



Republic of the Philippines
National Electrification Administration
Quezon City

16 October 2008

MEMORANDUM No. 2008-024

TO : ALL ELECTRIC COOPERATIVES
SUBJECT : Revised Depreciation Rates for Equipment and Materials

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RATIONALE

The service life of assets is dependent upon several factors such as; geographical location, quality, climate, operating practices, maintenance policies and obsolescence.

Experiences by ECs reveal that the estimated useful life of some of the assets as prescribed under the NEA Accounting Manual is no longer realistic at the present time hence, the need to revise the depreciation rates.

Objective

To provide a more realistic depreciation rates on the capital assets of ECs.

Revised Depreciation Rates

Particulars	OLD RATE		NEW RATE	
	Estimated Useful Life	%	Estimated Useful Life	%
A. Poles				
1. Wood Poles	34 years	3	20 years	5
2. Concrete poles	-		30 years	3.33
3. Steel Poles	-		30 years	3.33
B. KWH Meters	34 years	3		
1. Mechanical			25 years	4
2. Electronic (disposable) Single Phase			15 years	6.67
C. Transformers (Brand new)	34 years	3	30 years	3.33
D. Computers	10 years	10	5 years	20

As a general rule, the straight line method of computing depreciation shall be used.

The revised depreciation rates is for general guidance and may not preclude Electric Cooperatives to use other rates than what is stated above provided that the estimated useful life of the assets is duly certified by a competent Engineer to be submitted to NEA for approval.

This shall take effect immediately.


EDITA S. BUENO
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION

IN REPLYING, PLEASE REFER TO: #OR013402



NEA-OR013402

Ed
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