



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



04 March 2025

THE DIRECTOR

Office of the National Administrative Register
University of the Philippines Law Center
U.P. Law Center, Diliman
Quezon City

Maam/Sir:

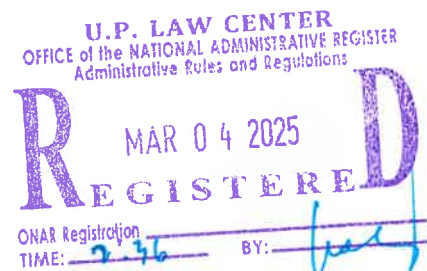
Greetings of peace and good health!

Pursuant to Book VII, Chapter 2, Section 3 of the 1987 Administrative Code of the Philippines, we are respectfully submitting to the U.P. Law Center, for filing, publication and recording the attached certified true copies of the **POLICY ON RECLASSIFICATION OF CONSUMERS ACCOUNTS RECEIVABLE** promulgated by the National Electrification Administration (NEA) in accordance with its authority under Section 5 of P.D. No. 269 as amended.

Thank you very much for the usual and kind assistance of the U.P. Law Center.

Very truly yours,


ATTY. GWEN P. ENCISO-KYAMKO
Acting Corporate Board Secretary V





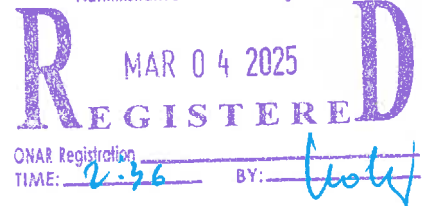
NATIONAL ELECTRIFICATION ADMINISTRATION

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BAGONG PILIPINAS

U.P. LAW CENTER
OFFICE of the NATIONAL ADMINISTRATIVE REGISTER
Administrative Rules and Regulations



MEMORANDUM NO. 2025-16

TO : ALL ELECTRIC COOPERATIVES

SUBJECT : POLICY ON RECLASSIFICATION OF CONSUMERS ACCOUNTS RECEIVABLE

DATE : FEB 06 2025

I. RATIONALE

There is a growing demand from Electric Cooperatives (ECs) for NEA's authorization and/or approval to reclassify certain portion of Consumers' Accounts Receivable (CAR) to Other Accounts Receivable.

While ECs have generally implemented effective collection strategies, external factors such as political pressures and uncontrollable circumstances can impact their ability to meet NEA performance standard for collection. These external pressures can hinder the efficiency and consistency of EC's strategies, necessitating a reassessment of the treatment of certain accounts.

II. OBJECTIVE

To ensure a transparent, accurate, and fair presentation of the financial health and viability of Electric Cooperatives.

III. REQUIREMENTS

The EC shall submit to NEA the following documents, if applicable, to support the reclassification of the nominated consumer accounts receivable:

- Board Resolution** requesting for NEA's approval of the reclassification from CAR to Other Accounts Receivable;
- Summary of the Subsidiary Ledger** for both CAR and Other Accounts Receivables accounts;
- Summary of the nominated consumer accounts** for reclassification containing the consumer class/type, connection status, number of bills and duration or period covered.
- Individual subsidiary ledger of each nominated consumer account** for reclassification;
- Sworn statement** affirming the truthfulness of the data provided regarding the problematic accounts and confirming that the nominated accounts are still part of CAR account. ECs shall use the attached "Annex A" as template for the sworn statement;



- f. **Chronology of events per account** containing the summary of actions taken by the EC, correspondences, court decisions regarding the cases, including the current status;
- g. **Copy of correspondences, court decisions compromise agreement or payment scheme**, that served as a resolution for these cases;
- h. **Action plan** or debt recovery strategies specifically for nominated consumer accounts; and
- i. Any other relevant documents that substantiate the reclassification request.

IV. PENALTY CLAUSE

Recent MCSO findings during validation of the result of EC performance assessment revealed instances of intentional posting of fictitious sales to inflate net margins and conceal higher actual system loss and operational deficiency. Since these fictitious sales are being recorded as revenue, which increases consumers' accounts receivable, collection performance of the EC is supposed to be congruently dragged down. Some ECs are artificially improving their collection efficiency by gradually reclassifying portions of their Consumers' Accounts Receivable to Other Accounts Receivable or other asset account—without NEA approval.

Aside from this, it is common among the financially-challenged ECs for disconnected accounts, which never reconnected, to apply for new connections under different names. This highlights lapses in validation and approval of new connection application, which should have been prevented if adequate control measures are in place.

As such, legal sanctions shall be imposed on ECs that proceed with the reclassification of consumer accounts receivable without obtaining prior NEA approval.

V. RESPONSIBILITY

The Management and Consultancy Services Office (MCSO) shall facilitate the evaluation and approval of the EC request for reclassification.

VI. EFFECTIVITY

This policy shall take effect immediately upon publication to NEA website.

For your guidance and strict compliance.

ANTONIO MARIANO C. ALMEDA
Administrator

Handwritten signature

NATIONAL ELECTRIFICATION
ADMINISTRATION
Office of the Administrator



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