



Republic of the Philippines
National Electrification Administration

27 July 2007

INSTITUTIONAL ADVISORY NO. 02
 Series of 2007

TO : ALL ELECTRIC COOPERATIVES (ECs)

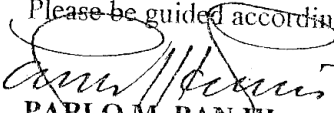
**SUBJECT : GRANTING OF INCENTIVES TO OUTGOING MEMBERS
 BOARD OF DIRECTORS**

The Board of Directors contributes to a large extent for the realization of the vision and mission of an electric cooperative (EC). As the governing body that formulates policies, it helps significantly in transforming the coop into a dependable and reliable organization that provides vital service to the community. Thus, the Board has its share of obligations and responsibilities with the management in maintaining the coop's viability and efficiency.

Through the years, members of the Board come and go, leaving behind them records of valuable service. Except for the usual per diem and reimbursable expenses, the law prohibits them from receiving any form of emolument. Thus, upon separation from the coop, a Director should not receive any financial benefit. It is on this context that NEA has decided to devise a way by which to compensate deserving outgoing members of the Board of Directors.

Henceforth, only the period when a coop is under categories A+/A shall an outgoing Director be entitled to receive a token incentive. No token shall be granted when an EC is under the other lower categories. This shall be valued equivalent to the existing rate of per diems granted per month multiplied by the actual number of years served in the coop, but not exceeding nine (9) years.

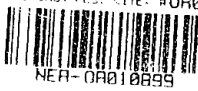
Please be guided accordingly.


PABLO M. PAN III
 Deputy Administrator
 Electric Distribution Utilities Services

Noted:


EDITA S. BUENO
 Administrator

NATIONAL ELECTRIFICATION
 ADMINISTRATION
 IN PERFORMING ALL SITE: HOR010899



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