

GUIDELINES TO IMPLEMENT PROVISION ON THE COLLECTION OF DELINQUENT RECEIVABLES OF NATIONAL POWER CORPORATION UNDER GENERAL APPROPRIATIONS ACT FOR FY 2008-2011

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National Power Corporation adopts herein guidelines in the collection of delinquent receivables from Electric Cooperatives (ECs) and Missionary Independent Power Producers (IPPs) (“The Program”) pursuant to the following provisions in the General Appropriations Act (GAA) for Fiscal Years 2008 to 2011:

GAA, FY2008

“Section 6. Collection of Delinquent Receivables from Electric Cooperatives and Missionary IPPs. In order to augment its source of funds necessary to support the budgetary requirements of National Power Corporation and ensure the viability of its operations, the National Power Corporation Board is hereby authorized to act with finality, without further need of confirmation, appraisal, or assessment from other government agencies, the settlement and compromise of accrued penalties, interests and other charges due from electric cooperatives and missionary IPPs: PROVIDED, That such settlement and compromise shall redound to the benefit of the National Government: PROVIDED, FURTHER, That no penalties on interests shall be charged by the NPC on missionary areas: PROVIDED, FINALLY, That the implementation of this special provision shall be subject to guidelines to be issued by the NPC Board of Directors and DOF.”

GAA, FY 2009

“Section 5. Collection of Delinquent Receivables from Electric Cooperatives. In order to augment its source of funds necessary to support the budgetary requirements of National Power Corporation and ensure the viability of its operations, the National Power Corporation Board is hereby authorized to act with finality, without further need of confirmation, appraisal, or assessment from other government agencies, the settlement and compromise of accrued penalties, interest and compromise and other charges due from electric cooperatives: PROVIDED, That such settlement and compromise shall redound to the benefit of the National Government: PROVIDED, FURTHER, That the implementation of this special provision shall be subject to guidelines to be issued by the NPC Board of Directors and DOF.”

GAA, FY2010

“Section 4. Collection of Delinquent Receivables from Electric Cooperatives. In order to augment the fund sources necessary to support the budgetary requirements of National Power Corporation and ensure the viability of its operations, the National Power Corporation Board is hereby authorized to act with finality, without further need of confirmation, appraisal, or assessment from other government agencies, the settlement and compromise of accrued penalties, interest and other charges due from electric cooperatives: PROVIDED, That such settlement and compromise shall redound to the benefit of the National Government: PROVIDED, FURTHER, That the implementation of this provision shall be subject to guidelines to be issued by the NPC Board of Directors and DOF.”

GAA, FY2011

“Section 5. Collection of Delinquent Receivables from Electric Cooperatives under the Small Power Utilities Group. In order to augment the fund sources necessary to support the budgetary requirements of NPC and ensure the viability of its operations, the NPC Board is hereby authorized to act with finality, without further need of confirmation, appraisal, or assessment from other government agencies, the settlement and compromise of accrued penalties, interest and other charges due from electric cooperatives: PROVIDED, That such settlement and compromise shall redound to the benefit of the National Government: PROVIDED, FURTHER, That the implementation of this provision shall be subject to guidelines to be issued by the NPC Board of Directors and DOF.”

SECTION 1. SCOPE AND COVERAGE

- These guidelines shall cover ECs which have an outstanding balance of accrued penalties and interests as of 30 June 2011.
- These guidelines also apply to Missionary IPPs which have an outstanding balance of accrued penalties and interest as of 31 December 2008.
- The availment of The Program shall start upon lapse of fifteen (15) days from publication of these guidelines in a newspaper of general circulation.

SECTION II. QUALIFICATIONS, TERMS AND CONDITIONS

- The following ECs or IPPs shall be eligible to apply for The Program, when at the time of submission of application to NPC shall have:
 - duly approved supply agreement with NPC;
 - restructuring proposal duly approved by NPC Board which shall include the settlement and compromise of accrued penalties and interest;
 - duly executed commitment or performance contract or agreement containing performance targets or measures to improve operational efficiency (e.g. lowering systems loss, other cost-cutting measures, etc.) with the NEA or the CDA, properly concurred by NPC.
- No EC or IPP whose application under The Program was approved but failed to comply with its obligations shall be eligible to apply again under the Program.

Section III. Procedures in the Availment of the Program

The EC or IPP shall observe the following procedures in the availment of The Program:

- The EC or IPP shall submit its request for a restructuring proposal to NPC which includes the settlement and compromise of interest and penalties and shall be supported by the following documents:
 - Certified true copy of its existing franchise permit, and its Articles of Incorporation;
 - Certified true copy of its Audited Financial Statements, including Balance Sheets, Income Statements, Cash Flow Statements, and Notes to Financial Statements, for the last three (3) years. Such financial statements must be duly stamped-received by the Bureau of Internal Revenue (BIR);
 - Certified true copy of its tariff structure for the last five (5) years as approved by the ERC;

- Financial, operational, and institutional reports or highlights for the last five (5) years. These shall include information, but not limited on the following: cost of power, sales reports, collection efficiency, systems loss, accounts receivables and aging of accounts receivables; accounts payables and aging of accounts payables, procedures/systems/policies on metering, billing, and credit and collection, total number of connected/disconnected customers as of 30 June 2011, table of organization, and personnel (including non-permanent and contractual employees) of the EC or IPP.

- Within thirty (30) calendar days from submission of the application with complete documentary requirements, the NOC and the EC or IPP shall conduct a reconciliation of the records of the outstanding obligations.

- Within thirty (30) calendar days from the completion of the reconciliation of the records of the outstanding obligations, the restructuring proposal shall be evaluated by NPC based on NPC credit and collection policies and guidelines.

- Within thirty (30) calendar days from the completion of the evaluation by NPC, the recommendation for the approval or denial of the restructuring proposal shall be endorsed to the NP Board for consideration and decision, subject to the requirements of Section IV hereof.

SECTION IV. AUTHORITY OF THE NP BOARD TO APPROVE OR DENY APPLICATION OF EC OR IPP UNDER THE PROGRAM

In addition to Section III number 4 above, the NP Board shall have authority to approve or deny application of EC or IPP under The Program where the application covers issues or requires clarifications which under the existing rules and regulations are within the powers of the NP Board to exercise.

Any restructuring proposal shall be approved following the limits of authority provided below:

Approving Authority

Less the Php300 Million or Payable below five (5) years NPC President

Over Php300 Million or Payable over five (5) years National Power Board

SECTION V. REVOCATION AND TERMINATION OF PRIVILEGES UNDER THE PROGRAM

Failure by the EC or IPP to comply with its payment of obligations under The Program shall constitute sufficient ground for the revocation and termination by NPC of privileges granted to such EC or IPP and shall render the entire outstanding accrued penalties and interests of the EC or IPP immediately due without need of any further demand from NPC.

The NPC shall issue notice of revocation and termination of the privileges to EC or IPP. The decision shall be final and executory.

Such revocation and termination shall be effective thirty (30) days upon receipt by the EC or IPP of said notice.

SECTION VI. RESOLUTION OF ISSUES

Cases for clarification with respect to and matters not covered by the provisions of this Implementing Guidelines shall be elevated to the NP Board for resolution.

SECTION VII. EFFECTIVITY

This Implementing Guidelines shall be filed with the Office of the National Administrative Register (ONAR) and shall take effect within fifteen (15) calendar days after publication in the Official Gazette or in a newspaper of general circulation.

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