



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

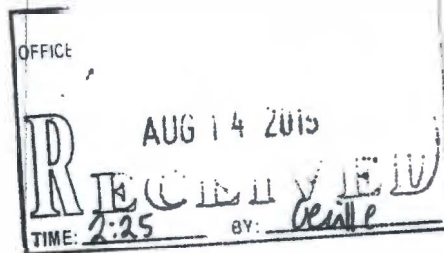


Management
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31 July 2019

MEMORANDUM No. 2019-043



TO : ALL ELECTRIC COOPERATIVES
SUBJECT : REVISED EC MODEL ORGANIZATIONAL STRUCTURE

I. RATIONALE:

The NEA Memorandum No. 2004-024 issued on October 21, 2004 provided for an EC Model Organizational Structure to embrace the Distribution Utility Business provided in Republic Act 9136 otherwise known as Electric Power Industry Reform Act (EPIRA).

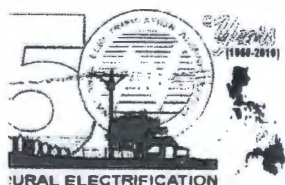
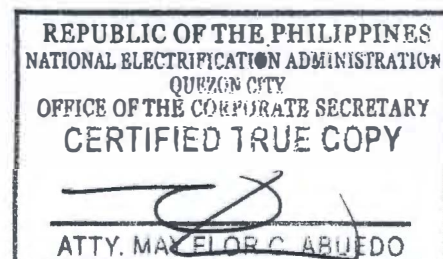
There are major developments in the energy industry since the issuance of the said NEA Memorandum, such as the Business Segregation Unbundling Plan required by Energy Regulatory Commission (ERC) from the Distribution Utilities and also, some ECs have already embarked on related and other businesses allowed under RA 9136.

Further, RA 10531 which was enacted into law on 07 May 2013 expanded the Corporate Powers of Electric Cooperatives to include the power to construct, acquire own, operate and maintain electric Sub-transmission and Distribution Lines including generating within its coverage area.

Moreover, RA 11039 was enacted into law on 29 June 2018 mandating the ECs to ensure the protection, preparedness and mitigation of adverse impact of any fortuitous events or force majeure on their infrastructure and ascertain the ability of their manpower to undertake emergency response for immediate restoration and rehabilitation of their damaged infrastructure.

II. OBJECTIVES

1. To redefine the coop's vision, mission and goals to be globally competitive as partner of the NEA in achieving sustainable rural development through rural electrification;
2. To match the competencies of personnel and functions of the different offices in the EC to the requirements of the EPIRA in the financial, institutional and technical areas of operation;



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3. To institute a lean but mean workforce capable of realizing the vision of a globally competitive electric cooperative;
4. To address the present and future needs of the coop on open access, trading, metering and wire businesses, structurally and functionally, both as EC and as a Distribution Utility; and
5. To provide the EC Model Structure in the event of engagement in other businesses allowed under the present environment.

III. MECHANICS OF IMPLEMENTATION

The coop can start the restructuring process by forming a Committee for the Creation of a New Organizational Structure that will spearhead all efforts and initiatives leading to a new Table of Organization for the EC. It shall be composed of representatives from the financial, institutional and technical sectors with the following members:

- a. Department Managers
- b. Division Managers
- c. Branch Office/Area Managers, and
- d. Representative/s from the Association/Union (maximum of two)

The committee shall be responsible for the following:

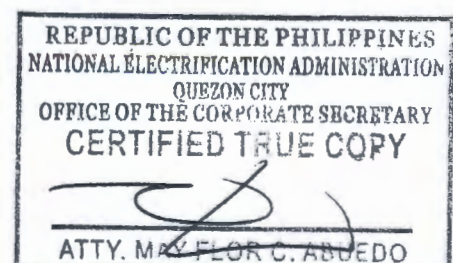
1. Conducting current reality dialogue and environmental scanning;
2. Identifying and analyzing the coop's strengths, weaknesses, opportunities and threats (SWOT) in the deregulated and highly competitive power industry;
3. Defining the vision, mission, and goal/s (VMG) of the cooperative;
4. Defining the core functions of the different departments and offices of their proposed structure;
5. Illustrating the workflow of each activity in all the department to identify and eliminate redundant functions;
6. Formulating the management tools;
7. Submitting the outputs to the General Manager for review and approval; and
8. Presenting the outputs to the Board of Directors for its final approval thru a Board Resolution.

IV. MANAGEMENT TOOLS

After thorough evaluation and deliberation, the Committee is expected to produce the following management tools:

1. Business Structure

The Business Segments and Other Business of the Electric Cooperatives in accordance with RAs 9136, 10531 and 11039 (Attachment A).



2. Functional Chart

To clearly differentiate the functions of the departments from each other in the new organizational structure, the tasks/jobs are grouped according to segments of specialization. The strengthening of the Area Offices by renaming it to Branch Office is encouraged to make coop services more accessible and responsive to the needs of its member-consumer owners or stakeholders (Attachment B).

3. Table of Organization/Organizational Units

The model structure (Attachment C) for a typical EC has six (6) departments, namely:

- a. Financial Services
- b. Institutional Services
- c. Technical Services
- d. Internal Audit
- e. CORPLAN
- f. Branch Offices

4. Organizational Structure

The Model Structure accommodates the business segments and other businesses which the EC may undertake under the EPIRA.

5. Staffing Pattern

The ratio of employees vis-a-vis the number of consumers should be taken into consideration when determining the number of plantilla positions in each department/office. The coop should be "lean and mean" without losing access to the key skills required to manage the operations of the coop.

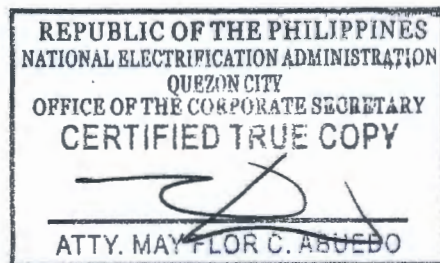
Also, the concept of venturing into outsourcing jobs for the implementation of some engineering functions like construction/rehabilitation of lines, clearing of lines, disconnection, etc. or engaging the MCOs to undertake selected EC activities through MCO Organization can be carefully planned to achieve the desired employee-consumer ratio.

6. Early Retirement Program

A program for employees' early retirement package with cost benefit analysis must be prepared to maintain the standards in the Non-Power Cost Level of ECs.

The possibility of creating a subsidiary or foundation, manned by coop employees who will be adversely affected by the restructuring, can be taken into consideration by the coop when designing the retirement program.

7. Effectivity of the revised EC Management Tools for Reorganization/Realignment



The EC Management Tools for Reorganization/Realignment shall be effective upon approval by the NEA Administrator.

A post monitoring and evaluation shall be conducted by the NEA through the Institutional Development Department (IDD) to determine the proper implementation of the management tools.

V. GENERAL

The model organizational structure is prepared for the ECs to strengthen and sustain the smooth and continuous implementation of the rural electrification program. The determination of the necessary deviations from the NEA-proposed structure is left to the good judgment of the EC Board and management.

VI. AMENDATORY CLAUSE

This supersedes Memorandum No. 2004-024, Series of 2004, "EC Model Organizational Structure".

VII. EFFECTIVITY

This guideline shall take effect fifteen (15) days upon filing with the University of the Philippines (UP) Law Center pursuant to the Presidential Memorandum Circular No. 11, dated October 9, 1992.


EDGARDO R. MASONGSONG
Administrator

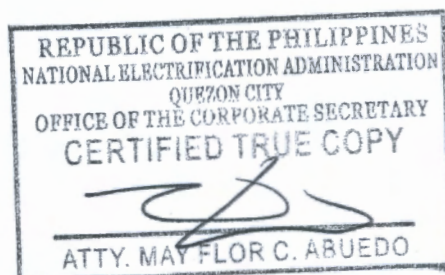
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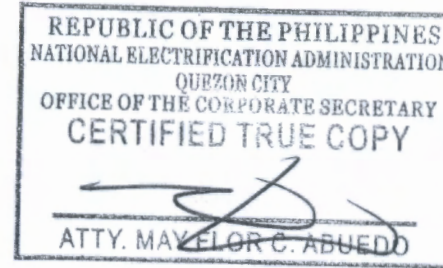
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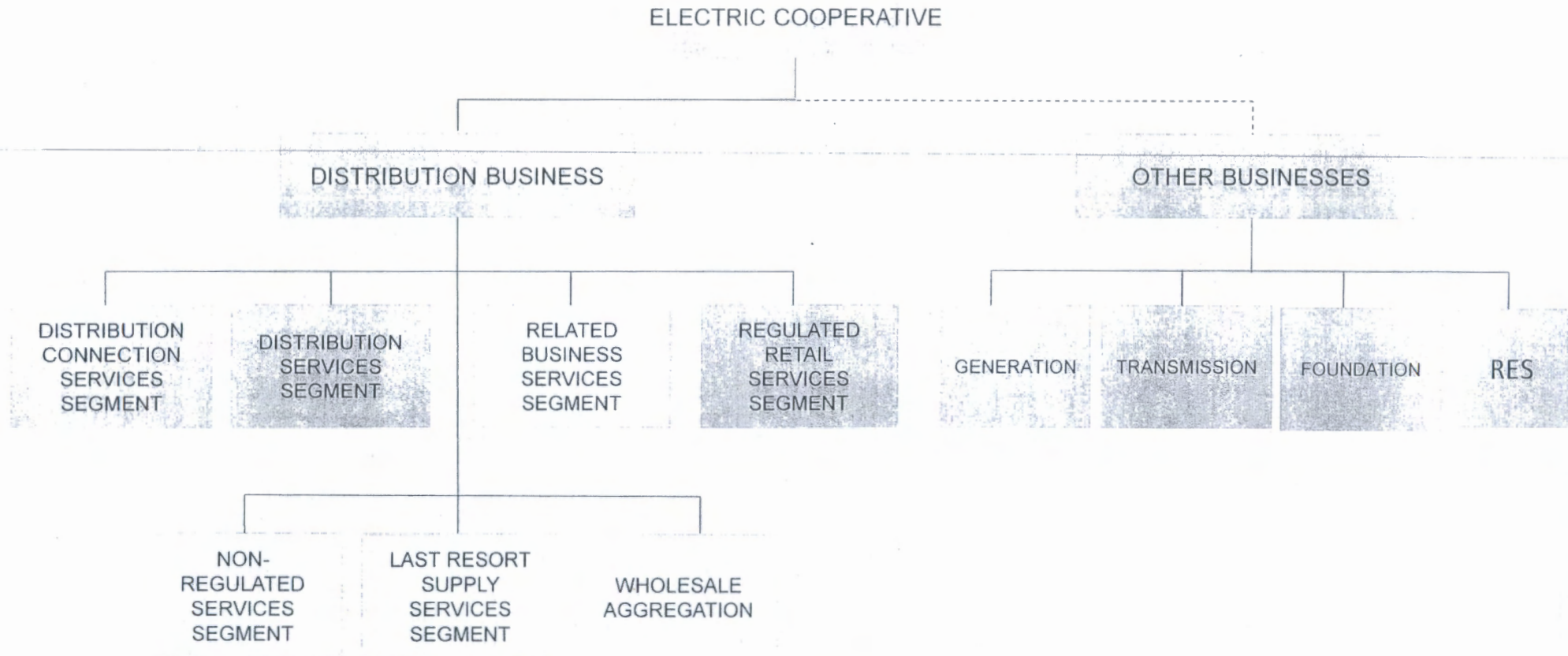
Approved by the NEA Board of Administrators in its meeting on July 31, 2019



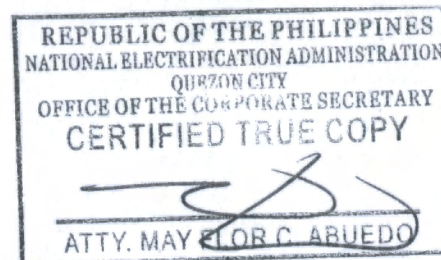
EC Business Structure



ATTACHMENT "A"

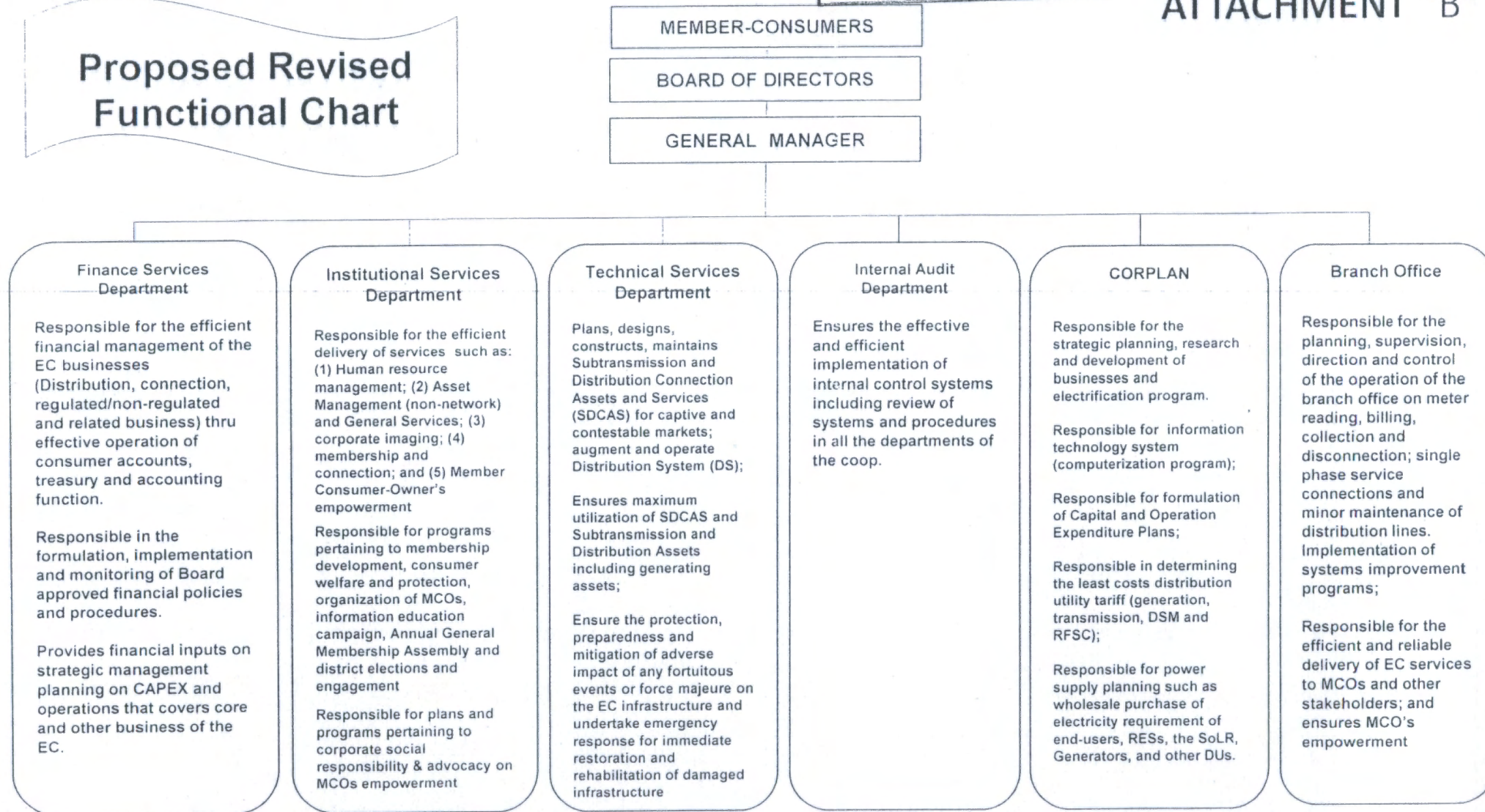


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ATTACHMENT "B"

Proposed Revised Functional Chart



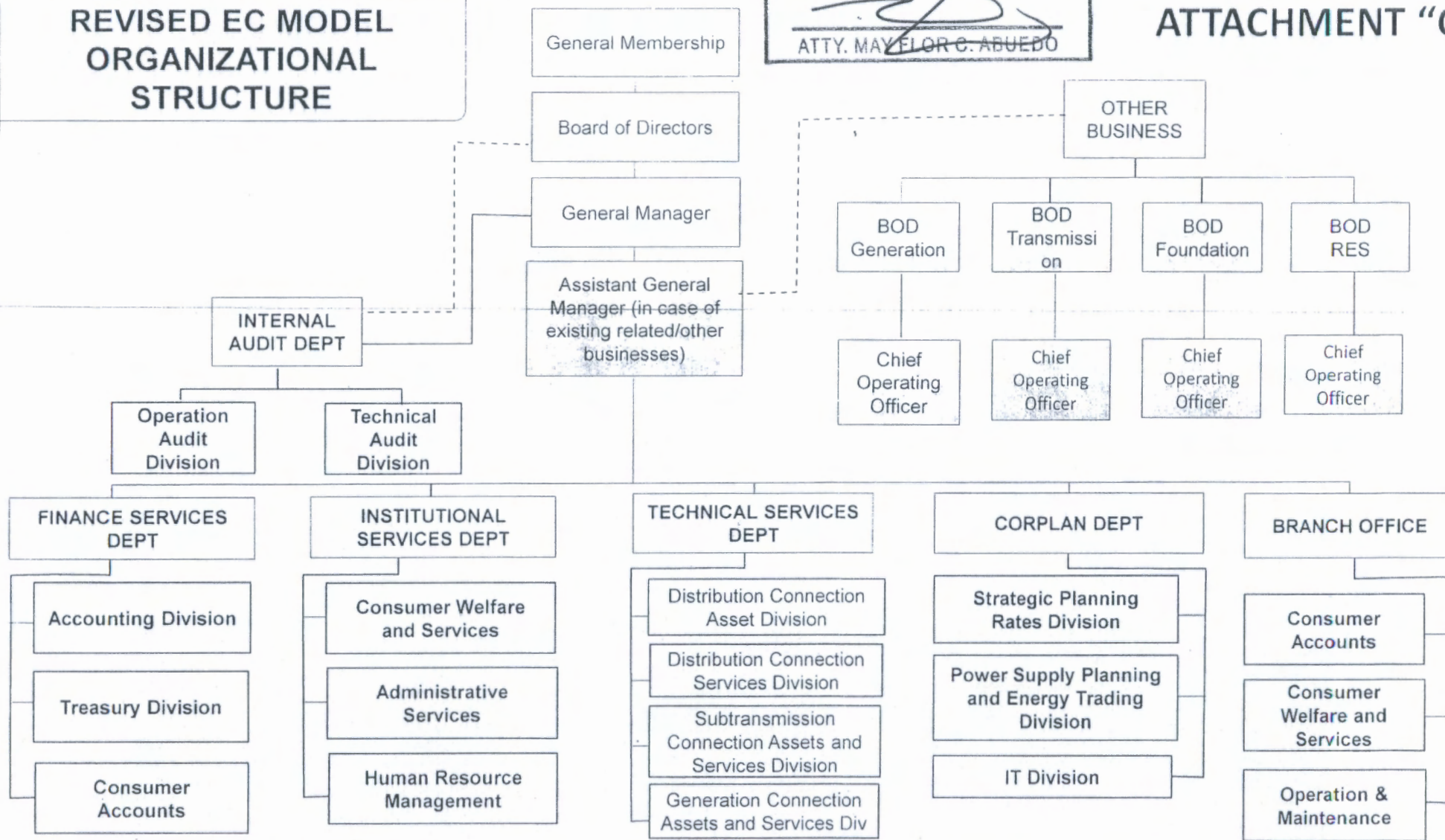
REVISED EC MODEL ORGANIZATIONAL STRUCTURE

REPUBLIC OF THE PHILIPPINES
NATIONAL ELECTRIFICATION ADMINISTRATION
QUEZON CITY
OFFICE OF THE CORPORATE SECRETARY
CERTIFIED TRUE COPY



ATTY. MAYFLOR C. ABUEDO

ATTACHMENT "C"





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August 13, 2019

THE DIRECTOR

Office of the National Administrative Register
University of the Philippines Law Center
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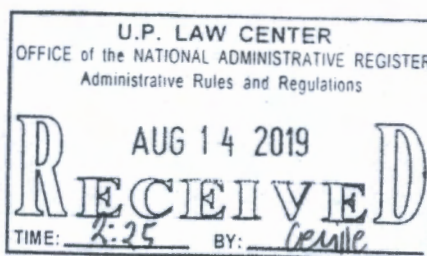
Sir:

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 EC MODEL ORGANIZATIONAL STRUCTURE"** promulgated by the National Electrification Administration (NEA) in accordance with its authority under Section 5 of P.D. No. 269 as amended.

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

Very truly yours.


ATTY. MAY FLOR C. ABUEDO
Acting Corporate Board Secretary V



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