

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement made and entered into by and between:

NATIONAL ELECTRIFICATION ADMINISTRATION, a government corporation created and established by Presidential Decree No. 269, as amended, with principal office at the #57 NEA Building, NIA Road, Government Center, Diliman, Quezon City, and represented in this Act by its Administrator, _____ or Deputy Administrator, MARIANO T. CUENCO hereinafter called "NEA".

-and-

ELECTRIC COOPERATIVE, INC., an electric cooperative duly organized, incorporated and registered pursuant to Presidential Decree No. 269, as amended, and with principal office at _____, and represented in this Act by its President, _____, or General Manager, _____, hereinafter called the "RECIPIENT".

WITNESSETH: That-

WHEREAS, the RECIPIENT seeks financial assistance from the government by way of grant/subsidy to fund electrification projects and to finance rehabilitation of distribution lines and/or systems damaged by typhoons, earthquakes and other related natural calamities;

WHEREAS, Presidential Decree No. 269, as amended, mandates NEA to implement rural electrification program on an "area-coverage" basis;

WHEREAS, there is a need for government to subsidize cost relative to the cost of fuel and minor repairs/maintenance and/or vehicle rentals directly used in the project, installation and construction of distribution facilities that will extend electric service to unenergized barangays or sitios, and rehabilitation of distribution lines and/or systems damaged by typhoons, earthquakes and other related calamities;

WHEREAS, NEA has agreed to provide grant/subsidy to the RECIPIENT under the terms and conditions cited below;

WHEREAS, NEA Board Resolution No. 22 was passed on March 16, 1990 authorizing and empowering the Administrator or the Deputy Administrator for _____, to sign and execute this MOA; and

WHEREAS, _____ (EC) Board Resolution No. _____ was passed on _____ authorizing and empowering _____, Board President to sign and execute this MOA.

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties have agreed and hereby agree, as follows:

MARIANO T. CUENCO
Deputy Administrator
Corporate Resources &
Financial Services

SONIA B. SAN DIEGO
Director
Finance Services Department

President

General Manager

MARIANO T. CUENCO
Deputy Administrator
Corporate Resources &
Financial Services

SONIA B. SAN DIEGO
Director
Finance Services Department

President

General Manager

1. NEA shall provide the RECIPIENT subsidy funds in an amount not exceeding PESOS: _____ (P _____), Philippine currency, to finance certain electrification/rehabilitation project(s) of the RECIPIENT as enumerated in Schedule A hereof.

2. The RECIPIENT shall use the funds, which may be in the form of materials and equipment requisitioned, cost of labor and peso releases requested by the RECIPIENT from NEA, solely and exclusively for the project(s) adverted to in Schedule A, and in no case diverted or used for purposes unrelated to said projects such as but not limited to money market placements, and other related forms of investments not related to the project, payments for amortization on loans and/or credit accommodations obtained by the RECIPIENT from creditors, payment of power bills, salaries, wages, honoraria and other similar benefits of RECIPIENT's regular personnel. Appropriate actions shall be imposed on any Board of Directors who voted affirmatively to the diversion of funds or otherwise violated this provision and any officer or employee who implemented the same.

3. Procurement of equipment and materials and/or engagement of contractors for the project(s) shall be guided by relevant NEA policies, rules and regulations. The project(s) should be implemented and completed within _____ working days after receipt of the subsidy appropriations by the RECIPIENT from NEA, or at a later date agreed upon between the two parties.

4. a. The RECIPIENT shall submit regular reports on the progress of the project implementation including an accounting of the subsidy fund and disbursements made to implement the project(s) on a per project basis, and such other data and information, as may be required by NEA from time to time. A final report on the project(s) to include Accounting of Funds, Accomplishment Reports/Status report of NEA fund releases, photocopies of materials charge tickets for materials withdrawn from stock and bid documents for materials purchased, Construction Work Orders and Bill of Materials (as built), photocopies of bank statements and/or passbook on subsidy funds, Certificate of Completion of Project, Certificate of final inspection and pictures of the project must be submitted by the RECIPIENT to NEA within six (6) months from the completion of the project.

b. The construction of damaged distribution facilities by the RECIPIENT shall be subject to NEA's close supervision and monitoring from the start of construction until restoration of power in the affected areas and/or completion of rehabilitation projects.

c. The RECIPIENT shall keep and maintain a separate combo/savings account in a reputable government bank (preferably LBP or DBP).

d. Release of Fund Assistance as well as reporting, monitoring, and inspection requirements shall be based on the Guidelines on the Release of Subsidy Funds to Electric Cooperatives.

5. NEA and/or the Commission on Audit shall require the submission of voucher and other documents relevant to the grant and the project(s) as well as conduct an audit on all transactions made with respect thereto.

6. NEA shall institute appropriate actions and/or may suspend release of the subsidy fund in the event of failure of the RECIPIENT to strictly comply with the provisions of this agreement.

7. It is agreed that all amount in excess of total disbursement and cost of unimplemented project including interest earned thereon shall be immediately returned/remitted to NEA to form part of a revolving fund from which NEA may provide grants or similar financial assistance requested by electric cooperatives in implementing projects for the electrification and for rehabilitation of distribution lines and/or system damaged by typhoon, earthquakes and other related natural calamities. Excess cost representing allocated amount less actual cost and/or cost of unimplemented project may be re-allocated to other qualified subsidy funded projects of the recipient EC subject to prior approval by NEA. Thus, the RECIPIENT may request authority to use the savings/balance as well as interests accruing to the fund for activities allied to the project.

8. That the amount appropriated by NEA for this purpose shall be available for release to the RECIPIENT within one (1) year from the date of receipt of appropriations from the National Government.

9. To cover administrative cost relative to the grant, the RECIPIENT will be assessed a service charge of _____ % which shall be deducted from the proceeds of the grant.

10. In case the EC will be converted into stock cooperative, the subsidy funds shall remain intact as donated capital, which shall not be distributed to member-consumers as share capital.

11. The RECIPIENT shall undertake payment of notarial services and other related expenses.

12. The changes brought about in the MOA are made in compliance with COA letter dated May 7, 2007.

IN WITNESS WHEREOF, the authorized signatories of the parties have signed these presents this ___th day of _____, 20_____ at Quezon City, Metro Manila.

NATIONAL ELECTRIFICATION
ADMINISTRATION

ELECTRIC COOPERATIVE, INC.

By:

By:

MARIANO T. CUENCO
Deputy Administrator
Corporate Resources &
Financial Services

President

Signed in the Presence of:

SONIA B. SAN DIEGO
Director
Finance Services Department

General Manager

SCHEDULE A

MARIANO T. CUENCO
Deputy Administrator
Corporate Resources &
Financial Services

SUBSIDY:

SONIA B. SAN DIEGO
Director
Finance Services Department

AMOUNT:

PROJECT DESCRIPTION:

President

General Manager