IMPLEMENTING GUIDELINES ON THE CONVERSION OF ELECTRIC COOPERATIVES UNDER R.A. 6938

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Pursuant to Article 122 of Republic Act No. 6938 (The Cooperative Code of the Philippines) and its implementing Omnibus Rules and Regulations on the Registration of Electric Cooperatives under R.A. 6938 approved on 10 February 1994, the following guidelines are hereby jointly promulgated by the National Electrification Administration and the Cooperative Development Authority for the conversion of electric cooperatives.

I

Capitalization

Under Presidential Decree No. 269, as amended, electric cooperatives are basically non-stock, non-profit cooperatives; while under Article 3 of the Cooperative Code, cooperatives contemplated therein should be stock cooperatives wherein it states among others, that "..... the members of the cooperative should make equitable contributions to the capital required and accept a fair share of the risks and benefits of its undertakings in accordance with universally accepted cooperative principles."

Article 14 (5) of R.A. No. 6938 states that "no cooperative shall be registered unless the articles are accompanied by the bonds of accountable officers and sworn statement of the Treasurer elected by the subscribers showing that at least twenty-five per centum (25%) of the authorized share capital has been subscribed and that at least twenty-five per centum (25%) of the total subscription has been paid."

The electric cooperative shall therefore raise their own capital in the following manner:

a. The authorized share capital shall be computed on the bases of the following essential requisites:

1. Total number of actual members of the cooperative;

2. Amount of total fixed assets of the cooperative.

Provided, That in no case shall the authorized share capital be less than fifty per centum (50%) of the total amount of loans released by NEA.

b. The subscribed share capital representing twenty-five per centum (25%) of the authorized share capital shall be subscribed by at least twenty-five per centum (25%) of the total number of actual members.

c. The paid-up share capital representing twenty-five per centum (25%) of the subscribed share capital should come from twenty-five per centum (25%) of the total number of actual members with subscribed share capital.

The par value of each share capital shall be at least One Hundred Pesos (P100.00).

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II

Membership

There shall be two (2) kinds of membership in the electric cooperatives, as follows:

a. Regular Member — a natural person owning at least at least a specified number of share in the cooperatives, to be decided by the general assembly. The regular member shall be a natural person to whom the electric bill is addressed. He shall have the right to vote and be voted upon.

b. Associate Member — such member is a juridical person whose rights and privileges are those stated in the by-laws of the cooperative, but who does not have the right to vote and be voted upon.

III

Purposes

The following are the purposes for the formation of an electric cooperative:

a. Primary Purpose — The primary purpose for which the Cooperative has been formed is to generate, transmit, distribute, promote, and encourage the fullest use of electricity within its franchise area.

b. Secondary Purpose — An electric cooperative may also engage in the following activities:

1. To hold, lease, and/or purchase real and personal property used in connection with the purpose/s stated in these Articles;

2. To undertake such research, technological and educational programs concerned with the purpose/s of the Cooperative that will ensure its viability and growth;

3. To assist in the development of the economic and social status of the communities within its franchise area.

4. To promote cooperativism as a way of life for improving the social and economic well-being of its members; and

5. To undertake other activities for the effective and efficient implementation of the objectives and purposes of the Cooperative. In order to attain any or all of the objectives and purposes herein stated, do any other act and exercise any other power which a person can lawfully do or perform.

IV

General Assembly

The general assembly of the cooperative shall be composed of all the members.

Special and district meetings of the members may be called by the chairman, by a majority of the members of the board, or by not less than 100 regular members or five per centum (5%) of the regular members, whichever is lesser.

V

Quorum of General Assembly Meetings

The quorum requirements of membership meetings for purposes of deciding the following issues are:

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a. Amendment of Articles of Cooperation, By Laws, merger/consolidation, and conversion:

Twenty-five per cent (25%) of all members entitled to vote who may meet in district meetings.

b. Dissolution and disposition of property:

The provisions of Sections 33 and 36 of P.D. No. 269 shall apply, which requires a majority of the members.

c. Others:

A simple quorum of five per centum (5%) of the total regular members or 250 members, whichever is lesser.

VI

Voting System

All regular members shall be entitled to only one (1) vote regardless of the amount of his share capital.

No proxy voting shall be allowed.

VII

Board of Directors

The Board of Directors shall be composed of such members that are elected as representatives of districts.

The term of office of a member of the board of directors shall be three (3) years only. They only be allowed two (2) consecutive terms. Such members as are holding office at the time of permanent registration of the cooperative shall continue in office until such time as their respective terms expire. The term of office as specified herein shall be effective only after the ratification by the general membership of the amended Articles of Cooperation and By Laws.

The by-laws shall prescribe the qualifications and disqualifications for members of the board.

If elected, the members must undergo a seminar on electric cooperatives jointly conducted by the NEA, the CDA, and the PHILRECA within six (6) months from assumption of office.

VIII

Officers

The board of directors shall elect from among themselves the Chairman and the Vice Chairman, and elect or appoint other officers of the cooperative from outside the Board in accordance with their by-laws.

The General Manager of an electric cooperatives shall be appointed by the Board of Directors and confirmed by the National Electrification Administration (NEA) with such qualifications as prescribed in the cooperative by-laws.

The General Manager shall be an Ex-Officio Member of the Board of Directors without voting rights.

IX

Disposition of Property, Assets, and Net Surplus

No cooperative will be allowed to dispose of and/or encumber its properties or assets, except members' equity, if it has a subsisting loan with the NEA, and only upon the approval of the NEA.

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The allocation and distribution of net surplus, if any, shall be governed by the provisions of the Cooperative Code.

Adopted: 04 Sept. 1996

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