

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2018  
(In Thousand Pesos)  
SUMMARY

A. PROGRAM/ACTIVITY/PROJECT	Current Operating Expenditures			
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
1. General Administration and Support	P 61,622	P 29,309	P 4,768	P 95,699
2. Support to Operations	215,678	102,581	16,688	334,947
3. Operations	162,859	77,458	12,601	252,918
4. Locally-funded Projects		2,036,939	2,250,000	4,286,939
a. Rural Electrification		2,036,939	2,250,000	4,286,939
<b>TOTAL</b>	<b>P 440,159</b>	<b>P 2,246,287</b>	<b>P 2,284,057</b>	<b>P 4,970,503</b>

I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2018  
(In Thousand Pesos)  
NATIONAL GOVERNMENT EQUITY AND/OR SUBSIDY

Schedule I

A. PROGRAM/ACTIVITY/PROJECT	Current Operating Expenditures		
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays
1. Locally-funded Projects	P 2,036,939		P 2,036,939
a. Rural Electrification		2,036,939	2,036,939
<b>TOTAL</b>	<b>P 2,036,939</b>		<b>P 2,036,939</b>

GENERAL APPROPRIATIONS ACT, FY 2018

## I. NATIONAL ELECTRIFICATION ADMINISTRATION

SOURCES AND USES OF FUNDS BY EXPENSE CLASS, FY 2018  
(In Thousand Pesos)  
CORPORATE FUNDS

Schedule II

A. PROGRAM/ACTIVITY/PROJECT	Current Operating Expenditures			
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
1. General Administration and Support	P 61,622	P 29,309	P 4,768	P 95,699
2. Support to Operations	215,678	102,581	16,688	334,947
3. Operations	162,859	77,458	12,601	252,918
4. Locally-Funded Projects			2,250,000	2,250,000
a. Rural Electrification			2,250,000	2,250,000
<b>TOTAL</b>	<b>P 440,159</b>	<b>P 209,348</b>	<b>a/ P 2,284,057</b>	<b>P 2,933,564</b>

a/ net of depreciation expense of P19.573 Million

## Special Provision(s)

1. Approval of the FY 2018 Corporate Operating Budget of the National Electrification Administration under R.A. No. 7638. The FY 2018 Corporate Operating Budget (COB) of the NEA is hereby approved by the Congress of the Philippines pursuant to Section 13, Chapter III of R.A. No. 7638.

2. Acquisition of Equipment. The acquisition of equipment included in the approved COB shall be subject to the provisions of Corporate Budget Circular No. 17 dated February 9, 1996, Budget Circular No. 2016-5 dated August 22, 2016, as amended by Budget Circular No. 2017-1 dated April 26, 2017, and other guidelines issued thereon.

3. Payment of Compensation and Benefits. Payment of salaries, allowances and other benefits shall be in accordance with applicable laws, rules and regulations such as, but not limited to P.D. No. 985, as amended, R.A. No. 6758, as amended, R.A. No. 10149, Corporate Compensation Circular No. 10 dated February 15, 1999, and Memorandum Order No. 20, s. 2001.

In addition, the amount of One Hundred Seventy Nine Million Eight Hundred Three Thousand Pesos (P179,803,000) shall be used exclusively for the implementation of the Compensation and Position Classification System and other salary adjustment as may be approved by the President.

4. Payment of Terminal Leave, Separation and/or Retirement Benefits. Payment of terminal leave, separation and/or retirement benefits shall be computed in accordance with the rates, conditions and procedure prescribed under applicable laws and guidelines issued thereon.

The amounts of Twenty Three Million One Hundred Twenty Nine Thousand Pesos (P23,129,000) and Four Million Two Hundred Eighty Thousand Pesos (P4,280,000) shall be used exclusively for the payment of terminal leave and separation benefits, respectively, to the affected NEA personnel based on the list submitted by NEA to the DBM. In no case shall said amount be used to pay affected personnel who are eligible to receive separation and/or retirement benefits under applicable laws.

5. **Budget Flexibility and Report.** The NEA Board of Administrators is authorized to modify programs and projects, reallocate the corresponding budgetary requirements approved herein, as well as augment the deficiencies which may arise from factors beyond the NEA's control such as, but not be limited to: (i) currency depreciation; (ii) inflation; (iii) change in interest rates; (iv) changes in programs and/or projects; and (v) change in schedule of project implementation.

In the exercise of said authority, the NEA shall observe and/or comply with the following:

(a) Said funds shall not be used for the acquisition of motor vehicles and payment of travelling, representation discretionary, or extraordinary and miscellaneous expenses; and

(b) Personnel Services allocation in the approved COB shall not be augmented by new funding sources.

The NEA shall submit, within thirty (30) days after such adjustments are made, to the DNM, the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations, the Senate Committee on Finance, the House Committee on Energy, and the Senate Committee on Energy, either in printed form or by way of electronic document, a comprehensive financial and narrative report on the budgetary adjustments. The Administrator of NEA and the Administration's web administrator or his/her equivalent shall be responsible for ensuring that said report is likewise posted on the NEA website.

6. **Augmentation Beyond the Approved Corporate Operating Budget.** The NEA Board of Administrators is authorized to augment and disburse funds beyond the total amount approved in this Act under the following conditions only:

(a) For the continuous implementation of the Siting Electrification and Barangay Line Enhancement Projects. The funds shall come from the unutilized balances of previous years' subsidy by the National Government or from new funding sources as certified by the Chief Accountant and Administrator of NEA; and

(b) For the rehabilitation/repair/reconstruction of distribution facilities damaged by natural and man-made calamities.

In no case shall Personnel Services allocation be augmented beyond the total amount approved in this Act.

7. **Remittance of Cash Dividends.** Cash dividends equivalent to at least fifty percent (50%) of the annual net earnings of the NEA shall be deposited with the National Treasury as income of the General Fund pursuant to R.A. No. 7656.

8. **Audit of Government Funds.** Government funds authorized herein to be invested as equity by the corporation to its subsidiaries as well as the grant of subsidy, loan contribution or any kind of financial assistance to end-user entities both in private or public sector, shall be subject to audit by the COA pursuant to the provisions of P.D. No. 1445, as amended.

9. **Transparency Seal.** To enhance transparency and enforce accountability, the NEA shall maintain a Transparency Seal to be posted on its website. The Transparency Seal shall contain the following: (i) corporation's mandates and functions, names of its officials with their position and designation, and its contact information; (ii) approved COB and corresponding targets including any amount of budgetary support from the National Government; (iii) realignments made in its COB; (iv) annual procurement plan/s and contracts awarded with the winning suppliers, contractors or consultant; (v) major programs and projects categorized in accordance with the five key result areas under E.O. No. 43, s. 2011 and their target beneficiaries; (vi) status of implementation, evaluation and/or assessment reports of said programs or project; (vii) Budget and Financial Accountability Reports, pursuant to COA and DNM J.C. No. 2014-1 dated July 1, 2014; and (viii) year-end financial reports and trial balances for the last three (3) fiscal years.

The Administrator of the NEA and the Administration's web administrator or his/her equivalent shall be responsible for ensuring compliance with this requirement.

The DNM shall post on its website the status of compliance of the NEA.

B. DEPARTMENT OF ENERGY

B.1. NATIONAL ELECTRIFICATION ADMINISTRATION

For subsidy requirements in accordance with the project(s) as indicated hereunder.....P 2,036,939,000

New Appropriations, by Program

PROGRAMS	<u>Current Operating Expenditures</u>			<u>Total</u>
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	
Operations				
NATIONAL RURAL ELECTRIFICATION PROJECT		P 2,036,939,000		P 2,036,939,000
<b>TOTAL NEW APPROPRIATIONS</b>		<u>P 2,036,939,000</u>		<u>P 2,036,939,000</u>

Special Provision(s)

1. Subsidy to the National Electrification Administration. The amount of One Billion Eight Hundred Sixty Six Million Five Hundred Ninety Thousand Pesos (P1,866,590,000) appropriated herein as subsidy for the NEA shall be used in support of the following projects:

(a) Sitio Electrification Projects - P1,817,100,000

(b) Construction of Distribution Lines in Barangays Kasanyangan and Rio Hondo, Zamboanga City under the Zamboanga City Roadmap to Recovery and Reconstruction (ZRR) - P49,490,000

The NEA is authorized to deduct engineering and administrative overhead (EAO) expenses not exceeding two percent (2%) of the project cost. The authorized EAO expenses shall be limited to: (i) pre-construction activities after detailed engineering; (ii) construction project management; (iii) testing and quality control; (iv) acquisition, rehabilitation and repair of related equipment and parts; and (v) contingencies in relation to pre-construction activities. The EAO expenses shall be treated or booked-up as capitalized expenditures and form part of the project cost.

In the implementation of the Sitio Electrification Projects, the NEA shall observe the following:

(a) Prioritize sitios where the absolute number of indigents and the incidence of poverty are high as identified in the latest official poverty statistics of the PSA as well as those with the high probability of being energized;

(b) Loans outlay to electric cooperatives shall be recorded as equity contribution of the National Government to NEA when its authorized capitalization is increased by law, while grants thereto remain to be treated as subsidy; and

(c) Prohibition on the use of subsidy for the payment of salaries, allowances, incentives, separation or retirement benefits.

Release of funds for Sitio Electrification Projects shall be subject to the submission of a certification from the barangay chairperson on the population and number of houses per sitio, map of the municipality or city indicating the sitios and barangays to be energized and cost of energizing a sitio.

The NEA shall submit its quarterly reports on the utilization of funds with electronic signature to the DBM, through the Unified Reporting System, and to the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, by posting said reports on NEA website for a period of three (3) years. The Administrator of NEA shall send written notice to the said offices when said reports have been posted on its website, which shall be considered the date of submission.

2. Quick Response Fund. The amount of One Hundred Million Pesos (P100,000,000) appropriated herein for the Quick Response Fund (QRF) shall serve as a standby fund to be used for the replacement, reconstruction, rehabilitation and/or repair of distribution facilities in order that the situation and living conditions of people in communities or areas stricken by calamities, epidemics, crises and catastrophes, which occurred in the last quarter of the immediately preceding year and those occurring during the current year may be normalized as quickly as possible. In no case shall the QRF be used for pre-disaster activities, nor be realigned for any other purpose not authorized in this Act.

The NEA shall submit to the DBM, the National Disaster Risk Reduction and Management Council, the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, either in printed form or by way of electronic document, quarterly reports on the status of the utilization of the QRF. The Administrator of NEA and the Administration's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the NEA website.

3. Special Provisions Applicable to all Government Corporations. In addition to the foregoing special provisions, the special provisions applicable to all government corporations enumerated under the Budgetary Support to Government Corporations-Others shall be observed by the NEA.

New Appropriations, by Programs/Activities/Projects

PROGRAMS	Current Operating Expenditures			Total
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	
Operations				
Access to electrification expanded		P 2,036,939,000		P 2,036,939,000
NATIONAL RURAL ELECTRIFICATION PROJECT		2,036,939,000		2,036,939,000
Sitio Electrification Sub-program		2,036,939,000		2,036,939,000
Project(s)				
Locally-funded Project(s)		2,036,939,000		2,036,939,000
Sitio Electrification Project		1,817,100,000		1,817,100,000

Construction of Power Distribution Lines in Barangays Kasanyangan and Rio Hondo, Zamboanga City under the Zamboanga City Roadmap to Recovery and Reconstruction (ZRR)	49,490,000	49,490,000
Quick Response Fund	100,000,000	100,000,000
Installation of Transformers in Public Schools	9,000,000	9,000,000
Rural Electrification, Kapalong and San Isidro, Davao del Norte	61,349,000	61,349,000
<b>Sub-total, Operations</b>	<b>2,036,939,000</b>	<b>2,036,939,000</b>
<b>TOTAL NEW APPROPRIATIONS</b>	<b>P 2,036,939,000</b>	<b>P 2,036,939,000</b>
<b>New Appropriations, by Object of Expenditures</b> =====		
<b>(In Thousand Pesos)</b>		
<b>Current Operating Expenditures</b>		
Maintenance and Other Operating Expenses		
Financial Assistance/Subsidy		2,036,939
<b>Total Maintenance and Other Operating Expenses</b>		<b>2,036,939</b>
<b>Total Current Operating Expenditures</b>		<b>2,036,939</b>
<b>TOTAL NEW APPROPRIATIONS</b>		<b>2,036,939</b>