

Republic of the Philippines  
**National Electrification Administration**

May 21, 2007

**MEMORANDUM No. 2007-016**

**TO : ALL ELECTRIC COOPERATIVES**

**SUBJECT : EXECUTIVE ORDERS NO. 622 AND 623 BOTH DATED MAY 9, 2007**

We are providing you copies of the following Presidential Issuances, for your information and guidance:

- (1) Executive Order No. 622 entitled, "**REPEALING EXECUTIVE ORDER NO. 460 DATED SEPTEMBER 2, 2005, ENTITLED AMENDING EXECUTIVE ORDER NO. 119 (S. 2002) AND FOR OTHER PURPOSES**"
- (2) Executive Order No. 623 entitled, "**AFFIRMING THE CONTINUING REGULATORY AND SUPERVISORY AUTHORITY OF THE NATIONAL ELECTRIFICATION ADMINISTRATION, UNDER REPUBLIC ACT NO. 9136 AND PRESIDENTIAL DECREE NO. 269 (AS AMENDED BY PRESIDENTIAL DECREE NO. 1645), OVER ALL ELECTRIC COOPERATIVES, REGISTERED OR NOT REGISTERED WITH THE COOPERATIVE DEVELOPMENT AUTHORITY OR THE SECURITIES AND EXCHANGE COMMISSION**"

The foregoing issuances indicate the government's support to electric cooperatives, and concern to their member-consumers.

Copies of the Executive Orders are also available for download at [www.nea.gov.ph](http://www.nea.gov.ph).

  
**EDITA S. BUENO**  
Administrator



**Office of the President**  
**of the Philippines**  
**Malacañang**

Manila, May 17, 2007


**HON. EDITA S. BUENO**  
Administrator  
National Electrification Administration  
Diliman, Quezon City

**Madam:**

I have the honor to transmit for your information and guidance certified copies of the following Presidential Issuances:

1. Executive Order No. 622 dated May 9, 2007 entitled **“REPEALING EXECUTIVE ORDER NO. 460 DATED SEPTEMBER 2, 2005, ENTITLED “AMENDING EXECUTIVE ORDER NO. 119 (S. 2002) AND FOR OTHER PURPOSES”.**
2. Executive Order No. 623 dated May 9, 2007 entitled **“AFFIRMING THE CONTINUING REGULATORY AND SUPERVISORY AUTHORITY OF THE NATIONAL ELECTRIFICATION ADMINISTRATION, UNDER REPUBLIC ACT NO. 9136 AND PRESIDENTIAL DECREE NO. 269 (AS AMENDED BY PRESIDENTIAL DECREE NO. 1645), OVER ALL ELECTRIC COOPERATIVES, REGISTERED OR NOT REGISTERED WITH THE COOPERATIVE DEVELOPMENT AUTHORITY OR THE SECURITIES AND EXCHANGE COMMISSION”.**

Very truly yours,

  
**MARIANITO M. DIMAANDAL**  
Director III  
Malacañang Records Office

ldd.

MALACAÑANG  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 622

REPEALING EXECUTIVE ORDER NO. 460 DATED SEPTEMBER 2, 2005,  
ENTITLED "AMENDING EXECUTIVE ORDER NO. 119 (S. 2002) AND  
FOR OTHER PURPOSES"

**WHEREAS**, Section 60 of Republic Act (R.A.) No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 (EPIRA)" provided that all outstanding financial obligations of electric cooperatives (ECs) to the National Electrification Administration (NEA) and other government agencies incurred for the purpose of financing the rural electrification program (REP) shall be assumed by the Power Sector Assets and Liabilities Management Corporation (PSALM) in accordance with the program approved by the President of the Philippines;

**WHEREAS**, Rule 31, Section 6, of the Implementing Rules and Regulations (IRR) of EPIRA provided that "nothing in this Rule however, shall mean that ECs are not obliged to pay the NEA with respect to all outstanding financial obligations assumed by PSALM, if the amortization cost component of the EC's tariff is still collected from the consumers";

**WHEREAS**, pursuant to Section 60 of EPIRA, Executive Order (E.O.) No. 119 was issued on August 28, 2002 which provided for the assumption by PSALM of all outstanding rural electrification (RE) loan obligations of ECs;

**WHEREAS**, E.O. No. 119 provides under Section 5 thereof that the assumption by PSALM of the RE loans shall be effective only upon compliance with the terms and conditions enumerated therein which include, among others, the approval by the Energy Regulatory Commission (ERC) of the reduction in the EC rates commensurate with the resulting savings due to the removal of the amortization payments on the RE loans;

**WHEREAS**, on September 2, 2005, E.O. No. 460, amending E.O. No. 119, was issued mandating that the effective date of the assumption of the RE loans by PSALM shall retroact to the date of effectivity of EPIRA on June 26, 2001;

**WHEREAS**, the ERC issued on October 11, 2002, its "Guidelines for the Implementation of the Reduction in Rates of the EC due to the Condonation



of Debt," which was amended on November 15, 2002, which governs the applications of the ECs with the ERC for the approval of the reduction in rates in compliance with Section 60 of EPIRA and E.O. No. 119 with prayer for provisional authority ("PA");

**WHEREAS,** the ERC has issued during the period from March 3, 2003 to January 2004, the corresponding PAs to reduce rates to each and every EC, or a total of one hundred eighteen (118) ECs, thereby making the date of issuance thereof as the effective date of the assumption by PSALM of the RE loans of the said ECs to NEA and other creditor government agencies;

**WHEREAS,** to strengthen the financial viability of the ECs, it is best to maintain that the assumption by PSALM of the RE loans shall be effective upon approval by the ERC of the reduction in the EC rates commensurate with the resulting savings due to the removal of the amortization payments on RE loans or upon the issuance by the ERC of the PAs to reduce rates to each and every EC;

**NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO,** President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1.** Executive Order No. 460 dated September 2, 2005 is hereby repealed. The provisions of Executive Order No. 119 dated August 28, 2002 which were earlier amended by Executive Order No. 460 are thus hereby reinstated.

**SECTION 2.** All orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

**SECTION 3.** This Executive Order shall take effect immediately.

**DONE** in the City of Manila, this 9<sup>th</sup> day of May, in the year of Our Lord, Two Thousand and Seven.

*Gloria M. Arroyo*



By the President:

*Eduardo R. Ermita*

**EDUARDO R. ERMITA**  
Executive Secretary



**CERTIFIED COPY.**

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**MARIANITO M. DIMAANDAL**  
DIRECTOR III  
MALACANANG RECORDS OFFICE

*015-1779*

MALACAÑANG  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 623

**AFFIRMING THE CONTINUING REGULATORY AND SUPERVISORY AUTHORITY OF THE NATIONAL ELECTRIFICATION ADMINISTRATION, UNDER REPUBLIC ACT NO. 9136 AND PRESIDENTIAL DECREE NO. 269 (AS AMENDED BY PRESIDENTIAL DECREE NO. 1645), OVER ALL ELECTRIC COOPERATIVES, REGISTERED OR NOT REGISTERED WITH THE COOPERATIVE DEVELOPMENT AUTHORITY OR THE SECURITIES AND EXCHANGE COMMISSION**

**WHEREAS**, Republic Act (R.A.) No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 (EPIRA)", took effect on June 26, 2001;

**WHEREAS**, Section 57 of R.A. No. 9136 provides that:

"Sec.57. Conversion of Electric Cooperatives - Electric cooperatives are hereby given the option to convert into either stock cooperative under the Cooperatives Development Act (CDA) or stock corporation under the Corporation Code. x x x. "

**WHEREAS**, Rule 7, Section 7, Paragraph (c) (i) of the Implementing Rules and Regulations (IRR) of EPIRA, provided that the conversion and registration of electric cooperatives (ECs) shall be implemented in the following manner:

"(i) ECs shall, upon approval of a simple majority of the required number of turnout of voters as provided in the Guidelines in the Conduct of Referendum (Guidelines), in a referendum conducted for such purpose, be converted into a Stock Cooperative or Stock Corporation and thereafter shall be governed by the Cooperative Code of the Philippines or the Corporation Code. The NEA, x x x, shall promulgate the guidelines in accordance with Section 5 of Presidential Decree No. 1645."



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**WHEREAS**, Rule 7, Section 7, Paragraph (c), (ii), IRR of EPIRA provided further that:

“(ii) ECs converted into Stock Corporations shall be registered with the SEC in accordance with the Corporation Code, while those converted into Stock Cooperatives, shall be registered with the CDA: *Provided, however,* That the ECs which opt to remain as Non-Stock Cooperatives shall continue to be registered with the NEA and shall be governed by the provisions of Presidential Decree No. 269.”

**WHEREAS**, the foregoing provisions of R.A. No. 9136 and its IRR superseded Articles 122 and 128 of R.A. No. 6938, otherwise known as the “Cooperative Code of the Philippines”, insofar as registration and conversion of ECs to stock cooperative under R.A. No. 6938 within three (3) years from the effectivity of the Rules and Regulations promulgated by NEA and the Cooperative Development Authority (CDA) is concerned;

**WHEREAS**, Articles 122 and 128 of R.A. No. 6938 refer only to ECs that opted to register with CDA pursuant to R.A. No. 6938 and not to ECs that opted to register with CDA pursuant to Section 57 of R.A. No. 9136;

**WHEREAS**, consistent with R.A. No. 9136, NEA shall continue to exercise its authority under Section 3 and 5 of Presidential Decree (P.D.) No. 1645 over all ECs, registered or not registered with the CDA or the Securities and Exchange Commission (SEC);

**NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO**, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1.** The ECs are hereby given the option to convert to stock corporations and be registered under the Corporation Code, or to stock cooperatives and be registered under the Cooperative Code of the Philippines, following the National Electrification Administration (NEA) Guidelines.

**SECTION 2.** The NEA shall continue to exercise its regulatory and supervisory authority (institutional, financial, and technical) under Republic Act (R.A.) No. 9136; Presidential Decree (P.D.) No. 269, as amended by P.D. No. 1645, specifically Section 3 and 5 thereof, over all ECs, registered or not registered with the Cooperative Development Authority (CDA) or the Securities and Exchange Commission (SEC).



**SECTION 3.** All orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

**SECTION 4.** This Executive Order shall take effect immediately.

**DONE** in the City of Manila, this 9<sup>th</sup> day of May, in the year of Our Lord, Two Thousand and Seven.

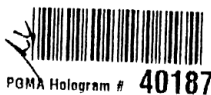
*Gloria M. Arroyo*



By the President:

*Eduardo R. Ermita*

**EDUARDO R. ERMITA**  
Executive Secretary



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**CERTIFIED COPY:**  
  
**MARIANITO M. DIMAANDAL**  
DIRECTOR III  
MALACANANG RECORDS OFFICE

*2007-1777*