



NATIONAL ELECTRIFICATION ADMINISTRATION

"The 1st Performance Governance System-Institutionalized National Government Agency"
57 NIA Road, Government Center, Diliman, Quezon City 1100



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July 12, 2017

MEMORANDUM NO. 2017 – 019

TO : ALL ELECTRIC COOPERATIVES

SUBJECT : Revised Procurement Guidelines and Simplified Bidding Procedures for Electric Cooperatives IRR-RA10531 (2017)

The National Electrification Administration (NEA) has revised the Procurement Guidelines and Simplified Bidding Procedures for Electric Cooperatives to include some provisions which are deemed necessary; and to amend some provisions which were adopted from RA 9184, in line with the revision of the Act in 2016.

The highlights of the amendments are as follows:

- 1) Expanded objectives of the Guidelines.
- 2) Arrangement of Definition of Terms in alphabetical order and detailed definition of some terms.
- 3) Increase the threshold amount of P1Million to 2Million for procurements subject to bidding.
- 4) Exception to the reference of Brand Names.
- 5) **Widened the scope of posting of advertisement, which shall also include posting at the NEA website.**
- 6) Definition of Reservation Clause
- 7) Expanded the Liquidated Damages to include also infrastructure projects.
- 8) Computation of Net Financial Contracting Capacity
- 9) Standard Rates of Bidding Documents
- 10) Exclusion of the Finance Manager as Chairman/Vice-chairman or member of the BAC and TWG
- 11) Advance Payment for Infrastructure Projects.
- 12) Imposition of Penalties to Bidders.
- 13) Imposition of Penalties to EC Officers.
- 14) Honoraria of the BAC, TWG and Secretariat.
- 15) Omnibus Sworn Statement, Affidavit (requirement for the pre-qualification of bidders).

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To ensure transparency, the NEA shall monitor all biddings conducted by the Electric Cooperatives through a Monitoring Report submitted electronically to NEA website or hard copy submitted to the NEA ECAD Office. A designed format for this purpose is attached as part of these guidelines. The NEA website is www.nea.gov.ph.

Please be guided accordingly.


EDGARDO R. MASONGSONG
Administrator





June 23, 2017

THE DIRECTOR

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

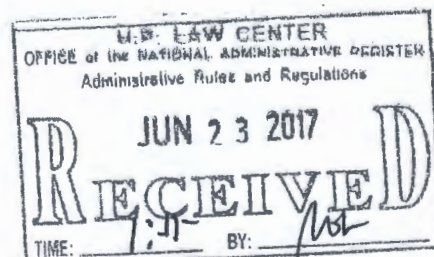
Sir:

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 **REVISED PROCUREMENT GUIDELINES AND SIMPLIFIED BIDDING PROCEDURES FOR ELECTRIC COOPERATIVES IRR- RA 10531 (2017)** 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,

NOLLIE B. ALAMILLO
Acting Corporate Board Secretary





REVISED PROCUREMENT GUIDELINES AND SIMPLIFIED BIDDING PROCEDURES FOR ELECTRIC COOPERATIVES
IRR – RA 10531
(2017)

I. Rationale

Rule II, Section 5 (I) of the IRR of RA 10531 specifically provides that the NEA, in order to strengthen the ECs, shall develop, set and enforce institutional and governance standards for the operation of ECs such as, but not limited to, the observance of appropriate procurement procedure, including transparent and competitive bidding.

Rule II, Section 7 (a.v) of the IRR also provides that the NEA in the exercise of its quasi-judicial functions, shall have primary and exclusive jurisdiction over administrative cases involving complaints against EC officers which also it referred to Members of the Bids and Awards Committee.

II. Objectives

To enforce governance standards for the efficient operation of ECs such as the observance of appropriate procurement procedures for **projects funded by EC Internally Generated Funds, Loans and Reinvestment Fund for Sustainable Capex (RFSC)**, and to conform with the applicable provisions of RA 9184 (Government Procurement Reform Act) relative to projects funded through government subsidies, (GOP) domestic or international grants such as the Asian Development Bank, JICA, etc, the following principles shall govern:

1. Transparency in the procurement process and in the implementation of procurement contracts.
2. Competitiveness by extending equal opportunity to enable private contracting parties who are eligible and qualified to participate in public bidding.
3. Accountability of BAC and EC officials who are directly or indirectly involved in the procurement process where they shall be held liable for their actions relative thereto.
4. Streamlined and Simplified Procurement Process that will uniformly be applied to both stock and non-stock ECs.

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 NOLLIE B. ALAMILLO

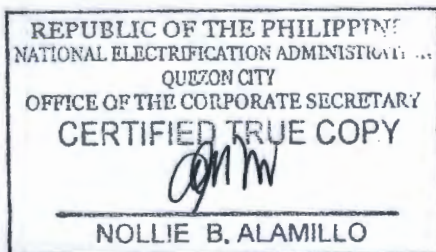
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III. **Definitions of Terms**

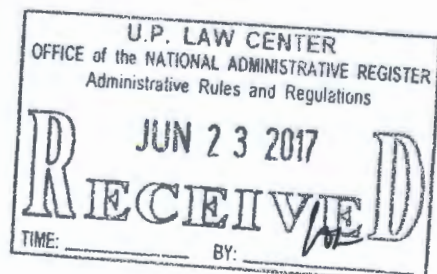
1. **Approved Budget of The Contract (ABC)** – refers to the budget for the contract duly approved by the EC Board as provided for in the EC's approved Cash Operating Budget, Annual Procurement Plan, E-ICPM or ERC approved CAPEX.

The ABC shall be the upper limit or ceiling for the Bid prices.

2. **APP - Annual Procurement Plan**
3. **BAC – Bids and Awards Committee**
4. **Bidding Documents** – refers to documents issued by the EC (duly approved by the Board) as basis for bids, furnishing all informations necessary for a prospective bidder to prepare a bid.
5. **Bid** – refers to a signed offer or proposal submitted by a bidder in response to the Bidding Documents.
6. **CAPEX** – refers to the ERC approved capital expenditures of the EC to be recovered through rate increase.
7. **COB (Cash Operating Budget)** – refers to the EC's budget for a particular year duly approved by NEA.
8. **EC- Electric Cooperative**
9. **E-ICPM** – refers to the NEA approved Enhanced – Integrated Computerized Planning Model of the EC.
10. **HOPE - Head of Procuring Entity** – refers to the EC Board or its duly authorized official. (If the Board authorizes the General Manager, it must be through a Board Resolution).
11. **Lowest Calculated Bid** – refers to the Bid which was determined to be the Lowest Calculated Bid after evaluation which shall be subjected to post qualification to determine its responsiveness to the requirements of the project/s being bided.
12. **Lowest Calculated Responsive Bid** – refers to the bid which was determined to be the Lowest Calculated Bid after evaluation, passed all the criteria for post qualification and was determined to be responsive to the requirements of the projects being bided.
13. **Procuring Entity** – refers to the Electric Cooperative



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IV. EC Procurement Planning

All procurement by the EC shall be based on the approved Cash Operating Budget Supplemental Budget, E-ICPM, and CAPEX which were consolidated into an Annual Procurement Plan (APP) (ANNEX A).

The Annual Procurement Plan shall also include provisions for foreseeable emergencies based on historical data/records. Implementation of projects not included in the APP shall not be allowed.

V. Public Bidding (Competitive Bidding)

This is a method of procurement which is open to participation by any interested party and which consists of the following processes: advertisement, pre-bid conference, receipt and opening of bids, evaluation of bids, post qualification, award of contract, contract signing and Notice to Proceed.

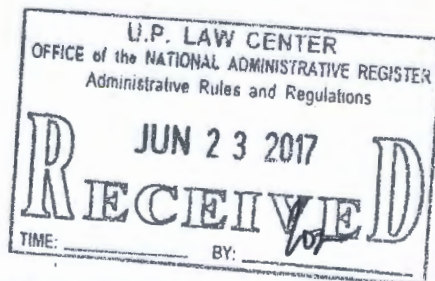
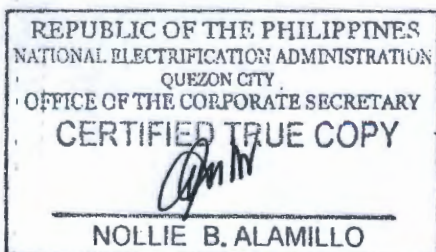
This method shall be used for the procurement of contracts amounting to **P2Million** and above.

A. GUIDELINES ON PUBLIC BIDDING

1. Preparation of Bid Documents by the EC

The Bidding Documents shall include the following:

- a) Approved Budget for the Contract (ABC)
- b) Invitation to Bid
- c) Eligibility Requirements (ANNEX B)
- d) Instructions to Bidders which include the following:
 - 1) Criteria for eligibility
 - 2) Bid evaluation methodology/criteria and post qualification
 - 3) Date, time, and place of the pre-bid conference
 - 4) Submission of bids and opening of bids
- e) Terms of Reference
- f) Scope of Work



g) Plans and Technical Specifications

The specifications for the procurement of goods shall be based on relevant characteristics, functionality, and or performance requirements to meet the needs of the EC. Reference to brand names shall not be allowed except for items or parts that are compatible with the existing fleet or equipment of the same make and brand, and to maintain the performance, functionality and useful life of the equipment.

h.) Form of Bid, Price Form, List of Goods or Bill of Quantities.

i.) Delivery time or Completion Schedule.

j.) Form, Amount and Validity Period of Bid Security.

k.) Form and Amount of Performance Security and Warranty.

l.) Form of contract, General and Special Conditions of the contract. Include in the contract a provision for liquidated damages/penalty clause and warranty.

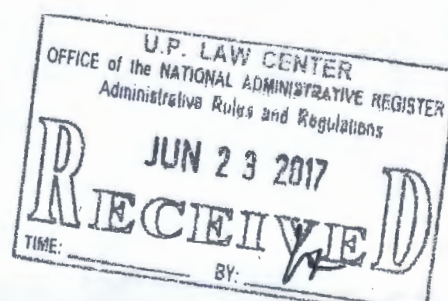
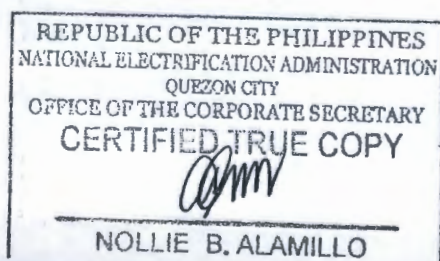
m.) Certification of availability of funds for the project.

n.) Reservation Clause (definition in Section V-F)

2. Invitation to Bid advertised at least once in a newspaper of general and national circulation; posted in **EC and NEA WEBSITE, and in a conspicuous place in the EC premises, and all over its franchise coverage area ie municipal/city hall, market place, Halls of Justice etc.** (certified by BAC Chairman).

❖ Advertisement of Invitation to Bid (Contents)

1. Name of Contract to be bid and brief description
2. General statement on the criteria for eligibility check, examination and evaluation of bids and post qualification.
3. Date, time and place of the deadline for the submission and receipt of eligibility requirements, the pre-bid conference, if any, the submission and receipt of bids, and the opening of bids.
4. The Approved Budget for the Contract (ABC), cite whether exclusive or inclusive of VAT.
5. Source of Funding.



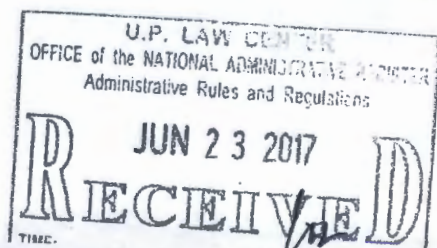
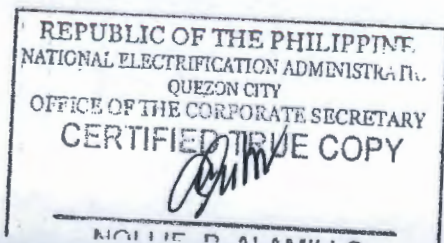
6. Period of availability of bidding documents, place where they may be secured, and price of bidding documents (non-refundable).
7. Delivery Schedule/Completion of Project.
8. Name, address, telephone number, fax number, e-mail and website addresses of the EC, as well as the designated contact person/persons of the Secretariat.

3. Pre-Bid Conference

A pre-bid conference should be conducted (at least 12 calendar days) before the deadline for the submission and receipt of bids. The pre-bid conference shall discuss among other things the eligibility requirements and the technical and financial components of the contract to be bid as stipulated in the Bid Documents. Attendance of the bidders to the pre-bid conference is optional, except when specifically stated in the Invitation to Bid. Only those who have purchased the Bidding Documents shall be allowed to participate in the pre-bid conference and raise or submit written queries or clarifications.

❖ Conduct of Pre – Bid Conference

- a. Attendees to the pre-bid conference are only the prospective bidders who have bought bid documents, or their authorized representative (duly notarized).
- b. The secretariat shall take the minutes of the meeting and preferably video taped; and made available to all participants not later than five (5) calendar days after the pre-bid conference.
- c. Any statement made at the pre-bid conference shall not modify the terms of the bidding documents unless such statement is specifically identified in writing as an amendment or as Supplemental Bulletin.
- d. Bidders who have submitted bids before the issuance of Supplemental/Bid Bulletin have to be informed in writing and allowed to modify or withdraw their respective bids.
- e. Supplemental Bulletin by BAC must be issued not later than 7 calendar days before the deadline for the submission and receipt of bids.
- f. The BAC and the prospective bidders shall synchronize their timepieces in preparation for the scheduled Bid opening. The BAC shall have an official timer.



4. Receipt / Opening of Bids

- 4.a. For purposes of determining the eligibility of bidders, the checklist of criteria stated in Section I of Annex B shall be required, using Non-Discretionary "Pass/Fail" Criteria.
- 4.b. In the opening of bids, the Two Envelope System shall be adopted using Annex B as the working tool.

Envelope 1 containing the Class A and B documents segregatedly filed and labeled shall be opened in the following order:

- | | | | |
|----------|---|---------------------|---------------|
| Folder 1 | - | Legal Documents | } See Annex B |
| Folder 2 | - | Technical Documents | |
| Folder 3 | - | Financial Documents | |
| Folder 4 | - | Class "B" Documents | |

The submitted documents of each bidders shall be examined and checked to ascertain they are all present using a non-discretionary "pass/fail" criterion. If a bidder submits the required document, it shall be rated "passed" for that particular requirement. Hence, bids that fail to include any requirement or are incomplete or insufficient shall be considered "failed" otherwise, the first envelope shall be rated as "passed".

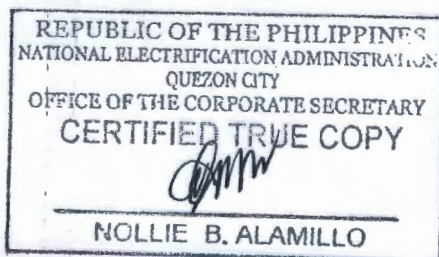
The second envelope (ENVELOPE 2) of the Bid proposal of bidders that were rated failed or ineligible shall no longer be opened and should be returned to the bidder.

5. Bid Evaluation

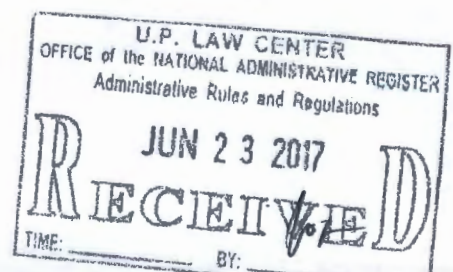
- 5.a After determining compliance with the requirements in the first envelope, the second bid envelope (envelope 2) of each remaining eligible bidder whose first bid envelope (envelope 1) was rated "passed" shall forthwith be opened in the following order:

Envelope 2

- | | | | |
|----------|---|-----------|---------------|
| Folder 1 | - | Technical | } See Annex B |
| Folder 2 | - | Financial | |



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


- 5.b The bidder whose technical bid proposal passed the technical requirements and specifications shall be rated as "passed", after which Folder 2 of the second envelope containing the financial proposal shall be opened.
- 5.c Financial bid proposals higher than the ABC shall outrightly be disqualified. Computational errors and omissions are considered for proper comparison of bids.
- 5.d In the evaluation of bids, the BAC shall evaluate all bids on an equal footing to ensure fair and competitive bid evaluation. For this purpose, all bidders shall be required to include the cost of all taxes such as but not limited to Value Added Tax (VAT), income tax, local taxes and other fiscal levies and duties which shall be itemized in the bid form and reflected in the detailed estimates. Such bids, including taxes, shall be the bases for bid evaluation, comparison and for determining the LOWEST CALCULATED BID.
- 5.e Bids shall then be ranked in the ascending order of their total calculated bid prices, as evaluated and corrected for computational errors, and other bid modifications to identify the "Lowest Calculated Bid"
- 5.f The bid which is determined to be the Lowest Calculated Bid shall be subjected to post qualification.


EVALUATION OF BIDS

In case of discrepancies

1) Figures against word	-----	Words shall prevail
2) Total price per item against price per item multiplied by the quantity	-----	Price per item multiplied by the quantity shall prevail
3) STATED TOTAL PRICE against actual sum of prices of component items	-----	Actual sum of prices of component shall prevail
4) Unit Cost in the detailed estimate against unit cost in Bill of quantities	-----	Unit cost in its bill of quantities shall prevail

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6. Post-Qualification

Objectives

- 6.a To verify, validate and ascertain all statements made and documents submitted by the bidder with the Lowest Calculated Bid as stated in the bidding documents.
- 6.b To determine whether the Bidder with the Lowest Calculated Bid complies with and is responsive to all the requirements and conditions as specified in the Bidding Documents.

Legal Requirements

- Licenses and agreements submitted and the fact that the bidder is not included in any EC or Government "blacklist" (Omnibus Sworn Statement)

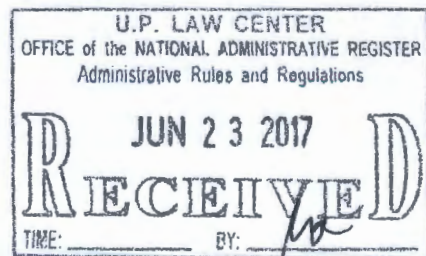
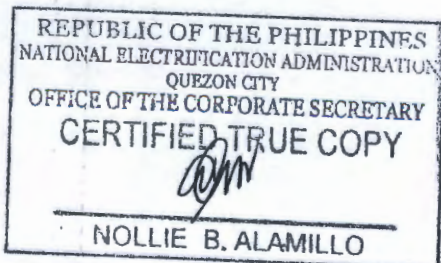
Technical Requirements

- Performance in on-going and completed projects, competence and experience

Verification if any of these contracts shows the Bidder's failure to deliver or perform any or all of the goods, services, or projects within the period specified in the contract or within any extension thereof granted by the Procuring Entity pursuant to a request made by the contractor/supplier to the delay and such failure amounts to at least (10 %) of the contract price.

Financial Requirements

- The required bank commitment to provide a credit line to bidder in the amount specified and over the period stipulated in the Instructions to Bidders, Net Financing Contracting Capacity (NFCC), and audited financial statements to ensure that the bidder can sustain the operating cash flow of the transaction



6.c To declare the "LOWEST CALCULATED RESPONSIVE BID"

If the Lowest Calculated Bid failed in the post-qualification, the BAC shall proceed with its post-qualification process to the next Lowest Calculated Bid until a responsive bid shall have been determined.

The post Qualification process shall be completed in not more than (12) calendar days from the determination of the Lowest Calculated Bid. In exceptional cases, the Post Qualification period may be extended by the HOPE, but in no case shall the aggregate period exceed forty five (45) calendar days for Goods and Infrastructure Projects.

7. Notice of Award

7.a Within three (3) calendar days from the issuance of the BAC resolution recommending award of the contract, the BAC shall notify all other Bidders in writing, of its recommendation.

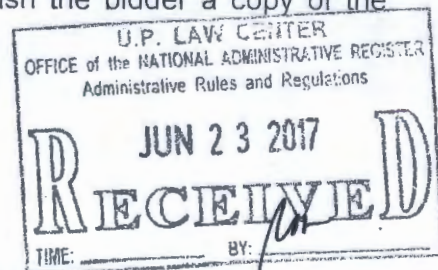
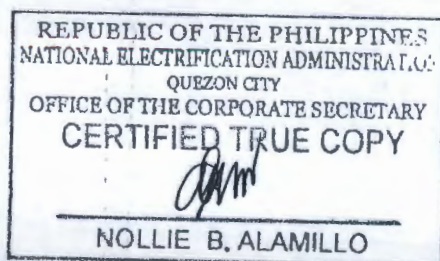
Within a period not exceeding fifteen (15) calendar days from the determination by the BAC of the bidder with LCRB and the recommendation to award the contract, the HOPE or its duly authorized representative shall approve or disapprove such recommendation.

7.b In case of approval, the HOPE or its duly authorized representative shall immediately issue the Notice of Award to the bidder with the Lowest Calculated Responsive Bid; and require the posting of a Performance Security.

7.c In the event of disapproval, which shall be based only on valid, reasonable and justifiable grounds as provided for under (Section V – F) of this guidelines, the HOPE shall notify the BAC and the bidder in writing of such decision and grounds for it.

When applicable the BAC shall conduct a post qualification of the bidder with the next Lowest Calculated Bid immediately after it has notified the first bidder of its post- disqualification, and notwithstanding any pending request for reconsideration thereof, the BAC shall initiate and complete the same post qualification process on the bidder with the second LCB.

A request for reconsideration may be filed by the bidder with the HOPE within three (3) calendar days from receipt of the Notice of Disapproval. The HOPE shall resolve with finality the request for reconsideration within seven (7) calendar days from the filing thereof and furnish the bidder a copy of the



resolution immediately from its promulgation. In no case shall the request for reconsideration stay or delay the bidding process. However, the request for reconsideration must first be resolved before any award is made.

8. **Contract Signing** - within ten (10) calendar days from the receipt of Notice of Award and posting of performance security by the bidder with the "Lowest Calculated Responsive Bid".
9. **Notice to Proceed to be issued by the EC** - not later than seven (7) calendar days from the date of approval of the contract.

B. FAILURE OF BIDDING

❖ **There shall be a failure of bidding if:**

- a) No bids are received
- b) No bid qualifies as the Lowest Calculated Responsive Bid.
- c) The bidder determined to be the "Lowest Calculated Responsive Bid" refuses without justifiable cause to accept the award of contract.

Under any of the above instances, the contract shall be re-advertised and re-bid observing the same process.

C. In case of two consecutive Failure of Biddings

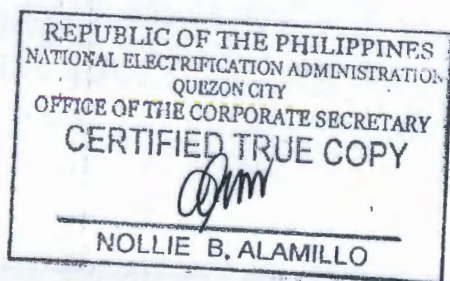
❖ **The BAC shall**

- a. conduct mandatory review & evaluation of the terms, conditions & specifications (TCS), including its cost estimates.
- b. revise the TCS and if necessary adjust the ABC, and conduct a re-bidding with re-advertisement.

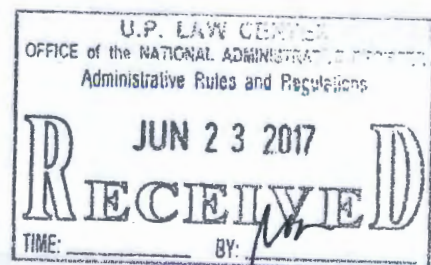
The ABC however cannot be increased by more than 20 % of the ABC for the last failed bidding.

- c. allow all eligible bidders who have previously offered their bid to submit new bids and observe the same process and set the new periods according to the same rules followed during the previous bidding.

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D. Bid Security

1. All bids shall be accompanied by a bid security payable to the electric cooperative as guarantee that the successful bidder shall enter into contract from receipt of the Notice of Award.

Required Bid Security are the following:


<u>Form of Security</u>	<u>Amount</u>
1. Cash, Cashier's check, Manager's check, <u>issued by a Universal or Commercial Bank.</u>	2% of <u>ABC</u>
2. Bank <u>draft/ Guarantee or irrevocable letter of credit issued by a universal or commercial bank</u>	<u>2%</u> of ABC


2. Bid securities shall be returned to bidders that were rated ineligible. However, bids that were rated eligible, bid securities shall be returned only after the bidder with the Lowest Calculated Responsive Bid has signed the contract and furnished the performance security.

E. Performance Security

To guarantee the faithful performance of the winning bidder of its obligations under the contract prepared in accordance with the bidding documents, it shall post a performance security upon the signing of the contract.

<u>Form of Security</u>	<u>Amount</u>
1) Cash, Cashier's check, Manager's check, <u>issued by a Universal or Commercial Bank</u>	} 5% of Contract Price <u>for Goods and Services</u>
2) Bank <u>draft/ Guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank)</u>	
	10% of Contract Price <u>for infrastructure projects</u>

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❖ **Failure to Enter into Contract and post Performance Security**

- a) If for justifiable causes, the bidder with the Lowest Calculated Responsive Bid fails or refuses or is otherwise unable to enter into contract with the EC, or if the bidder fails to post the required performance security within the period stipulated in the Bidding Documents, the BAC shall disqualify the said bidder and shall undertake post qualification for the next ranked Lowest Calculated Bid. This procedure shall be repeated until an award is made.

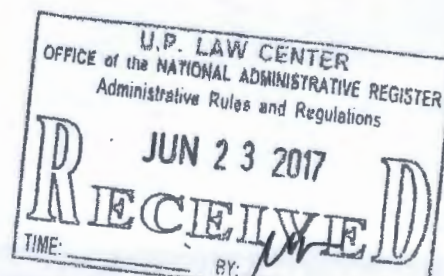
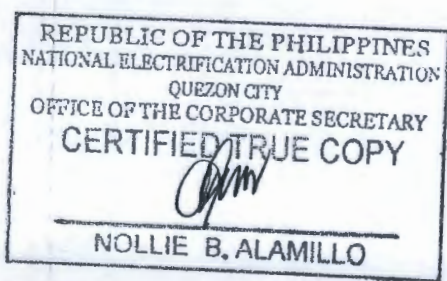
However, if no award is possible, the contract shall be subjected to a new bidding.

- b) In the case of a failure to post the required performance security, the bid security shall be forfeited without prejudice to the imposition of sanctions.

F. RESERVATION CLAUSE

The HOPE reserves the right to reject any and all bids, declare a failure of bidding, or not award the contract in the following situations:

- a. If there is prima facie evidence of collusion between appropriate EC officers or employees, or between the BAC and any of the bidders, or if the collusion is between or among the bidders themselves, or between a bidder and a third party, including any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition;
- b. If the BAC is found to have failed in following the prescribed bidding procedures; or
- c. For any valid, justifiable and reasonable grounds where the award of the contract will not redound to the benefit of the EC, as follows:
- (i) if the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the HOPE;
- (ii) if the project is no longer necessary as determined by the HOPE; or
- (iii) if the source of funds for the project has been withheld or reduced through no fault of the Procuring Entity.



G. Bid Validity

Bids and Bid Securities shall be valid for a reasonable period as determined by the head of the procuring entity concerned, and shall be indicated in the bidding documents, but in no case shall exceed one hundred twenty (120) calendar days from the date of the opening of bids.

H. Liquidated Damages

All contracts executed shall contain a provision on liquidated damages which will be payable in case of breach of contract.

For the procurement of goods, services and infrastructure projects the amount of liquidated damages shall be at least equal to 1/10 of 1% (.01%) of the cost of the unperformed portion of the contract, for every day of delay.

Once the cumulative amount of liquidated damages reaches ten percent (10%) of the amount of the contract the contract shall be rescinded without prejudice to other courses of action and remedies to be undertaken.

I. Warranty

To assure that manufacturing defects shall be corrected by the supplier a warranty shall be required from the contract awardee.

- a) for supplies ----- minimum of 3 months
- b) for equipment ----- 1 year after performance of the contract

J. Computation of Net Financial Contracting Capacity (NFCC)

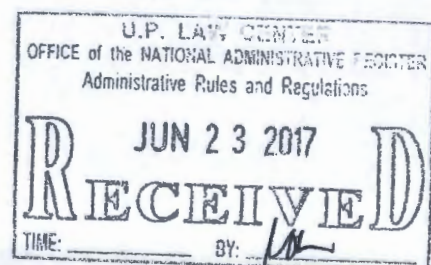
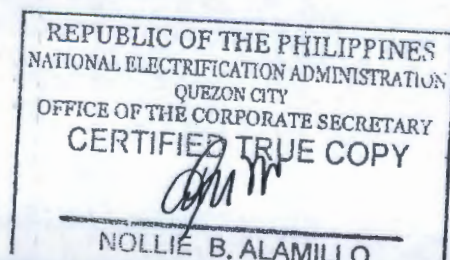
The computation of a prospective bidder's NFCC must be at least equal to the ABC to be bid calculated as follows:

NFCC = [(Current assets minus current liabilities) (K)] minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started, coinciding with the contract to be bid.

Where:

K = 10 for a contract duration of one year or less, 15 for a contract duration of more than one year up to two years, and 20 for a contract duration of more than 2 years.

Note: Use Illustrations A,B,C as tools to simplify computation and as reference for the validation of the bidder's track record in the post qualification process.



K. Timetable of Activities (Annex C and C-a)

L. Selling of Bid Documents

a. To defray the expenses incurred in the preparation of Bid Documents, the Bid Documents will be for sale to interested bidders.

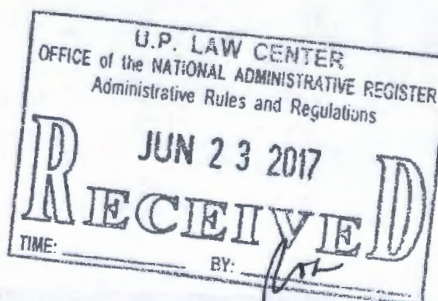
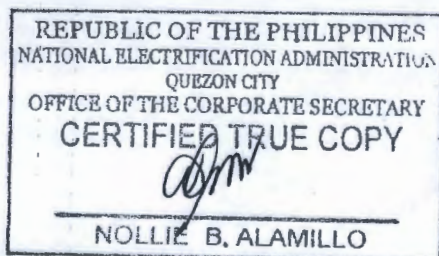
b. STANDARD RATES

The cost of bidding documents shall correspond to the ABC range as indicated in the table below: This shall be the maximum amount of fee that procuring entities can set for the acquisition of bidding documents.

Approved Budget for the Contract	Maximum Cost of Bidding Documents (In Philippine Peso)
500,000 and below	500.00
More than 500,000 up to 1 Million	1,000.00
More than 1 Million up to 5 Million	5,000.00
More than 5 Million up to 10 Million	10,000.00
More than 10 Million up to 50 Million	25,000.00
More than 50 Million up to 500 Million	50,000.00
More than 500 Million	75,000.00

M. The Bids and Awards Committee (BAC) and its Composition

- a. The BAC shall have at least five (5) members, but not to exceed 7 members.
- b. The Chairman and the Vice chairman of the BAC should be an official occupying a department level plantilla position and of permanent status of employment in the cooperative.
- c. The chairman and the members of the BAC shall be designated by the General Manager and confirmed by the Board.
- d. No member of the Board nor the General Manager and nor the Internal Auditor can sit as Chairperson or member of the BAC. The Internal Auditor or its representative however, shall sit as observer during the pre-bid conference and opening bids.



Composition of the BAC

- Chairman } Department level or Area Manager
 - Vice Chairman } except the Finance Manager
 - Members } Department Manager (**except the**
 - Members } **Finance Manager**), Area Manager,
 - Member } Division Manager or Section Head
- from any of the Departments

The members of the BAC shall have a fixed term of one (1) year reckoned from the date of appointment. Term of office can be extended only for another 6 months but for a justifiable reason.

Technical Working Group

- Chairman } Chairman and Members may be
 - Members } composed of department managers
 - Members } (**except the Finance Manager**),
 - Members } division managers and section chiefs
- from a pool of technical, financial and or legal experts to assist the BAC in the procurement process.

Functions of the BAC

- 1) Conducts Pre-procurement planning
- 2) Prepares the bid documents
- 3) Advertise or post the invitations to bid.
- 4) Conduct pre-bid conference
- 5) Determine the eligibility of the prospective bidders
- 6) Receive **and open** bids
- 7) Conduct the evaluation of bids
- 8) Undertake post qualification proceedings
- 9) Resolve requests for consideration
- 10) Recommend award of contracts to the General Manager and to the Board
- 11) Recommend and conduct any of the alternative Methods of Procurement.
- 12) Recommend the imposition of sanctions as provided herein (Section VIII of this guidelines).

N. Functions of the Technical Working Group

Assists the BAC in the conduct of its functions particularly in the preparation of Bid Documents review of the Technical Specifications, Scope of Work, and Terms of Reference, eligibility screening, evaluation of bids, post qualification and resolution of request for reconsideration.

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O. Functions of the BAC Secretariat

- 1) Provides administrative support to the BAC.
- 2) To record attendance during the pre-bid conference and during the opening of bids.
- 3) To maintain all records pertaining to the BAC.
- 4) Organize and make all necessary arrangements for the BAC meetings, attend BAC meetings as secretary and prepare minutes of meeting.
- 5) Prepare BAC resolutions that pertains to recommendations and other matters.
- 6) Responsible for the sale/distribution of Bid Documents to interested bidders.

P. OBSERVERS

To enhance the transparency of the process, the BAC shall invite a representative from the Internal Audit, Employees Union or Association, and from a duly recognized private group in a sector or discipline relevant to the procurement at hand, as observer during the pre-bid conference and opening of bids. The observers shall not have the right to vote or to sit in its proceedings.

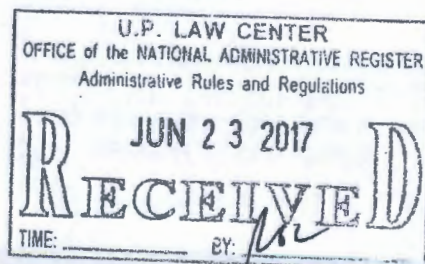
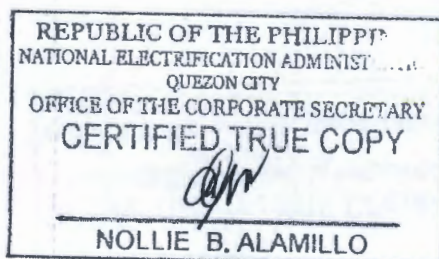
Observers should be invited in writing at least **five (5) calendar days** before the opening of bids. **The absence of observers will not nullify the BAC proceedings provided that they have been duly invited in writing. In the event that a procurement activity has to be postponed, the observers shall be notified immediately of the change in schedule.**

Responsibilities of the Observers:

1. To prepare a report **either jointly or separately** indicating their observations made on the procurement activities for submission to the Head of the Procuring entity (General Manager and the Board), copy furnished the BAC chairman.
2. If no report is submitted by the observer **within 7 calendar days**, then it is presumed that the bidding activity conducted by the BAC followed the correct procedure.

Q. QUORUM

A majority of the total BAC composition shall constitute a quorum for the transaction of business, provided that the presence of the Chairman or Vice-Chairman shall be required.



R. Meetings of the BAC

The chairman or, in his absence, the Vice-Chairman, shall preside at all meetings of the BAC. The decision of at least a majority of those present at a meeting at which there is quorum shall be valid and binding as an act of the BAC. Provided, however, that the chairman or, in his absence, the Vice-Chairman shall vote only in case of a tie.

S. Honoraria of the BAC, TWG and BAC Secretariat

The EC may grant honoraria to the BAC, TWG and BAC Secretariat for every successful completion of the entire procurement project, subject to availability of funds. **Provided however, that the project/s or goods for procurement is or are included in the Annual Procurement plan duly approved by the EC Board.**

Funding will be sourced from the following:

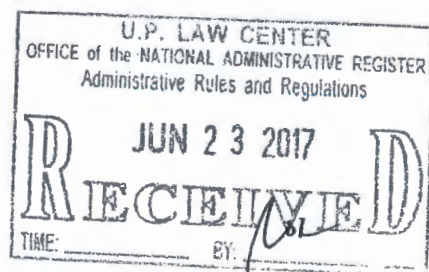
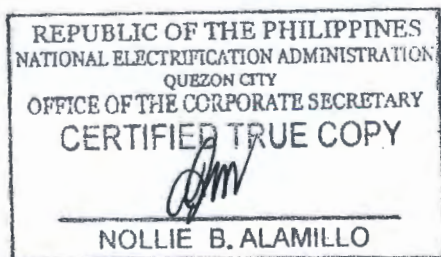
- i. Proceeds from sale of Bid Documents (Net of expenses)
- ii. Forfeited Security and Performance Security
- iii. Accreditation Fees
- iv. Protest Fees
- v. Fees charged for copies of minutes of bid openings, BAC resolutions and other BAC Documents

The Honoraria for each person shall not exceed the rates indicated below per completed procurement project.

	Maximum honorarium rate per procurement project
BAC Chairman	- 3,000
BAC members	- 2,500
TWG Chairman and members; and Secretariat	- 2,000

In the procurement of goods, whereby the procurement project is subdivided into lots, and not all lots were successfully bided, the honoraria for the successfully bided lots shall be pro-rated based on the ABC per lot and the indicated maximum rate of honorarium. The honoraria shall be paid only upon the successful completion of the procurement project.

Successful **completion of each procurement project shall** mean, the contract has been awarded to and accepted by the winning bidder.



VI. Alternative Modes of Procurement

A. Simplified Bidding (Sealed Canvass)

This method of procurement involves direct invitation to bid from a set of at least three accredited/pre-selected suppliers with known experience and proven capability on the requirements of the particular contract.

This method shall be used under the following circumstances:

- 1) Approved Budget of the Contract is P300,000.00 and above but below **P2Million** provided that there is no splitting of procurement.

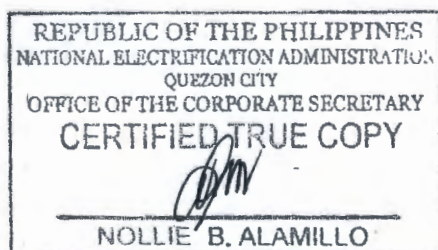
Splitting of contracts – the division or breaking up of contracts in smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the necessity of public bidding.

- 2) Accreditation of suppliers/contractors is updated for the last six (6) months using the prescribed accreditation procedure/requirements.

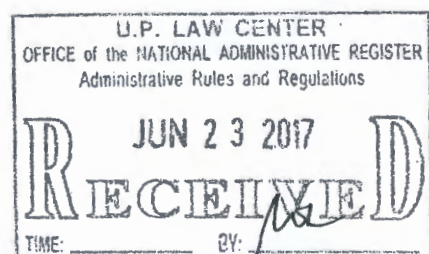
Accreditation Requirements

- a) DTI Business name registration or SEC registration certificate
- b) Valid and current Mayor's permit/municipal license
- c) Tax payer's identification number
- d) BIR Value Added Tax registration
- e) Certification that the supplier/contractor is not black listed or banned from bidding by the government or any of its agencies and other private corporations or electric cooperatives.
- f) Compliance with EO #398
 - a. Proof of VAT payment for the past six months
 - b. Tax clearance from the BIR for the last two quarters
- g) On-going, completed or awarded contract not yet started within the relevant period specifying the following:
 - a. Name of the contract
 - b. Date of contract
 - c. Amount of contract and value of outstanding contracts
 - d. Date of Delivery
 - e. End-user's acceptance if completed

Accreditation – The EC may opt to require accreditation fee and expiration period which shall be determined by the BAC.



18



B. Repeat Order

This is a method of procurement of goods from the previous winning bidder of contract awarded through competitive bidding.

Repeat order must only be resorted to under the following conditions:

- a) Contract on unit price of the repeat order must be the same or lower than those in the original contract, provided that such prices are still the most advantageous to the coop after price verification.
- b) The repeat order will not result in splitting of contracts.
- c) The repeat order shall be availed of only within 6 months from the date of the Notice to Proceed arising from the original contract that was a result of competitive bidding.
- d) The repeat order shall not exceed twenty five percent (25%) of the quantity of each item in the original contract that was a result of competitive bidding.

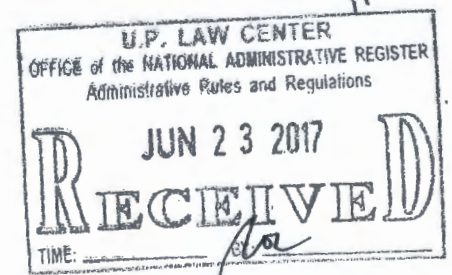
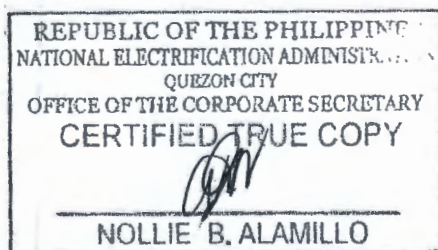
C. Open Canvass/Shopping/Emergency Purchase

This method of procurement simply requests for the submission of price quotations for readily available off the shelf goods or ordinary/regular equipment to be procured directly from suppliers of known qualifications.

This mode of procurement can be resorted to when there is an unforeseen contingency requiring immediate purchase, provided, that amount shall not exceed P300 Thousand; provided further that at least three (3) price quotations from accredited suppliers shall be obtained.

D. Negotiated Procurement is a method of procurement of goods, infrastructure projects and consulting services, whereby the procuring entity directly negotiates a contract with a capable supplier, contractor or consultant in any of the following cases:

- a) Two- failed Biddings - There has been a second failure of public bidding.
- b) Emergency Cases - There exist imminent danger to life or property during a state of calamity, or when time is of the essence arising from actual or man-made calamities.
- c) Take-Over of Contracts. A contract has been rescinded or terminated for causes provided for in the contract and existing laws, procuring entity decides to take over, infrastructure facilities and other public utilities.



- d) Adjacent or contiguous. Where the subject contract is to an on-going infrastructure project, provided, however, that:
- d.1 The original contract is the result of a competitive bidding;
 - d.2 The subject contract to be negotiated has similar or related scopes of work;
 - d.3 It is within the contracting capacity of the contractor/consultant;
 - d.4 The contractor/ consultant uses the same prices or lower unit prices as in the original contract less mobilization cost;
 - d.5 The amount involved does not exceed the amount of ongoing project;
 - d.6 The contractor/ consultant has no slippage/ delay.

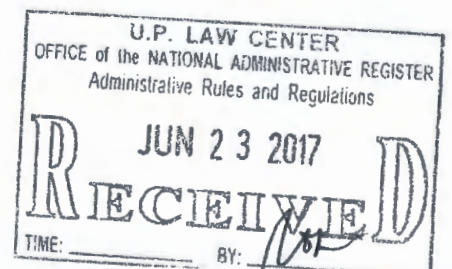
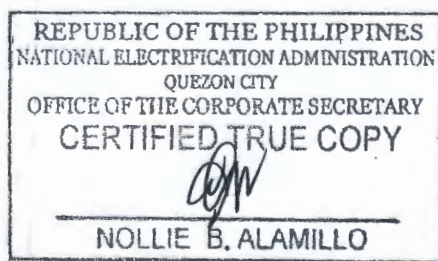
VII. Advance Payment for Infrastructure Projects.

1. The procuring entity shall upon a written request of the contractor which shall be submitted as a contract document, make an advance payment to the contractor in an amount not exceeding fifteen (15%) of the contract price to be made in lump sum or, at the most two installments according to a schedule specified in the Instructions to Bidders and other relevant Tender Document.
2. The advance payment shall be made only upon the submission to and acceptance by the procuring entity of a bank guarantee/draft, or irrevocable letter of credit of equivalent value from a commercial bank.
3. The advance payment shall be repaid by the contractor by deducting fifteen percent (15%) from his periodic progress payments.

VIII. IMPOSITION OF PENALTIES


A. Bidders


1. The HOPE, subject to the authority delegated to the BAC, if any, shall impose on bidders or prospective bidders, the penalty of suspension for one (1) year for the first offense, and blacklisting for the second offense from participating in any competitive bidding being undertaken by the Procuring Entity concerned, for the following violations:



- a) Submission of eligibility requirements containing false information or falsified documents.
 - b) Submission of Bids that contain false information or falsified documents, or the concealment of such information in the Bids in order to influence the outcome of eligibility screening, or any other stage of the competitive bidding.
 - c) Allowing the use of one's name, or using the name of another for purposes of competitive bidding.
 - d) Withdrawal of a bid, or refusal to accept an award, or enter into contract with the Electric Cooperative without justifiable cause, after he had been adjudged as having submitted the Lowest Calculated Responsive Bid.
 - e) Refusal or failure to post the required performance security within the prescribed period.
 - f) Termination of the contract due to the default of the bidder.
 - g) Refusal to clarify or validate in writing its bid during post-qualification within a period of seven (7) calendar days from receipt of the request for clarification.
 - h) Any documented attempt by a bidder to unduly influence the outcome of the bidding in his favor.
 - i) All other acts that tend to defeat the purpose of the competitive bidding, such as habitually withdrawing from bidding, submitting late Bids or patently insufficient bid, for at least three (3) times within a year, except for valid reasons.
2. In addition to the penalty of suspension, the bid security or the performance security posted by the concerned bidder or prospective bidder shall also be forfeited.
 3. The HOPE may delegate to the BAC through a Board Resolution the authority to impose the aforementioned penalties which shall be communicated in writing.

11.

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B. EC Officers, (Board, General Manager), BAC, TWG and Secretariat

Appropriate EC officers, BAC, TWG and Secretariat who commit any of the following acts shall be imposed sanctions in accordance to the NEA-Adcom Rules:


- a) Delaying, without justifiable cause, the screening for eligibility, opening of bids, evaluation and post evaluation of bids, and awarding of contracts beyond the prescribed periods of action provided for in this guidelines.
- b) Unduly influencing or exerting undue pressure on any member of the BAC or any officer or employee of the procuring entity to take a particular action which favors, or tends to favor a particular bidder.
- c) Splitting of contracts which exceed procedural purchase limits to avoid competitive bidding or to circumvent the limits of approving or procurement authority.
- d) Abuse by the Head of the Procuring Entity of his power to reject any and all bids as mentioned under Section V-F of this guidelines, with manifest preference to any bidder who is closely related to him in accordance with (Omnibus Sworn Statement - Affidavit Annex D).

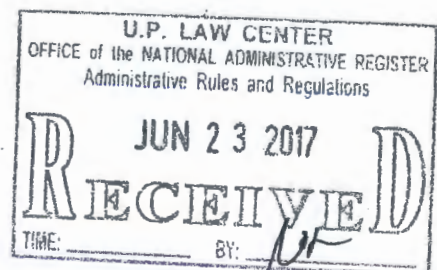
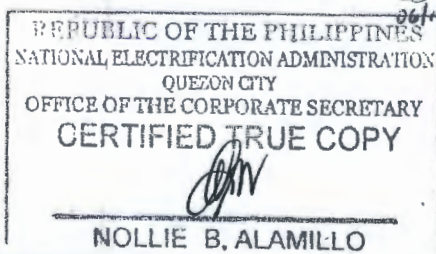
IX. AMENDMENTS

In the implementation of these guidelines, the National Electrification Administration (NEA) may issue additional guidelines or introduce modification thereto through the amendment of its specific provisions as the need arises.

X. EFFECTIVITY

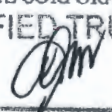
These guidelines shall take effect upon 15 days after publication in a newspaper in national circulation.


EDGARDO R. MASONGSONG
Administrator




ANNUAL PROCUREMENT PLAN

CALENDAR YEAR _____							
PROJECT	Extent/Size of Contract Scope/Packages	Procurement Method	TIME SCHEDULE				APPROVED BUDGET FOR THE CONTRACT
			1	2	3	4	
A. Procurement of Goods/Supplies/Materials/Equipment							
B. Procurement of Civil Works							
C. Procurement of Contracting Services							
D. Provision for Emergency Purchases							
TOTAL							
Prepared by:		Approved by:		Confirmed by the Board:			
Name and Signature BAC CHAIRMAN		Name and Signature General Manager		Board Resolution No. _____			

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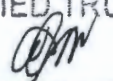
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CHECKLIST OF ELIGIBILITY REQUIREMENTS

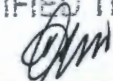
	Supplier A	Supplier B	Supplier C	Remarks
I. Eligibility Requirements (Class "A" Documents)				
A. LEGAL DOCUMENTS: Folder 1 (ENVELOPE I)				
1. DTI business name registration/SEC registration certificate, whichever is appropriate under laws of the Philippines;				
2. Valid and current Mayor's permit/municipal license; (principal place of business)				
3. BIR Value Added Tax registration;				
4. Omnibus Sworn Statement- Affidavit (ANNEX D)				
5. Compliance with E.O.#398				
a. Proof of VAT payments for the past six months.				
b. Tax Clearance from the BIR to prove bidder's full and timely payment of taxes to the government				
c. A Certification under oath from the bidders responsible officers that the bidder is free and clear of all liabilities with the government.				
B. TECHNICAL DOCUMENTS: Folder 2 (ENVELOPE I)				
1. Statement in matrix form all ongoing and completed government and private contracts (service contracts, maintenance contracts, purchase orders, job orders, etc.) within the relevant period, where applicable, including contracts awarded but not yet started, if any. The statement shall state whether each contract is:				
a. Ongoing, Completed or Awarded but not yet started; within the relevant period, where applicable.				
i. The name of the contract;				
ii. Date of contract;				
iii. Amount of contract and value of outstanding contracts;				
iv. Date of delivery;				
v. End-user's acceptance, if completed				

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v. End-user's acceptance, if completed				
b. Statement identifying the bidder's single largest completed contract similar to the contract to be bid within the relevant period as provided in the bidding documents.				
2. PCAB license (Philippine Contractors Accreditation Board) for infrastructure Projects.				
C. FINANCIAL DOCUMENTS: Folder 3(ENVELOPE I)				
1. Complete set of audited financial statements, stamped "received" by the BIR, for the preceding calendar year, which should not be earlier than 2 years from the date of bid submission.				
Complete set of financial statement includes the following:				
1) Balance Sheet				
2) Income Statement				
3) Statement of Changes in Equity				
4) Cash Flow Statement				
5) Notes to Financial Statement				
6) Statement of Management Responsibility for Financial Statement				
2. The prospective bidder's computation for its Net Financial Contracting Capacity (NFCC) should be equal or more than the ABC, or a commitment from a universal or commercial bank to extend to it a credit line if awarded the contract to be bid, in an amount not lower than the amount set by the procuring entity, which shall be at least equal to ten percent (10%) of the Approved Budget for the Contract (ABC) to be bid.				
Class "B" Documents : Folder 4(ENVELOPE I)				
1. Valid joint venture agreement, in case of a joint venture. Each member of the joint venture shall submit the required eligibility documents; and				
II. BID PROPOSALS (ENVELOPE 2)				
TECHNICAL PROPOSAL (Folder 1)				

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1. Bid Security as to form, amount and validity period				
2. Confirming statement on Delivery Schedule				
3. Confirming statement on warranty being offered				
4. Details of Technical Specification				
FINANCIAL PROPOSAL (Folder 2)				
1. Bid prices in the prescribed bid form				

BAC

Name	Signature	Position


TWG

Name	Signature	Position

OBSERVERS


Name	BAC SIGNATURE	Position


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ANNEX "C"
**RECOMMENDED EARLIEST POSSIBLE TIME AND MAXIMUM PERIOD
ALLOWED FOR THE PROCUREMENT OF GOODS AND SERVICES**


Procurement Activity	Minimum Calendar Days Recommended for Activity	Operational Timeline (Recommended Earliest Possible Time)	Maximum Calendar Days Allowed for Activity	Operational Timeline (Maximum Period Allowed)	Conditions / Remarks
Pre-Procurement Conference	1 CD	Day 0	Whenever necessary	0	Optional for ABC of P2Million and below
Advertisement/Posting of Invitation to Bid	7CDs	Days 1 to 7	7 CDs	Day 1 to 7	Start of Availability of Bidding Documents
Pre-Bid Conference	1 CD	Day 8	Whenever necessary	Day 8 to 40	• Not Earlier than 7 CDs from Advertisement / Posting • 12 CDs before Deadline of Submission and Receipt of Bids
Deadline of Submission and Receipt of Bids / Bid Opening	1 CD	Day 20	45 CDs	Day 52	Last day of Availability of Bidding Documents
Bid Evaluation	1 CD	Day 21	7 CDs	Day 53 to 59	
Post-Qualification	2 CDs ³	Day 22 to 23	45 CDs	Day 60 to 104	The bidder must submit all Post-Qualification Requirements within 5 CDs from receipt of Notice as bidder with LCB
Approval of Resolution/Issuance of Notice of Award	1 CD	Day 24	15 CDs	Day 105 to 119	
Contract Preparation and Signing	1 CD	Day 25	10 CDs	Day 120 to 129	
Approval of contract by higher Authority	1 CD		20 or 30 CDs		If Necessary
Issuance of Notice to Proceed	1 CD	Day 26	7 CDs	Day 130 to 136	
TOTAL TIME		26 CDs		136 CDs	Excluding Approval of Higher Authority, if applicable


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ANNEX "C-a"
RECOMMENDED EARLIEST POSSIBLE TIME AND MAXIMUM PERIOD
ALLOWED FOR THE PROCUREMENT OF INFRASTRUCTURE PROJECTS

Procurement Activity	Minimum Calendar Days Recommended for Activity	Operational Timeline (Recommended Earliest Possible Time)	Maximum Calendar Days Allowed for Activity	Operational Timeline (Maximum Period Allowed)	Conditions / Remarks
Pre-Procurement Conference	1CD	Day 0	Whenever necessary	0	
Advertisement/Posting of Invitation to Bid	7CDs	Days 1 to 7	7 CDs	Day 1 to 7	Start of Availability of Bidding Documents
Pre-Bid Conference	1 CD	Day 8	Whenever necessary	Day 8 to 40 ----- Day 8 to 60	• Not Earlier than 7 CDs from Advertisement / Posting • 12 CDs before Deadline of Submission and Receipt of Bids
Deadline of Submission and Receipt of Bids / Bid Opening	1 CD	Day 20	50 CDs ⁴ ----- 65CDs ⁵	Day 57 ----- Day72	Last day of Availability of Bidding Documents
Bid Evaluation	1 CD	Day 21	7 CDs	Day 58 to 64 ----- Day 73 to 79	
Post-Qualification	2 CDs ⁶	Day 22 to 23	45 CDs	Day 65 to 109 ----- Day 80 to 124	The bidder must submit all Post-Qualification Requirements within 5 CDs from receipt of Notice as bidder with LCB
Approval of Resolution/Issuance of Notice of Award	1 CD	Day 24	15 CDs	Day 110 to 124 ----- Day 125 to 139	
Contract Preparation and Signing	1 CD	Day 25	10 CDs	Day 125 to 134 ----- Day 140 to 149	
Approval of contract by higher Authority	1 CD		20 or 30 CDs		If Necessary
Issuance of Notice to Proceed	1 CD	Day 26	7 CDs	Day 135 to 141 ----- Day 150 to 156	
TOTAL TIME		26 CDs		141 CDs or 156 CDs	Excluding Approval of Higher Authority, if applicable

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Omnibus Sworn Statement

REPUBLIC OF THE PHILIPPINES)

CITY/MUNICIPALITY OF _____) S.S.

AFFIDAVIT

I, _____, of legal age, _____,

(Name of Affiant)

(Civil Status)

_____ and residing at _____

(Nationality)

(Address of Affiant)

with law, do hereby depose and state that:

1. Select one, delete the other:

a. If a sole proprietorship:

I am the sole proprietor of _____ with office address at _____;

(Name of Bidder)

(Address of Bidder)

b. If a partnership, corporation, cooperative, or joint venture:

I am the duly authorized authorized and designated representative of _____ with office address at _____;

(Name of Bidder)

(Address of Bidder)

2. Select one, delete the other:

a. If a sole proprietorship:

As the owner and sole proprietor of _____,

(Name of Bidder)

I have full power and authority to do, execute and perform any and all acts necessary to represent it in the bidding for _____ of the

(Name of Project)

(Name of the Procuring Entity)

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- b. If a partnership, corporation, cooperative, or joint venture :

I am granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the

_____ (Name of Bidder)

in the bidding as shown in the attached _____

(State title of attached document showing proof of authorization e.g. duly notarized Secretary's Certificate issued by the corporation or the members of the joint venture);

3. _____ is not "blacklisted" or barred from bidding
(Name of Bidder)

by the Government of the Philippines or any of its agencies, offices, corporations, or Local Government Units, or Electric Cooperatives, foreign government/ foreign or international financing institution whose blacklisting rules have been recognized by the Government Procurement Policy Board, or Electric Cooperatives.

4. Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and informations provided therein are true and correct;

5. _____ is authorizing the Head of the Procuring
(Name of Bidder)
Entity or its duly authorized representative(s) to verify all the documents submitted;

6. **Select one, delete the rest:**

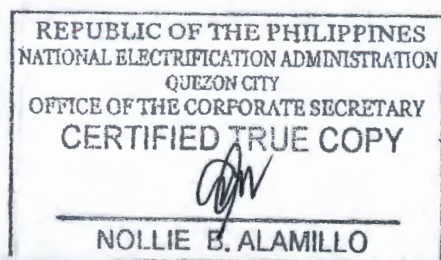
- a. If a sole proprietorship:

I am not related to the Head of the Procuring Entity, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;

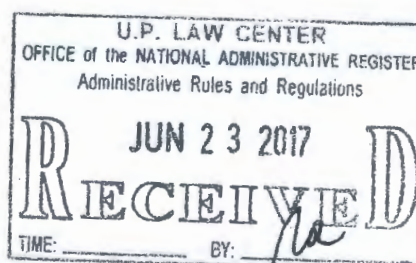
- b. If a partnership or cooperative:

None of the officers and members of _____
(Name of Bidder)

is related to the Head of the Procuring Entity, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;



2



c. If a corporation or joint venture:

None of the officers, directors, and controlling stockholders of _____ is related to the Head of the _____
(Name of Bidder)

Procuring Entity, members of the Bids and Awards Committee (BAC) the Technical Working Group, and the BAC Secretariat, the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;


7. _____ complies with existing labor laws and standards;
(Name of Bidder)

8. _____ is aware of and has undertaken the following responsibilities as a Bidder:
(Name of Bidder)

- a) Carefully examine all of the Bidding Documents;
- b) Acknowledge all conditions, local or otherwise, affecting the implementation of the Contract
- c) Made an estimate of the facilities available and needed for the contract to be bid, if any; and
- d) Inquire or secure Supplemental/ Bid Bulletin (s) issued for the _____
(Name of Project)

9. _____ did not give or pay directly or indirectly, any commission, amount, fee, or any form of consideration, pecuniary or otherwise, to any person or official, personnel or representative of the Electric Cooperative in relation to any procurement project or activity.

fre.

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IN WITNESS WHEREOF, I have hereunto affixed my signature
this _____ day of _____, 20____ at the City
of _____, Philippines.

Affiant

SUBSCRIBED AND SWORN to before me this _____ at the City
of _____, the affiant exhibited to me (any of the following: Passport,
Driver's License, TIN & SSS ID with picture) No/s. _____ and
valid until _____.

NOTARY PUBLIC
UNTIL _____
PTR.NO. _____
TIN _____

Doc. No. _____
Page No. _____
Book No. _____
Series 20 _____

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Kulas Electrical Supplies, Inc.
Summary of projects 2008-2010

ILLUSTRATION A

Name of Company	Project	Contract Price	Date Project Started/ Notice to Proceed	Percentage of Completion	Expected Date of Completion	Outstanding Projects
SANPELCO	10 MVA Substation Supply and Construction	P23M	Aug. 6, 2009	100%		-
MERALCO	20 MVA Substation Supply/ Construction	P28M	Jan. 31, 2010	85%	Dec. 31, 2010	4.2M
KUBELCO	Supply of Concrete Poles 45' - 180 pcs. 45" - 50	26M	June 25, 2010	48%	Dec. 31, 2011	15M
Beauty Electric Co.	Supply of 25 KVA transformers - 100 pcs.	19M	Oct. 5, 2010	35%	Feb. 2, 2011	12.35M
Commissioner's Electric Co.	Construction of 8 Km. 69 KV	20M	Dec. 10, 2010	-	July 21, 2011	20M →
Total						P51.55M

Year
2010 - 21 days
2011 - 12 months
= 12 months and days
Therefore K=15

Assumptions:

- Current Assets - P200M
- Current Liabilities - P196M
- ABC - P 60M
- Opening of Bid - December 2010

Compare P8.45 NFCC against the required ABC of P60M. Computed NFCC of P8.45M is lesser than the ABC of P60M, therefore; the bidder failed.

NFCC = [(Current Assets - Current Liabilities) K] - Value of Outstanding Projects

$$= [(P200M - 196) \times 15] - 51.55$$

$$= [4 \times 15] - 51.55 = 8.45 \text{ NFCC}$$

$$= 60 - 51.55$$

NFCC = P8.45M

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Kulas Electrical Supplies, Inc.
Summary of projects 2008-2010

ILLUSTRATION B

Name of Company	Project	Contract Price	Date Project Started/ Notice to Proceed	Percentage of Completion	Expected Date of Completion	Outstanding Projects
SANPELCO	10 MVA Substation Supply and Construction	P23M	Aug. 6, 2009	100%	-	-
MERALCO	20 MVA Substation Supply/ Construction	P28M	Jan. 31, 2010	85%	Dec. 31, 2010	4.2M.
KUBELCO	Supply of Concrete Poles 45' - 180 pcs. 45" - 50	26M	June 25, 2010	48%	Dec. 31, 2011	15M
Beauty Electric Co.	Supply of 25 KVA transformers - 100 pcs.	19M	Oct. 5, 2010	35%	Feb. 2, 2011	12.35M
Commissioner's Electric Co.	Construction of 8 Km. 69 KV	20M	Dec. 10, 2010	-	July 21, 2011	20M →

P51.55M

Total Assumptions:

- Current Assets - P208M
- Current Liabilities - P200M
- ABC - P 60M
- Opening of Bid - December 2010

Year
2010 - 21 days
2011 - 12 months
= 12 months and days
Therefore K=15

Compare P68.45 NFCC against the ABC. Computed NFCC of P68.45M is more than the ABC of P60M, therefore, the bidder passed.

NFCC = [(Current Assets - Current Liabilities) K] - Value of Outstanding Projects

$$= [(P208M - P200) \times 15] - 51.55$$

$$= [8 \times 15] - 51.55$$

$$= 120 - 51.55$$

NFCC = P68.45M

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Kulas Electrical Supplies, Inc.
Summary of projects 2008-2010

ILLUSTRATION C

Name of Company	Project	Contract Price	Date Project Started/ Notice to Proceed	Percentage of Completion	Expected Date of Completion	Outstanding Projects
SANPELCO	10 MVA Substation Supply and Construction	P23M	Aug. 6, 2009	100%		-
MERALCO	20 MVA Substation Supply/ Construction	P28M	Jan. 31, 2010	85%	Dec. 31, 2010	4.2M
KUBELCO	Supply of Concrete Poles 45' - 180 pcs. 45" - 50	26M	June 25, 2010	48%	Dec. 31, 2011	15M
Beauty Electric Co.	Supply of 25 KVA transformers - 100 pcs.	19M	Oct. 5, 2010	35%	Feb. 2, 2011	12.35M
Commissioner's Electric Co.	Construction of 8 Km. 69 KV	20M	Dec. 10, 2010	-	Jul. 21, 2012	20M →
Total						P51.55M

Year
2010 - 21 days
2011 - = 1 year
2012 - 21 days + 6 month
= 1 year & 7 months & 12 days
Therefore K = 15

Assumptions:

Current Assets - P203M
 Current Liabilities - P196M
 ABC - P 60M
 Opening of Bid - December 2010

Compare P53.45 NFCC against the ABC of P60M. Computed NFCC of P53.45M is lesser than the P60M ABC, therefore the bidder failed.

NFCC = [(Current Assets - Current Liabilities) K] - Value of Outstanding Projects

$$\begin{aligned}
 &= [(P203M - P196) \times 15] - 51.55 \\
 &= [7 \times 15] - 51.55 \\
 &= 105 - 51.55 \\
 \text{NFCC} &= \text{P53.45M}
 \end{aligned}$$

