



Republic of the Philippines  
**NATIONAL ELECTRIFICATION ADMINISTRATION**  
Quezon City

June 08, 2005

NEA MEMORANDUM No. 2005-020

T O : **ALL ELECTRIC COOPERATIVES**

SUBJECT : **AMENDED IMPLEMENTING RULES AND REGULATIONS IN GRANTING PATRONAGE CREDIT TO CONSUMERS OF ELECTRIC COOPERATIVES**

Under Section 2(a) of Articles VI of the By-Laws of the electric cooperatives, the ECs are required by law to operate as non-profit enterprises. They are obligated to account on a patronage basis to all patrons, members and non-members alike, for all amounts received and receivables from their furnishing of electric energy in excess of operating costs and expenses. Corollarily, NEA Policy No. 402 dated December 19, 2004 provides that any net margin must be credited to all members on a proportionate basis. Thus, this Office issued the Implementing Guidelines dated June 14, 2002 for the initial allocation of Patronage Credits to consumers of ECs. In order to address certain concerns of the ECs, the implementing guidelines were amended under NEA Board Resolution No. 147 dated November 24, 2004.

The salient provisions of the Implementing Rules, as amended, are as follows:

1. **Prerequisites for the Declaration of Patronage Credit:**
  - a) The EC has sufficient net margins to cover provision for patronage credit; and
  - b) The EC has adequate cash for distribution as patronage refund.

**2. Entitlement to Patronage Credit**

- a) Bonafide members or their successors-in-interest or successors-in-occupancy regardless of nature/type;
- b) Industrial/other consumers enjoying preferential rate; and
- c) Disconnected or deceased consumers and those under Barangay Power Association (BAPA) or Solar Home System (SHS).

**3. Condition Precedent to the Declaration of Patronage Credit**

- a) The EC must have completed/cleared/undertaken construction projects (Accounts 106 and 107), deferred account (Account 186 and 254) and aging of all accounts receivables, subject to guidelines set by NEA; and
- b) Availability of complete records for each consumer.

**4. Net Margin Patronage Credit**

- a) The initial allocation shall be sourced from the unappropriated accumulated net margins of the EC for a given period but not to exceed five (5) years.

**5. Exclusion from the Patronage Credit**

- a) The net margin which shall be allocated for patronage credit shall be net of 5% reinvestment fund.

Attached for your information and reference, is a copy of the Amended Implementing Rules and Regulations in Granting Patronage Credit to Consumers of Electric Cooperatives which was published in the Official Gazette on May 16, 2005 and is now in effect.

Please be guided accordingly.

  
**EDITA S. BUENO**  
Administrator  


NATIONAL ELECTRIFICATION  
ADMINISTRATION

IN REPLYING, P.L.C. - IITE: #OR007106



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