



Republic of the Philippines  
**National Electrification Administration**  
Quezon City

February 4, 2009

**MEMORANDUM No. 2009-002**

TO : ALL ELECTRIC COOPERATIVES  
SUBJECT : DISTRIBUTION SYSTEM LOSS SEGREGATION

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The Energy Regulatory Commission (ERC) issued its latest directives through Resolution No.17, Series of 2008 dated December 8, 2008 adopting a New System Loss Cap for Distribution Utilities (DUs).

The resolution states that the maximum rate of system loss (technical and non-technical) that the DUs can pass on to its customers shall be the actual but not to exceed eight-and-a-half percent (8.5%) for private utilities and thirteen percent (13%) for Electric Cooperatives (ECs) of the total kilowatt-hour (kw-hr) purchased and generated. The Administrative Loss shall likewise be treated as Operation and Maintenance Expense in the new rate-making benchmarking Methodology for ECs.

In addition, together with the Annual Reports, the DUs are directed to submit to the ERC, through a Sworn Statement, the results of updated segregated system losses (ending June 7, 2010) by May 31, 2011. Hence, the new cap shall be effective starting January 2010 billing.

In view of this, all ECs are advised to make the necessary preparations to comply with the said ERC resolution. Also, please furnish NEA a copy of the same not later than the prescribed deadline set by the Commission.

For your guidance and compliance.

  
**EDITA S. BUENO**  
Administrator

NATIONAL ELECTRIFICATION  
ADMINISTRATION

OFFICE OF THE ADMINISTRATOR  
ITE: #OR014086



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