



Republic of the Philippines
National Electrification Administration

19 May 2005

NEA MEMORANDUM No. 2005-014

TO : **ALL ELECTRIC COOPERATIVES**

SUBJECT : Procurement of Reconditioned/Refurbished Retired Transformers Allegedly Smuggled from Korea and Sold as Brand New Units

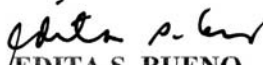
Reports had been received on the malpractice of certain local producers involved in the reconditioning/refurbishing of retired transformers smuggled from Korea and selling them as brand new units. Aside from this being illegal, and ECs which transact business with these local producers can be penalized under the law, utilizing this kind of transformers will definitely hamper efforts to reduce systems loss to a single digit before Year 2010. Instead, it can actually contribute substantially to the technical loss in the ECs' distribution system.

In this regard, it is suggested that you take extra precaution in buying transformers. Most advisable is to directly procure from the manufacturers or their duly authorized representatives. As an additional measure, please require from suppliers/manufacturers the submittal of the following documents as evidence that the goods they propose to supply are legally imported:

1. Manufacturer's Affidavit authorizing a named representative to offer its product;
2. Manufacturer's Product Warranty and After Sales Service Certificates;
3. Importation documents with proof of payment of taxes and duties; and
4. Other documents that may be deemed necessary to establish the supplier's qualifications.

Both your stake and ours are extensive in the rural electrification program. Transacting only with registered manufacturers/suppliers will ensure a more efficient and reliable delivery of power service.

For your compliance.


EDITA S. BUENO
Administrator

