

GUIDELINES ON THE REGISTRATION OF ELECTRIC COOPERATIVES WITH THE COOPERATIVE DEVELOPMENT AUTHORITY (CDA) UNDER REPUBLIC ACT NO. 6938

CDA MEMORANDUM CIRCULAR NO. 2004-02, February 10, 2004

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Pursuant to the provisions of Chapter XII of Republic Act No. 6938, otherwise known as the Cooperative Code of the Philippines, and Section 75 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act, the Cooperative Development Authority (CDA) hereby promulgates and adopts the following guidelines to govern the registration of electric cooperatives (ECs) previously registered under Presidential Decree No. 269, as amended, with this Authority.

SECTION 1. COVERAGE OF THESE GUIDELINES. - Due to the expiry of the Omnibus Rules and Regulations on the Registration of Electric Cooperatives (ORREC) on 04 May 1997, electric cooperatives who shall opt to register under RA No. 6938 in accordance with RA No. 9136 (The Electric Power Industry Reform Act) shall be covered by the following guidelines and procedures.

SECTION 2. REGISTRATION DOCUMENTS. - The ECs shall submit the following documents to the nearest Extension Office of the CDA for initial evaluation and review. Once these documents are found to be in order, the Extension Office shall endorse the same to the CDA Central Office for registration.

- Four (4) copies of the General Assembly resolution approving the conversion of the electric cooperative under RA No. 9136, as certified by the Board of Directors;
- Four (4) copies of the Economic Survey, describing the following:
 - Organization structure;
 - Purposes;
 - Certified copies of the Annual Report and Audited Financial Statements for the past two (2) years;
 - Area of Operation specifying the area coverage of the EC, outlining therein the present districts of the EC, if any;
 - Number of members of the EC as of the last fiscal year, and the number of potential members; and
 - List of the present member-consumers.
- Four (4) copies of the Articles of Cooperation in accordance with the provisions of the Cooperative Code, and certified by the Board of Directors of the EC;
- Four (4) copies of the By-Laws in accordance with the provisions of the Cooperative Code, and certified by the Board of Directors;
- Four (4) copies of the Treasurer's Affidavit stating therein:
 - At least twenty-five percent (25%) of the authorized share capital has been subscribed by the members;

- At least twenty-five percent (25%) of the subscribed share capital has been paid-up by the members; and
- The amount of the paid-up share capital that has been received by the Treasurer.
- Four (4) copies of the bonds of the accountable officers of the EC;
- The registration fee, payable to the CDA in cash or in Postal Money Order; and
- Four (4) copies of the Franchise Certificate issued by the National Electrification Commission.

SECTION 3. NATURE OF REGISTRATION OF ECs. - The registration of ECs under R.A. No. 6938 in accordance with R.A. No. 9136 shall not be considered as a change in the nature of the ECs, nor any change in the ownership of the assets of the EC.

SECTION 4. CAPITALIZATION REQUIREMENTS. - As a distinguishing feature of cooperatives registered under R.A. 6938, electric cooperatives are also required to raise the necessary capitalization called the Authorized Share Capital. The paid-up share capital of the cooperative shall be at least 5% of the net worth of the electric cooperative as of December 31 of the last fiscal year of the cooperative. The net worth of the electric cooperative is herein defined to be the total assets less the total liabilities of the EC.

SECTION 5. MEMBERSHIP IN THE ELECTRIC COOPERATIVES. - Membership in the ECs shall be open to all subscribers/users of the services offered by the EC to the general public. There shall be two kinds of membership in an EC, as follows:

- a. Regular Member - a natural person of legal age, Filipino citizen, and owning at least a specified number of common shares in the EC, as may be determined by the board of directors. The regular member shall be such person to whom the electric bill is addressed. He shall have the right to vote and be voted upon. He may also subscribe and pay for a number of preferred share capital contributions.
- b. Associate Member - an associate member is defined as a juridical/natural person who is using the services of the EC under a service connection agreement and owning at least a specific number of preferred shares in the EC.

Members of the EC shall undergo the necessary Membership Education Seminars, which shall be conducted by CDA and the Philippine Rural Electric Cooperatives Association (PHILRECA) as the recognized federation of electric cooperatives. Such seminars shall inculcate in the members the values and principles of cooperatives, and their rights, duties and obligations as members of the EC in accordance with RA 6938.

SECTION 6. SHARE CAPITAL OF THE EC. - The articles of cooperation shall specify the amount and number of both common and preferred share capital of the EC that shall be offered for subscription and paid-up; Provided, however, that the amount and number of preferred share capital shall not exceed one-half of the total authorized share capital of the EC.

The by-laws of the EC shall provide for the rights and privileges for both common and preferred share capital.

SECTION 7. DISTRIBUTION OF SHARE CAPITAL AMONG THE MEMBERS. - Upon approval by the general membership of an EC, its total regular members shall subscribe to at least twenty-five percent (25%) of the authorized share capital and pay for at least one (1) share upon admission and the balance maybe taken from the equitable share of the members in the net worth of the EC.

SECTION 8. GENERAL ASSEMBLIES OF ECS. - Due to the unique nature of electric cooperatives and the number of members comprising the EC, the general assembly of ECs may be conducted through a series of district meetings or assemblies, which may recess from time to time, and wherein the representative of the district

may be elected.

SECTION 9. TERM OF OFFICE OF THE BOARD OF DIRECTORS. - Registration of the EC in accordance with the provisions of RA 6938 shall not impair the terms of office of the members of the board of directors. However, upon the expiration of their terms of office, the provisions of RA 6938 and the registered by-laws of the EC shall apply to them and their successors-in-interest.

SECTION 10. EFFECTS OF REGISTRATION UNDER RA 6938. - ECs that have been duly registered under RA 6938 as evidenced by the Certificate of Registration issued under the seal of the CDA shall, from the date of its registration, be absolutely covered by the provisions of the Cooperative Code of the Philippines and these Guidelines; Provided further, that the EC shall no longer be covered by the provisions of Sections 3 and 5 of Presidential Decree No. 1645.

SECTION 11. IMMEDIATE REGISTRATION. - Due to a lengthier period of time for the preparation of the documents mentioned in Section 2, subsection (c), (d), and (e), the articles of cooperation and by-laws, including their amendments, if any, as filed with the NEA shall be submitted to the CDA, the ECs are hereby given a period of six (6) months from the date of their registration with the CDA to file the articles of cooperation, the by-laws, and the treasurer's affidavit as required under Section 2, otherwise, the EC may be automatically cancelled by the CDA.

For strict compliance.

Adopted: 10 Feb. 2004

(SGD.) RUBEN M. CONTI
Acting Chairman

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