominal accounts including that of the beginning balances of the real accounts.

Operation and Maintenance Agreement (OMA)

The Operation and Maintenance Agreement (OMA) is an agreement entered into by and between NPC and PSALM on February 17, 2009 wherein NPC will act as the Operator of the transferred generation and other assets/facilities owned by PSALM prior to privatization of such assets. This agreement shall be effective until the second anniversary unless otherwise extended or renewed by the parties.

2. STATUS OF OPERATION

KEY ACCOMPLISHMENTS FOR 2008

As a Corporation left with only the operation of the Small Power Utilities Group (SPUG) and Watershed, the following are the key accomplishments of the groups:

SPUG

- The SPUG closed the year with a Net Operating Loss of P6.3 billion and a bottomline figure of negative P7.2 billion. This was basically due to higher operating costs mainly as an effect of increase in the cost of fuel oil which is being used in the operation of majority of SPUG plants and the significant devaluation of the peso as against foreign currencies.
- Energy sales rose by 6%, that is from 503 GW to 534 GW. The generation mix is basically fuel oil representing 99% of the total generation.
- Revenue from the Universal Charge for the year 2008 amounted to P1,117 million from the P1,340 million in CY 2007.
- SPUG is now operating in 78 small islands and 8 isolated grids due to the addition of 11 areas - six micro-grids in Samar in 2005 and five micro-grids in Masbate in 2007. It operates 304 generating units with a total rated capacity of 128,997 MW in 92 landbased diesel power plants, 11 barge-mounted power plants, and one hydro-electric plant and hybrid wind turbine farm. It has 42 customers or off-taker distribution utilities (DUs), consisting of 39 electric cooperatives (ECs) and three LGUs.
- At present SPUG provides 24-hour electric service in 23 areas, while the remaining 63 areas operate in less than 24 hours.
- NPC charges its customers in the rural areas based on the Subsidized/ Approved Generation Rate (SAGR) for the 14 first wave areas as approved by the ERC on December 16, 2006, while the remaining areas are charged on existing rates applied since January 2006. The 14 first wave island grids have been prioritized for eventual private sector take-over of the generation function of SPUG.
- In the context of the social obligation on missionary electrification of SPUG and service obligation of Distribution Utilities (DU) in their franchise areas, SPUG, together with the Department of Energy (DOE) and National Electrification Administration (NEA), will jointly develop the sustainability mechanisms to ensure the reliable and economic operations of such combined generation and distribution functions in remote area electrification.

WATERSHED

The Corporation, through its Watershed Management Department, has continuously pursued activities geared towards maintaining the productive condition of NPC watersheds covering a total area of 446,403 hectares. For CY 2008, it had rehabilitated 320 hectares of open and denuded areas of the watersheds (84 hectares planted to forestry species, 142 hectares to a combination of fruits and forest tree species, 44 hectares to bamboos, 30 hectares to rubber and 20 hectares to tiger grass); constructed 1,300 cubic meters of riprap and rubble masonry; and produced/propagated 420,293 seedlings of various forest and fruit trees.

In watershed protection, it has confiscated 24,177.55 board feet of illegally

cut lumber; filed six (6) cases in court for illegal entry/squatting and illegal cutting; strengthened the Bantay-Gubat Organization thru the conduct of regular meetings, joint operation, patrolling and capability enhancement training; regularly conducted patrolling of the watershed in coordination with the military and the watershed volunteers; deputized 280 volunteers to augment watershed protection.

In community development and extension, a total of 104,410 forest and fruit trees have been dispersed to various watershed stakeholders as part of the re-greening program; conducted audio/radio plugging; produced and distributed 4,200 print materials i.e. posters, calendars and brochures to various stakeholders; and conducted livelihood training which will serve as alternative sources of income for the locality.

Four (4) researches and studies have already been completed. These included the following:

- Effects of reforestation on hydrologic behavior of selected watersheds under NPC (Angat, Pantabangan and Caliraya);
- Field trial test on the physical growth and performance effectiveness of some reforestation species in selected watershed areas;
- Forest resources inventory in Angat watershed; and
- Effects of reforestation on hydrologic behavior of selected watershed under NPC (Buhi-Barit, Upper Agno and Magat).

The Department had also undertaken and/or participated in special projects. These included a) clean development mechanisms (CDM); b) partnership with the PTFCC (Philippine Task Force on Climate Change) on climate change mitigation; and c) partnership with other groups on tree planting. For CDM, the Department has already conducted site assessment and survey of eligible areas covering 200 hectares in Pantabangan. A Social Mobilization for Climate Change Mitigation Program was launched last May 2008 where a total of 11,500 seedlings were produced and a total of 20,000 seedlings planted in Caliraya. A total of 7,700 trees were planted in partnership with various groups in Caliraya, Pantabangan, Tiwi and Lake Lanao watersheds. The partners included the TransCo D & M Group, Lakkay Kalikasan, Pasi Catholic College, the Green Club, and Prudential Life.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Preparation

The accompanying financial statements of NPC are prepared and presented in accordance with the accounting principles and standards presently accepted in the Philippines under the historical cost basis, except for property, plant and equipment, which are carried in the balance sheet at revalued amounts.

Pursuant to the provisions on the Scope and Authority, paragraph 7 of the Preface to Philippine Financial Reporting Standards, PFRSs are designed to apply to the general purpose financial statements and other financial reporting of all profit-oriented entities. Hence, NPC, being a GOCC of non-profit character, may not be subject to the full compliance with the same, in its strict sense. Nevertheless, certain PFRS/Philippine Accounting Standards (PAS), as appropriate, were adopted and made the basis in the preparation of the financial statements in order to achieve the primary objective of fairly presenting the Corporation's financial condition, results of operation and cash flows.

Application of Accounting Policies/Standards

a. 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 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. This account is treated as a permanent account and is not diminished by any depreciation charges.

Regular annual maintenance, repairs and minor replacements are charged to expense as they are incurred, whereas major maintenance, which is done on a periodic three-to five-year intervals, is deferred, amortized and charged to operations over the number of years interval. Rehabilitation expenditures which would result in improvement of the plant's efficiency beyond five 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 values is computed using the straight-line method. Depreciating the assets based on the sound value over its remaining useful life, as ascertained by consultants, will result in amortizing the remaining cost of the assets reflective of its true physical state. The average remaining life employed in the revaluation was determined by subtracting the age of the asset from the estimated standard economic life (shown below) given by NPC's

Type of Plant	Economic Life
1. Thermal Production a. Oil-fired b. Coal-fired	35
2. Hydraulic Production	40
3. Geothermal Production	30
4. Other Production a. Combined-cycle b. Diesel Plants and Barges c. Gas Turbine	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.

b. Capitalization of Interest

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

c. Allocation of Support Group Expenses

Expenses of the Home Office Support 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 on projects, are fully charged to operations.

d. Investments

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 each year using the BSP guiding rates.

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.

e. Receivables and Allowance for Bad Debts

Power and other receivables are stated net of allowance for bad debts. Allowances are determined through the identification of uncollectible accounts based on collectibility of receivable balances and evaluation of such factors as aging of accounts, collection experience, expected loss experience and identified doubtful accounts.

f. 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.

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.

g. Accounting for Foreign Exchange Fluctuation

Transactions denominated in foreign currencies are recorded at standard booking rates established on the last working day of the immediately preceding calendar year and then restated at the end of the year using the rate of exchange prevailing as at the balance sheet 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 in compliance with PAS 21, which was made effective January 1, 2005. The same is true with differentials from restatement of working capital loans.

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

h. Deferred 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.

i. 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.

j. 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.

The succeeding disclosures provide comparative figures for CY 2008 and CY 2007. The significant changes in amounts between the two periods may be traced from the actual separation of books from NPC to TransCo and asset-debt transfer to PSALM, effective October 1, 2008. Since NPC was only left with the operation of SPUG and Watershed, the remaining assets of NPC, as appearing in the CY 2008 balance sheet, consist mainly of SPUG and Watershed accounts plus the Temporary Registry Account.

4. UTILITY PLANT

This account consists of the following electric plants in service:

	Steam Production Plant	Hydraulic Production Plant	Other Production Plant	Transmission Plant	Distribution Plant	Others	Total
Cost:							
Beginning	167,614,664,590	81,732,843,733	57,524,924,695	215,361,361,334	529,476,975	43,922,186,723	566,685,458,050
Additions		-	200,393,007	2,190,137	-	163,530,485	366,113,629
Retirements		-	-	-	-	-	-
Adjustments	(167,614,664,590)	(81,661,833,408)	(48,991,584,102)	(210,930,459,250)	(509,262,647)	(39,659,639,858)	(549,367,443,855)
Ending	-	71,010,325	8,733,733,600	4,433,092,221	20,214,328	4,426,077,350	17,684,127,824
Accumulated Depreciation/Depletion							
Beginning	107,521,859,563	62,980,222,728	43,037,434,127	85,857,089,816	186,522,692	10,699,201,589	310,282,330,515
Provisions		-	389,751,000	172,306,000	1,042,000	25,781,400	588,880,400
Retirements		-	-	-	-	-	-
Adjustments	(107,521,859,563)	(62,909,212,671)	(36,273,234,589)	(84,738,907,196)	(174,511,268)	(7,022,307,238)	(298,640,032,525)
Ending	-	71,010,057	7,153,950,538	1,290,488,620	13,053,424	3,702,675,751	12,231,178,390
Carrying Value December 31, 2008	-	268	1,579,783,062	3,142,603,601	7,160,904	723,401,599	5,452,949,434
Carrying Value December 31, 2007	60,092,805,027	18,752,621,005	14,487,490,568	129,504,271,518	342,954,283	33,222,985,134	256,403,127,535

5. CONSTRUCTION WORK IN PROGRESS (CWIP)

This account consists of the following:

	2008	2007
CWIP - Work Order	2,975,620,723	26,849,055,413
CWIP - Materials & Supplies	120,287,364	549,525,098
	3,095,908,087	27,398,580,511

Construction Work in Progress - Work Order refers to the costs of projects under construction, while CWIP - Materials & Supplies represent stock inventory intended for projects but still in the custody and within the responsibility of project custodians and stock inventory still in transit.

Loan-funded CWIP amounted to P434,709,388 and P900,814,302, while cost of borrowings amounted to P9,148,911 and P311,642,677 in CY 2008 and CY 2007, in that order.

6. NON-UTILITY PROPERTY

Non utility property account consists of the following:

	2008	2007
Cost:		
Beginning	53,471,333,348	51,610,884,930
Additions	-	-
Retirements	-	(5,327,836)
Adjustments	(51,573,226,470)	1,865,776,254
Ending	1,898,106,878	53,471,333,348
Accumulated Depreciation		
Beginning	50,290,081,586	47,709,721,540
Additions	-	814,197,351
Retirements	-	(4,783,535)
Adjustments	(49,526,415,092)	1,770,946,230
Ending	763,666,494	50,290,081,586
	1,134,440,384	3,181,251,762

7. NON-CURRENT RECEIVABLES

This account consists of:

	2008	2007
Non-Current Power Receivables	112,758,589	1,984,139,535
Non-Current Receivables	-	4,942,233,624
	112,758,589	6,926,373,159
Allowance for Bad Debts	(1,022,001)	(1,039,819,266)
	111,736,588	5,886,553,893

8. DEFERRED CHARGES

Deferred charges include:

	2008	2007
Preliminary Surveys & Investigation	12,353,196	2,611,279,128
Discount on NPC Bonds Payable	-	14,063,769,120
Deferred Taxes & Duties	-	4,127,491,176
Other Deferred Debits	-	4,085,915,703
Deferred Financial Assistance	-	519,224,607
Others	2,213,589	1,185,391
	14,566,785	25,408,865,125

The Preliminary Surveys & Investigation account pertains to all expenditures related to preliminary surveys, studies, investigations and other related undertakings to determine the feasibility of a project for development.

9. OTHER NON-CURRENT ASSETS

This account consists of the following:

	2008	2007
Restricted Cash	3,643,800	1,562,657,716
Stock for Disposal	129,498	222,451,972
Stored Fuel - Ilijan	-	44,794,135,249
Advances to San Roque Multi Purpose Proj.	-	21,732,063,480
Stored Energy - Leyte A & B	-	5,823,343,304
Investment in Maintenance Eng'g Ctr.	-	209,709,363
	3,773,298	74,344,361,084

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 balance reflected in 2008 pertains to the expropriation case of NPC vs. Marelco Civil Case No. 08-10.

10. CONTINGENT ASSETS / CONTINGENT SURPLUS

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

11. CASH AND CASH EQUIVALENTS

This account is composed of the following:

	2008	2007
Cash in Bank	41,568,523	3,640,868,142
Working Fund	3,341,407	33,936,488
Cash on Hand	120	33,357,012
Funds with the Bureau of Treasury	-	157,802,301
Temporary Investments	-	35,628,956,341
	44,910,050	39,494,920,284

12. POWER CUSTOMER RECEIVABLES

Receivables from power customers consist of the following:

	2008	2007
Power Receivables	1,904,611,451	76,310,403,376
Accrued Utility Revenue	195,492,288	10,126,570,635
Restructured Power Receivables	38,680,834	1,054,048,296
Due from Other Agencies	-	16,325,075,981
	2,138,784,573	103,816,098,288
Allowance for Bad Debts	(383,722,788)	(10,458,705,836)
	1,755,061,785	93,357,392,452

13. OTHER RECEIVABLES

This account consists of the following:

	2008	2007
Output Tax Receivable	388,811,186	9,276,454,395
Receivables from Private Companies	245,442,448	2,337,005,868
Interest	56,628,126	6,351,117,741
Input Tax on Non-Depreciable Capital	13,257,411	5,582,164,576
Receivable from Officers & Employees	7,817,127	18,891,185
Receivables from PSALM	-	12,883,593,127
Receivables from National Government	-	3,946,177,352
Input Tax on Depreciable Capital	-	242,589,650
Receivable from Fuel Oil Suppliers	-	133,489,877
Rent	-	23,101,035
Tax Credit Certificates	-	9,308,891
Others	104,967,448	1,113,077,503
	816,923,746	41,916,971,200
Allowance for Bad Debts	-	(784,100,629)
	816,923,746	41,132,870,571

14. MATERIALS AND SUPPLIES FOR OPERATION

Details of the account are as follows:

	2008	2007
Materials, Supplies and Equipment	739,768,422	9,268,193,566
Diesel	618,211,443	677,235,965
MSE in Transit - Operating Plants	210,014,447	1,610,907,312
Materials, Supply Temporary Adjustments	174,763,814	542,197,020
Stock Transfer clearing Accounts	124,324,183	1,103,583,726
Asset in Trust for Private Power Contractors	6,756,994	6,299,061,768
Fuel Oil	3,436,632	883,492,427
Gasoline	505,069	3,761,676
Thermal Chemicals	245,668	52,384,956
Fuel Temporary Adjustment	(931,842)	78,510,888
Coal	-	357,690,020
Aviation Fuel & Other Oil Products	-	39,338
Stock for Transshipment	-	(124,569)
Other Oil Products	27,114,388	128,352,918
	1,904,209,218	21,005,287,011

Asset in Trust for Private Power Contractors are fuel and non-fuel M & S transferred to private Independent Power Producers (IPPs) as stipulated in their individual contracts. Fuel M & S are liquidated within thirty (30) days after receipt by the IPP of the stocks supported by a report of fuel consumption, while non-fuel M&S are closed upon receipt of the payments/replacement stocks from the IPP.

15. ADVANCES

Advances consist of the following:

	2008	2007
Advances to Contractors	42,658,949	639,439,094
Advances to Gov't Bodies & Institutions	378,093	9,422,288,202
Advances to Philippine Geothermal Inc.	-	93,838,311
	43,037,042	10,155,565,607

16. PREPAYMENTS

Prepayments consist of the following:

	2008	2007
Prepaid Charges	1,655,003	23,717,818
Marginal & Guaranty Deposits	184,800	881,746,604
	1,839,803	905,464,422

17. DEPOSITS

This account includes the amounts deposited with the provincial, municipal or city courts and with other entities as a guaranty for the fulfillment of obligation and for other purposes.

18. TEMPORARY REGISTRY ACCOUNTS

This account represents the non-SPUG related accounts which are retained in NPC books consisting of accounts (i) which shall be used by NPC in the continuous operation and maintenance of the transferred assets to PSALM under the OMA of P22.656 billion and (ii) those that are for validation, adjustment and reconciliation and, at a later date, for further transferring to PSALM, TransCo and/or NPC, as the case may be of P7.082 billion (Schedule A).

19. LONG-TERM DEBTS

Long-term debts balance in 2008 consists of the following:

CREDITOR/ PROJECT		MATURITIES	INTEREST RATES	AMOUNT
Natixis/Credit National	Project-Pres Project of SPUG	2016 to 2031	FIXED at 0.40%	510,200,794
Banque Paribas	Project-Pres Project of SPUG	2009 to 2019	FIXED at 5.09%	227,632,834
Kanbutzu-CXZ Association	500KW Diesel-Fired Gensets	2006 to 2010	FIXED at 4.50%	161,863,650
TOTAL				899,697,278

Foreign Loans are restated at year-end based on the following:

		BSP Guiding Rates	
		12-24-08	12-28-07
Dollar	USD 1	47.4850	41.4010
Yen	JPY 1	0.5221	0.3642
Franc	CHF 1	43.6644	36.3326
Euro	EUR 1	66.2463	60.5572
Won	KRW 1	0.0357	0.0441

20. DEPOSITS AND TRUST FUNDS

Deposits and Trust Funds account mainly includes amounts received and segregated for the execution of specific projects or contracts. It also includes amounts deposited/advanced by power customers to the Corporation.

21. GAIN(LOSS) ON FOREX FLUCTUATION

This account consists of:

	2008	2007
Gain(loss) on Revaluation:		
Loans Payable	(643,556,652)	38,058,914,447
Lease Obligation - BOT	-	83,587,441,812
Foreign Currency Deposits	-	(288,756,641)
Gain(loss) on Foreign Currency Transactions	(40,183,244)	2,299,833,040
	(683,739,896)	123,657,432,658

22. FOREX RECOVERY

Effective August 26, 1994, the Corporation included in the customer's power bills Foreign Exchange Adjustment charges intended to recover the Corporation's foreign exchange losses arising from the servicing of its principal indebtedness (FOREX I or ICERA I) and related foreign operating expenses (FOREX II or ICERA II). For proper matching of cost and revenue, recovery from ICERA I, which is a recovery of peso fluctuation on principal repayments, is reported under Other Income, while recovery from ICERA II, which is a recovery of foreign-

denominated other operating expenses, is recorded as part of operating revenue.

23. MISCELLANEOUS INCOME

This account consists of the following:

	2008	2007
Supplier's Discount/ Liquidated Damages	5,586,754	50,684,902
Rental Income	1,500,000	13,503,936
Bid-Related Income	259,900	11,751,232
Others	372,952,851	374,251,919
	380,299,505	450,191,989

Miscellaneous income-others consist of income from sale of scrap materials and used fuel and fly ash, penalty for excess downtime, fuel cost differentials and management fee of PEZA for TransCo in CY 2007. The balance for CY 2008 includes SPUG's share from the Other Income of the Main Grid, which was transferred to PSALM.

24. MISCELLANEOUS EXPENSES

This account consists of the following:

	2008	2007
Subsidy on Cooperative Distribution	57,334,306	
Other Taxes	88,437	194,604,391
Loss on Disposal/Retirement of Assets	-	24,212,649
Extraordinary Loss/Gain	-	15,094,368
Gender and Development	-	5,509,441
Others	126,767,115	264,167,694
	184,189,858	503,588,543

Miscellaneous expenses-others consists mainly of expenses incurred in the housekeeping/maintenance of decommissioned plants. The balance for CY 2008 includes SPUG's share from the Other Expenses of the Main Grid, which was transferred to PSALM.

25. RETAINED EARNINGS

This account may be increased/decreased during the accounting period by items such as net income or net loss, prior-period adjustments, revaluation surplus of retired, disposed off or derecognized assets.

The significant change in Retained Earnings was due to the asset-debt transfer from NPC to PSALM and the separation of the TransCo books. Balances at the beginning of the year, transactions affecting retained earnings, net income (loss) and differences between the assets and liabilities up to September 30, 2008 for TransCo and up to December 31, 2008 for the Main Grid were closed and transferred to TransCo and PSALM. The net effect is as follows:

Separation of TransCo books	(107,696,498,608)
Asset and Debt Transfer to PSALM	82,430,613,528
Net Effect	(25,265,885,080)

26. CONTINGENCIES

Pursuant to the EPIRA, PSALM shall take ownership not only of all generating assets, real estate, IPP contracts and other disposable assets but also of all liabilities of NPC. Hence, included in the Temporary Registry Account are contingent claims against NPC which are now pending before the Honorable Supreme Court and the Regional Trial Court to be assumed eventually by the PSALM Corporation:

I. G. R. No. 156208, Entitled "NPC DRIVERS AND MECHANICS ASSOCIATION (NPC DAMA) ET. AL., (Petitioners), -versus- THE NATIONAL POWER CORPORATION (NPC) ET. AL., (Respondents)".

Status of the Case:

a. September 26, 2006 – The Honorable Supreme Court Third Division promulgated a Decision on the above case, the dispositive portion of which reads:

"WHEREFORE, premises considered, National Power Board Resolutions No. 2002-124 and 2002-125 are hereby declared VOID and WITHOUT LEGAL EFFECT. The Petition for Injunction is hereby GRANTED and respondents are hereby ENJOINED from implementing said NPB Resolutions No. 2002-124 and 2002-125."

b. September 17, 2008 – The Supreme Court promulgated a Resolution on the Petitioners Motion for Clarification and/or Amplification which Resolved and issued the following ORDERS:

- 1) PARTIALLY GRANT the Petitioners Motion by affirming that, as a logical and necessary consequence of the 26 September 2006 Decision, the petitioners have the right to reinstatement, or separation pay in lieu of reinstatement, pursuant to validly approved Separation Program; plus backwages, wage adjustments, and other benefits accruing from 31 January 2003 to the date of their reinstatement or payment of separation pay; less the amount of separation benefits which were previously received under the null NPB Resolutions;
 - 2) PARTIALLY GRANT the Motion for Approval of Charging (Attorney's) Lien of Atty. Aldon and Atty. Orocio and ORDER the entry in the records of this case of their ten percent (10%) charging lien on the amounts recoverable by petitioners from respondent NPC by virtue of our Decision dated 26 September 2006; and
 - 3) ORDER that Entry of Judgment be finally made in due course in the case at bar.
- c. October 10, 2008 – The said “Decision and Resolution become final and executory and are thereby recorded in the Book of Entries of Judgments.”
- d. December 10, 2008 – The Supreme Court issued a Resolution granting the petitioner’s Urgent Motion for Execution and accordingly issued the following ORDERS to the Chairman and Members of the National Power Board and the President of NPC to:
- 1) cause the preparation of a list, under oath, of (a) the names of all NPC personnel/ employees terminated/separated pursuant to NPB Resolutions No. 2002-124 and 2002-125, and (b) the amount due to each of them by way of separation pay, backwages, wage adjustments and other benefits in accordance with applicable jurisprudence on illegal dismissal, as well as interests due from the time the decision became final and executory and to compute the 10% charging lien of Atty. Orocio and Atty. Aldon pursuant to the 17 September 2008 Resolution of the Court.
 - 2) pay or cause to be paid immediately the amounts due to the petitioners and all other illegally dismissed NPC personnel/employees as well as the amount of charging lien of Atty. Aldon and Atty. Orocio
 - 3) submit proof of their compliance to the orders of this Court as stated in paragraph 1 and 2 hereof within thirty (30) days from receipt of this Resolution.
- e. February 9, 2009 – The Petitioners filed a Manifestation with Urgent Omnibus Motions with the Supreme Court with following PRAYERS:
- 1) The Chairman and Members of NP Board and NPC President be held in contempt of court and meted the penalties as may be warranted under the circumstances for failure and/or refusal to comply with the orders (Resolution) of the Honorable Court;
 - 2) The Clerk of Court and Ex-Officio Sheriff of the Regional Trial Court of Quezon City together with his/her deputies, be appointed designated with full powers and authority to enforce by execution the 10 December 2008 resolution of this Honorable Court by garnishment/levy upon of the assets of NPC, including but not limited to the assets of PSALM, based on the list and computations submitted and attested to by the responsible NPC officials hereafter to be summoned;
 - 3) To immediately summon the concerned and responsible NPC Officials to attest jointly and severally under oath as to the existence and correctness of said documents (Annex “C”) and submit under oath jointly and severally the certified true copies to this Honorable Court.

Said Petitioners Manifestation is now pending for Resolution before the Supreme Court.

- II. 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)”.
- a. November 28, 2008 – The Regional Trial Court Branch 84 of Quezon City promulgated a DECISION in favor of the Petitioners and intervenors NECU & NEWU against the respondents National Power Corporation, its President and Board of Directors and ORDERED as follows:
- 1) To RELEASE and to PAY the amount of Php6,496,055,339.98 representing the COLAs and AAs, and to PAY the amount of Php704,777,508.60 representing interest computed from December 28, 2007, within 30 days from the finality of this Decision to petitioners, intervenors and other non-union employees similarly situated. The said monetary judgment shall earn another interest of 12% per annum from the dated of finality of the decision until its full satisfaction;
 - 2) To PAY Attorney’s fees in the amount of Php100,000.00 in favor of the Petitioners and Php200,000.00 in favor of the Intervenors NECU & NEWU;

- 3) To DEDUCT the amount of Php145,464,872.55 representing the deficiency payment of docket and other legal fees to be taken from the said lists of Napocor officials, workers, etc., xxx and to REMIT AND PAY the same to the Office of the Clerk of Court of the Regional Trial Court of Quezon City, within 15 days from finality of the Decision and finally, to FURNISH this court proof of compliance hereof. The said amount shall be without prejudice and subject to the final computation and assessment of the Office of the Clerk of Court. The said docket and legal fees shall be a lien on this judgment and shall be first satisfied pursuant to the provisions of Rule 141 and Rule 39 of the Rules of Court.

- 4) DECLARING the Consultancy Agreement to be valid and binding between the counsels and the Petitioners and the Intervenors NECU & NEWU, and its members, and 4.1 To DEDUCT the FIVE percent (5%) of the amount payable to each of the NAPOCOR employees, etc., xxx AND to PAY the amount deducted to Atty. Napoleon Uy Galit and Atty. Jonathan S. Presquito, after deducting the appropriate taxes.

- b. March 20, 2009 – The Court issued a Joint Order, the pertinent portion of which is hereunder quoted, viz:
- 1) GRANTS the Motion for Execution filed by the NPC workers, petitioners and intervenors NECU & NEWU. Accordingly, the Branch Clerk of Court is directed to forthwith issue the Certificate of Finality of Judgment and the Writ of Execution to enforce the Court’s Decision dated November 28, 2008;
 - 2) GRANTS the motion of petitioners and intervenors to Deposit the Amount Equivalent to Judgment Award and Interest. The said amount shall be under Custodia Legis of the Court pending its distribution to the listed and qualified beneficiaries or pending appeal with the Higher Court;
 - 3) DENIES and Dismisses the Notice of Appeal filed by the Office of the Solicitor General for utter lack of merit;
 - 4) DENIES the Motion for Reconsideration filed by the Public Respondent Hon. Rolando G. Andaya, Jr. with finality.
- c. March 23, 2009 – The Branch Clerk of Court issued the CERTIFICATE OF FINALITY OF JUDGMENT. The pertinent portion of which is quoted “That in view thereof, the Decision of the Court dated November 28, 2008 has become FINAL and EXECUTORY on December 18, 2008 for petitioners and intervenors, for NPC President and Board of Directors and Public Respondent Rolando G. Andaya, Jr. and the Department of Budget and Management; and December 19, 2008 for the Office of the Solicitor General”.
- d. March 23, 2009 – The Branch Clerk of Court the WRIT OF EXECUTION addressed to the Deputy Sheriff, RTC, Branch 84, Q. C., the pertinent portion of which is quoted “NOW THEREFORE, you are hereby commanded to cause the execution of the aforesaid judgment together with the aforementioned implementing orders including the payment in full of your lawful fees for the service of this writ”. “You are hereby directed to submit your report on the action taken within 10 days from receipt hereof and attach copy of your report to the record of this case, pursuant to Adm. Cir. 12-89, and thereafter, until the writ is fully executed and furnishing the Parties and their counsels copy thereof”.
- e. March 24, 2009 – The Sheriff IV Franklin E. Dazo issued the NOTICE TO COMPLY upon NPC which was received March 25, 2009.

27. SPUG TARIFF’S SIGNIFICANT DEVELOPMENT IN 2008

As of the end of 2008, NPC-SPUG operates 304 generating units with total rated capacity of 128,997 MW. This nationwide operation is composed of 92 land-based diesel power plants, 1 hydroelectric plant, 1 hybrid wind turbine farm and 11 barge-mounted mobile power plants. It serves 78 small island grids and 8 isolated grids. It has 42 customers consisting of 39 electric cooperatives and 3 local government units. Presently, 27% or 23 of the island grids provide 24-hour electric service, while the remaining 73% or 63 of the grids are operating less than 24 hours. To support its operations, NPC-SPUG charges its customers in the rural areas based on the Subsidized/Approved Generation Rate (SAGR) for the 14 first wave areas approved by the Energy Regulatory Commission (ERC) on December 16, 2006 and on its existing rates as of January 2006 for the remaining 61 NPC-SPUG areas. The schedule of rates is shown in the table that follows.

SAGR Rates & Existing Rates (in Php/kWh)	
14 First Wave Area	SAGR/Effective Rates
Luzon Catanduanes, Marinduque, Occidental Mindoro, Oriental Mindoro, Palawan, Romblon, Tablas	5.6404
Masbate	5.1167
Visayas Bantayan, Camotes, Siquijor	6.2553
Mindanao Basilan, Tawi-Tawi, Sulu	5.1167
61 Remaining Areas	Existing Rates
Other Luzon	3.7064
Other Visayas	5.6404
Other Mindanao	4.8024

In addition to the SAGR, NPC-SPUG is also allowed by the EPIRA of 2001 to avail funds to perform its Missionary Electrification function from its share in the Universal Charge (UC-ME). For the period 2004-2008, the ERC approved the availing of Php 1.34 billion per year from the UC-ME.

NPC-SPUG recovers its: (1) deferred fuel costs and purchased power costs thru the Generation Rate Adjustment Mechanism (GRAM); and (2) deferred foreign exchange-related (FOREX) adjustments thru the Incremental Currency Exchange Rate Adjustment (ICERA). The adjustments thru these mechanisms are likewise subject to the approval of the ERC.

28. PRIVATIZATION UPDATE

2008 MILESTONES IN THE ONGOING PRIVATIZATION OF SPUG OPERATIONS

14 1st Wave Areas

Areas with New Power Providers (NPPs)

1. Oriental Mindoro	Power One Corporation* (Mid-Islands Power Generation Corp. as project company)
2. Bantayan	Bantayan Island Power Corporation (BIPCOR)
3. Marinduque	3i Powergen (consortium of Coastalpower Development Corp., Korea Investment and Securities Co. Ltd., Korea Western Power Co. Ltd. and Ijin Electric Co. Ltd.)
4. Tablas	3i Powergen (same as above)
5. Romblon	3i Powergen (same as above)
6. Masbate	DMCI Holding, Inc. (DMCI Power Corp. as project company)
7. Catanduanes	Power One Corporation* (Palawan Power Generation, Inc. as project company)
8. Mainland Palawan	Power One Corporation* ((Palawan Power Generation, Inc. as project company)
9. Basilan	Coastal Power Development Corporation
Under Preparation	
10. Camotes	
11. Siquijor	
Deferred Indefinitely	
12. Occidental Mindoro	
13. Sulu	
14. Tawi- Tawi	

* Power One Corp. is leasing NPC-SPUG plants

QTP Implementation

Rio Tuba, Bataraza, Palawan

Then NPC President Cyril C. del Callar and Powersource Philippines, Inc. CEO Frederick E. LaCroix signed on 18 July 2008 the 1st Qualified Third Party (QTP) service contract for the supply of electricity in Brgy. Rio Tuba in Bataraza, Palawan. The contract also includes the provision of subsidies from the Universal Charge for Missionary Electrification (UC-ME).

29. DATE OF AUTHORIZATION FOR ISSUE OF FINANCIAL STATEMENTS

The Financial Statements were approved and authorized for issue by the National Power Board on June 15, 2009.

No events occurred between balance sheet date and the date on which the financial statements were approved by the board of directors that would require adjustment to or disclosure in the financial statements.

National Power Management Committee



FROILAN A. TAMPINCO
PRESIDENT
National Power Corporation



CYRIL C. DEL CALLAR
PRESIDENT
(Until September 30, 2008)

PIO J. BENAVIDEZ
SENIOR VICE
PRESIDENT

MELBURGO S. CHIU
VICE PRESIDENT
Sales & Services,
& Luzon Generation



SILVANO C. ZANORIA
SENIOR VICE PRESIDENT
(Until July 16, 2008)



KATAMBAYAN S. CELINO
VICE PRESIDENT
Technical & Maintenance
Services



DR. EDUARDO R. EROY
VICE PRESIDENT
Human Resources &
Administration

LORENZO S. MARCELO
VICE PRESIDENT
Small Power Utilities Group



OSCAR C. LORICO
VICE PRESIDENT
Logistics

JUAN CARLOS J. GUADARRAMA
VICE PRESIDENT
Wholesale Electricity
Spot Market, Energy
Regulatory Commission
Regulatory
Compliance Officer





ATTY. MELCHOR P. RIDULME
VICE PRESIDENT
Office of the
General Counsel



DANILO S. SEDILLA
VICE PRESIDENT
Visayas Generation,
and Batangas Coal-fired
Thermal Power Plant



DR. PASAYUD M. MACARAMBON
VICE PRESIDENT
Mindanao Generation
(Until February 2009)

ATTY. GINA LOURDES D. VALEROS
VICE PRESIDENT
Corporate Services
(Until September 30, 2008)



EDMUND P. ANGULUAN
CHAIRMAN
Bids & Awards Committee



ALEXANDER P. JAPON
SENIOR DEPARTMENT
MANAGER
Finance



DR. PAQUITO F. GARCIA
SENIOR DEPARTMENT
MANAGER
Human Resources

URBANO C. MENDIOLA, JR.
HEAD, MAN COM
SECRETARIAT



PETER JUDE E. BACALSO
SENIOR DEPARTMENT
MANAGER
Independent Power
Producer (IPP) Contracts
Management



ATTY. VICTOR GAUDENCIO C. GARCIA
CORPORATE SECRETARY

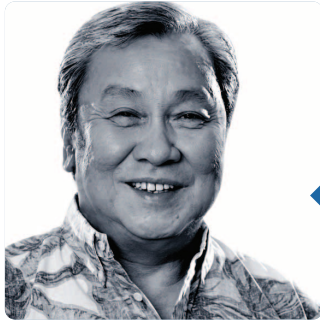
National Power Board of Directors



SEC. ANGELO T. REYES
VICE CHAIRMAN
Department of Energy



SEC. ROLANDO G. ANDAYA
Department of Budget and Management



SEC. MARGARITO B. TEVES
CHAIRMAN
Department of Finance

SEC. JOSE L. ATIENZA, JR.
Department of Environment and Natural Resources



SEC. PETER B. FAVILA
Department of Trade and Industry

FROILAN A. TAMPINCO
PRESIDENT
National Power Corporation



SEC. RONALDO V. PUNO
Department of Interior and Local Government



RALPH G. RECTO
GENERAL DIRECTOR
National Economic and Development Authority



SEC. ARTHUR C. YAP
Department of Agriculture





SPUG Plants

Power Plant Land Base  Power Barge Sea Base 



List of NPC-SPUG Power Plants*

As of December 2008



LUZON

	PLANT NAME	LOCATION	RATED (MW)	DEP. CAP (MW)
01	BASCO	BATANES	2.771	1.820
02	SABTANG	BATANES	0.163	0.160
03	ITBAYAT	BATANES	0.326	0.160
04	CALAYAN	CAGAYAN	0.163	0.150
05	LUBUAGAN	KALINGA	0.450	0.425
06	KABUGAO	APAYAO	0.643	0.590
07	PALANAN	ISABELA	0.423	0.417
08	CASIGURAN	AURORA	1.935	1.860
09	BALONGBONG MHEP	CATANDUANES	1.800	1.800
10	MARINAWA	CATANDUANES	7.108	4.380
11	POWER BARGE 110	CATANDUANES	2.240	1.200
12	VIGA	CATANDUANES	2.240	1.440
13	RAPU-RAPU	ALBAY	1.209	1.070
14	BATAN	ALBAY	0.326	0.300
15	BOAC	MARINDUQUE	7.100	7.100
16	TORRIJOS	MARINDUQUE	0.500	0.450
17	PB 120	MARINDUQUE	7.200	1.500
18	MANIWAYA	MARINDUQUE	0.054	0.050
19	MONGPONG	MARINDUQUE	0.054	0.050
20	POLO	MARINDUQUE	0.042	0.040
21	POLILIO	QUEZON	2.180	1.540
22	JOMALIG	QUEZON	0.217	0.200
23	PATNANUNGAN	QUEZON	0.326	0.320
24	PULANG LUPA	OCC. MINDORO	1.400	1.100
25	PB 106	OCC. MINDORO	12.600	10.800
26	PALUAN	OCC. MINDORO	0.800	0.600
27	LUBANG	OCC. MINDORO	2.850	1.485
28	CALAPAN (MODULAR)	OR. MINDORO	17.000	17.000
29	MAMBURAO	OCC. MINDORO	5.750	5.640
30	TINGLOY	BATANGAS	0.683	0.625
31	IRAWAN	PALAWAN	15.000	15.000
32	RIZAL	PALAWAN	0.356	0.250
33	EL NIDO	PALAWAN	0.423	0.345
34	ROXAS	PALAWAN	1.363	1.340
35	TAYTAY	PALAWAN	0.423	0.330
36	SAN VICENTE	PALAWAN	0.923	0.820
37	BUSUANGA	PALAWAN	2.980	1.440
38	CULION	PALAWAN	0.423	0.350
39	LINAPACAN	PALAWAN	0.108	0.108
40	CUYO	PALAWAN	3.948	1.930
41	ARACELI	PALAWAN	0.326	0.130
42	BALABAC	PALAWAN	0.326	0.300
43	CAGAYANCILLO	PALAWAN	0.217	0.214
44	AGUTAYA	PALAWAN	0.217	0.200
45	MASBATE	MASBATE	11.250	10.000
46	PB 105 (UNDER REHAB)	MASBATE	0	0
47	TICAO	MASBATE	3.251	1.360
48	GUIN-AWAYAN	MASBATE	0.035	0.035
49	GILOTONGAN	MASBATE	0.090	0.090
50	NABUCTOT	MASBATE	0.025	0.025
51	PENA	MASBATE	0.090	0.090
52	CHICO	MASBATE	0.035	0.035
53	TABLAS	ROMBLON	6.168	4.400
54	PB 109	ROMBLON	1.800	1.500
55	ROMBLON	ROMBLON	2.280	1.630
56	PB 114	ROMBLON	1.160	0.550
57	SIBUYAN	ROMBLON	3.006	2.160
58	SAN JOSE	ROMBLON	0.576	0.560
59	BANTON	ROMBLON	0.326	0.320
60	CORCUERA	ROMBLON	0.826	0.795
61	CONCEPCION	ROMBLON	0.326	0.160
	TOTAL LUZON		138.630	110.739

VISAYAS

	PLANT NAME	LOCATION	RATED (MW)	DEP. CAP (MW)
62	BANTAYAN DPP	CEBU	4.000	3.550
63	GUINTARCAN	CEBU	0.263	0.263
64	DOONG DPP	CEBU	0.326	0.326
65	SIQUIJOR	SIQUIJOR	2.000	1.675
66	PB 113 (DRY DOCKED)	SIQUIJOR	0	0
67	PB 116	SIQUIJOR	3.360	2.100
68	GIGANTES	ILOILO	0.326	0.326
69	CALUYA	ANTIQUE	0.326	0.326
70	CAMOTES	CEBU	2.188	2.100
71	PILAR	CEBU	0.576	0.560
72	MARIPIPI	BILIRAN	0.326	0.320
73	LIMASAWA	LEYTE	0.326	0.326
74	ZUMARRAGA	W. SAMAR	0.686	0.320
75	TAGAPUL-AN	W. SAMAR	0.326	0.326
76	ALMAGRO	W. SAMAR	0.217	0.217
77	STO. NIÑO	W. SAMAR	0.326	0.326
78	COSTA RICA 1	W. SAMAR	0.040	0.040
79	LUNANG 2	W. SAMAR	0.060	0.060
80	BIASONG 1	W. SAMAR	0.060	0.060
81	CABUNGAAN	W. SAMAR	0.040	0.040
82	ILIJAN	STO. NIÑO	0.040	0.040
83	TAKUT	W. SAMAR	0.100	0.100
84	SAN ANTONIO	N. SAMAR	0.576	0.523
85	CAPUL DPP	N. SAMAR	0.326	0.326
86	SAN VICENTE	N. SAMAR	0.326	0.326
87	BIRI	N. SAMAR	0.326	0.320
	TOTAL VISAYAS		17.466	14.896



MINDANAO

	PLANT NAME	LOCATION	RATED (MW)	DEP. CAP (MW)
88	BASILAN	BASILAN ISLAND	4.672	3.100
89	PB 119	BASILAN ISLAND	7.200	6.400
90	JOLO	SULU	7.900	6.700
91	LUUK	SULU	0.229	0.200
92	SIASI	SULU	2.640	2.240
93	BONGAO	TAWI-TAWI	0	0
94	PB 108	TAWI-TAWI	7.200	5.400
95	BALIMBING	TAWI-TAWI	0.326	0.320
96	MANUK-MANGKAW	TAWI-TAWI	0.163	0.150
97	SIBUTU	TAWI-TAWI	0.326	0.260
98	SITANGKAY	TAWI-TAWI	0.054	0
99	WEST SIMUNUL	TAWI-TAWI	0.371	0.340
100	TANDUBAS	TAWI-TAWI	0.108	0.100
101	CAGAYAN DE TAWI-TAWI	TAWI-TAWI	1.020	0.700
102	SACOL	ZAMBOANGA	0.163	0.155
103	DINAGAT	DINAGAT PROVINCE	2.422	1.685
104	LORETO	DINAGAT PROVINCE	0.940	0.820
105	HIKDOP	SURIGAO DEL NORTE	0.326	0.320
106	KALAMANSIG	SULTAN KUDARAT	2.867	1.920
107	PB 111	SULTAN KUDARAT	1.680	0.900
108	NINOY AQUINO	SULTAN KUDARAT	0.326	0.310
109	PALIMBANG	DAVAO DEL SUR	0.054	0.049
110	ABAD SANTOS	DAVAO DEL SUR	0.423	0.420
111	BALUT	SARANGANI	0.326	0.320
112	TALICUD	DAVAO DEL NORTE	0.326	0.315
	TOTAL MINDANAO		42.062	33.124

NPC PLANTS

	NO. OF PLANTS	RATED (MW)	DEP. CAP (MW)
TOTAL LUZON	61	138.630	110.739
TOTAL VISAYAS	26	17.466	14.896
TOTAL MINDANAO	25	42.062	33.124
TOTAL PHILIPPINES	112	198.158	158.759

*List includes all NPC-owned power plants, barges as well as rented generator sets.

2008 NPC Annual Report Working Committee

Chairman

Pio J. Benavidez
Senior Vice President

Vice Chairman

Dennis S. Gana
Manager, Corporate Communication Division (CCD)

Members:

Corporate Communication Division

Elizabeth I. Perez
Corporate Communication Officer 'A'

Beejay S. Abad
Corporate Communication Officer 'D'

Office of the President

Lorna T. Dy
Corporate Staff Officer A

Rhoda S. Santos
Corporate Staff Officer A

Finance

Alexander P. Japon
Senior Department Manager

Lucio P. Estangco
OIC, Controller's Department

Judith M. Mojica
Manager, Financial Review & Management Division

Marlene M. Magaling
Section Chief, FRMAD

Merceditas L. Cardenas
Senior Financial Specialist 'B', FRMAD

Sales & Services Group

Urbano C. Mendiola, Jr.
OIC, Power Economics Department

Bernadette T. Rivero
Corporate Staff Officer 'B', Power Economics Department

Ma. Ellinore L. Danganan
Corporate Staff Specialist 'A', Power Economics Department

Legal

Atty. Gordon Sy Montojo
OIC-Department Manager, Land & Rights Department

Logistics

Atty. Catherine J. Pablo
Manager, Materials Management Department

Small Power Utilities Group

Rafael L. Abergas
Manager, Planning & Technical Services Department

Rene B. Barruela
Manager, Project Management Division

Technical and Maintenance Services

Alex G. Bernabe
Principal Engineer 'B'



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