

MEMORANDUM ORDER NO. 198

**DIRECTING AND AUTHORIZING THE UPGRADING OF COMPENSATION OF PERSONNEL OF THE NATIONAL POWER CORPORATION AT RATES COMPARABLE WITH THOSE PREVAILING IN PRIVATELY-OWNED POWER UTILITIES AND FOR OTHER PURPOSES**

WHEREAS, there is an urgent need to adopt adequate and effective measures to address the electric power crisis that has assumed the nature and magnitude of a public calamity and has disrupted the country's economic and social life, posing a threat to the general well-being of the people;

WHEREAS, the Congress has, in addressing the crisis, enacted Republic Act No. 7648, otherwise known as the "Electric Power Crisis Act of 1993", empowering the President of the Philippines to, among other things, upgrade the compensation of employees and corporate officials of the National Power Corporation (NPC) at rates comparable with those prevailing in privately-owned power utilities to take effect upon approval by Congress of the NPC's budget for 1994;

WHEREAS, such measure is necessary to enable the NPC to deliver efficient, economical and reliable electric power through among others, the recruitment and retention of a highly motivated workforce that will power the engines of the economy towards Philippines 2000; and

WHEREAS, the National Power Board has presented a compensation plan to upgrade the compensation package of NPC personnel to competitive levels in the power industry.

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order and direct, the following:

**SECTION 1. POSITION CLASSIFICATION.** The National Power Corporation shall adopt a twenty (20)-job grade classification system as basis for allocating positions to the compensation schedule herein authorized, classify or reclassify positions, and determine appropriate occupational titles and/or ranks for such positions.

**SEC. 2. COMPENSATION PLAN.** The NPC Compensation Plan consists of the following:

2.1 Total monthly compensation structure as shown in Annex "A" which shall include:

2.1.1 Monthly basic salary schedule as shown in Annex "B"; and

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- 2.1.2 Schedule of monthly allowances as provided in Annex "C" which include existing government mandated allowances such as PERA and Additional Compensation, and Rice Subsidy, and Reimbursable Allowances, i.e., RRA, RTA and RDA, provided however, that the NP Board is hereby authorized to further rationalize and/or revise the rates for such allowances as maybe necessary; and
- 2.2 "Pay for Performance". Pay for Performance is a variable component of the total annual cash compensation consisting of bonuses and incentives but excluding the 13th month pay, earned on the basis of corporate and/or group performance or productivity, following a Productivity Enhancement Program (PEP), and step-increases given in recognition of superior individual performance using a performance rating system, duly approved by the NP Board. The corporate or group productivity or incentive bonus shall range from zero (0) to four (4) months basic salary, to be given in lump-sum for each year covered by the PEP. The in-step increases on the other hand, once granted, shall form part of the monthly basic salary.

**SEC. 3. COLLECTIVE NEGOTIATIONS AGREEMENT.** Starting in 1995, NPC employees may be entitled to additional cash, non-cash and other economic benefits as may be embodied in a Collective Negotiation Agreement that may be agreed upon by NPC and its employees as duly approved by the National Power Board.

**SEC. 4. FOUR-YEAR IMPLEMENTATION OF THE PLAN.** The NPC Compensation Plan shall be implemented over a four (4) year period following the framework shown in Annex "D", provided, however, that fifty percent (50%) of the proposed incremental adjustment to the minimum for 1995 shall be converted into, and incorporated in, the performance-based pay adjustments scheduled for this year as indicated in Annex E, and provided, finally, that the 1996 and 1997 phases of the plan shall be implemented only upon Presidential clearance and approval which shall be dependent on a favorable review of the Office of the President in the first quarter of each year, of NPC's performance for the preceding year.

**SEC. 5. GOVERNMENT SUBSIDY.** It shall be understood that no additional subsidy extended to the corporation maybe utilized for the purpose of funding employee benefits arising out of retirement.

**SEC. 6. REMITTANCE OF DIVIDEND.** As a result of the projected improvement in corporate productivity and income due to the implementation of a new compensation plan, NPC shall promptly remit to the National Government fifty percent (50%) of each net income in accordance with existing laws and regulations.

**SEC. 7. NON-DIMINUTION IN PAY.** Nothing in this Order shall result in the reduction of the compensation and benefits entitlements of NPC personnel prior to the effectivity of this Order.

**SEC. 8. FUNDING SOURCE.** The National Power Board is hereby authorized to appropriate such sums of money as maybe necessary for the effective implementation of this Order.

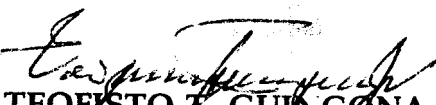
**SEC. 9. SEPARABILITY CLAUSE.** If, for any reason, any provision of this Order is declared unconstitutional or invalid, other sections or provisions hereof which are not affected thereby shall continue to be in full force and effect.


**SEC. 10. EFFECTIVITY.** This Order shall take effect 01 January 1994 and its implementation upon approval by Congress of the General Appropriations Act for CY 1994.

DONE in the City of Manila, this <sup>24<sup>th</sup></sup> day of March, in the year Our Lord, Nineteen Hundred and Ninety-Four.



By the President:

  
TEOFISTO T. GUNGONA, JR.  
Executive Secretary

JUN 28 1994  
  
Date

  
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**NATIONAL POWER CORPORATION  
PROPOSED TOTAL MONTHLY CASH COMPENSATION**

Job Group	Job Grade	Minimum		Maximum
		(1994)	(1995)	
Rank-and-File	1	3,064	3,800	6,069
	2	3,478	4,300	6,869
	3	3,952	4,871	7,783
	4	4,543	5,586	8,926
	5	5,253	6,443	10,298
	6	6,141	7,514	12,012
	7	7,206	8,800	14,069
Entry-level	8	8,508	10,371	16,583
Professional/ Technical	9	10,046	12,229	19,555
	10	11,881	14,443	23,098
	11	13,068	17,086	30,712
High-level Pro/Tech and Supervisors	12	15,485	20,229	36,369
	13	18,343	23,943	43,055
	14	21,749	28,371	51,026
	15	27,454	35,843	63,026
Manager	16	32,128	42,137	75,078
	17	38,245	50,127	89,353
Top Executives	18	49,001	64,134	114,503
	19	53,078	69,564	123,933
	20	57,876	75,871	135,098

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