



National Electrification Administration
Quezon City, Philippines

28 December 2005

NEA MEMORANDUM No. 2006-001

TO : **ALL ELECTRIC COOPERATIVES**

SUBJECT : **Remittance and Monitoring of Universal Charges (UC)**

OBJECTIVES :

1. To establish consistent reporting of information to NEA and PSALM;
2. To encourage timely remittance of the UC;
3. To provide uniform accounting treatment for recording and monitoring of UC

I. Rationale

It is NEA's mandate to assist all electric cooperatives (ECs) in providing electricity in the far-flung places of the Philippines. Corollary to this mandate, PSALM, pursuant to EPIRA, is likewise mandated to condone the loans of the ECs with NEA. In view of these mandates, NEA is working closely with the Loan Condonation Team of PSALM in order to assist the latter in its monitoring of UC as well as the proper recording of UC billings and collections in its books. Series of coordination meetings were conducted by NEA with PSALM in order to resolve issues that are being encountered by PSALM with the ECs, thus, this memo is issued to all the ECs to serve as guide in their recording, billing and collection of UC.

II. Background

Pursuant to Section 34 of Republic Act No. 9136, a Universal Charge is imposed to all end-users of electricity on a monthly basis and collected by Collecting Entities (CEs), such as the electric cooperatives (ECs). It consists of Missionary Electrification and Environmental Charge, among others.

The Guidelines and Procedures Governing Remittances and Disbursements of the Universal Charge (UC) approved by the Energy Regulatory Commission (ERC) provide that collections of UC during each calendar month shall be remitted to the Main Trust Account (MTA) created by PSALM with the Land Bank of the Philippines (LBP) on or before the last banking hour of the fifteenth (15th) day of the succeeding month. In the event that the 15th day of the succeeding month falls on a non-banking day or holiday, all UC collections shall be remitted on or before the last banking hour of the succeeding banking day.

In compliance with the above, CEs submit to PSALM monthly certified statements (using UC Billing Forms and UC Collection/Remittance Forms) containing relevant information on the UC billings, collections and remittances, as follows:

1. The UC Billing Form (Annex A) contains total actual sales of electricity in kWh for a particular calendar month and the amount of each UC component actually billed to end-consumers based on the rate fixed and approved by the ERC. Billing adjustments due to erroneous meter reading, or arithmetical mistakes or omissions shall be reflected in the UC Billing Form duly supported by documents/certified true copies of the debit or credit memo issued by the CE to the concerned customer.

Billing adjustments covering bad debts written off shall likewise be reflected in the UC Billing Form, duly supported by documents.

2. The UC Collection/Remittance Form (Annex B) contains the total actual collections separately identifying the amount collected for each component of the UC. To avoid penalties and unnecessary costs brought about by the delay in the remittance of UC, CEs shall remit its total actual UC collections to the MTA without need of prior demand.

Failure on the part of CEs to remit the UC collections to the MTA account created by PSALM for the purpose, without justifiable or valid reason, carries a late remittance interest charge of five percent (5%) per month from the date upon which the remittance amount was due until the date such amount is received in the MTA. The late remittance interest charge shall be in addition to whatever amount of fine and penalty may be imposed by the ERC under Section 8 Rule 18 of the EPIRA-IRR.

III. Standardization of Procedures and Requirements for ECs

To address timely compliance to the ERC-approved UC guidelines, ECs are enjoined to observe the following procedures and requirements:

1. Set up a Restricted Fund for each component of the UC collected from end-users to be recorded in the EC's books under account Sinking Fund for UC (Other Property and Investment);
2. Open and maintain a savings/current account (combo account) for each component of the UC, where actual collections on the UC shall be deposited, and subsequently remitted to PSALM's MTA-UC;
3. ECs shall submit to PSALM on or before the 15th day following the billing month a certified UC Billing report containing energy sales and the amount billed to end-users for each component of the UC. The information in the UC Billing report shall be consistent with the reported Kwh sales to end-consumers reflected in the Monthly Financial and Statistical Report (MFSR) submitted to NEA under Section B (Consumer Sales and Revenue Data) and Section E (Energy & Demand Data).

4. Similarly, the amount of UC billed to end-consumers shall be reflected in the MFSR under Section C: Balance Sheet, under the Notes and Accounts Receivable, and Current and Accrued Liabilities.
5. In the event that the EC fails to submit the UC Billing report, PSALM shall use the kWh sales reflected in the MFSR in recording the amount of UC receivable from the concerned EC.
6. ECs shall remit the total actual UC collections for the month to PSALM's MTA with the Land Bank of the Philippines (LBP) on or before the last banking hour of the fifteenth (15th) day of the succeeding month. In the event that the 15th day of the succeeding month falls on a non-banking day or holiday, all UC collections shall be remitted on or before the last banking hour of the succeeding banking day. Simultaneous with the LBP remittance, ECs shall accomplish separate UC-Special Bank Receipts (UC-SBRs) (Annex C) found in LBP branches' front desk for each UC component.
7. The actual UC collections shall be consistent with the reported collection efficiency reflected in the MFSR.
8. Should there be any discrepancy in the reports (i.e. UC Billing, UC Collection/Remittance and MFSR), PSALM and NEA shall have the right to seek an explanation from the concerned EC.
9. Pro-forma entries for the UC described in Annex D shall be followed and reflected in the MFSR under Section C: Balance Sheet, under the Notes and Accounts Receivable, and Current and Accrued Liabilities.
10. PSALM, in coordination with NEA, may inspect the books of accounts of the ECs upon two (2) days prior written notice.

Please be guided accordingly.


EDITA S. BUENO
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION

IN REPLYING, PLS. QUOTE: #0A007961



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1/20/06

ANNEX A

Universal Charge Billing

UC Form No. _____

Billing entity		Date prepared	
Address		Billing cycle	
Total actual energy sales (in KWH)			
Universal charge billed		(In pesos)	
UC 1 - Stranded debts & stranded contract costs of NPC			
UC 2 - Stranded contract costs of distribution utilities (DUs)			
UC 3 - Missionary electrification			
UC 4 - Equalization of taxes & royalties			
UC 5 - Rehabilitation & maintenance of watersheds			
UC 6 - Removal of cross-subsidies			
Total			
DU entitlement from UC for DU's stranded contract costs (in pesos)			
(Please indicate date signed)			
	Printed name	Position Title	Signature
Prepared by			
Checked by			
Certified by			
Approved by			
(PSALM Acknowledgment)			
	Printed name	Position Title	Signature
Received by			
Reviewed by			

ANNEX B

Universal Charge Collection/Remittance

UC Form No. _____

<i>Collecting entity</i>						<i>Date prepared</i>		
<i>Address</i>						<i>Collection Period</i>		
<i>Actual collections</i>							<i>(In pesos)</i>	
UC 1 - Stranded debts & stranded contract costs of NPC								
UC 2 - Stranded contract costs of distribution utilities (DUs)								
UC 3 - Missionary electrification								
UC 4 - Equalization of taxes & royalties								
UC 5 - Rehabilitation & maintenance of watersheds								
UC 6 - Removal of cross-subsidies								
Total								
<i>Application of collections</i>	<i>UC 1</i>	<i>UC 2</i>	<i>UC 3</i>	<i>UC 4</i>	<i>UC 5</i>	<i>UC 6</i>	Total	
Jan								
Feb								
Mar								
Apr								
May								
Jun								
Jul								
Aug								
Sep								
Oct								
Nov								
Dec								
Total								
<i>Less amount withheld for DU's stranded contract costs</i>								
<i>Amount for remittance to PSALM</i>								
<i>Actual amount remitted</i>								
<i>Unremitted collections</i>								
<i>Add 5% penalty</i>								
<i>Amount still due PSALM</i>								
<i>Details of remittance</i>								
<i>Form</i>	<input type="checkbox"/> Cash		<input type="checkbox"/> Manager's check		<input type="checkbox"/> Demand draft		<input type="checkbox"/> Fund transfer	
<i>Amount</i>								
<i>(Please indicate date signed)</i>								
	<i>Printed name</i>		<i>Position Title</i>			<i>Signature</i>		
<i>Prepared by</i>								
<i>Checked by</i>								
<i>Certified by</i>								
<i>Approved by</i>								
<i>(PSALM Acknowledgment)</i>								
	<i>Printed name</i>		<i>Position Title</i>			<i>Signature</i>		
<i>Received by</i>								
<i>Validated by</i>								

UC-SPECIAL BANK RECEIPT FORM

SPECIAL BANK RECEIPT		Date Paid <i>April 15, 2005</i>	UC Special Bank Receipt Number 000001
		IMPORTANT: THIS RECEIPT MUST COVER ONLY ONE TYPE OF UNIVERSAL CHARGE REMITTANCE PURPOSE. AMOUNT APPEARING HEREIN SHOULD TALLY WITH THE UNIVERSAL CHARGE COLLECTION/REMITTANCE FORM.	
COLLECTING BANK <i>Land Bank of the Philippines (LBP)</i>	BRANCH <i>Candon</i>	Signature over Printed Name of Remitting Entity Representative <i>Juan Dela Cruz</i>	
REMITTANCE RECEIVED FROM (Name of Remitting Entity) <i>Ilocos Sur Electric Cooperative (ISECO)</i>		PAYMENT RECEIVED BY: (Teller's Stamp)	
Total Amount Remitted in Pesos (in words): <i>Ten Thousand Pesos Only</i>		Teller's Validation	
UNIVERSAL CHARGE PURPOSE	AMOUNT (P)		
1. Stranded Debts and Stranded Contract Costs of NPC			
2. Stranded Contract Costs of Distribution Utilities			
3. Missionary Electrification	<i>10,000.00</i>		
4. Taxes & Royalties' Equalization			
5. Watershed Rehabilitation & Management			
6. Mitigation of the Removal of Cross Subsidies			
Note: This serves as Confirmation Receipt if machine-validated			
FORM OF REMITTANCE		AMOUNT (P)	
CASH		10,000.00	
CHECK	Name of Bank/Branch EPCIB Check Number 00098765		
FUND	Name of Bank/Branch		
TRANSFER	Account Number 0123456-789		
Original - Remitting Entity's Copy Duplicate - LBP's Copy Triplicate - PSALM's Copy			

ANNEX D

PRO-FORMA ENTRIES FOR UNIVERSAL CHARGE (UC)

		General Ledger		Subsidiary Ledger	
		DR	CR	DR	CR
1.	To take up billing or A/R - UC				
	140-142-000 - Consumer Accounts Receivable	xx			
	140-142-40 Consumer A/R - UC-ME*			xx	
	140-142-? Consumer A/R - UC-EC*			xx	
	230-232-30 Accts Payable Others		xx		
	230-232-30.4 Accts Payable - PSALM				xx
	* Total kWh sold x UC rate				
2.	To record collection of Receivables				
	130-133-00 - Cash on Hand	xx			
	130-133-10 Cash on Hand- MO			xx	
	130-133-20 Cash on Hand- SO			xx	
	130-133-40 Cash on Hand- UC-ME			xx	
	130-133-? Cash on Hand- UC-EC			xx	
	140-142-00 - Consumers A/R		xx		
	140-142-10 Consumers A/R Energy				xx
	140-142-40 Consumers A/R UC-ME				xx
	140-142-? Consumers A/R UC-EC				xx
3.	To record deposit of collection in a separate savings/ current account (combo account). Sinking Fund UC				
	120-125-00 Restricted Fund	xx			
	120-125-40 Sinking Fund UC			xx	
	130-133-00 Cash on Hand		xx		
	130-133-10 Cash on Hand - MO				xx
	130-133-20 Cash on Hand - SO				xx
4.	To record remittance to PSALM				
	230-232-30 Accounts Payable - Others	xx			
	230-232-30.4 Accounts Payable - PSALM			xx	
	120-125-00 Restricted Fund		xx		
	120-125-40 Sinking Fund UC				xx

Balance Sheet Presentation

SECTION C: Balance Sheet			
ASSETS AND OTHER CREDITS		LIABILITIES AND OTHER CREDITS	
OTHER PROPERTY & INVESTMENT		EQUITIES AND MARGINS	
Restricted Fund			
Membership Fund	xx		
Sinking Fund for Reinvestment	xx		
Sinking Fund for Universal Charge	xx		
NOTES AND ACCOUNT RECEIVABLE		CURRENT AND ACCRUED LIABILITIES	
Consumer Accounts Receivable - Energy	xx	Accounts Payable - Power	xx
Consumer Accounts Receivable - UC-ME	xx	Accounts Payable - Others	xx
Consumer Accounts Receivable - UC-EC	xx	Accounts Payable - PSALM	xx