NATIONAL ELECTRIFICATION ADMINISTRATION
NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION/ENTITY PROFILE

The consolidated financial statements of the National Electrification Administration (NEA) were authorized for issue on March 22, 2023, as shown in the Statement of Management's Responsibility for Financial Statements signed by the Alternate of the Chairman of the Board, Mario C. Marasigan, the NEA Administrator, Antonio Mariano C. Almeda, and the Deputy Administrator for Corporate Resources and Financial Services, Leila B. Bonifacio.

The NEA was originally created as a national government agency by virtue of Republic Act (RA) Nos. 2717 and 6038 dated June 19, 1960 and August 4, 1969, respectively. It existed as such for a period of more than 10 years. On August 6, 1973, Presidential Decree (PD) No. 269 was issued, converting NEA into a Government-Owned and/or Controlled Corporation (GOCC) with an authorized capital stock of P1 billion and declaring a national policy objective for the total electrification of the Philippines on an area coverage basis and the organization, promotion and development of viable rural Electric Cooperatives (ECs) to attain the said objective. Moreover, NEA is geared towards the uplifting of the standard of living in the rural areas through the service of electricity. PD No. 1370, issued on May 2, 1978, increased NEA's capital stock to P2 billion.

On October 8, 1979, PD No. 1645 amended certain provisions in PD Nos. 269 and 1370 which raised NEA's authorized capital stock to P5 billion and expanded its functions to include the development of mini-hydro and dendro-thermal projects.

On June 8, 2001, RA No. 9136 or better known as the Electric Power Industry Reform Act (EPIRA) of 2001 was enacted. Section 58 of the said law gave NEA an additional mandate as follows:

a. To prepare the ECs in operating and competing under the deregulated electricity market within five years from the effectivity of the act;

b. To strengthen the technical capability and financial viability of rural ECs; and

c. To review and upgrade regulatory policies with a view to enhancing the viability of the ECs as electric utilities.

The EPIRA increased NEA's authorized capital from P5 billion to P15 billion. However, no additional infusion was received from the National Government (NG). Administrative Order (AO) No. 112 dated December 7, 2004 directed the NEA to take full and sole authority and responsibility in the conversion of ECs into stock cooperatives. Pursuant to the AO, the NEA Board of Administrators promulgated the Guidelines in the Conduct of ECs Referendum (GCECR) to convert into either stock cooperative under the Cooperative Development Authority (CDA) or stock corporation under the Securities and Exchange Commission (SEC).

On September 2, 2005, Memorandum Order (MO) No. 187 was issued by the Office of the President setting the guidelines on the conversion of ECs. In compliance with the MO, the NEA Board of Administrators, in its Resolution No. 116 dated October 5, 2005, approved the amendment to the NEA GCECR.

On May 7, 2013, RA No. 10531, better known as the “National Electrification Administration Reform Act of 2013”, was signed into law which aims to:

a. Promote the sustainable development in rural areas through rural electrification;

b. Empower and strengthen NEA to pursue the electrification program and bring electricity through the ECs as its implementing arm to the countryside and even in missionary or economically unviable areas; and

c. Empower and enable ECs to cope with the changes brought about by the restructuring of the electric power industry pursuant to RA 9136.

RA No. 10531 further increased NEA’s authorized capital from P15 billion to P25 billion. However, as of December 31, 2022, the NG has made no additional subscription.

NEA’s registered address and principal place of business is No. 57 NEA Building, NIA Road, Government Center, Diliman, Quezon City 1100.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSAS) with corresponding Philippine Application Guidance (PAG) prescribed under the relevant issuances of the Commission on Audit (COA).

The IPSAS, formerly Philippine Public Sector Accounting Standards (PPSASs), was prescribed for adoption by the COA through COA Resolution No. 2014-003 dated January 24, 2014. The PPSASs were renamed to IPSASs per COA Resolution No. 2020-01 dated January 9, 2020.

The accounting policies are consistently applied throughout the year presented.

The financial statements are prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

The financial statements are presented in Philippine Peso (P), which is also the country’s functional currency. Amounts are rounded off to the nearest peso, unless stated otherwise. (Paragraph 63.d and 63.e, IPSAS 1)

The preparation of financial statements in compliance with the adopted IPSAS requires the use of certain accounting estimates. It also requires the entity to exercise judgment in applying the entity’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and its effects are disclosed in Note 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The financial statements are prepared on an accrual basis in accordance with IPSAS. (Paragraphs 1-2, IPSAS 1)

3.2 Financial Instruments

a. Financial Assets

i. Initial recognition and measurement

Financial assets within the scope of IPSAS 29 – Financial Instrument: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, held to maturity investments, loans and receivables or available-for-sale, as appropriate. The NEA determines the classification of its financial assets at initial recognition.

ii. Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit. [Paragraph 48(a), IPSAS 29]

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows using the financial asset's original effective interest rate.

b. Financial Liabilities

i. Initial recognition and measurement

Financial Liabilities within the scope of IPSAS 29 are classified as financial assets at fair value through surplus or deficit, or loans and borrowings, as appropriate. The NEA determines the classification of its financial liabilities at initial recognition.

NEA's financial liabilities include Accounts Payable and Due to Officers and Employees.

ii. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

3.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. (Paragraphs 8-9 and 56, IPSAS 2)

3.4 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory is received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. (Paragraph 15, IPSAS 12)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. (Paragraph 17, IPSAS 12)

Net realizable value is the estimated selling price in the course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventory is recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of NEA.

Further, since the adaption of the e-NGAS in 2005, Office Supplies Inventory is generated by the system and is automatically computed based on weighted average cost of the items.

Semi-expendable properties are tangible items which meet the definition and recognition criteria of Property, Plant and Equipment (PPE), but below the capitalization threshold prescribed by the COA. These tangible items are recognized in the books as inventories; hence, measured at cost upon initial recognition, and at the lower of cost or current replacement cost at reporting date. Semi-expendable properties are not subject to depreciation but subject to impairment and are expensed when issued to an accountable officer or end-user.

3.5 Property, Plant and Equipment

i. Recognition

An item is recognized as PPE if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows: (Paragraph 13, IPSAS 17)

i. Tangible items;

ii. Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

iii. Are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if: (Paragraph 14, IPSAS 17)

i. It is probable that future economic benefits or service potential associated with the item will flow to the entity;

ii. The cost or fair value of the item can be measured reliably; and

iii. The cost is at least P50,000 per COA Circular No. 2022-004 dated May 31, 2022, on the increase in the capitalization threshold from P15,000 to P50,000.

ii. Measurement at recognition

An item recognized as PPE is measured at cost. A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition. (Paragraphs 26-27, IPSAS 17)

The cost of the PPE is the cash price equivalent or for PPE acquired through non-exchange transaction, its cost is its fair value as at recognition date.

Cost includes the following: (Paragraph 30, IPSAS 17)

i. Purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

ii. Expenditure that is directly attributable to the acquisition of the items; and

iii. Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

iii. Measurement after recognition

After recognition, all PPE are stated at cost less accumulated depreciation and impairment losses. (Paragraph 43, IPSAS 17)

When significant parts of PPE are required to be replaced at intervals, the NEA recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expense.

iv. Depreciation

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately. (Paragraph 59, IPSAS 17)

The depreciation charge for each period is recognized as an expense unless it is included in the cost of another asset. (Paragraph 64, IPSAS 17)

i. Initial recognition of depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated (Paragraph 71, IPSAS 17)

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

ii. Depreciation method

The straight-line method of depreciation is adopted.

iii. Estimated useful life

The NEA uses the life span of PPE prescribed by COA in determining the specific estimated useful life for each asset, as shown below:

Assets	Estimated Useful Life (In Years)
Buildings	30
Land Improvements	10
Furniture and Fixtures	10
Communication Equipment	10
Motor Vehicles	7
Office Equipment	5
IT Equipment and Software	5
Technical Equipment	5
Other Machinery and Equipment	5

iv. Residual value

The NEA uses a residual value equivalent to ten percent of the cost of the PPE.

v. **Impairment**

The PPE's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

vi. **Derecognition**

The NEA derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. The difference between the net disposal proceeds and the carrying amount of the asset is treated as gain or loss when the asset is derecognized. (Paragraphs 82-83 and 86, IPSAS 17)

3.6 Foreign Currency Transactions

Transactions in foreign currencies are initially recognized by applying the spot exchange rate between the functional currency and the foreign currency at the transaction date. (Paragraph 23, IPSAS 4)

At each reporting date: (Paragraph 26, IPSAS 4)

i. Foreign currency monetary items are translated using the closing rate;

ii. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

iii. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items, or on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statements, are recognized in surplus or deficit in the period in which they arise, except as those arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation. (Paragraph 31, IPSAS 4)

3.7 Income and Expenses

Income includes both revenues and gains. Revenue arises in the course of the ordinary activities of the agency while gains include those arising on the disposal of non-current assets.

Income is recognized when earned or collected. It is measured at fair value of the consideration received or receivable. Interest income on overdue accounts is recognized only upon receipt of actual payment or when arrangements are formalized for its renewal, extension or restructuring. (Paragraph 14, IPSAS 9)

Donations in cash or in kind are recognized as income upon receipt.

Expenses are recognized upon receipt of goods or utilization of services.

3.8 Budget Information

The annual budget is prepared on a cash basis and is published on the government website.

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared and presented showing the original and final budget and the actual amounts on a comparable basis to the budget. (IPSAS 24)

Explanatory comments are provided in the notes to the financial statements. (See Note 27)

4. PRIOR PERIOD ADJUSTMENTS

The details of the account are as follows:

Particulars	2022	2021 (As restated)
Adjustment on Subsidy	35,146,955	62,795,861
Adjustment on the provision of impairment loss	4,799,592	0
Adjustment on Payables	2,141,516	0
Other Prior Year's Expenses	2,248,087	24,470,388
Other Prior Years' Adjustment	4,252,351	17,600,377
GSIS All-Risk Insurance	495,654	882,645
Notice of Disallowance	480,000	0
Adjustment on Interest Income on Deposits	306,645	5,733,763
Prior Years' Income	5,302	0
Sub-Total	**49,876,102**	**111,483,034**
Return of Unexpended Yolanda Recovery and Rehabilitation Plan (YRRP) Fund	(21,890,529)	0
Adjustment on Property, Plant and Equipment/Inventory	0	(7,976,263)
Other Prior Years' Expense	(5,717,584)	0
Subsidiary Ledger Adjustment	(815,317)	(1,344,415)
Adjustment on the Receipt of Subsidy from NG	0	(5,086,728,381)
Remittance of Unutilized Subsidy per AO No. 41 s. 2021 and DBM NBC No. 586	0	(41,393,300)
Adjustment on Tax	0	(6,280,137)
Allowance for Impairment Loss-Other Assets	0	(4,908,801)
Adjustment on Payables	0	(326,617)
Sub-Total	**(28,423,430)**	**(5,148,957,914)**
Total	**21,452,672**	**(5,037,474,880)**

The beginning balance of Retained Earnings in 2022 was increased by P21.5 million. This was mainly due to the return of subsidies from various ECs already liquidated in previous years amounting to P35.1 million.

Further, the P5.037 billion reduction in CY 2021 Retained Earnings was primarily due to the restatement made in the books of accounts to reflect the change in accounting treatment of the subsidy funds received by NEA from NG from CYs 2019 to 2021 amounting to P5.087 billion.

Likewise, pursuant to COA Circular No. 2022-004 dated May 31, 2022, tangible items which meet the definition and recognition criteria of PPE but cost is below P50,000, shall be accounted in the books of accounts as semi-expendable property. Section 4.2 of the Circular provides that the increase in the capitalization threshold from P15,000 to P50,000 shall be considered as a change in accounting policy and shall be applied retrospectively. In compliance thereof, a retrospective adjustment on PPE accounts in the amount of P7.976 million was made by the NEA in the CY 2021 balance.

5. CHANGE IN ACCOUNTING POLICIES AND ESTIMATES

The NEA recognizes the effects of changes in accounting policy retrospectively. (Paragraph 27, IPSAS 3).

The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. (Paragraph 30, IPSAS 3).

The effects of changes in accounting estimates are recognized prospectively through surplus or deficit.

The NEA corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after the discovery of NEA by: (Paragraph 47, IPSAS 3).

i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or

ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

Implementation of COA Circular No. 2022-004 dated May 31, 2022 – Guidelines on the Implementation of Section 23 of the General Provisions of RA No. 11639 also known as the General Appropriations Act (GAA) for Fiscal Year (FY) 2022 relative to the increase in the capitalization threshold from 15,000 to 50,000.

The new COA Circular is considered as a change in accounting policy and shall be applied retrospectively. The new capitalization threshold was applied for all tangible items purchased in FY 2022 and in the prior years. The NEA recognized the effects of change in accounting policy in the first set of financial statements authorized for issue and restating the opening balance of affected component of PPE for the earliest prior period presented.

6. CASH AND CASH EQUIVALENTS

Breakdown of this account is as follows:

Particulars	2022	2021
Cash on Hand	24,420	49,954
Cash in Bank – Local Currency	3,547,389,928	2,377,993,423
Cash in Bank – Foreign Currency	991,698	897,038
Cash Equivalents	591,321,908	639,263,827
Total	**4,139,727,954**	**3,018,204,242**

Cash on Hand represents Petty Cash Fund and undeposited collections of Cash – Collecting Officers as a result of the Imprest System where daily receipts on collections are deposited intact on the next banking day.

Cash in Bank – Local Currency – this account consists of accounts maintained with the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP), and Philippine Veterans Bank (PVB) mostly for loans to be granted to ECs and for operational expenditures of the agency. The account consists of a Local Currency Current Account (LCCA) and a Local Currency Savings Account (LCSA).

This account also includes subsidy receipts from the NG to fund/support the implementation of several projects/programs which include the Sitio Electrification Project (SEP), Barangay Line Enhancement Project (BLEP), Calamity Grant, Power Supply System, EU ASEP, EC Trust Fund and Modular Generating Sets (GenSets).

Details are as follows:

Subsidy from the NG totaling to P2.604 billion -

- *DBP - NEA Brgy. Electrification/Subsidy Fund Commonwealth* and *LBP - Barangay Electrification Fund* amounting to P29.407 million and P2.547 billion, respectively, pertain to subsidy fund intended for SEP, BLEP, and Calamity Grant. Withdrawals are intended for the purpose of *rural electrification program.*

- *LBP - NEA Total Electrification Program Fund* amounting to P27.824 million was sourced from 2019 locally funded project by the DOE. Withdrawals are intended for the implementation of the Power Supply System Project on *Total Electrification Program.*

Official Development Assistance (ODA) amounting to P80.990 million -

- *LBP - NEA EU-ASEP* pertains to fund provided by the *European Union (EU)* for the implementation of the *Integration of Productive Uses of Renewable Energy for Inclusive and Sustainable Energization in Mindanao* (I-Pure Mindanao) project through its *Access to Sustainable Energy Programme* (ASEP). This fund is considered as Trust Liabilities by the NEA and can only be withdrawn and disbursed for the project's implementation.

Albay Electric Cooperative, Inc. (ALECO) Trust Fund amounting to P143.672 million -

- *LBP - NEA-EC Trust Fund* refers to the bank account opened in line with the ALECO Interim Board Resolution No. 040 Series of 2014 which created a trust fund through a Memorandum of Agreement (MOA) entered into by and between the NEA and ALECO in which NEA was requested to hold the cooperative's restricted fund.

  The NEA has agreed to hold the funds in trust to protect the interests of both the ECs and their member-consumers. This is in line with the authority granted to NEA as per PD No. 269, as amended by RA No. 10531. On January 05, 2015, the funds were transferred to the NEA.

Mindanao Modular GenSets Program amounting to P134.814 million –

- As of December 31, 2022, the Modular GenSets fund had a balance of P134,814,008 maintained at LBP - NEA Modular account classified as LCCA.

  The fund is the depository of collections of loans amortizations due and 50 percent of the interest earned pursuant to Executive Order (EO) No. 137 creating the Mindanao Modular GenSets Program which aimed to provide additional power supply to electricity end-users in Mindanao.

  Section 1 of EO No. 137, explicitly provides that a loan facility may be extended to the participating ECs for acquisition of Modular GenSets and the program shall be implemented by DOE through NEA.

Cash in Bank – Foreign Currency consists of LBP Dollar Account - NEA IFB 80 Bid Fund.

Cash Equivalents include Special Savings Deposits (SSD) and Foreign Currency – Time Deposit. SSD account refers to High yield Peso fixed term deposit accounts while Foreign Currency – Time Deposit pertains to Special Max US TD - IFB 72 Bid Documents maintained with DBP and LBP.

SSD accounts include among others the following:

Mindanao Modular Gen Sets Program amounting to P302.149 million –

- *LBP - HYSA 01* pertains to a high yield savings account (HYSA) opened at LBP in March 2020 to earn higher interest income.

7. RECEIVABLES

This account is broken down as follows:

Particulars	2022			2021 (As restated)		
	Current	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
Loans Receivables	1,963,062,570	9,132,201,064	11,095,263,634	1,964,092,357	9,062,670,056	11,026,762,413
Inter-Agency Receivables	56,820,972	0	56,820,972	29,440,415	0	29,440,415
Other Receivables	3,070,294,458	0	3,070,294,458	3,097,790,395	0	3,097,790,395
Total	**5,090,178,000**	**9,132,201,064**	**14,222,379,064**	**5,091,323,167**	**9,062,670,056**	**14,153,993,223**

7.1 Loans Receivables

Particulars	2022			2021 (As restated)		
	Current	Non-Current	Total	Current	Non-Current	Total
Loans Receivable-PSALM	2,155,490,219	0	2,155,490,219	2,155,490,219	0	2,155,490,219
Allowance for Impairment-Loans Receivable-PSALM	(361,995,632)	0	(361,995,632)	(361,995,632)	0	(361,995,632)
Net Value-Loans Receivable PSALM	**1,793,494,587**	**0**	**1,793,494,587**	**1,793,494,587**	**0**	**1,793,494,587**
Loans Receivable-EC	216,965,551	8,947,569,526	9,164,535,077	228,526,512	8,858,280,838	9,086,807,350
Allowance for Impairment-Loans Receivable-EC	(91,067,544)	0	(91,067,544)	(92,264,249)	0	(92,264,249)
Net Value-Loans Receivable-EC	**125,898,007**	**8,947,569,526**	**9,073,467,533**	**136,262,263**	**8,858,280,838**	**8,994,543,101**
Loans Receivable-NEECO II	19,515,814	184,631,538	204,147,352	18,183,818	204,389,218	222,573,036
Allowance for Impairment-Loans Receivable-NEECO II	0	0	0	0	0	0
Net Value-Loans Receivable-NEECO II	**19,515,814**	**184,631,538**	**204,147,352**	**18,183,818**	**204,389,218**	**222,573,036**
Loans Receivable-Municipal System	4,586,174	0	4,586,174	4,586,174	0	4,586,174
Allowance for Impairment-Loans Receivable-Municipal System	(5,443,760)	0	(5,443,760)	(5,443,760)	0	(5,443,760)
Net Value-Loans Receivable-Municipal System	**(857,586)**	**0**	**(857,586)**	**(857,586)**	**0**	**(857,586)**
Loans Receivable-Others	2,703,086	0	2,703,086	2,703,086	0	2,703,086
Allowance for Impairment-Loans Receivable-Others	(4,688,595)	0	(4,688,595)	(4,688,595)	0	(4,688,595)
Net Value-Loans Receivable-Others	**(1,985,509)**	**0**	**(1,985,509)**	**(1,985,509)**	**0**	**(1,985,509)**
Interest Receivable	26,997,257	0	26,997,257	18,994,784	0	18,994,784
Allowance for Impairment-Interest Receivable	0	0	0	0	0	0
Net Value-Interest Receivable	**26,997,257**	**0**	**26,997,257**	**18,994,784**	**0**	**18,994,784**
Total	**1,963,062,570**	**9,132,201,064**	**11,095,263,634**	**1,964,092,357**	**9,062,670,056**	**11,026,762,413**

Loans Receivable-PSALM are unpaid balance of the total ECs loans assumed by PSALM by virtue of RA No. 9136, otherwise known as the EPIRA of 2001, which was enacted on June 26, 2001.

The RA provides that all outstanding financial obligations of the ECs to NEA and other government agencies incurred for the purpose of financing rural electrification program shall be assumed by PSALM in accordance with the program approved by the President of the Philippines.

On August 28, 2002, EO No. 119 was issued by then President Gloria Macapagal-Arroyo to provide for a restructuring program for ECs. Under Section 5 of said EO, the assumption by PSALM of the rural electrification (RE) loans shall be effective only upon compliance with enumerated terms and conditions, which include among others, the approval by the Energy Regulatory Commission (ERC) of the reduction of EC rates commensurate with the resulting savings due to removal of the amortization payment on the RE loan.

On October 11, 2002, the ERC issued the “Guidelines for the Implementation of the Reduction in Rates of the EC Due to the Condonation of the Debt” and its amendments took effect on November 15, 2002. The reduction in rates referred to in EO 119 took effect on various dates from March 2003 up to January 2004 upon the issuance by the ERC of the Provisional Authority (PA) for each EC.

On October 3, 2003, NEA and PSALM Corporation entered into a MOA to lay down the operational legal framework upon which the financial obligations of ECs to NEA shall be lawfully assumed by PSALM. The assumed loans shall be paid for the period of 10 years without any interest thereon.

On September 2, 2005, EO No. 460 amending EO No. 119 was issued by then President Gloria Macapagal-Arroyo retroacting the assumption of the RE loans by PSALM to the effectivity of the EPIRA. However, on May 9, 2007, EO No. 622 was issued repealing EO No. 460 and reinstating the provision in EO No. 119 that the effectivity of the assumption of RE Loans by PSALM shall be upon approval by the ERC of the reduction in the EC rates commensurate with the resulting savings due to the removal of the amortizations payments on RE loans or upon issuance by the ERC of PAs to reduce rates to each and every EC.

From June 27, 2001 until the issuance of PAs to reduce rates beginning March 2003 to January 2004 by the ERC, NEA continued to accrue and collect from all ECs loan amortizations due as provided in Section 6, Rule 31, IRR of EPIRA which states that *"Nothing in this Rule however, shall mean that ECs are not obliged to pay the NEA with respect to all financial obligations assumed by PSALM, if the amortization cost component of the ECs' tariff is still collected from the consumers."* These collections were being contested by the PSALM and claimed that collections made before the ERC issuance of PA to reduced rate were part of the assumed loans.

The dormant account started in 2014 due to PSALM's refusal to pay because of the differences in the interpretation of the effectivity/cut-off date of the assumption of loans. Since then, the NEA had explored all possible means of settlement with PSALM which ended up with the filing of arbitration case with the OGCC on November 22, 2018.

To date, both parties are still awaiting for the decision of the OGCC on the arbitration case filed.

Loans Receivable - EC are loans intended to address the technical and operational requirements of the ECs. Loans extended are the following:

a. *Stand-By Credit Facility (SCF)* is a credit facility that would strengthen the ECs' credit worthiness with Power Generation Companies (GENCOs) and Market Operator.

   Terms:

   - One-year credit line; renewable;
   - One half of one percent interest rate per month on the amount withdrawn;
   - One and a half percent default charge per month;
   - Two percent service charge on the approved facility; and
   - Payable within 90 days after each availment.

b. *Equity Financing Scheme for the ECs (EFSEC)* is a credit facility that would finance the equity requirement of the ECs in the procurement of the distribution equipment and in the implementation of their rehabilitation and upgrading projects. The maximum loanable amount is the actual equity requirement or 20 percent of the total purchase price of the distribution equipment but not to exceed P8 million. The interest rate is six percent per annum, three to five years to pay with a grace period of six months. *This facility is no longer active from 2012 to present.*

c. *Power Use and Bliss I Loans* are loans extended to cooperatives to support small scale industry projects intended to provide means of livelihood in rural bliss communities, payable in five to 10 years after date of release, at five percent to 11 percent interest per annum and with grace period of one to two years. *This facility is no longer active since 2004.*

d. *RE Loan-Working Capital for ECs* is a credit facility for ECs to finance the prudential requirement and security payment with Wholesale Electricity Spot Market (WESM)/GENCOs/National Grid Corporation of the Philippines (NGCP); The timely payment of power account for special/retirement package of EC employees; and for tax obligations.

Terms:

- Five and a half percent interest rate per annum or NEA prevailing interest rate at the time of drawdown for repayment period of up to two years or six percent interest per annum or NEA prevailing interest rate at the time of drawdown for repayment period of three to five years;
- Eighteen percent default charge per annum;
- Maximum of five years repayment period; and
- Validity period of two years.

e. *RE Loan – Capital Projects* is a credit facility to finance the Capital Expenditures (CAPEX) projects of ECs.

Terms:

- Six percent interest rate per annum NEA prevailing interest rate at the time of drawdown;
- Twelve percent default charge per annum;
- Maximum of 15 years repayment period but not to exceed the remaining franchise life of the EC;
- Maximum of one year grace period; and
- Validity period of three to five years.

f. *Calamity Loans* are loans granted to calamity-affected ECs for the immediate repair of damaged distribution lines and restoration of power.

Terms:

- Three and one fourth percent interest rate per annum;
- Maximum of 10 years repayment period but not to exceed the remaining franchise life of the EC;
- Maximum of one year grace period; and
- Validity period of one year.

g. *Single Digit System Loss Program (SDSLP)* is a loan intended to assist the ECs in the reduction of the national average systems loss and to attain a single digit level. The loanable amount depends on NEA's evaluation of the project.

Terms:

- Five and a half percent interest rate per annum or NEA prevailing interest rate at the time of drawdown for repayment period of up to two years or six percent interest per annum or NEA prevailing interest rate at the time of drawdown for repayment period of three to 10 years;
- Maximum of 10 years repayment period but not to exceed the remaining franchise life of the EC;
- Maximum of six months grace period; and
- Validity period of two years.

h. *GenSets* is a loan facility intended to provide immediate relief or alternative measures to supply the needed power in each of the franchise areas of ECs in Mindanao.

The Department of Energy (DOE), as Co-Chair of the Mindanao Power Monitoring Committee (MPMC), proposed the use of modular gensets as an immediate short-term solution to the intermediate electricity needs of Mindanao until baseload power plants come online by 2015.

EO No. 137 (S. 2013) established the Mindanao Modular GenSets Program to provide the needed additional power supply to electricity end-users in Mindanao. The DOE in coordination with the MinDA and the MPMC issued, adopted, and promulgated the Implementing Rules and Regulations for the Mindanao Modular GenSets Program under DC Circular No. DC-2013-08-019.

Terms:

- Interest rate of four percent per annum;
- Ten percent default charge per annum;
- Maximum of 15 years repayment period;
- Two years grace period;
- The EC has the option to return the gensets; and
- In case of rescission of the contract of loan due to pre-termination, any difference between the appraised value and the outstanding loan of the EC shall be for the account of the EC.

Loans Receivables balance as of December 31, 2022 is presented at amortized cost using effective interest method. (Paragraphs 45 and 48(a) of IPSAS 29)

Starting 3rd quarter of CY 2022, the interest during grace period is no longer capitalized and is being recognized as it falls due (quarterly). NEA adjusted the capitalized interest booked in CY 2021 and 2022 and recorded the remaining balance at amortized cost.

Loans Receivables - NEECO II pertains to the sales price of the electric system of the defunct Nueva Ecija II Electric Cooperative, Inc. (NEECO II) which was taken over by NEA and later sold to NEECO II. The sales price consists of the book value of P208.4 million plus interest income of P111.8 million less payments previously made by NEECO II of P11.3 million. The Deed of Conditional Sale approved on January 24, 2006 provides that the sale price shall be payable over 25 years at seven percent interest per annum. Repayment of principal commenced on January 31, 2008 while payment of the monthly interest started in January 2006.

Loans Receivable - Municipal System were granted in the early sixties to finance the construction and/or improvement of electric systems of about 91 municipalities all over the country. However, with the enactment of PD 269 mandating NEA to electrify the country through the different ECs, the franchises granted to the municipal electric systems were effectively cancelled. The cancellation of the said franchises did not stop NEA from demanding payments. In NEA's desire to collect these accounts, the NEA Board, in its meeting on November 29, 1990, agreed that the loans be settled under the government's Debt Relief Program (DRP). On April 28, 1994, NEA submitted to the Bureau of Treasury (BTr) the certification needed under the DRP. Unfortunately, not a single LGU availed itself of the program.

In view of the failure to have the accounts settled under the DRP, the NEA Legal Services Office pursued the collection of these accounts using legal remedies available under the Loan Contract. Again, on March 11, 2011, NEA sought the assistance of the Department of Finance (DOF) in the collection of the LGUs accounts through DRP.

The NEA Board, in its meeting on October 11, 2011, approved the request of government schools and municipalities for the condonation of interests and surcharges on their loans after the payment of the principal subject to the approval by the COA.

The Legal Services Office and the Finance Services Department are in the process of gathering the necessary documents to support our request for write-off pursuant to COA Circular No. 2016-005.

Loans Receivable – Others are composed of the following:

a. Private Franchise Loans – These are loans granted to private franchise owners to operate and maintain an electric system. The operation of Private Franchise was approved by the President of the Philippines under the regime of President Ferdinand Marcos and the Certificate of Public Convenience and Necessity was granted by the Public Service Commission.

b. Social Program Loans - loans granted to ECs in Bulacan, Rizal and Cavite. Manila Electric Corporation (MERALCO) was mandated to take over ECs within a radius of 60 kilometers of Metro Manila. MERALCO assumed repayment of electrification loans but did not assume repayment of Social Program Loans.

These loans were released in the early sixties and remained dormant for more than 15 years. NEA has exerted all possible efforts to collect these outstanding loan balances but failed. The Legal Services Office, in coordination with the Finance Services Department, is in the process of gathering necessary documents to support our request for write-off pursuant to COA Circular No. 2016-005.

Interest Receivables are receivables from interests earned on outstanding loans of ECs, Municipal Systems, Private Franchises, and Schools.

7.2 Inter-Agency Receivables

This account is broken down as follows:

Particulars	2022	2021
Due from National Government Agencies	31,469,892	4,089,335
Due from NPC	25,351,080	25,351,080
Total Inter-Agency Receivables	**56,820,972**	**29,440,415**

Due from National Government Agencies account consists of the following:

Particulars	2022	2021
Due from MinDA	27,380,557	0
Allowance for Impairment- Due from MinDA	0	0
Net Value- Due from MinDA	**27,380,557**	**0**
Due from Gov't Schools	6,397,739	6,397,739
Allowance for Impairment- Due from Gov't Schools	(6,305,667)	(6,305,667)
Net Value- Due from Gov't Schools	**92,072**	**92,072**
Due from DPWH	3,997,263	3,997,263
Allowance for Impairment- Due from DPWH	0	0
Net Value- Due from DPWH	**3,997,263**	**3,997,263**
Total Due from National Government Agencies	**31,469,892**	**4,089,335**

Due from MinDA pertains to the transfer of fund made by the NEA to MinDA on May 4, 2022 under JEV No. 2022-05-003402 to fund the Components 1 and 3 of the I-Pure Mindanao projects through the EU-ASEP with a target completion date set on December 15, 2022 for both components.

Original completion dates of the two components were as follows:

Particulars	Completion Date
Component 1 Activities	August 8, 2022 to December 7, 2022
Component 3 Activities	December 15, 2022

As of December 31, 2022, both project components are still ongoing due to the following reasons:

i. Right of way issues;
ii. Failed biddings;
iii. Change in Administration of the NEA;
iv. Change in Secretary of MinDA;
v. Delay in signing of MOA between the NEA and MinDA
vi. Weather conditions;
vii. Change order/variations for the equipment and materials;
viii. Delay in execution of Deed of Donations (for privately-owned areas);
ix. Delay in issuance of Certification from the contractor; and
x. Late manifestation by the contractor on the lack of funds.

The project's latest update indicates that the target completion date for both Components 1 and 3 is set for October 15, 2023.

Due from Gov't Schools are loans granted to various Educational Institutions/ Agricultural Schools all over the country to finance the establishment of Dendrothermal Tree Plantation Program of the government.

Due from DPWH refers to the funds released by the NEA to DPWH Sorsogon Engineering District on February 2, 2009 and January 28, 2009.

This is in line with the two MOAs entered into by and between the NEA and DPWH Sorsogon Engineering District on December 13, 2008 and January 20, 2009. The first MOA provided P1.300 million for the rural electrification of two barangays in the 1st District of Sorsogon City, namely, Bulabog-Dapdap and Buhata. The second MOA allocated P2.697 million for the rural electrification of six sitios in the Municipality of Pilar and Donsol, Sorsogon.

However, as of December 31, 2022, the DPWH has not yet submitted the required final report to NEA, and the liquidation reports for the total amount of P3.997 million transferred to DPWH Sorsogon Engineering District remain unsubmitted.

On May 17, 2023, NEA sent letters to DPWH Sorsogon Engineering District and SORECO II requesting submission of liquidation documents and Report of Disbursement duly noted by COA Resident Auditor.

Due from NPC represents the release of fund for Office of the Presidential Adviser on the Peace Process (OPAPP) - Payapa at Masaganang Pamayanan (PAMANA). On June 20, 2014, NEA entered into MOA with NPC for the construction of Power Plant Facilities including supply, delivery, erection or installation test commissioning of Diesel GenSet, and Auxiliaries for Languyan Town. On August 11, 2014, NEA released to NPC the amount of P25.351 million.

In response to the COA Confirmation Letter dated April 27, 2023, the Vice President of Administration and Finance of the NPC stated that the funds would be liquidated after the NPC Resident Auditor conducts an audit, which they had requested on July 14, 2022.

On May 18, 2023, NEA sent letter to the NPC reiterating the MOA entered into by and between NEA and NPC, particularly on Article III-C (Nos. 9 and 11) – NPC's issuance of Certificate of Completion and submission of Report on the Fund Utilization/Disbursement, duly certified by the NPC Resident Auditor, on the amount released by NEA to NPC amounting to P25.351 million.

7.3 Other Receivables

This account consists of the following:

Particulars	2022	2021
Receivables from Various ECs	3,067,800,715	3,095,256,060
Allowance for Impairment- Receivables from Various ECs	0	0
Net Value- Receivables from Various ECs	**3,067,800,715**	**3,095,256,060**
Miscellaneous Receivable	47,449,580	47,985,826
Allowance for Impairment- Miscellaneous Receivable	(44,955,837)	(45,451,491)
Net Value- Miscellaneous Receivable	**2,493,743**	**2,534,335**
Total	**3,070,294,458**	**3,097,790,395**

Receivables from Various ECs consist of subsidy releases under SEP and BLEP, YRRP, NHA Resettlement, QRF, Philippine Counterpart on the JICA Donation for BARMM, and ECERF.

Miscellaneous Receivables consists of the following:

Particulars	2022	2021
Other Receivables	45,596,973	46,049,753
Receivables - Disallowances/Charges	1,203,091	1,114,521
Due from Officers and Employees	401,204	821,552
Interest Receivable	248,312	0
Total	**47,449,580**	**47,985,826**

Other Receivables substantially consist of advance payments made by NEA for and on behalf of the ECs for brokerage, handling, demurrage, storage and other charges incurred in the withdrawal from the Bureau of Custom's custody of various equipment and materials, such as STC 48 package Power Transformers, Wood Poles, Dodecagonal Distribution Poles–Galvanized, etc., and insurance premium.

Receivables - Disallowance/Charges represents amount resulting from audit disallowances that have become final and executory.

Due from Officers and Employees primarily consists of receivables arising from the double payment of the CY 2014 Collection Negotiation Agreement (CNA) incentive being settled by NEA employees through monthly payroll deduction for five years or 60 installment payments which commenced in December 2015.

Interest Receivable pertains to the accrued interest earned from the NEA's five short-term deposits that will mature on different dates in the succeeding year.

8. INVENTORIES

This account consists of the following:

Particulars	2022	2021
Inventory Held for Sale	4,876,379	4,876,379
Inventory Held for Consumption		
Office Supplies Inventory	2,105,113	1,097,755
Other Supplies Inventory	562,703	594,986
Sub-Total	2,667,816	1,692,741
Total Inventories	**7,544,195**	**6,569,120**
Less: Allowance for Impairment Loss	(4,876,379)	(4,876,379)
Net Inventories	**2,667,816**	**1,692,741**

Inventory Held for Consumption account is non-financial asset that will be used or consumed in the normal course of business which includes Office Supplies Inventory and Other Supplies Inventory.

Inventory Held for Sale account pertains to the cost of equipment and materials damaged/burned in NUVELCO Staging Area amounting to P1.224 million.

This also includes Merchandise Inventory in Transit pertaining to the Equipment and Materials in- Transit (EMIT) account amounting to P3.652 million which remains dormant for more than 10 years. On September 14, 2010, NEA requested COA for relief from accountability for the loss of these equipment and materials. On December 23, 2013, NEA received COA Decision No. 2013-247 denying NEA's request for authority to write -off the EMIT account amounting to P3.652 million which remains dormant for more than 10 years because of COA's existing regulations which pertains only to the write-off of unliquidated cash advances and dormant accounts receivable. Said amount was reinstated as EMIT account for adjustment.

Adjustments were effected closing the difference between the actual payments made by NEA to contractors against the rates used in costing equipment and materials under IFB 38, which was part of the COA Audit Observation Memorandum (AOM) No. 2007-016 dated March 12, 2007.

A Journal Entry Voucher dated May 11, 2018 was prepared taking up Allowance for Impairment Loss for the account Inventory Held for Sale in the amount of P4.876 million. This account has zero carrying amount since December 31, 2018.

Further, on July 23, 2020, NEA resubmitted its request for relief of accountability per letter dated July 08, 2020. On September 29, 2020, the NEA resident COA Auditor returned the said request requiring certified true copies of the supporting documents and that the same be arranged accordingly and compliance of complete documentation particularly Item 4 of COA Memorandum No. 92-751 dated February 24, 1992 or the Comment and/or recommendation of the Agency Head concerned on the request. In response thereof, on January 27, 2021, NEA complied and resubmitted the documentary requirements to NEA resident COA Auditor.

To date, NEA is still awaiting for the COA decision regarding the Agency's request for relief from accountability for the loss of these equipment and materials.

9. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2022

Particulars	Land and Land Improvements	Buildings	Office Equipment Furniture and Fixtures	Transportation Equipment	Machinery and Equipment	Other Property and Equipment	Total
Carrying Amount, January 1	36,301,445	106,307,599	10,210,598	12,007,881	3,227,586	88,706	168,143,815
Additions	0	6,495,000	2,835,555	0	291,000	0	9,621,555
Disposals/Adjustments	0	0	(1,554,575)	(227,200)	(487,773)	0	(2,269,548)
Depreciation	0	(9,233,474)	(1,806,938)	(1,994,679)	(513,679)	0	(13,548,770)
Carrying Amount, December 31	**36,301,445**	**103,569,125**	**9,684,640**	**9,786,002**	**2,517,134**	**88,706**	**161,947,052**
Gross Cost	36,996,775	302,731,889	33,158,620	36,936,744	10,700,617	335,305	420,859,950
Accumulated Depreciation	(695,330)	(199,162,764)	(23,473,980)	(27,150,742)	(8,183,483)	(246,599)	(258,912,898)
Carrying amount, December 31	**36,301,445**	**103,569,125**	**9,684,640**	**9,786,002**	**2,517,134**	**88,706**	**161,947,052**

As at December 31, 2021 (As Restated)

Particulars	Land and Land Improvements	Buildings	Office Equipment Furniture and Fixtures	Transportation Equipment	Machinery and Equipment	Other Property and Equipment	Total
Carrying Amount, January 1	36,301,445	115,200,616	19,382,746	5,570,328	5,004,454	88,706	181,548,295
Additions	0	344,520	3,810,454	7,586,600	0	0	11,741,574
Disposals/Adjustments	0	(19,841)	(10,012,706)	(208,138)	(729,679)	0	(10,970,364)
Depreciation	0	(9,217,696)	(2,969,896)	(940,909)	(1,047,189)	0	(14,175,690)
Carrying Amount, December 31	**36,301,445**	**106,307,599**	**10,210,598**	**12,007,881**	**3,227,586**	**88,706**	**168,143,815**
Gross Cost	36,996,775	296,236,890	44,825,434	39,208,744	14,105,638	335,305	431,708,786
Accumulated Depreciation	(695,330)	(189,929,291)	(34,614,836)	(27,200,863)	(10,878,052)	(246,599)	(263,564,971)
Carrying amount, December 31	**36,301,445**	**106,307,599**	**10,210,598**	**12,007,881**	**3,227,586**	**88,706**	**168,143,815**

Land where the NEA building is located, with TCT No. 233258 was acquired on January 11, 2002 from the National Housing Authority with an acquisition cost of P36.2 million.

Buildings represent the cost of the NEA building, which includes the costs of services related to the preparation of detailed engineering design, consultancy services and the actual construction cost of the building. The construction started in June 1998 and was finished in late 2000.

COA Circular No. 2022-004 dated May 31, 2022 provides guidelines for implementing Section 23 of the General Provisions of RA No. 11639, also known as the *GAA for FY 2022,* which increases the capitalization threshold from P15,000 to P50,000. According to the guidelines, tangible assets that meet with PPE's definition and recognition criteria but have a cost below P50,000 must be recorded as semi-expendable property in the agency's books of accounts.

In consonance thereof, all PPE items of the NEA with cost below the capitalization threshold of P50,000 were classified as semi-expendable properties in CY 2022.

Further, in compliance with paragraph 27 of IPSAS 3 and paragraphs 4.2 and 4.6 of COA Circular No. 2022-004, the CY 2021 balance of PPE was restated to reflect the retroactive application of the changes in accounting policy.

10. OTHER ASSETS

Particulars	2022			2021 (As restated)		
	Current	Non-Current	Total	Current	Non-Current	Total
Prepayments	3,242,517	0	3,242,517	3,886,643	0	3,886,643
Deposits	850,000	0	850,000	650,000	0	650,000
Advances to Officers and Employees	14,700	0	14,700	20,750	0	20,750
Other Miscellaneous Assets	0	14,174,305	14,174,305	0	13,077,590	13,077,590
Total	**4,107,217**	**14,174,305**	**18,281,522**	**4,557,393**	**13,077,590**	**17,634,983**

Prepayments consist of the following:

Particulars	2022	2021
Prepaid Insurance	308,759	319,470
Advances to Contractors	247,704	247,704
Other Prepaid Expenses	2,686,054	3,319,469
Total	**3,242,517**	**3,886,643**

Prepaid Insurance pertains to payments of insurance premiums of NEA vehicles and other insurable properties.

Advances to contractors refers to the amount paid in advance as mobilization fee to contractors for projects which shall be deducted from the progress billing based on the percentage of completion of the project.

Other Prepaid Expenses account is composed mainly of prepayments made to DBM Procurement Service (PS) for the Agency's Office Supplies and Creditable Withholding Taxes (CWT) deducted by ECs included in the top 20,000 corporations of the Philippines from their payments of interest income earned by NEA.

Deposits account pertains to deposits made by the NEA for airfare and gasoline to guarantee compliance with the terms of agreement which shall be refunded upon contract termination. This account consists of deposits made to the following suppliers:

Particulars	2022	2021
Philippine Airlines (PAL)	200,000	0
Procurement Service	650,000	650,000
Total	**850,000**	**650,000**

Advances to Officers and Employees pertain to advances given to officers and employees for official travel subject to liquidation upon completion of the travel.

Other Miscellaneous Assets consist of the following:

Particulars	2022	2021 (As Restated)
Idle Land-Tandang Sora	9,500,000	9,500,000
Deferred Charges	2,385,208	2,585,208
Allowance for Impairment-Deferred Charges	(2,385,208)	(2,585,208)
Net Value-Deferred Charges	0	0
Claims Receivable	1,285,594	1,285,594
Allowance for Impairment-Claims Receivable	(1,285,594)	(1,285,594)
Net Value-Claims Receivable	0	0
Investment in Gasifier and Equipment Manufacturing Corp. (GEMCOR) and BLISS-Livelihood	1,038,000	1,038,000
Allowance for Impairment-Investment in GEMCOR and BLISS-Livelihood	(1,038,000)	(1,038,000)
Net Value-Investment in GEMCOR and BLISS-Livelihood	0	0
Foreclosed Land	25,800	25,800
Others	4,648,505	3,551,790
Total	**14,174,305**	**13,077,590**

a. Lot area of approximately 2.5 hectares located in Tandang Sora, Quezon City with TCT No. 26581 acquired on November 28, 1989 for P9.5 million. However, the said lot is under court litigation pending before the Supreme Court, docketed as G.R. No. 112876, entitled Manuel Silvestre Bernardo, et al vs. Court of Appeals, et al. The case is being handled for NEA by the Office of the Government Corporate Counsel (OGCC).

b. *Deferred Charges* include miscellaneous deposits to PLDT, MERALCO and IFB incidental costs.

c. *Claims Receivables* are receivables included in NEA's Bail-Out Program with a cut-off period of December 31, 1989.

d. *Investment in GEMCOR* was an investment made in GEMCOR for 938 shares with P1,000 par value and investment in BLISS-Livelihood represents 10 percent equity amounting to P100,000.00. It is a program anchored on the national policy thru Executive Order No. 517 dated January 9, 1979 – Adopting the Bagong Lipunan Sites and Services Program to achieve an equitable distribution of socio-economic opportunities in the country, among others, and curb the alarming migration rate.

e. *Foreclosed Properties-Bani/Bolinao* with a book value of P25,800 were acquired in 1967 by virtue of Sheriff's Certificate of Sale issued by the Court of First Instance of Pangasinan. The corresponding Declaration of Real Property (DRP) was issued to NEA. Under the said DRP, most of the lands located at Catuday, Bolinao, Pangasinan are classified as forest and pasture lands. Verifications made on the records of the Regional Office I of the Department of Environment and Natural Resources (DENR) revealed that most of the properties are within the Alienable and

Disposable (A and D) zones. The cluster on Utilization and Disposal of NEA's Acquired and Foreclosed Property is working on the possibility of titling or turnover of the same to the DENR.

f. *Others* – these represent costs of assets for disposal which are transferred to this account in conformity with Section 143 of Manual of New Government Accounting System which states that serviceable assets no longer used shall be reclassified to Other Assets account and shall not be subject to depreciation.

In compliance with paragraph 27 of IPSAS 3 and paragraphs 4.2 and 4.6 of COA Circular No. 2022-004, the CY 2021 balance of unserviceable PPE recorded under Other Assets account which meet the definition and recognition criteria of PPE but cost is below P50,000, was restated to reflect the retroactive application of the changes in accounting policy.

Particulars	Amount
Others, as reported as of December 31, 2021	4,504,129
Less: Unserviceable PPE below P50,000	952,339
Others, as restated as of December 31, 2021	**3,551,790**

11. FINANCIAL LIABILITIES

This account represents various payables as follows:

Particulars	2022			2021		
	Current	Non-Current	Total	Current	Non-Current	Total
Accounts Payable	70,332,790	0	70,332,790	56,343,298	0	56,343,298
Due to Officers and Employees	48,561,212	88,894,835	137,456,047	45,232,384	82,708,640	127,941,024
Interest Payable on Foreign Loans	0	0	0	11,786	0	11,786
Total	**118,894,002**	**88,894,835**	**207,788,837**	**101,587,468**	**82,708,640**	**184,296,108**

Accounts Payable pertains to accrual of expenses for 2022 and 2021.

Due to Officers and Employees represents liabilities to officers and employees for salaries, benefits and other emoluments including cash equivalent of the employees' leave credits as of reporting date.

12. INTER-AGENCY PAYABLES

This account consists of payables due to the following:

Particulars	2022	2021 (As restated)
Due to NGAs	5,607,246,108	4,463,687,020
Due to Bureau of Internal Revenue (BIR)	7,702,660	4,466,634
Due to Government Service Insurance System (GSIS)	5,105,364	4,377,451

Particulars	2022	2021 (As restated)
Due to Home Development Mutual Fund (HDMF/Pag-IBIG)	329,363	281,619
Due to Philippine Health Insurance Corporation (PhilHealth)	550,429	262,255
Income Tax Payable	34,347,079	57,565,208
Total	**5,655,281,003**	**4,530,640,187**

Due to National Government Agencies (NGAs) account pertains to the receipt of funds from the NG intended for SEP, BLEP, Calamity Grant and other rural electrification project. This account is debited upon liquidation by ECs of subsidy funds released.

The CY 2021 balance was restated due to the result of the change in accounting treatment of the subsidy funds received by NEA from NG previously recorded as *Asset and Revenue* to *Asset and Liability* affecting the *Due to NGAs* account for CY 2022 amounting to P5.607 billion. Accordingly, a restatement in CY 2021 balance in the amount of P4.464 billion was made to reflect the retrospective application of the change in accounting treatment.

13. TRUST LIABILITIES

This account consists of trust liabilities to the following:

Particulars	2022	2021 (As restated)
Trust Liabilities		
BTr-Modular	1,361,572,249	1,323,148,320
EC Trust Fund – ALECO	143,672,150	143,613,895
EU-ASEP	103,532,619	180,684,464
DOE- Power Supply System Project-2021 (TEFP)	27,824,273	0
Trust Liabilities – ECs Collateral	5,944,575	5,944,575
Trust Liabilities – Others	3,192,626	2,861,143
Sub-Total	**1,645,738,492**	**1,656,252,397**
Guaranty/Security Deposits Payable		
Retention Payable	467,507	789,907
Performance/Bidders Bonds	321,254	321,254
Sub-Total	**788,761**	**1,111,161**
Total	**1,646,527,253**	**1,657,363,558**

BTr - Modular pertains to the Mindanao Modular GenSets Program established in CY 2013 by the Aquino Administration to provide an immediate relief or an alternative measure to supply the needed power in each of the franchised areas of ECs in Mindanao. A restatement in CY 2021 balance was made to reflect the adjustment on Modular Account amounting to P1.210 billion due to reclassification of the initial receipt of Mindanao Modular Gensets Funds back to *Trust Liabilities* account from *Subsidy Income from the National Government.*

EC Trust Fund - ALECO pertains to the fund entrusted by Albay Electric Cooperative, Inc. (ALECO) to NEA.

EU ASEP refers to the receipt of donation - initial pre-financing payment for I-PURE

Mindanao (1st Tranche - EUR 3.177 million). The account is debited upon payment of goods/services related to EU-ASEP projects.

The NEA, MinDA, and the EU are working together on a project called I-Pure Mindanao which started in April 2021 and has a completion target of 20 months. The project consists of three (3) components, as follows:

Component 1: PURE

Activity	Location	Lead Implementer
Solar-powered corn shelter and miller	Arakan, North Cotabato	COTELCO
	Bagumbayan, Sultan Kudarat	SUKELCO
	Picong, Lanao del Sur	MinDA with LGU and Community based organizations
	Kidapawan, North Cotabato	COTELCO
Solar-powered ice making facility	Glan, Saranggani	COTELCO
Solar-powered rice miller	Tulunan, North Cotabato	SOCOTECO II
Solar-assisted seaweeds dryer	Sitangkal and Sibutu, Tawi-Tawi	COTELCO
Solar-powered water system	Sen. Ninoy Aquino, Sultan Kudarat	Mindanao State University Tawi-Tawi
	Lebak, Sultan Kudarat	SUKELCO
Solar-powered coffee dryer and miller	Kalamansig, Sultan Kudarat	SUKELCO

Component 2: Household Electrification

a. PV Mainstreaming – Provision of 50-watt solar home system (SHS) in Cotabato Electric Cooperative, Inc. (COTELCO) and South Cotabato II Electric Cooperative, Inc (SOCOTECO II) franchise municipalities; and

b. Tawi-Tawi Electric Cooperative, Inc. (TAWELCO) Barangay Line Enhancement – Extending wire connections to households from TAWELCO distribution lines with power supply sourced from the solar PV-diesel hybrid system located in Tumindan Island.

Component 3: Project Management and Cross-Cutting Activities

a. Project Management Information, Education and Communication (IEC); and
b. Capacity Building and Training

DOE- Power Supply System Project-2021 (TEFP) refers to the receipt of funds from the DOE for capital outlay and maintenance and other operating expenses (MOOE) for the implementation of Power Supply System Project under FY 2021 LFP TEP1.

Trust Liabilities – ECs Collateral includes cash deposit from ECs for the cash equivalent of the appraised value of the properties mortgaged to NEA.

Trust Liabilities - Others include liabilities for amounts withheld in trust for the account of entities intended to pay specific obligations, such as loans to Provident Fund, and payments to EMPC and SAMAKAREN.

Retention Payable pertains to the retention money from payments made to contractors, suppliers and other creditors covering rural electrification, mini-hydro and dendro-thermal and other projects of NEA.

Performance/Bidders Bonds is used to record the incurrence of liability arising from the receipt of cash to guaranty that (a) the winning bidder shall enter into contract with NEA; and (b) performance by the contractor of the terms of the contract.

14. OTHER PAYABLES

This account represents payables due to the NG and other agencies. Details are as follows:

Particulars	2022	2021
Dividends Payable	17,597,490	17,597,490
Undistributed Collections	465,010	665,635
Miscellaneous Payables	408,217	36,549
Total	**18,470,717**	**18,299,674**

Dividends Payable refers to prior years' corporate dividends unremitted to the National Government as a result of COA audit on NEA's compliance with the Revised Implementing Rules and Regulations (RIRR) of RA 7656 or Dividend Law for calendar years 2013 to 2018.

Undistributed Collections pertain to online deposits/collections whose payor is not yet identified.

Miscellaneous Payables comprise payables related to tax adjustment of retired/separated NEA employees.

15. DEFERRED CREDITS

This account represents the balance of the advance/excess payments made by ECs on their loan amortizations due. The advance/excess payments will be applied once the EC fails to pay the amortizations due on time. The balance of this account is P476.107 million and P471.870 million for CYs 2021 and 2022, respectively.

16. SERVICE AND BUSINESS INCOME

This account includes the following:

Particulars	2022	2021
Interest Income	539,592,657	544,504,153
Service Income	68,883,216	53,200,359
Business Income	16,614,673	11,854,911
Total	**625,090,546**	**609,559,423**

Interest Income pertains to the interest earned on all interest-bearing loans for rural electrification purposes.

Service Income pertains to the following:

Particulars	2022	2021
Processing Fees	699,301	2,315,561
Other Service Income	68,183,915	50,884,798
Total	**68,883,216**	**53,200,359**

Other Service Income include service fees being charged on the subsidy releases to the ECs amounting to P67.724 million in 2022 and P50.625 million in 2021. Additionally, accreditation fees paid by EC external auditors to NEA in 2022 totaling P0.225 million and P0.190 million in 2021 also form part of the *Other Service Income* account. Moreover, legal fees from ECs for filing, docket, protest and appeal fee amounting to P0.235 million and P0.070 million and 2022 and 2021, respectively, are also treated as Other Service Income.

Business Income consists of the following:

Particulars	2022	2021
Seminar/Training Fees	14,364,597	9,653,182
Rent/Lease Income	2,244,076	2,201,729
Income from Printing and Publication	6,000	0
Total	**16,614,673**	**11,854,911**

17. PERSONNEL SERVICES

This account consists of:

Particulars	2022	2021
Salaries and Wages	200,356,759	171,219,088
Other Compensation	81,056,771	79,767,339
Other Personnel Benefits	43,752,231	30,623,787
Personnel Benefits Contribution	26,062,561	22,119,377
Total	**351,228,322**	**303,729,591**

17.1 Other Compensation

Particulars	2022	2021
Productivity Incentive Allowance	42,986,689	42,837,109
Year End Bonus	16,993,872	15,094,271
Personnel Economic Relief Allowance (PERA)	7,136,455	7,229,689
Representation Allowance (RA)	3,502,375	3,614,250
Transportation Allowance (TA)	2,558,250	3,487,250
Honoraria	2,365,000	2,308,000
Overtime and Night pay	2,053,880	415,770
Clothing/Uniform Allowance	1,818,000	1,858,000
Cash Gift	1,497,250	1,554,000
Longevity Pay	125,000	45,000
Other Bonuses and Allowances	20,000	40,000
Hazard Pay	0	1,284,000

Total	**81,056,771**	**79,767,339**

17.2 Other Personnel Benefits

Particulars	2022	2021
Terminal Leave Benefits	36,385,564	23,313,370
Other Personnel Benefits	7,366,667	7,310,417
Total	**43,752,231**	**30,623,787**

17.3 Personnel Benefit Contributions

Particulars	2022	2021
Life and Retirement Insurance Contributions	22,065,259	19,338,096
PhilHealth Contributions	3,292,502	2,075,181
Pag-IBIG Contributions	353,100	358,900
ECC Contributions	351,700	347,200
Total	**26,062,561**	**22,119,377**

18. MAINTENANCE AND OTHER OPERATING EXPENSES

Breakdown is as follows:

Particulars	2022	2021
Professional Services	27,437,205	23,929,062
General Services	24,442,813	19,072,869
Traveling Expenses	19,998,553	14,188,731
Supplies and Materials Expenses	11,568,529	5,974,851
Training Expenses	10,990,144	7,327,473
Utility Expenses	8,967,040	5,781,024
Communication Expenses	5,033,756	4,775,579
Repairs and Maintenance	3,310,216	4,662,086
Insurance Premiums and Other Fees	2,094,427	2,005,798
Taxes and Licenses (Note 28.2)	1,402,548	2,513,615
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses	473,554	158,867
Other Maintenance and Other Operating Expenses	10,878,272	8,834,834
Total	**126,597,057**	**99,224,789**

18.1 Professional Services

Particulars	2022	2021
Auditing Services	13,918,966	12,372,519
Other Professional Services	9,849,235	8,086,904
Consultancy Services	3,592,504	3,429,139
Legal Services	76,500	40,500
Total	**27,437,205**	**23,929,062**

18.2 General Services

Particulars	2022	2021
General Services	10,901,749	7,662,550
Janitorial Services	7,496,421	5,635,899
Security Services	6,044,643	5,774,420
Total	**24,442,813**	**19,072,869**

18.3 Traveling Expenses

Particulars	2022	2021
Traveling Expenses- Local	19,998,553	14,188,731
Total	**19,998,553**	**14,188,731**

18.4 Supplies and Materials Expenses

Particulars	2022	2021
Gasoline, Oil and Lubricants Expenses	3,759,022	2,046,180
Office Supplies Expenses	2,944,342	2,847,925
Drugs and Medicines Expenses	44,098	0
Other Supplies Expenses	4,821,067	1,080,746
Total	**11,568,529**	**5,974,851**

18.5 Utility Expenses

Particulars	2022	2021
Electricity Expenses	7,956,353	4,615,385
Water Expenses	1,010,687	1,165,639
Total	**8,967,040**	**5,781,024**

18.6 Communication Expenses

Particulars	2022	2021
Telephone Expenses- Landline	2,207,824	2,244,004
Internet Expenses	1,243,108	1,152,931
Telephone Expenses- Mobile	948,129	956,365
Postage and Deliveries	634,695	422,279
Total	**5,033,756**	**4,775,579**

18.7 Repairs and Maintenance

Particulars	2022	2021
Repairs and Maintenance- Office Building	2,262,394	1,854,646
Repairs and Maintenance- Furniture and Fixtures	654,738	531,950
Repairs and Maintenance- Motor Vehicles	247,589	523,624
Repairs and Maintenance- IT Equipment and Software	145,495	1,751,286
Repairs and Maintenance- Communication	0	580

Particulars	2022	2021
Equipment		
Total	**3,310,216**	**4,662,086**

18.8 Insurance Premiums and Other Fees

Particulars	2022	2021
Insurance Expenses	1,606,867	1,422,195
Fidelity Bond Premiums	487,560	583,603
Total	**2,094,427**	**2,005,798**

18.9 Other Maintenance and Other Operating Expenses

Particulars	2022	2021
Subscription Expenses	6,442,062	5,894,433
Rent Expenses	598,790	308,378
Advertising Expenses	291,988	93,032
Printing and Binding Expenses	240,764	296,850
Representation Expenses	45,000	18,659
Membership Dues to Organizations	0	44,000
Other Maintenance and Operating Expenses	3,259,668	2,179,482
Total	**10,878,272**	**8,834,834**

19. FINANCIAL EXPENSES

Particulars	2022	2021
Bank Charges	12,719	31,700
Interest Expenses	0	8,720,264
Total	**12,719**	**8,751,964**

20. NON-CASH EXPENSES

Particulars	2022	2021
Depreciation	13,548,770	14,175,915
Impairment Loss	3,602,887	4,659,701
Total	**17,151,657**	**18,835,616**

21. FINANCIAL ASSISTANCE

As a result of the change in accounting treatment of the subsidy funds received by NEA from NG previously recorded as Revenue under the *Subsidy Income from National Government (SING)* account to Liability under the *Due to NGAs* account, the receipt of subsidy and the liquidations made by various ECs, which were previously charged to expense under the *Subsidy to NGOs/POs* account, are no longer reflected in the Statement of Financial Performance.

The CY 2021 Financial Assistance previously reported is restated as follows:

Particulars	Amount
Financial Assistance, as reported as of December 31, 2021	(622,930,275)
Reversal due to change in accounting treatment	622,930,275
Financial Assistance, as restated as of December 31, 2021	**0**

22. NON-OPERATING INCOME, GAIN OR LOSS

22.1 Other Non-Operating Income

Particulars	2022	2021
Interest Income on Deposits	6,492,350	12,511,050
Miscellaneous Income	289,924	1,564,602
Total	**6,782,274**	**14,075,652**

Miscellaneous Income consists of income from adcom case fine, photocopying, cashier's deposit and others.

22.2 Gain/(Loss) on Foreign Exchange

Particulars	2022	2021
Gain/(Loss) on Foreign Exchange	917,125	472,741
Total	**917,125**	**472,741**

The foreign exchange gain in 2022 was the net effect of updating the Dollar Saving Account and Time Deposit Account from the 2021 BSP Reference Rate of P50.774/$1 to 2022 BSP Reference Rate of P56.120/$1.

23. INCOME TAXES

Income Tax is computed at statutory tax rate of 25 percent for year of net taxable income from operations, as follows:

Particulars	2022	2021
Net Income Before Income Tax	**137,800,189**	**193,565,856**
Non-Deductible Expenses:		
Bad debts	3,602,887	4,659,701
Interest expense (33% of interest income subject to final tax)	2,142,475	4,128,646
Taxes, duties and licenses	1,252,238	2,513,615
Income Not Subject to Tax:		
Interest income subject to final tax	(6,492,349)	(12,511,050)
Gain/Loss on foreign exchange	(917,125)	(472,741)
Net Income Subject to Tax	**137,388,315**	**191,884,027**
Income tax rate	25%	30%
Income Tax	**34,347,079**	**57,565,208**

A reduction of regular corporate income tax (RCIT) rate from 30 percent to 25 percent was used pursuant to Section 6 of RA No. 11534, also known as the *Corporate Recovery and Tax Incentives for Enterprises Act* (CREATE) Law.

Taxes, duties and licenses amounting to P1.252 million refers to Final Withholding Tax on Interest Income on bank deposits which is a non-deductible expense.

24. GOVERNMENT EQUITY

NEA has an authorized capital of P15 billion divided into 150 million shares at P100 par value per share.

25. CONTRIBUTED CAPITAL

This account pertains to prior years' appropriation released by the Government of the Philippines to NEA under RA 2717 and RA 6038; proceeds from US-PL-480 and Reparation Commission; shares from BIR franchise taxes; and other funds received from various government agencies in support of the rural electrification project. The amount is net of the P50 million considered as initial capitalization of the Government of the Philippines with NEA under PD No. 269.

26. DIVIDENDS

On April 11, 2022, the amount of P72.802 million was remitted to the BTr representing 50 percent dividends due from CY 2021 net earnings. This is in compliance with the requirements of RA No. 7656 or the GOCC Dividends Law.

For CY 2022 net earnings, NEA will be remitting the amount of P53.385 million on or before May 15, 2023.

27. COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Actual receipts of service and business income were lower than the final budget primarily due to the decrease of interest income on loans.

Likewise, the actual payments were lower than the budgeted amount primarily because of the non-release of the compensation adjustment amounting to P33.132 million and actual payment of terminal leave represent 60% of the budgeting amount of P28.469 million. In addition, the non-release of PRAISE amounting to P9.251 million and a lower tax payment and dividend remittance to NG contributed to a lower actual payment in 2022.

28. SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATIONS (RR) NO. 15-2010

In compliance with RR No.15-2010 issued by the BIR on November 25, 2010, the required information on taxes, duties and license fees paid or accrued during the taxable year is presented as follows:

28.1 Output Value-Added Tax

The NEA is a non-VAT registered GOCC.

28.2 Taxes and Licenses

The details of Taxes and Licenses paid and accrued during the year are as follows:

Particulars	2022	2021
Withholding Tax on Interest on Deposits	1,252,238	2,497,495
Real Estate Tax	149,810	15,620
Non-VAT Registration	500	500
Total	**1,402,548**	**2,513,615**

28.3 Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2022 are shown below:

Particulars	Withheld	Remitted	Balance
Compensation and Benefits	38,835,258	34,054,883	4,780,375
Creditable Withholding Taxes	10,935,266	8,012,981	2,922,285
Total	**49,770,524**	**42,067,864**	**7,702,660**

The balance of withholding taxes as of December 31, 2022 was remitted to the BIR in January 2023.

29. LEGAL PROCEEDINGS INVOLVING NEA

The NEA is involved in several legal proceedings as follows:

Case Title	Nature
Arbitration Case No. 2018-003, Office of the Government Corporate Counsel (OGCC) NEA vs. PSALM	*Request for Arbitration on the Settlement of Unpaid Outstanding Loans of Electric Cooperatives assumed by PSALM.* • On January 03, 2011, NEA sought the intervention of the Office of the Solicitor General (OSG) regarding the claim against PSALM relative to the issue of the effectivity of the assumption by PSALM of the loans of ECs and the payment thereof. NEA exhausted all legal remedies provided in its October 03, 2003 MOA with PSALM and the referral to the OSG was pursuant to the provisions of the MOA; the OSG endorsed the matter to the Department of Justice (DOJ) as its involves pure questions of law which fall within the exclusive jurisdiction of the Secretary of Justice pursuant to EO 292. • The DOJ, in its 1st Endorsement dated March 18, 2011,

Case Title	Nature
	referred the matter to the OGCC for appropriate action; • OGCC rendered its Decision dated October 27, 2011 dismissing the case for being premature without prejudice to its refiling if efforts to settle fail; • NEA filed on November 20, 2018 Notice of Arbitration before the OGCC and docketed as 2018-003; • Series of hearings and meetings were held before the Arbitration Panel; • Order dated September 29, 2022 setting the case for hearing on October 11, 2022 and notifying the parties on the reconstitution of the Panel of Arbitrators and in order to judiciously resolve the case; • Awaiting resolution from OGCC Arbitration Panel as of December 31, 2022.
Civil Case No. 100, Regional Trial Court (RTC) Branch 48, San Fernando City Pampanga NEECO II-A2 vs. NEA	*Declaratory Relief and Injunction with Prayer for Temporary Restraining Order (TRO) and/or Writ or (sic) Preliminary Injunction (WPI).* • This case is being handled by OGCC, as referred by NEA-Legal Services Office (LSO) on October 22, 2013 • Clarificatory hearing was scheduled on April 06, 2022 • Order dated May 30, 2022, directing counsel for petitioner to submit within five (5) days proof that it had seasonably appealed CA-G.R. 151134 to the Supreme Court; • Order dated July 11, 2022, pending resolution on the appeal by the Supreme Court
COA CP Case No. 2021-191, COA Quezon City Carlito M. Eje, et al vs. NEA	*Money Claims* • On March 18, 2021, NEA-LSO received a copy of the Petition for Money Claims filed by petitioners; • This case was endorsed to the OGCC for appropriate action and represent NEA before the COA; • On April 12, 2021, NEA-LSO received an order dated March 15, 2021 directing respondent to file answer to the petition within 15 days from notice; • Defendant NEA, through OGCC file answer with counterclaim dated May 12, 2021; • Awaiting further court action
RAS-C-19-0219-M (IC-OC-18-1915), Office of the Ombudsman, Quezon City Edna Raña et al. vs, NEA Board, et. al	*Claim for Gratuity Benefits from Separated/Terminated NEA Employees* • A letter complaint was filed before the Office of the Ombudsman, Quezon City, on October 22, 2018; • On May 31, 2019, NEA-LSO received a copy of the Ombudsman Notice of Conference dated May 30, 2019. In the Notice, NEA was directed to appear before the Action Officer on June 06, 2019 at 2:00PM;

Case Title	Nature
	• The said conference meeting was attended by Atty. Xerxes Adzuara, for NEA; • The case is still pending with the COA.
CA-G.R. Sp No. 174727, Court of Appeals, Manila (SCA Case No. R-QZN-21-09380-CV, RTC, Branch 77, QC Inocencio M. David, Jr., et al. vs. NEA, DBM and GCG	*Mandamus on Appeal (Separation Benefits)* • Petitioners filed Petition for Mandamus before the Regional Trial Court, Branch 77, Quezon City; • RTC Branch 77 of Quezon City issued an Order dated March 28, 2022 denying petition; • Petitioners filed Motion for Reconsideration dated April 6, 2022 before the RTC Branch 77 of Quezon City; • Motion was denied by RTC in its Resolution dated June 28, 2022; • Petitioners filed Notice of Appeal to the Court of Appeals, Manila, to compel the NEA and the DBM to pay the difference between separation benefits which were actually received and the separation benefits which should have been received by the NEA employees who were involuntarily separated from the government service due to the advent of RA No. 9136; • In a resolution dated September 2022, respondents were directed to file their respective Memoranda within a non-extendible period of 30 days from receipt of notice; • Respondent NEA filed a Memorandum on November 16, 2022; • Respondents GCG and DBM, thru its counsel OSG, filed Joint Memorandum dated November 08, 2022; • Petitioners filed on November 16, 2022 Appellant's Memorandum before the Court of Appeals, Manila; • On January 05, 2023, Plaintiffs-Appellants, through counsel Atty. Goldelio G. Rivera, filed Motion for Leave of Court to File the Appellant's Motion to Withdraw Petition for Mandamus and Mandamus on Appeal; • Awaiting Court Resolution on the Motion for Leave of Court.