



**Republic of the Philippines
National Electrification Administration**

"The 1st Performance Governance System-Institutionalized National Government Agency"

MEMORANDUM No. 2011-009

TO : ALL ELECTRIC COOPERATIVES (ECs)
SUBJECT : Restructuring of ECs Overdue Power Accounts
DATE : 11 March 2011

1. After the issuance of DOE Circular entitled "Terminating the Default Wholesale Supplier Arrangement for the Philippine Wholesale Electricity Spot Market and Declaring a Disconnection Policy" on May 27, 2010, there are still quite a number of Electric Cooperatives (ECs) with overdue power accounts and VAT balances and without approved restructuring plans.
2. The said Circular provides that failure to secure and enter into a Restructuring Agreement within the required period and/or fully settle financial obligations with PSALM and NPC will be a ground for disconnection.
3. NEA fully recognizes the importance of ECs establishing a good credit standing with their power providers for the following reasons:
 - a. Continuous supply of electricity to the member consumers
 - b. PSALM has no more power capacity to contract with the ECs
 - c. Credibility of the ECs to enter into power supply contract
 - d. Implementation of Open Access
4. The ECs are therefore directed to strictly comply with the following:
 - a. Complete/finalize the restructuring requirements with PSALM for those ECs with overdue power accounts and vat balances
 - b. Financial obligations with PSALM/NPC Successor or new Power Provider
 - c. NEA Financial Advisory No. 1 dated 21 February 2011
5. In the case of off-grid ECs with huge unpaid power accounts, you are requested to negotiate and finalize with NPC-SPUG, your respective sustainable restructuring schemes.

For strict compliance and guidance.

Edita S. Bueno
EDITA S. BUENO
 For Administrator

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 ADMINISTRATION

IN REPLYING, PLS. CITE: #0A018015



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92
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