

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				

(Company's Full Name)

A	B	O	I	T	I	Z		C	O	R	P	O	R	A	T	E		C	E	N	T	E	R				
G	O	V	.		M	A	N	U	E	L		A	.		C	U	E	N	C	O		A	V	E	N	U	E
K	A	S	A	M	B	A	G	A	N		C	E	B	U		C	I	T	Y								

(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

1	2		3	1
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Month Day

Fiscal Year

1	7	-	C
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FORM TYPE

0	5		1	7
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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

Domestic

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Foreign



To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier


<p>STAMPS</p>

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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. **May 5, 2011**
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
Outstanding and Amount of Debt Outstanding
(as of December 31, 2010) |
|-----------------------------------|---|
| Common Stock P1 Par Value | 7,358,604,307 |
| Amount of Debt Outstanding | P76,822,662,000 |
11. Indicate the item numbers reported herein: 9

Item 9: Other Events

Aboitiz Power Corporation (AboitizPower or the Company) recorded a consolidated net income of P5.1 billion (bn) for the quarter ending March 31, 2011, down by 31% versus the same period last year. This translates to an earnings per share of P0.69 for the period in review.

AboitizPower's wholly owned subsidiary, Therma Marine, Inc. (TMI), incurred a non-recurring gain of P348 million (mn) during the quarter. In March 2011, ERC came out with a favorable ruling on TMI's Motion for Reconsideration regarding its tariff structure for its ancillary services contract with the NGCP. With this, revenue adjustments were made relating to ancillary services rendered in 2010.

In addition to above, AboitizPower recorded a P107 mn non-recurring income for the quarter (versus P404 mn in 2010) due to the revaluation of consolidated dollar-denominated loans and placements. Accounting for all non-recurring items, AboitizPower's core net income for the first quarter of 2011 amounted to P4.7 bn, 34% lower year-on-year (YoY).

Business Segments

Power Generation

For the three-month period in review, the power generation business recorded an income contribution of P4.9 bn, posting a decline of 35% YoY. When adjusted for non-recurring items, the group registered a 38% YoY reduction in its core net income, from P7.1 bn to P4.4 bn.

Lower average selling price, coupled with a decline in net generation for the period, accounted for the drop in the group's bottom line performance. As a group, AboitizPower recorded a 19% YoY drop in average selling prices, mainly due to the softening of the spot market prices in the first quarter. The average price of electricity in the WESM recorded a 66% YoY drop for the period year-to-date March 2011. However, the adverse impact on earnings was tempered by AboitizPower's lower exposure in the spot market, as it increased the level of its contracted capacity through bilateral agreements. Cooler climate that prevailed in the first three months of the year resulted to lower demand in electricity. This mainly accounted for the 10% YoY reduction in the generation group's attributable net generation, from 2,418 GWh to 2,168 GWh.

Ancillary services provided by AboitizPower's merchant hydro assets for the quarter recorded a 311% YoY volume expansion. Growth in ancillary services was brought about by the higher acceptance of Magat's nominated capacity and the fresh contribution of the Binga hydropower plant, as implementation of its contract with NGCP only took effect in the third quarter of 2010. Moreover, storage capacities of both the Magat and Binga hydro facilities were close to full during the quarter in review, thus enhancing their capability of providing ancillary services. Consequent to the top line improvement resulting from ancillary services, the combined income contribution of these assets grew by 244% YoY, from P278mn to P956 mn.

Increase in fuel costs resulted to a margin squeeze for 100%-owned Therma Luzon, Inc. (TLI), the IPP Administrator of the Pagbilao coal plant. Coal prices during the first quarter escalated YoY given the unfavorable global supply situation. As most of the plant's bilateral contracts are based on NPC Time-of-Use rates, TLI was not able to cover the increase in its fuel cost during the period in review.

As of quarter end, AboitizPower's attributable capacity was at 2,051 MW, posting a 5% YoY increase. The growth was due to the completion of the 42.5 MW Sibulan hydro project and the 26%-owned 246 MW Cebu coal project.

Power Distribution

Recorded expansions in volumes and margins resulted to a 107% YoY increase in the power distribution group's income contribution for the first quarter of 2011, from P219 mn to P454 mn. AboitizPower's attributable electricity sales for the quarter ending March 31, 2011 grew by 6% YoY, from 841 GWh to 889 GWh.

Growth was spurred mainly by a 9% YoY increase in attributable power consumption of the industrial customer segment, while the residential and commercial sectors posted marginal growth rates of 1% and 2%, respectively. Gross margin for the group improved on a YoY basis mainly due to the shift to PBR scheme by Davao Light & Power Company, Inc. (Davao Light) and Visayan Electric Company, Inc. (VECO) in August 2010. Moreover, Davao Light's operating expenses for the period declined YoY, as operation of its back-up power plant was not required given the improved power supply situation in Mindanao during the quarter in review.

Financial Condition

As of March 31, 2011, the Company's total consolidated assets amounted to ₱139.6 bn, 4% higher than year-end 2010 level of ₱134.6 bn. The Company's consolidated Cash and Cash Equivalents was at ₱23.3 bn, while total consolidated interest-bearing loans was at ₱66.7 bn. Equity Attributable to Equity Holders of the Parent increased by 9% to ₱62.4 bn from year-end 2010. Current ratio as of quarter-end was at 3.3x (versus year-end 2010's 2.6x), while net debt-to-equity ratio was at 0.7x (versus year-end 2010's 0.8x).

Other Developments

On March 31, 2011, wholly owned subsidiary Aboitiz Renewables, Inc. (ARI) signed a Memorandum of Agreement (MOA) with Pacific Hydro Bakun, Inc. (PHBI) and Luzon Hydro Corporation (LHC) to give ARI full ownership over LHC. ARI will assume full ownership and control of LHC upon fulfillment of certain conditions in the MOA. The total transaction value is approximately USD30 mn. PHBI, a wholly owned subsidiary of Pacific Hydro Pty Ltd of Australia, is ARI's joint venture partner in LHC. LHC owns and operates the 70 MW Bakun run-of-river hydropower plant in Ilocos Sur. The Bakun Hydro started commercial operations in 2001 under a build-operate-transfer scheme with NPC.

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: May 5, 2011