

[EXECUTIVE ORDER NO. 370, October 12, 2004]

AUTHORIZING AND APPROVING THE DIRECT ASSUMPTION BY THE NATIONAL GOVERNMENT OF A PORTION OF THE FINANCIAL OBLIGATIONS OF THE NATIONAL POWER CORPORATION IN ACCORDANCE WITH SECTION 32 OF REPUBLIC ACT OF NO. 9136, OTHERWISE KNOWN AS THE "ELECTRIC POWER INDUSTRY REFORM ACT OF 2001"

WHEREAS, pursuant to Section 32 of Republic Act No. 9136 approved on 8 June 2001 otherwise known as the "Electric Power Industry Reform Act" (EPIRA), the National Government was mandated to assume directly a portion of the financial obligations of the National Power Corporation (NPC) in an amount not to exceed Two Hundred Billion Pesos (P200,000,000,000.00);

WHEREAS, Section 49 of the EPIRA likewise mandated that all existing generation assets, real estate and all other disposable assets, as well as the outstanding liabilities of NBC arising from loans, issuances of bonds, securities and other instruments of indebtedness, shall be transferred to and assumed by the Power Sector Assets and Liabilities Management Corporation (PSALM Corp.);

WHEREAS, the consent of NPC's creditors under various loan and financial agreements is required for the formal transfer of NPC's assets and liabilities to PSALM Corp.;

WHEREAS, obtaining the consent of NPC's creditors would be facilitated by the direct assumption by the National Government of Two Hundred Billion Pesos (P200,000,000,000.00) of NPC's financial obligations as contemplated under Section 32 of the EPIRA;

WHEREAS, the Development Budget Coordination Committee under the National Economic and Development Authority (NEDA) Board, which is tasked, among others, with the determination of the fiscal program of the National Government, has recommended that the National Government, pursuant to the EPIRA, directly assume a portion of the financial obligations of NPC in an amount not to exceed Two Hundred Billion Pesos (P200,000,000,000.00) beginning on 31 December 2004;

WHEREAS, pursuant to Executive Order No. 292 dated 25 July 1987, otherwise known as the "Administrative Code of 1987", the Department of Finance shall be primarily responsible for the sound and efficient management of the financial resources of the National Government, its subdivisions, agencies and instrumentalities and for the review, approval and management of all public sector debt, whether foreign or domestic, with the end in view of ensuring that all borrowed funds are effectively utilized and all such obligations are promptly serviced by the government;