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**SENATE**  
**P.S. RES. No. 37**

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**Introduced by Senator WIN GATCHALIAN**

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**A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO  
CONDUCT AN INQUIRY IN AID OF LEGISLATION ON THE RECENT  
MEMORANDA ISSUED BY THE NATIONAL ELECTRIFICATION  
ADMINISTRATION (NEA) ON THE APPOINTMENT OF GENERAL MANAGERS  
OF ELECTRIC COOPERATIVES WITH THE END IN VIEW OF PROTECTING THE  
INTERESTS OF ELECTRIC CONSUMERS**

1           WHEREAS, it is the policy of the State to: i) "promote the sustainable  
2 development in the rural areas through rural electrification"; and ii) "empower and  
3 strengthen the National Electrification Administration (NEA) to pursue the  
4 electrification program and bring electricity, through the electric cooperatives as its  
5 implementing arm, to the countryside even in missionary or economically unviable  
6 areas" under Section 2 of Presidential Decree No. (PD) 269 or the National  
7 Electrification Administration Decree<sup>1</sup> as amended by Republic Act No. (RA) 10531 or  
8 the National Electrification Administration Reform Act of 2013<sup>2</sup>;

9           WHEREAS, under Section 4 of RA 10531 as amended provides that NEA has  
10 supervisory powers over the management and operations of electric cooperatives.  
11 Specifically, it only provides that NEA merely has the powers to "issue preventive or  
12 disciplinary measures including, but not limited to, suspension or removal and  
13 replacement of any or all of the members of the board of directors and officers of the  
14 electric cooperative, as the NEA may deem fit and necessary and to take any other  
15 remedial measures as the law or any agreement or arrangement with NEA may

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<sup>1</sup> Approved on 6 August 1973.

<sup>2</sup> Approved on 7 May 2013.

1 provide” and to “ appoint independent directors in the electric cooperative”. It does  
2 not provide that that NEA has the power to appoint GMs;

3 WHEREAS, On 24 October 2017, the NEA issued Memorandum No. 2017-35 or  
4 the Revised Policy on the Selection, Hiring, Termination of Service/Suspension for  
5 General Managers of Electric Cooperatives (3<sup>rd</sup> Revision) which provides “a uniform  
6 set of standards for the selection, hiring and termination of service/suspension of a  
7 GM”. On 17 January 2018, consequent to the issuance of Memorandum No. 2017-35,  
8 the NEA issued Memorandum No. 2018-004 or the Revised Policy Guidelines on the  
9 Conduct of Examination and Interview for Applicants to the Position of General  
10 Managers of Electric Cooperatives specifying the guidelines on the conduct of  
11 examination and interview of applicants for the position of General Manager (GM), as  
12 initially provided under Memorandum No. 2017-35;

13 WHEREAS, under Memorandum No. 2017-35 and Memorandum No. 2018-004,  
14 the EC Board of Directors is the one vested with the power to appoint the EC GM, and  
15 the role of the NEA is limited only to screening candidates for GM, and preparing a  
16 final list of applicants from which the EC can choose which GM to appoint;

17 WHEREAS, On 13 December 2021, NEA issued Memorandum No. 2021-55 or  
18 the Revised Policy on the Selection, Hiring, Termination of Service/Suspension for  
19 General Managers of Electric Cooperative (4<sup>th</sup> Revision, Amending NEA Memorandum  
20 No. 2017-035 dated 24 October 2017) and Memorandum No. 2021-56 or the Revised  
21 Policy Guidelines on the Conduct of Examination and Interview for Applicants to the  
22 Position of General Managers of Electric Cooperatives Amending NEA Memorandum  
23 No. 2018-004 dated 17 January 2018. The two memoranda superseded Memorandum  
24 2017-35 and Memorandum No. 2018-004 respectively and now vested to the NEA  
25 Board the power to appoint the EC GM;

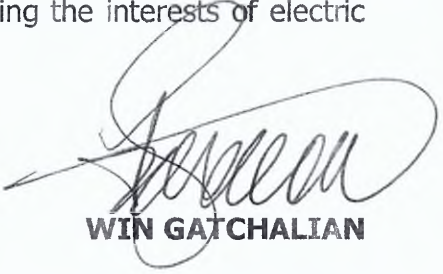
26 WHEREAS, the issuance of these memorandums create confusion that can lead  
27 to disagreements between the electric cooperatives and the NEA. These  
28 disagreements can affect the quality of service of the electric cooperatives and  
29 ultimately affect the electricity consumers. For example in the case of Benguet Electric  
30 Cooperative, Inc. (BENECO), BENECO BOD appointed a GM while NEA also appointed

1 a GM which eventually led to disagreements and ultimately affected the service of  
2 BENEKO to its consumers in the franchise area;<sup>3</sup>

3 WHEREAS, it is important for Congress to ensure the continuous and reliable  
4 electricity service within the franchise area of electric cooperatives by determining as  
5 to who has the power to appoint GMs in accordance with law;

6 NOW THEREFORE BE IT RESOLVED, as it is hereby resolved, to direct the  
7 appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the recent  
8 memorandums issued by NEA on the appointment of general managers of electric  
9 cooperatives with the end in view of ensuring of protecting the interests of electric  
10 consumers.

Adopted,



**WIN GATCHALIAN**

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<sup>3</sup> BENEKO (2021).