

**COVER SHEET**

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S.E.C. Registration Number

A	B	O	I	T	I	Z		P	O	W	E	R		C	O	R	P	O	R	A	T	I	O	N				
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( Company's Full Name )

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( Business Address: No. Street City / Town / Province )

M.	J	A	S	M	I	N	E	S.	O	P	O	R	T	O
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Contact Person

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Company Telephone Number

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Month Day

Fiscal Year

1	7	-	C
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FORM TYPE

0	5		1	8
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Month Day

Annual Meeting

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Secondary License Type, if Applicable

S	E	C
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Dept. Requiring this Doc

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Amended Articles Number/Section

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Total No. of Stockholders

X
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Domestic

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Foreign



To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

\_\_\_\_\_ Cashier

STAMPS
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**Remarks** = pls. Use black ink for scanning purposes

SECURITIES & EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE (SRC)  
AND SRC RULE 17.2(c) THEREUNDER

1. **March 4, 2010**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **C199800134**      3. BIR TIN **200-652-460**
4. **ABOITIZ POWER CORPORATION**  
Exact name of registrant as specified in its charter
5. **Cebu City, Philippines**  
Province, country or other jurisdiction  
of incorporation
6.   
Industry Classification Code
7. **Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City**      **6000**  
Address of principal office      Postal Code
8. **(032) 411-1800**  
Registrant's telephone number, including area code
9. **N.A.**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA
- | Title of Each Class               | Number of Shares of Common Stock<br>Outstanding and Amount of Debt Outstanding<br>(as of September 30, 2009) |
|-----------------------------------|--|
| <b>Common Stock P1 Par Value</b>  | <b>7,358,604,307</b>   |
| <b>Amount of Debt Outstanding</b> | <b>P30,421,877,000</b>   |
11. Indicate the item numbers reported herein: 9

**Item 9: Other Events**

Aboitiz Power Corporation ("AP" or "the Company") recorded a total net income of P1.9 billion for the quarter ending December 31, 2009, a 60% expansion versus the same period last year. The stronger peso resulted to a P483 million non-recurring gain due to the revaluation of dollar-denominated loans and placements on a consolidated basis. This, coupled with a P103 million reversal of NPC charges for ancillary services and one-off transaction costs of P47 million for the Pagbilao IPP Administrator contract, resulted to total non-recurring income of P539 million for the quarter. This brings AP's core net income for the fourth quarter of 2009 to P1.3 billion, 9% higher year-on-year ("YOY").

In August 2009, AP's wholly owned subsidiary, Therma Luzon, Inc. (TLI) won in the bid for the appointment as the IPP Administrator ("IPPA") of the 700 MW contracted capacity of the Pagbilao coal-fired power plant located in Pagbilao, Quezon (the "Pagbilao IPPA"). Said bidding was conducted by the Power Sector Assets and Liabilities Management (PSALM). As an IPPA, TLI is responsible for the coal procurement and the dispatch/sale of the plant's generated power. Operation and maintenance of the plant remains the responsibility of the Independent Power Producer. Ownership of the plant will revert to TLI upon the expiry of the BOT period, which is in 2025. As part of the IPPA agreement, TLI will pay PSALM a series of monthly payments from the time it assumes dispatch control, which is on October 1, 2009, to August 2025. Given the nature of this transaction, TLI accounted for the Pagbilao IPPA in its financial records as a finance lease, where the company will incur non-cash expenses as a result of booking an asset and a liability. Netting out the non-cash expenses incurred by TLI, AP's core net income in the fourth quarter 2009 would have increased further to P2.8 billion, recording a 133% YOY bottomline improvement.

On a year-to-date ("YTD") basis, AP's net income recorded a 31% YOY increase, from P4.3 billion to P5.7 billion, translating to an earnings per share of P0.77. With a non-recurring gain of P368 million (versus last year's non-recurring net loss of P331 million), core net income grew by 13% YOY, from P4.7 billion to P5.3 billion. The non-recurring gain for the period in review resulted from the one-off expenses related to the acquisition of the Tiwi-Makban geothermal plants and the Pagbilao IPPA contract, which were offset by the reversal of NPC charges for ancillary services and foreign exchange gains that resulted from the revaluation of dollar-denominated loans and placements. When the impact of TLI's finance lease is taken out, AP's core net income for the year would have reached P6.8 billion, up 46% YOY.

## **Business Segments**

### ***Power Generation***

For the quarter ending December 2009, the generation business recorded an income contribution of P1.7 billion, posting a 113% YOY increase. The strong showing was mainly due to the earnings shored in by 100%-owned AP Renewables, Inc. ("APRI"), owner and operator of the Tiwi-Makban geothermal plants, coupled with the improved earnings performances of both the hydro and oil-fired generation groups. When adjusted for non-recurring items, the group registered a 40% YOY growth in its core net income, from P858 million to P1.2 billion. Removing the impact of TLI's accounting treatment for the Pagbilao IPPA contract, the power generation group's core net income for the fourth quarter of 2009 would have increased further to P2.7 billion, up by 215% YOY.

Total attributable power sold for the quarter was 398% higher YOY, from 428 GwH to 2,130 GwH. The expansion mainly came from the dispatch of the power generated by the Pagbilao coal-fired power plant and the operation of the Tiwi-Makban geothermal power plants in the fourth quarter of 2009.

For the year 2009, the generation business accounted for 82% of AP's bottomline, contributing P4.7 billion, up 68% YOY. Netting out one-off items, AP's generation business contributed P4.3 billion for the year, P1.1 billion more than last year. This was on the back of a 167% YOY increase in total

attributable power sales, from 1,728 GWh to 4,619 GWh. The expansion mainly came from the improved generation of the hydro assets, which resulted from the higher rainfall during the year and the full-year operation of the 100MW Binga hydro power plant. In addition, the Tiwi-Makban geothermal power plants, which were turned over in May 2009, and the Pagbilao coal-fired power plant, which AP took over its dispatch control on October 1, 2009, contributed a combined energy sales of 2,653 GWh, accounting for 57% of the total sales of the year.

As of year-end 2009, AP's attributable capacity was at 1,745 MW, posting a 202% YOY expansion. The increase was due to the turnover of the Tiwi-Makban geothermal power plants in May 2009, which recorded peak generation of 467 MW during the year, and the turnover of the dispatch control over the 700 MW contracted capacity of the Pagbilao coal-fired power plant.

### ***Power Distribution***

AP's attributable electricity sales for the quarter ending December 2009 grew by 6% YOY, from 813 GWh to 861 GWh. Growth was spurred by both residential and non-residential customers, recording YOY increases of 5% and 6%, respectively. The strong volume growth, coupled with enhancements in operating efficiencies and higher other income, resulted to a 28% YOY expansion in the distribution group's bottomline contribution for the quarter, from P356 million to P456 million.

On a full-year basis, total attributable electricity sales increased by 6% YOY, from 3,142 GWh to 3,322 GWh. Both residential and non-residential customers continued to show healthy growth rates of 7% and 5%, respectively. The group's customer base still expanded with the residential segment growing by 5% and non-residential inching up by 1%.

For the year 2009, the distribution group's income contribution amounted to P1.6 billion, up 6% YOY. The strong gains in the third and fourth quarters offset the impact of the under recovery of cost of purchased power by AP's distribution utilities in March 2009, which resulted from the increase in the National Power Corporation's grid rates.

### **Financial Condition**

As of December 31, 2009, the Company's total consolidated assets amounted to P111.3 billion, 136% higher than year-end 2008 level of P47.3 billion. The Company's consolidated Cash and Cash Equivalents was at P3.8 billion, while total consolidated interest-bearing loans was at P67.8 billion. Equity Attributable to Equity Holders of the Parent increased by 14% to P34.5 billion from year-end 2008. Current ratio as of year-end was at 0.7x (versus year-end 2008's 2.1x), while net debt-to-equity ratio was at 1.8x (versus year-end 2008's -0.11x).

### **Other Developments**

Therma Marine, Inc. (TMI), a wholly owned subsidiary of AP, assumed ownership of PB 118 and PB 117 on February 6, 2010 and March 1, 2010, respectively. These are the two bunker-fired power barges acquired by AP through a negotiated

bid conducted by PSALM on July 31, 2009. The total purchase price for both facilities is USD 30 million.

PB 118 is a 100 MW power barge moored at Bgy. San Roque, Maco in Compostella Valley, Mindanao. PB 117, which also has a generating capacity of 100 MW, is moored at Nasipit, Agusan del Norte.

TMI signed an Ancillary Services Procurement Agreement with the National Grid Corporation of the Philippines to support the running of the plants. The agreement is still subject to approval by the Energy Regulatory Commission (ERC). Despite absence of ERC approval, AP has started operations of both barges upon turnover.

SIGNATURE (S)

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**ABOITIZ POWER CORPORATION**

By



**M. JASMINE S. OPORTO**

Corporate Secretary

Date: March 4, 2010