



Republic of the Philippines
National Electrification Administration
Quezon City

21 March 2005

NEA MEMORANDUM No. 2005-011

T O : ALL ELECTRIC COOPERATIVES

**SUBJECT : REVISED POLICY ON ELECTRIC COOPERATIVE
ISSUANCES REQUIRING EXPRESSED NEA APPROVAL**

I. RATIONALE

The Electric Power Industry Reform Act (EPIRA) of 2001 specifically Section 58, Item A mandates the National Electrification Administration (NEA) to prepare electric cooperatives (ECs) in operating and competing under the deregulated electricity market.

The EPIRA, its Implementing Rules and Regulations (IRR) and Executive Order No. 119, mandated the reorganization of NEA and its transformation into a lean but an effective agency that is capable of better achieving the objectives of said law, thus fulfilling its new mandate .

Pursuant to this mandate, therefore, the NEA continues to guide the ECs towards self-determination for them to be really competitive. Toward this end, the existing Policy on EC Issuances Requiring NEA Expressed Approval is hereby revised.

II. OBJECTIVES

1. To enhance the regulatory and supervisory functions of NEA based on the EPIRA over the ECs' financial, institutional and technical operations;
2. To reinforce the concept of ECs' self-determination, accountability and transparency; and
3. To facilitate the implementation of ECs own policies on matters that can be resolved internally.

B. FINANCIAL		
Collateral Sharing	DA Finance Sector/Administrator	Board of Administrators
Loan Restructuring	DA Finance Sector	Administrator
Repayment Period of 5 years & below	DA Finance Sector	Board of Administrators
With repayment of more than		
5 years - 15 years	Administrator	Board of Administrators
Loan Application	Administrator	Board of Administrators
Investment Management Contract	Administrator	Board of Administrators
Loan Policy 14-A	Director AMGD	DA Finance Sector
Clearance to Borrow (W/O Encumbrance below P30 M)	DA Finance Sector	Administrator
Clearance to Borrow (W/O Encumbrance above P30 M)	Administrator	Board of Administrators
Confirmation of additional loan (Advances)	Administrator	Board of Administrators
Reclassification of Loan	Director AMGD	DA Finance Sector
5-Year GCP/PIP/REP	DA Finance Sector/DA MAG	Administrator
Audit Findings	Director ECAD	DA EDUS
Recon on audit findings after Evaluation	Director ECAD	DA EDUS
Disposal of Non-Performing Assets and/or Other Properties of the EC		
Above P1 M	DA EDUS	Administrator
Below P1 M	Director Audit	DA EDUS
Writing-off of Consumer Accts Receivables	Director Audit	DA EDUS
Cash Operating Budget (COB)		
Non-Liberalized ECs	Manager Budget	Director FSD
Supplemental Budget	Manager Budget	Director FSD
Budget Realignment	Manager Budget	Director FSD
Disbursement from Sinking Fund		
Reinvestment fund	Manager FPCD	Director FSD
Retirement fund	Manager FPCD	Director FSD
Financial Evaluation for CBA	Director FSD	DA Finance Sector

Legend:

Director AMGD – Accounts Management and Guarantee Department
 Director ECAD – Director for Electric Coop Audit Department
 Director FSD - Director for Finance Services Department
 Manager FPCD – Manager for Financial Planning & Control Division

III. POLICY COVERAGE

- The following are EC Issuances Requiring Expressed Approval by NEA and the corresponding approving level of authorities on the EC Board Resolutions:

PARTICULARS	LEVELS OF AUTHORITY	
	RECOMMENDING APPROVAL	APPROVAL
A.. INSTITUTIONAL		
A) Amendments to Bylaws/Articles of Incorporation	Director, IDD/DA EDUS and DA Legal Services	Administrator
B) Board Resolutions:		
a) General Manager		
Probationary/Permanent Appointment	DA EDUS	Administrator
OIC Designation	Director, IDD	DA EDUS
Salary Upgrading	DA EDUS	Administrator
Retirement	DA EDUS	Administrator
Incentives/Benefits	DA EDUS	Administrator
Suspension/Termination	Administrative Committee	Administrator/BOA Confirmation
b) Employees		
Reorganization	DA EDUS	Administrator
Salary Upgrading	DA EDUS	Administrator
Performance Evaluation Systems	Director IDD	DA EDUS
Code of Ethics/Discipline	Manager OMDD	Director IDD
Retirement Policy	DA EDUS	Administrator
Incentives/Benefits	DA EDUS	Administrator
c) Board of Directors		
Per Diems/allowances	DA EDUS	Administrator
Confirmation of Appt	Manager OMDD	Director IDD
DECOM Appointment.	Manager OMDD	Director IDD
Deferment of district elections/AGMA	DA EDUS	Administrator
Incentives/Benefits	DA EDUS	Administrator

Legend:

Director IDD -Director for Institutional Development Department
DA EDUS – Deputy Administrator for Electric Distribution Utilities Services
Manager OMDD – Manager for Organization & Management Development Division
BOA - Board of Administrators

PASA LOAN	DA Finance Sector	Administrator
Short-Term Facility		
Not to exceed P30 M	DA Finance Sector	Administrator
Equity Financing Scheme Not to exceed P8 M	DA Finance Sector	Administrator
Single Digit Systems Loss - w/o approved loan balance Not to exceed P8 M	DA Finance Sector	Administrator
C. TECHNICAL		
Power Supply Agreement	Administrator	Board of Administrators
Budget request for all types of loans and subsides	Director Engineering	DA EDUS
Realignment of NEA Fund Releases	Director Corporate Planning	Administrator
Annual/Supplemental Workplan	Director Corporate Planning	Administrator

2. The ECs shall formulate and/or review their coop policies guided by this memorandum. NEA, on the other hand, will accordingly act based on status of EC, and its programs and activities
3. Other than the above, ECs may implement board resolutions and policies guided by pertinent laws, existing policies, guidelines, bulletins, memoranda and rules and regulations.

IV. SANCTIONS

The Board of Directors and General Manager shall be responsible in the implementation of this policy. In case of violation, the NEA shall impose disciplinary actions against the officers responsible in accordance with Section 5 (e) of P.D. 269, as amended by P. D. 1645.

V. AMENDATORY CLAUSE

Approved by the NEA Board of Administrators through Resolution No. 19, S. 2005 on 15 February 2005. This supersedes NEA Memorandum on Amendment to Electric Cooperative Issuances Requiring Expressed NEA Approval issued on 31 May 1996. All issuances inconsistent hereof are hereby amended accordingly

VI. EFFECTIVITY

This Policy shall take effect after the prescriptive period for publication in the Official Gazette.

Edita S. Bueno
EDITA S. BUENO
 Administrator

NATIONAL ELECTRIFICATION
 ADMINISTRATION

IN REPLYING, PLS. QUOTE: #OR005561

