

11 September 2003

MEMORANDUM TO ALL ELECTRIC COOPERATIVES

**SUBJECT : REVISED SALARY SCALE FOR ELECTRIC COOPERATIVE
GENERAL MANAGERS**

I. PURPOSE

To upgrade the Salary Scale of General Managers of Electric Cooperatives in order to provide them with a competitive package for their services to keep them abreast with the prevailing compensation level in the industry.

II. POLICY

It shall be the policy of this Office to establish a Salary Scale for General Managers of Electric Cooperatives that is responsive to the present economic conditions and to entice the entry of competent professionals and keep a highly-motivated and performance-oriented roster of adequately-compensated General Managers.

III. ENTRY SALARY

The entry salary for newly-hired General Managers shall depend on the classification of the cooperative, as follows:

Extra-Large (XL)	P35,000
Large (L)	30,000
Medium (M)	25,000
Small (S)	20,000

This entry salary shall be indicated in the publication of vacancy.

IV. SALARY UPGRADING

A. NEWLY-APPOINTED PROBATIONARY GENERAL MANAGERS

Upgrading of salary for a newly-appointed, probationary General Manager recommended for permanency shall be granted if he/she has improved in the NEA amortization payment, system loss and average collection period parameters, again, on the basis of the EC's classification, in the following manner:

- XL ECs - merit increase in the entry salary ranging from P2,500 to P3,000
- L - merit increase in the entry salary ranging from P2,000 to P2,500
- M - merit increase in the entry salary ranging from P1,500 to P2,000

S - merit increase in the entry salary ranging from P1,000 to P1,500

The maximum salary increase shall be given only when improvements are shown in all the three (3) parameters.

B. POINT-RATING SYSTEM FOR PERMANENT GENERAL MANAGERS

The point system indicated below shall be used for purposes of upgrading the salaries of General Managers who have been permanent for at least one (1) year.

PARAMETERS	POINTS
NEA AMORTIZATION PAYMENT	
Current	15
Overdue`	0
Bonus point for advance payment (1 point for every quarter but not to exceed 5 points)	5
AVERAGE COLLECTION PERIOD	
30 days & below	15
31 - 35 days	12
36 - 40 days	9
41 - 45 days	6
More than 45 days	0
POWER BILL	
Current	10
Overdue	0
HOUSE CONNECTIONS	
81% and above of potential	10
61% - 80 of potential	8
41% - 60% of potential	6
21% - 40% of potential	4
20% and below of potential	2
INCREASE IN MWH SALES (12 –month period immediately preceding date of evaluation)	
6,001 MWH and above	10
4,001 – 6,000 MWH	8
2,001 – 4,000 MWH	6
1,001 – 2,000 MWH	4
1,000 & below	2
*BARANGAY ENERGIZATION (for 12-month period)	
Above 7 barangays	10
6 – 7 barangays	8
4 - 5 barangays	6
2 - 3 barangays	4
1 barangay	2
* ECs with 100% barangay electrification get 10 points	
AVERAGE SYSTEM LOSS	

V. STEP INCREMENTS

A. OUTSTANDING PERFORMANCE

1. In addition to these criteria, a General Manager who maintains his coop’s “A” or “A+” category for a number of consecutive years is entitled to step increases reckoned from the base salary of the rank corresponding to the total number of points garnered, as provided below:

NO. OF CONSECUTIVE YEARS	ENTITLEMENT
3 to 4	1 -step increase
5 to 7	2 -step increase
8 to 10	3 - step increase
11 to 13	4 - step increase
14 to 16	5 - step increase
17 to 199	6 - step increase
20 and above	7 - step increase

2. A manager who receives the corresponding award from NEA during the traditional anniversary week celebration shall be entitled accordingly:

Hall of FAME - one- rank increase
Administrator’s Award or Most Outstanding GM Award - five-step increase
Outstanding GM Award Based on EC classification - four-step increase
Nominee to the Outstanding GM award - two-step increase

3. A manager shall be given a step increase for every category improvement.

B. PROFESSIONAL UPGRADING

Subject to the submittal of proofs of accomplishment, additional incentives shall be given to:

1. A General Manager who has earned a post-graduate degree, equivalent to a rank increase, and an additional four-step increase if he/she graduates with honors; and
2. A General Manager who finishes a Management Development Program (MDP), or equivalent Certificate Course, is entitled to a two-step increase, and an additional one step if her/she was at the Dean’s List.

VI. MECHANICS OF IMPLEMENTATION:

1. The Board shall review the performance of the General Manager on an annual basis. Based on good performance, the Board may grant a salary increase to the GM through a Board Resolution. They shall be guided by the point-system prescribed under these guidelines.
2. The upgrading of the General Manager's salary shall be suspended/deferred in any of the following cases:
 - a. if the coop posted a cumulative NET LOSS on its past six (6) consecutive months of operations ending the month preceding the evaluation;
 - b. if the coop's performance in the amortization payment, average collection period and system loss parameters shows a marked downtrend from the previous year's figures; and;
 - c. if there is a pending case with the NEA and/or there are major adverse findings in the final audit report.

However, despite of cases "A" and "B" mentioned above, exemption can be granted to GMs of ECs with consistent good performance, and which, after evaluation by the Accounts Management Department, meet the NEA standard on Debt Service Ratio of 1.2 or 120%. Likewise, exemption shall be granted on a case-to case basis for EC General Managers who have not received any salary adjustment for the last two (2) years, provided that there was a marked improvement in the operations for the period.

3. General Managers who have no salary increases for the past two years due to net loss in operations are automatically entitled to the Regional Wage Orders. NEA shall be informed of the resulting increase.
4. The Regional Electrification Office shall evaluate the request for salary adjustment and submit to the Cooperative Operations Department its evaluation and recommendation, for final review and approval by the Administrator, through the Deputy Administrator for Coop Development.
5. Automatic evaluation/review for those who have not received any salary adjustment for the last two years of at least satisfactory performance shall be done by the Regional Electrification Offices concerned, followed by discussion with the EC Board for the necessary Board Resolution.
6. A request from the Board for approval of salary upgrading beyond these guidelines may be given favorable action in consideration of innovations that enhance operational efficiency or of special projects that improve customer service or of projects that generate savings and/or additional revenue for the cooperative.

7. If after the evaluation, the resulting points and salary step increments result in the maximum salary grade and steps, salary upgrading shall be based on extended step increments.
8. Any adjustment in the General Manager's salary, except on the basis of the Regional Wage Orders, needs an explicit approval from the NEA Administrator.
9. Attached are the new Salary Scales according to classification.

VII. AMENDATORY CLAUSE

This supersedes the memoranda on the Revised Salary Scale for General Managers issued on 01 July 1997 and 05 April 2001.

VIII. EFFECTIVITY

This guideline shall take effect fifteen (15) days upon submission of copies to the University of the Philippines Law Center as required by Executive Order 292.


FRANCISCO G. SILVA
Administrator