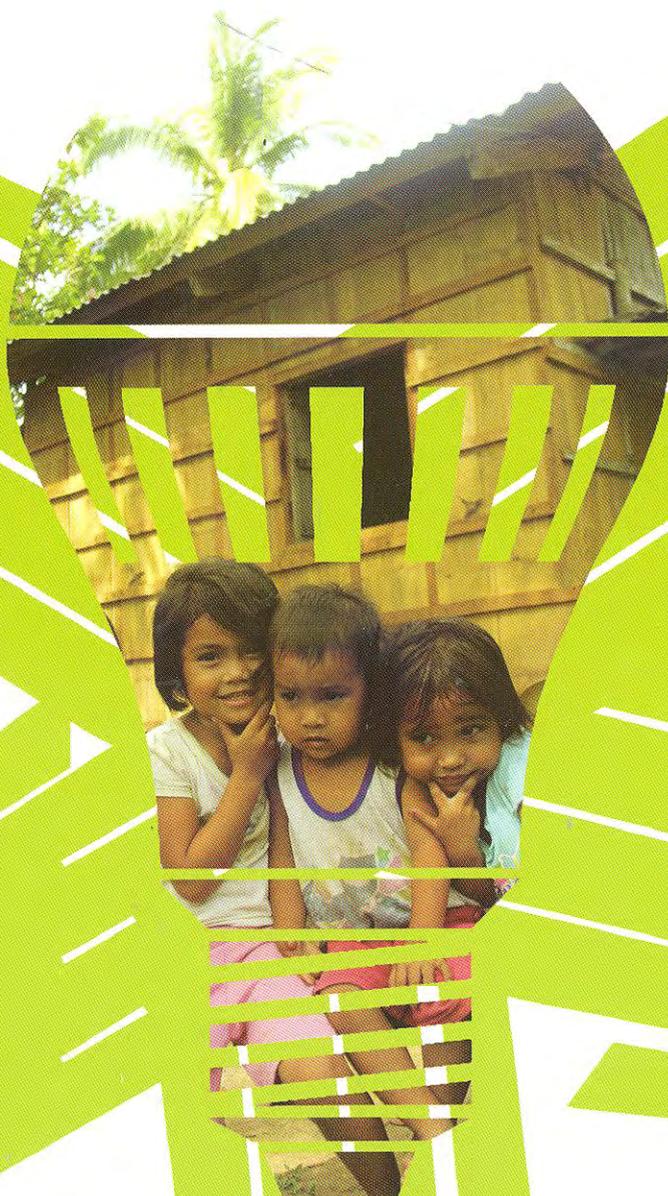


# ANNUAL REPORT

All Out for Rebuilding Lives



2013



National  
Electrification  
Administration

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## ABOUT THE COVER

The cover depicts the agency's shared mission with the electric cooperatives and other stakeholders in pursuing the goals of the Rural Electrification Program to create better socio-economic opportunities for the rural folks and improve the quality of their lives.

The hands that are joined represent the key players in the electrification mission, including NEA, the cooperatives, the National Government, Congress, DOE, DBM, and other parties that give their all-out support in rebuilding the lives of the Filipinos.

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

January 2014

His Excellency Benigno S. Aquino III  
President of the Republic of the Philippines  
Malacañan Palace  
Manila

Dear Mr. President:

I have the honor to submit the Annual Report of the National Electrification Administration for the Year 2013.

Very truly yours,

  
**EDITA S. BUENO**  
Administrator

# WHO WE ARE

The National Electrification Administration (NEA) is the agency instrumental to the successful implementation of the Rural Electrification Program. It was created on August 4, 1969 through Republic Act 3068 and later became a corporation under Presidential Decree 269 on August 6, 1973.

For 44 years now, NEA has undertaken the task of improving the socio-economic status of the people in the countryside by lighting up initially a few hundred households to 10.1 million connections benefitting about 50 million Filipinos. The impact of power in the rural areas has been reflected in the rise of small and medium-scale industries and in the improvement of lives of rural folks through the availability and use of electric-driven appliances in their homes.



## CREDO

Go where the darkness looms  
Create the path of light  
Walk with the rural folks  
Install the lines of progress  
Work with the electric cooperatives  
Spin the engine of growth  
Bring electricity to the industries  
Communities and households  
Protect the consumers' interest  
Serve with your hearts  
Share your talents  
And make a difference  
Live honestly  
Work efficiently  
Promote solidarity

## CORE VALUES

Absolute honesty  
Maximum efficiency  
Total solidarity

## MANDATE

Total electrification on an area coverage basis and competence enhancement of electric distribution utilities in a deregulated environment

## VISION

Total electrification on an area coverage basis by 2020

## MISSION

To pursue the mandate of rural electrification and to provide financial, institutional, and technical assistance to electric distribution utilities to make them highly competitive in delivering quality service

TRYSIDE

NG  
UTURE



Message from the  
President of the Philippines



My warmest greetings to the National Electrification Administration (NEA) as you publish your 2013 Annual Report.

Our goal to create a more inclusive, more equitably progressive Philippines hinges on our ability to spur the engines of development in the countryside. Electrification is the key to this strategy, for it powers the industries that fuel growth, facilitates commerce that keep local markets vibrant, and provides amenities that improve the quality of life of our people. The NEA, in partnership with our electric cooperatives, have been at the vanguard of rural electrification for more than forty years.

2013 was a banner year for the National Electrification Administration and the Filipino people, marked by milestones and outstanding achievements in rural development. The enactment of the National Electric Administration Reform Act of 2013 has transformed the NEA to become a more potent agent of positive change. We have also connected the 10-millionth household into the electric grid, bringing us closer to our goal to bring electricity to all sitios in our nation. And when disasters and calamities struck our nation, you, along with your partner cooperatives, have worked hard in restoring electricity to affected areas, demonstrating to the nation and the world the transformative power of bayanihan in nation-building.

I trust that these and your other accomplishments will inspire you to remain steadfast in the pursuit of your mandate, leading our people on the straight path toward a brighter, more prosperous future.

  
**BENIGNO S. AQUINO III**  
Republic of the Philippines

## Message from the DOE Secretary

Republic of the Philippines  
**DEPARTMENT OF ENERGY**  
Taguig City, Metro Manila

It is with great pleasure to greet the officials and personnel of the National Electrification Administration (NEA) as you release your 2013 Annual Report.

As the nation's 1st Performance Governance System Institutionalized National Government Agency, NEA has already proved its mettle as a service-oriented national agency. Through proper communication and coordination with all your stakeholders, you have championed the cause of rural electrification that piloted the development of several regions in the country. Truly, NEA is a vital institution in ensuring the country's progress.

2013 is a challenging year to all of us with the calamities that hit the country. Yet, through your effective methods we were able to stand firm and faced the situations triumphant. This publication would remind us how NEA performed throughout the year with courage and strength.

With public service, NEA has a task to continue to strive for more for the welfare of the people. Through grounding on this report, you can use this as a statement of what you can still aim for and achieve even more. Through this, may you also strengthen your electrification pursuits and all other ventures devoted for the betterment not only of the energy sector, but most importantly the Filipino people.

As your partner towards sustaining the country's growth, you can be assured of the Department's support in all your aspirations and visions.

*Mabuhay and more power!*

  
**CARLOS JERICHO L. PETILLA**  
Secretary



## ADMINISTRATOR'S REPORT



“The future, of course, opens wide and measureless before us, and not without its own share of perplexities. But I trust that with enough support from all stakeholders and the Filipino people, we will be able to carry on farther, with our eyes fixed on a brighter horizon.”

The meter we put up in every home is the cornerstone of our success. And as community after community in the rural area emerges from the curtain of darkness, the National Electrification Administration takes pride in shaping a narrative of hope for all Filipinos whose lives made dramatic turns after being served electricity.

This year, as we celebrate the 44th anniversary of the Rural Electrification Program, I am humbled by the far-reaching accomplishments we did in the last twelve months and the distance we have yet to cover as we pursue the mandate of total electrification for the entire country.

The odds, of course, are many and complex—Yolanda being one of the most formidable challenges we have seen in recent years—but our spirit is fired up by the thought that they are not altogether insurmountable.

Let me present to you therefore the 2013 corporate milestones of the National Electrification

Administration, achieved in no less part by the dedicated employees of the agency and its partner electric cooperatives (ECs). These are hard-earned victories, wrought by a boldness of vision, which we can only be happy to share with our people.

1. Approval of Republic Act No. 10531, otherwise known as the “National Electrification Administration Reform Act of 2013” by President Benigno S. Aquino III on 7 May 2013 and its Implementing Rules and Regulations on 26 July 2013
2. Connection of the ten millionth household in Brgy. Dumagocdoc, Bato, Leyte under the coverage area of Leyte IV Electric Cooperative, Inc. (LEYECO IV)
3. NEA’s sustained positive financial standing, as exemplified by the 99% collection efficiency level, full payment of loan amortization to foreign creditors, and attainment of unqualified audit

opinion for seven consecutive years (2007-2013) from the Commission on Audit (COA) and in the black status for ten consecutive years

4. Prompt mobilization of task forces for the immediate restoration and rehabilitation of power lines damaged by Typhoons "Santi" and "Vinta" and the 7.2 magnitude earthquake which rocked Bohol in 15 October 2013

5. Provision of immediate assistance by NEA, ECs, and industry partners to ECs that were hit by Super Typhoon Yolanda in November 2013

I am also glad to report that in the year past, the NEA Board of Administrators approved 11 policies, codes, and rules and guidelines to comply with the requirements set by the Governance Commission for GOCCs (GCG) and R.A. 10531. In addition, the Board held six regular meetings, conducted ten referenda, and approved 212 resolutions.

The Corporate Performance Commitments of NEA are based on the approved 12 performance measures using the four perspectives of the Balanced Scorecard. The four perspectives are aligned with the agency's Charter Statement and Road Map under the Performance Governance System (PGS), for which NEA is the first government agency to qualify.

The agency has also been carrying out aggressively the Sitio Electrification Program (SEP) as one of the priority projects of President Benigno Aquino III and a platform of the administration to provide energy access for all and spur countryside infrastructure development. To date, SEP has already brought sitio energization level to 81%, with a total of 5,263 additional sitios lighted up.

SEP has at the same time connected to the grid 118 barangays previously energized through new and renewable sources of energy.

The program benefitted additional 461,729 consumers this year, resulting in a total of 10,152,832 connections, or 81% of the overall target.

Barangay Line Enhancement Program (BLEP) also enhanced a total of 118 barangays previously lighted up through solar home systems or generators.

Likewise, 95 NEA-supervised ECs demonstrated positive financial standing this year, a record that is seven notches higher than the 88 projected by the agency. Average systems loss was also recorded

at 11.61%. This is 1.39% lower than the 13% cap set by the Energy Regulatory Commission (ERC).

As an agency that is also committed to help electric cooperatives become economically viable, a total of P2.68 billion was facilitated by NEA to ECs through various loan facilities. This exceeded the P1.65 billion performance commitment made in 2013.

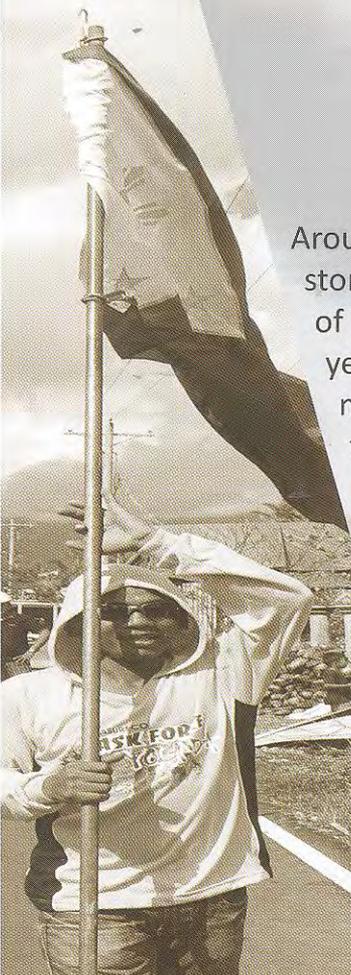
Another proof of the agency's positive profitability is its Total Operating and Service Income, which amounted to P725 million. A full payment of dividends in the amount of P148 million was likewise remitted by the agency to the national government in compliance with Section 3 of Republic Act No. 7656, otherwise known as the Dividend Law. For debt servicing of NEA's foreign loans, P492 million was paid as 100% of amortizations due for the period.

NEA has also been consistently implementing competency training programs for NEA and the ECs to build capacity of employees. In 2013, 28 training programs were conducted for 98 batches of EC participants, comprising 4,417 employees. Forty-seven corporate trainings were likewise conducted for 686 NEA employees.

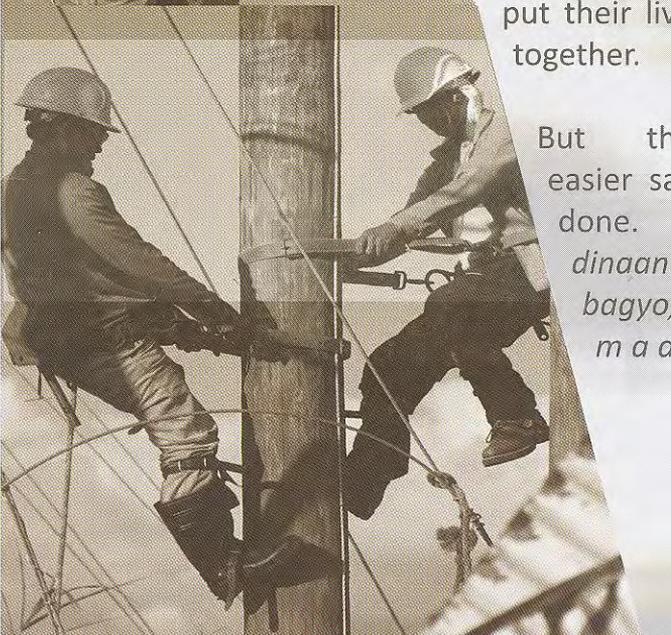
Other accomplishments of the agency include faster response time both for Fast Lane and Regular Lane Documents. Fast Lane response time was recorded at 33.19 hours, which was 4 hours and 41 minutes less than the 38 hour-standard, while Regular Lane response time was recorded at 85.14 hours against the 112 hour-target of the agency.

For ten years now, I have been privileged to witness an agency propel itself to greater heights through the innovativeness of its corporate and management practices and the dedication of its employees. It is a feat we saw through a number of lows and difficulties, but one we met with courage and resolve. The future, of course, opens wide and measureless before us, and not without its own share of perplexities. But I trust that with enough support from all stakeholders and the Filipino people, we will be able to carry on farther, with our eyes fixed on a brighter horizon.

  
**Edita S. Bueno**  
Administrator



Around 20 tropical cyclones or storms enter the Philippine Area of Responsibility in a typical year and of these, usually 6 to 9 make landfall. When they pass through our municipalities and barangays, the storms cause immeasurable damage to both lives and property. Living in this part of the world where natural calamities like storms and earthquakes are a regular occurrence, Filipinos are always challenged to get back up, brush off the mud, pick up the pieces, and try to put their lives back together.



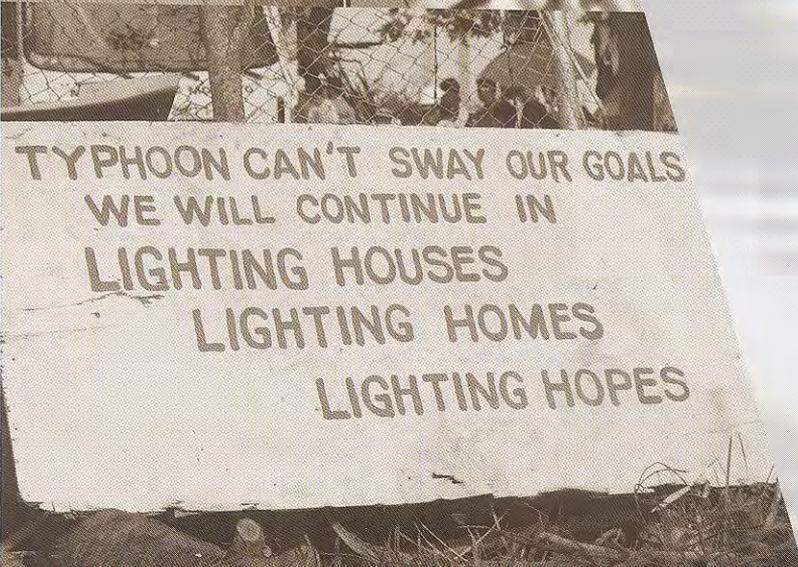
But that is easier said than done. *Kapag dinaanan ka ng bagyo, hindi m a d a l i n g*

*makabangon at magsimula muli.* Perhaps this is the reason why Filipinos always reach out to their neighbor and offer a helping hand.

This is the same reason why the family of Electric Cooperatives has practised Task Force Kapatid. The program is anchored on the deeply-entrenched traditions of cooperation, unity, and concern among the 119 electric cooperatives nationwide, under the leadership and guidance of the National Electrification Administration.

This “Compact of Cooperation” known as Task Force Kapatid, or TFK, is a NEA-initiated program that pools together volunteers from different ECs to render needed help to sister electric co-ops which suffered from the wrath of typhoons or destruction from earthquakes. The first formal TFK operation in 2002, however, was the show of support to the Lanao del Sur Electric Cooperative, Inc. (LASURECO) from the Cebu and Mindanao electric cooperatives. TFK brought electricity to 8 municipalities and 21 lakeshore barangays. Although the TFK operation in Lanao del Sur was not a reaction to any natural disaster, it showed that cooperation among ECs could accomplish seemingly insurmountable tasks.

To date, 25 TFKs have already been mobilized after the first TFK in Lanao, with TFK-Milenyo/Reming, TFK-Pablo, and TFK-Yolanda being the more recent and



TYPHOON CAN'T SWAY OUR GOALS  
WE WILL CONTINUE IN  
LIGHTING HOUSES  
LIGHTING HOMES  
LIGHTING HOPES

## inFOCUS: Yolanda

comprising the biggest groups of volunteer EC linemen and work crews.

TFK-Yolanda, which started monitoring the typhoon two days before it made landfall, commenced mobilization on November 12. This Task Force Kapatid gathered volunteers from 70 electric cooperatives from Luzon, Visayas, and Mindanao, and from 11 domestic and international organizations. At short notice, work crews came with their boomtrucks, equipment, and supplies, and crossed the waters to immediately aid their sister ECs in Samar, Leyte, and Panay.

These TFK volunteers put aside their own needs to be with their own families to help restore electric power to those who had suffered. These volunteers left the comforts of their homes and travelled directly to ground zero. The work crews endured 12 to 15 hours of hard work every day for many weeks because they wanted to help restore power in these devastated communities.

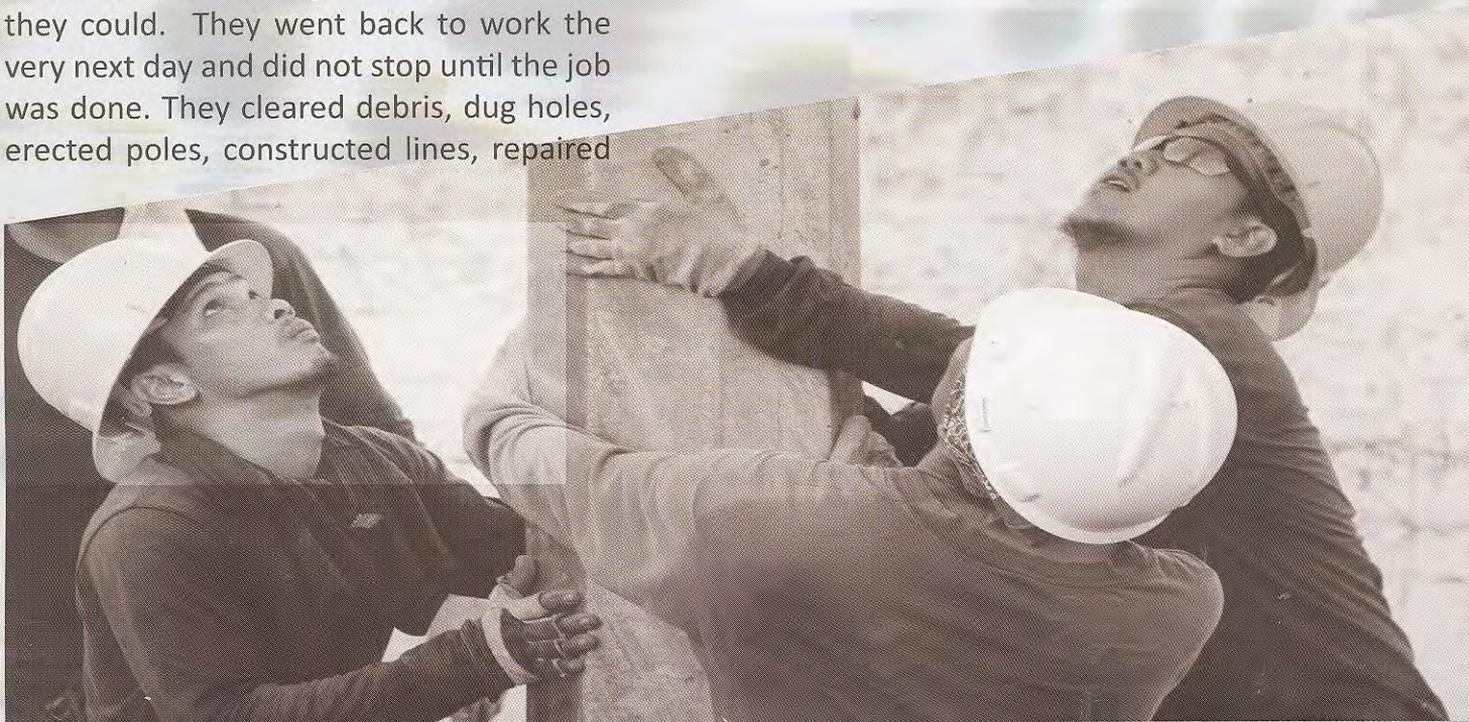
When their shift was over, the men rested and slept on cement floors of EC offices and warehouses to get what little sleep they could. They went back to work the very next day and did not stop until the job was done. They cleared debris, dug holes, erected poles, constructed lines, repaired

substations, and did what needed to be done to make sure that electric power was restored in the municipalities, barangays, and households devastated by Yolanda.

The work of TFK-Yolanda is continuing as we write this report. Task Force Kapatid had brought relief to 33 affected ECs covering 341 municipalities, 7,052 barangays, and 1,428,636 households.

The volunteerism displayed by the ECs to readily send their best engineers, linemen, and work crews during every Task Force Kapatid deployment reflects the Filipino culture of Bayanihan that distinguishes the Filipino's innate nature to extend help to others in times of need.

**WHEN THEIR SHIFT  
WAS OVER, THE MEN  
RESTED AND SLEPT ON  
CEMENT FLOORS OF  
THE EC OFFICES AND  
WAREHOUSES TO GET  
WHAT LITTLE SLEEP  
THEY COULD.**



# NEA-BOA in Action



**JOSE RAYMOND A. ACOL**  
Alternate to the Chairman



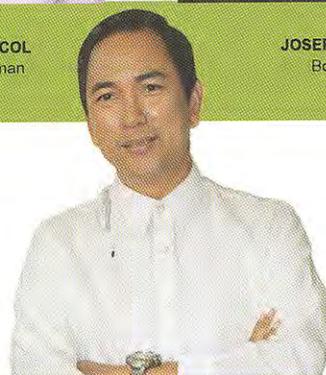
**JOSEPH D. KHONGHUN**  
Board Member



**WILFRED L. BILLENA**  
Board Member



**JOSE VICTOR E. LOBRIGO**  
Board Member



**CARLOS JERICO L. PETILLA**  
Chairman



**EDITA S. BUENO**  
Ex-Officio Member

The NEA Board of Administrators, led by Department of Energy Secretary Carlos Jericho L. Petilla with DOE Assistant Secretary Jose Raymund A. Acol as Alternate Chair, conducted six regular meetings and 10 referenda and passed 212 resolutions.

The Board Governance, Nomination and Remuneration Committee, chaired by Board Member Jose Victor E. Lobrigo, held seven meetings and approved 65 resolutions. The Board Audit Committee, which BM Lobrigo also heads, conducted four meetings and passed 39 resolutions.

The Board Credit and Risk Management Committee, led by Board Member Wilfred L. Billena conducted seven meetings and acted on 88 loan approvals from the 12 loan windows for the ECs amounting to Php7.096 billion.

Among the landmark Resolutions passed in 2013 were as follows:

RESO. No.	SUBJECT
37	Retirement Policy and Authority for the Administrator to Appropriate Funds for this Purpose

128	Guidelines for Classification of ECs and Provision for NEA Intervention
129	Guidelines on the Sanitation of EC Master list of Member-Consumer
130	Procurement Guidelines and Simplified Bidding Procedure
131	Policy on Submission of Assessment Reports Based on Reportorial Requirements
132	The Revised NEA Administrative Rules of Procedures of 2013
133	Manual of Corporate Governance
134	NEA No Gift Policy
153	Loan Facility for the Modular Generator Sets Program for Mindanao ECs (LFM Gensets)
154	Power Supply Guarantee Program for ECs
166	Revised Entry Pay for New General Managers (GMs)
182	Policy on Loan Moratorium for ECs affected by Natural Calamities

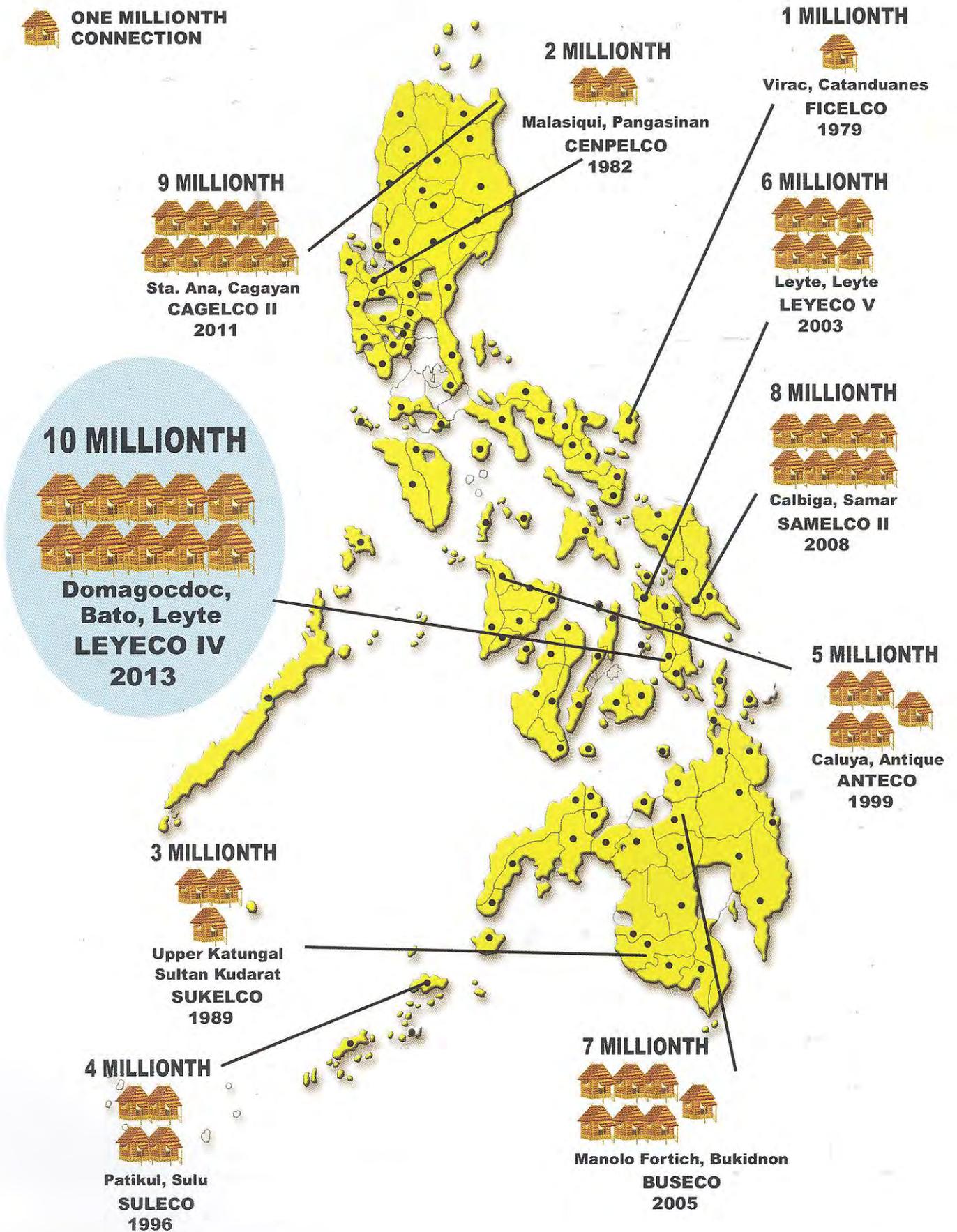
The Office of the Corporate Secretary (OCS) facilitated all the above meetings and referenda and prepared 18 minutes of meeting. The OSC also enabled the publication of the Policies/Guidelines that were approved by the Board. The Office also introduced the digitization of agenda materials to facilitate access to the materials, while keeping the documents secured.

# RE PROGRAM MILESTONES

 **ELECTRIC COOPERATIVES**

 **OTHER EDUs**

 **ONE MILLIONTH CONNECTION**



# SITIO ELECTRIFICATION PROGRAM and BARANGAY LINE ENHANCEMENT PROGRAM

## SITIO ELECTRIFICATION PROGRAM

NEA, true to its commitment to President Aquino's five economic development pillars, continued to work hard in 2013 to escalate the sitio energization level.

For 2013, 5,263 sitios were energized. Luzon ECs had the highest energized sitios with 1,936, followed by Mindanao ECs with 1,903, and the Visayas ECs with 1,424. Among the regions, Region VI had the biggest accomplishment with 733 energized sitios.

The ECs with utmost contributions were: DASURECO (251), IFELCO (232), ORMECO (183), MORESCO II (158), and SORECO I (154).

The level of energization increased to 83,994 or 81% of the total 103,489 potential sitios. This includes additional 37 sitios in Regions I and III which emerged after the official count as of June 2011. Regions I and III were already 100% energized.

The remaining 19,532 sitios are targeted to be energized by the end of 2015.

## BARANGAY LINE ENHANCEMENT PROGRAM

A total of 118 barangays, previously lighted up through solar home system or generator, were enhanced.

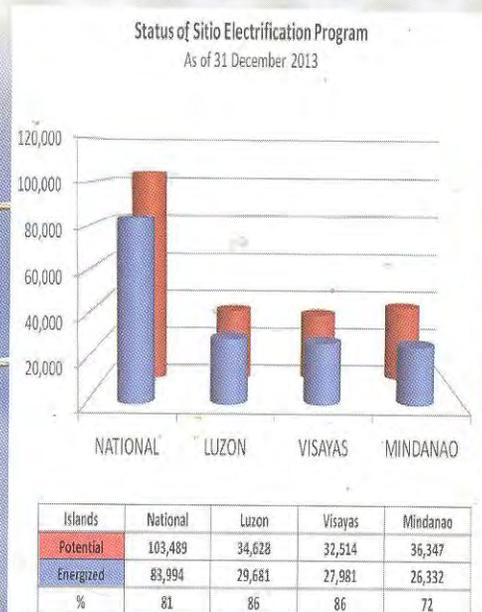
Part of the accomplishment was the construction of distribution lines in five barangays in Cabilao Island, Loon, Bohol. As of this writing, installation of approximately two kilometers of a three-phase 13.2 kV submarine cable for the energization of these barangays is ongoing and expected to be completed early next year.

Likewise, 11 barangays in Ilin Island, Occidental Mindoro were accomplished. The distribution lines for these barangays were already constructed, while installation of the submarine cable is still awaiting fund availability.

Status of Sitio Electrification Program (Implementation Timeline and Targets)				
Year	Targets	Project Cost (PhpB)	Accomplishment	Cumulative Accomplishment
Baseline No. of Unenergized Sitios (32,441 – as of June 2011)				
2011	1,410	0.814	1,571*	1,571
2012	6,007	4.053	6,179*	7,750
2013	10,394**	6.65	5,263	13,013
2014	7,073	4.548		
2015	7,557	4.644		

\*additional energized pass-by sitios not yet included during the time of reporting

\*\* funds released in 2013 for 5,831 sitios only



# CONSUMER CONNECTIONS

The unwavering commitment of both NEA and the ECs to the Rural Electrification Program has caused momentous events for Year 2013.

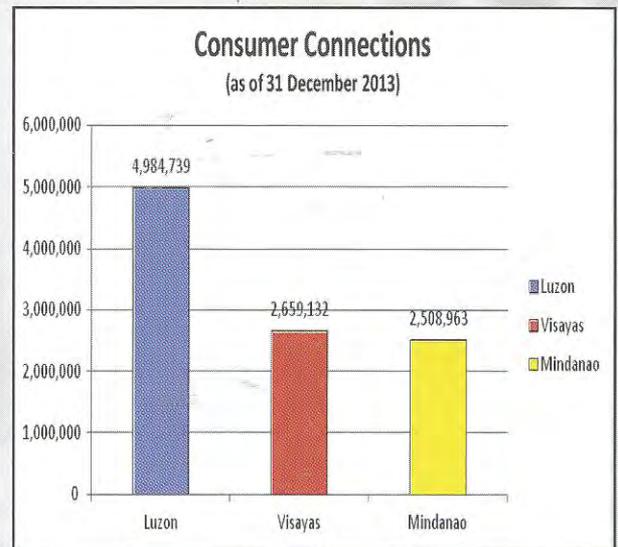
The 10 millionth consumer was energized on August 30, 2013, only two years and three months after the equally significant energization of the 9 millionth household. The recipient was Mrs. Elena D. Lagumbay, a resident of Barangay Domagocdoc, Bato, Leyte and is within the coverage area of LEYECO IV.

Consumer connections exceeded the 445,000 target for 2013. And 461,729 additional households enjoyed the benefits of electricity of which 200,598 were in Luzon, 126,120 in Visayas and 135,011 in Mindanao.

The level of connection finally reached the passing level of 81%. Total connections as of year end was 10,152,834 out of 12,523,700 potential consumers with Luzon having the highest connection of 4,984,739

followed by Visayas with 2,659,132 and Mindanao with 2,508,963. On the regional level, Region VI posted the highest with 52,674 then Region III with 44,920, Region VII with 41,765 and CARAGA Region with 34,438.

The electric cooperatives with the highest connections were ORMECO (13,049), SOCOTECO II (10,185), ASELCO (10,520), BENEKO (9,561) and BATELEC II (9,756).





Republic of the Philippines  
**COMMISSION ON AUDIT**  
 Commonwealth Avenue, Quezon City, Philippines

## INDEPENDENT AUDITOR'S REPORT

### THE BOARD OF ADMINISTRATORS

National Electrification Administration  
 NIA Road, Government Center  
 Diliman, Quezon City  
 1100

### Report on the Financial Statements

We have audited the accompanying financial statements of National Electrification Administration (NEA), which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted state accounting principles in the Philippines, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, in making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the National Electrification Administration as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with generally accepted state accounting principles in the Philippines.

## Report on the Supplementary Information Required under Revenue Requisition No. 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees paid or accrued during the taxable year described in Note 26 to the financial statements is presented for purposes for filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements, in our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### COMMISSION ON AUDIT:

By:

  
**MARLYN V. BALAZON**  
O/C – Supervising Auditor

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

December 31, 2013

(With comparative figures for the year ended December 31, 2012)

(In Philippine Peso)

	2013	2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	6,361,510,494	6,084,544,618
Loans Receivable, Matured Portion (Net)	2,571,337,503	2,264,027,719
Other Receivables (Net)	6,409,126,034	3,576,264,875
Inventories (Net)	10,420,517	11,210,019
Prepayments	1,530,419	1,151,910
Total Current Assets	15,353,924,967	11,937,199,141
<b>Non-Current Assets</b>		
Long-Term Loans Receivable	8,093,683,338	7,575,920,282
Property and Equipment (Net)	256,784,199	252,301,987
Other Assets	4,710,503	4,710,503
Total Non-Current Assets	8,355,178,040	7,832,932,772
<b>TOTAL ASSETS</b>	<b>23,709,103,007</b>	<b>19,770,131,913</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Payables	205,198,113	212,884,314
Payables to Government Agencies	11,773,759,010	11,889,314,642
Current Portion of Loans Payable	44,033,855	359,993,108
Other Payables	10,090,258,221	5,749,101,264
Total Current Liabilities	22,113,249,199	18,211,293,328
<b>Non-Current Liabilities</b>		
Loans Payable - Domestic	371,386,586	513,235,215
Loans Payable - Foreign	26,319,505	(86,541,905)
Deferred Credits	49,700,924	54,158,463
Total Non-Current Liabilities	447,407,015	480,851,773
<b>TOTAL LIABILITIES</b>	<b>22,560,656,214</b>	<b>18,692,145,101</b>
<b>EQUITY</b>	<b>1,148,446,793</b>	<b>1,077,986,812</b>
<b>TOTAL LIABILITIES, NET OF CAPITAL DEFICIENCY</b>	<b>23,709,103,007</b>	<b>19,770,131,913</b>

# STATEMENT OF COMPREHENSIVE INCOME STATEMENT

For the Year Ended December 31, 2013

(With comparative figures for the year ended December 31, 2012)

( In Philippine Peso)

	2013	2012
<b>INCOME</b>		
Interest Income	612,362,328	637,093,660
Service Income	112,418,033	125,094,270
Total Income	724,780,361	762,187,930
<b>EXPENSES</b>		
Personal Services	201,240,702	204,671,301
Maintenance and Other Operating Expenses	129,385,499	117,623,023
Total Expenses	330,626,201	322,294,324
Net Profit from Operations	394,154,160	439,893,606
<b>Other Income(Expenses)</b>		
Gain on Foreign Exchange	83,711,992	69,254,219
Loss on Disposal of Assets	(4,387)	-
Other Income	44,324,940	33,385,927
Financial Expense	(27,716,991)	(90,027,252)
	100,315,554	12,612,894
Net Income Before Income Tax	494,469,714	452,506,500
Income Tax Expense	120,367,316	111,928,578
NET PROFIT	374,102,398	340,577,922
OTHER COMPREHENSIVE INCOME	0	0
COMPREHENSIVE INCOME	374,102,398	340,577,922

## ACCOUNTS MANAGEMENT AND GUARANTEE

The development of a Credit Guarantee Program and Facility to ECs was the banner project of the Accounts Management and Guarantee Department (AMGD) in 2013.

The objective of the Program was to establish a Power Supply Guarantee to secure the power purchases of qualified ECs in the Wholesale Electricity Spot Market (WESM), Interim Mindanao Electricity Market (IMEM), or under a bilateral contract with generating companies or the National Grid Corporation of the Philippines (NGCP).

AMGD also facilitated and released total loans amounting to Php2.683 billion, broken down as follows:

Loan Type	LUZON		VISAYAS		MINDANAO		TOTAL	
	Amount (Php'M)	No. of ECs						
Short Term Credit Facility (STCF)	161	6	0	0	45	2	206	8
Stand-by Credit (SCF)	59	3	0	0	0	0	59	3
Capital Projects	332	12	591	21	629	12	1552	45
Working Capital	664	11	58	3	144	7	866	21
<b>Total</b>	<b>1216</b>	<b>32</b>	<b>649</b>	<b>24</b>	<b>818</b>	<b>21</b>	<b>2683</b>	<b>77</b>

Out of the Php2.683 billion, Php265 million or 10% was intended to finance monthly cash shortfall on the settlement of power accounts of 11 ECs, Php1.552 billion or 58% for Capital Projects of 45 ECs, including calamity loan releases amounting to Php728 million (Php401 million for 18 ECs affected by Super Typhoon Yolanda) and Php866 million or 32% for Working Capital (Power Accounts, Retirement and Taxes) of 21 ECs.

Likewise, the amount of Php492 million was paid for the amortization payment of foreign loans due for 2013, comprising Php454 million principal and Php38 million interest.



NEA provides financial assistance to electric cooperatives through its Enhanced Lending Program. The program has 13 loan windows: Regular, Calamity and Concessional Loans, Logistical Loan, Equity Financing Scheme for ECs, Acquisition of 69kV Lines from NGCP, Single Digit System Loss, Enhancement of ECs Capital Resources, Restructuring of Loan, Power Account Settlement, Short Term Credit Facility, Stand by Credit Facility for GENCOS, Add-ons, Security Deposit, and Special Retirement Package.

# FINANCIAL SERVICES

## A. SUBSIDY

For 2013, the National Government (NG), through the Department of Budget and Management (DBM), allocated to NEA a total amount of Php6.00 billion subsidy fund, of which Php3.75 billion was intended for electrification of 5,831 sitios, Php0.922 billion for enhancement of 194 barangays, Php0.116 billion for Other Various Local Projects (OVLP) and Local Government Support Fund (LGSF), and Php1.210 billion to facilitate Mindanao Modular Generator Sets (Gensets) Program sourced from Malampaya Fund per Executive Order No. 137 issued on July 12, 2013.

## B. COLLECTION OF LOAN AMORTIZATIONS

This year's total collections from the ECs for residual and various loan programs and PSALM amounted to Php4.467 billion as against the collection target of Php4.491 billion or 99% collection efficiency. The top 5 paying ECs excluding payment for Short Term Credit Facility (STCF) and Standby Credit Facility (SCF) are as follows:

EC	AMOUNT (In Million)
BATELEC II	Php 167.4
CENPELCO	72.7
PELCO II	64.9
NEECO II – AREA I	56.7
CAGELCO I	51.1
Total	Php 412.8

## C. DIVIDENDS

On March 18, 2014, NEA remitted Php148,231,177.42 to the NG representing full payment of its dividends for the net earnings for 2013. This year's dividend is so far the highest in the history of NEA. The amount is 9% higher than last year's payment of Php136,548,873.55. Under Section 3 of Republic Act No. 7656, otherwise known as the Dividend Law, government-owned and controlled corporations (GOCCs) are required to declare and remit at least fifty (50%) of their annual net earnings as dividends to the NG.

## D. INCOME

This year's Operating Income is Php725 million or Php38 million lower than the 2012 figure of Php762 million. However, net profit before Income Tax rose to Php494 million or Php42 million higher than the 2012 record of Php452 million. This year's higher net profit before income tax may be attributed to the Agency's corporate practices of prudence.

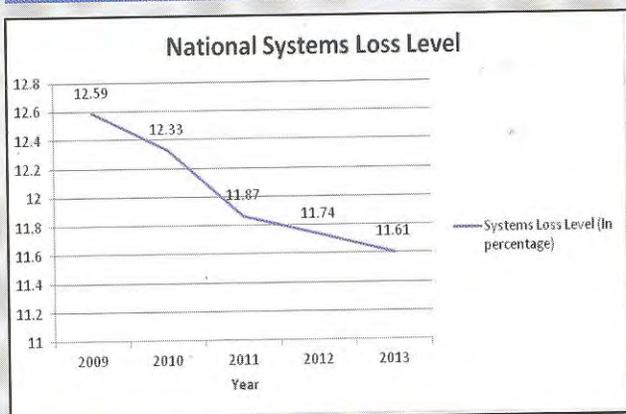
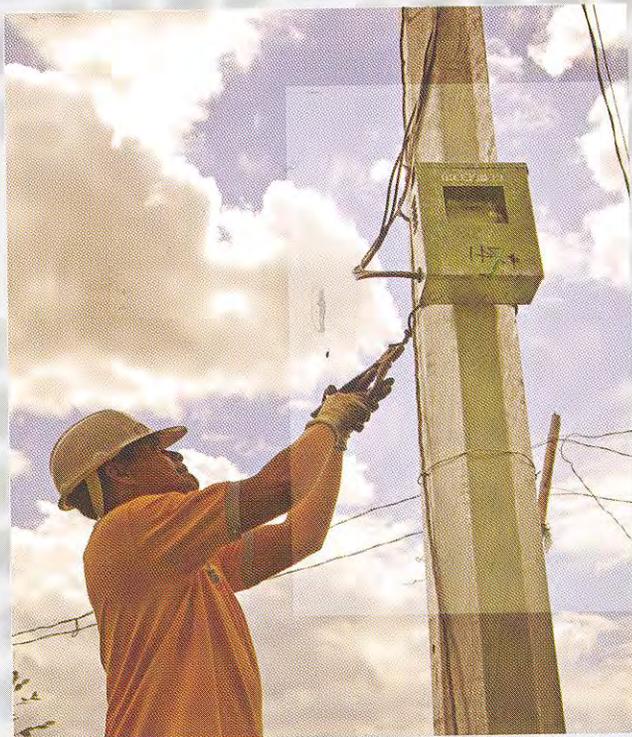
# TECHNICAL ASSISTANCE

## A. DISTRIBUTION SYSTEM EFFICIENCY

### Systems Loss Reduction Program

The 2013 national systems loss of 11.61% is lower than 2012's 11.74% by 0.13%. This generated an equivalent reduction of 18,186,951.01 kW-hr and P124,471,493 worth of savings enjoyed by all the consumers. The savings reflect the combined application of the average national systems loss ratio of 60% technical and 40% non-technical respectively multiplied to the P5.78/kw-hr average power cost and to P8.44/kW-hr average system rate. Furthermore, this figure is also lower than the 13% cap set by the Energy Regulatory Commission (ERC) by 1.39%, but short of the 11.50% target by 0.11%.

There are 57 ECs that showed improvement and 41 ECs that retrogressed. 46 ECs posted systems losses within the 13% cap and 25 ECs registered single-digit systems losses.



### System Reliability Program

The 2012 national average system reliability indices for the ECs are 14.56 for System Average Interruption Frequency Index (SAIFI) and 989.33 for System Average Interruption Duration Index (SAIDI), which are respectively within the 20 interruptions and 45 hours (or 2,700 min) initially set cap by ERC. This translates to an average of 15 interruptions per consumer per year at an average duration of 921 min per customer per year.

Seventy-seven ECs or 70% are compliant on SAIFI, while 81 ECs or 74% are compliant on SAIDI.



NEA provides technical assistance and consultation services to ECs in the design, installation, operation, and maintenance of their electric power distribution system and projects, as well as in the implementation of foreign-assisted projects.

## B. FOREIGN-ASSISTED SEMINARS AND PROJECTS

World Bank Project on “CAPEX Project and Renewable Energy Development Funding”

*The project provides guarantee for the funding of EC Capital Expenditure (CAPEX) Projects for system efficiency and reliability improvement and the conduct of feasibility studies and design and construction of renewable energy projects, particularly mini-hydro generating plants*

Memorandum of Agreement with Sunshine Power, Korea

*The project refers to the Memorandum of Agreement for the conduct of seminar and lectures and preparation of handouts relative to system efficiency, reliability and power quality improvement Smart Grid and photovoltaic system.*

AMR Pilot Projects through National Rural Electric Cooperative Association (NRECA)

*The project refers to the study and implementation of automated meter reading (AMR) pilot projects in selected ECs through a grant from the NRECA and pilot project implementation through counterpart funding of NEA and the ECs.*

JICA Project on “System Loss Reduction for Philippine Electric Cooperatives”

*The JICA Project on System Loss Reduction for Philippine Electric Cooperatives, which started April 2011 to the end of March 2013 over a period of 2 years, intended to provide technical assistance on enhancing the technical capacity and planning abilities of NEA and EC engineers in reducing distribution system losses. It successfully provided recipient ECs an Engineering Analysis Software (SynerGEE) and a training package, in addition to the Power Meter Instruments and Amorphous Distribution Transformers (AMDT) they received during the*

*year, all estimated at Php22.7 million in grant.*

*The project focused on seven selected pilot ECs, namely ISELCO I, PELCO II, FLECO, CASURECO I, CASURECO II, SORECO I, and LEYECO III. Nine consultants from JICA were working hand-in-hand with NEA engineers to come up with (3) major deliverables, as follows:*

1. A Total Management Manual for System Loss Reduction,
2. Establishment of a support system for quantitative evaluation of system loss, and
3. Establishment of a support system for upgrading the present mid-voltage of 13.2 kV to 23 kV and the technical design standards

International Copper Association of Southeast Asia (ICASEA) Project on “Harmonization of Technical and Equipment Standards for Power Distribution System of the Electric Cooperatives (ECs) in the Philippines”

*In the execution of a Memorandum of Agreement (MOA) between NEA and the International*



*Copper Association of Southeast Asia (ICASEA) to review, update, and harmonize the technical and equipment standards for power distribution system of ECs in the Philippines, it resulted in the publication of Distribution Transformer Handbook for Electric Cooperatives that contains improved transformer specifications and procurement standards and guidelines.*

*The drafting of the handbook was facilitated by UPEEEI Research and Development Foundation, Inc. and the UP-National Engineering Center. It was funded by the United Nations Environment Programme (UNEP).*

**KOREA EXIMBANK EDCF Project on “Increasing Power Distribution Efficiencies for Rural Electric Cooperatives”**

*The TA Project funded by Korean Government’s EDCF through KeximBank on “Increasing Power Distribution Efficiencies for Rural Electric Cooperatives” was approved by the Ministry of Strategy and Finance of Korea recently in their letter dated December 14, 2012 to NEA.*

*The seven ECs initially selected for the feasibility study covering Luzon, Visayas, and Mindanao are as follows: CAGELCO I, CENPELCO, ZAMECO II, LEYECO II, CENECO, SURNECO, and SOCOTECO II.*

*The implementing plan includes researches on electrical pilferage, technical, non-technical and administrative system losses, and FS analysis on technical, financial, economic, political, environmental, and social effects.*

## HUMAN RESOURCES MANAGEMENT AND ADMINISTRATION

The Agency believes that its employees are its most important capital. A number of initiatives have been put in place therefore by the Human Resources and Administration Department (HRAD) to build employees’ competence and streamline departmental functions.

In November 2013, the Civil Service Commission approved the NEA Strategic Performance Management System (SPMS) as a framework for ensuring the fulfillment of the functions of departments and offices and employee contributions, as well as for assessing accomplishments in line with the Agency’s mission, vision, and strategic initiatives. A Succession Plan was also crafted to serve as a guide for departments to enhance capability and competence of potential employees who can fill leadership positions. Procurement and application of IQ testing materials and Filipino Work Values was likewise pursued to upgrade the selection process of applicants to NEA and applicants to General Management positions in ECs.

The “Salamat NEAn, Mabuhay Ka,” a retirement program to honor retirees, was launched this year to give recognition to program pioneers. It was also in 2013 that NEA recruited the highest number of personnel, consisting of seven electrical engineers and six accountants, including the engagement of nine project-based engineers to support the requirements of the Sitio Electrification Program and the Barangay Line Enhancement Program.

Workplace conditions were also upgraded through procurement of 17 units of stand-alone airconditioners. New vehicles were also procured for seven departments to facilitate mobility of officials and staff during field visits and inter-agency meetings.

## INSTITUTIONAL DEVELOPMENT

For many years, NEA has been actively involved in institutionalizing measures to ensure the viability and stability of the ECs.

One vital document which was crafted towards this end was the Guidelines in the Conduct of Referendum in Albay Electric Cooperative, Inc. (ALECO). The document sought the decision of the general membership on the concession agreement with a private partner to operate the coop.

Different institutional policies and advisories were also issued to ECs in 2013. These include the following:

1. Policy on the Roundtable Assessment (RTA) of ECs Performance
2. COMELEC Resolution No. 9597 Promulgated on December 21, 2012 – Deputation of NEA, NAPOCOR and ECs in Connection with the May 2013 National and Local Elections
3. Electric Power Service Reliability During the May 2013 National and Local Elections
4. COMELEC Resolution No. 9734 - Deputation of DOE and ECs in Connection with the October 2013 Barangay Elections
5. Deferment of District Elections for the Month of October 2013
6. Clarificatory Issuance on Memorandum No. 2013-020 “Guidelines in the Candidacy of EC Employees in the 2013 Barangay Elections”
7. Elections for Districts with Expired Terms of Office
8. Revised Entry Pay for New General Managers (GMs)
9. Strict Implementation of Memo No. 2012-16 on the Guidelines on the Candidacy of Coop Officials & Employees in the 2012 National & Local Elections
10. Designation of a Focal Person to handle SEP Household Connection
11. Attendance to the 2014 NRECA Annual Meeting

As an Agency committed to making ECs more competitive, ongoing initiatives to strengthen EC human resources were also undertaken this year. Some of these activities include evaluation of 80 EC personnel policies, 11 total reorganizations, creation of 22 additional plantilla positions, salary upgrading of 24 employees, and provision of eight field assistance in the formulation of management tools. Assistance in the formulation of Performance Evaluation System (PES) was rendered to six ECs and briefing/supervision on District Election activities to two ECs.



NEA provides institutional assistance to ECs by overseeing EC personnel management and development. The agency also assists ECs in setting up information and community-based projects and promoting livelihood program to develop responsible consumership.



**THE IMPACT OF POWER HAS BEEN REFLECTED IN THE RISE OF SMALL AND MEDIUM-SCALE INDUSTRIES AND IN THE IMPROVEMENT OF LIVES OF RURAL FOLKS THROUGH THE AVAILABILITY AND USE OF ELECTRIC-DRIVEN APPLIANCES IN THEIR HOMES.**

To ensure that only top-notch individuals are selected to head the ECs as General Managers, 115 regularization activities were undertaken, from pre-screening, testing, interview, background investigation, to performance validation. After undergoing the process, NEA confirmed the probationary appointments of GMs of LEYECO III, ILECO III, MASELCO and ZAMCELCO under Performance Management Contract (PMC). Moreover, permanent appointment of GMs of CASURECO I, ZANECO and NEECO I were confirmed. The designation of twenty four (24) OICs and NEA-designated PS/AGMs were also confirmed to provide additional assistance in the improvement of EC operations.

Meanwhile, eight Roundtable Assessments of EC Operational Performance were conducted, 16 GM salary upgrading, and 18 requests for GMs' retirement/extension were processed.

To keep the ECs abreast with the competitive market, IDD continues with its regular preparation of consumer-focused information materials and the Compendium on Conversion issues, along with the evaluation of 92 e-ICPMs institutional development activities. Monitoring, consolidation, and evaluation of the submission of ECs data on the Key Performance Standards (KPS), as well as monitoring and evaluation of Reports on compliance to Customer Service Standards were undertaken.

Other institutional development activities of the Agency for the year include deployment of staff in different ECs to conduct information campaign and reporting of energized household connections and provision of assistance in the distribution of goods to Yolanda-affected EC employees.

# MANAGEMENT ASSISTANCE

The administration of ECs with critical issues affecting their operational efficiency and service reliability has always been an important concern for the Agency.

This year, seven ECs, namely ALECO, CASURECO II, MASELCO, NORSAMELCO, ZAMCELCO, BATELEC I, and PELCO III, were supervised and/or managed by the Management Assistance Group (MAG) personnel either as Project Supervisor and/or Acting General Manager.

Close supervision and management assistance in matters financial, technical, or institutional were given to these ECs in their day-to-day operations, which have mitigated risks in their overall performance.

Details of the management assistance provided to a few of these ECs are given below:

## **CASURECO II**

Provision of assistance to the problem of frequent brownouts due to the suspended implementation of its Power Supply Contract with Thermal Luzon Link for non-payment of its power bills; 100% exposure to the Wholesale Electricity Spot Market (WESM); Assistance in the energization and operation of the 20 MVA substation in the EC's compound through Global Power Holdings of the Lopez Group of Companies; Harmonization of management staff, board, and union, resulting in the improvement of its operational performance as indicated in the reduction of systems loss from 17% to 12.98% and increase in collection efficiency from 95% to 100% by the end of 2013

## **BATELEC I**

Normalization of the EC's operations through clarification of leadership roles and delineation of responsibilities and functions of the Board of Directors and the management

## **ALECO**

Facilitation of and attendance in sessions covering the financial scope in the turnover of the EC to Private Sector Participation (PSP) and transition management by San Miguel Power Global Holdings Corporation



Management support and interventions were also given to 12 ECs which have requested assistance on specific activities such as Organizational Review, Development and Packaging of Reorganization Proposal, Formulation of Performance Management System, Strategic Planning Workshops, MRBCD System Enhancement Seminar-Workshop, Skills Training-Workshop on Work Order Procedures, CAPEX Plan Finalization, System Loss Reduction, and Linemen Skills Upgrading and Renewable Site Identification. These endeavors helped ECs concerned to be compliant with the regulatory requirements and prepared them for the working environment of Retail Competition and Open Access.

MAG likewise played a key role in the assessment of the e-ICPM of ECs during the conduct of the Corporate Planning-initiated Regional Biennial Workplan activities for years 2013 and 2014.

Further, MAG actively participated in the Regional Fora and Meetings conducted by the Department of Energy (DOE), Philippine Electricity Market Corporation (PEMC), and Energy Regulatory Commission (ERC) for the formulation of Rules on Retail Competition and Open Access (RCOA) and Interim Mindanao Electricity Market (IMEM).

## CORPORATE AND EC TRAINING

To support its goal of building the competency of employees of NEA and the ECs, the Agency, through the Office for Corporate and EC Training (OCET), launched several pioneering initiatives, including the introduction of new training programs. New training methods were also employed to improve the effectiveness of the training conduct.

With the merging of OCET and the Management Assistance Group-Supervisory Assessment Office (MAG-SAO) this year, the creation of the Assessment and Academe Group was formalized. This made possible the integration of several programs of the University of the Philippines-National Engineering Center (UP-NEC) to the existing OCET program roster, which, in turn, significantly increased the number of trainees and programs conducted.

28  
major programs

4,417  
EC employees  
and officials

130%  
accomplishment  
rate

A total of 28 major programs in 98 schools were conducted this year, with 4,417 EC employees and officials successfully completing the courses. This translates to an accomplishment rate of 130% against the target of 3,400 trainees.



Similarly, the Corporate Training Group exceeded its target of 25 programs and 600 graduates, with an annual accomplishment of 686 graduates in 47 training-scholarship programs. In addition, the group made possible 12 Gender and Development (GAD) programs, in line with the government's initiatives to empower women.

Another major project undertaken by the Office was the release of the Defensive Driving and Road Safety Course through an e-learning platform to reach more ECs' personnel around the country with the least cost and time spent.

The effectiveness of the programs conducted was assessed using two sets of Training Impact Assessment (TIA). The reports revealed the value graduates provide to their respective units after attending their respective programs. In addition, report findings highlighted the importance of training programs to continuously meet the demands of the industry.

## CORPORATE COMMUNICATION

In its commitment to assist its partner-ECs in delivering quality service to their stakeholders, NEA through its Public Affairs Office (PAO) conducted a "Survey on the Services Provided by NEA" which gathered 308 respondents from 78 ECs. The survey, done in cooperation with the Boomerang Advisory Group of John Gokongwei School of Management of the Ateneo de Manila University, aimed to ascertain the level of client satisfaction from NEA's services and thereupon determine ways on how the services may be further improved.

Findings showed that NEA has a highly commendable satisfaction rating from ECs, which was consistently observed across Luzon, Visayas, and Mindanao regions.

The overall net satisfaction score of the agency was at +85%.

Significant publications for the year include the Annual Report, EnerNEA, corporate calendar, and primer on NEA and the ECs.

To enhance corporate image and boost the Agency's reputation, video documentations were also made on Task Force Kapatid Program and NEA's corporate identity. Media releases were issued, press briefings were made, and press conferences were facilitated to disseminate information about NEA and EC activities and improve relations with the members of the print and broadcast media.

# INTERNAL AUDIT AND QUALITY STANDARDS MANAGEMENT

To ensure the effectiveness of the internal control of NEA, the Internal Audit and Quality Standards Management Office (IAQSMO) conducts periodic compliance audit to review and ensure that operations, processes, and activities are in accordance with the existing policies, systems and procedures of the Agency. IAQSMO also recommends improvement for the proper, economic, and efficient use of NEA's resources.

Major audit reports approved by the Board Audit Committee include the following:

1. Audit of subsidy funds released to electric cooperatives (ECs) and on-site validation of sitios energized and households connected for the Sitio Electrification Program (SEP) were conducted and yielded the following data:

Electric Cooperative	Subsidy Funds	Numbers	
		Sitios energized	Households connected
	PhP		
DIELCO	23,158,199.31	30	747*
BANELCO	8,674,202.59	31	614
ILECO III	2,973,658.60	13	226
MARELCO	9,377,544.22	30	314
CAMELCO	4,788,208.24	30	115
SOCOTECO I	8,102,514.74	8	614

\*submitted by EC; no validation conducted as yet

The on-site validation of ECs was conducted to assess the impact of SEP to its beneficiaries. Likewise, certification of energized sitios from concerned barangay officials was secured to validate actual energization.

2. A total of 23 compliance audits were completed on the following:

Audited Documents	Quantity
Manual of Approvals (MANAP)	2
NEA Citizen's Charter (NCC)	17
Policies	4
<b>Total</b>	<b>23</b>

Nine departments/offices, namely the Office of the Deputy Administrator for Corporate Resources and Financial Services (ODACRFS), Office of the Deputy Administrator for Electric Distribution Utilities Services (ODAEDUS), Human Resources and Administration Department (HRAD), Accounts Management and Guarantee Department (AMGD), Finance Services Department (FSD), Information Technology and Communication Services Department (ITCSD), Institutional Development Department (IDD), Electric Cooperative Audit Department (ECAD), Engineering Department (ED), and Public Affairs Office (PAO) were all found to be 100% compliant with MANAP, NCC, and Policies.

# ELECTRIC COOPERATIVE AUDIT

To ensure safeguard mechanisms are in place in the operations of ECs nationwide, comprehensive audit is regularly conducted by the Agency through the EC Audit Department (ECAD). This year, 33 ECs were audited based on the approved workplan and those under the priority list.

Alongside this, monitoring of audit compliance of ECs to previous audit recommendations on audit findings, improvement of EC accounting and internal control system, and evaluation of 20 EC justification and action plans based on audit findings and recommendations were also accomplished.

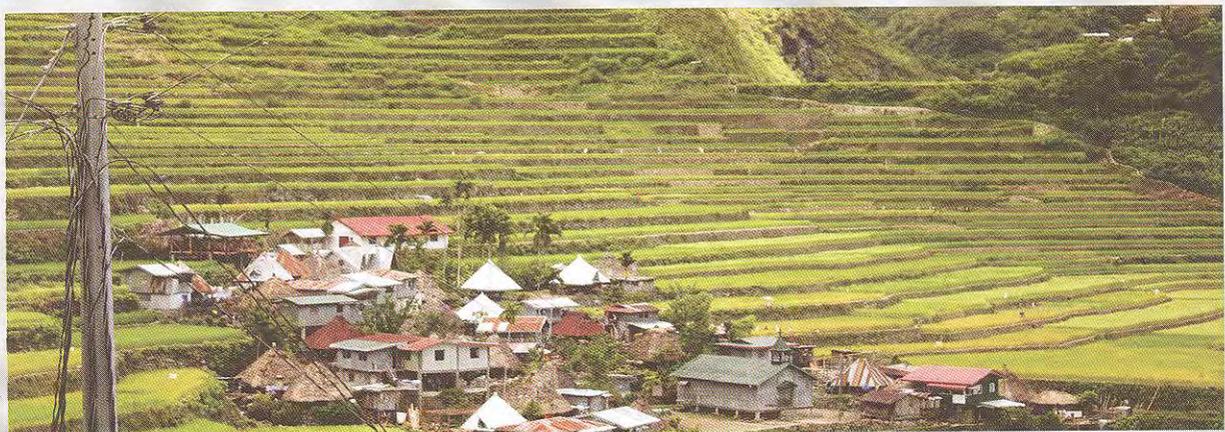
Likewise, to capacitate ECs on Procurement Guidelines and Simplified Bidding Procedures as enunciated in Republic Act 10531, several seminar-workshops were conducted through EC associations. Separate seminar-workshops were also conducted for the following ECs upon request: FLECO, ZAMCELCO, LUELCO, AURELCO, MOPRECO, IFELCO, and ORMECO.

Aside from these functions, the Agency also evaluated the floor price of 23 ECs' non-performing assets subject for disposal and evaluated 22 ECs' Consumer Accounts Receivable for write-off, all of which were approved by the Administrator. Likewise, 209 queries and requests from the stakeholders, members of the Congress, other government agencies, business groups, and other interested parties were attended to.

Assistance was also rendered in the conduct of final inspection and acceptance of barangays/sitios energized in 23 ECs, rehabilitation of power lines devastated by Super Typhoon Yolanda in Region 8 ECs, and improvement of BENECO's internal control system.

It is also worth to note that ECAD's accomplishment on internal process perspective, as it earned 9.5 hours average response time on fast lane documents against its target of 12.55 hours and 65.19 hours average response time on regular lane documents against its target of 144 hours. Additionally, ECAD earned 100% compliance to audit processes.

On learning and growth perspective, ECAD staff obtained 94.28% average performance rating and 91 competency certificates on various trainings and seminars.



# CORPORATE PLANNING

Among the projects undertaken in 2013 by the Corporate Planning Office (CPO) include:

## **The Philippines: Islands of Good Governance (IGG)**

IGG is a culminating report on the progress that has been made under President Aquino's good governance program. NEA was chosen by the Institute for Solidarity in Asia (ISA) to be one of the showcase agencies to present their significant wins in governance for public validation.

NEA joined the distinguished roster of public sector organizations which presented their commitments to APEC Organizing Committee during the ISA's Public Governance Forum on 30 October 2013. A paper entitled "NEA 2015: Lighted the Path to Service Excellence" was presented by the Administrator and contained NEA's commitment to contribute to national competitiveness and improve the country's investment credibility.

## **Interim Performance Scorecard 2013-2014**

As part of its commitment to good governance, NEA, through SPD/OSM in consultation with the Cluster on Corporate Governance, formulated and submitted its 2013-2014 Interim Performance Scorecard, Strategic Initiative Profile and Briefer on June 28, 2013. This was in compliance with the requirements of the Governance Commission for GOCCs (GCG).

NEA adopted two Major Final Outputs (MFOs) for 2013 namely: 1) Management Assistance to the Sitio Electrification Program and 2) Rural Electrification Financing based on the prescribed Organizational Performance Indicator Framework (OPIF). These MFOs directly respond to the President's Social Contract with the Filipinos.

## **Biennial (CY 2013-2014) e-ICPM Regional Workshops**

The e-Integrated Computerized Planning Model (e-ICPM) was formed, approved, and adopted as an integral part of the Energy Regulatory Commission (ERC) Resolution No. 26, s. 2009, entitled "Amending the Rules of Approval of Regulated Entities' Capital Expenditure (CAPEX) Projects."

As a requirement of the ERC, ECs need to develop three to six years CAPEX project plan. In 2013, NEA conducted biennial workshops which produced a total of 104 Biennial Workplans of ECs.

## **Total Electrification Plan**

Pursuant to Rule VI, Section VI of the IRR of Republic Act 10531, NEA developed a Total Electrification Plan within 90 days from the date of the effectivity of the IRR in November 2013. The Plan consisted of the Sitio Electrification Program (SEP) and Barangay Line Enhancement Program (BLEP).

## INFORMATION TECHNOLOGY AND COMMUNICATIONS SERVICES

In 2013, the Agency focused on upgrading its information and communications infrastructure (ICT) and the automation of its business process systems.

An inventory of all existing computers was first done to determine the age and computer ratio per employee as basis for the acquisition and preparation of the 2014 Annual Procurement Plan. 38 new and high-end workstations, 36 file servers and laptops, two tablets, and other IT and communication equipment were then purchased to improve the work performance of NEA employees. Video presentation of NEA credo was also enhanced to include updates and milestones in the implementation of the Rural Electrification Program.

Major IT development was the installation of an audio-visual system facility in the Board Room. Unified Threat Management Appliance was likewise installed in computers to strengthen security against spam, phishing, hacking, and other malware penetration. The operating system of the e-Government New Accounting System (e-NGAS) and MS SQL software was also upgraded.

Automation of the Agency's system business processes commenced with the introduction of biometrics system for timekeeping. A web-based Document Tracking System with Bar Coding was also developed to facilitate trail of documents and further improve internal processes. The existing automated official receipt system was also reviewed and enhanced. Beginning 2013, IT department also assumed the content management and development of NEA website. All physical and logical enhancements were done in-house including the usual uploading and maintenance of the Department

of Budget and Management (DBM) Transparency Seal and the requirements of the Governance Commission on GOCC (GCG).

A survey was conducted during the 1st quarter of 2013 to ascertain the level of ECs' automation program. The results of this survey will be used to determine NEA's intervention in helping the ECs formulate their ICT policy, training needs, and preparation of their information system strategic plan. Out of the 109 electric cooperatives surveyed, 96 or 88% responded, of which thirteen got a score of 81% and above. Four ECs, namely, PELCO I, CEBECO III, BILECO, and ZAMSURECO I were surveyed the highest with 100%. This means they have a structured ICT plan, infrastructure, policy, trained and competent staff, and internet connectivity.

NEA is an active member of and participant in various government ICT projects such as the Medium Term Information Harmonization Initiative (MITHI), Energy Sector Cross Agency Project, Integrated Government Philippines (iGovPhil) Project, Inter-agency Geospatial Development Plan Initiative (AGDI), National ICT Advisory Council (NICTAC), among others.



## DATABASE MANAGEMENT

Major accomplishment in data management is the formulation of the Policy on the Submission of Reportorial Requirements of ECs and its guidelines for the Integrated Assessment Report on the Status of EC Operations. Templates of required reports were collated from NEA monitoring departments and compliance process flow was correspondingly set for final implementation beginning the first quarter of 2014. This is to address the provisions of RA No. 10531, "An Act Strengthening the National Electrification Administration, Further Amending for the Purpose Presidential Decree No. 269 as Amended, Otherwise Known as the 'National Electrification Administration Decree.'"

A new compilation of the R. E. Chronicle for 2010-2012 containing updates on the status of rural electrification program and key information on EC operation was released. It remains to be one of the vital information materials for researchers and other stakeholders on the accomplishments of NEA and ECs. Besides this publication, 246 other requests from both government and private entities were responded to on various needed data.

Average Response Time (Hours)				
Year	Fast Lane		Regular Lane	
	Target	Accomplishment	Target	Accomplishment
2009	72.00	68.20	-	-
2010	60.00	48.08	-	168.96
2011	48.00	42.49	168.00	165.60
2012	42.00	38.43	160.00	112.60
2013	38.00	33.19	112.00	85.94

\* Regular Lane policy introduced in 2010

## RECORDS MANAGEMENT

In support of the Agency's continuous enhancement of internal processes for better service, the Records Tracking and Bar Coding System went online to facilitate measurement of the departmental response time, one of the major corporate performance commitments of NEA.

For 2013, a total of 1,800 documents were processed and distributed to different departments and offices for action. Out of these, 799 or 44% were classified as Fast Lane documents and 1,001 or 56% were classified as Regular Lane documents.

Average response time for Fast Lane documents has significantly improved from 68.20 hours to 33.19 hours since 2009. On the other hand, Regular Tracked Documents went down from its 2010 record of 168.96 hours to 85.94 hours this year.

NEA issued and released 29 memoranda to ECs on new policies and guidelines primarily in the implementation of the provision of Republic Act No. 10531. There were also 189 office orders and 115 office memoranda disseminated for internal governance purposes.

On December 23, 2013, NEA submitted the Inventory of the Agency's Public Records and Documents to the National Archives of the Philippines. This was required of all government offices by virtue of Republic Act 9470 released in 2007 by the same agency.



## LEGAL SERVICES

In anticipation of the passage of Republic Act 10531, the Legal Services Office conducted on 10-11 January 2013 a Legal Conference on the Amendments to the NEA Administrative Rules of Procedure. Attended by 58 participants from 48 electric cooperatives, the conference initiated the eventual publication of the final version of the Revised NEA Administrative Rules of Procedure of 2013 on 3 December 2013.

The passage of Republic Act No. 10531 on 7 May 2013 was also a milestone for NEA, as it saw officers of Legal Services actively participating in the deliberations of the law in both Houses of the Senate and Representatives. Its implementing Rules and Regulations, which was published on 29 July 2013 and took effect on 13 August 2013, was crafted with the Department of Energy as lead and NEA as supporting agency.

Forecasting the impact and demands of the new law, the Legal Services Office created teams for Luzon, Visayas, and Mindanao. A Corporate team was also created.

The Luzon Team spearheaded the crafting of the Proposed Implementing Rules and Regulations for the Recovery of Costs, while the Corporate Team was on top of the Proposed Guidelines for EC Tax Privileges. Both measures were presented to the Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA) during its meeting on 14 November 2013 and the collective output will be forwarded to the Department of Energy for consideration and proper implementation.

### ADMINISTRATIVE COMMITTEE

The Administrative Committee Team-A cleared both its old and current docket of forty one (41) cases, while Administrative Committee Team-B disposed of its current docket of seventeen (17) cases.

While Republic Act 10531 now brings Cooperative Development Authority (CDA)-registered electric cooperatives under the disciplinary authority of NEA and would inevitably add to the docket of the Administrative Committee, the approval of the NEA Administrative Rules of Procedure of 2013 is positively seen to address this concern with the amended provisions on prescriptive periods aimed to expedite the administrative proceedings.



ELECTRIC COOPERATIVES	MUNICIPALITIES/ CITIES		B A R A N G A Y S			C O N N E C T I O N S			
	Coverage/ Energized	%	Potential	Energized/ Completed	%	Potential	Served	%	
<b>REGION I (ILOCOS REGION)</b>									
1	Ilocos Norte Electric Cooperative, Inc.	23	100	557	557	100	147,400	146,297	99
2	Ilocos Sur Electric Cooperative, Inc.	34	100	768	768	100	164,300	163,083	99
3	La Union Electric Cooperative, Inc.	18	100	536	536	100	134,200	127,393	95
4	Pangasinan I Electric Cooperative, Inc.	9	100	192	192	100	76,300	67,540	89
5	Central Pangasinan Electric Cooperative, Inc.	15	100	553	553	100	210,200	204,882	97
6	Pangasinan III Electric Cooperative, Inc.	17	100	421	421	100	167,300	154,852	93
	Sub-Total	116	100	3,027	3,027	100	899,700	864,047	96
<b>REGION II (CAGAYAN VALLEY)</b>									
7	Batanes Electric Cooperative, Inc. <sup>1</sup>	6	100	29	29	100	5,800	5,410	93
8	Cagayan I Electric Cooperative, Inc.	12	100	376	376	100	132,400	123,295	93
9	Cagayan II Electric Cooperative, Inc.	21	100	510	510	100	120,100	106,771	89
10	Isabela I Electric Cooperative, Inc. <sup>2</sup>	15	100	484	484	100	179,400	178,495	99
11	Isabela II Electric Cooperative, Inc. <sup>3</sup>	21	100	545	545	100	143,400	107,654	75
12	Nueva Vizcaya Electric Cooperative, Inc. <sup>4</sup>	15	100	275	275	100	92,700	71,669	77
13	Quirino Electric Cooperative, Inc.	6	100	150	150	100	43,200	41,669	96
	Sub-Total	96	100	2,369	2,369	100	717,000	634,963	89
<b>CORDILLERA ADMINISTRATIVE REGION (CAR)</b>									
14	Abra Electric Cooperative, Inc.	27	100	303	303	100	50,600	46,966	93
15	Benguet Electric Cooperative, Inc.	14	100	269	269	100	168,100	161,179	96
16	Ifugao Electric Cooperative, Inc.	11	100	175	175	100	37,200	27,678	74
17	Kalinga-Apayao Electric Cooperative, Inc. <sup>5</sup>	11	100	221	221	100	48,100	33,877	70
18	Mountain Province Electric Cooperative, Inc.	10	100	144	144	100	34,100	31,791	93
	Sub-Total	73	100	1,112	1,112	100	338,100	301,491	89
<b>REGION III (CENTRAL LUZON)</b>									
19	Aurora Electric Cooperative, Inc.	9	100	157	157	100	45,700	43,925	96
20	Tarlac I Electric Cooperative, Inc.	15	100	421	421	100	148,300	146,961	99
21	Tarlac II Electric Cooperative, Inc.	5	100	120	120	100	86,000	83,171	97
22	Nueva Ecija I Electric Cooperative, Inc.	5	100	95	95	100	81,800	81,689	99
23	Nueva Ecija II Electric Cooperative, Inc. - Area 1	10	100	291	291	100	116,300	107,724	93
	Nueva Ecija II Electric Cooperative, Inc. - Area 2	11	100	228	228	100	102,100	91,219	89
24	San Jose City Electric Cooperative, Inc.	1	100	38	38	100	31,400	31,384	99
25	Pampanga Rural Electric Service Coop., Inc.	-	-	34	34	100	18,800	18,436	98
26	Pampanga I Electric Cooperative, Inc.	6	100	112	112	100	93,100	92,932	99
27	Pampanga II Electric Cooperative, Inc.	7	100	175	175	100	147,700	147,176	99
28	Pampanga III Electric Cooperative, Inc.	6	100	95	95	100	69,700	67,145	96
29	Peninsula (Bataan) Electric Cooperative, Inc.	12	100	241	241	100	169,100	166,573	99
30	Zambales I Electric Cooperative, Inc.	6	100	118	118	100	57,300	55,655	97
31	Zambales II Electric Cooperative, Inc.	7	100	111	111	100	72,300	71,714	99
	Sub-Total	100	100	2,236	2,236	100	1,239,600	1,205,704	97

ELECTRIC COOPERATIVES		MUNICIPALITIES/ CITIES		B A R A N G A Y S			C O N N E C T I O N S		
		Coverage/ Energized	%	Potential	Energized/ Completed Todate	%	Potential	Served	%
REGION IV-A (CALABARZON)									
32	First Laguna Electric Cooperative, Inc.	11	100	164	164	100	61,600	60,538	98
33	Batangas I Electric Cooperative, Inc.	12	100	366	366	100	158,200	157,271	99
34	Batangas II Electric Cooperative, Inc.	17	100	482	482	100	262,200	261,932	99
35	Quezon I Electric Cooperative, Inc.	23	100	805	805	100	179,800	149,372	83
36	Quezon II Electric Cooperative, Inc.	8	100	129	128	99	43,000	30,702	71
	Sub-Total	71	100	1,946	1,945	99	704,800	659,815	94
REGION IV-B (MIMAROPA)									
37	Lubang Electric Cooperative, Inc.	2	100	25	25	100	8,900	7,501	84
38	Occidental Mindoro Electric Cooperative, Inc.	9	100	137	137	100	82,800	66,827	81
39	Oriental Mindoro Electric Cooperative, Inc.	15	100	426	426	100	175,900	166,403	95
40	Marinduque Electric Cooperative, Inc.	6	100	218	218	100	50,200	47,491	95
41	Tablas Electric Cooperative, Inc.	10	100	112	112	100	34,900	32,156	92
42	Romblon Electric Cooperative, Inc.	4	100	66	66	100	19,000	15,592	82
43	Busuanga Electric Cooperative, Inc.	4	100	61	61	100	17,800	10,647	60
44	Palawan Electric Cooperative, Inc.	19	100	371	371	100	180,100	109,294	61
	Sub-Total	69	100	1,416	1,416	100	569,600	455,911	80
REGION V (BICOL REGION)									
45	Camarines Norte Electric Cooperative, Inc.	12	100	273	273	100	112,500	100,769	90
46	Camarines Sur I Electric Cooperative, Inc.	11	100	309	309	100	85,500	66,488	78
47	Camarines Sur II Electric Cooperative, Inc.	10	100	259	259	100	115,500	105,839	92
48	Camarines Sur III Electric Cooperative, Inc.	7	100	229	229	100	83,400	68,044	82
49	Camarines Sur IV Electric Cooperative, Inc.	9	100	258	258	100	66,300	53,656	81
50	Albay Electric Cooperative, Inc. <sup>6</sup>	18	100	720	718	99	249,700	221,511	89
51	Sorsogon I Electric Cooperative, Inc.	8	100	253	253	100	63,300	62,473	99
52	Sorsogon II Electric Cooperative, Inc.	7	100	288	288	100	90,800	74,421	82
53	First Catanduanes Electric Cooperative, Inc. <sup>1</sup>	11	100	315	315	100	50,900	48,684	96
54	Masbate Electric Cooperative, Inc.	15	100	434	434	100	121,300	53,546	44
55	Ticao Island Electric Cooperative, Inc.	4	100	72	72	100	17,400	7,377	42
	Sub-Total	112	100	3,410	3,408	99	1,056,600	862,808	82
	TOTAL LUZON	637	100	15,516	15,513	99	5,525,400	4,984,739	90
REGION VI (WESTERN VISAYAS)									
56	Aklan Electric Cooperative, Inc. <sup>17</sup>	19	100	380	379	99	124,500	113,442	91
57	Antique Electric Cooperative, Inc.	16	100	537	537	100	102,000	86,491	85
58	Capiz Electric Cooperative, Inc.	17	100	473	473	100	156,600	139,278	89
59	Iloilo I Electric Cooperative, Inc.	15	100	794	794	100	137,300	133,222	97
60	Iloilo II Electric Cooperative, Inc.	15	100	587	587	100	128,200	102,639	80

ELECTRIC COOPERATIVES		MUNICIPALITIES/ CITIES		BARANGAYS			CONNECTIONS		
		Coverage/ Energized	%	Potential	Energized/ Completed Todate	%	Potential	Served	%
61	Iloilo III Electric Cooperative, Inc.	13	100	340	340	100	88,100	62,142	71
62	Guimaras Electric Cooperative, Inc.	5	100	98	98	100	31,900	25,209	79
63	VMC Rural Electric Service Cooperative, Inc.	9	100	196	196	100	168,600	125,532	74
64	Central Negros Electric Cooperative, Inc.	6	100	158	158	100	241,400	194,064	80
65	Negros Occidental Electric Cooperative, Inc.	17	100	308	308	100	211,800	153,959	73
	Sub-Total	132	100	3,871	3,870	99	1,390,400	1,135,978	82

REGION VII (CENTRAL VISAYAS)

66	Negros Oriental I Electric Cooperative, Inc.	11	100	285	285	100	112,200	63,437	57
67	Negros Oriental II Electric Cooperative, Inc.	14	100	272	272	100	162,100	128,786	79
68	Bantayan Electric Cooperative, Inc.	3	100	49	49	100	25,800	20,825	81
69	Cebu I Electric Cooperative, Inc.	18	100	366	366	100	125,700	116,396	93
70	Cebu II Electric Cooperative, Inc.	13	100	323	323	100	140,200	133,447	95
71	Cebu III Electric Cooperative, Inc.	5	100	134	134	100	82,900	81,343	98
72	Province of Siquijor Electric Cooperative, Inc.	6	100	134	134	100	21,900	21,346	97
73	Camotes Electric Cooperative, Inc.	4	100	56	56	100	20,000	16,326	82
74	Bohol I Electric Cooperative, Inc.	26	100	603	603	100	140,700	139,255	99
75	Bohol II Electric Cooperative, Inc.	21	100	491	491	100	124,500	113,108	91
	Sub-Total	121	100	2,713	2,713	100	956,000	834,269	87

REGION VIII (EASTERN VISAYAS)

76	Don Orestes Romualdez Electric Cooperative, Inc. <sup>1*</sup>	13	100	499	499	100	77,500	68,387	88
77	Leyte II Electric Cooperative, Inc. <sup>1*</sup>	3	100	196	196	100	66,200	64,419	97
78	Leyte III Electric Cooperative, Inc. <sup>1*</sup>	9	100	285	285	100	48,400	40,160	83
79	Leyte IV Electric Cooperative, Inc.	6	100	245	245	100	64,500	63,998	99
80	Leyte V Electric Cooperative, Inc. <sup>5*</sup>	12	100	414	414	100	126,500	104,118	82
81	Southern Leyte Electric Cooperative, Inc.	19	100	500	500	100	86,300	82,655	96
82	Biliran Electric Cooperative, Inc.	7	100	117	117	100	31,000	28,375	92
83	Northern Samar Electric Cooperative, Inc.	24	100	569	569	100	105,000	58,942	56
84	Samar I Electric Cooperative, Inc.	10	100	427	426	99	59,800	50,547	85
85	Samar II Electric Cooperative, Inc. <sup>2</sup>	16	100	524	524	100	76,300	63,151	83
86	Eastern Samar Electric Cooperative, Inc. <sup>1*</sup>	23	100	596	596	100	83,000	64,133	77
	Sub-Total	142	100	4,372	4,371	99	824,500	688,885	84
	TOTAL VISAYAS	395	100	10,956	10,954	99	3,170,900	2,659,132	84

REGION IX (ZAMBOANGA PENINSULA)

87	Zamboanga del Norte Electric Cooperative, Inc.	23	100	585	585	100	161,600	96,550	60
88	Zamboanga del Sur I Electric Cooperative, Inc.	25	100	628	628	100	166,200	102,213	62
89	Zamboanga del Sur II Electric Cooperative, Inc.	23	100	558	558	100	150,500	101,032	67
90	Zamboanga City Electric Cooperative, Inc. <sup>6***</sup>	1	100	94	94	100	159,000	133,554	84
	Sub-Total	72	100	1,865	1,865	100	637,300	433,349	68

ELECTRIC COOPERATIVES		MUNICIPALITIES / CITIES		B A R A N G A Y S			C O N N E C T I O N S		
		Coverage/ Energized	%	Potential	Energized/ Completed	%	Potential	Served	%
<b>REGION X (NORTHERN MINDANAO)</b>									
91	Misamis Occidental I Electric Cooperative, Inc.	8	100	227	227	100	53,000	51,050	96
92	Misamis Occidental II Electric Cooperative, Inc.	8	100	253	253	100	78,500	77,644	99
93	Misamis Oriental I Electric Cooperative, Inc.	10	100	155	155	100	75,200	72,982	97
94	Misamis Oriental II Electric Cooperative, Inc.	12	100	269	269	100	75,400	62,857	83
95	First Bukidnon Electric Cooperative, Inc.	13	100	303	303	100	148,200	124,077	84
96	Bukidnon II Electric Cooperative, Inc.	10	100	171	171	100	99,500	82,355	83
97	Camiguin Electric Cooperative, Inc.	5	100	58	58	100	19,300	18,748	97
98	Lanao del Norte Electric Cooperative, Inc.	19	100	407	407	100	102,800	81,547	79
	Sub-Total	85	100	1,843	1,843	100	651,900	571,260	88
<b>REGION XI (DAVAO REGION)</b>									
99	Davao Oriental Electric Cooperative, Inc.	11	100	183	183	100	105,500	87,320	83
100	Davao del Norte Electric Cooperative, Inc. <sup>6</sup>	18	100	376	376	100	250,200	162,243	65
101	Davao del Sur Electric Cooperative, Inc.	15	100	337	337	100	184,500	123,984	67
	Sub-Total	44	100	896	896	100	540,200	373,547	69
<b>REGION XII (SOCCSKSARGEN)</b>									
102	North Cotabato Electric Cooperative, Inc.	12	100	348	348	100	157,900	121,515	77
	PPALMA-COTELCO	6	100	195	195	100	85,100	38,743	46
103	South Cotabato I Electric Cooperative, Inc.	10	100	172	172	100	136,300	94,924	70
104	South Cotabato II Electric Cooperative, Inc.	10	100	204	204	100	251,000	151,804	60
105	Sultan Kudarat Electric Cooperative, Inc.	17	100	311	311	100	161,100	67,336	42
	Sub-Total	55	100	1,230	1,230	100	791,400	474,322	60
<b>AUTONOMOUS REGION IN MUSLIM MINDANAO (ARMM)</b>									
106	Tawi-Tawi Electric Cooperative, Inc.	9	100	186	186	100	70,300	12,052	17
107	Siasi Electric Cooperative, Inc.	2	100	66	66	100	15,900	3,593	23
108	Sulu Electric Cooperative, Inc.	16	100	330	330	100	124,900	23,936	19
109	Basilan Electric Cooperative, Inc.	14	100	269	269	100	100,100	38,457	38
110	Cagayan de Sulu Electric Cooperative, Inc. <sup>7</sup>	2	100	17	17	100	6,200	1,895	31
111	Lanao del Sur Electric Cooperative, Inc. <sup>8</sup>	41	100	1,175	1,175	100	165,300	56,357	34
112	Maguindanao Electric Cooperative, Inc.	30	100	404	398	99	204,500	26,232	13
	Sub-Total	114	100	2,447	2,441	99	687,200	162,522	24
<b>CARAGA</b>									
113	Agusan del Norte Electric Cooperative, Inc.	12	100	252	252	100	138,700	137,231	99
114	Agusan del Sur Electric Cooperative, Inc.	14	100	314	314	100	124,300	107,885	87
115	Surigao del Norte Electric Cooperative, Inc.	12	100	203	203	100	70,300	70,201	99
116	Siargao Electric Cooperative, Inc.	9	100	132	132	100	26,600	26,406	99
117	Dinagat Electric Cooperative, Inc.	7	100	100	100	100	23,900	20,914	88
118	Surigao del Sur I Electric Cooperative, Inc.	5	100	112	112	100	66,500	66,251	99
119	Surigao del Sur II Electric Cooperative, Inc.	14	100	197	197	100	69,100	65,075	94
	Sub-Total	73	100	1,310	1,310	100	519,400	493,963	95
	<b>TOTAL MINDANAO</b>	443	100	9,591	9,585	99	3,827,400	2,508,963	66
	<b>T O T A L</b>	1,475	100	36,063	36,052	99	12,523,700	10,152,834	81

reports on h/c as of :

1Sep 2013

4Dec 2012

7MFSR Nov 2011

\* affected by typhoon Yolanda

2Nov 2013

5Jul 2013

8Aug 2008

\*\* Peace &amp; order, floods

3Dec 2010

6Oct 2013

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