



National Power Corporation

EXCERPTS FROM THE MINUTES OF THE REGULAR MEETING OF THE NATIONAL POWER BOARD HELD ON MARCH 30, 2009

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RESOLUTION NO. 2009-17

WHEREAS, the Energy Regulatory Commission (ERC), under ERC Case No. 2003-44 dated 24 February 2003, approved the adoption of the Incremental Currency Exchange Rate Adjustment (ICERA) for the recovery of deferred costs due to fluctuations in the foreign exchange rates;

WHEREAS, the ERC approved the National Power Corporation-Small Power Utilities Group's (NPC-SPUG) 1st ICERA application under Case No. 2004-421 on 17 January 2005 and 2nd ICERA application under Case No. 2005-037RC on 19 December 2005, and the 3rd ICERA application was filed on 05 June 2006;

WHEREAS, Management recommends, for approval of the NP Board, the proposed filing of the NPC-SPUG's 4th ICERA application covering the Test Period 26 December 2005 to 25 December 2007;

WHEREAS, in the computation of ICERA, the NPC-SPUG used the following bases:

A. Changes in the forex denominated cost, summarized as follows:

ICERA-2006

	Exchange Rate		Forex Cost (₱/kWh)	
	Base	Average Jan.-Dec. '05	Base	Average Jan.-Dec. '06
₱/US\$	27.4000	51.8839	0.4987	1.2217
₱/JP¥	0.2329	0.4482		

ICERA-2007

	Exchange Rate		Forex Cost (₱/kWh)	
	Base	Average Jan.-Dec. '05	Base	Average Jan.-Dec. '07
₱/US\$	27.4000	46.2589	0.4987	0.8973
₱/JP¥	0.2329	0.3950		

B. Carrying charges based on the 91-Day T-Bill rates covered by the Test Period, which range from 5.936% to 9.500%:

WHEREAS, the ₱/kWh impact of the deferred costs will vary depending on the recovery period. The recovery period scenarios and corresponding DAAs are summarized, as follows:

DAA Recovery Scenarios

Deferred Costs (PhP)	Recovery Period (No. of Years)	ICERA DAA Rate (PhP/kWh)
581,010,028.10	1	0.8099
581,010,028.10	2	0.3879
581,010,028.10	3	0.2480

WHEREAS, adoption of the one (1) year recovery period will allow early recovery of the DAA;

WHEREAS, the new basic rates, using the ERC-approved ICERA methodologies, will also allow NPC-SPUG to update the forex component of its basic generation charges:

Updating of Basic Generation Rates (₱/kWh)
(Excluding ICERA DAAs)

Areas	Basic Rates			Impact on Existing	
	(1) Existing Basic	(2) Existing Forex	(3) Actual/Calculated	(1) - (2)+(3) Actual/Calculated	
17 Rates Grouping:					
1	Occidental Mindoro*	5.6404	0.4987	1.0595	6.2012
2	Oriental Mindoro*	5.6404	0.4987	1.0595	6.2012
3	Marinduque	5.6404	0.4987	1.0595	6.2012
4	Mainland Palawan*	5.6404	0.4987	1.0595	6.2012
5	Catanduanes	5.6404	0.4987	1.0595	6.2012
6	Masbate	5.1167	0.4987	1.0595	5.6775
7	Tablas	5.6404	0.4987	1.0595	6.2012
8	Romblon	5.6404	0.4987	1.0595	6.2012
9	Bantayan	6.2553	0.4987	1.0595	6.8161
10	Camotes	6.2553	0.4987	1.0595	6.8161
11	Siquijor	6.2553	0.4987	1.0595	6.8161
12	Tawi-Tawi	5.1167	0.4987	1.0595	5.6775
13	Basilan	5.1167	0.4987	1.0595	5.6775
14	Sulu	5.1167	0.4987	1.0595	5.6775
15	Other Luzon	3.7064	0.4987	1.0595	4.2672
16	Other Visayas	5.6404	0.4987	1.0595	6.2012
17	Other Mindanao	4.8024	0.4987	1.0595	5.3632

*Including approved transmission rates of 0.1958 ₱/kWh for Mindoro & 0.1481 ₱/kWh in Palawan.

Resolution No. 2009-17

Re: Approval of the Proposed Filing with the ERC of the
NPC-SPUG's 4th ICERA covering the Test Period
26 December 2005 to 25 December 2007, and the
Adoption of the recommended One (1) Year Recovery
Period.

30 March 2009

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WHEREAS, the Board, based on the favorable endorsement of the Board Review Committee, finds the recommendations to be in order and, further, finds the adoption of the one (1) year recovery period to be most advantageous to the Corporation and in accordance with all applicable laws, rules/regulations and existing policies;

NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, That the National Power Board hereby **APPROVES** the *Proposed Filing with the Energy Regulatory Commission (ERC) of the NPC-SPUG's 4th Incremental Currency Exchange Rate Adjustment (ICERA), covering the Test Period 26 December 2005 to 25 December 2007, and the Adoption of the Recommended One (1) Year Recovery Period*, subject to compliance with all applicable laws, rules/regulations and existing policies;

RESOLVED, FURTHER, That the President, National Power Corporation, or his duly designated representative, be and is hereby authorized to sign, execute and deliver all documents related thereto to implement the foregoing resolution, for and in behalf of the Corporation."

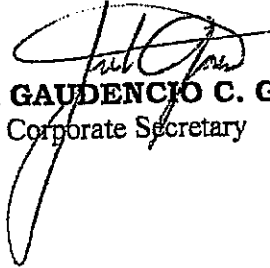
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APPROVED AND CONFIRMED, 30 MARCH 2009.

CERTIFIED TRUE AND CORRECT:


VICTOR GAUDENCIO C. GARCIA
Corporate Secretary