

COLLECTIVE NEGOTIATION AGREEMENT (CNA)

KNOW ALL MEN BY THESE PRESENTS:

This **COLLECTIVE NEGOTIATION AGREEMENT** is entered into by and between: **The NATIONAL TRANSMISSION CORPORATION** a Government-Owned and Controlled Corporation (GOCC), created and existing under Republic Act No. 9136 with principal office address at Power Center Complex, Quezon Avenue corner BIR Road, Diliman, Quezon City, Philippines, duly represented by its President and Chief Executive Officer, **ARTHUR N. AGUILAR**, hereinafter referred to as the “**TRANSCO**”.

and

The MINDANAO TRANSCO EMPLOYEES ASSOCIATION, a duly organized and legitimate labor organization with Registry Certificate No. 1481 dated August 4, 2005 issued by the Department of Labor and Employment (DOLE) and the Civil Service Commission (CSC) and duly accredited by virtue of the CSC Accreditation Certificate No. 606 dated November 28, 2006, with office address at TRANSCO, New Loon, Mintal, Davao City, Philippines duly represented by its President, **FERNANDO L. MASAPOL**, hereinafter referred to as the “**MINTREA**”.

WITNESSETH

WHEREAS, the 1987 Philippine Constitution and Executive Order No. 180 dated June 1, 1987 guarantee the rights of government employees to self organization and collective negotiations :

WHEREAS, the TRANSCO supports the responsible exercise of the above stated rights by government employees.

WHEREAS, Executive Order No. 180 authorizes the management and the accredited employees' organization of the agency to enter into collective negotiations on terms and conditions of employment which are not fixed by law.

WHEREAS, the MINTREA by reason of its accreditation by the CSC, it is recognized as the sole and exclusive negotiating agent of all rank and file employees of TRANSCO.

WHEREAS, it is the best interest of TRANSCO and MINTREA to come up with an agreement which will promote their mutual benefit and thereby establish a harmonious working environment which will ultimately result to a responsive public service through transmission of reliable electricity nationwide.

WHEREAS, the TRANSCO and the MINTREA commit to uphold and comply with the provisions of this agreement.

NOW, THEREFORE, for and in consideration of the foregoing premises, the TRANSCO and the MINTREA hereby agree as follows:

ARTICLE I DECLARATION OF PRINCIPLES

Section 1. The TRANSCO and the MINTREA recognize the basic rights of all employees to living wage, career development, just and humane conditions of work, and security of tenure for permanent employees.

Section 2. The MINTREA recognizes and respects the authority of the TRANSCO management in the implementation of existing laws governing terms and conditions of employment; establishment of policies, guidelines, rules and regulations on personnel actions; and the provision and maintenance of employees' welfare and benefits provided under the law.

Section 3. The TRANSCO and the MINTREA shall create an environment that guarantees mutual respect and independence.

Section 4. The TRANSCO and the MINTREA commit to the attainment of equality among men and women and the eradication of all forms of discrimination and recognized the vital role of collective negotiation in the pursuit thereof.

Section 5. The TRANSCO and the MINTREA shall adhere to the observance of applicable international and national declaration of policies, laws and rules on the right of all workers to self-organization and collective negotiations.

Section 6. The MINTREA shall participate in the formulation of policies, plans and programs, affecting the rights, career development, welfare and benefits of employees, and on client service improvement.

ARTICLE II DEFINITION OF TERMS

Section 1. Collective Negotiating Unit –This shall consist of all regular employees holding rank-and-file positions **Job Grade 1 to 15/16*** (*staff position) or its equivalent as determined by CSC except those occupying co-terminous and primarily confidential positions.

Section 2. Membership Fee - refers to one-time payment of members to MINTREA upon admission as members in accordance with its Constitution and by-laws’

Section 3. Union Dues – refer to regular monthly contributions of members to MINTREA in accordance with its Constitution and by-laws.

Section 4. Agency Fee – refers to the amount assessed and collected from the rank-and-file employees of TRANSCO who are not members of the MINTREA but who enjoy the benefits under this Collective Negotiation Agreement.

Section 5. Employees Corporation-refers to the spin-off company that maybe formed by the MINTREA when during the entry of the concessionaire, majority of the employees will be displaced.

ARTICLE III RECOGNITION

Section 1. The TRANSCO recognizes the MINTREA as the sole and exclusive negotiating representative of all TRANSCO employees within the collective negotiating unit.

Section 2. The TRANSCO shall guarantee that there shall be no discrimination, in any manner or form, against any employee due to membership in, or lawful acts performed as an officer or member of the MINTREA.

Section 3. The TRANSCO shall deal only through, and directly, with the MINTREA on all matters and issues affecting the rights, benefits and interest of all the TRANSCO employees within the negotiating unit during the effectivity of this Agreement.

Section 4. In recognition of the employees’ participation rights, the TRANSCO shall allow official time-off for each member of the Board of Directors, the regional coordinators and the officers of regional chapter of the MINTREA. This is without prejudice to the grant of additional official time-off by the TRANSCO, as the case may be, subject to the usual notification requirements and the exigency of the service. Such privilege shall be non-cumulative and non-commutative.

Members of the MINTREA shall be allowed to attend general assemblies and other organizational meeting and activities, subject to the exigency of the service and the usual notification requirements.

Projects and assignments in line with the thrust of the TRANSCO that have been completed by the MINTREA officers or members and agreed upon in the work assignments and performance targets at the beginning of the year or rating period may form part of their performance outputs.

Section 5. The TRANSCO shall be informed in writing by the MINTREA of the names of its officers duly elected to the Board of Directors and to its regional chapters. The MINTREA shall inform the TRANSCO of any substitutes or changes of such MINTREA officers within fifteen (15) days from their official election/designation, as well as their functions and duties under the MINTREA rules.

Section 6. The TRANSCO shall provide the MINTREA and all its chapter offices with a respectable office space and furniture. It shall also allow the free use of its machine, office equipment and other facilities available in the offices where they are assigned.

The TRANSCO shall allow the MINTREA, upon written request, the free use of the TRANSCO Guest House, dormitories, and lineman's quarter in all the offices of the TRANSCO during the conduct of MINTREA official activities.

Section 7. The TRANSCO shall provide, upon written request, transport services for use of the MINTREA in attending official meetings called by any government agency or any duly accredited organization on matters concerning the welfare of employees, subject to availability and existing policies on travel and the use of transport services.

Section 8. The TRANSCO shall furnish the MINTREA with the following financial reports within five (5) working days upon submission to management.

Provident Fund Financial Report

Annual Income Statement

Annual Balance Sheet and Year-End Detailed Breakdown of income and Expenditures for the period immediately preceding the current year

General Fund:

Semi-Annual Report on the Budget Utilization Report for the Current Year; and

COA Audit Report for the immediately preceding calendar year.

Additionally, in institutionalizing proper dissemination of communications directly affecting the general welfare of the employees, the TRANSCO shall include the MINTREA and its regional offices in the electronic mailing list of the Integrated Records Management Office.

ARTICLE IV CHECK-OFF

Section 1. The TRANSCO recognizes the right of the MINTREA to check-off or payroll-deduct monthly union dues and membership fees from the salaries of its members.

Section 2. The TRANSCO agrees to check-off or payroll-deduct an agency fee from the salaries of the TRANSCO employees who are non-MINTREA members and who accept and enjoy the benefits successfully negotiated by the MINTREA. The amount of such agency fee shall be equivalent to Ten Percent (10%) of the monetary value of any benefit received and enjoyed but not lower than Two Thousand One Hundred (P2,100.00) pesos.

Section 3. The check-off collections provided under the preceding paragraphs shall be remitted to the MINTREA on or before the fifteenth (15th) of the succeeding month.

ARTICLE V

MANAGEMENT PREROGATIVE, SHARED RESPONSIBILITIES AND ACCOUNTABILITIES

Section 1. Pursuant to the principles of shared responsibility and employee's empowerment, the TRANSCO recognizes the right of the MINTREA to be represented in the deliberation of matters affecting employees' working conditions and benefits. Thus, it may call upon the MINTREA President/authorized representative whenever such presence is needed on the matter being discussed.

Moreover, the MINTREA shall be represented in the following committees in the Head Office, Regional and District offices:

Selection Board;

Personnel Development Committee;

Employees Incentive Committee

Grievance Committee;

Performance Evaluation Review Committee;

Uniform/Clothing Committee

Committee on Decorum and Investigation;

8. Special Committees such as Disposal Committee, Privatization,

9. Reorganization/Staffing/Placement, Sports, Cultural, Recreation, Anniversary, and any other committees that may be created.

In addition to the above committees, the MINTREA may act as observer in the meetings of the TRANSCO Public Bidding and Awards Committee (BAC).

Section 2. The MINTREA shall ensure regular attendance of representatives in meeting of the various Committees. For such purpose, absence, despite due notice, shall be construed as acceptance of any agreement reached during said meeting.

Section 3. The MINTREA shall be a partner of the TRANSCO in promoting teamwork and discipline to attain harmony, professionalism, productivity and efficiency. It shall enjoin all its members to render and perform to the best of their abilities, the duties and responsibilities expected of them in accordance with existing laws, rules and regulations.

The MINTREA shall assist management in the following:

Monitoring strict observance of office rules and regulations and recommends amendments thereto to conform to a given situation in certain cases, taking into consideration the nature of the function of the employee concerned..

Awareness-raising among employees on the effective and prudent use of physical resources.

Institutionalization of systems for increased productivity.

Section 4. The MINTREA shall submit audited financial statements to the TRANSCO at the end of the fiscal year.

Section 5. The MINTREA shall have adequate representation in the management of Provident Fund and shall have easy access to its transactions and financial records.

ARTICLE VI

RECRUITMENT, PLACEMENT AND CAREER DEVELOPMENT

Section 1. The TRANSCO shall inform the MINTREA regarding any program on reorganization or internal re-structuring involving the creation, abolition, reclassification, or upgrading of positions. In like manner, the MINTREA shall also be furnished with copies of orders of the transfer, detail, reassignment and final decisions of administrative cases of its employees.

Section 2. The TRANSCO shall furnish the MINTREA, on a semestral basis, a list of new employees within the Functional/Regional unit. Upon proper request and representation, the MINTREA shall also be furnished a copy of the Plantilla of Positions.

Section 3. The TRANSCO shall inform the MINTREA, through the HRD, on all its career development programs and interventions with the view of providing at least one (1) development intervention every year to all the TRANSCO employees within the negotiating unit.

Upon issuance of corresponding Office Order, the MINTREA shall ensure attendance of members in career development programs/HRD interventions being provided by the TRANSCO. A written explanation shall be required from members who failed to comply.

Section 4. The TRANSCO shall allocate budget for human resource development programs which shall be reflected in the work and financial plan of the respective offices.

Section 5. The TRANSCO shall coordinate with Civil Service Commission (CSC) and Professional Regulation Commission (PRC) to resolve issues on Career Executive Service Officer (CESO)-{1 day 3 hours exam} as against of Professional Electrical Engineer (PEE)-{3 days 8 hours per day exam with EE technical comprehensive report} with Masteral's Degree for Department level and for higher positions. The P.E.E. license with Masteral's Degree shall be adopted as equivalent qualification in lieu of C.E.S.O. This is for reasons that the nature of the job is "Highly Technical" and also to be professionally competitive to the electric power industry sector.

ARTICLE VII SELECTION AND PROMOTION OF EMPLOYEES

Section 1. The TRANSCO shall implement a fair promotional system based on its CSC approved Merit Selection Plan (MSP) and shall regularly review, improve or amend the MSP in consultation with the MINTREA.

Section 2. Selection, appointment and/or promotion of rank-and-file employees shall be in accordance with merit and fitness as provided in the Constitution, pertinent laws, rules and regulations. A representative of the MINTREA shall sit as a member of the Personnel Selection Board (PSB) of the TRANSCO District, Regional and Head Offices for the appointment to the first and second level positions except the District Manager and up..

Section 3. The TRANSCO shall give priority to the employees within the ranks in the filling-up of vacant positions from within the Division, Department and Functional Group

Section 4. The official designation in acting capacity or officer-in-charge (OIC) shall be rotated to other qualified next in rank employees to vacant positions for a minimum period of six (6) months and shall be submitted to the PSB for deliberation. The designation shall only be for a period of one (1) year, after which the designated employee shall be returned to his/her principal position, unless the exigency of the service demands a longer period.

Section 5. In consultation with the MINTREA and subject to CSC existing rules and regulations, the TRANSCO shall improve the existing Employee Performance Evaluation System (EPMS).

Section 6. The TRANSCO and its duly authorized representatives shall regularly provide MINTREA Representatives briefing/orientation and copies of the updated MSP-System of Ranking Position (SRP), Q.S. Manual and other pertinent rules and regulations on selection and promotion duly approved by the CSC

Section 7. The TRANSCO shall create Organizational Restructuring Committee to evaluate, review and recommend/address organizational adjustments or upgrading/refinements of positions. MINTREA representative shall be a member of the said committee.

Section 8. The TRANSCO shall ensure that all appointees are qualified and meet all the requirements of the position including the desired/preferred man specifications of the positions.

ARTICLE VIII LABOR EDUCATION

Section 1. The TRANSCO shall allow the MINTREA to conduct an annual training or seminar for all employees within the negotiating unit for the purpose of enlightening them of their rights, obligations and responsibilities under the law and this Agreement. Attendance in such training or seminar shall be on official time.

Section 2. The TRANSCO shall allow the MINTREA to jointly conduct with HRD, an orientation program for newly appointed or hired employees, concerning the MINTREA's Constitution and by-laws, programs, activities and benefits, on official time.

Section 3. The TRANSCO shall allow the MINTREA to conduct labor education and capability-building programs for its officers and members at least once every semester, on official time. This is without prejudice to the grant of the same on official business, upon written request.

Section 4. The TRANSCO shall allow the attendance of Regional/Functional/Sectoral representatives of the MINTREA in conferences, conventions and other forum related to public sector unionism, on official time.

Section 5. The TRANSCO and the MINTREA shall undertake the printing and dissemination of copies of this Agreement to all employees not later than one (1) month from the signing thereof.

ARTICLE IX EMPLOYEE INCENTIVE AWARDS

Section 1. The TRANSCO shall continue the grant of incentives provided under the (existing Employees' Incentive Program). For the purpose of enhancing the incentives specified therein, the parties agree to revisit the (existing Employees' Incentive Program) within Three (3) months from the date of signing of the CNA.

ARTICLE X EMPLOYEE WELLNESS PROGRAMS AND CULTURAL ACTIVITIES

Section 1. The TRANSCO and the MINTREA agree to formulate and implement employee wellness programs, physical fitness, sports and recreational activities (PFSR) including the conduct of annual sportsfests and arts / cultural pursuits subject to existing rules and regulation.

Section 2. The TRANSCO shall provide for the establishment of wellness centers, gym facilities and sports equipment for the free use of employees.

Section 3. The TRANSCO shall support the conduct of summer sports activities designed to promote family and community bonding, such as Family Day, learns to swim programs and other activities.

ARTICLE XI HEALTH AND SAFETY

Section 1. The TRANSCO shall provide free annual medical/optical/dental examinations for its employees and maintain outpatient clinics reasonably stocked with a comprehensive range of medicines for free dispensing to employees.

TRANSCO shall also provide first aid training, occupational safety and health awareness seminars and relevant facilities accordingly.

Section 2. The TRANSCO shall extend medical and dental services to the immediate family members of the employee, subject to availability of medicines and materials for the purpose.

Section 3. The TRANSCO shall promote gender equality through the conduct of periodic health awareness seminars and holding of free medical/physical examinations, including but not limited to Pap smear, breast examination, mammography, prostate examination, complete blood chemistry, and other relevant tests as may be needed.

Section 4. The TRANSCO shall authorize the conduct of executive medical check-up privileges to medically deserving rank and file employees in need of a more comprehensive and specialized tests not available in annual physical examinations, as evaluated and endorsed by TRANSCO Physicians.

Section 5. The TRANSCO shall provide for the immediate conduct of medical/laboratory examinations to employees actually or potentially exposed to hazardous chemicals and industrial gases like Sulfides (SF6), transformer oil containing PCB's (PolyChlorinated Biphenyl), battery acids, including cases electrical shocks.

Section 6. The TRANSCO shall establish and maintain a medical/physical record or history of its employees. The employees shall be furnished with the results of their annual medical/physical examinations.

Section 7. The medical/physical or history of its employees will not be released/divulged without the written consent of the employee concerned and will be treated with utmost confidentiality.

Section 8. The TRANSCO shall implement and institutionalize existing legislation, practices and standards on occupational safety and health including but not limited to, the provision of clean/purified drinking water, the observance of proper air/floor space and office lighting and ventilation; the welfare of persons with disabilities; and the requirements of a sexual-harassment-free environment. For this purpose, an Employees' Occupational Health and Safety Committee shall be created.

ARTICLE XII OTHER EMPLOYEES PRIVILEGES

Section 1. The TRANSCO shall provide free Day Care Centers in the Head Office, Regional and District offices for the children of the employees. The Day Care Centers shall have a reasonable range of equipment and staffed with qualified and competent personnel to promote the utmost welfare and administer the pre-school education of the employee's children.

Section 2. The TRANSCO shall allow all employees to enjoy compensating time-off (CTO), the guidelines of which shall be formulated in coordination with the MINTREA upon signing of this Agreement.

Section 3. The TRANSCO shall relieve all employees who are about to retire of their official duties and functions at least one (1) month prior to their last day of service to enable them to attend to the processing of their retirement papers.

Section 4. All employees who have transactions with government offices incidental to employment, shall be considered on official time, subject to the exigency of the service and the usual notification requirements. For this purpose, the TRANSCO shall allow the use of service vehicles, subject to availability and existing policies thereon.

ARTICLE XIII EMPLOYEE BENEFITS

Section 1. The TRANSCO shall grant all benefits in accordance with the existing laws. In order for TRANSCO to be globally competitive, its employees should be professionally capable and comparable to the private sector and its counter part in the electric industry. That is the implementation of the R.A. 9136 (The EPIRA Law), section 63.

Section 2. Pursuant to Public Sector Labor Management Council (PSLMC) Resolution No. 2, series 2003, the TRANSCO shall grant CNA incentives. Towards this end, in addition to the existing cost-saving measures, the MINTREA shall submit to TRANSCO within thirty (30) working days from the signing of this Agreement, a list of new cost-cutting measures which shall be embodied in the Addendum to form an integral part hereof.

Eighty percent (80%) of the savings realized from the adoption and implementation of all cost-cutting measures shall be the source of CNA incentives pursuant to PSLMC Resolution No. 2, s. 2003.

Report of savings generated from the implementation of cost-cutting measures on a semi-annual basis, shall be prepared by TRANSCO, and reviewed by the TRANSCO and MINTREA Negotiating Panels.

Section 3. The TRANSCO shall ensure the release of retirement pay benefits to all retiring employees on their last day of service.

Section 4. The TRANSCO shall grant the following benefits, separate and distinct from the CNA incentives:

LOYALTY PAY. TRANSCO shall continue to grant its employees a loyalty pay for every milestone service in government as mandated by CSC MC No. 17, series of 1999.

LONGEVITY PAY. TRANSCO shall grant its employees a Longevity Pay of FIVE HUNDRED (P500.00) PESOS for the first five (5) years to be reckoned from the issuance of permanent appointment by TRANSCO and an incremental adjustment of TWO HUNDRED (P200.00) PESOS every year thereafter. Said Longevity Pay shall be added to the basic pay in the computation of the employees' retirement/separation benefits.

STEP INCREMENT / SENIORITY PAY. One (1) step salary increase for every three (3) years in service as provided for in the joint CSC-DBM Circular nos. 01 s. 1990 and 01-2003 dated April 21, 2003.

LEAVE PRIVILEGES. As may be allowed by law, rules and regulations, TRANSCO shall grant its employees the following non-cumulative leave privileges:

One (1) day Birthday leave;

Two (2) days Emergency Leave in cases of actual emergencies such as typhoons, floods and other natural and/or man-made disasters or calamities;

Two (2) days Enrollment leave;

Two (2) days Graduation leave;

Two (2) days leave for hospitalization of immediate family members;

Three (3) days Wedding and Honeymoon leave;

One (1) day Wedding Anniversary leave;

Two (2) days relocation leave.

Extension of Rehabilitation leave upon the recommendation of the TRANSCO Physician.

Five (5) days Bereavement Leave in case of death of the immediate family member including in-laws, brothers or sisters;

PAYMENT OF OVERTIME. Overtime services shall be paid in accordance with DBM Circulars and shall be released within fifteen (15) days from submission of work accomplishment and all required documents, subject to the usual accounting and auditing rules and regulations.

The TRANSCO shall seek exemption from overtime limitations. Likewise, TRANSCO shall initiate a review and possible revision of guidelines on overtime pay as to make the payment of the same effective and efficient.

PAYMENT OF SEPARATION PAY. The TRANSCO shall shoulder the separation pay of all TRANSCO employees separated/absorbed by the concessionaire equivalent to five (5) months for every year of service.

EMPLOYMENT OF NEXT OF KIN. In case of retirement under existing laws of any career services employee of the TRANSCO, the spouse or any one of his/her ascendants or descendants within the first degree of consanguinity shall have preference in employment in TRANSCO, subject to the existing qualification requirements, laws, rules and regulations, provided, however, that said retired employee has rendered at least five (5) years of service in TRANSCO. In case of death or total permanent disability, this provision shall also apply regardless of the employee's length of service.

HOUSING PROGRAM. The TRANSCO shall ensure employees' access to housing benefits and information pertinent thereto. Jointly with MINTREA, the TRANSCO shall work for a special housing allocation for its qualified employees.

For this purpose, TRANSCO shall make available its own vacant lots as may be allowed by law or, whenever reasonable and practicable, purchase private lots for the employees' housing program and that TRANSCO shall coordinate with the appropriate government agencies relative to the said housing program.

MEDICAL/ DENTAL/OPTICAL ALLOWANCE. TRANSCO shall provide to all employees annually in the form of reimbursement for the following: medical allowance of P 2,500, dental assistance of P2,500, optical allowance of P2,500. The guidelines shall be jointly formulated by the TRANSCO and the MINTREA within thirty (30) days from the effectivity of the CNA.

INSURANCE PLAN. The TRANSCO shall provide a Group Insurance Program (Life and Hospitalization Insurance Plan) subject to existing laws, rules and regulations.

TRANSCO shall implement the fifteen percent (15%) increase of employers' shares and subsequently, a five percent (5%) increase per year as per Section 1. Article IV "Charter of the TRANSCO Provident Fund".

EDUCATIONAL GRANT. The TRANSCO shall continue to grant Educational assistance to its qualified employees to complete their undergraduate/technical courses, post graduate studies, and other studies that could enhance their career advancements. Tuition fees and miscellaneous expenses incurred shall be reimbursed.

REST DAY. TRANSCO shall grant one (1) rest day to all personnel rendering an overnight emergency work.

LICENSE FEES. TRANSCO shall facilitate and shoulder the expenses for the renewal of professional regulation commission (PRC) license of employees in the performance of their duties at TRANSCO. Also to include license of employees with positions Driver/Mechanic from Land Transportation Office (LTO) .

CONFERENCE/SEMINAR/CONVENTION/ASSOCIATION FEES, TRANSCO shall shoulder the expenses for seminar/s, conference/s, convention/s and association attended by employees per discipline as required by appropriate authority.

WORK HOURS. The TRANSCO shall restore the previously enjoyed flexi time to complete the forty (40) hours a week, as provided by law and likewise allow written signatures of the immediate supervisor on the timekeeping sheet report.

OTHER BENEFITS. The TRANSCO and the MINTREA shall secure the appropriate authority to grant TRANSCO employees the following:

- Performance Incentive Pay;
- Social Amelioration Allowance;
- Christmas Grocery Allowance;
- Occupational Hazard Pay;

Commuters' Allowance;
Rice Allowance;
Electricity Allowance;
Representation and Transportation Allowance (RATA) for Job Grade 15;
Anniversary bonus;
10. Hotline works incentive;
11. Increase of food subsidy of personnel from P50 to P80;
12. Communication allowance for Line foreman worth P500.00;
Linemen/Drivers/Technician and all other field personnel of P300.00 per month;
13. Additional "Working Suit" allowance of P 4000.00 per year to all field personnel.
14 Free use of NDD communication facilities during official travel outside official station;

ARTICLE XIV RETIREMENT AND SEPARATION

Section 1. TRANSCO Provident Fund shall continue to operate for the residual employees (TRANSCO GOVERNMENT) upon the entry of the concessionaire. For separated employees, the balance of the credit of each member and the General Reserve for Employee Benefits shall be distributed among the members in the proportionate amount outstanding to their credit as of the time of termination.

Section 2. Restoration of Retirement Holiday Package/Incentive;

ARTICLE XV EMPLOYEE-MANAGEMENT RELATIONS AND EMPLOYEE DISCIPLINE

Section 1. The TRANSCO and the MINTREA agree to operationalize the Grievance Machinery established under existing laws for the purpose of strengthening employee-management relations and resolving conflicts at the lowest possible level in the organization.

ARTICLE XVI PRIVATIZATION

Section 1. The TRANSCO shall allow the representation of the MINTREA in the TRANSCO Privatization.

Section 2. The TRANSCO shall conduct and institute programs regarding the formation of Employees Corporation (Spin Off Corporation / Holding Corporation) for displaced TRANSCO employees. It will help in the organizational set-up, financial outlining and management training and development..

Section 3. The Privatize TRANSCO shall lease its vehicle and equipments to the new Employees Corporation for **at least 10 years** their use in the exclusive maintenance of Privatized TRANSCO facilities.

Section 4. The Provident Fund share of the displaced employees shall automatically form part of the financial outlining of the Employees Corporation and be treated as share of stocks to be determined later. The displaced employees who opt to retire has the option to invest their PF share in the Employees Corporation.

Section 5. The Employees Corporation shall not be limited to substation, transmission maintenance and construction activities but to include other contracted service like Janitorial, Security, Telecommunication, Computer and Fleet Servicing,

ARTICLE XVII BUDGET AND FUNDS

SECTION 1.TRANSCO shall provide the necessary budget and funds for the full implementation of the provisions contained herein subject to existing accounting and auditing rules and regulations.

ARTICLE XVIII CNA INCENTIVES

Section 1. The MINTREA and TRANSCO commit itself to exert more effort to achieve an efficient and reliable transmission line operation, and implementation of austerity programs and cost-cutting measures to lessen the cost of TRANSCO's operation. In view of the commitment, TRANSCO agrees to grant the CNA Incentive pursuant to PSLMC Resolution No. 4 s. 2002 and Resolution No. 2 s. 2003.

Section 2. The MINTREA and TRANSCO shall institute cost cutting/cost reduction measures and increase revenue collection efforts to ensure savings by the end of the year. The following are the identified measures for possible implementation:

Identify TRANSCO delinquent customers and conduct study on how to approach the problem. Adopt program and strategies that will be effective and successful in the collections of bad debts.

Enhancement of ENERCON programs like power & fuel consumptions. The implementation and diligent use of CME's. Also to include other utilities like water and telephone.

Adopt Substations & Transmissions 3R program (retrieved, recycles & reuse). This will form part of the 5'S program where during segregation process of materials, 3R program will come-in.

Develop "Power Optimization Scheme" (POS) to all delinquent power customers. This is to power-off delivery from 6am-6pm. This will develop public awareness and at the same time will minimize customer consumption during the period of indebtedness. The unserved energy will serve as the cost revenue measures.

Adopt scheme regarding power delivery and line availability during Hot Line Works and derived cost revenue.

Contracted/Hired vehicles shall be treated as government vehicles and be included in the ENERCON and LVM programs..

Income derived from Technical Services rendered to customers/private sector shall be treated as cost revenue.

Implement a "Fuel Consumptions Reduction Program" This is to reduce fuel consumption by liters per vehicle per month basis (LVM) reckoned from the same month of last years consumption as bench mark.

To be included to the Incentive and Award Program the transportation merit system. Every Division shall adopt a driver to vehicle relationship merit system. That is to give incentive to drivers with least mileage, least job order/motor vehicle repairs, road worthy vehicle, least tire change, and well maintained vehicle. This is in per month basis.

Section 3. The functional groups which perform cost-cutting / cost revenue measures shall have a 20% higher share of incentive. This is to recognize groups that exert efforts in the process of cost cutting and revenue measures.

ARTICLE XIX MISCELLANEOUS PROVISIONS

Section 1. Effectivity. This Agreement shall take effect upon signing by the TRANSCO and the MINTREA and ratification by the majority of the rank-and-file employees in the negotiating unit.

Section 2. Duration. This Agreement shall be valid and effective until December 31, 2010. Within sixty (60) days prior to the termination or expiration of this Agreement, either party may initiate negotiations for renewal and modification or a new Agreement. In the event that no renewal Agreement is entered into upon expiration

hereof, this Agreement shall continue to remain in full force and effect unless superseded by a new Agreement.

Section 3. Monitoring of CNA Implementation. The TRANSCO and the MINTREA shall create a Monitoring Committee composed of five (5) representative(s) from each party to perform oversight functions relative to the implementation of the provisions of this Agreement.

Section 4. The TRANSCO and the MINTREA shall jointly conduct a corporate wide information dissemination of this Agreement after signing thereof.

Section 5. Amendments. For purposes of considering specific proposals, amendments or negotiation for new terms and conditions, the Proponent-Party shall provide the other Party with a written notice at least fifteen (15) days prior to the date of the intended meeting for the purpose of discussing or considering such proposals and shall only be undertaken after eighteen (18) months from the effectivity of this Agreement.

Section 6. Settlement of Disputes. The TRANSCO and the MINTREA shall agree, in good faith to resolve any or all disputes arising from the implementation of this Agreement.

Section 7. Separability/Saving Clause. If any provision on this Agreement is held contrary to law by a court of competent jurisdiction, said provision or the application thereof will be deemed invalid, except to the extent permitted by law, but all other provisions or applications will continue to be in full force and effect. The TRANSCO and the MINTREA will meet not later than fifteen (15) days after the invalidation of the subject provision for the purpose of amending or revising the same.

IN WITNESS WHEREOF, the TRANSCO and the MINTREA, by their authorized representatives, have signed this Agreement this _____ day of _____ 2007, in Quezon City, Philippines.

NATIONAL TRANSMISSION CORPORATION (TRANSCO)	MINDANAO TRANSCO EMPLOYEES ASSOCIATION (MINTREA)
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By:

By:

ARTHUR N. AGUILAR
President and CEO

FERNANDO L. MASAPOL
President, MINTREA

TRANSCO MANAGEMENT PANEL

MINTREA Labor Panel

Member

ERIC VINCENT M. CARIAGA
Vice-President

Member

ARTHUR E. FONTANILLA
Secretary

Member

JIM P. SALDIVIA
Treasurer

Member

ROLANDO A. RICO
Auditor

ACKNOWLEDGMENT

Republic of the Philippines)
City of Quezon.)s.s.

BEFORE ME, a Notary Public in Quezon City, this June 26, 2007, personally appeared **ARTHUR N. AGUILAR**, with Community Tax Certificate No. _____ Issued on _____ in Quezon City and **FERNANDO L. MASAPOL**, with Community Tax Certificate No.12798028 issued on April 3, 2007 in Davao City, both known to me to be the same persons who executed the foregoing instrument, and who acknowledged to me that the same is their free and voluntary act and deed.

This instrument consists of ____ pages, including this page wherein the acknowledgement is written and signed by the parties and their instrumental witnesses on each and every page thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this June 26, 2007 at the City of Quezon, Philippines.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2007.