



th
**Foundation
Anniversary**

**45th
Annual General
Membership Assembly**

"Leaving No One Behind: Achieving Total Electrification and
Realizing Social Equitability through Empowerment
of the Rural Communities"



ANNUAL REPORT 2021



50th Foundation Anniversary

45th Annual General Membership Assembly

"Leaving No One Behind: Achieving Total Electrification and Realizing Social Equitability through Empowerment of the Rural Communities"



VISION STATEMENT

Through the guidance of the Divine Providence, LANECO will be a first-class electric distribution utility ready to serve all types of consumers.

MISSION STATEMENT

A distribution utility committed to deliver quality electric service at reasonable rates to the member-consumers towards social progress and countryside development.

7 Corporate Values

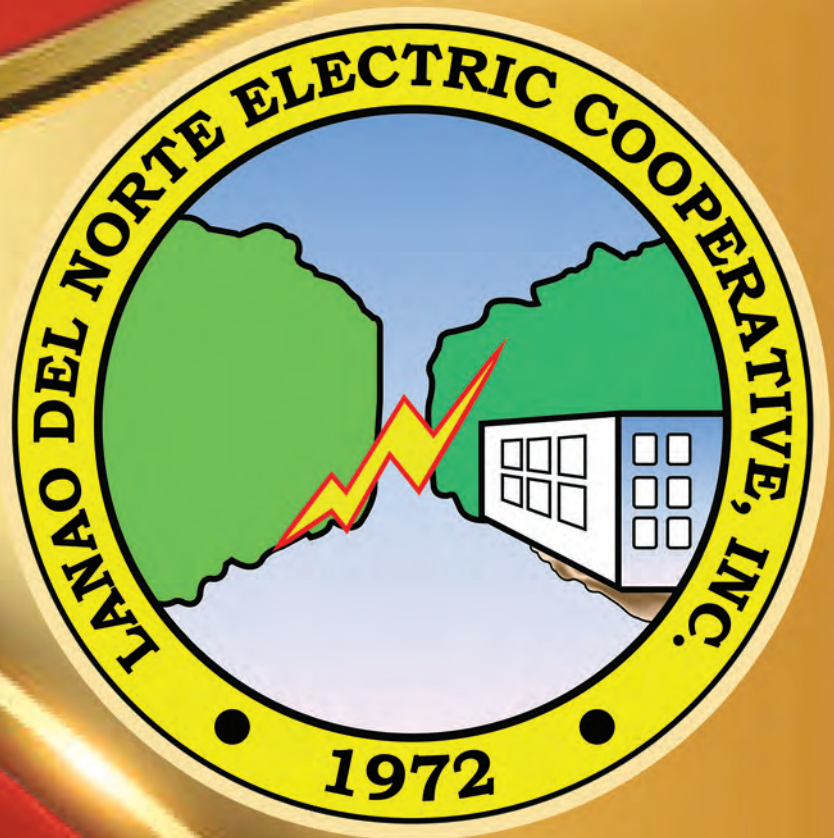
- God-fearing
- Teamwork
- Commitment
- Honesty and Integrity
- Hard work
- Excellence
- Discipline

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THE ANNUAL REPORT

**to the 104,805 Member-Consumer-Owners
on the PERFORMANCE / ACHIEVEMENTS of**



May 29, 2022, 8:00 A.M.

Virtual Platform via ZOOM Cloud Meetings

PROGRAM

PART I	7:00 A.M. – 8:30 A.M.	ZOOM ADMISSION Acceptance time to be on board
PART II	8:30 A.M.	OPENING PROGRAM
I. Opening Prayer		
II. National Anthem		
III. LANECO Hymn		
IV. NEA Hymn		
V. Lanao del Norte Hymn		(AVP)
VI. Welcome Message, Acknowledgment of Guests & Visitors & Presentation of Coop Officials		Director Khalid M. Dimaporo Board Vice President
VII. General Manager’s Message		Zenaida M. Fabunan, MBA
VIII. Messages (AVP)		Hon. Sherwin C. Gatchalian Senator Hon. Presley C. De Jesus Representative, PHILRECA Party-list Hon. Godofredo N. Guya Representative, RECOBODA Party-list Hon. Sergio C. Dagooc Representative, APEC Party-list Hon. Adriano A. Ebcas Representative, APEC Party-list Atty. Janeene Depay-Colingan General Manager, PHILRECA Governor Imelda Quibranza-Dimaporo Province of Lanao del Norte Edgardo R. Masongsong Secretary General, NCECCO Nonito M. Labis President, NORMECA
IX. Introduction of the Guest Speaker		
X. Address		Emmanuel P. Juaneza NEA Administrator Guest Speaker
XI. Awarding of Certificate/ Plaques of Appreciation to the Guest of Honor, Former Board Directors & Other Recipients		
XII. Oath Taking of Directors Elect		to be officiated by Mark Peter P. Cabili Barangay Captain, Poblacion, Tubod LDN
	<ul style="list-style-type: none">• Arnel M. Bucol – Sapad District• Jimmy O. Pormento – Lala District• Karim U. Macarompan – Maigo District	
XIII. Closing Remarks (AVP)		Dir. Cocoy A. Acampong Salvador District

OF ACTIVITIES

PART III

Presiding Officer:

- I. Determination of Quorum
- II. Reading of Proof of Due Publication of Notice of the Virtual 45th Annual General Membership Assembly
- III. Presentation of the Agenda
- IV. Adoption of the Agenda
- V. Reading of Minutes of the 44th Annual General Membership Assembly held last September 25, 2021 (AVP)
- VI. Taking necessary action on the minutes
- VII. Presentation & Consideration of Reports (AVP)

IX. New Business

- X. Open Forum
- XI. Adjournment of the Meeting

PART IV

BUSINESS MEETING

Board Vice President Khalid M. Dimaporo

Dir. Karim U. Macarompan
Board Secretary

Dir. Karim U. Macarompan
Board Secretary

Dir. Karim U. Macarompan
Board Secretary

Karen Rose C. Sara
Executive Secretary/Board Recorder

Board President's Report
by **Dir. Khalid M. Dimaporo**

Technical Accomplishments
by **Engr. Marlon L. Gapol, MBA**
Technical Services Manager

Financial Performance
by **Angelina G. Estrologo, MBA**
Finance Services Manager

Institutional Achievements
by **Beverly Marie C. Cabahug, MBA**
OIC – Institutional Services Department

Electric Billing Rates
by **Marianita B. Terrado, MBA**
Corporate Planning Division Supervisor

Agenda:

1. Renewal of Franchise Status
by: OIC GM Zenaida M. Fabunan
2. Status of Power Supply & Updates on IPPs contracted by LANECO
by: Engr. Marben Pateres
3. Real Property Tax Arrears (1996-2019) / Loan Amortization Update
by: FSD Manager Angelina Estrologo
4. R.A. #11361 Anti-Obstruction Of Power Lines Act
by: TSD Manager Engr. Marlon Gapol
5. Illegal Pole Attachment Without Joint Pole Contract
by: TSD Manager Engr. Marlon Gapol
6. Sale for Resale Agreement between Lanao del Norte Electric Cooperative, Inc. (LANECO) and Iligan Light & Power, Inc. (ILPI) for the municipality of Tagoloan in Lanao del Norte which is within the franchise area of LANECO including two (2) of its barangays namely, Bgry. Dimayon and Bgry. Inagongan
by: CORPLAN Supervisor Marianita Terrado

ELECTRONIC RAFFLE DRAW

To be facilitated by: EMCEE & Prizes Committee

LANECO Prayer

Intro. Oh Lord we pray

Oh Lord we pray

I. Oh Lord we come to you
To ask your guidance for our lives
For us to be a good light bearer
Of hope to those around us

Cho: You have made LANECO
The channel of your love
That thru her service, blessings
Flow from above
Then the people will learn to
Love you more
By the blessings they receive
Thru LANECO, and everything
She can give

II. We are asking for your help
To obtain absolute honesty
To work in total solidarity
And thru your help we'll gain
Maximum efficiency

III. So please Lord bless LANECO
Oh we pray
That she can reflect your love
To the people whom she serves
Obviously you have blessed
her in the past
Bless her today and
Forever we pray

IV. You have made LANECO the
Channel of your love
That thru her service,
Blessings flow from above
Then the people will learn to love
You more by the blessings
They receive
Thru LANECO, and
Everything she can give

Bless LANECO
(Oh lord we pray)
Bless LANECO
(Oh lord we pray)
Amen...

LANECO Hymn

Sa matahum probinsya
sa Lanao del Norte
Sa amihanang Mindanao
May kahayag nga midan-ag
Nga nagdala ug paglaum
Paglaum alang sa kalambuan
Kalambuan alang sa tanan
Sa kinasingkasing nga serbisyo
Sa buhatan sa LANECO

(Chorus)

LANECO mosagubang sa hagit
Sa kalibutanong tigi
Pinaagi sa dekalidad nga pagpangalagad
Buligan ikaw sa kahitas-an
Tungod sa Diyosnon mong katuyoan
Ipasigarbo ko ang ngalan mo
Mahal namo nga LANECO

(Repeat Chorus)

Buligan ka sa kahitas-an
Mahal namo
Mahal namo nga LANECO

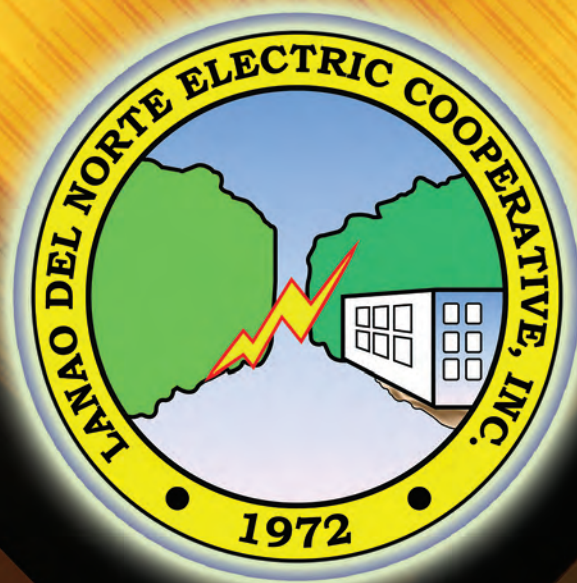
Panunumpa

Nangangako ako, bilang tagapagpalaganap
ng programang elektripikasyon na
pagsisilbihan ko ang aking inang bayan;

Gagampanan ko ang tungkuling ito upang
maitaas ang antas ng kabuhayan sa
pagbibigay ng liwanag;

Isusulong ko ang kaunlaran ng aking
bayan; at taos puso akong nangangako
na tatahakin ko ang landas na tama at
matuwid at laging isasaisip ang kapakanan
ng kapwa ko Pilipino.

Kasiyahan nawa ako ng Diyos.



MESSAGES
FROM THE
PILLARS
OF THE

RURAL ELECTRIFICATION PROGRAM

Successfully implemented in Lanao del Norte through the Lanao del Norte Electric Cooperative, Inc. (LANECO) under the supervision of the

National Electrification Administration (NEA)



MALACAÑAN PALACE
MANILA



My warmest greetings to the **Lanao del Norte Electric Cooperative, Inc. (LANECO)** as it celebrates its **50th Foundation Anniversary** and holds its **45th Annual General Membership Assembly**.

Among our key national development goals is to strengthen our countryside communities by achieving total electrification and promoting social equitability. As you gather in this event, I hope that you will continue to meet the highest standards of rural electrification and map out the strategies that will improve your services.

Now that technologies thrive due to the demands of the times, power providers have become dependable and crucial enablers of social mobility. I urge the LANECO to remain open to the latest developments in the industry so that you can explore more areas where you can be of better help to our people. May you also keep your performance attuned to our prescribed government regulations.

As you move forward bearing everything that you have learned from the past, may our love for the country reign triumphant as we realize our highest dreams and aspirations.

I wish you a meaningful celebration. Mabuhay kayong lahat.

RODRIGO ROA DUTERTE
President



My warmest greetings to all the members of the **Lanao del Norte Electric Cooperative** as you come together for your 45th Annual General Membership Assembly!

The past two years have been difficult for everyone. The energy sector, as I am sure you know, has had its share of challenges. But as leaders of the industry, we have an opportunity to learn from the pandemic and reshape our society towards a more sustainable future.

As we face the greatest challenge of our time in COVID-19, we look to you to lead the way by innovating, evolving and transforming the way we do business. In your theme, you call upon one another to “(Leaving No One Behind: Achieving Total Electrification and Realizing Social Equitability Thru Empowerment of the Rural Communities.” As you gather today, bring this theme to life: Explore opportunities to improve processes, find ways to unshackle yourselves from fossil fuel dependence, and work with government to improve regulation and service in the power sector. Most of all, continue to immerse yourselves in the lives of the communities and people you serve. This way, you will shape the destiny of this nation and bring us forward toward a brighter vision of the future.

It is clear: There is no way through this crisis but together. So let us all rise as one society, bound not only by this crisis, but by our shared aspirations of a kinder, fairer, more just world, where no one is left behind.

Maraming salamat and may you have a successful gathering today!




LENI ROBREDO
Vice President



Senate of the Philippines



My warmest greetings to all officials and members of the **Lanao del Norte Electric Cooperative, Inc. (LANECO)** as you hold your 45th Annual General Membership Assembly and 50th Foundation Anniversary.

The COVID-19 pandemic made us realize the importance of flexibility and reliance on local solutions. It also encouraged us to work on the transition to clean energy.

The price of electricity in the country remains high despite the plummeting price of coal and oil in the global markets during the lockdown periods. We have to re-think our continued dependence on imported sources and shift to renewable ones which have proven reliability and are relatively cheaper.

As the Chairman of the Senate Energy Committee, I have proposed several legislations promoting new energy technologies and boosting renewable energy sources while keeping energy costs affordable.

The Microgrid Systems Act, which I filed, aims to provide 100 percent electrification in the unserved and underserved areas in the country.

We will continue with our needed research so that the country can move towards a clean energy transition as we build back better during our recovery from the COVID-19 pandemic.

It is my fervent hope that through this occasion, may you strengthen your resolve in relentlessly pushing for programs and initiatives benefitting your stakeholders and the communities you provide service with.

More power to all of you!


SENATOR WIN GATCHALIAN
Senate
Chairman, Committee on Energy



Greetings to the Member-Consumer-Owners (MCOs), Board of DIRECTORS, Management and Staff of Lanao Del Norte Electric Cooperative, Inc. (LANECO) on your 45th Annual General Membership Assembly (AGMA) and 50th Founding Anniversary with the theme, **“Leaving No One Behind: Achieving Total Electrification and Realizing Social Equitability thru Empowerment of the Rural Communities”**.

In our passionate efforts to bring light to the farthest sitios in the country and as we continue to overcome the difficulties in the Rural Electrification Program, I feel confident of the strong partnership with LANECO. Through our common goal to empower our rural citizens and spur economic activities in the countryside, we have been able to keep gains necessary for the rapidly evolving economy and enjoy a momentum of growth and development.

Nowadays, our industry is surrounded by various challenges. In trying times like these, our commitment and determination is essential to the people and communities we serve, I call on LANECO, to remain determined and unwavering in its aspiration to serve and remain a viable distribution utility which the MCOs can depend on. It is vital for LANECO to remain operationally better, stronger, and more resilient to overcome the odds that come its way.

With your commitment to uphold the welfare of the MCOs, I have hopes that you will continue to put the best interest of power consumers' and the need to keep elevating the standards of public service your priority. In the end, we are defined by what we do on the ground to achieve excellent quality of service for the people.

Let us all lead by action to keep moving forward. Let us learn to embrace the challenges that seek to strengthen us. And let us put faith in what is always possible to do to keep us motivated for the many years of service ahead.

I wish you a fruitful and engaging assembly, and may this gathering be a source of inspiration for everyone. Rest assured that the National Electrification Administration will support you as you carry on with your electrification mandate. Hand in hand, we can work together in accomplishing the government's agenda of electricity access for all and inclusive growth and our countrymen's dream for a better and more productive life.

All the best to LANECO! Mabuhay!

EMMANUEL P. JUANEZA

Administrator

National Electrification Administration (NEA)





Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



Brightest greetings to the Warriors of Light and Members of (LANECO)

Let me express my warmest congratulations on your 45th Annual General Membership Assembly and 50th Founding Anniversary.

Sa loob ng limang dekada, napakalaking papel ang ginampanan ng LANECO sa pagsulong ng pailaw sa ating mga kanayunan. Bilang isang no-profit na kooperatiba, hindi ginawang negosyo ng LANECO ang paghahatid ng ilaw sa mga kabahayan ng mga komsumante. Bagkus, ang tapat na serbeyond LANECO ay inialay nila upang magkaroon ng kuryente sa mga kabahayan, mapaunlad at mapalago ang turismo, masiguro ang tuloy-tuloy na serbisyo ng mga institusyon gaya ng mga ospital, at paaralan, at magbigay daan sa mas maliwanag na bukas ng mga konsumante. Sa lahat ng bumubuo ng LANECO, maraming salamat pos a pagiging tunay na katuwang ng PHILRECA!

I would like also to greet and acknowledge your leaders, General Manager, Ms. Zenaida M. Fabunan, Board President, Engr. Baldomero N. Zamora, and all the Warriors of Light of LANECO for the efficient service to our member-consumer-owners in Lanao del Norte. PHILRECA shares your vision and mission of achieving 100% rural electrification to boost the economy, accelerate sustainable development, and promote progress in the countryside through the delivery of efficient, affordable, and reliable power supply.

Despite the adversities and challenges face by LANECO, it remained steadfast in its duty and continued to serve. As long as we remain in solidarity with our MCOs, there is nothing we cannot conquer. Once again, congratulations on another year of unwavering dedication to bring light and hope for a better future for our MCOs in Lanao del Norte.

Kami po sa PHILRECA ay tunay na saludo sa LANECO. Sa aming patuloy na serbisyo sa inyo sa Kongreso, karangalan naming ang inyong patuloy na suporta sa ating adbokasiya.

Sa PHILRECA, Protektado ang LANECO! Power On, LANECO!

HON. PRESLEY C. DE JESUS
Representative, PHILRECA Party-List



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

APEC Party-List wishes to express its solidarity with Lanao del Norte Electric Cooperative on your 45th Annual General Membership Assembly and 50th Foundation Anniversary!

I would also like to acknowledge the hard-working LANECO Warriors of Light, led by the dynamic General Manager, Mrs. Zenaida M. Fabunan, Board President, Engr. Baldomero N. Zamora, Board of Directors, Area Managers, Supervisors, and all the men and women behind LANECO, the courageous and passionate employees who have vital duties and tasks to keep the operations running. On your golden year, I salute all of you for rising to the occasion: not even the pandemic can stop LANECO from fulfilling its mandate: to bring light and progress to the countryside.


Sa loob ng limang dekada, isa ang LANECO sa mga non-profit electric cooperatives na nagdala ng ilaw sa Lanao del Norte. Bilang isa sa mga aktibong miyembro ng APEC Party-List, isang karangalan ang maging boses ng LANECO sa Kongreso. Kasama ninyo ang APEC sa pagharap sa mga pagsubok at hamon na inyong kinakaharap. Nais ko ring magbigay ng pasasalamat at pagsaludo sa LANECO na hindi ginawang negosyo ang serbisyo. Naniniwala akong mananaig ang inyong malinis na hangarin para sa mga konsumante: magpailaw, magsrbesyo, at mag-alay ng pantay-pantay na pailaw para sa lahat.

As we strive to represent the electric cooperatives and member-consumers in Congress in the coming years, we wholeheartedly ask for your continued support and dedication. The task at hand cannot be accomplished alone; our accomplishments have always been products of working together.

Sa aming muling paglilingkod Kongreso, ang APEC Party-List ay buo ang supporta sa mga electric cooperative at member-consumer-owners. Para sa inyo ang boses ng APEC.

Serbisyong Abtik para sa LANECO! Serbisyong Abtik para sa One EC-MCO Movement!




HON. SERGIO C. DAGOOC
Representative, APEC Party-list
Assistant Minority Leader



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



Pagbati sa lahat ng bumubuo sa Lanao del Norte Electric Cooperative Inc. para sa inyong ika-45 taon ng Annual General Membership Assembly at ika-50 taon ng Annibersaryo!

Sangalan ng RECOBODA Party-List ay taos puso akong nagpapasalamat sa pamunuan at kawani ng LANECO: OIC General Manager Zenaida M. Fabunan at Board President Engr. Baldomero N. Zamora; sa Board of Directors, Management at sa lahat ng mga empleyado. Hanga ako sa inyong husay at dedication at tungkulin sa kabila ng ating mga kinakaharap na pagsubok. Sa loob ng limang dekada ay napapanatili ninyo ang pagiging isang top-performing electric cooperative. Nawa'y patuloy pa ang inyong maganda at tapat na serbisyo sa mga member-consumer-ownerws.

Ipinapaabot ko rin ang aking pag bati sa mga member-consumer-owner ng LANECO. Salamat sa inyong suporta, tiwala at pakikiisa sa inyong kooperatiba. Tiwala akong sa pangunguna ng mga mahuhusay na lider at kawani ng LANECO ay patuloy pang uusbong ang inyong kooperatiba upang matagumpay kayong mapagsilbihan at matugunan ang inyong mga pangangailangan.

Bilang inyong kinatawan sa Kongreso, makakaasa kayo na kami sa Power Bloc ay masugid na magsusulong ng mga batas at programa para sa kapakanan at interest ng mga kooperatiba at ng mga member-consumer-owners. Kami ay kaagapay niyo sa adhikain na maingat ang antas ng pamumuhay sa kanayunan at mabigyan ng magandang kinabukasan ang mga mamamayan.

Muli, ipinapaabot ko ang aking maligayang pag-bati sa inyong ika-45 taon ng Annual General Membership Assembly at ika-50 taon ng Annibersaryo!

MabuaH yang LANECO!


HON. GODOFREDO N. GUYA
Representative, RECOBODA Party-List



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

With great honor, I would like to extend my warmest greetings to the esteemed men and women of Lanao Del Norte Electric Cooperative, under the leadership of the good OIC-General Manager Ms. Zenaida M. Fabunan, and Board President Mr. Baldomero N. Zamora. Let me also acknowledge the Board of Directors, ISD Managers, Employees, and member-consumer-owners of LANECO on your 45th Annual General Membership Assembly. Congratulations!

In our times, electricity is already a right of every Filipino. Gone are the days when it was an elusive privilege. Lanao Del Norte has LANECO to thank for that. For four decades of service, LANECO was able to change thousands of lives of their member-consumer-owners. By bringing affordable, reliable, and accessible electricity to their consumers, LANECO gave them the gift of shaping their futures and living empowered lives.



On behalf of the Ako Padayon Pilipino Family, we are here to support the programs of LANECO to inform, educate, and empower our member-consumer-owners. As one of your four Representatives in Congress, we pledge our commitment to continue to pave the way for sustainable rural development through accessible, reliable, and efficient electricity across the country.

Again, congratulations, LANECO, for yet another successful and fruitful year. This would not be possible if it were not for all of your service and commitment.

Asahan ninyong kasama ninyo ang Kalinga ng Ako Padayon Pilipino sa lahat ng ating suliraning kakaharapin.

Muli, maligayang bati sa inyong lahat. Mabuhay ang LANECO!

HON. ADRIANO A. EBCAS
Representative
Ako Padayon Pilipino Party-List



Philippine Rural Electric Cooperatives Association



Greetings of Peace and Happiness!

As you celebrate your 45th Annual General Membership Assembly (AGMA) AND 50TH Foundation Anniversary, it is with my utmost gratitude to congratulate the Board of Directors under the leadership of President Engr. Baldomero N. Zamora, the management team and employees under the leadership of OIC Zenaida M. Fabunan, stakeholders, and especially the member-consumer-owners of the Lanao del Norte Electric Cooperative, Inc.

The existence of an Electric Cooperative is mainly to extend reliable electric-related service and affordable electricity to our MCOs. This is our continuing advocacy. However, I would like to commend LANECO who was able to go beyond in service for our Member-Consumer-Owners (MCOs). The continuing effort of LANECO in aiming to prop up electricity in your service areas is not without any challenge. Nonetheless, may you continue in helping to improve the lives of your MCOs by providing them access to reliable electricity service –a mission worthy of all our standing

applause.

As you celebrate your AGMA and Foundation Anniversary, I want to express my utmost gratitude to all who are continuously believing and supporting our advocacies and movement towards Rural Electrification. May your commitment in fulfilling our goals serve as an inspiration and motivation for others to reach higher.

While still in the midst of a pandemic, allow me to challenge you to set the bar higher in terms of EC services, efficiency and collaborative efforts with other ECs and MCOs. May your achievements and success cement your resolve to bring our advocacies at the forefront for the benefit of the communities that we serve. Rest assured that PHILRECA, as your association, will always be in your service and will fight in solidarity with you towards rural development.

Mabuhay and Power On!


ATTY. JANEENE DEPAY-COLINGAN
Executive Director / General Manager



Republic of the Philippines
ENERGY REGULATORY COMMISSION

The Energy Regulatory Commission (ERC) extends its warmest felicitations to the officials, employees, and member-consumer-owners (MCOs) of Lanao Del Norte Electric Cooperative, Inc. (LANECO) as you hold your 45th Annual General Membership Assembly (AGMA) and 50th Founding Anniversary.

Your theme: ***“Leaving No One Behind: Achieving Total Electrification and Realizing Social Equitability thru Empowerment of the Rural Communities”*** magnifies your commitment in providing reliable electricity to the people of Lanao del Norte. Ensuring the stability of electricity promotes socio-economic activities that are beneficial to households and commercial areas. Leave no one behind and continue to provide electricity to the remote sitios of Lanao del Norte and widen opportunities to help in achieving social equitability.

Congratulations on your 50th Founding Anniversary. Continue to use your AGMA as an auspicious platform to feature your accomplishments and discuss your way forward to support economic activities through total electrification.

Rest assured that the ERC will always support your meaningful endeavors as we **Enable a Regulatory environment that is Conducive to economic growth.**

May you have a successful AGMA! More power, LANECO!




AGNES VST DEVANADERA
Chairperson and CEO



National Center of Electric Cooperative Consumers, Inc.



Greetings to the men and women of Lanao Del Norte Electric Cooperative, Inc. (LANECO) as you hold the 45th Annual General Membership Assembly (AGMA) and 50th Foundation Anniversary.

This year 2021 and 2022 are very challenging years for the ECs and MCOs in general and for LANECO in particular. 2021 was the changing of guards at the NEA, the supervising agency of the ECs, while 2022 is election year, where new leadership at Malacanan is taking place comes at 12 noon of June 30.


With the new developments in the country, as an EC, together with the 120 others, LANECO must move forward. First, it has to work on its mandate of total electrification of its coverage area. Second, it has to give attention to enhance its capacities in the area of technical, financial and institutional, and even legal. Third, it has to generate massive support of the MCOs by seriously implementing MCOPE or the Member-Consumer Program for Empowerment. Fourth, it needs to carry beyond electrification agenda, such as rural enterprise development, if its mission is not just to electrify, but realize social and economic development, if its mission is not just to electrify, but realize social and economic development in the countryside, most especially its MCOs. Fifth, it is a must for the EC to address corporate governance, which is good governance, if it wants the MCOs to be identified as real owners. Sixth, it has to collaborate with the powers-that-be at the local and national levels for legislative measures in order to advance the interests of the EC and MCOs.

Seventh, the EC needs to adapt the new environment, the paradigm shift in terms of governance, especially in the social, economic, political, environment aspects, to be able to address the signs of the times.

As Warriors of Light and an Advocates of Sustainable Rural Development and Genuine Nation Building, through the NCECCO or the National Central of Electric Cooperative Consumers, Inc. we need to further the Empowerment of the MCOs as a necessary factor towards the following objectives: 1. Preserve the gains of Rural Electrification Program, which became successful because of the ECs; 2. Sustain the existence of the Electric Cooperatives, being the No.1 partner of the government in carrying out national electrification, that somehow caused social and economic progress in the countryside; and, 3. Protect the rights and interests of the MCOs, not just in the areas of the power reliability, system efficiency and affordable if not cheap electricity rate, but most importantly as the owners of a distribution utility called Electric Cooperative, the only remaining people-owned corporation in the country.

I would like also to take this opportunity to thank LANECO for working tenaciously and the efforts that you put to carry out the 7-points electrification agenda and 7-point advocacies of the One EC-MCO Movement. Your dedication and commitment are well recognized. We know that the road towards the roads towards the rural development through total electrification is not easy and still a long one. But we remain firmly committed to achieving the goal, the vision of equitability. Let us work together and reflect on the reason why ECs exist, its relevance to Rural Electrification and Rural Development

On behalf of the NCECCO, I wish LANECO the best is yet to come. Mabuhay!


EDGARDO R. MASONGSONG
Secretary General
NCECCO



National Center of Electric Cooperative Consumers, Inc.

On behalf of the National Center of Electric Cooperatives, Inc. (NCECCO), I would like to extend my warmest greeting and congratulations to Lanao Del Norte Electric Cooperative, Inc. (LANECO) headed by its Board President Mr. Baldomero N. Zamora, its Management and staff headed by OIC Ms. Zenaida M. Fabunan, and the Member-Consumer-Owners (MCOs), for the celebration of its 45th Annual General Membership Assembly and 50th Founding Anniversary with a theme “Leaving No One Behind: Achieving Total Electrification and Realizing Social Equitability through Empowerment of the Rural Communities”.

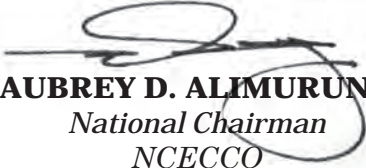
The year 2021 proved to be a testing ground for Electric Cooperatives to cope and rise amidst the challenges and demands brought by several factors such as the pandemic, economic crises, power outages, and increase in the cost of power supply. With the unparalleled commitment of the Board of Directors, Management, and the whole workforce in providing the MCOs with the equal opportunity towards electrification and empowerment, LANECO proved that if we are united, we can always surmount even the most difficult of challenges.

It is rest assured that NCECCO shall continue to be in the frontline in the endeavor of every Electric Cooperative which is to provide excellent service to the MCOs and achieve total electrification for the betterment of every community. Our common goal toward rural electrification will guarantee that no one will be left behind.

To the MCOs of LANECO, our heartfelt appreciation for your continued support and trust. It is NCECCO’s main objective to be your voice and represent you towards strategic positioning in the power industry.

Again, congratulations and more power LANECO!




AUBREY D. ALIMURUNG
National Chairman
NCECCO



Northern Mindanao Electric Cooperative Association



Warm Greetings!

It is my honor to greet our sister EC, the Lanao del Norte Electric Cooperative Inc. (LANECO) as you celebrate your Golden Anniversary and your 45th Annual General Membership Assembly. It is indeed a great occasion to congratulate the officers and the entire workforce of LANECO for the 50 years and counting of providing services to the member-consumer-owners of Lanao del Norte.

The path towards improving our services may not be easy, but it is worth the efforts especially if we see that the development that we contributed has been enjoyed by the communities we serve.

As the President of the Northern Mindanao Electric Cooperative Association, I would like to ensure that we are aligned and we make true the theme that we ECs bring for this year, 'Leaving No One Behind: Achieving Total Electrification and Realizing Social Equitability Through Empowerment of the Rural Communities.'

Once again, my warm congratulations to the men and women of LANECO and onwards strengthening our ECs for more years of service.

NONITO M. LABIS, DVM
President, NORMECA
BOD President, MORESCO-1



Republic of the Philippines
Region X
PROVINCE OF LANA DEL NORTE

I wish to express my warmest felicitations to Lanao del Norte Electric Cooperative, Inc (LANECO) on your **45th Annual General Membership Assembly and 50th Foundation Anniversary**.

As our vital development partner, we commend your dedication and proactiveness in effectively extending efficient power supply and programs for the benefit of every community in the province despite the adversities. Through the years, you remain to be our indispensable partner in empowering our citizens to participate actively in nation building.

The theme ***“Leaving No One Behind: Achieving Total Electrification and Realizing Social Equitability through Empowerment of the Rural Communities”***, encapsulates our common goal in uplifting the lives of everyone, delegating them to rise and fight especially during these challenging times. We appreciate the vitality of the cooperative and consumers as key players in hastening our movement towards resurgence.

With this, may this event galvanize all the members and officials to work in solidarity and help us in sustaining the peace and development in our beloved province. Be assured that we in the Provincial Government shall continue to support the cooperative with the joint efforts to shape a more vibrant and resilient environment. May you continue to shed light and expand your circle of influence. Let us together navigate today’s age with unity for a greater prosperity and inclusiveness for everyone.

To LANECO’s Board of Directors, Management, employees and member-consumer, congratulations and more power!




HON. IMELDA QUIBRANZA-DIMAPORO

*Provincial Governor
Lanao del Norte*



Republic of the Philippines
Region X

PROVINCE OF LANA O DEL NORTE



I wish to congratulate the office and members of the **Lanao del Norte Electric Cooperative, Inc. (LANECO)** on the occasion of our **45th Annual General Membership Assembly and 50th Founding Anniversary**.

This year's golden anniversary theme ***"Leaving No One Behind: Achieving Total Electrification and Realizing Social Equitability Through Empowerment of the Rural Communities"*** captures our goal to have total electrification in the entire province of Lanao del Norte. Power supply and services becomes now a basic necessity for every household. Every constituents of the province are entitled to enjoy the benefits and convenience of having cheap and affordable electricity. Peace, unity and development, and inclusive growth could only be realized if we can provide power to the entire communities of Lanao del Norte. Our beloved cooperative played a big role in the development of Lanao del Norte.

Indeed, the dedication of the officers and members of the cooperative in the attainment of our aspirations is very commendable. We in the Provincial Government of Lanao del Norte celebrate with you, and we hope that we could be a strong partner in achieving our common goals of giving better services to our people.

Mabuhay ang LANECO! Mabuhay ang Lanao del Norte!


HON. MARIA CRISTINA N. ATAY
Provincial Vice Governor
Lanao del Norte



Republic of the Philippines
Region X
PROVINCE OF LANA DEL NORTE
MUNICIPALITY OF LINAMON

With great pleasure and honor, I congratulate all the Member-Consumers, the Stakeholders, the Board of Directors, the Management, and all those who have been extending significant contributions to the continuous success of Lanao del Norte Electric Cooperative, Inc. (LANECO) on its 45th Annual General Membership Assembly and 50th Foundation Anniversary.

For more than four decades, the LANECO has stayed true to its mission of developing self-reliant members by providing reliable energy and services. Electric Cooperative such as yours plays a vital role in the development of every community.

As the LANECO takes another milestone in service, I hope that you will strive for excellence and work together as one community. May this assembly foster our continued and harmonious progress.

Daghang salamat sa inyong serbisyo. Congratulation and more power.




HON. RANDY J. MACAPIL
Municipal Mayor



Republic of the Philippines
Region X
PROVINCE OF LANA DEL NORTE
MUNICIPALITY OF POONA PIAGAPO

In behalf of the Local Government Unit of Poona Piagapo, Lanao del Norte, we would like to express our gratitude and joy for the untirable and strong partnership with the Lanao Del Norte Electric Cooperative, Inc. (LANECO). We really realized that the strong commitment nurtures our steadfast ability to continue facing challenges with support of all branches of the government operating within our area of responsibility. With this thought at hand, I, together with the Sanggunian Bayan, remained true to our commitment as an active partner in the municipal undertakings with the LANECO. I am proud to say that almost all of our households in the Twenty-Six (26) Barangays have already been energized. In this, we continue gaining a steady momentum of prosperity and development because of this strong partnership.

With all these, **I congratulate Lanao del Norte Electric Cooperative, Inc. (LANECO)** and personnel for the excellent efforts of expanding its service and energizing our municipality and in the celebration of the **45th ANNUAL GENERAL MEMBERSHIP ASSEMBLY (AGMA) and 50th FOUNDATION ANNIVERSARY.**

Thank You and More Power!




HON. MUSLIMA T. MACOL
Municipal Mayor



Republic of the Philippines
Region X
PROVINCE OF LANA DEL NORTE
MUNICIPALITY OF BACOLOD



Decades has passed, **LANAO DEL NORTE ELECTRIC COOPERATIVE, INC.** has played a significant role in attaining ECONOMIC GROWTH in the province of Lanao del Norte where it has facilitated an effective and efficient services to the valued member consumers. Over the years, **LANECO** is equipped on matters relating to its capabilities for the implementation of the basic programs intended primarily to the residents not only in our Municipality but to the entire Province of Lanao del Norte.

LANAO DEL NORTE ELECTRIC COOPERATIVE, INC. (LANECO) is always a catalyst in fulfilling the agenda of the National and Local Governments for a total electrification to the communities in our area of jurisdiction and to the rest of the places in our beloved province of Lanao del Norete.

On the occasion of the **45th ANNUAL GENERAL MEMBERSHIP ASSEMBLY AND 50TH FOUNDATION ANNIVERSARY OF LANA DEL NORTE ELECTRIC COOPERATIVE, INC. (LANECO)** I AM EXTENDING MY **SINCERE CONGRATULATIONS.**

More power and God bless.


HON. JUDITH V. MIQUIABAS
Municipal Mayor



Republic of the Philippines
Region X
PROVINCE OF LANA DEL NORTE
MUNICIPALITY OF MAIGO



The problem on rural electrification in the country has slowly become a thing in the past. LANECO has become part of the solution on this problem.

I am very pleased that remote areas in my municipality has been electrified. This intensification program of LANECO has become a factor for land owners to live and establish settlements, thus developing unproductive areas and contributed to the agricultural sector in my municipality. It is also a testament that the government's advocacy on rural electrification is gaining headway. It comes true to this year's theme ***"Leaving No One Behind: Achieving Total Electrification and Realizing Social Equitability through Empowerment of the Rural Communities."***

The advocacy for total rural electrification should continue and for LANECO to not waver in your commitment. On your **45th Annual General Membership Assembly and 50th Foundation Anniversary**, my sincere **"CONGRATULATIONS"**


HON. INA LOUISE R. MIFLORES
Municipal Mayor



Republic of the Philippines
 Region X
 PROVINCE OF LANA O DEL NORTE
MUNICIPALITY OF KOLAMBUGAN

Kudos to the **45th Annual General Membership Assembly and 50th Foundation Anniversary of the Lanao del Norte Electric Cooperative, Incorporated (LANECO)** with the theme, “Leaving NO One Behind: Achieving Total Electrification and Realizing Social Equitability through Empowerment of the Rural Communities, Tubod, Lanao del Norte. Praises you truly deserved. Theme for any occasion is not just a requirement to be complied, but there is a hidden wisdom to be treasured as part of the memories for that special event. LANECO’s “Rural Electrification Program” has been gaining success by steps and bounds. Time will come when even the remotest barrio in our province will experience no more darkness like in the old days. The young and old alike will be all smiles as they watch TV in their living room in that remote but lighted place. Positively, I say that LANECO will continue to preserve the gains of rural electrification programs.

In behalf of the Local Government Unit of the Municipality of Kolambugan, congratulations to the LANECO, Inc. management and staff as well as to the member-consumers of this institution for another milestone.

Mabuhay po kayo and more power LANECO!



HON. LORENZOV V. MAÑIGOS
Municipal Mayor



Republic of the Philippines
 Region X
 PROVINCE OF LANA O DEL NORTE
MUNICIPALITY OF LALA

GREETINGS OF PEACE AND SOLIDARITY!

Cheer up on the 45th Annual General Membership Assembly and 50th Foundation Anniversary of Lanao del Norte Electric Cooperative (LANECO), Inc., with a theme, “Leaving No One Behind: Achieving Total Electrification and Realizing Social Equitability through Empowerment of the Rural Communities”.

In the light of the foregoing, I, being a member/consumer of LANECO, Inc. in particular, and in my capacity as the Local Chief Executive of Lala, Lanao del Norte in general is tremendously, strongly, and vigorously deliver my sincerest and warmest gratitude to all the employees of LANECO, who in one way or another contributed much in the delivery of electricity as one of the basic needs of the people even to the remotest area within the territorial and geographical jurisdiction of Lanao del Norte Electric Cooperative (LANECO), Inc.

Through this memorable occasion, I reiterate my sincerest gratitude to LANECO, Inc. of its best services offered to the general public, and with a fervent prayer and hope that its full commitment to deliver electricity to the different areas of Lanao del Norte will continue despite all the odds.

May you have more goals to achieve, more horizons to explore, and more dreams to come true.

God bless and more power to LANECO, Inc.




HON. ANGEL L. YAP
Municipal Mayor



Republic of the Philippines
Region X
PROVINCE OF LANA DEL NORTE
MUNICIPALITY OF KAPATAGAN



A pleasant day greeting to each and every one!

On behalf of LGU- Kapatagan, I would like to congratulate LANECO for a successful celebration of their 45th Annual General Membership Assembly and 50th Foundation Anniversary.

I would also like to extend my warmest greetings to the entire family and the board officials of LANECO, led by Ms. Zenaida M. Fabunan, the Officer in Charge of the Cooperative, the management team, Employees, Stakeholders, and our beloved member-consumer-owners of Lanao Del Norte Electric Cooperative (LANECO).

RURAL Electrification has always been on top of the Government's policy over the past decades and has been regarded as one of the most significant breakthroughs that has brought about the improvement and advancement of our people's lives. LGU- Kapatagan, strongly believes that provision of electric services will yield more opportunities for improved quality of life, greater access to basic services and better infrastructure for rural development.

The uses of electricity n everyday activities such as those in communications, business, transportation, education, and domestic life, plays a crucial role in the advancement of rural communities but establishing its impact to the communities' sustainable development remains a challenge.

This year's theme: "Living No One Behind: Achieving Total Electrification and Realizing Social Equitability through Empowerment of the Rural Communities" is a perfect reminder for us, especially those who are in public service to further strengthen and integrate efforts on rural electrification to be greatly directed towards socio-economic growth of the marginalized sectors, the fisher folks and farmers living in remote, far-flung, and un-electrified barangays in our province.

I would like to take this opportunity to thank LANECO for their enduring services and purposeful programs that are already being implemented and also waiting to be implemented to alleviate poverty, increase access to basic services, and advance social systems in our remote areas.

Thus, empowerment of rural communities, providing constant support and involvement is a necessity for these communities to feel that they are one with our goal of bringing a transparent and reliable service to your consumers.

Good JobLANECO on reaching this milestone! Holding your words to provide real public service and showing exceptional commitment to the masses are demonstrations of overcoming adversity.

Daghang salamat og PADAYON SA PAGHATAG OG TINUD-ANAY NGA SERBISYO ALANG SA KALAMBUAN SA ATONG PINALANGA NGA PROBINSYA, THE LAND OF BEAUTY AND BOUNTY.....LANAO DEL NORTE!

HON. BARRY Y. BAGUIO
Municipal Mayor



Republic of the Philippines
Region X
PROVINCE OF LANAOS DEL NORTE
MUNICIPALITY OF SAPAD

Alhamdulillah.

Congratulation and Happy 50th Foundation Anniversary. It has been my pleasure to be part of your celebrations. Continue giving light to people and make life and work smoother and easier.

More power and Allah bless us all!



HON. PARUK U. ASIS, AL-HADJ
Municipal Mayor



Republic of the Philippines
Region X
PROVINCE OF LANAOS DEL NORTE
MUNICIPALITY OF SULTAN NAGA DIMAPORO

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh!

On this blissful and charming day, I would like to extend my warmest congratulations to your **45th Annual General Membership Assembly and 50th Foundation Anniversary**. I am deeply honored to share a message in behalf of all your consumers coming from my beloved municipality, Sultan Naga Dimaporo, Lanao del Norte.

Lanao del Norte Electric Cooperative, Inc. (LANECO) has always been a world class and independent electric power industry regulator that equitably promotes and protects the interests of consumers and other stakeholders. In Sultan Naga Dimaporo, LANECO is our one and only partner in terms of electric power provider and it contributes greatly to sustained economic growth and improved quality of life in our municipality. And for that, we are beyond grateful for your relentless service; especially, for all your sacrifices just to provide your consumers their electric power needs umaraw man o bumagyo.

I am actually enthused with this year's theme: **"Living No One Behind: Achieving Total Electrification and Realizing Social Equitability through Empowerment of the Rural Communities,"** and please know that I am one with you in further achieving you goals of providing the best service to all of our constituents. Sultan Naga Dimaporo will always be your resilient partner and will always show its unwavering support.

May you continue the journey of success with pride! Thank for your relentless service! Mabuhay kayong lahat!



HON. MOTALIB M. DIMAPORO
Municipal Mayor

PRESIDENT'S MESSAGE

My warmest greetings to the Member-Consumer-Owners (MCOs), fellow Board of Directors, Officials and Employees of Lanao del Norte Electric Cooperative, Inc. (LANECO). It is my profound honor to congratulate and greet all of you today, as we celebrate this new milestone of the cooperative, our 50th Golden Foundation Anniversary. I commend the Board, the management, the employees and the rank and file of LANECO for staying true to our mandate of providing efficient service to the member-consumer-owners.

In 2021, the Board of Directors had adopted Two Hundred Sixty-One (261) Board Resolutions which are geared towards System Reliability and Efficiency, Member-Consumer-Owners Welfare and Empowerment, Strengthening Employees Capacity and Promoting Safety, Strengthening Governance of the Policy Making Body and Enhancing Over-all Coop Operation, and some are as follows:

I. SYSTEM RELIABILITY AND EFFICIENCY

BOARD RESOLUTION NO. 001, S. 2021 "RESOLUTION CONFIRMING THE AWARDING OF THE BIDS AND AWARDS COMMITTEE (BAC) TO ENEX ELECTRIC PHILS., INC. FOR THE PUBLIC BIDDING (COMPETITIVE BID) FOR THE SUPPLY AND DELIVERY OF 5,000 PIECES BRAND NEW ELECTRONIC KILOWATT-HOUR METERS NEEDED FOR THE REPLACEMENT OF ZERO READING/STUCK-UP, MAGNA CARTA, POLE METERING AND BUFFER STOCK OF THE COOPERATIVE THROUGH TERMS PAYMENT CHARGEABLE TO REINVESTMENT FUND FOR SUSTAINABLE CAPEX"

BOARD RESOLUTION NO. 029, S. 2021 "RESOLUTION APPROVING THE RE-ALIGNMENT AND APPROPRIATION FOR THE PROCUREMENT OF ONE (1) UNIT GENERATOR SET AS A REPLACEMENT OF THE GENSET BACK-UP OF POWER RADIO REPEATER WHICH IS SITUATED IN GUINGONA, OZAMIS CITY"

BOARD RESOLUTION NO. 122, S. 2021 "RESOLUTION APPROVING THE ACQUISITION OF ONE (1) UNIT BOOM TRUCK FOR COOP MAINTENANCE WITH AN APPROVED BUDGET COST OF P1,050,000.0 THROUGH BDO LEASING AND FINANCE, INC. AND AUTHORIZING BOARD PRESIDENT BALDOMERO N. ZAMORA AND THE OFFICER IN CHARGE OF THE COOPERATIVE ZENAIDA M. FABUNAN TO SIGN ANY AND ALL DOCUMENTS OR AGREEMENTS RELATIVE TO THE SAID UNDERTAKING"

II. MEMBER-CONSUMER- OWNERS WELFARE AND EMPOWERMENT

BOARD RESOLUTION NO. 023, S. 2021 "RESOLUTION AUTHORIZING THE MANAGEMENT TO ENROLL AT THE BANCO DE ORO (BDO) MERCHANT ACCREDITATION PARTICULARLY THE AVAILMENT OF FREE SWIPER MACHINES TO ACCOMMODATE DEBIT AND CREDITS FROM THE MEMBER-CONSUMER-OWNERS (MCOs) WITHOUT SERVICE CHARGE FOR THE PAYMENT OF ELECTRIC BILLS"

BOARD RESOLUTION NO. 045, S. 2021 "RESOLUTION RESPECTFULLY REQUESTING FOR FUNDING FROM THE POWER BLOC IN CONGRESS OF THE IEC-MCO MOVEMENT THROUGH THE PHILIPPINE RURAL ELECTRIC COOPERATIVES ASSOCIATION (PHILRECA), IN THE AMOUNT OF THREE MILLION PESOS (PHP3,000,000.00) FOR THE CONSTRUCTION OF A MULTI-PURPOSE BUILDING INTENDED FOR THE ELECTRIC COOPERATIVE MEMBER-CONSUMER-OWNERS (EC-MCOs) TO BE IMPLEMENTED AT THE LANECO PROPERTY SITUATED AT BARANGAY POBLACION, SULTAN NAGA DIMAPORO (SND), LANA DEL NORTE"

BOARD RESOLUTION NO. 205, S. 2021 "RESOLUTION ADOPTING THE SANGGUNIANG BAYAN (SB) OF LINAMON, LANA DEL NORTE RESOLUTION NO. 91 SERIES OF 2021 ENTITLED "A RESOLUTION GRANTING BUILDING PERMIT TO ALL INFORMAL SETTLERS RELOCATING TO THE SAMBURON RESINS VILLAGE IN BARANGAY SAMBURON, THIS MUNICIPALITY, WHILE OTHER REQUIREMENTS FOR SOCIALIZED HOUSING PROJECTS PURSUANT TO EXISTING LAWS ARE STILL WORKED OUT BY THE LOCAL GOVERNMENT OF LINAMON, LANA DEL NORTE"

BOARD RESOLUTION NO. 219, S. 2021 "RESOLUTION RESPECTFULLY REQUESTING THE NATIONAL ELECTRIFICATION ADMINISTRATION (NEA) FOR A SUBSIDY FUND FOR THE ENERGIZATION OF THE MUNICIPALITY OF NUNUNGAN IN THE TOTAL AMOUNT OF PHP18,790,906.22"

BOARD RESOLUTION NO. 220, S. 2021 "RESOLUTION RESPECTFULLY REQUESTING THE NATIONAL ELECTRIFICATION ADMINISTRATION (NEA) FOR A SUBSIDY FUND FOR THE 2021 SITIO ELECTRIFICATION PROGRAM (SEP) COVERING TWELVE (12) SITIOS FROM THE FRANCHISE AREA IN THE TOTAL AMOUNT OF PHP14,680,458.70"

III. STRENGTHENING EMPLOYEES CAPACITY AND PROMOTING SAFETY

BOARD RESOLUTION NO. 018, S. 2021 "RESOLUTION APPROVING THE HEALTH PROTOCOLS OF LANECO DURING THE CONDUCT OF REGULAR AND SPECIAL DISTRICT ELECTIONS FOR 2021"

BOARD RESOLUTION NO. 102, S. 2021 "RESOLUTION DIRECTING THE MANAGEMENT TO ISSUE A MEMORANDUM ORDER ADVISING ALL THE WORKFORCE OF LANECO TO UNDERGO COVID-19 VACCINATION"

BOARD RESOLUTION NO. 151, S. 2021 "RESOLUTION APPROVING THE CONSTRUCTION OF ISOLATION AREA IN THE MEMBER-CONSUMER-OWNERS CENTER IN COMPLIANCE TO COOP SAFETY SEAL APPLICATION TO THE DEPARTMENT OF LABOR AND EMPLOYMENT"

BOARD RESOLUTION NO. 162, S. 2021 "RESOLUTION DIRECTING THE MANAGEMENT TO REQUIRE THE RETURNING OFFICERS AND EMPLOYEES OF LANECO NAMELY: 1) COVID-19 POSITIVE/PATIENTS THAT ARE HOSPITALIZED, 2) COVID-19 POSITIVE/PATIENTS THAT ARE QUARANTINED AT ISOLATION FACILITY, AND 3) FOR THOSE DECLARED AS FIRST LEVEL CONTACTS OF COVID-19 POSITIVE/PATIENTS TO STRICTLY FOLLOW THE COOP'S GENERAL GUIDELINES AND PROCEDURES UPON RESUMPTION TO WORK"

BOARD RESOLUTION NO. 202, S. 2021 "RESOLUTION AUTHORIZING OFFICER-IN-CHARGE ZENAIDA M. FABUNAN AS REPRESENTATIVE OF LANECO TO SIGN AND EXECUTE THE COMPROMISE AGREEMENT WITH THE LANECO WORKERS NAMELY: RANK AND FILE REGULAR EMPLOYEES,



JOB ORDER WORKERS AND ASSOCIATE TELLERS RELATIVE TO THE IMPLEMENTATION OF POLICY 62-A EFFECTIVE SEPTEMBER 2021 AND THE WAIVING, RENOUNCING AND FOREVER QUITCLAIM OF ANY AND ALL CLAIMS, DEMANDS, CAUSE OF ACTION OF WHATEVER NATURE ARISING OUT FROM THE SAID AGREEMENT”

IV. STRENGTHENING GOVERNANCE OF THE POLICY MAKING BODY

BOARD RESOLUTION NO. 074,S.2021 “RESOLUTION ADOPTING LANECO’S AUSTERITY PLAN INCLUDING THE REVISED OPERATING BUDGET FOR 2021”

BOARD RESOLUTION NO. 149,S.2021 “RESOLUTION DIRECTING THE MANAGEMENT FOR THE CONTINUATION OF THE ADOPTION OF LANECO’S AUSTERITY PLAN INCLUDING THE REVISED OPERATING BUDGET FOR 2021”

BOARD RESOLUTION NO. 179,S.2021 “RESOLUTION APPROVING AND ENDORSING THE AMENDMENTS ON LANECO’S ARTICLES OF INCORPORATION TO THE MEMBER-CONSUMER-OWNERS (MCOs) AS PART OF THE AGENDA OF THE 44TH ANNUAL GENERAL MEMBERSHIP ASSEMBLY ON SEPTEMBER 25, 2021 THROUGH VIRTUAL PLATFORM”

BOARD RESOLUTION NO. 180,S.2021 “RESOLUTION APPROVING AND ENDORSING THE AMENDMENTS ON THE COOP BY LAWS TO THE MEMBER-CONSUMER-OWNERS (MCOs) AS PART OF THE AGENDA OF THE 44TH ANNUAL GENERAL MEMBERSHIP ASSEMBLY ON SEPTEMBER 25, 2021 THROUGH VIRTUAL PLATFORM”

V. ENHANCING OVER-ALL COOP OPERATION

BOARD RESOLUTION NO.012,S.2021 “RESOLUTION AUTHORIZING THE FILING OF JOINT APPLICATION FOR APPROVAL OF THE SALE FOR RESALE AGREEMENT BETWEEN LANA DEL NORTE ELECTRIC COOPERATIVE, INC. (LANECO) AND THE ILIGAN LIGHT & POWER, INC. (ILPI) WITH THE ENERGY REGULATORY COMMISSION (ERC), DESIGNATING OFFICER-IN-CHARGE ZENAIDA M. FABUNAN AS AUTHORIZED REPRESENTATIVE TO SIGN THE VERIFICATION AND CERTIFICATE OF NON-FORUM SHOPPING, AND ALL OTHER REQUIREMENTS, AND ENGAGING THE SERVICES OF DECHAVEZ LERIOS-AMBOY AND EVANGELISTA LAW OFFICES TO REPRESENT LANECO, INC. IN THE SAID APPLICATION”

BOARD RESOLUTION NO.040,S.2021 “RESOLUTION AUTHORIZING BOARD PRESIDENT BALDOMERO N. ZAMORA AND OFFICER-IN-CHARGE ZENAIDA M. FABUNAN AS AUTHORIZED SIGNATORIES OF LANECO WITH PROJECT SUPERVISOR SHERWIN C. MAÑADA AS WITNESS, TO SIGN AND EXECUTE THE MEMORANDUM OF AGREEMENT (MOA) WITH EURO HYDRO POWER (ASIA) HOLDINGS, INC. FOR THE 3.60MW TITUNOD HYDROELECTRIC POWER PLANT AT BARANGAY INUDARAN, KOLAMBUGAN, LANA DEL NORTE”

BOARD RESOLUTION NO.058,S.2021 “RESOLUTION RESPECTFULLY REQUESTING GN POWER KAUSWAGAN, LTD. CO. (GNPK) AS DEVELOPMENT PARTNER/SPONSOR OF LANA DEL NORTE ELECTRIC COOPERATIVE, INC. (LANECO) FOR THE DEVELOPMENT AND CONSTRUCTION OF ITS RADIO STATION WITH A PROJECT COST ESTIMATE OF FIVE MILLION PESOS (PHP5,000,000.00) AND DESIGNATING BOARD PRESIDENT BALDOMERO N. ZAMORA AS AUTHORIZED SIGNATORY OF LANECO FOR THE DEED OF DONATION AND OTHER RELATED DOCUMENTARY REQUIREMENTS”

BOARD RESOLUTION NO.089,S.2021 “RESOLUTION AUTHORIZING BOARD PRESIDENT BALDOMERO N. ZAMORA TO SIGN AND EXECUTE THE MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN LIANGAN POWER CORPORATION (LPC) AND LANA DEL NORTE ELECTRIC COOPERATIVE, INC. (LANECO)”

BOARD RESOLUTION NO.103,S.2021 “RESOLUTION AUTHORIZING BOARD PRESIDENT BALDOMERO N. ZAMORA TO SIGN AND EXECUTE THE MERCHANT APPLICATION FORM BETWEEN G-XCHANGE, INC. AND LANECO, INC. FOR THE AVAILMENT OF GCASH SERVICES AND PRODUCTS”

BOARD RESOLUTION NO.135,S.2021 “RESOLUTION APPROVING THE SUBSCRIPTION OF ADDITIONAL 3,000 SHARES TO THE RURAL ELECTRIFICATION FINANCING CORPORATION (REFC) TO FUND THE UPRATING AND UPGRADING OF LANECO 5MVA CURVADA, KAPATAGAN SUBSTATION TO 10MVA AND AUTHORIZING BOARD PRESIDENT BALDOMERO N. ZAMORA AND THE OFFICER IN CHARGE OF THE COOPERATIVE ZENAIDA M. FABUNAN TO SIGN ANY AND ALL DOCUMENTS OR AGREEMENTS RELATIVE TO THE SAID UNDERTAKING”

BOARD RESOLUTION NO.150,S.2021 “RESOLUTION APPROVING THE REALIGNMENT OF THE UNUTILIZED BUDGET FOR BOARD DISTRICT ELECTION TO CONSTRUCT A CLINIC AND ISOLATION ROOM IN COMPLIANCE TO COOP SAFETY SEAL APPLICATION TO THE DEPARTMENT OF LABOR AND EMPLOYMENT WITH AN ESTIMATED BUDGET CONSTRUCTION OF 350,000.00”

BOARD RESOLUTION NO.169,S.2021 “RESOLUTION APPROVING THE VULNERABILITY RISK ASSESSMENT (VRA), RESILIENCY COMPLIANCE PLAN (RCP) AND EMERGENCY RESPONSE PLAN (ERP) OF THE LANA DEL NORTE ELECTRIC COOPERATIVE, INC. (LANECO) FOR CY 2021”

BOARD RESOLUTION NO.173,S.2021 “RESOLUTION APPROVING THE POSITION PAPER AND TRANSITION PLAN OF LANECO REQUIRED BY THE SENATE COMMITTEE ON PUBLIC SERVICES FOR THE COOPERATIVE’S RENEWAL OF FRANCHISE”

My earnest prayer is that LANECO will continue to uphold its aspirations and tirelessly help the member-consumer-owners. I strongly encourage the workforce to involve and empower the MCOs and stakeholders in addressing the vital issues and concerns and in formulating more effective and responsive reforms and best strategies for the betterment of the coop’s operation and services. I also hope that LANECO will continue to provide quality and reliable service to the MCOs with excellence and dedicated service.

Mabuhay ang mga Member-Consumer-Owners!

Power on LANECO!


BALDOMERO N. ZAMORA, PEE
Board President

GM'S MESSAGE



It is my great pleasure to welcome all of you as we gather to conduct our **45th Annual General Membership Assembly (AGMA) and celebrate our 50th Foundation Anniversary**. My warmest congratulations to our beloved Member-Consumer-Owners (MCOs) and the LANECO dedicated and competent workforce for reaching this significant milestone.

This is our second year to hold our AGMA virtually because the health safety of everyone is our priority while the pandemic brought about by COVID-19 is not yet over.

Indeed, this celebration is a proof of LANECO's zeal in providing the MCOs of Lanao del Norte a responsive and best service for all.

As we have reached the Golden Anniversary this year, I am both honored and inspired being the Officer-In-Charge of the Cooperative that despite the struggles and challenges we have encountered, we have proven that the heart and dedication of our incumbent Board of Directors, Management Staff and Employees and Associates remained unwavering. The journey in our operation was not easy. And so today, in thanksgiving to our Almighty Father, we share with you our joy and pride of our rich history of humble beginnings, struggles, challenges as well as successes and victories.

Also, I would like to highly recognize and acknowledge the past Board of Directors, General Managers, Project Supervisors/Acting General Managers, Employees and Associate workers for they have also greatly contributed to the success we have achieved, this far.

Officially registered as a Non-Stock and Non-Profit electric Cooperative with our mother agency, the National Electrification Administration (NEA) on May 27, 1972, we are forever grateful to NEA for nurturing LANECO in its early stage of operation and always guiding and supporting LANECO in all its endeavours through the years.

Also thankful to PHILRECA, the umbrella organization of the electric cooperatives in the country and the ONE-EC-MCO Movement for being our constant companion in our journey to serve and protect the rights and welfare of our MCOs. Likewise, to our partners in the implementation of the rural electrification program: our Power Suppliers, the Provincial Government of Lanao del Norte, Local Government Units, Barangays, and other stakeholders, with you, these achievements have been made possible.

Many projects have been successfully undertaken to further improve the service and overall operation of LANECO. In fact, in its last evaluation by the National Electrification Administration, LANECO has remained in the highest categorization which is AAA and classified as Mega Large electric cooperative. This remarkable achievement is a testament of dedicated service, concerted efforts and cooperation of everyone in the organization and continued support from our MCOs.

The existing COVID-19 did not cause the LANECO workforce to stop implementing programs and innovations. Instead, we saw more of what we could do to help the community and further strengthened the relationship between the Cooperative and its MCOs through our Member-Consumer Owner Program for Empowerment (MCOPE). Rest assured you can count on us to further improve the quality of service you deserve and humbly ask for your continued cooperation and support because the success of the Cooperative is the success of its members.

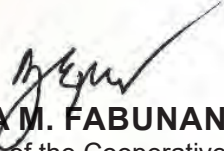
As this year's theme, "Leaving No One Behind: Achieving Total Electrification and Realizing Social Equitability through Empowerment of the Rural Communities", it is our mandate that no household will be left behind without enjoying the benefits of electricity. We thank all of you as we continue to deliver safe, reliable and reasonable electricity rate to everyone. We remain committed in our mission, vision and goals in the years to come.

I sincerely thank you for the opportunity to serve you.

May this annual gathering be a fruitful one!

Mabuhay ang mga MCOs! Long live LANECO!

To God be all the Glory!


ZENAIDA M. FABUNAN, MBA
OIC of the Cooperative

**Recipients of Plaques
of Recognition**

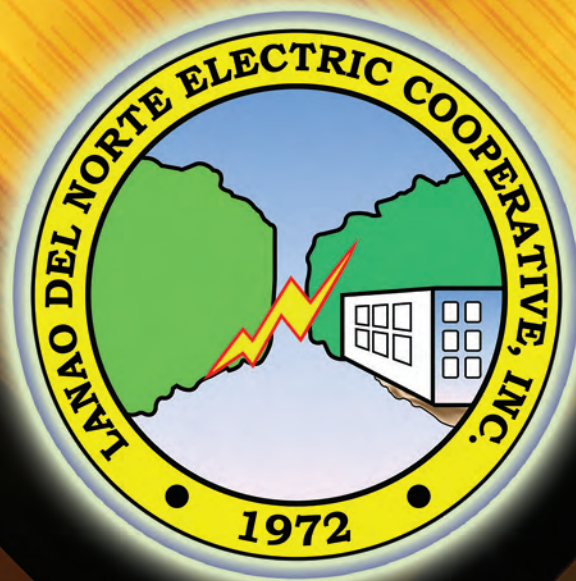
1. **EMMANUEL P. JUANEZA**
NEA Administrator
2. **ALIPIO CIRILO V. BADELLES**
NEA Board of Administrator
3. **EUROPACE INCORPORATED GAISANO
TUBOD MALL**
4. **LTC JOSEPH MARLON C. FAMOSO
ARM (GSC) PA**
5. **CHARLES S. YONGCO**
LGU Magsaysay
6. **HON. LEONCIO C. BAGOL**
Municipal Mayor, Tubod LDN
7. **HON. ANGEL L. YAP**
Municipal Mayor, Lala LDN
8. **HON. MOTALIB M. DIMAPORO**
Municipal Mayor, SND LDN
9. **HON. ULWAN M. DIMAPORO**
Municipal Vice Mayor, SND LDN
10. **SHERWIN C. MAÑADA, CPA**
11. **JAIME ONG**
Former Board of Director
12. **LINO D. SAMSODEN**
Former Board of Director
13. **DIOMEDES DIONSON**
Former Board of Director
14. **P/COL DALE D. SOLIBA**
Chief, Regional Finance Service Office 10
Camp Alagar, CDO City
15. **GODOFREDO T. PACULBA**
Former Board of Director

Total No. of Employees	166
Technical	70
Non-Technical	96
Female	55
Male	111
NEA Project Supervisor	1
Officer In-Charge of the Coperative	1
Department Managers/ OIC	4
Office of the General Manager	32
Institutional Services Department	15
Internal Audit Department	2
Finance Services Department	15
Technical Services Department	34
Branch Offices & Service Center Employees	
Linamon	8
Bacolod	9
Kolambugan	7
Lala	12
Kapatagan	10
Sultan Naga Dimaporo	7
Baroy Service Center	5
Maigo Service Center	5
Regular Employees	153
Daily Wage Employees	
Job Order Status	51
Associates	82
Contractual	0
Probationary	13
No. of Compulsory Retirees	5
No. of Optional Retirees	4
No. of Personnel Sent to Various Seminars/ Trainings	166
No. of In-House Trainings/Seminars Conducted	6
No. of On-the-Job Trainees	-
No. of Consumers/Service Connections Served/Employee	1:706
No. of Employees Served by LEHAP (LANECO Employees Hospitalization Assistance Program)	
Principal	87
Dependent	65

COOPERATIVE PROFILE

(As of December 31, 2021)

Seat of Headquarters/ Main Office	Sagadan, Poblacion, Tubod, Lanao del Norte
Coop Headquarters Site Donor	The Heirs of Don Rufo Lao dela Cruz
Founding Father of LANECO	Provincial Governor Arsenio A. Quibranza
First Board President	Manuel V. Pangilinan
First General Manager	Demosthenes B. Dingcong
Provincial Electric Cooperative Team Chairman	Jose A. Camacho, Jr.
Year of Completion of Feasibility Studies	1971
Date of Registration & Incorporation	May 27, 1972
Sources of Power	<ul style="list-style-type: none"> • National Power Corporation-PSALM • FILINVEST Development Corporation (FDC) Coal • San Miguel Consolidated Power Corporation • Total Power Incorporated • GN Power Kauswagan Ltd. Co.
Date of Start of Operation	January 1, 1973
Date of First Backbone Line Construction	September 16, 1974
Date of First Energization Ceremony	December 30, 1974
Venue of First Energization Ceremony	Poblacion, Bacolod, Lanao del Norte
First Municipalities Energized	Linamon, Kauswagan and Bacolod
Date of Completion of Backbone Line Construction	March 1, 1977
Date of First District Election	April 19, 1977
Date of First Annual General Membership Assembly (AGMA)	May 27, 1977
First AGMA Guest of Honor	Honorable Emmanuel N. Pelaez Father of Philippine Rural Electrification Program
Date of First Amortization of First Loan	March 1980
Date of First Amortization of Second Loan	February 1982
Sister Electric Cooperative in Prosser, Washington, U.S.A.	Benton Rural Electric Association (Benton REA)
Date of Endorsement of the Sister Coop Relationship Between LANECO & Benton REA by the National Rural Electric Cooperatives Association (NRECA) of U.S.A.	December 30, 1982
Date of Provisional Registration with the CDA	March 29, 1993
Coop Categorization	AAA
Coop Classification	Mega Large
No. of Branch Offices Established	6
No. of Service Centers Established	2
No. of Districts Served	12
No. of Employees	166
No. of Consumers Served Per Employee	706
No. of Municipalities Within the Franchise Area	18
No. of Energized Municipalities Within the Franchise Area	18
No. of Potential Connections	125,780
No. of Connections Served	113,940
Percentage of Accomplishment	91%
No. of Potential Barangays	410
No. of Energized Barangays	401
No. of Barangays Served Outside the Franchise Area	6
Percentage of Accomplishment	98%
No. of Members	103,892
Average Rate per KWH	7.14
Collection Efficiency	97.74%
Power Cost In Pesos	882,490,995
Energy Sales	1,060,254,996
Kilowatt-hours Purchased	110,242,158.00
Kilowatt-hours Sold	105,207,522.00
System Loss	11.47%
Kilometers of Lines Built	3,996.236
Megawatt Load (Averaging)	20.256
Load Factor (%)	71.12%
Power Factor (%)	99.27%
Substation Capacity	35 MVA
Total No. of National Recognitions Garnered	94



**REPORT on the TECHNICAL
ACCOMPLISHMENTS**

H I G H L I G H T S

LENGTH OF LINES

	Kilometers	2020	2021	2020	2021
Sub-transmission Line (69kV)		18	18		
Primary Lines					
Three Phase		214.707	219.342	Total Coop Kilowatt-hour Consumption	434,559.40 436,463.80
Vee Phase		186.021	186.141	Total Kilowatt-hour Purchased w/out TL & SSLA	110,242,157.61 118,832,433.80
Single Phase		1124.243	1129.703	Total Kilowatt-hour Sold	96,441,234.00 104,771,059.60
Double Circuit		5.880	5.880	System Loss in Percentage	12.52% 11.47%
Total		1,548.851	1,559.066	System Load Factor in Percent	68.84% 71.12%
Secondary Lines				System Power Factor in Percent	99.27% 99.27%
Underbuilt	Kilometers	1024.41	1025.81	No. of NGCP Metering Points	3 3
Open		1,385.797	1,393.360	Substation Capacity (MVA)	35 35
Total		2,410.207	2,419.170		
Over-all Total		3,977.058	3,996.236		

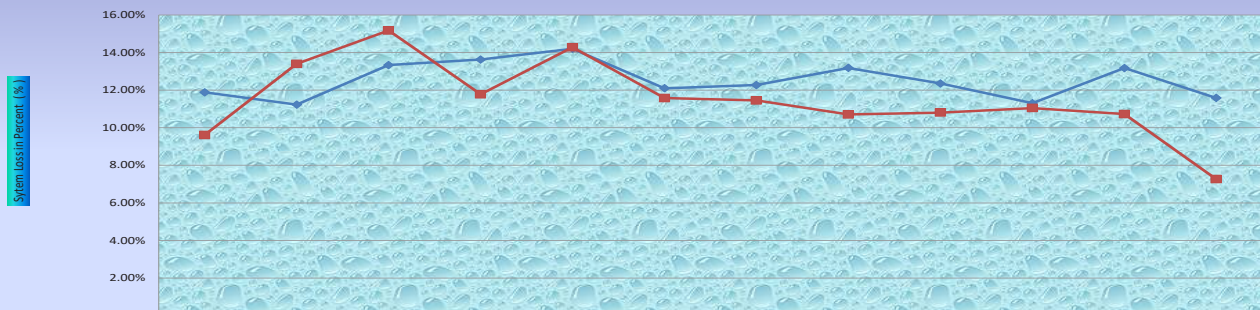
No. of Units	Capacity	Location
1	5 MVA	Curvada, Kapatagan, LN
1	10 MVA	Curvada, Kapatagan, LN
1	10 MVA	Bagumbayan, Kauswagan, LN
1	10 MVA	Sagadan, Tubod, LN

2021 System Loss Report

Month	PURCHASED w/out TL & SSLA (KWhr)	Energy Sales (KWhr)	Coop Consumption (KWhr)	Total Energy Sales (KWhr)	System Loss (KWhr)	System Loss (%)
JANUARY	9,174,043.76	8,260,963.40	31,099.00	8,292,062.40	881,981.36	9.61%
FEBRUARY	9,318,084.26	8,034,526.64	34,844.66	8,069,371.30	1,248,712.96	13.40%
MARCH	8,886,033.58	7,501,880.83	35,450.10	7,537,330.93	1,348,702.65	15.18%
APRIL	10,122,072.85	8,892,497.89	37,174.40	8,929,672.29	1,192,400.56	11.78%
MAY	10,214,451.65	8,717,306.09	38,321.34	8,755,627.43	1,458,824.22	14.28%
JUNE	10,440,877.06	9,195,328.88	36,864.80	9,232,193.68	1,208,683.38	11.58%
JULY	9,903,909.24	8,733,630.32	36,285.90	8,769,916.22	1,133,993.02	11.45%
AUGUST	10,583,767.08	9,411,610.82	39,351.10	9,450,961.92	1,132,805.16	10.70%
SEPTEMBER	10,106,991.74	8,978,785.08	36,008.16	9,014,793.24	1,092,198.50	10.81%
OCTOBER	10,017,536.64	8,873,420.77	37,455.84	8,910,876.61	1,106,660.03	11.05%
NOVEMBER	10,480,768.07	9,317,828.23	38,804.80	9,356,633.03	1,124,135.04	10.73%
DECEMBER	9,583,897.86	8,853,280.65	34,803.70	8,888,084.35	695,813.51	7.26%
TOTAL	118,832,433.80	104,771,059.60	436,463.80	105,207,523.40	13,624,910.40	11.47%

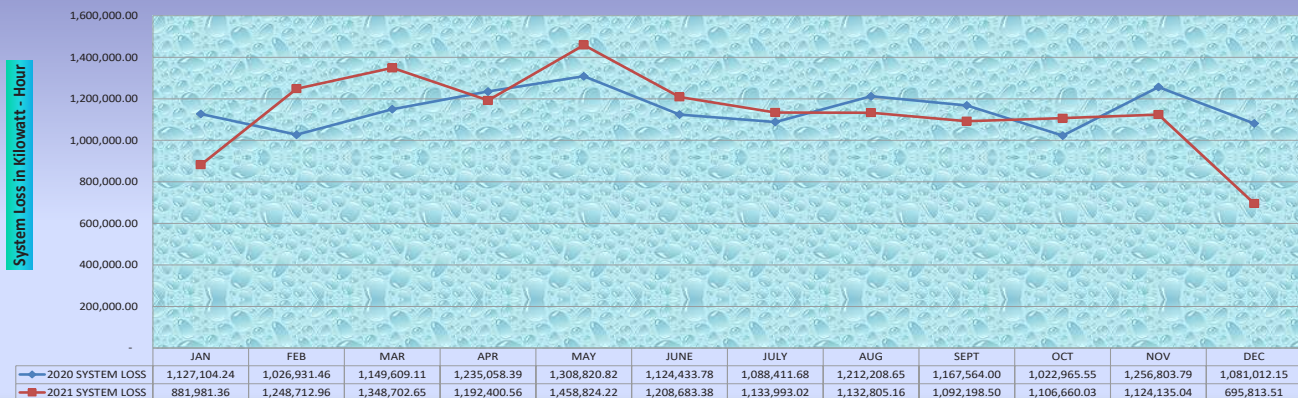
2020 & 2021 COMPARATIVE MONTHLY SYSTEM LOSS IN PERCENT (%)

AVERAGE : 2020 = 12.52% * 2021 = 11.47%



	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
2020 Monthly System Loss in Percent (%)	11.89%	11.23%	13.33%	13.63%	14.20%	12.10%	12.28%	13.18%	12.36%	11.30%	13.18%	11.58%
2021 Monthly System Loss in Percent (%)	9.61%	13.40%	15.18%	11.78%	14.28%	11.58%	11.45%	10.70%	10.81%	11.05%	10.73%	7.26%

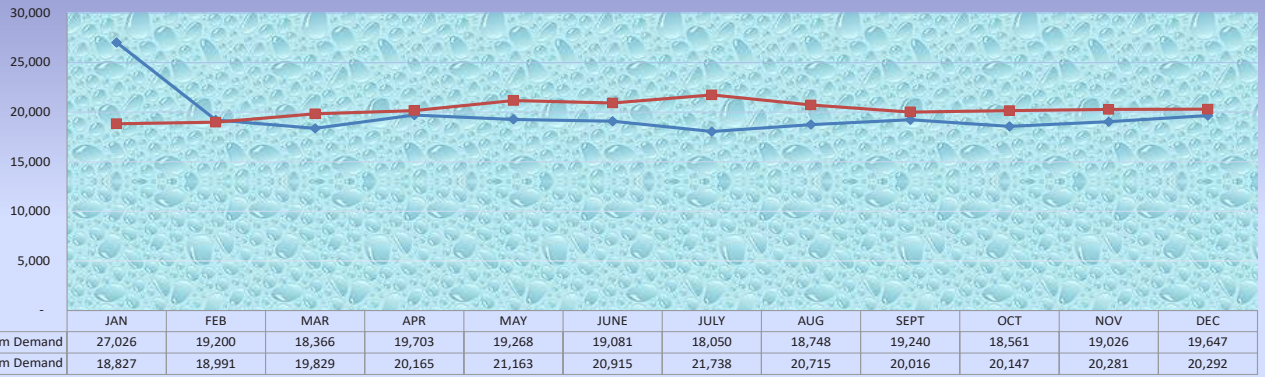
2020 & 2021 COMPARATIVE MONTHLY SYSTEM LOSS IN KILOWATT - HOUR



	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
2020 SYSTEM LOSS	1,127,104.24	1,026,931.46	1,149,609.11	1,235,058.39	1,308,820.82	1,124,433.78	1,088,411.68	1,212,208.65	1,167,564.00	1,022,965.55	1,256,803.79	1,081,012.15
2021 SYSTEM LOSS	881,981.36	1,248,712.96	1,348,702.65	1,192,400.56	1,458,824.22	1,208,683.38	1,133,993.02	1,132,805.16	1,092,198.50	1,106,660.03	1,124,135.04	695,813.51

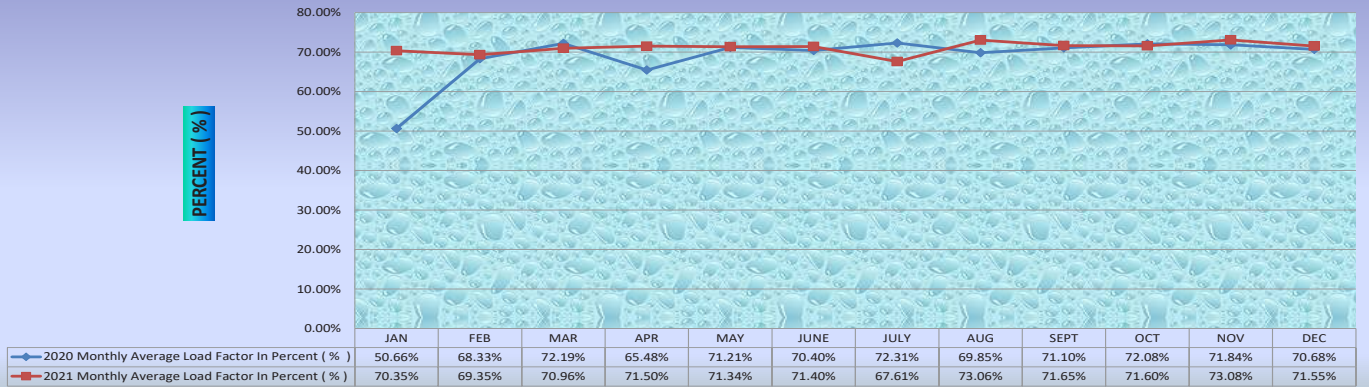
2020 & 2021 COMPARATIVE MAXIMUM DEMAND IN KILOWATTS

KILOWATTS



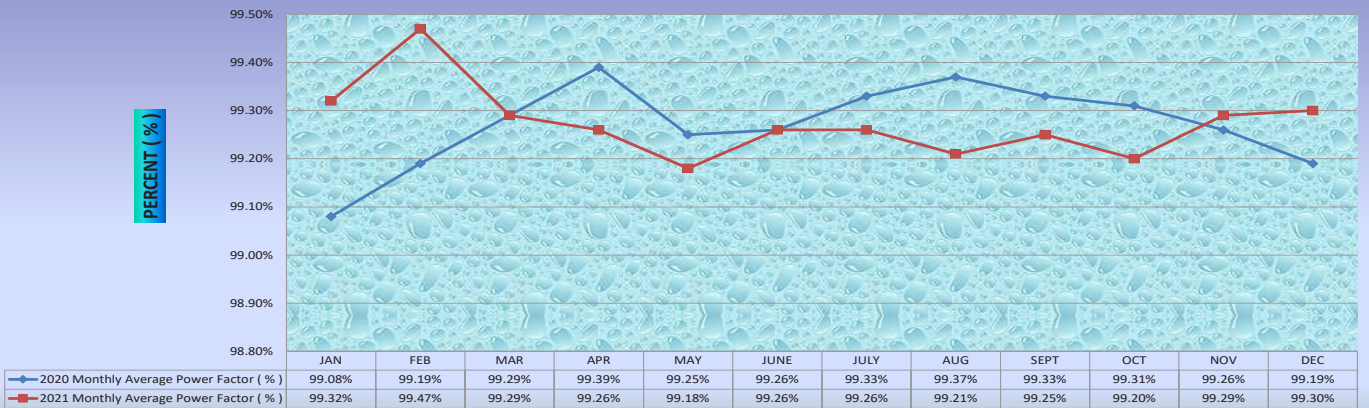
2020 & 2021 AVERAGE LOAD FACTOR IN PERCENT (%)

PERCENT (%)



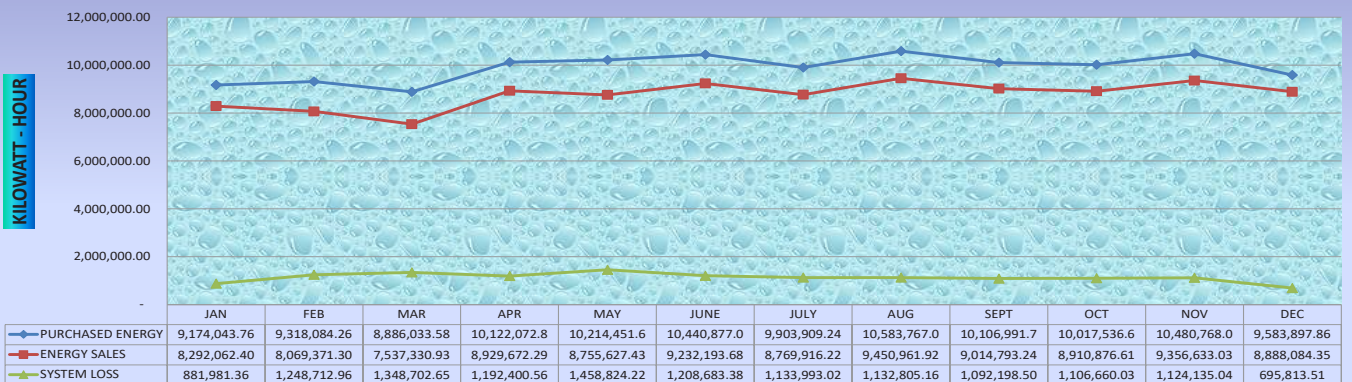
2020 & 2021 AVERAGE POWER FACTOR IN PERCENT (%)

PERCENT (%)

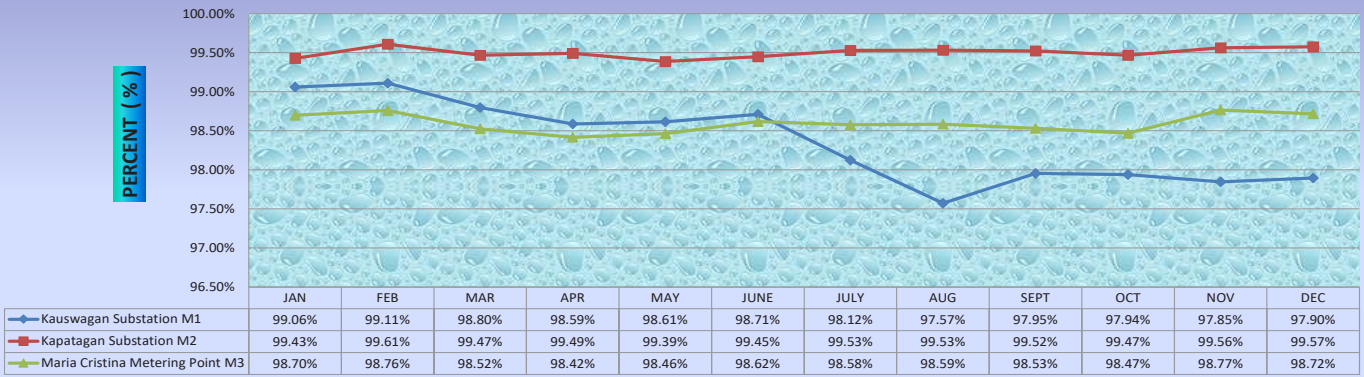


2021 PURCHASED ENERGY w/out TL & SSLA, ENERGY SALES AND SYSTEM LOSS IN KILOWATT - HOUR

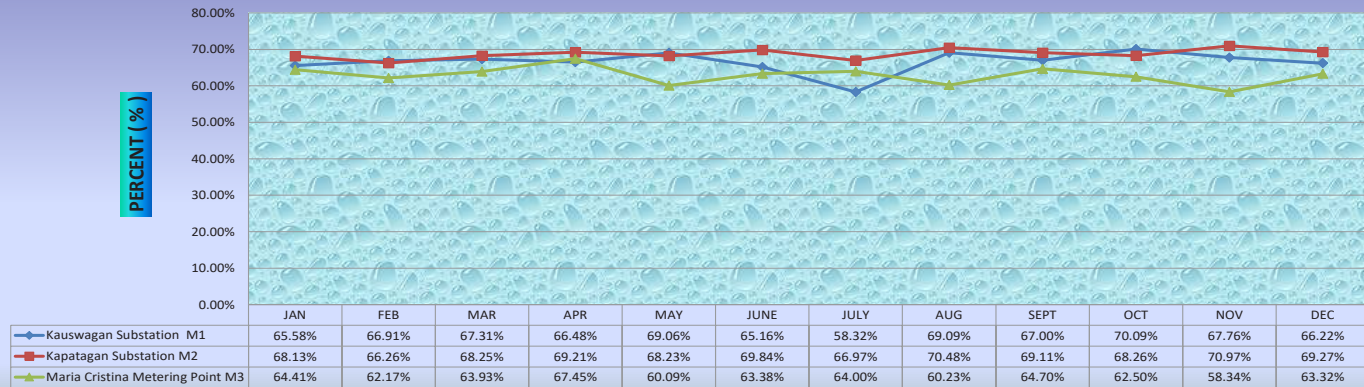
KILOWATT - HOUR



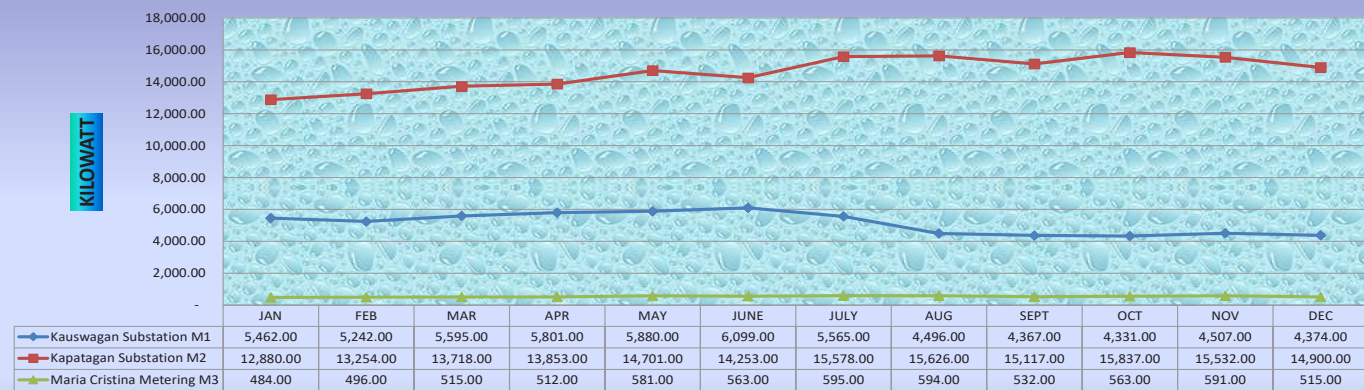
2021 POWER FACTOR PER METERING POINT IN PERCENT (%)



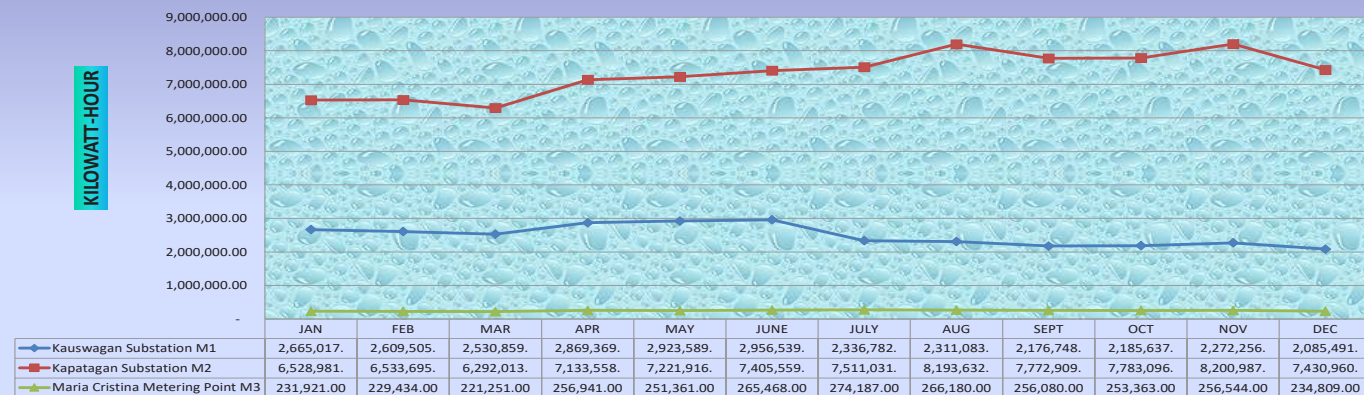
2021 LOAD FACTOR PER METERING POINT IN PERCENT (%)



2021 MAXIMUM DEMAND PER METERING POINT IN KILOWATTS



2021 PURCHASED ENERGY PER METERING POINT IN KILOWATT - HOUR



2021 KILOMETERS OF LINES COMPLETED (ENERGIZED)
REHABILITATION

	LINE	WORK PLAN	DATE COMPLETED	REHABILITATION						TOTAL
				DC	3-PHASE	V-PHASE	1-PHASE	O.S	U.B	
1	Secondary line rehabilitation at Purok 5, Maria Cristina, Balo-I, Lanao del Norte (service pole)		1/18/2021					0.040		0.040
2	Secondary line rehabilitation at Purok 5, Bagombayan, Kauswagana, Lanao del Norte.		1/18/2021					0.220		0.220
3	Secondary line rehabilitation at Purok 4, Campo 5, Tubod, Lanao del Norte.		2/22/2021					0.120		0.120
4	Secondary line rehabilitation at Purok 6, Princesa, Baroy, Lanao del Norte.		3/9/2021					0.040		0.040
5	Secondary line rehabilitation at Purok 6, Caniogan, Tubod, Lanao del Norte.		3/24/2021					0.060		0.060
6	Secondary line rehabilitation at Purok 5 TCES, Sagadan, Tubod, Lanao del Norte.		3/9/2021					0.260		0.260
7	Secondary line rehabilitation at Purok 4, Baroy Dacu, Baroy, Lanao del Norte.		3/18/2021					0.150		0.150
8	Secondary line rehabilitation at Purok 2B, Pigcarangan, Tubod, Lanao del Norte.		3/25/2021					0.110		0.110
9	Secondary line rehabilitation at Purok 4, Suso, Kapatagan, Lanao del Norte. (service pole)		4/30/2021					0.030		0.030
10	Secondary line rehabilitation at Purok 3, Andil, Lala, Lanao del Norte. (Mac View Hill)		4/14/2021					0.240		0.240
11	Secondary line rehabilitation at Purok 8 & 9, Samburon, Linamon, Lanao del Norte.		5/5/2021					0.170		0.170
12	Secondary line rehabilitation at Purok 1, Sta. Cruz Upper, Lala, Lanao del Norte.		5/17/2021					0.080		0.080
13	Secondary line rehabilitation at Purok 5, Magpatao, Lala, Lanao del Norte.		6/5/2021					0.160		0.160
14	Secondary line rehabilitation at Purok 5, San Antonio, Tubod, Lanao del Norte.		7/13/2021					0.160		0.160
15	Secondary line rehabilitation at Purok 5, Malingao, Tubod, Lanao del Norte. (service pole)		7/19/2021					0.025		0.025
16	Secondary line rehabilitation at Purok 5, Maranding, Lala, Lanao del Norte. (service pole)		8/6/2021					0.060		0.060
17	Secondary line rehabilitation at Poblacion, Kapatagan, Lanao del Norte. (service pole near Barangay Hall)		8/5/2021					0.040		0.040
18	Secondary line rehabilitation at Purok 3, Abaga, Lala, Lanao Del Norte. (service pole near Ben Pantorilla res.)		8/9/2021					0.030		0.030
19	Secondary line rehabilitation at Purok 1, San Antonio, Tubod, Lanao Del Norte		8/23/2021					0.210		0.210
20	Secondary line rehabilitation at Purok 2, Pandanan, Sultan Naga Dimaporo, Lanao Del Norte		9/10/2021					0.080		0.080
	Secondary line rehabilitation at Purok 2, Lower Sagadan, Tubod, Lanao del Norte. (service pole)		10/15/2021					0.040		0.040
	Secondary line rehabilitation at Purok 8, Telapaz, Poblacion, Linamon, Lanao del Norte.		10/12/2021					0.080		0.080
	Secondary line rehabilitation at Purok 4, Upper Segapod, Maigo, Lanao del Norte.		10/29/2021					0.370		0.370
	Secondary line rehabilitation at Purok 3 TCES, Poblacion, Tubod, Lanao del Norte.		11/2/2021					0.060		0.060
	Secondary line rehabilitation at Purok 6 TCES, Calipay Village, Poblacion, Tubod, Lanao del Norte.		11/3/2021					0.050		0.050
	Secondary line rehabilitation at Banana Villag, Poblacion, Tubod, Lanao del Norte.		12/14/2021					0.080		0.080
	Secondary line rehabilitation at Sittio Malabaugan, Sapad, Lanao Del Norte		12/8/2021					0.160		0.160
		TOTAL			0.000		0.000	3.125	0.000	3.125

KILOMETERS OF LINES COMPLETED (ENERGIZED)

E X P A N S I O N

#	LINE	WORK PLAN	DATE COMPLETED	E X P A N S I O N							
				DC	3-PHASE	V-PHASE	1-PHASE	O.S	U.B	TOTAL	
1	Conversion of line from single phase to three phase primary line extension for Bacolod Water District pumping station at Mate, Bacolod, Lanao del Norte		1/8/2021		1.820						1.820
2	Three phase primary line extension for Tubod-Baroy Water District pumping station at Purok 4, Poblacion, Tubod, Lanao del Norte		1/18/2021		0.060						0.060
3	V-phase primary line extension for DITO Telecommunity Corp. cellsite at Purok 6, Maria Cristina, Balo-i, Lanao del Norte.		1/28/2021			0.040					0.040
4	Single phase primary line extension at Purok 4, Poblacion, Baroy, Lanao del Norte.		1/7/2021				0.320		0.320		0.640
5	Single phase primary and secondary line extension at Purok 6, Samburon, Linamon, Lanao del Norte.		1/9/2021				0.180	0.240			0.420
6	Secondary line extension at Purok 3, Durano, Kapatagan, Lanao del Norte. (NIHE)		1/9/2021					0.360			0.360
7	Secondary line extension at Purok 3, Sta Cruz, Kapatagan, Lanao del Norte.		1/13/2021					0.420			0.420
8	Secondary line extension at Purok 6, Binuni, Bacolod, Lanao del Norte.		1/14/2021					0.180			0.180
9	Secondary line extension at Purok 7, Butadon, Kapatagan, Lanao del Norte.		1/21/2021					0.320			0.320
10	Secondary line extension at Purok 3, Poblacion, Bacolod, Lanao del Norte.		1/20/2021					0.160			0.160
11	Secondary line extension at Purok 2A, Rebe, Lala, Lanao del Norte.		1/7/2021					0.260			0.260
12	Secondary line extension at Purok 4, Rebe, Lala, Lanao del Norte.		1/16/2021					0.170			0.170
13	Secondary line extension at Purok Narra, Maranding, Lala, Lanao del Norte.		1/31/2021					0.130			0.130
14	Single phase primary line extension for DITO Telecommunity Corp. cellsite at Purok 6, Samburon, Linamon, Lanao del Norte.		2/4/2021				0.060				0.060
15	Three phase primary line extension for Bessie Baguio farm at Cathedral falls, Kapatagan, Lanao del Norte.		2/19/2021		0.140						0.140
16	Conversion of line from Single phase primary to three phase primary line extension for Bessie baguio farm at Cathedral falls, Kapatagan, Lanao del Norte		2/19/2021		0.420						0.420
17	Secondary line extension at Purok 1, Kulasihan, Maigo, Lanao del Norte.		2/3/2021					0.180			0.180
18	Secondary line relocation at Purok 5, Poblacion, Sapad, Lanao del Norte.		2/13/2021					0.380			0.380
19	Additional under built at Purok 1, Durianon, Magsaysay, Lanao del Norte		2/16/2021						0.180		0.180
21	Additional under built at boundary of Brgy. Talambo and Sittio Matan-ag, Bualan, Tubod, Lanao del Norte		2/19/2021						0.640		0.640

KILOMETERS OF LINES COMPLETED (ENERGIZED)

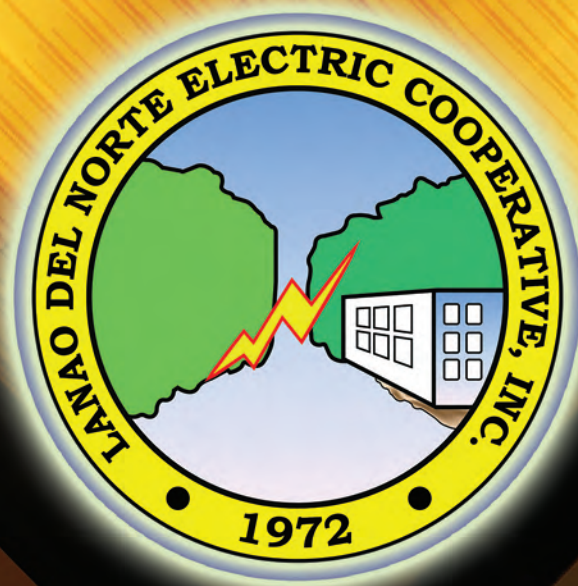
E X P A N S I O N

	LINE	WORK PLAN	DATE COMPLETED	E X P A N S I O N						
				DC	3-PHASE	V-PHASE	1-PHASE	O.S	U.B	TOTAL
20	Single phase primary line extension for Jardin ni Rachma & Eco tourism park at Purok Aquino, Poblacion, Magsaysay, Lanao del Norte.		2/22/2021				0.160			0.160
21	Secondary line extension for Calipapa, Elementary School at Purok 3, Calipapa, Sultan Naga Dimaporo, Lanao del Norte.		2/27/2021					0.190		0.190
22	Secondary line relocation at Purok 4, Calipapa, Sultan Naga Dimaporo, Lanao del Norte.		2/27/2021					0.150		0.150
23	Secondary line extension at Purok Polipog, Pinuyak, Lala, Lanao del Norte.		2/19/2021					0.250		0.250
24	Secondary line extension at Purok 4, Lemoncrete, Magsaysay, Lanao del Norte.		2/24/2021					0.120		0.120
25	Secondary line extension at Purok 2, Lindongan, Baroy, Lanao del Norte.		3/27/2021					0.170		0.170
26	Single phase primary line extension for IQD Reality Dev. Corp. (DDP) at Crossing Poblacion, Tubod, Lanao del Norte.		4/12/2021				0.050			0.050
27	Single phase primary line extension and conversion at Purok 5, Gumagamot, Lala, Lanao del Norte		4/16/2021				0.460			0.460
28	Three phase primary line extension for T&T Commercial building at Poblacion, Tubod, Lanao del Norte		5/1/2021		0.035					0.035
29	Secondary line extension at Purok 1, Poblacion, Bacolod, Lanao del Norte		5/3/2021					0.650		0.650
30	Single phase primary and secondary line extension for elevated pole metering clustering at Purok 2, Bauyan, Sultan Naga Dimaporo, Lanao del Norte.		6/2/2021				0.190	0.565		0.755
31	Secondary line extension at Purok 7, Maranding Annex, Kapatagan, Lanao del Norte (NIHE)		6/23/2021					0.160		0.160
32	Secondary line extension at Purok 2, Maranding Annex, Kapatagan, Lanao del Norte (NIHE)		6/25/2021					0.080		0.080
33	Conversion of line from Single phase to three phase primary line at Purok 8, Poblacion, Kauswagan, Lanao del Norte		6/27/2021		0.455					0.455
34	Three phase primary line extension at Purok 8, Poblacion, Kauswagan, Lanao del Norte		6/27/2021		0.120					0.120
35	Single phase primary line extension for Diego Patigayon National High School at Mukas, Kolambugan, Lanao del Norte		7/5/2021				0.100			0.100
36	Three phase primary line extension for Batching Plant of Namkwang Construction at Sagadan, Poblacion, Tubod, Lanao del Norte		7/15/2021		0.050					0.050
37	Single phase primary line extension for Malingao High School at Malingao, Tubod, Lanao del Norte		7/21/2021				0.130			0.130
38	Single phase primary line extension for Tinago water system at Robucon, Linamon, Lanao del Norte		7/16/2021				0.100			0.100

KILOMETERS OF LINES COMPLETED (ENERGIZED)

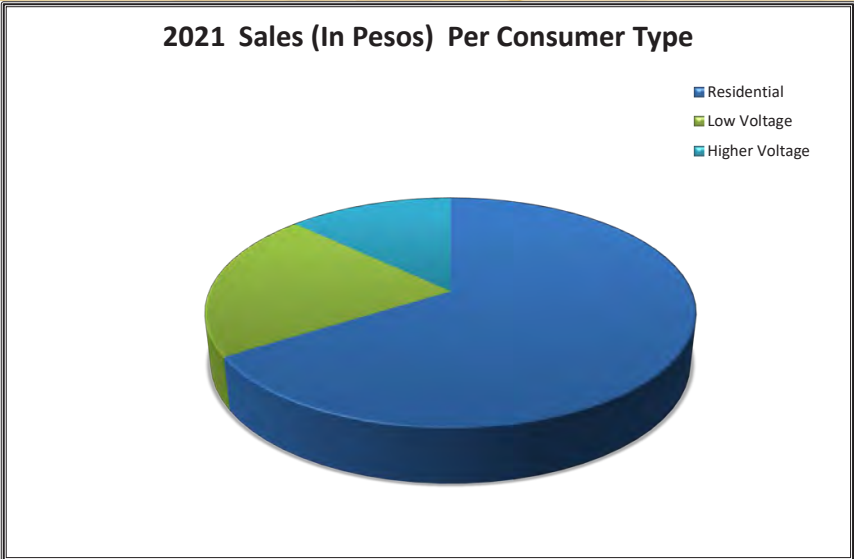
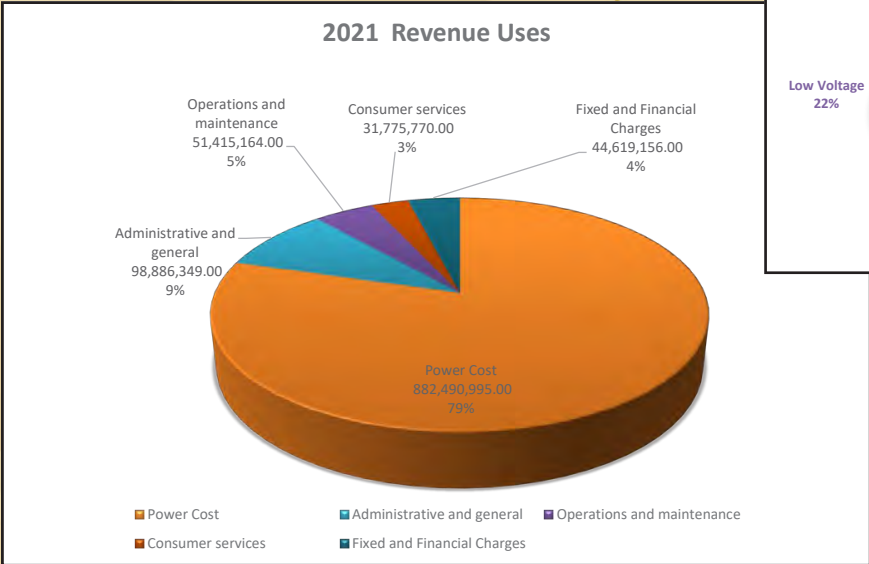
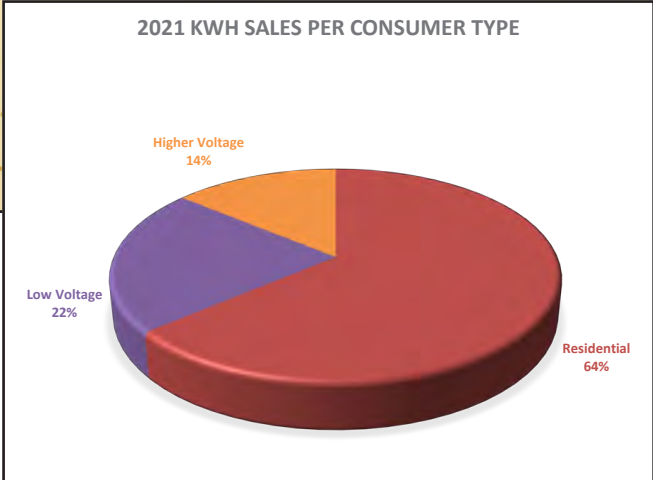
E X P A N S I O N

	LINE	WORK PLAN	DATE COMPLETED	E X P A N S I O N						
				DC	3-PHASE	V-PHASE	1-PHASE	O.S	U.B	TOTAL
39	V-phase primary line extension for Diosdado Macapagal Building at Sittio Pendulunan, Maria Cristina, Balo-i, Lanao del Norte.		8/3/2021			0.080				0.080
40	Single phase primary line extension for Nunungan Sattelite office at Poblacion, Kapatagan, Lanao del Norte.		8/14/2021				0.050			0.050
41	Three phase primary line extension for ICI School building at Poblacion, Kapatagan, Lanao del Norte		8/16/2021		0.080					0.080
42	Single phase primary line extension for LSSTI School building at Purok 4, Poblacion, Baroy, Lanao del Norte		8/17/2021				0.040			0.040
43	Single phase primary line extension for Jeffrey Fung at Purok 6, New Tolido, Rebe, Lala, Lanao del Norte.		8/29/2021				0.240			0.240
44	Secondary line extension at Purok 1, San Antonio, Tubod, Lanao del Norte.		8/23/2021					0.210		0.210
45	Single phase primary line extension for Regencia Residence at Sittio Pansur, Limuag, Baroy, Lanao del Norte		9/17/2021				0.600			0.600
46	Secondary line extension for relocation site at Purok 2 TCES, Poblacion, Tubod, Lanao del Norte.		10/27/2021					0.230		0.230
47	Single phase primary line extension for Binuni Demologan National High School at Purok 4, Binuni, Bacolod, Lanao del Norte.		10/11/2021				0.285			0.285
48	Three phase primary line extension at Kawit Oriental, Kauswagan, Lanao del Norte.		10/20/2021		0.650					0.650
49	Single phase primary line extension for Piggery of Mayor Regencia at Princesa, Baroy, Lanao del Norte		10/23/2021				0.585			0.585
50	Single phase primary line extension for Mama-gum Sanitary landfill at Mamagum, Sultan Naga Dimaporo, Lanao del Norte		11/3/2021				0.320			0.320
51	Three phase primary line extension for ICI School building at Poblacion, Kapatagan, Lanao del Norte		11/11/2021		0.080					0.080
52	Single Phase Primary line extension for Pagang Commercial Building at Purok 2, Pigcarangan, Tubod, Lanao del Norte.		11/16/2021				0.040			0.040
53	Three phase primary line extension for Panguil Bay bridge at Sagadan, Tubod, Lanao del Norte		11/26/2021		1.120					1.120
54	Single phase primary line extension for Grace Covenant FM at Poblacion, Bacolod, Lanao del Norte		11/26/2021				0.070			0.070
55	Single phase primary line extension for NCMC TESDA Laboratory at Purok Lemon tree, Maranding, Lala, Lanao del Norte.		11/29/2021					0.730		0.730
56	Additional under built at Purok 5, Bulacon, Salvador, Lanao del Norte		11/26/2021						0.780	0.780
57	Three phase primary line extension for Stone Crusher at Purok 15, Poblacion, Sapad, Lanao del Norte.		12/21/2021		0.240					0.240
		TOTAL			5.270	0.120	3.980	6.305	1.920	17.595

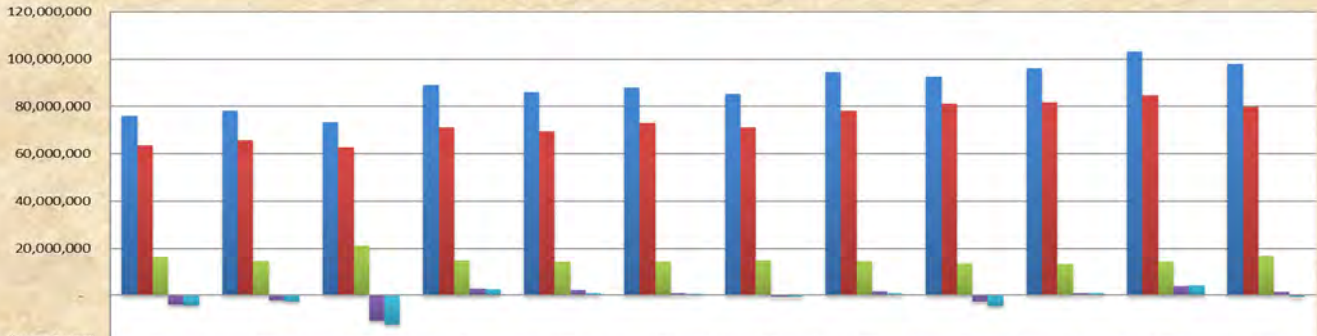


**REPORT on the FINANCIAL
PERFORMANCE**

2021 FINANCIAL HIGHLIGHTS	
ENERGY SALES (In Pesos)	1,060,254,996
POWER COST (In Pesos)	882,490,995
KwH SOLD	105,207,522
KwH PURCHASED	110,242,158
AVERAGE RATE PER KWH	7.14
OPERATING EXPENSES & OTHERS	226,696,439
COLLECTION EFFICIENCY	97.74%
PROMPT PAYMENT DISCOUNT TO PSALM	742,834.63
PAYMENT TO SUPPLIER / NEA	CURRENT

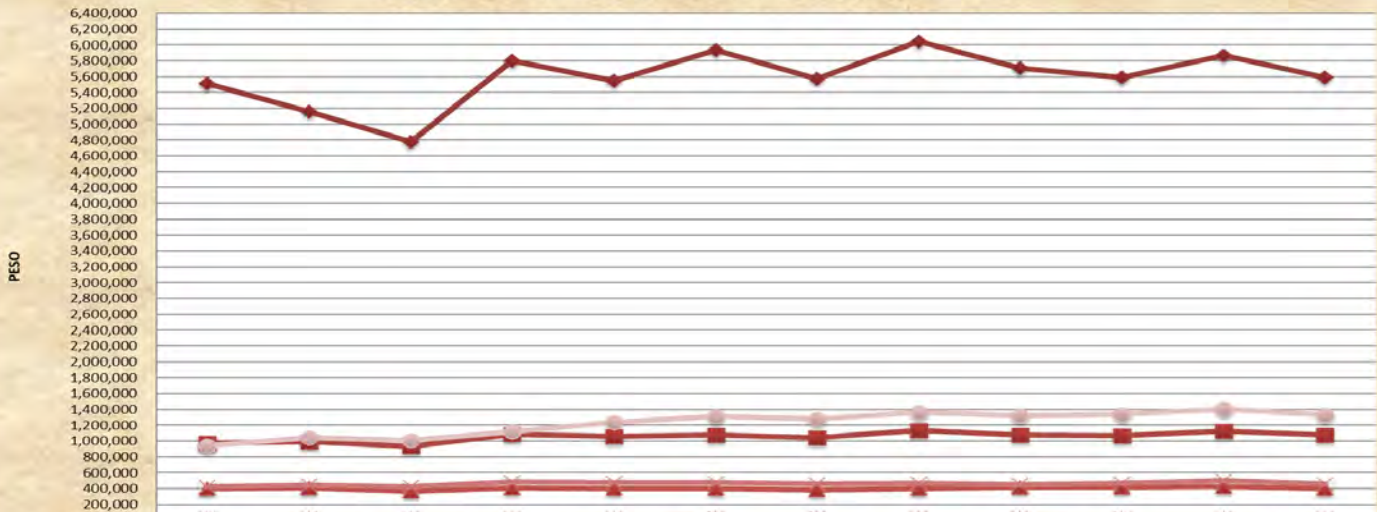


2021 OPERATING REVENUE, POWER COST, NON-POWER COST, OPERATING MARGIN / (LOSS) & NET MARGIN (LOSS)



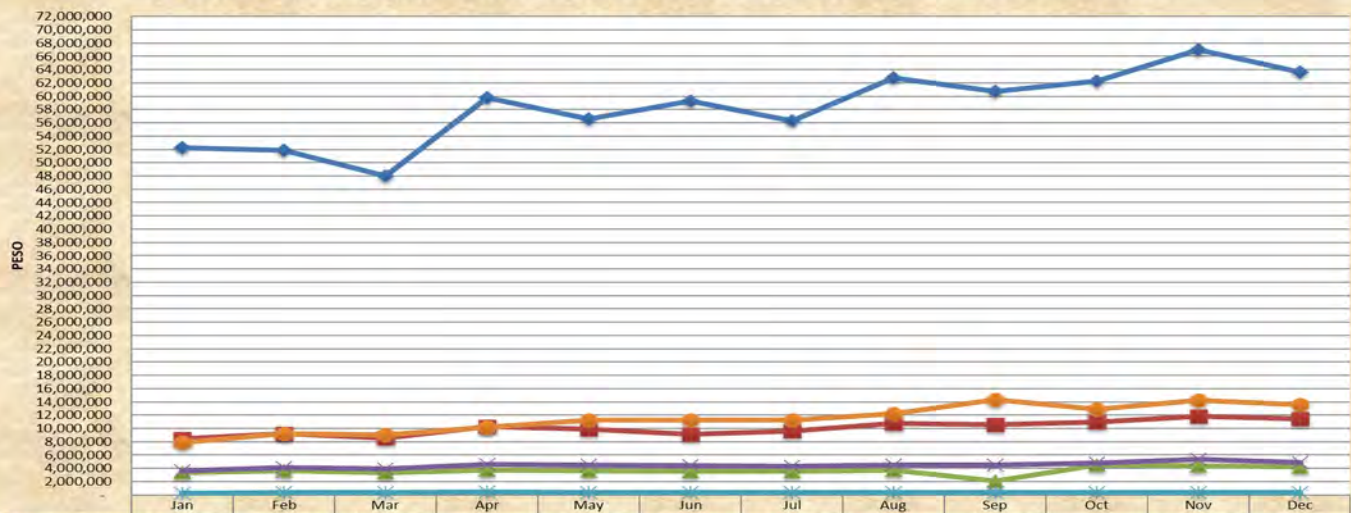
(20,000,000)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Operating Revenue	75,906,777	78,359,860	73,289,985	88,944,879	86,237,769	87,988,737	85,352,355	94,403,793	92,588,867	95,932,483	103,199,317	98,050,173
Power Cost	63,552,105	65,656,653	62,798,846	71,221,764	69,624,462	72,901,869	71,262,099	78,216,921	81,216,843	81,761,439	84,625,477	79,652,516
Non-Power Cost	16,257,826	14,604,159	20,932,608	14,673,384	14,108,004	14,208,021	14,685,526	14,410,633	13,742,957	13,299,814	14,374,791	16,779,559
Operating Margin(Loss)	(3,903,154)	(1,900,952)	(10,441,469)	3,049,731	2,505,302	878,847	(595,270)	1,776,239	(2,370,934)	871,230	4,199,048	1,618,098
Net Margin(Loss)	(4,056,018)	(2,441,066)	(12,324,167)	2,792,672	1,055,434	754,736	(788,749)	919,641	(4,436,647)	1,067,145	4,443,419	(703,860)

2021 MONTHLY KWH SALES PER CONSUMER TYPE



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Residential	5,515,528	5,156,747	4,774,289	5,798,342	5,547,910	5,935,892	5,574,003	6,044,305	5,709,435	5,592,148	5,866,694	5,585,685
Commercial	979,087	990,856	933,267	1,087,361	1,058,533	1,073,420	1,042,057	1,135,716	1,078,846	1,068,117	1,125,738	1,077,278
Industrial	401,212	404,642	369,186	409,238	398,932	402,039	381,307	399,909	419,502	416,510	423,775	401,959
Public Bldg	424,148	445,119	425,093	483,014	478,418	474,779	456,739	470,770	450,167	464,746	500,083	463,489
Street Lights	28,283	30,589	28,293	29,292	31,178	34,630	34,093	34,865	34,378	32,339	31,373	29,950
Higher Voltage	943,803	1,041,418	1,007,203	1,122,425	1,240,657	1,311,434	1,281,717	1,365,398	1,322,466	1,337,016	1,408,970	1,329,723

2021 MONTHLY OPERATING REVENUE FROM KWH SALES PER CONSUMER TYPE



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Residential	52,262,549	51,897,069	48,032,949	59,739,029	56,571,232	59,316,836	56,275,804	62,742,246	60,727,391	62,297,112	66,950,407	63,614,737
Commercial	8,474,584	9,207,558	8,586,836	10,243,996	9,928,724	9,139,752	9,648,827	10,814,920	10,554,561	10,996,163	11,867,275	11,432,028
Industrial	3,383,790	3,625,003	3,336,146	3,690,582	3,649,076	3,565,848	3,492,231	3,750,129	2,082,266	4,521,573	4,398,359	4,186,310
Public Bldg	3,624,370	4,083,041	3,971,965	4,611,018	4,523,705	4,384,998	4,308,082	4,532,567	4,458,404	4,798,299	5,340,745	4,876,652
Street Lights	294,832	334,385	313,870	442,743	343,039	369,124	368,470	383,489	385,358	382,057	380,535	367,149
Higher Voltage	7,866,653	9,212,805	9,048,219	10,217,511	11,221,992	11,212,179	11,258,941	12,180,440	14,380,887	12,937,279	14,261,996	13,573,297



LANAO DEL NORTE ELECTRIC COOPERATIVE, INC.

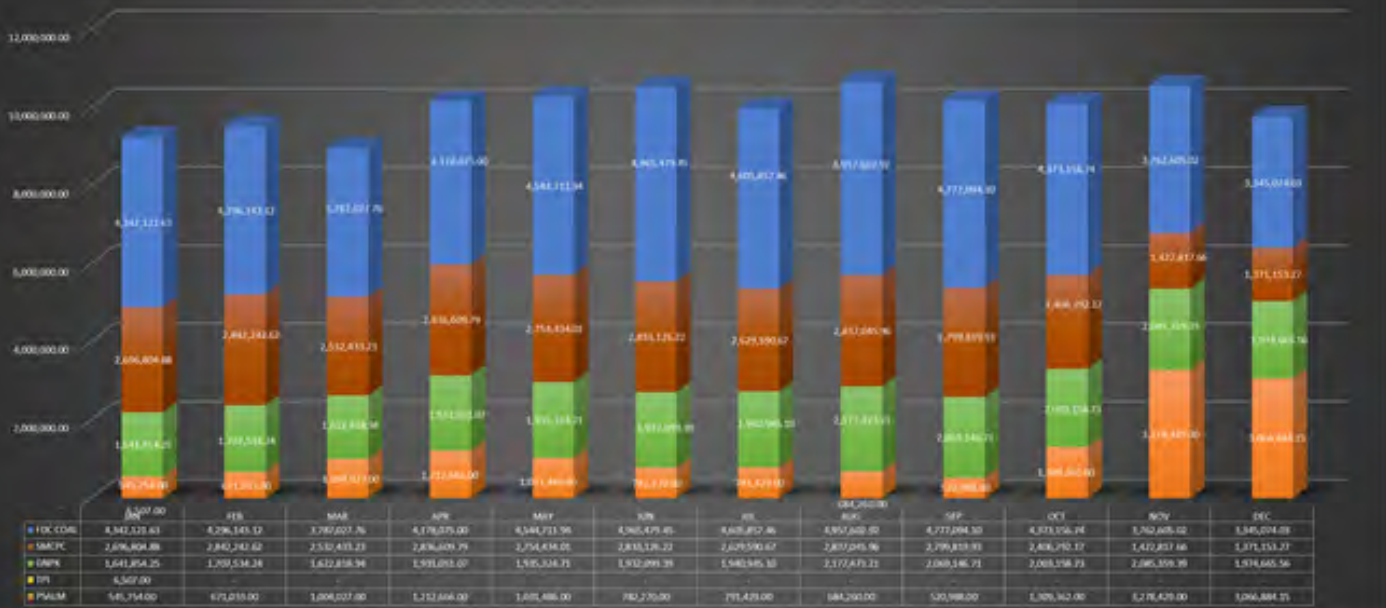
LANECO

Tubod, Lanao del Norte

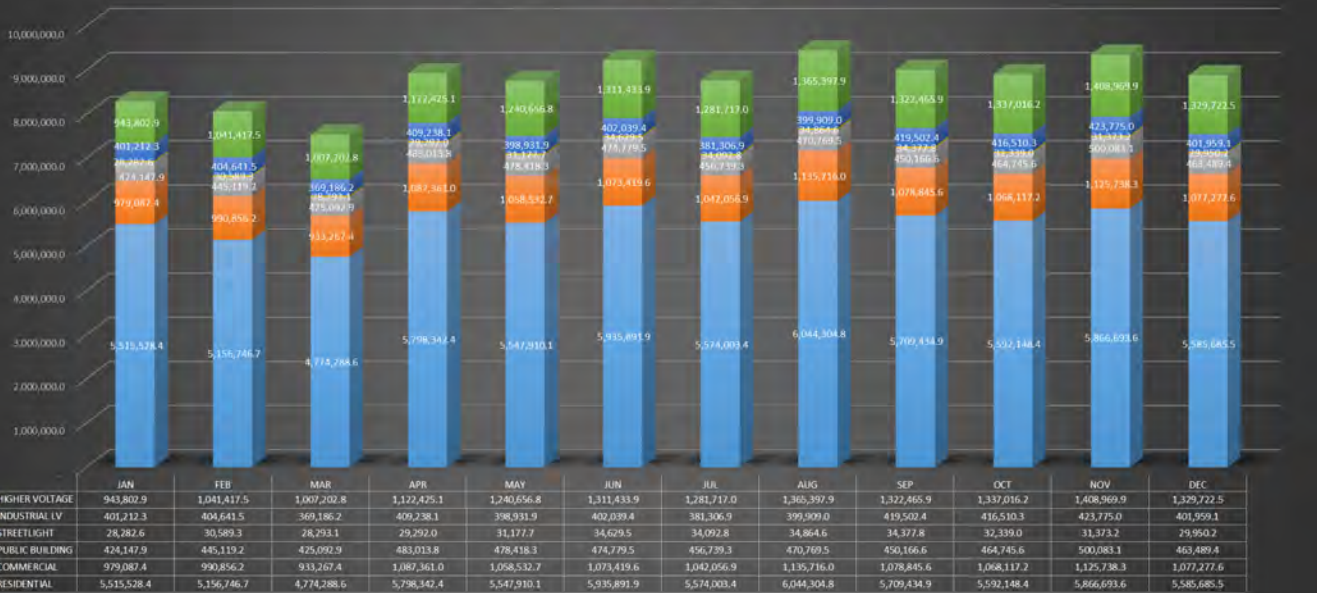
YEAR 2021 KWH PURCHASED AND SOLD

PURCHASED KWH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
SUPPLY MONTH	Dec. 26 - Jan. 25	Jan. 26 - Feb. 25	Feb. 26 - Mar. 25	Mar. 26 - Apr. 25	Apr. 26 - May 25	May 26 - Jun. 25	Jun. 26 - Jul. 25	Jul. 26 - Aug. 25	Aug. 26 - Sept. 25	Sept. 26 - Oct. 25	Oct. 26 - Nov. 25	Nov. 26 - Dec. 25
PSALM	545,754.00	671,033.00	1,004,027.00	1,212,666.00	1,031,486.00	782,270.00	791,429.00	684,260.00	520,988.00	1,309,362.00	3,278,429.00	3,066,884.15
TPI	6,507.00	-	-	-	-	-	-	-	-	-	-	-
GNPK	1,641,854.25	1,707,534.24	1,622,818.94	1,931,051.07	1,935,324.71	1,932,099.39	1,940,945.10	2,177,473.21	2,069,146.71	2,003,158.73	2,085,359.39	1,974,665.56
SMPCP	2,696,804.88	2,842,242.62	2,532,433.23	2,836,609.79	2,754,434.01	2,833,126.22	2,629,590.67	2,837,045.96	2,799,819.93	2,406,792.17	1,422,817.66	1,371,153.27
FDC COAL	4,342,121.63	4,296,143.12	3,787,027.76	4,178,075.00	4,544,711.94	4,965,479.45	4,605,857.46	4,957,602.92	4,777,094.10	4,373,156.74	3,762,605.02	3,345,074.03
TOTAL PURCHASED	9,233,041.76	9,516,952.97	8,946,306.93	10,158,401.85	10,265,956.65	10,512,975.06	9,967,822.24	10,656,382.08	10,167,048.74	10,092,469.64	10,549,211.07	9,757,777.01
INGCP/TRANSMISSION	18,827.00	18,991.00	19,829.00	20,165.00	21,163.00	20,915.00	21,738.00	20,715.00	20,016.00	20,731.00	20,631.00	19,789.00
SOLD KWH PER CONSUMER TYPE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
RESIDENTIAL	5,515,528.4	5,156,746.7	4,774,288.6	5,798,342.4	5,547,910.1	5,935,891.9	5,574,003.4	6,044,304.8	5,709,434.9	5,592,148.4	5,866,693.6	5,585,685.5
LOW VOLTAGE	1,832,730.2	1,871,206.2	1,755,839.6	2,008,904.8	1,967,060.6	1,984,868.0	1,914,195.9	2,041,259.2	1,982,892.4	1,981,712.1	2,080,969.6	1,972,676.3
COMMERCIAL	979,087.4	990,856.2	933,267.4	1,087,361.0	1,058,532.7	1,073,419.6	1,042,056.9	1,135,716.0	1,078,845.6	1,068,117.2	1,125,738.3	1,077,277.6
P. BUILDING	424,147.9	445,119.2	425,092.9	483,013.8	478,418.3	474,779.5	456,739.3	470,769.5	450,166.6	464,745.6	500,083.1	463,489.4
ST. LIGHT	28,282.6	30,589.3	28,293.1	29,292.0	31,177.7	34,629.5	34,092.8	34,864.6	34,377.8	32,339.0	31,373.2	29,950.2
INDUSTRIAL	401,212.3	404,641.5	369,186.2	409,238.1	398,931.9	402,039.4	381,306.9	399,909.0	419,502.4	416,510.3	423,775.0	401,959.1
HIGHER VOLTAGE	943,802.9	1,041,417.5	1,007,202.8	1,122,425.1	1,240,656.8	1,311,433.9	1,281,717.0	1,365,397.9	1,322,465.9	1,337,016.2	1,408,969.9	1,329,722.5
TOTAL SALES	8,292,061.5	8,069,370.4	7,537,330.9	8,929,672.3	8,755,627.5	9,232,193.7	8,769,916.2	9,460,961.9	9,014,793.2	8,910,876.6	9,356,633.0	8,888,084.3

2021 KWH PURCHASED FROM POWER SUPPLIERS



2021 MONTHLY SALES PER CONSUMER TYPE



UNBUNDLED ELECTRIC RATES

November 2021 Power Suppliers' Billings (October 26, 2021-November 25, 2021)

For December 2021 Pass-on to LANEKO Consumers

COMPONENT OF CHARGES	RESIDENTIAL			LOW VOLTAGE (C, PB, I, SL)			HIGHER VOLTAGE INDUSTRIAL		
	BASIC RATE	VAT AMOUNT	WITH VAT	BASIC RATE	VAT AMOUNT	WITH VAT	BASIC RATE	VAT AMOUNT	WITH VAT
	GENERATION (PSALM, FDC COAL, KEGI, SMCPC & TPI)								
Generation System Charge - PhP/kWh	7.4008	0.8119	8.2127	7.4008	0.8119	8.2127	7.4008	0.8119	8.2127
Power Act Reduction (PAR) Adj. - PhP/kWh	(0.0932)	(0.0112)	(0.1044)						
Total Generation	7.3076	0.8007	8.1083	7.4008	0.8119	8.2127	7.4008	0.8119	8.2127
TRANSMISSION (NGCP)									
Transmission Demand Charge - PhP/kWh							47.3522	0.0238	47.3759
Transmission System Charge - PhP/kWh	0.9771	0.1028	1.0799	0.9878	0.1039	1.0917			
Total Transmission	0.9771	0.1028	1.0799	0.9878	0.1039	1.0917			
SYSTEM LOSS									
System Loss - Generation - PhP/kWh	0.9222	0.1012	1.0233	0.9222	0.1012	1.0233	0.9222	0.1012	1.0233
System Loss - Transmission- PhP/kWh	0.1061	0.0114	0.1175	0.1061	0.0114	0.1175	0.1061	0.0114	0.1175
TOTAL SYSTEM LOSS	1.0283	0.1125	1.1408	1.0283	0.1125	1.1408	1.0283	0.1125	1.1408
DSM REVENUES (LANEKO)									
Distribution Demand Charge - PhP/kWh							267.9000	32.1480	300.0480
Distribution System Charge - PhP/kWh	0.8449	0.1014	0.9463	0.9259	0.1111	1.0370			
Supply System Charge - PhP/kWh	0.7732	0.0928	0.8660						
Supply Retail/Cust./Month - PhP				40.1500	4.8180	44.9680	40.1500	4.8180	44.9680
Metering System Charge - PhP/kWh	0.4569	0.0548	0.5117						
Metering Retail/Cust./Month - PhP	5.0000	0.6000	5.6000	28.7200	3.4464	32.1664	28.7200	3.4464	32.1664
Total DSM Revenues	2.0750	0.2490	2.3240	0.9259	0.1111	1.0370	-	-	-
OTHERS									
Lifeline Rate (Discount) Subsidy - PhP/kWh	0.0777	0.0093	0.0871	0.0777	0.0093	0.0871	0.0777	0.0093	0.0871
Senior Citizen Subsidy Charge - PhP/kWh	0.0004	0.0000	0.0004	0.0004	0.0000	0.0004	0.0004	0.0000	0.0004
Reinvestment for Sustainable CapEx (RFSC)-PhP/kWh	0.5189	0.0623	0.5812	0.5189	0.0623	0.5812	0.5189	0.0623	0.5812
Total Others / kWh	0.5970	0.0716	0.6687	0.5970	0.0716	0.6687	0.5970	0.0716	0.6687
UNIVERSAL CHARGES (PSALM)									
UC - Environmental (UC-ENV) Charge - PhP/kWh	-	-	-	-	-	-	-	-	-
UC - Stranded Contract Cost Charge (UC-SCC) - PhP/kWh	-	-	-	-	-	-	-	-	-
UC - Stranded Debt Charge (UC-SD) - PhP/kWh	0.0428		0.0428	0.0428		0.0428	0.0428		0.0428
UC - Missionary Electrification Charge for NPC - SPUG - PhP/kWh	0.1544		0.1544	0.1544		0.1544	0.1544		0.1544
UC - Missionary Electrification Charge for Renewable Energy Developers (RE)	0.0017		0.0017	0.0017		0.0017	0.0017		0.0017
Total Universal Charges (UC)	0.1989		0.1989	0.1989		0.1989	0.1989		0.1989
Feed-In Tariff Allowance (FIT-ALL)PhP/kWh (TRANSCO)	0.0983		0.0983	0.0983		0.0983	0.0983		0.0983
REAL PROPERTY TAX (RPT) Current Year - PhP/kWh	-		-	-		-	-		-
REAL PROPERTY TAX (RPT) Previous Years-PhP/kWh	0.1055		0.1055	0.1055		0.1055	0.1055		0.1055
LOCAL FRANCHISE TAX (LFT) Year 2020-PhP/kWh	0.0108		0.0108	0.0108		0.0108	0.0108		0.0108
TOTAL RATE - PhP/kWh	12.3985	1.3367	13.7351	11.3533	1.2111	12.5644	9.4396	0.9960	10.4356
DEMAND									
Transmission Demand Charge - PhP/kWh							47.3522	0.0238	47.3759
Distribution Demand Charge - PhP/kWh							267.9000	32.1480	300.0480
Total Demand Charges							315.2522	32.1718	347.4239
RETAIL CHARGES									
Supply Retail/Cust./Month - PhP				40.1500	4.8180	44.9680	40.1500	4.8180	44.9680
Metering Retail/Cust./Month - PhP	5.0000	0.6000	5.6000	28.7200	3.4464	32.1664	28.7200	3.4464	32.1664
Total Retail Charges	5.0000	0.6000	5.6000	68.8700	8.2644	77.1344	68.8700	8.2644	77.1344

Financial Statements of
**Lanao del Norte
Electric Cooperative, Inc.**

December 31, 2020 and 2019

And

Report of Independent Auditors

QUILAB & GARSUTA
CERTIFIED PUBLIC ACCOUNTANTS

quilabgarsuta.com

LANECO Annual Report 2021



**LANAO DEL NORTE ELECTRIC COOPERATIVE, INC.
(LANECO)**

9209 TUBOD, LANA DEL NORTE
MINDANAO, PHILIPPINES

Tel. Nos. (063) 341-5231 • 341-5459 • 495-0016 • Fax No. 341-5210
EMAIL ADDRESS - LANECO_NEPTUNE@YAHOO.COM

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Lanao del Norte Electric Cooperative, Inc. is responsible for the preparation and fair presentation of its financial statements for the years ended December 31, 2020 and 2019, in accordance with Philippine Financial Reporting Standards (PFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Cooperative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Cooperative or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Cooperative's financial reporting process.

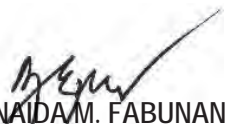
The Board of Directors reviews and approves the financial statements and submits the same to the members of the Cooperative.

Quilab & Garsuta, CPAs, the independent auditors appointed by the Board of Directors for the periods December 31, 2020 and 2019, have audited the financial statements of the Cooperative in accordance with Philippine Standards on Auditing (PSAs), and in their reports to the Board of Directors and members, have expressed their opinions on the fairness of presentation upon completion of such audits.

April 26, 2021, Barangay Sagadan, Tubod, Lanao del Norte.


ENGR. BALDOMERO N. ZAMORA
President


SHERWIN C. MAÑADA
NEA Project Supervisor


ZENAI D. M. FABUNAN
OIC of the Cooperative


ANGELINA G. ESTROLOGO
Finance Services Manager

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Member-Consumer-Owners
Lanao del Norte Electric Cooperative, Inc.

Opinion

We have audited the financial statements of Lanao del Norte Electric Cooperative, Inc., which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of profit and loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements comprising of a summary of significant accounting policies and other explanatory notes (collectively referred to as 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lanao del Norte Electric Cooperative, Inc. as of December 31, 2020 and 2019, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Cooperative in accordance with the *Code of Ethics for Professional Accountants in the Philippines* (Code of Ethics), together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Cooperative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Cooperative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Cooperative's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Cooperative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Cooperative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Quilab & Garsuta, CPAs

PTR No. 4929529 A

January 4, 2021

Cagayan de Oro City

April 26, 2021
Cagayan de Oro City, Philippines

STATEMENTS OF FINANCIAL POSITION

Lanao del Norte Electric Cooperative, Inc.

<i>December 31,</i>	2020	2019
ASSETS		
Non-Current Assets		
Utility plant, property and equipment – net <i>(Note 4)</i>	P617,281,381	P602,096,155
Other assets <i>(Note 5)</i>	49,627,031	49,504,410
Total Non-Current Assets	666,908,412	651,600,565
Current Assets		
Cash <i>(Note 6)</i>	40,980,249	72,405,179
Trade and other receivables <i>(Note 7)</i>	79,018,253	87,426,983
Materials and supplies <i>(Note 8)</i>	38,730,902	33,537,328
Prepaid expenses <i>(Note 9)</i>	136,478	328,457
Total Current Assets	158,865,882	193,697,947
	P825,774,294	P845,298,512
MEMBERS' EQUITY AND LIABILITIES		
Members' Equity		
Membership fees <i>(Note 10)</i>	P538,182	P519,616
Reinvestment fund for sustainable capital expenditures <i>(Note 11)</i>	421,875,238	371,986,502
Government grants <i>(Note 12)</i>	230,381,222	224,992,618
Accumulated losses	(260,266,300)	(211,424,719)
Total Members' Equity	392,528,342	386,074,017
Non-Current Liabilities		
Loans and borrowings <i>(Note 13)</i>	150,173,758	178,081,195
Consumers' deposits <i>(Note 14)</i>	60,905,540	64,360,545
Retirement benefit obligation <i>(Note 15)</i>	31,770,279	32,357,962
Total Non-Current Liabilities	242,849,577	274,799,702
Current Liabilities		
Trade and other payables <i>(Note 16)</i>	158,930,114	116,654,445
Loans and borrowings <i>(Note 13)</i>	29,530,834	67,005,227
Refund payable <i>(Note 17)</i>	1,935,427	765,121
Total Current Liabilities	190,396,375	184,424,793
Total Liabilities	433,245,952	459,224,495
	P825,774,294	P845,298,512

See Notes to Financial Statements.

STATEMENTS OF PROFIT OR LOSS

Lanao del Norte Electric Cooperative, Inc.

<i>Years Ended December 31,</i>	2020	2019
ENERGY SALES <i>(Note 18)</i>		
Residential	P618,749,032	P541,960,070
Industrial	160,676,038	376,800,181
Commercial	106,937,407	120,147,579
Public buildings	49,296,716	48,455,689
Public streets and highway lighting	3,935,985	4,835,536
Total	939,595,178	1,092,199,055
LESS COST OF PURCHASED POWER <i>(Note 19)</i>	776,363,180	883,031,216
GROSS MARGIN FROM ENERGY SALES	163,231,998	209,167,839
ADD OTHER INCOME <i>(Note 20)</i>	19,158,471	23,779,122
GROSS MARGIN	182,390,469	232,946,961
OPERATING EXPENSES <i>(Note 21)</i>		
Administrative and general	104,886,385	93,695,702
Operations and maintenance	48,847,364	44,176,500
Consumer services	26,796,776	27,756,914
Total Operating Expenses	180,530,525	165,629,116
PROFIT BEFORE FIXED AND FINANCIAL INCOME (CHARGES)	1,859,944	67,317,845
FIXED AND FINANCIAL INCOME (CHARGES)		
Earned Government grants <i>(Note 12)</i>	6,165,052	6,165,052
Depreciation <i>(Note 4)</i>	(31,098,177)	(29,652,151)
Penalty and surcharges <i>(Note 16)</i>	(14,556,013)	(2,963,965)
Interest <i>(Note 13)</i>	(11,212,387)	(16,564,654)
Provision for ECL on trade and other receivables <i>(Note 7)</i>	-	(2,257,745)
Net	(50,701,525)	(45,273,463)
NET (LOSS) SURPLUS FOR THE YEAR	(P48,841,581)	P22,044,382

See Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

Lanao del Norte Electric Cooperative, Inc.

December 31,	2020	2019
MEMBERSHIP FEES (Note 10)		
Opening balances	P519,616	P484,587
Additional membership received during the year	18,566	35,029
Closing balances	538,182	519,616
REINVESTMENT FUND FOR SUSTAINABLE CAPITAL EXPENDITURES (Note 11)		
Opening balances	371,986,502	314,453,368
Additional contributions during the year	49,888,736	57,533,134
Closing balances	421,875,238	371,986,502
GOVERNMENT GRANTS (Note 12)		
Opening balances	224,992,618	227,346,905
New grants capitalized during the year	11,553,656	3,810,765
Earned Government grants during the year	(6,165,052)	(6,165,052)
Closing balances	230,381,222	224,992,618
ACCUMULATED LOSSES		
Opening balances	(211,424,719)	(233,469,101)
Net (loss) surplus for the year	(48,841,581)	22,044,382
Closing balances	(260,266,300)	(211,424,719)
	P392,528,342	P386,074,017

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

Lanao del Norte Electric Cooperative, Inc.

Years Ended December 31,	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) surplus for the year	(P48,841,581)	P22,044,382
Add (deduct) adjustments for:		
Depreciation (Note 4)	31,098,177	29,652,151
Provision for retirement benefits (Note 15)	9,132,000	5,888,000
Provision for ECL on trade and other receivables (Note 7)	-	2,257,745
Interest expense (Note 13)	11,212,387	16,564,654
Interest and dividend income (Note 5, 6 and 15)	(1,043,511)	(216,180)
Operating income before changes in working capital	1,557,472	76,190,752
Add (deduct) changes in working capital, excluding cash:		
Decrease (increase) in:		
Trade and other receivables (Note 7)	8,408,730	(11,966,853)
Materials and supplies (Note 8)	(5,193,574)	(13,147,172)
Prepaid expenses (Note 9)	191,979	(77,786)
Increase (decrease) in trade and other payables (Note 16)	42,275,669	(70,688,415)
Increase in refund payable (Note 17)	1,170,306	127,648
Net Cash Provided from (Used for) Operating Activities	48,410,582	(19,561,826)
CASH FLOWS FOR INVESTING ACTIVITIES		
Additions to utility plant, property and equipment (Note 4)	(46,283,403)	(85,724,977)
Increase in other non-current assets (Note 5)	(122,621)	(43,422,696)
Interest and dividend income (Note 5, 6 and 15)	1,043,511	216,180
Net Cash Used for Investing Activities	(45,362,513)	(128,931,493)
CASH FLOWS FOR FINANCING ACTIVITIES		
Increase in reinvestment fund for sustainable capex (Note 11)	49,888,736	57,533,134
Increase (decrease) in Government grants (Note 12)	5,388,604	(2,354,287)
Additional membership fees (Note 10)	18,566	35,029
Loan payments to creditors (Note 13)	(65,381,830)	(38,832,803)
Interest expense (Note 13)	(11,212,387)	(16,564,654)
Net retirement benefits paid during the year (Note 15)	(9,719,683)	(10,546,969)
(Decrease) increase in consumers' deposits (Note 14)	(3,455,005)	4,969,576
Loan availed from creditors (Note 13)	-	122,585,220
Net Cash (Used for) Provided from Financing Activities	(34,472,999)	116,824,246
NET DECREASE IN CASH	(31,424,930)	(31,669,073)
OPENING CASH	72,405,179	104,074,252
CLOSING CASH (Note 6)	P40,980,249	P72,405,179

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Lanao del Norte Electric Cooperative, Inc.

As of and for the Years Ended December 31, 2020 and 2019

Note 1

Organization and Tax Exemptions

The Lanao del Norte Electric Cooperative, Inc. is a rural electric cooperative organized on May 27, 1972, under the provisions of the National Electrification Administration Act (R.A. No. 6038), as amended by Presidential Decree (P.D.) No. 269, to provide electric service at the retail level to primarily residential and commercial accounts within its franchise area covering eighteen (18) municipalities of Lanao del Norte. At the end of 2020, the Cooperative has a total member-consumers of 112,935 spread over these cities and municipalities.

The power delivered at retail is purchased wholesale from power providers, namely: National Grid Corporation of the Philippines (NGCP), Inc., Power Sector Assets & Liabilities Management Corporation (PSALM), King Energy Generation, Inc. (KEGI) and the FDC Misamis Power Corporation (FDCMPC), Total Power Incorporated (TPI), San Miguel Consolidated Power Corporation (SMCPC), and GN Power Kauswagan LTD, Inc. (GNPK).

The Cooperative holds office at its own compound in Barangay Sagadan, Poblacion, Tubod, Lanao del Norte. It maintains branch offices in the following municipalities of Lanao del Norte: Linamon, Bacolod, Kolambugan, Lala (in Maranding), Kapatagan, Sultan Naga Dimaporo, Baroy satellite office and in Maigo.

The Cooperative is subject to regulations by the Energy Regulatory Commission (ERC) and the National Electrification Administration (NEA) for certain rates and other matters.

- As a distribution utility, the Cooperative is subject to the rate-making regulations and regulatory policies of the Energy Regulatory Commission (ERC). The billings of the Cooperative to its member-consumers-owners are itemized or "unbundled" into a number of bill components reflecting various activities and costs incurred in providing the electric service. Any adjustment to the bill component is governed by mechanisms promulgated and enforced by ERC, such as: (1) the "Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities", which govern the recovery of pass-through costs, including over- or under-recoveries of the bill components, namely, (a) generation charge, (b) transmission charge, (c) system loss charge, (d) lifeline subsidy, and (e) local franchise tax; and (2) the "Rules for the Setting of Distribution Wheeling Rates", as modified by ERC Resolution No. 20, Series of 2008, which govern the determination of the Cooperative's distribution, supply, and metering charges.
- As a cooperative registered with National Electrification Administration (NEA), the Cooperative is subject to supervisory and oversight functions of the NEA. Under R.A. No. 10531, otherwise known as the 'National Electrification Administration Act of 2013', NEA is mandated by law to supervise the management and operations of the Cooperative and to provide institutional, financial and technical assistance to the Cooperative. Under these functions, NEA develops, sets and enforces institutional and governance standards for the efficient operation of the Cooperative; formulates and imposes administrative sanctions to the Cooperative's officers and employees and exercises primary and exclusive jurisdiction in the adjudication of complaints against its officers or in election disputes; grants loans for construction or acquisition, operation and maintenance, restoration, improvement or enlargement of sub-transmission facilities and all related assets; guarantees the Cooperative's transactions with various parties such as in co-signing of power supply contracts, etc.; exercises step-

in rights in case of operational and financial difficulties, and imposes strict reportorial compliance from the Cooperative, among other functions enumerated in the Act.

Tax Exemptions

The Cooperative was registered with the National Electrification Administration (NEA) in 1972. Under the provisions of PD No. 269, some of the tax exemptions of the Cooperative expired at the end of 2002, its 30th year of operation. However, after this period, the Cooperative still enjoys certain tax exemptions as provided under Sections 109, 116 and 119 of the Tax Code of 1997, as amended, as explained by Revenue Memorandum Circular No. 72-2003, issued by the Bureau of Internal Revenue (BIR) on October 20, 2003, on the following taxes:

- (a) Franchise tax under Section 119 of the Tax Code;
- (b) VAT on sales relative to the generation and distribution of electricity, as well as its importation of machineries and equipment, including spare parts, which shall be directly used in the generation and distribution of electricity (Section 109 [s], Tax Code);
- (c) Income taxes for which it is directly liable (Section 39, PD No. 269);
- (d) All national government taxes and fees, including franchise, filing, recordation, license or permit fees or taxes; but the said exemption shall end on Dec. 31 of the 30th full calendar year after the date of a Cooperative's organization or conversion, or until it shall become completely free of indebtedness incurred by borrowing, whichever event first occurs; and
- (e) 3%-percentage tax under Section 116 of the Tax Code.

The Tax Reform for Acceleration and Inclusion Act (TRAIN), enacted into law on December 19, 2017, essentially maintained the tax exemption of cooperatives as promulgated under Sections 109, 116 and 119 of the Tax Code of 1997, as amended.

The tax exemptions of the Cooperative is likewise confirmed in the approved rates by the ERC that do not include the rate of return component that is allowed to private for-profit distribution utilities. The rate of return pertains to the percentage which when multiplied by the allowed rate base, provides a return that will fairly compensate the private distribution utilities for the risk inherent to the investment. Such rate of return is not allowed for the electric cooperative industry.

The fundamental principle of returning net surplus to the members on the basis of their patronage will be exercised by the Cooperative when the cumulative savings will allow.

In accordance with Revenue Regulations No. 16-2005, Consolidated Value-Added Tax Regulations of 2005 as amended by Revenue Memorandum Circular No. 7-2006, the Cooperative is subject to 12% value added taxes on their gross receipts from distribution of electricity purchased.

The Cooperative is being taxed by the Local Government Units (LGUs) for franchise and real property taxes. These taxes are subject to recovery procedures from the Cooperative consumers.

Note 2

Summary of Significant Accounting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

Statement of Compliance

The financial statements of the Cooperative have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs include statements named PFRSs and Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial

Reporting Standards Council (FRSC) and adopted by the Board of Accountancy of the Professional Regulation Commission (BOA/PRC) and the Securities and Exchange Commission (SEC).

Because the Cooperative is a supervised entity by the National Electrification Administration (NEA), it also abides by the regulations of NEA particularly in the treatment and presentation of certain transactions peculiar to cooperative power industry. These regulations and requirements are substantially compliant with PFRSs.

Adoption of New and Amended PFRS Standards that are Effective for 2019.

Impact of the Initial Application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The Philippine's FRSC adopted the amendments as 'Amendment to PFRS 16' on June 1, 2020.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

In 2020, the Cooperative considers the Amendment not applicable considering that it has no leases that fall under the provisions of PFRS 16.

Impact on Accounting for Changes in Lease Payments Applying the Exemption

The Cooperative has not applied the practical expedient to all rent concessions that meet the conditions in PFRS 16:46B. The Cooperative has no leases falling under the provisions of PFRS 16 therefore it has not benefited from waiver of lease payments on its lease of the office spaces, nor any payment holiday.

In accordance with PFRS 16:46B, had the Cooperative received any waiver of lease payments or any payment holiday, or even discounts or reduction in lease payments, it needs to remeasure the lease liability using the revised lease payments and revise the discount rate originally applied to the lease, so that it would result in a decrease in the lease liability, and which should be recognized as a negative variable lease payment in profit or loss.

Impact of Initial Application of Other New and Amended PFRS Standards that are Effective for the Current Year

In the current year, the Cooperative has applied the below amendments to PFRS Standards and Interpretations issued by the Financial Reporting Standards Council (FRSC) of the Professional Regulatory Commission (PRC) that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in PFRS Standards

The Cooperative has adopted the amendments included in Amendments to References to the Conceptual Framework in PFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a Business

The Cooperative adopted the amendments to PFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 Definition of Material

The Cooperative has adopted the amendments to PAS/IAS 1 and PAS/IAS 8 for the first time in the current year. The amendments make the definition of material in PAS/IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in PFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in PAS/IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

New and Revised PFRS Standards in Issue but not Yet Effective

At the date of authorization of these financial statements, the Cooperative has not applied the following new and revised PFRS Standards that have been issued but are not yet effective [and, in some cases] had not yet been adopted by the Philippine FRSC:

- IFRS 17 *Insurance Contracts*
- IFRS 10 and IAS 28 (Amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*
- Amendments to IFRS 3 *Reference to the Conceptual Framework*
- Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use*
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting
- Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The management and the Board of Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Cooperative in future periods, except as noted below:

PFRS 17 Insurance Contracts

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes PFRS 4 *Insurance Contracts*.

PFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In the Philippines, the Insurance Commission (IC) approved to defer the implementation of IFRS 17 (it will become PFRS 17) to January 1, 2023, per IC Circular Letter No. 218-69, dated December 28, 2018. This Circular was further amended by Circular Letter No. 2020-62, dated May 18, 2020, further extending the implementation of IFRS 17 to January 1, 2025.

The Cooperative anticipates no impact on PFRS 17 in its 2020 financial statements.

Amendments to PFRS 10 and PAS/IAS 28 (Amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to PFRS 10 and PAS/IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB (and consequently by the FRSC); however, earlier application of the amendments is permitted. The management and the Board of Directors of the Cooperative do not anticipate that the application of these amendments may have an impact on the Cooperative's financial statements in future periods should such transactions arise.

Amendments to PAS/IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to PAS/IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to PFRS 3 – Reference to the Conceptual Framework

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS/IAS 37, an acquirer applies PAS/IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to PAS/IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS/IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS/IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The Cooperative shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of the General Fund (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to PAS/IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the

contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards.

PFRS 1 First-time Adoption of Philippine Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

PFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

PFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to PFRS 16 only regards an illustrative example, no effective date is stated.

PAS/IAS 41 Agriculture

The amendment removes the requirement in PAS/IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS/IAS 41 with the requirements of PFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e., for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Basis of Preparation

The financial statements have been prepared using the historical cost basis, except for financial instruments that are measured at fair values at the end of the year, as explained in the following accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Cooperative takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for leasing transactions that are within the scope of PFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS/IAS 2 or value in use in PAS/IAS 36.

The financial statements are presented in Philippine peso, which is the Cooperative's functional and presentation currency, and all values are recorded to the nearest peso except when otherwise indicated.

The preparation of the financial statements made use of estimates, assumptions and judgments by management based on management's best knowledge of current and historical facts as at statement of financial condition date. These estimates and judgments affect the reported amounts of assets and liabilities and contingent liabilities as at statement of financial condition date, as well as affecting the reported income and expenses for the year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Significant Accounting Policies

The principal accounting policies adopted are set out below.

Going Concern

The Board of Directors has, at the time of approving the financial statements, a reasonable expectation that the Cooperative has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Cooperative.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Cooperative uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Cooperative determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Utility Plant, Property and Equipment

The utility plant, property and equipment consist of: (a) Transmission plant, which includes structures and improvements, station equipment, towers and fixtures, overhead conductors and devices and concrete poles; (b) Distribution plant, which includes structures and improvements, station equipment, towers and fixtures, overhead conductors and devices, line transformers, meters, street lighting and signal systems, and concrete poles; and (c) General plant, which includes land and land rights, building and structures, office furniture, fixtures and equipment, shop tools, laboratory, communication and miscellaneous equipment, and transportation equipment.

Utility plant, property and equipment are stated at cost less accumulated depreciation and any impairment value, excluding the costs of day-to-day servicing. Such cost includes the cost of replacing part of such property, plant and equipment when that cost is incurred, if the recognition criteria are met. Interests incurred on borrowed funds used to finance the construction of properties during the construction period are capitalized. Other borrowing costs are expensed.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

- (a) Transmission plant – 5 to 33 years;
- (b) Distribution plant – 5 to 33 years; and
- (c) General plant – 2 to 33 years.
- (d) Land and land rights are not depreciated.

The useful lives, depreciation method and residual values are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of utility plant, property and equipment. Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

An item of utility plant, property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

The carrying values of utility plant, property and equipment are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of utility plant, property and equipment is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Any impairment loss is recognized in the statement of profit or loss.

Construction in Progress

Construction in progress is stated at cost, which includes cost of construction, plant and equipment, capitalized borrowing costs and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are substantially completed and available for their intended use.

Financial Instruments

Financial assets and financial liabilities are recognized in the Cooperative's statement of financial position when the Cooperative becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI): (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Cooperative may make the following irrevocable election/designation at initial recognition of a financial asset: (a) the Cooperative may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met [see (iii) below]; and (b) the Cooperative may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch [see (iv) below].

(i) Amortized Cost and Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial

assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Cooperative recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

The Cooperative's financial assets at amortized cost include the following: investments in equity securities, cash and trade and other receivables.

– Cash and Cash Equivalents

Cash and cash equivalents are carried in the financial statements at cost. Cash comprise unrestricted cash on hand, deposits held at call with banks, and time deposits with banks that can be pre-terminated anytime without significant risk of change in value. Cash equivalents represent short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

– Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Cooperative provides money, goods and services directly to the members/consumers or debtors with no intention of trading the receivables.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Trade receivables are amounts billed to member consumers when the Cooperative delivers energy or services to them in the ordinary course of business. These billings are typically documented on formal billing invoices with appropriate desegregation of the nature of charges. Other receivables are dis-aggregated into amounts receivables from contractors of special projects (advances), advances to officers and employees and other debtors. These receivables are carried at their original bill amount less provisions made for impairment of the receivables. Impairment testing is made according to the provisions of PFRS 9.

– Investments in Debt and Equity Securities

The investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Cooperative has the positive intention and ability to hold on to maturity.

(ii) Debt Instruments Classified as at FVTOCI

The Cooperative has no financial assets held at FVTOCI. But debt instruments classified as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these financial assets as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognized in profit or loss.

The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these financial assets were to be measured at amortized cost. All other changes in the carrying amount of these financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these financial assets are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Equity Instruments Designated as at FVTOCI

On initial recognition, the Cooperative may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with PFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

The Cooperative designates all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

A financial asset is held for trading if: (1) it has been acquired principally for the purpose of selling it in the near term; or (2) on initial recognition it is part of a portfolio of identified financial instruments that the Cooperative manages together and has evidence of a recent actual pattern of short-term profit-taking; or (3) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

The Cooperative does not have equity instruments measured at FVOCI.

(iv) Financial Assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI [see (i) to (iii) above] are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Cooperative designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria [see (i) and (ii) above] are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing

the gains and losses on them on different bases. The Cooperative has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (the Cooperative has no hedge investments). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other services and other income' line item (Note 16). Fair value is determined in the manner described the Cooperative's significant accounting policies.

Impairment of Financial Assets

The Cooperative recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Cooperative always recognizes lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Cooperative's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Cooperative recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Cooperative measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant Increase in Credit Risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Cooperative compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Cooperative considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Cooperative's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Cooperative's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Cooperative presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Cooperative has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Cooperative assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if: (1) the financial instrument has a low risk of default; (2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Cooperative considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Cooperative regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of Default

The Cooperative considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable: (1) when there is a breach of financial covenants by the debtor; or (2) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Cooperative, in full (without taking into account any collateral held by the Cooperative).

Irrespective of the above analysis, the Cooperative considers that default has occurred when a financial asset is more than 90 days past due unless the Cooperative has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: (a) significant financial difficulty of the issuer or the borrower; (b) a breach of contract, such as a default or past due event (see (ii) above); (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-Off Policy

The Cooperative writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Cooperative's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) Measurement and Recognition of Expected Credit Losses (ECL)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Cooperative's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Cooperative in accordance with the contract and all the cash flows that the Cooperative expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with PFRS 16.

For a financial guarantee contract, as the Cooperative is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Cooperative expects to receive from the holder, the debtor or any other party.

If the Cooperative has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Cooperative measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Cooperative recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of Financial Assets

The Cooperative derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Cooperative neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Cooperative recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Cooperative retains substantially all the risks and rewards of ownership of a transferred financial asset, the Cooperative continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on

derecognition of an investment in an equity instrument which the Cooperative has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Financial Liabilities and Equity

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial Liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Cooperative, are measured in accordance with the specific accounting policies set out below.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if: (a) it has been acquired principally for the purpose of repurchasing it in the near term; or (b) on initial recognition it is part of a portfolio of identified financial instruments that the Cooperative manages together and has a recent actual pattern of short-term profit-taking; or (c) it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if: (1) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (2) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Cooperative's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (3) it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other services and other income' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability. Gains or losses on financial guaranty contracts issued by the Cooperative that are designated by the Cooperative as at FVTPL are recognized in profit or loss.

The Cooperative does not have financial liabilities measured at FVPL.

Financial Liabilities Measured Subsequently at Amortized Cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

The Cooperative's loans and borrowings and trade and other payables are classified under this category.

– Loans and Borrowings

Loans and borrowings which are incurred to finance the construction of the Cooperative's utility plant, property and equipment are financial liabilities measured subsequently at amortized cost. Borrowings are accounted for under the provisions of PFRS 9.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance costs in the statement of profit or loss.

Borrowing costs include interest charges and other costs incurred in connection with the loans. Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset are being incurred and activities necessary to prepare the asset for its intended use or sale are in progress and ceases when substantially all such activities are complete.

– Trade and Other Payables

Trade and other payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition of Financial Liabilities

The Cooperative derecognizes financial liabilities when, and only when, the Cooperative's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Cooperative exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Cooperative accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash

flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss within other gains and losses.

Inventory of Materials and Supplies

Inventories consisting of spare parts, electrical materials and supplies inventories are stated at the lower of cost or net realizable value. Cost is determined by the moving average method. The inventories are regularly reviewed for impairment. The allowance for inventory obsolescence consists of provision based on the aging of inventories and other factors that may affect recoverability of these assets. The allowance is established by charges to income in the form of excess of cost over net realizable value of inventories.

Prepayments

Prepaid expenses are expenditures paid for in one accounting period, but for which the underlying assets will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense. Prepayments are carried at cost and are amortized on a straight-line basis, over the period of intended usage, which is equal to or less than 12 months or within the normal operating cycle.

Impairment of Non-Financial Assets

The Cooperative's utility plant, property and equipment and other assets are subject to impairment testing. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flow. Impairment loss is charged pro-rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Membership Fees

The Cooperative is a nonstock entity and membership in the Cooperative requires the payment of membership fee of P5.00.

Reinvestment Fund for Capital Expenditures (RFSC)

The Cooperative is also permitted by the Energy Regulatory Commission (ERC) to include in its monthly billing to members consumers rate for Reinvestment Fund for Sustainable Capital Expenditures (RFSC) of P0.5189 per kilowatt hour consumption intended to fund the amortization of the debt service of the Cooperative's indebtedness associated with expansion, rehabilitation or upgrading of its existing electric power system in accordance with its ERC-approved CAPEX Plan.

The utilization of the RFSC Fund shall be subject to the following conditions: (1) it shall be used solely for CAPEX or any other projects approved by the ERC and not for any other purpose, even on a temporary basis; (2) the amounts collected for RFSC shall be recognized as contributions from member-consumers; (3) the amounts collected for RFSC, including interest income, shall be put in a separate account, and (4) if the member-consumer terminates his contract with the Cooperative, the said contribution shall not be withdrawn; instead the same shall be treated as Contribution in Aid of Construction.

In the event that the RFSC rate caps are insufficient for its purpose, the Cooperative may collect such additional RFSC by securing the consent of its member-consumers for such collection through existing legal procedures; provided that the expenditure was approved by the ERC as part of the Cooperative's CAPEX Plan; provided further that the additional RFSC is obtained prior to the incurrence of the indebtedness; provided finally that the collection of said additional RFSC shall be subject to the principles of fairness and equity in accordance with the objective of the Republic Act No. 9136, otherwise known as the 'Electric Power Industry Reform Act of 2001 (EPIRA) for the elimination of cross-subsidy. The Cooperative accumulates the collected RFSC in the equity account.

Accumulated Losses

Accumulated losses include all current results of operations as disclosed in the statement of changes in equity.

Government Grants

Government grants are assistance received from the Philippine Government in the form of cash or materials intended for the installation of distribution lines to implement the electrification program of the Government under the Department of Energy (DOE) and the National Electrification Administration (NEA), its implementing agencies. There are no special conditions attached to the grants other than to ensure that electricity reaches the intended beneficiaries. Also, government grants are in the form of Government loans obtained from the NEA that has been condoned and absorbed by the Power Sector Assets & Liabilities Management Corporation (PSALM) in June 2001.

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received, and all conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual installments. The logic of crediting deferred income account is dictated by the need to exclude unearned grants and donation from the stockholders' equity so that it does not form part of the book value per share. In the case of the Cooperative, which is a nonstock and nonprofit entity, the unearned grant and donation is classified under the equity portion, as required by the conditions of the grants.

The Cooperative accounts for the grants received in accordance with NEA Memorandum No. 2015-027, which provided, among others, the recording the grants received as payable until accomplished, and the supporting receipts are submitted to NEA, after which the total amount granted is capitalized and credited to "Government Grants" account in accordance with NEA guidelines. The same memorandum allows the systematic allocation of the costs of donated assets to income equal to the annual depreciation of the said donated assets.

Revenue and Cost Recognition

The Cooperative's revenues arise primarily from the buying and distributing of power to members/consumers and the allied services to power distribution. Beginning January 1, 2018, management has determined that the revenues from buying and distributing power and its allied services are within the scope of PFRS 15. The revenue from investments in financial instruments is within the scope of PFRS 9.

The Cooperative recognizes revenue from contracts with customers at an amount that reflects the consideration to which the Cooperative is expected to be entitled in exchange for transferring goods or services to a customer.

For each contract with a customer, the Cooperative:

- (1) Identifies the contract with a customer;
- (2) Identifies the performance obligations in the contract;
- (3) Determines the transaction price which takes into account estimates of variable consideration and the time value of money;

- (4) Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- (5) Recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability. The Cooperative adopted PFRS 15 on all revenue transactions except on energy sales.

The Cooperative recognizes revenues under the following specific policies:

(a) Energy Sales

Energy sales are recognized upon supply of power to the member-consumers stated at amounts invoiced to member-consumers, net of discounts, rebates, VAT and duty, where applicable. The Uniform Filing Requirements or *UFR*, on the rate unbundling released by the *ERC* on October 30, 2001 specified the following bill components: (a) generation charge, (b) transmission charge, (c) system loss charge, (d) distribution charge, (e) supply charge, (f) metering charge, (g) Currency Exchange Rate Adjustment or *CERA* I and II and (h) inter-class and lifeline subsidies. Value added and local franchise taxes, the Power Act Reduction (for residential customers) and the universal charges are also separately presented in the customer's billing statement. Value added and local franchise taxes and universal charges, which are billed and merely collected on behalf of the national and local governments, do not form part of the Cooperative's revenues.

The implementation of the provisions of PFRS 16 for energy sales is held pending specific guidelines from the NEA. The analyses performed by the Cooperative on the impact of the timing of supplier's billings and the customers' billings disclosed that the effects have been offsetting and management and the Board of Directors are of the opinion that impact on the financial statements of not implementing the provisions of PFRS 16 as regards the revenue from energy sales is concerned is not material. The Cooperative however will abide by the guidelines from the NEA when it comes.

(b) Surcharges and Penalties

Surcharges and penalties imposed on delinquent consumers are recognized when the surcharges and penalties were collected.

(c) Interest Income

Interest Income is recognized as interest accrues, using effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument.

(d) Donations and Subsidies

Donations and subsidies from all sources are valued at cost or fair market value whichever is higher at the time the donations and subsidies are received.

(e) Other Income

Other sources of revenue are recognized on the accrual method.

(f) Costs and Expenses

Costs and expenses are recognized in the statement of profit or loss when a decrease in future

economic benefits related to a decrease in an asset or an increase in a liability has arisen which can be measured reliably. Costs and expenses are recognized in the statement of profit or loss : i) on the basis of a direct association between the cost incurred and the earnings of specific items of income; ii) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Leases

The Cooperative has applied PFRS 16 beginning January 1, 2019. At the inception of a contract, the Cooperative assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Cooperative uses the definition of a lease in PFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

Applying PFRS 16, for all leases, the Cooperative: (a) recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments; (b) recognizes depreciation of right-of-use assets and interest on lease liabilities in profit or loss, and (c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows. Lease incentives (e.g., rent-free period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under PAS/IAS 17 they resulted in the recognition of a lease incentive, amortized as a reduction of rental expenses generally on a straight-line basis.

Leases – The Cooperative as Lessee

The Cooperative's leases pertain to the use of office spaces in areas where the Cooperative is conducting business. The Cooperative assesses whether a contract is or contains a lease, at inception of the contract. The Cooperative recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these low value leases, the Cooperative recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Cooperative uses its incremental borrowing rate. For purposes of discounting, the Cooperative is using the average borrowing rate of its bills payable and time deposits.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Cooperative remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Cooperative did not make any such adjustments during the period presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Cooperative incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS/IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Cooperative expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented separately in the statement of financial position.

The Cooperative applies PAS/IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the policy on bank premises, furniture, fixtures and office equipment.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Rent" in the statement of profit or loss.

As a practical expedient, PFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Cooperative has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Cooperative allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Leases – The Cooperative as Lessor

Leases, for which the Cooperative is a lessor, are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Cooperative is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. The Cooperative is a lessor of electric poles.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Cooperative's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Cooperative's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Cooperative applies PFRS 15 to allocate the consideration under the contract to each component.

Compensation and Benefits Expense

Employee benefits are all forms of consideration given by the Cooperative in exchange for services rendered by employees or for the termination of their employments in the Cooperative. The Cooperative recognizes: (a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and (b) an expense when the Cooperative consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits.

The following represent the accounting followed by the Cooperative for all types of employee benefits, except share-based payment, to which there is none.

- Short-Term Employee Benefits

Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. These benefits include wages, salaries, profit-sharing and bonuses (if there are any) and non-monetary benefits paid to current employees. These are recognized when the employee has rendered the service and are measured at the undiscounted amounts of benefits expected to be paid in exchange for that service.

The benefits also include compensated absences which are recognized for the number of paid leave days (including holiday entitlement) remaining at the reporting date. The expected cost of short-term compensated absences is recognized as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts the Cooperative expects to pay as a result of unused entitlements at the end of the period. The amounts recognized are included in 'Trade and other liabilities' account in the statement of financial position at the undiscounted amount that the Cooperative expects to pay as a result of the unused entitlement.

- Bonus (Incentives) Payments (If Any)

The Cooperative recognizes the expected cost of bonus (incentives) payments (if any) when, and only when, it has a legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the expected obligation can be made. Declarations of bonuses to officers and employees are the sole responsibility of the Board of Directors. As a matter of policy, the Cooperative does not declare and accrue bonuses unless approved and authorized for release by the Board of Directors and confirmed by the NEA.

- Post-Employment Benefit Plans

Post-employment benefit plans that are provided to employees only cover their retirement benefits, which are paid in lump sum payments at the time of their retirements. The retirement benefits are provided to employees through a defined benefit plan. A defined benefit plan is a retirement plan that defines an amount of retirement benefit an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for the benefits of the retirement plan remains with the Cooperative, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Cooperative's defined benefit retirement plan covers all regular full-time employees.

The Cooperative employees' defined benefit plan is approved by the National Electrification Administration (NEA) and is consistent with the plans adopted by the cooperative electric industry. The plan is essentially based on the employees' compensation and number of years in service plus service incentives that are approved by the NEA. The bases of computation for retirement benefits are considered an industry-practice and represent the approximation of the Cooperative's liability to all its regular employees. While this is not actuarially computed, periodic review of the sufficiency of the plan asset is performed and additional funding is normally provided to increase plan assets.

- Termination Benefits

Termination benefits are payable when employment is terminated by the Cooperative before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Cooperative recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of financial position date are discounted to present value.

Contingencies

A contingency arises when there is a situation for which the outcome is uncertain, and which should be resolved in the future, possibly creating a loss. The accounting for a contingency is essentially to recognize only those losses that are probable and for which a loss amount can be reasonably estimated. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognized either, but these are generally disclosed unless the possibility of an outflow of resources is remote.

Provisions and Contingent Liabilities

Provisions, if any, are recognized when the Cooperative has legal or constructive obligations as a result of a past event: it is probable that an outflow of resources will be required to settle the obligation and estimate can be made of the amount obligation. Provisions are recognized when present obligation will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the statement of financial condition date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of related provision.

Provisions are reviewed at each statement of financial condition date and adjusted to reflect the current best estimate. In those cases where the possible outflow of the economic resources as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Probable inflows of economic benefits that do not yet meet

the recognition criteria of the asset are considered contingent assets, hence, are not recognized in the financial statements. No contingent liabilities have been incurred during the year.

Events After Reporting Date

Post year-end events that provide additional information about the Cooperative's position at the reporting date (adjusting events), are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

Note 3

Significant Accounting Judgments and Estimates

In applying the Cooperative's accounting policies, which are described in Note 2, *Summary of Significant Accounting Policies*, the management of the Cooperative are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying the Cooperative's Accounting Policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management of the Cooperative have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Cooperative determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Cooperative monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Cooperative's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant Increase in Credit Risk

Expected credit losses (ECL) are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Cooperative takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair Value Measurements

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible; but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Legal Contingencies

An estimate of probable costs for the resolution of possible claims is developed in consultation with outside counsel handling the Cooperative's defense in these matters and is based upon an analysis of potential results. As at May 11, 2021, the Cooperative is not involved in any significant legal case that would require an estimate of probable costs. No provision for probable losses arising from legal contingencies was recognized in 2020.

Estimating Allowance for Expected Credit Losses on Trade and Other Receivables

The Cooperative applied PFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. To measure the expected credit losses, trade and other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled receivables and under-recoveries of pass-through charges and have substantially the same risk characteristics as the trade and other receivables. The Cooperative has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

Estimated Useful Lives of Utility Plant, Property and Equipment

The useful lives of utility plant, property and equipment are estimated based on the period over which the utility plant, property and equipment are expected to be available for use and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of utility plant, property and equipment are reviewed periodically and updated if expectations differ materially from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of utility plant, property and equipment. However, it is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recording of expenses for any period would be affected by changes in these factors and circumstances.

Impairment of Non-Financial Assets

The Cooperative assesses the impairment of its non-financial assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For impairment loss on specific asset, the recoverable amount represents the net selling price. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Cooperative is required to make estimates and assumptions that can materially affect the Cooperative's financial statements.

Allowance for Inventory Obsolescence

Allowance for inventory obsolescence is maintained at a level considered adequate to provide for potentially non-valuable items or worthless. The level of allowance is based on the turnover/movement of specific inventories and other physical factors affecting usefulness of specific inventories. Moreover, future realization of

the carrying amounts of inventories is affected by price changes from the source. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Cooperative's inventories within the next financial year.

Revenue Recognition

The Cooperative's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of its revenues and receivables for consumers. Revenues from sale of electricity by are billed based on billing cut-off dates that vary according to geographical areas, while the recording of related purchased power cost is based on calendar month as provided in the terms of the power suppliers. The unbilled revenues per billing cycles with earlier than month-end cut-off dates are usually taken up during the next billing cycle. Also, revenues from sale of electricity are adjusted for the estimated over and/or under-recoveries of pass-through charges, which are subject of various applications for recovery and approval by the ERC. Management believes that such use of estimates will not result in material adjustments in future years.

Retirement Benefits

The determination of the Cooperative's obligation and cost for pension and other employee benefits is dependent on the selection of certain assumptions used by management in calculating such amounts. While the Cooperative believes that the assumptions used are reasonable and appropriate, significant differences in the actual experience or significant changes in assumptions may materially affect employee benefit obligations.

Operating and Finance Leases

The Cooperative has entered into various lease agreements as either a lessor or a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating lease or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements.

Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.

Note 4

Utility Plant, Property and Equipment – Net

Utility plant, property and equipment consist of the following:

<i>December 31,</i>	2020	2019
Transmission/distribution plant	P497,207,699	P495,978,871
General plant	165,742,838	157,620,491
Construction in progress	308,064,867	274,162,771
Total	971,015,404	927,762,133
Less accumulated depreciation	353,734,023	325,665,978
Net	P617,281,381	P602,096,155

Government Grants

The Cooperative receives grants from the Government through National Electrification Administration (NEA) to implement the Sitio Electrification Program of the Government. See details in Note 12. Depreciation expense on donated assets amounted P6,165,052 for each of 2020 and 2019 and are recognized as donated income in the statements profit or loss.

Construction Work-in-Progress

Construction work-in-progress represents the cumulative costs of projects that are generally in the process of completing the required support and documentation for closure to utility plant, property and equipment, a

substantial portion of which are related to Government grants. At the completion of the construction projects, the Cooperative identifies those that are funded by grants and report the total cost as liquidation of the grants.

The General Plant account consists of the following:

<i>December 31,</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	
			2020	2019
Land and land rights	P3,084,506	P–	P3,084,506	P3,084,506
Buildings and improvements	37,855,270	(32,772,904)	5,082,366	7,176,788
Office furniture and equipment	44,157,181	(42,190,331)	1,966,850	4,727,851
Transportation equipment	45,099,400	(39,388,500)	5,710,900	7,831,446
Shop tools and other equipment	35,546,481	(31,461,756)	4,084,725	3,983,833
	P165,742,838	(P145,813,491)	P19,929,347	P26,804,424

The reconciliation of the movements of the accounts follows:

<i>December 31, 2020</i>	<i>Opening Balances</i>	<i>Additions/Adjstmnt</i>	<i>Retirements</i>	<i>Closing Balances</i>
<u><i>Cost</i></u>				
Transmission/distribution plant	P495,978,871	P4,258,960	(P3,030,132)	P497,207,699
General plant	157,620,491	8,122,347	–	165,742,838
Construction in progress	274,162,771	33,902,096	–	308,064,867
Total	927,762,133	46,283,403	(3,030,132)	971,015,404
<u><i>Less accumulated depreciation</i></u>				
Transmission/distribution plant	194,849,911	16,100,753	(3,030,132)	207,920,532
General plant	130,816,067	14,997,424	–	145,813,491
Total	325,665,978	31,098,177	(3,030,132)	353,734,023
<i>Net Book Value</i>	P602,096,155	P15,185,226	P–	P617,281,381
<u><i>December 31, 2019</i></u>				
<u><i>Cost</i></u>				
Transmission/distribution plant	P481,175,474	P15,412,063	(P608,666)	P495,978,871
General plant	141,449,342	16,171,149	–	157,620,491
Construction in progress	220,021,006	54,141,765	–	274,162,771
Total	842,645,822	85,724,977	(608,666)	927,762,133
<u><i>Less accumulated depreciation</i></u>				
Transmission/distribution plant	179,767,080	15,691,497	(608,666)	194,849,911
General plant	116,855,413	13,960,654	–	130,816,067
Total	296,622,493	29,652,151	(608,666)	325,665,978
<i>Net Book Value</i>	P546,023,329	P56,072,826	P–	P602,096,155

Note 5

Details of Other Non-Current Assets

<i>December 31,</i>	2020	2019
Security deposit – FDC Misamis Power Corporation	P41,741,600	P41,741,600
Input taxes from power suppliers	5,597,000	5,499,401
Security deposit – Transco	1,264,431	1,239,409
Investment – REFC	1,024,000	1,024,000
Investment in associated organizations	479,270	479,270
Total	50,106,301	49,983,680
Less allowance for expected credit losses	479,270	479,270
Net	P49,627,031	P49,504,410

Security Deposits

In October 2019, the security deposit with FDC Misamis Power Corporation represents the refundable deposit equivalent to one month of the highest historical billing and which serve to cover overdue accounts in case of default. The security deposit with TransCo represent the refundable deposits required by TransCo from all of its customers. The deposits are entrusted to Philippine Rural Electric Cooperatives Cooperative, Inc. (PhilRECA) as the fund custodian. Interest income earned amounted P25,021 in 2020 and P21,037 in 2019.

Allowance for Expected Credit Losses (ECL)

The Cooperative subjected the past due accounts over one year with life-time ECL and provided with allowance for ECL amounting P479,270. The investments in REFC and the security deposits with Transco and all other asset accounts were determined to have very low credit risks hence not provided with ECL. Management concluded that the remaining accounts are unimpaired at the end of the year.

Note 6

Cash

This account consists of the following:

<i>December 31,</i>	2020	2019
Cash on hand and revolving funds	P6,763,355	P20,101,387
Cash in banks – unrestricted	16,486,891	25,903,390
Cash in banks – restricted	17,730,003	26,400,402
	P40,980,249	P72,405,179

Cash in banks earns interest at prevailing bank deposit rates. Interest income earned from bank deposits amounted P470,054 in 2020 and P195,143 in 2019.

The restricted cash in banks consist of the following funds that are set-aside for special purposes broken down in the following table. Except for the retirement benefits fund, all funds were placed in time and savings deposits with the Cooperative's depository banks.

<i>December 31,</i>	2020	2019
Subsidy – NEA/DOE	P10,264,955	P5,787,854
Reinvestment fund (<i>Note 11</i>)	4,411,862	4,806,887
Loan Fund	1,965,388	14,567,059
Members' contributions	854,653	854,651
Loan security	171,457	317,519
Cash bond	61,688	66,432
	P17,730,003	P26,400,402

Note 7

Trade and Other Receivables

This consists of the following:

<i>December 31,</i>	2020	2019
Receivable from energy sales – net	P44,424,184	P54,592,250
Other receivables – net	34,594,069	32,834,733
	P79,018,253	P87,426,983

Receivable from Energy Sales

<u>December 31,</u>	<u>2020</u>	<u>2019</u>
Receivable from energy sales	P93,763,776	P103,931,842
Less allowance for expected credit losses	49,339,592	49,339,592
Net	P44,424,184	P54,592,250

Allowance for Expected Credit Losses (ECL) – Receivable from Energy Sales

Management examined the accounts for impairment and determined that additional allowance for ECL is required on the accounts required with 12-month ECL and life-time ECL. Accordingly, a provision for ECL was provided at P2,257,745 in 2019 and none in 2020.

Rollforward Analyses of the Allowance for ECL – Receivable from Energy Sales

The movements of the allowance for ECL for energy accounts receivables follow:

<u>December 31,</u>	<u>2020</u>	<u>2019</u>
Opening balances	P49,339,592	P47,081,847
Provisions for expected credit losses (ECL) during the year	–	2,257,745
Closing balances	P49,339,592	P49,339,592

Other Receivables

<u>December 31,</u>	<u>2020</u>	<u>2019</u>
Real property tax	38,431,378	38,259,420
Receivables from consumers through the SCAP program	11,140,777	11,763,019
Other consumer receivables	10,938,850	8,717,077
Receivables from consumers through the HELP program	6,977,697	6,982,876
Advances to officers and employees	56,635	63,465
Other receivables	15,750,969	15,751,113
Total	83,296,306	81,536,970
Less allowance for expected credit losses	48,702,237	48,702,237
Total	P34,594,069	P32,834,733

The receivable from consumers through the Service Connection Assistance Program (SCAP) represents the costs of service connections to certain consumers to be collected through charges included in their monthly bills.

The receivable from consumers through the HELP program represents the cost of house wiring materials receivables to indigent member-consumers whose incomes do not exceed P36,000 per annum. These member-consumers were recommended favorably by the Board of Directors of the district where they reside. The amount of house wiring materials receivables added to the monthly billing consumption of member-consumers-owners.

The other receivable represents the amount of undetermined cash in banks garnished through the order of the Courts. This amount was provided with impairment losses during 2016.

Allowance for ECL – Other Receivables

The allowance for ECL for other receivables amounted P48,702,237 in 2020 and 2019.

Management believes the amount of ECL allowance for other receivables is adequate to fairly state the account at the end of the year.

Note 8
Materials and Supplies

This account consists of the following which management believes are not impaired at the end of the year:

<i>December 31,</i>	2020	2019
Electrical materials and supplies	P20,693,209	P17,856,018
Special equipment	14,394,773	12,146,367
Subsidy materials	2,142,967	2,142,967
Others	1,499,953	1,391,976
	P38,730,902	P33,537,328

Note 9
Prepaid Expenses

This account represents the unexpired portion of insurances for property amounted to P136,478 in 2020 and P328,457 in 2019.

Note 10
Membership Fees

This account represents the cumulative contributions of members from their membership fee of P5.00, increased by interest income earned on the membership's bank account. (See Note 6.)

Membership contributions amounted to P538,182 and P519,616 as of December 31, 2020 and 2019, respectively.

Note 11
Accounting of Reinvestment Fund for Sustainable Capital Expenditures (RFSC)

The nature of this account is explained in Note 2 to the financial statements. The following is the accounting of the changes of the accounts:

<i>December 31,</i>	2020	2019
Opening balances	P371,986,502	P314,453,368
Additional contributions during the year	49,888,736	57,533,134
Closing balances	P421,875,238	P371,986,502

Restricted funds amounting P4,411,862 during 2020 and P4,806,887 during 2019, represent the unspent portion of the fund.

Note 12
Government Grants

The Cooperative receives donations, contributions and grants from benefactors, partners and other entities intended for the capital requirements of the Cooperative which are valued at cost or fair market value whichever is higher at the time these are received.

The following are the details:

<i>December 31,</i>	2020	2019
Grants from the Philippine Government and its branches	P206,151,298	P200,762,694
Subsidy from LGUs, NGOs and others	24,229,924	24,229,924
	P230,381,222	P224,992,618

Grants from the Philippine Government and its Branches

The Government of the Philippines embarked on programs that would allow it to reach out to far flung areas which have endured lack of electricity in their communities. The Department of Energy (DOE)'s Nationwide Intensification Household Electrification (NIHE) Program of 2015 and the National Electrification Administration (NEA)'s Sitio Electrification Program (SEP) are concrete means by which the Government achieve this objective.

The SEP aims to energize sitios through on-grid electrification, and the HEP aims to energize off-grid households using mature renewable energy technologies such as photovoltaic solar home systems, photovoltaic (PV) streetlights and micro-hydro systems. The DOE and the NEA have partnered with electric cooperatives to achieve the Government's objective of lighting all communities through the extension of grants in aid of construction of the electrification infrastructure.

The Cooperative received from Philippine Government through NEA a total of P219,892,842 for funding of the SEP as of December 31, 2020, of which about P52,000,036 in 2020 and P44,595,258 in 2019 of the grants remain in accounts payable representing the portions that are still under construction in progress at the end of each year. (See Note 16.)

Subsidy from LGUs, NGOs and others

The subsidy from Local Government Units (LGUs), Non-Government Organizations (NGOs) and others represents contributions in aid for construction received from LGUs through the Countryside Development Fund (CDF); contributions from Cooperative members (Barangay's Counterpart for lines construction), and donated equipment from the USAID, which are intended for the construction and expansion of new lateral lines. These donations are generally received in aid of construction.

Accounting of Earned Grant

As a matter of accounting policy, the Cooperative recognized liquidated grants as donated capital. This policy has been refined by NEA Memorandum No. 2015-027 which aligns it with Section 13 of R.A. 10531 and the requirements of PAS/IAS 20. Beginning 2016, and effected retrospectively, the Cooperative depreciates the donated capital and recognizes annual donation income equal to the amount of annual depreciation of the donated assets, which in turn reduces the amount of donated capital until fully earned by the Cooperative.

The following is the accounting of the Government Grants account:

<i>December 31,</i>	2020	2019
Opening balances	P224,992,618	P227,346,905
New grants capitalized during the year	11,553,656	3,810,765
Earned Government grants during the year	(6,165,052)	(6,165,052)
Closing balances	P230,381,222	P224,992,618

Note 13

Loans and Borrowings

This consists of loans from the following sources:
(Please see table next page.)

<i>December 31,</i>	2020	2019
National Electrification Administration (NEA)	P124,102,211	P134,406,743
Land Bank of the Philippines (LBP)	52,000,000	105,369,300
Rural Electrification Financing Corporation (REFC)	3,602,381	5,085,294
BDO Leasing and Finance, Inc.	–	225,085
	P179,704,592	P245,086,422

The maturity profile of the loans is as follows:

<i>December 31,</i>	2020	2019
<i>Current Portion</i>		
National Electrification Administration (NEA)	P11,787,891	P11,787,891
Land Bank of the Philippines (LBP)	16,000,000	53,369,300
Rural Electrification Financing Corporation (REFC)	1,742,943	1,622,951
BDO Leasing and Finance, Inc.	–	225,085
Total	29,530,834	67,005,227
<i>Non-Current Portion</i>		
National Electrification Administration (NEA)	112,314,320	122,618,852
Land Bank of the Philippines (LBP)	36,000,000	52,000,000
Rural Electrification Financing Corporation (REFC)	1,859,438	3,462,343
Total	150,173,758	178,081,195
Total Loans and Borrowings	P179,704,592	P245,086,422

The following is the accounting of the movements of the loans and borrowings during the year:

<i>December 31,</i>	2020	2019
Opening balances	P245,086,422	P161,334,005
Additional loans availed of during the year	–	122,585,220
Payments of principal amortizations during the year	(65,381,830)	(38,832,803)
Closing balances	P179,704,592	P245,086,422

The details of the loans are the following:

- (1) The loans from NEA were obtained at various dates in 2014 to 2018, at 6% to 8% per annum payable in equal quarterly installments (including interest), intended for working capital and payments to power suppliers.
- (2) The loans from Land Bank of the Philippines represent a combination of long-term and short-term loans obtained by the Cooperative at various dates in March and December of 2019. The long-term loan represents two (2) loans: a 5 year loan amounting to P80 million at 7.20% per annum, the proceeds of which were used by the Cooperative to settle real property taxes representing municipalities under the Province of Lanao del Norte for all unpaid property taxes from 1996 to 2019; and a short term loan for payment of current power bills from FDC Misamis Power Corporation amounting P37.369 million, at 6% per annum. All loans from Land Bank are subject to quarterly re-pricing and are secured by the assignment of trade receivables amounting P37.73 million.
- (3) The loan from Rural Electrification Financing Corporation (REFC) was obtained in November 2019 at 7% per annum payable in three (3) years, principal and interest monthly amortizations intended for acquisitions of transportation vehicles.

Total interest and other charges incurred amounted P11,212,387 in 2020 and P16,564,654 in 2019.

Note 14

Consumers' Deposits

These consist of deposits received from consumers to secure payments of energy consumption and non-interest-bearing deposits to guarantee meters and transformers loaned out to them. These deposits will be refunded to consumers upon termination of service connections and return of loaned meters and transformers to the Cooperative.

<i>December 31,</i>	2020	2019
Energy	P50,925,564	P54,385,048
Meters and transformers	9,841,926	9,837,447
Solar Project	138,050	138,050
	P60,905,540	P64,360,545

Note 15

Retirement Benefit Obligation

The Cooperative's retirement benefit obligation as at December 31, 2020 and 2019 was derived as follows:

<i>December 31,</i>	2020	2019
Opening balances	P60,265,136	P61,379,549
Provisions during the year	9,132,000	5,888,000
Retirement payments during the year	(4,855,821)	(7,002,413)
Closing balances	64,541,315	60,265,136
Fair value of retirement trust fund	(16,750,919)	(16,035,495)
Fair value of retirement plan assets	(16,003,494)	(11,855,057)
Fair value of retirement restricted fund	(16,623)	(16,622)
Net Retirement Benefit Obligation	P31,770,279	P32,357,962

The Cooperative's employees are provided with retirement benefits through a defined benefit plan approved by the National Electrification Administration (NEA). The plan defines the amount of retirement benefit an employee will receive at retirement age. The legal obligation to pay the retirement benefits remains with the Cooperative. The Cooperative's defined benefit retirement plan covers all regular full-time employees.

In September 2017, the Cooperative obtained the actuarial services of a Certified Actuary to determine the funding valuation of its retirement benefit obligations as of July 1, 2017. The actuarial computations applied the Accrued Benefit Actuarial Cost Method (Projected Unit Credit Method) taking into account the factors of investment, mortality, disability and salary projection rates.

In accordance with actuarial computations, the following were determined as at July 1, 2017 and used as basis in projecting the amounts in the succeeding years:

<i>July 1,</i>	2017
Past service liability	P75,254,277
Vested benefit (benefit payable)	P62,575,731
Investment rate	4% p.a.
Salary projection rate	3% p.a.

The Consulting Actuary recommended the following: (1) the annual normal cost or current contribution for the valuation period July 1, 2017 to June 30, 2018 was P4,752,349, which should be the basis of estimating the annual funding of the retirement plan assets; and (2) the past service liability computed as of July 1, 2017 was P75,254,277, but the vested benefit was computed only P62,575,731.

The Cooperative management opted not to make the necessary adjustments in the recorded retirement benefit obligations in 2020, which is within the valuation period covered by the actuarial report. Additional provision amounting P9,132,000 was recorded in 2020.

Retirement Trust Fund

The Cooperative sets aside funds to cover its retirement liabilities. These are either placed in savings and time deposits with the Cooperative's depository banks or loaned out to the employees through LANECO Retirement Fund Generation Program (REFUGE), an association run by the employees themselves. The Cooperative makes monthly contributions towards the trust fund deposited in various local banks. These contributions earn interest, and the accumulated balance of contributions and interest is used to pay the retirement benefits of qualified employees.

As at December 31, 2020 and 2019, the net assets of REFUGE consist of the following:

<i>December 31,</i>	2020	2019
Cash	P58,602	P202,450
Loans receivable from employees	16,692,317	15,833,045
	P16,750,919	P16,035,495

As at December 31, 2020 and 2019, the fair values of the trust fund approximated the recorded fund balances at the end of the year.

Retirement Plan Assets

As part of its strategy to fund its retirement benefit obligations, the Cooperative invested in August 2007 in Philippine Life Financial Assurance Corporation's VISA Endowment Plans which require five years payment period followed by another five years waiting period. On the 11th year, PhilLife will start paying part of the maturity benefit through anticipated endowment until it fully pays the full amount on the 15th year. In all those 15 years, the Cooperative will remain covered by VISA 5 Plus insurance protection. Market value of the investment for the years 2020 and 2019 amounted P7,590,000 and P7,104,779, respectively. The Cooperative purchased 50 plans with average monthly payment amounting P102,500. The plans have maturity values of P250,000 and have been fully paid in 2012. Interest from the investment amounted to P485,221 in 2020.

During the year, the Cooperative increased the trust fund at BDO Trust and Investments Group as part of the retirement plan asset in the amount of P3.6 million as additional investment during the year and with market values at P8,413,493 in 2020 and P4,750,278 in 2019 with interest from the investment of P63,215 in 2020.

Note 16

Trade and Other Payables

This account consists of the following:

<i>December 31,</i>	2020	2019
Payable to power providers	P32,641,219	P-
Other accounts payable	126,288,895	116,654,445
	P158,930,114	P116,654,445

Payable to Power Providers

The payable to power providers represents current year's unpaid power bills to the following:

<i>December 31,</i>	2020
FDC Misamis Power Corporation (FDC)	P14,722,371
San Miguel Consolidated Power Corp. (SMCPC)	7,599,907
National Grid Corporation of the Philippines (NGCP), Inc.	5,200,319
GN Power Kauswagan, Ltd. Co. (GNPK)	4,062,739
Total Power, Inc. (TPI)	1,055,884
	P32,641,220

Prompt Payment Discounts

The Cooperative enjoys prompt payment discounts when the accounts are paid on or before 10th of every succeeding month for GN Power Kauswagan, Ltd. Co. (GNPK), FDC Misamis Power Corporation, and San Miguel Consolidated Power Corp.

The accounts with power suppliers represent the unpaid power bills at the close of each year which the Cooperative is required to pay before January 10 of the succeeding year. Other power suppliers are currently settled before the year ends.

Other Accounts Payable

The trade and other payables consist of the following:

<i>December 31,</i>	2020	2019
Payable to NEA for unliquidated subsidy funds (<i>Note 12</i>)	P52,000,036	P44,595,258
Accounts payable – suppliers and others	25,266,955	36,910,074
Accrued expenses, vacation leaves and other employees' benefits	19,546,777	12,918,584
Real property tax liability	17,310,844	6,548,777
Payable to PSALM for collection of universal and environmental charges	12,164,283	15,681,752
	P126,288,895	P116,654,445

Trade and other payables are non-interest-bearing and are generally on a 30-day or 60-day credit terms.

NEA Unliquidated Subsidy Funds

In accordance with the memorandum of agreement signed by NEA and the Cooperative, the subsidy funds received for various projects are to be recorded as a liability at the time of receipt of the funds and are only closed upon release by NEA of a Certificate of Final Inspection and Acceptance of the projects. Closed-out/completed projects are credited to Contributed Capital in the books of the Cooperative. (See Note 12.)

Real Property Tax Liability

The real property tax liability pertains to the consolidated real property taxes due billed to the Cooperative from all municipalities under the Province of Lanao del Norte. The updated billings dated February 27, 2019, for all unpaid property taxes from 1996 to 2019, consisted of basic taxes of P29,506,651.51, Special Education Fund (SEF) of P29,506,651.51 and total penalties of P38,195,015.64, totaling P97,208,318.66. The identified 2019 and 2018 and prior years' total charges amounted P4,260,025 and P92,948,294, respectively.

The Cooperative subsequently settled the amount in full by March 2019. The Cooperative obtained a loan from Land Bank of the Philippines for P80 million and used its general fund for the difference. Total penalty and surcharges amounted P14,556,013 in 2020 and P2,963,965 in 2019. The Cooperative has updated its real property tax in 2020.

Note 17

Refund Payable

Pursuant to Energy Regulatory Commission (ERC) Order dated June 20, 2017, the Cooperative received credit refunds from Power Sector Assets & Liabilities Management Corporation (PSALM), one of the major power suppliers of the Cooperative, for over-billing the Cooperative and PSALM recovery scheme covering the approved Deferred Accounting Adjustments (DAAs), amounting P70,678,954, the refund shall be recovery/ (refunded) over a period of sixty (60) months as determined by the Energy Regulatory Commission (ERC).

The Cooperative started refunding its consumers in 2017 through its monthly billings starting July 26 to August 2017 billing. At the end of the year, the Cooperative refunded a total of P14,533,003 and a balance of P1,935,427.

Note 18

Revenue Classification as Per Energy Regulatory Commission

<i>Years Ended December 31,</i>	2020	2019
Residential	P618,749,032	P541,960,070
Low Voltage:		
Commercial	106,937,407	120,147,579
Public buildings	49,296,716	48,455,689
Industrial	46,777,345	45,034,068
Public streets and highway lighting	3,935,985	4,835,536
Sub-total	206,947,453	218,472,872
High Voltage	113,898,693	331,766,113
Total	P939,595,178	P1,092,199,055

Note 19

Details of Cost of Purchased Power

<i>Years Ended December 31,</i>	2020	2019
Filinvest Dev. Corp.(FDC)	P327,068,040	P456,034,987
San Miguel Consolidate Power (SMPC)	170,067,283	149,146,679
National Grid Corporation of the Philippines (NGCP), Inc.	112,222,020	146,619,809
GN Power Kauswagan LTD, Inc. (GNPK)	112,205,743	–
Power Sector Assets & Liabilities Management Corporation (PSALM)	31,344,686	60,112,082
Total Power Incorporated (TPI)	23,455,408	23,765,055
King Energy Generation, Inc. (KEGI)	–	47,352,604
	P776,363,180	P883,031,216

Note 20

Details of Other Income

<i>Years Ended December 31,</i>	2020	2019
Surcharges	P6,080,412	P7,797,539
Prompt payment discount	5,337,858	5,653,899
Rentals of poles, transformers, etc.	4,755,962	5,319,164
Disconnection/reconnection and related services	1,635,392	4,610,713
Interest and dividend income (Notes 5, 6 and 15)	1,043,511	216,180
Other income	305,336	181,627
	P19,158,471	P23,779,122

Note 21**Details of Operating Expenses by Nature**

<i>Years Ended December 31,</i>	2020	2019
<u>Administrative and General Expenses</u>		
Compensation and employees' benefits (Note 22)	P50,479,373	P42,811,271
Outside services employed	16,394,400	14,630,657
Provision for retirement benefits (Note 15)	9,132,000	5,888,000
Social community service	7,971,390	-
Materials and supplies	7,507,294	8,853,309
Maintenance and repairs	1,982,838	3,466,773
Travel and transportation	1,704,155	6,454,744
Insurance	1,082,483	911,556
Representation and information	1,044,871	1,857,805
Communication	556,635	386,660
Association and membership fees	533,733	1,080,727
Taxes, licenses and fees (Note 30)	526,008	1,370,226
Injuries and damages	373,600	588,808
Rents	42,000	55,400
Miscellaneous	5,555,605	5,339,766
Total	104,886,385	93,695,702
<u>Consumer Services Expenses</u>		
Consumers' records and collections	12,659,348	12,467,860
Meter reading	3,856,849	3,431,586
Compensation and employees' benefits (Note 22)	2,209,036	2,505,990
Miscellaneous	8,071,543	9,351,478
Total	26,796,776	27,756,914
<u>Operations and Maintenance Expenses</u>		
<u>Operations</u>		
Overhead lines	9,372,653	8,752,767
Compensation and employees' benefits (Note 22)	5,631,150	4,946,411
Meters	4,936,720	4,152,408
Street lighting	1,579,193	1,383,006
Miscellaneous	654,130	834,965
Sub-total	22,173,846	20,069,557
<u>Maintenance</u>		
Overhead lines	13,917,036	12,130,351
Compensation and employees' benefits (Note 22)	4,037,411	3,679,381
Line transformer	3,988,036	3,126,439
Meters	3,189,466	2,775,425
Structures, poles replacement	934,540	843,636
Miscellaneous	607,029	1,551,711
Sub-total	26,673,518	24,106,943
Total	48,847,364	44,176,500
Total Operating Expenses	P180,530,525	P165,629,116

Note 22

Details of Compensation and Employees' Benefits

<i>Years Ended December 31,</i>	2020	2019
Short-term employee benefits:		
Administrative and general	P32,124,283	P29,998,696
Operations and maintenance	9,668,561	8,625,792
Consumer services	2,209,036	2,505,990
Capitalized labor costs	16,394,400	13,514,084
Total	60,396,280	54,644,562
Post-employment benefits (Note 15)	9,132,000	5,888,000
	P69,528,280	P60,532,562

Note 23

Related Party Transactions

In the ordinary course of trade or business, the Cooperative provides electricity to its related parties which include its directors, officers, related interests and employees. These transactions were made substantially on the same terms and conditions as with other parties. None of the transactions incorporate special terms and conditions and no guarantee is given or received. Outstanding balances are usually settled in cash. Moreover, the revenue from these related parties is insignificant. The Cooperative has no associates, affiliates and joint venture projects.

The following summarizes transactions with related parties:

- Beginning 2010, the Cooperative extended interest-free advances to its members through the Service Connection Assistance Program (SCAP), and the HELP program (for house-wiring materials). Total receivables under the SCAP program amounted P11,140,777 in 2020 and P11,763,019 in 2019. Total receivables under the HELP Program amounted P6,977,697 in 2020 and P6,982,876 in 2019.
- The Cooperative also extends cash advances to other electric cooperatives, employees and directors. As at December 31, 2020, the non-moving accounts receivable from other electric cooperatives amounted P1,874,926 and its non-moving accounts payable to other electric cooperatives amounted P6,333,729. The advances to officers and employees amounted P56,635 in 2020 and P63,465 in 2019.
- The key management compensation during 2020 and 2019 follow:

<i>Years Ended December 31,</i>	2020	2019
Salaries and wages	P2,533,428	P2,222,805
Employee benefits	677,177	565,668
	P3,210,605	P2,788,473

Note 24

Fair Value Measurement

Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The following table summarizes the fair value hierarchy of the Cooperative's financial assets and liabilities:

<i>December 31, 2020</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<u>Financial assets</u>				
Cash (Note 6)	P40,980,249	P-	P-	P40,980,249
Trade and other receivables (Note 7)	-	-	79,018,253	79,018,253
	P40,980,249	P-	P79,018,253	P119,998,502

<i>December 31, 2020</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>Financial liabilities</i>				
Loans and borrowings (Note 13)	P-	P-	P179,704,592	P179,704,592
Consumers' deposits (Note 14)	-	-	60,905,540	60,905,540
Trade and other payables (Note 16)	-	-	158,930,114	158,930,114
	P-	P-	P399,540,246	P399,540,246
<i>December 31, 2019</i>				
<i>Financial assets</i>				
Cash (Note 6)	P72,405,179	P-	P-	P72,405,179
Trade and other receivables (Note 7)	-	-	87,426,983	87,426,983
	P72,405,179	P-	P87,426,983	P159,832,162
<i>Financial liabilities</i>				
Loans and borrowings (Note 13)	P-	P-	P245,086,422	P245,086,422
Consumers' deposits (Note 14)	-	-	64,360,545	64,360,545
Trade and other payables (Note 16)	-	-	116,654,445	116,654,445
	P-	P-	P426,101,412	P426,101,412

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments equal their fair values. The fair values of the financial assets and financial liabilities included in Level 3 above which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument. When the Cooperative uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

Fair Value Measurement for Non-Financial Assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of December 31, 2020 and 2019.

<i>December 31, 2020</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>Non-financial assets</i>				
Materials & supplies inventory (Note 8)	P-	P-	P38,730,902	P38,730,902
Utility, plant and equipment - net (Note 4)	-	-	617,281,381	617,281,381
	P-	P-	P656,012,283	P656,012,283
<i>December 31, 2019</i>				
<i>Non-financial assets</i>				
Materials & supplies inventory (Note 8)	P-	P-	P33,537,328	P33,537,328
Utility, plant and equipment - net (Note 4)	-	-	602,096,155	602,096,155
	P-	P-	P635,633,483	P635,633,483

The Level 3 fair value of the land and buildings and improvements included under the Property and Equipment account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

Note 25

Capital Management Objectives, Policies and Procedures

The Cooperative manages its capital to ensure that it has the ability to continue as a going concern in serving the needs of its members. The Cooperative's Board of Directors reviews regularly its capital structure on the basis of the carrying amount of equity, less cash and cash equivalents, as presented on the face of the statement of financial position. As a part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital.

Capital-to-Overall Financing Rate

The Cooperative's reported capital as at December 31, 2020 with comparative data as of December 31, 2019, is summarized as follows:

<i>December 31,</i>	2020	2019
Total members' equity	P392,528,342	P386,074,017
Less cash (Note 6)	40,980,249	72,405,179
Capital	P351,548,093	P313,668,838
Total members' equity	P392,528,342	P386,074,017
Borrowings (total liabilities)	433,245,952	459,224,495
Overall financing	P825,774,294	P845,298,512
Capital-to-Overall Financing Rate	42.57%	37.11%

Gearing Ratio

<i>December 31,</i>	2020	2019
Total liabilities	P433,245,952	P459,224,495
Less cash (Note 6)	40,980,249	72,405,179
Net debt	392,265,703	386,819,316
Total members' equity	392,528,342	386,074,017
Equity and Net Debt	P784,794,045	P772,893,333
Gearing Ratio (Net Debt/Equity and Net Debt)	49.98%	50.05%

Gearing ratio focuses on the capital structure of the Cooperative– that means the proportion of finance that is provided by debt (borrowings) relative to the finance provided by equity. It is also concerned with liquidity. However, it focuses on the long-term financial stability of the Cooperative. Gearing (otherwise known as "leverage") measures the proportion of assets invested in business that are financed by borrowings. In theory, the higher the level of borrowings (gearing) the higher are the risks to the business since the payment of interest is not "optional". However, gearing can be a financially sound part of a business's capital structure particularly if the business has strong, predictable cash flows. The Cooperative will strive to reduce its gearing ratio by reducing working capital through increasing the speed of collections of its trade receivables thereby producing cash that can be used to pay down maturing debts.

<i>December 31,</i>	2020	2019
Total Liabilities	P433,245,952	P459,224,495
Total Members' Equity	392,528,342	386,074,017
	P825,774,294	P845,298,512
Debt to Equity Ratio	1.10: 1	1.19: 1

Note 26

Risk Management Objectives and Policies

The Cooperative is exposed to various risks in relation to its financial instruments. The main types of risks it is facing are market risk, credit risk and liquidity risk. The Cooperative's risk management is coordinated by its Board of Directors and focuses principally on actively securing the Cooperative's short to medium-term cash flows by minimizing the exposure to volatile financial markets. The Cooperative does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Cooperative is exposed are described as follows:

Market Risk Analysis

The Cooperative is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. Most of the Cooperative's transactions are carried out in Philippine currency, its functional currency. It has limited or no exposures to currency exchange rates since it has no transactions involving foreign currencies. The Cooperative does not actively engage in the trading of financial assets nor does it write options. It likewise has little exposure to interest rate risk as its financial assets and loans and borrowings have fixed interest rates. Its exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting period date.

Credit Risk Analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Cooperative. The Cooperative is exposed to this risk for various financial instruments, for example by the trade and other receivables extended to member/consumers, placing deposits, etc. The Cooperative manages the level of credit risk by actively monitoring all its receivables to avoid significant delinquency. The Cooperative's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the end of the reporting period, as summarized in the following:

<i>December 31, 2020</i>	<i>Neither Past Due Nor Impaired</i>	<i>Past Due But Not Impaired</i>	<i>Total</i>
Cash (Note 6)	P40,980,249	P–	P40,980,249
Trade and other receivables (Note 7)	53,067,238	29,951,015	79,018,253
Other non-current assets (Note 5)	49,627,031	–	49,627,031
	P143,674,518	P29,951,015	P169,625,533
	84.70%	15.30%	100.00%

Liquidity Risk Analysis

The Cooperative is likewise exposed to liquidity risk, the risk that it will encounter difficulty in meeting its obligations as they become due without incurring unacceptable losses or costs. The Cooperative's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs, and (c) to be able to access funding when needed at the least possible cost. The Cooperative manages its liquidity by carefully monitoring its scheduled debt servicing payments for long-term financial liabilities as well as its cash flows due on its day-to-day business.

The maturity profile of the Cooperative's financial liabilities is as follows:

<i>December 31, 2020</i>	<i>Due in One Year</i>	<i>Due Over One Year</i>	<i>Total</i>
Loans and borrowings (Note 13)	P29,530,834	P150,173,758	P179,704,592
Trade and other payables (Note 16)	158,930,114	–	158,930,114
Refund payable (Note 17)	1,935,427	–	1,935,427
Consumers' deposits (Note 14)	–	60,905,540	60,905,540
	P190,396,375	P211,079,298	P401,475,673

Note 27**Commitments and Contingencies**

There are recognized provisions in the statements of financial position that arise in the normal course of business operations. There may also have been commitments and contingencies that arose in the normal course of business that were not reflected in the Cooperative's financial statements. Management anticipates no material losses, if any, that may arise from these commitments and contingencies, and these losses, if any, will not materially affect its financial statements.

Note 28**Events After Reporting Date – Onslaught of the Coronavirus Disease (2019)**

At the time of the authorization of these financial statements, the Philippine Government continues to implement quarantine protocols nationwide as its effective measures against the spread of the Corona Virus (COVID-19). The continuing general community quarantine (GCQ) in Metro Manila and selected areas nationwide came after reports of a mutated COVID-19 variant emerging in United Kingdom. The Philippine Government continues to restrict the movements of its citizens who are 17 years old and below, as well those over 65 years. Face-to-face or in-person classes are still suspended; mass gatherings are still prohibited. However, religious gatherings in areas under the GCQ have been allowed up to fifty percent (50%) of the seating capacity.

The Government has begun the safe opening of the economy and transition to the new normal. The management of the risk has been identified as the key to economic recovery. The Philippine National Vaccination Program and Implementation Plan is in place and the vaccination program is expected to start in March 2021.

The Philippines pre-COVID-19 has been enjoying strong economic growth and was considered as one of the fastest growing economies in the Asia, with real GDP growing on average 6.3% over ten years up to 2019. The onset of COVID-19 pandemic brought the country's economy into recession as the country implemented one of the longest lockdowns in the world, where 75% of the economy was shut down.

The shutdown shrank the GDP by 11.5% year on year in the third quarter of 2020 bouncing back with a smaller contraction from the 16.9% in the previous quarter. The GDP growth rate assumption for 2020 had been adjusted to -8.5% to -9.5% while the inflation rate is projected to range from 2.4% to 2.6%. The inflation projection for 2021 and 2022 is retained at 2.0% to 4.0%. Thus, the Government remained hopeful that the economy will see a strong recovery in 2021 as it moves towards full reopening. GDP growth is projected to bounce back to reach 6.5 to 7.5 percent in 2021 and 8 to 10 percent in 2022.

The foregoing paragraphs have been based on the article published in this link:
<https://www.flandersinvestmentandtrade.com/export/nieuws/coronavirus-situation-philippines>

The Cooperative's management has determined that the COVID-19 Pandemic has affected its operations along the following aspects:

- (1) Bayanihan Acts 1 and 2 meant that there were months with no collection of consumer receivables;
- (2) Skeleton workforce implemented; and
- (3) Business continuity plan approved.

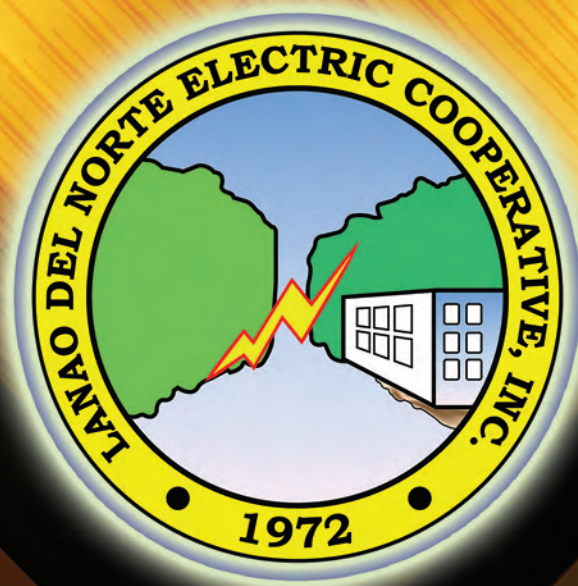
The Cooperative has determined that the impact of COVID-19 will continue to be felt in 2021 and that there has been no adjustments necessary on its 2020 financial statements.

Note 29**Authorization of Financial Statements**

The Cooperative's financial statements as of and for the year ended December 31, 2020 were authorized for issue by the Board of Directors on April 26, 2021.

Note 30**Details of Taxes, Licenses and Fees**

<i>Years Ended December 31,</i>	2020	2019
Documentary stamp taxes	P341,397	P1,002,447
Vehicle licenses	85,871	156,598
Property taxes	45,548	-
Radio licenses	20,932	73,444
BIR annual registration and others	10,000	10,000
Municipality business taxes	-	91,593
Income taxes	-	36,144
Others	22,260	-
	P526,008	P1,370,226



REPORT on the
INSTITUTIONAL ACHIEVEMENTS

Statistical & Other Data

As of December 31, 2021

No. of Municipalities Within Franchise Area	18
No. of Energized Municipalities Within the Franchise Area	18
No. of Membership	103,892
No. of House Connections	113,940
No. of Service Connections	117,123
No. of Potential Connections Adjusted data based on 2015 Census of Population and Housing)	125,780
No. of Potential Barangays	410
No. of Barangays Served	401
Percentage of Barangays Served	99%
No. of Barangays Served Outside the Franchise Area	6
No. of MCOPE organized barangays	
No. of Beneficiaries of the LANECO Service Connection Assistance Program (SCAP)	17,587
No. of Beneficiaries of the Sitio Electrification and Barangay Line Extension Program (SEBLEP) under Government Subsidy Program	6,221
Total Number of Active Barangay Electricians	161
No. of Brigada Eskwela Electric Check Conducted to Schools	0
No. of Meetings conducted to Electricians' Monthly Meetings	2
No. of Meetings Conducted to Municipal Engineers & Housewiring Inspectors	1
No. of Consumers Apprehended on Electric Pilferages	76
No. of Pre-Membership and Re-Orientation for Disconnected Consumers Seminar Conducted	3,397
No. of Participants (PMES)	3,395
No. of Participants (Re-Orientation)	2
No. of Weekly Broadcast Programs	48
No. of Organized Member-Consumers-Owners Program for Empowerment (MCOPE)	15
No. of Information Drives Conducted thru Social Media, SMS, SP/SB/ABC Sessions/ Barangay Assemblies Attended	0
No. of Bandillos Conducted	55
No. of SEBLEP Energization Ceremonies Facilitated	0
No. of Approved Senior Citizens Discount Applications	221
No. of Membership I.D. cards prepared/ released	4,658
No. of Membership Certificates prepared/ released	4,658

STATUS OF HOUSE CONNECTION

AS OF DECEMBER 2021

(ADJUSTED DATA BASED ON 2015 CENSUS OF POPULATION & HOUSEHOLDS IN LANA DEL NORTE)

No.	Municipality	Barangay			Consumer Connection		
		Potential	Actual To date	%	Potential	Actual To date	%
1	LINAMON	8	8	100%	4,473	4,890	109%
2	MATUNGAO	12	12	100%	2,206	1,325	59%
3	KAUSWAGAN	13	13	100%	5,916	5,913	102%
4	BACOLOD	16	16	100%	5,199	6,114	118%
5	MAIGO	13	13	100%	5,008	5,334	107%
6	KOLAMBUGAN	26	26	100%	6,446	8,036	125%
7	TANGKAL	18	18	100%	2,405	539	22%
8	TUBOD	24	24	100%	11,092	14,497	131%
9	MAGSAYSAY	24	24	100%	3,839	2,056	54%
10	BAROY	23	23	100%	5,601	7,058	126%
11	LALA	27	27	100%	15,443	19,151	124%
12	KAPATAGAN	33	33	100%	14,998	12,872	86%
13	SAPAD	17	17	100%	4,716	3,930	83%
14	SALVADOR	25	25	100%	7,028	3,932	56%
15	SND	37	37	100%	11,616	9,098	78%
16	BALO-I*	4	4	100%	3,084	2,275	74%
17	POONA PIAGAPO**	26	23	88%	4,414	666	15%
18	MUNAI***	26	25	96%	6,020	1,164	19%
Barangays served Outside the Franchise Area							
19	Aurora, Zamboanga del Sur (<i>Brgys. Anonang, Cebuneg, Acad, Napo, Bagong Oslob, Tagulo</i>) ****	6	6	100%	-	908	-
20	Nunungan (SOLAR)	25	25	100%	3,508	25	1%
21	Tagoloan (SOLAR) *****	7	2	29%	2,768	2	-
TOTAL		410	401	98%	125,780	109,785	87%

* Three (3) barangays in Baloi are under the franchise area of LANECO

** Three (3) barangays in Poona Piagapo are still unenergized

*** Nine (9) barangays in Munai were energized through SOLAR Power (DOE)

**** These are barangays of Aurora, Zamboanga del Sur served by LANECO outside the franchise area

***** Two (2) barangays in Tagoloan were energized through SOLAR Power (DOE); the rest five (5) barangays are still unenergized

STATUS OF MEMBERSHIP

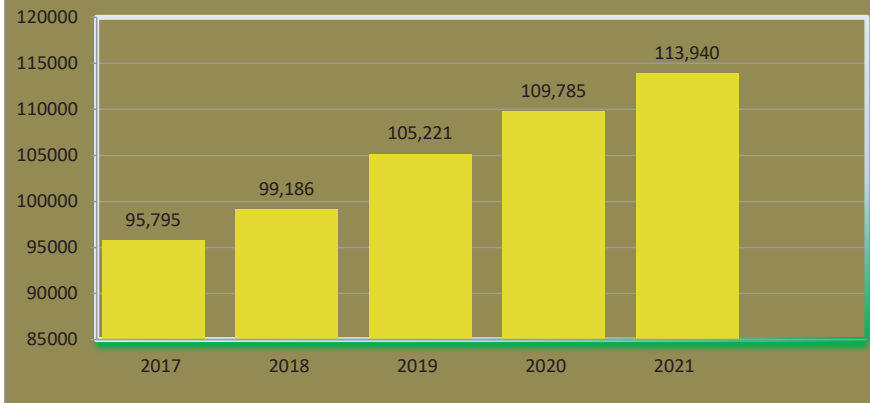
As of DECEMBER 31, 2021

	PREVIOUS	LESS TERMINATED	PREVIOUS TOTAL	PRESENT	TOTAL
LINAMON	4,370		4,370	3	4,373
KAUSWAGAN	5,472		5,472	13	5,485
BACOLOD	5,712		5,712	4	5,716
MAIGO	4,887		4,887	14	4,901
KOLAMBUGAN	7,667		7,667	9	7,676
TUBOD	12,890		12,890	26	12,916
BAROY	6,714		6,714	21	6,735
LALA	16,868		16,868	27	16,895
SALVADOR	4,014		4,014	25	4,039
KAPATAGAN	13,002		13,002	13	13,015
SAPAD	3,782		3,782	10	3,792
SULTAN NAGA DIMAPORO	9,290		9,290	54	9,344
MAGSAYSAY	1,981		1,981	3	1,984
TANGKAL	556		556	8	564
MATUNGAO	1,250		1,250	1	1,251
BALOI, LANA O DEL NORTE					2,267
Barangays:					
Ma. Cristina	1,358		1,358	2	1,360
Nangka	568		568	3	571
Abaga	240		240	0	240
Matampay/ Pendulonan	96		96	0	96
AURORA, ZAMBOANGA DEL SUR					
Barangays:					
Cebuneg	87		87	0	87
Acad	223		223	5	228
Anonang	355		355	0	355
Napo	69		69	0	69
Bag-ong Oslob	158		158	0	158
MUNAI	1,332		1,332	6	1,338
POONA PIAGAPO	700		700	4	704
TOTAL	103,641		103,641		103,892

Total No. of Members as of December 31, 2021

103,892

**STATUS OF HOUSE CONNECTION
(FIVE-YEAR COMPARATIVE GROWTH)**

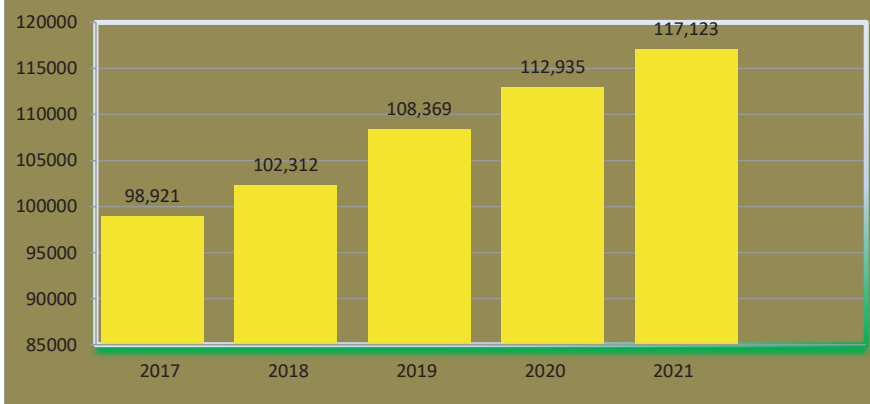


**STATUS OF HOUSE CONNECTION
As of December 31, 2021**

CLASSIFICATION:

Residential	107,370
Public Building	2,330
Commercial	4,164
High Voltage	76
TOTAL	113,940

**STATUS OF SERVICE CONNECTION
(FIVE-YEAR COMPARATIVE GROWTH)**

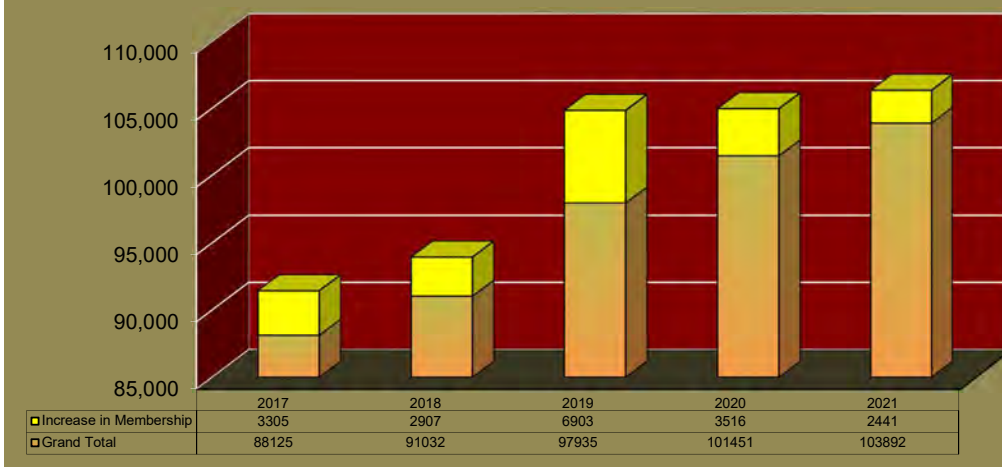


**STATUS OF SERVICE CONNECTION
As of December 31, 2021**

CLASSIFICATION:

Residential	103,370
Public Building	2,330
Commercial	4,164
High Voltage	76
Streetlight	2,514
Industrial	669
TOTAL	117,123

**Status of Membership
Five-Year Comparative Growth**



Total No. of Members
as of May 6, 2022
(Cut-Off Date for
Qualified Registrants to
the 45th Annual General
Membership Assembly)

104,805

Important Events & Activities

44th Annual General Membership Assembly	
Date Conducted	September 25, 2021
Venue	Virtual Platform via ZOOM Cloud Meetings
Guest of Honor	Juan Miguel Zubiri - Senator
Total No. of Members as of AGMA Date	103,100
No. of Attending Members	277

49th Foundation Anniversary Celebration & 12th National Electrification Awareness Month Activities	
July 28- August 31, 2021	
Thanksgiving Holy Mass	July 28, 2021
Opening of 12th National Electrification Awareness Month	August 2, 2021
National Linemen Appreciation Day	August 2, 2021
4th National Line Clearing Day	August 11, 2021
Tree Planting	August 11, 2021

District Election	
Districts Due for Election in 2021	10
IV - Maigo	May 15, 2021
V - Kolambugan-Tangkal	May 16, 2021
VII - Baroy	May 22, 2021
I - Linamon-Matungao	May 23, 2021
III - Bacolod	June 5, 2021
X - Salvador	June 6, 2021
VI - Tubod-Magsaysay	June 12, 2021
II - Kauswagan-Munai	June 13, 2021
XII - Sultan Naga Dimaporo	June 19, 2021
IX - Kapatagan	June 20, 2021

Member-Consumer-Owners Program for Empowerment Activities	
Brgy. Assembly in Panaliwad-on, Salvador LDN	March 28, 2021
Brgy. Assembly in Pendulonan, Lala LDN	March 28, 2021
Line Clearing Orientation Activity	March 31, 2021

Energization Ceremony	
Brgy. Sta. Cruz, Kapatagan LDN	March 30, 2021

Brigada Eskwela Electric Check "Bayanihan Para Sa Paaralan"	
September 1-30, 2021	
School	Municipality
Balagatasa Elementary School	Maigo LDN
Esperanza Elementary School	Bacolod LDN
Caromatan Elementary School	Bacolod LDN
Babalaya Elementary School	Bacolod LDN
Anastacia Logronio Integrated School	Bacolod LDN
Pedro C. Buca, Sr. Memorial Elementary School	Tubod LDN
Lala National High School	Lala LDN
Lanao del Norte National Comprehensive High School	Baroy LDN

Other Activities Successfully Conducted & Facilitated	
15th Directors & Employees' Day	April 8, 2021
EC General Manager's Month	June 30, 2021
Launching of Virtual Pre-Membership Education Seminar (PMES)	November 3, 2021
Engagement Meeting for the implementation of the Sitio Electrification Program (SEP) 2021 benefiting 7 sitios/puroks	March 23, 2021
LANECO Family Christmas Party	December 15, 2021

IN-HOUSE TRAININGS / SEMINARS CONDUCTED
Kalalakihang Tumutugon sa Responsibilidad at Obligasyon sa Pamilya (KATROPA)
Responsible Parenthood & Family Planning for Labor Empowerment Program
Basic Life Support (Occupational First Aid) Training
Seminar-Workshop on Effective Customer Service Skills
Entrepreneurship and Financial Strategy
Seminar on Safety and Protocol in the Operation and Maintenance of Transmission Line

CORPORATE SOCIAL RESPONSIBILITY
LANECO Member-Consumer-Owners Community Pantry "Magbigay Ayon sa Kakahayan, Kumuha Batay sa Pangangailangan"
LANECO Cares Program to Typhoon Flood Victims
Pantawid Liwanag Program "Kuryente Mo, May Ayuda ang LANECO"

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Alternate Chairman

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RENE M. GONZALES
Member

ALIPIO CIRILO BADELLES
Member

EMMANUEL P. JUANEZA
*Administrator
Ex-Officio Member*

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Administrator

OMAR M. MAYO
*Deputy Administrator
EC Management Services*

SONIA B. SAN DIEGO
*Deputy Administrator
Finance Services*

ROSSAN SJ. ROSERO-LEE
*Deputy Administrator
Legal Services*

ERNESTO O. SILVANO, JR.
*Acting Deputy Administrator
Technical Services*

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Members: Dir. Marie Rholyn Charina L. Amesola
Dir. Jimmy O. Pormento

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Members: Dir. Cocoy A. Acampong
Dir. Lilia P. Tongol

EX-OFFICIO MEMBERS TO ALL COMMITTEES:

Board President Baldomero N. Zamora
Officer-In-Charge of the Cooperative Zenaida M. Fabunan

LEGAL COUNSEL

ATTY. LEO M. ZARAGOZA
*Zaragoza-Macabangkit Law Office
Suite 315, Abalos Bldg., Gen. Aguinaldo St., Iligan City*

DECHAVEZ & EVANGELISTA LAW OFFICES
*Units 1609-1610 Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City, Metro Manila*

EXTERNAL AUDITOR

QUILAB & GARSUTA, CPAs
*2F Executive Centrum Building
J.R. Borja St., Cagayan de Oro City*

CONTACT NOS.

Landline Numbers

Tubod Main Office (GLOBE) (063) 302-7505
Linamon Branch 227-0129

Hotline Numbers

Linamon Branch 0956-5267107
Bacolod Branch 0956-5267108
Maigo Branch 0956-5267109
Kolambugan Branch 0956-5267110
Tubod Branch 0927-3448388
Baroy Branch 0956-5267113
Lala Branch 0956-5267115
Kapatagan Branch 0966-6498194
Sultan Naga Dimaporo Branch 0966-6498248

THE POLICY



DIR. BALDOMERO N. ZAMORA, PEE
President
Bacolod District



DIR. KHALID M. DIMAPORO
Vice-President
Sultan Naga Dimaporo District



DIR. KARIM U. MACAROMPAN
Secretary
Maigo District



DIR. GEROMIAS G. VELASCO
Treasurer
Baroy District



DIR. MARIE RHOLYN CHARINA L. AMESOLA
Member
Linamon - Matungao District



DIR. JAMIRI ISAGANI A. SANGUILA
Member
Kauswagan - Munai District



DIR. LILIA P. TONGOL, MHRM
Member
Tubod - Magsaysay District

MAKING BODY



DIR. JONATHAN L. DUHAYLUNGSOD
Member
Kolambugan - Tangkal District



DIR. JIMMY O. PORMENTO
Member
Lala District



DIR. COCOY A. ACAMPONG
Member
Salvador District



DIR. JHONNY N. LANDIZA
Member
Kapatagan District



DIR. ARNEL M. BUCOL
Member
Sapad District



ATTY. KRISTINE ESTHER F. CAMPILAN
NEA Representative



ZENAIDA M. FABUNAN, MBA
Ex-Officio Member



LEE B. MANGINSAY
Federated DMCOO President

The Coop's Stewards

PRESIDENT



MANUEL V. PANGILINAN
May 27, 1972-July 13, 1983



CAYETANO B. OLAVIDES, SR.
July 14, 1983- May 19, 1984



DOMINGO A. CARRILLO
May 20, 1984-June 11, 1987



NELIETA Q. NOVAL
June 12, 1987-March 21, 1992



RUBIN C. GENEROSO
March 22, 1992-November 16, 2001



ISAIAS N. TENEBRO
Nov.17, 2001 - Sept.12, 2003



GREGORIO M. TAN
Sept.13, 2002-Nov. 8, 2006



LYNDON L. ABUCAY
Nov. 9 2006-June 10, 2009



REINARIO B. BIHAG
June 2009-May 31, 2015



EMMANUEL A. MEJORADA
June 2015-Nov. 2016



ELMIRA G. OLAVIDES, Ed.D.
Dec. 12, 2016 - June 12, 2019



BALDOMERO N. ZAMORA, PEE
June 13, 2019 - Present

Yesterday and Today

GENERAL MANAGER



DEMOSTHENES B. DINGCONG
January 01, 1973-July 31, 1975



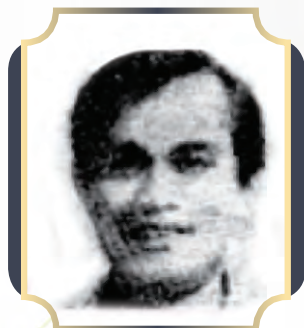
ISAGANI R. RABINO
August 1, 1975 - August 30, 1982



RUPERTO O. LASPIÑAS
August 31, 1982 - August 27, 1987



JOEL R. VALENCIA
Project Supervisor
April 26-July 23, 1987



REYNALDO L. RADA
September 1-13, 1987



ROGACIANO B. ANUNCIADO
Project Supervisor / Acting General Manager
September 14, 1987-October 15, 1990



RESNOL C. TORRES
October 16, 1990-August 26, 2011



EVANGELITO S. ESTACA
Project Supervisor
May 2, 2011-January 18, 2012



DANILO G. EBARLE
Officer -In-Charge
November 9, 2011-May 7, 2014



SHERWIN C. MAÑADA, CPA
Project Supervisor / Acting General Manager
May 8, 2014-May 31, 2020
Project Supervisor
June 1, 2020-up to Present



ANGELINA G. ESTROLOGO, MBA
Officer -In-Charge
June 1, 2020 - September 15, 2020



ZENAIDA M. FABUNAN, MBA
Officer -In-Charge
September 16, 2020 - Present

The Management Staff



ZENAIDA M. FABUNAN, MBA
OIC of the Cooperative



ANGELINA G. ESTROLOGO, MBA
Finance Services Department Manager



JACKIE LOU R. BARTOLO, MBA
Internal Audit Department Manager



MARLON L. GAPOL, REE
Technical Services Department Manager



BEVERLY MARIE C. CABAHUG, MBA
OIC-Institutional Services Department

5-Point Agenda of President Rodrigo R. Duterte

1. ACCESS TO ELECTRICITY FOR ALL
2. POWER AVAILABILITY AT ALL TIMES
3. POWER RELIABILITY
4. SYSTEM EFFICIENCY
5. CHEAP ELECTRICITY RATE



8-Point Agenda of Alfonso G. Cusi-Department of Energy (DOE) Secretary

1. Exert best effort to achieve 100% electrification of targeted identified heretofore unelectrified households in all the three major islands
2. Build a “common carrier” liquefied natural gas receiving and distribution infrastructure anchored at a future “Clean Energy City”
3. Connect the Mindanao grid with the connected Visayas and Luzon grids
4. Plan and build an appropriate portfolio of installed and dependable power capacities (consistent with the projected economic growth up to 2030). The planned power capacities from a mix renewable energy, coal, natural gas and oil shall appropriately matched the aforementioned demand characteristics
5. Accelerate the total privatization of PSALM assets
6. Ensure transparency and predictability in the power generation transmission and distribution permitting process
7. Undertake capacity building of human resources within the “Energy Family”
8. Conduct a nationwide information, education and communication (IEC) campaign on ways to reduce electricity and fuel consumption.



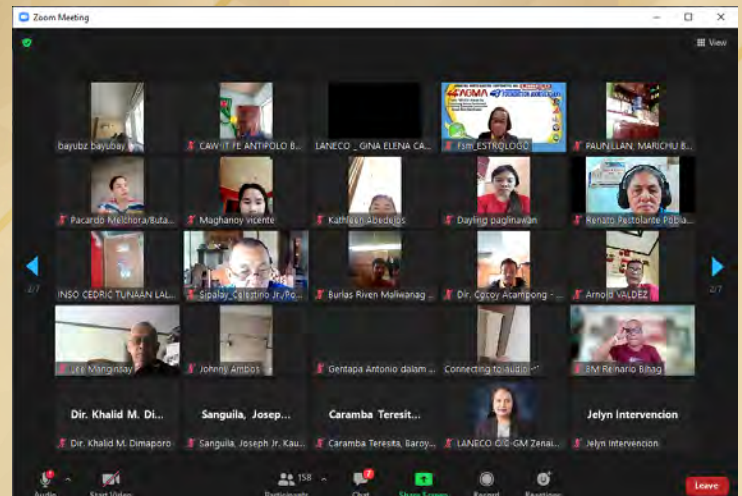
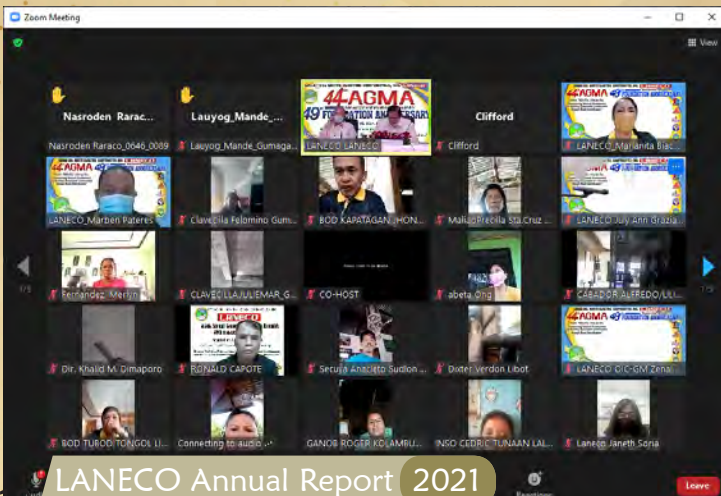
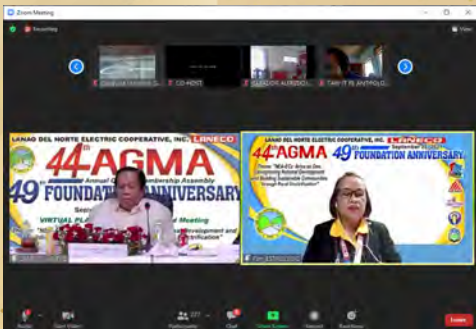
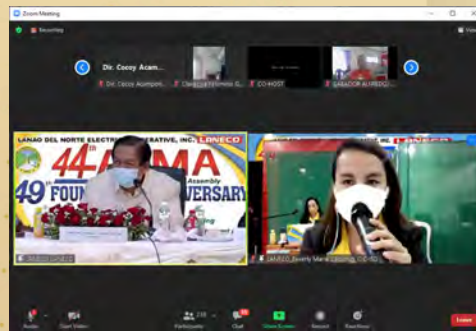
NEA 7-Point Agenda

1. Complete the National Rural Electrification Program
2. Intensify Capacity Building Program for the Electric Cooperatives
3. Prioritize the Empowerment Program for the Electric Consumers
4. Carry out Rural Development Program thru Rural Electrification Program
5. Carry on the current Corporate Governance Program of the NEA
6. Strengthen networking and linkaging with the policy-makers to ensure that the Legislative agenda beneficial to the NEA, electric cooperatives, and electric consumers are given attention
7. Introduce the paradigm shift from central NEA to Federal State Electrification Administration or carry out a transition period towards the creation of the National Center of ECs (electric cooperative consumers) to self-govern the rural electrification movement.

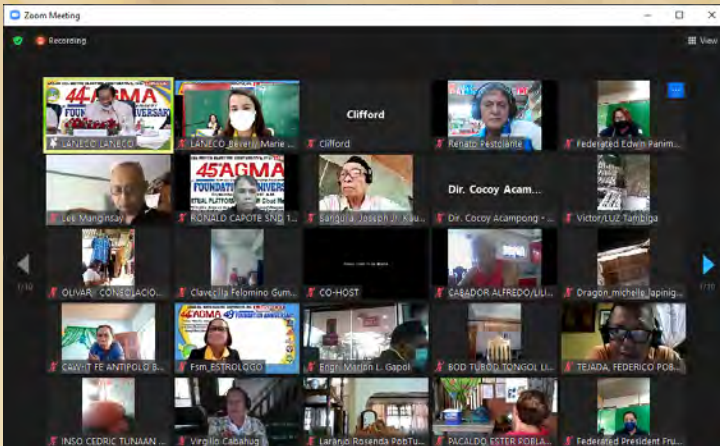
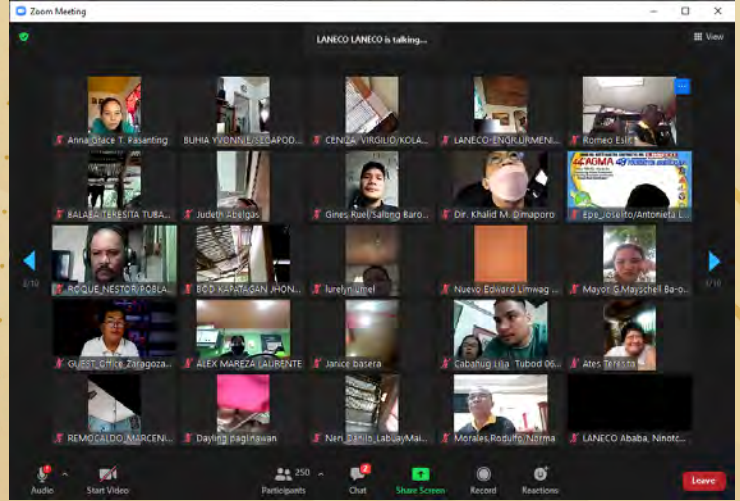
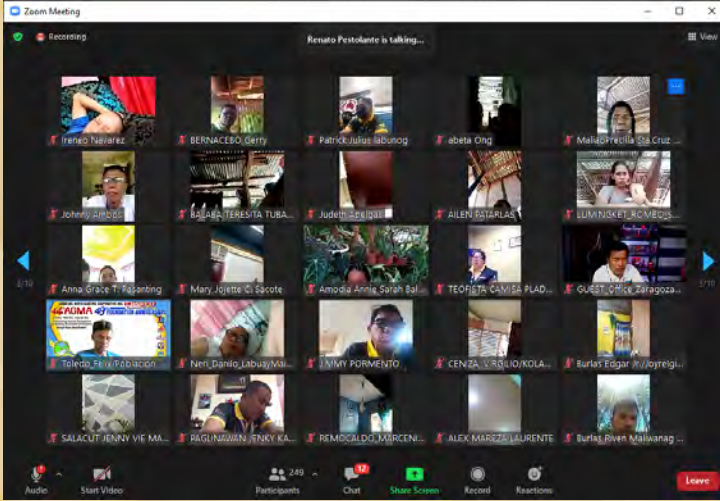
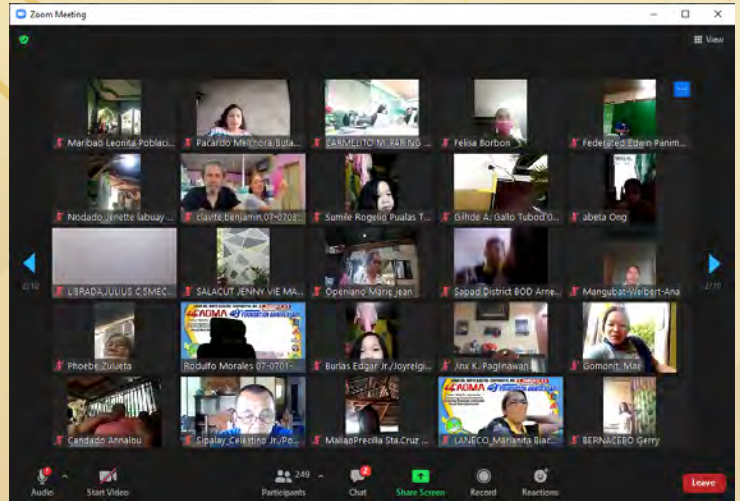
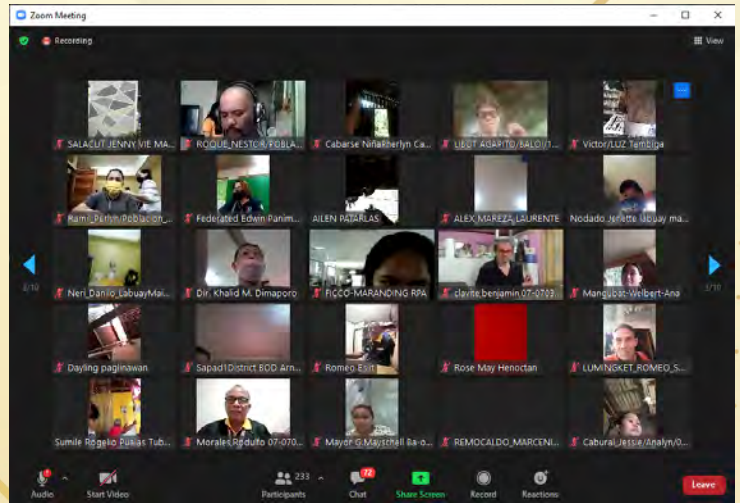
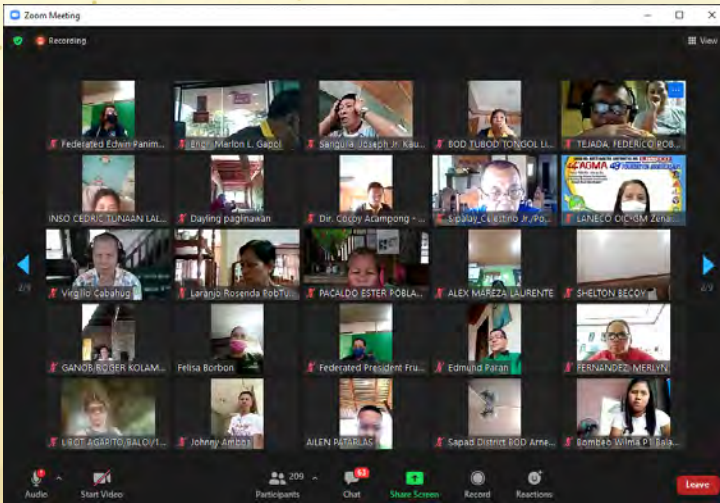


IMPORTANT EVENTS

44th Annual General Membership Assembly via Virtual Platform



& ACTIVITIES 2021



49th Foundation Anniversary & 12th National Electrification Awareness Month Celebration



4th National Line Clearing Day and Tree Planting Activity simultaneously held with the theme: "NEA-ECs: Arise as One, Championing National Development and Building Sustainable Communities through Rural Electrification"



National Linemen Appreciation Day



Thanksgiving Holy Mass in celebration of NEA's 52nd Foundation Anniversary & 12th National Electrification Awareness Month





Simultaneous Hanging of Tarpaulin/Streamer of the NEAM in the offices & substations



Continuing Information Education Campaign to all Warriors of Light and other Technical Services Department Personnel as part of the EC Capacity Building

LANECO Task Force



"LANECO Task Force Odette" to aid in the rehabilitation of power distribution lines in MORESCO II



"LANECO Task Force Odette" to aid in the rehabilitation of power distribution lines in SURNECO



Energization Ceremony at Barangay Sta. Cruz, Kapatagan, Lanao del Norte



Energization Ceremony

LANECO Community Pantry for Member-Consumer-Owners



LANECO Cares Program



ERC Hearings



Pre-trial conference and presentation of evidence for ERC Case No. 2010-074 MC MC "In the matter of Application for Approval of Lease Contracts pursuant to ERC Resolution No. 18, series of 2010" through the same virtual platform



Maigo District



Linamon-Matungao District



Kolambugan-Tangkal District



Baroy District



Bacolod District



Kauswagan-Munai District



Salvador District



Tubod-Magsaysay District



Kapatagan District



Sultan Naga Dimaporo District

EC General Managers' Month celebration



Honoring OIC-General Manager Zenaida M. Fabunan in the first EC General Managers' Month culminating activity



Engagement Meetings



Meeting with LGU Tagoloan



Engagement Meeting for the implementation of the Sitio Electrification Program (SEP) 2021 benefiting 7 sitios/puroks



Brigada Eskwela



Brigada Eskwela Electric Check

DMCOO Officers' Quarterly Meeting



DMCOO Federated Officers 4th Quarterly Meeting & Christmas Fellowship

Member-Consumers Program for Empowerment (MCOPE)



Brgy. Assembly in Pendulonan, Lala LDN



Brgy Assembly in Panaliwad-on, Salvador LDN



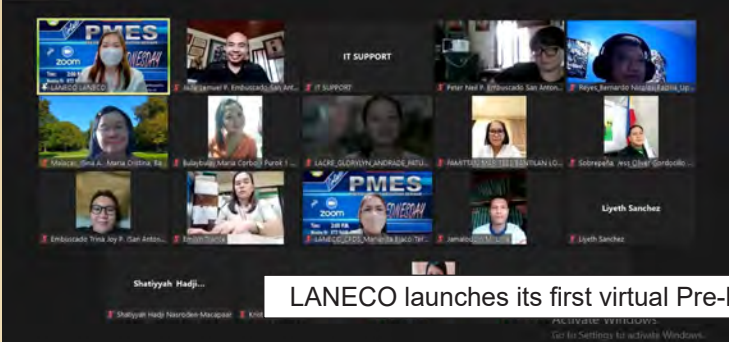
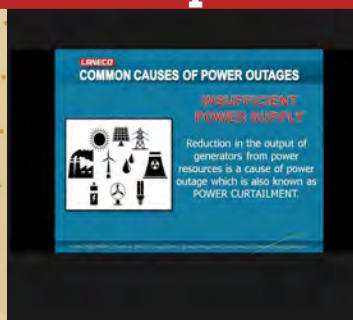
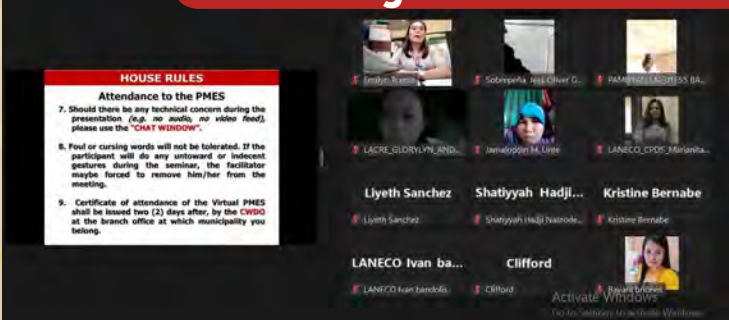
Sangguniang Bayan (SB) Session



Attendance to SB Session in Lala LDN



Launching of Virtual Pre-Membership Education Seminar (PMES)



LANECO launches its first virtual Pre-Membership Education Seminar

Seminars



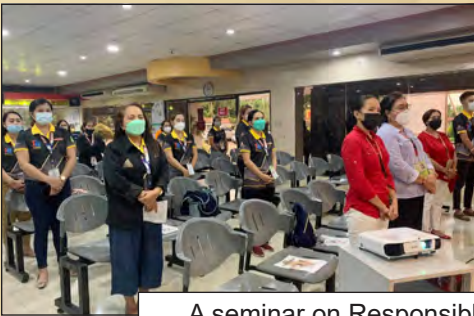
Seminar on safety & protocol in the operation and maintenance of transmission line by NGCP



Basic Life Support Training Seminar



Effective Customer Service Skills Seminar Workshop



A seminar on Responsible Parenthood and Family Planning for Labor Empowerment Program & Kalalakihang Tumutugon sa Responsibilidad at Obligasyon sa Pamilya (KATROPA) was simultaneously held by the Provincial Population Office (PPO) and Commission on Population and Development

15th Directors' & Employees' Day



DIXELL



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RYAN GIL S. MEDINA
CEO

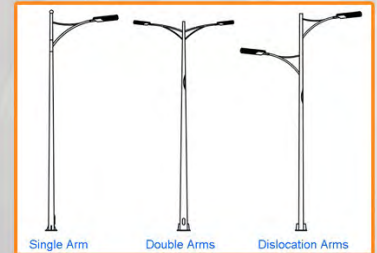
OFFICES:

PANABO CITY
Purok 6, Brgy. Quezon, Panabo City
Cell No: 0919-331-4756

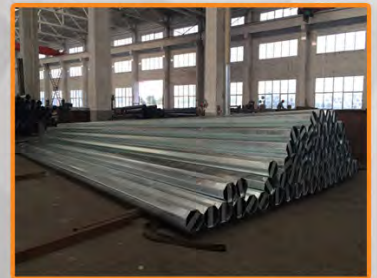
MANILA
#24 Doña Pilar Compound, Filinvest Road 1
Batasan Hills, QC.
Tel. No.: (02) 951 - 7400

MATI CITY
1616 Jasmin Street, Don Luis Village, Brgy. Central
Mati City
Cell No.: 0977-801-2407

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5MVA to 20MVA**



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GNPK

GNPower Kauswagan Ltd. Co.'s ("GNPK") 4x138MW (net) coal-fired power plant, located in the Municipality of Kauswagan in the Province of Lanao del Norte is a private limited partnership among Kauswagan Power GP Corp., Kauswagan Power Holding Ltd. Co., Government Service Insurance System, Macquarie Infrastructure Holdings (Philippines) Pte. Limited, and Langoer Investments Holding B.V.

Having the lowest price among comparable suppliers in the area, GNPK has contracts with 21 electric cooperatives, all of which were obtained from large-scale competitive biddings where it was declared as the lowest priced bidder. As a matter of course, all of such power supply contracts have received approvals from the Energy Regulatory Commission.



Community Relations

GNPK has long been supportive of developing the country-side as they work hand in hand with the LGUs to pave the way for the growth of rural communities in Kauswagan. The unrelenting efforts such as constant partnership-building, practicing advance methods to accelerate reforestation and promote environmental sustainability, and supporting socio-civic programs designed to strengthen communities, encapsulate GNPK's advocacy to contribute to the Filipino communities' transformation and empowerment.





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EMPOWERING COMMUNITIES.



Dr. Jaime L. Intong Medical Clinic and Laboratory

Limot Village, Tubod Lanao del Norte

0997 905 5898



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- SGPT/ALT
- SGOT/AST
- HBA1C
- SODIUM
- POTASSIUM
- CHLORIDE
- LIPID PROFILE
- CBC
- BLOOD TYPING
- CLOTTING TME
- BLEEDING TIME
- URINALYSIS
- STOOL EXAM
- PREGNANCY TEST
- HBsAg
- PSA
- TYPHIDOT
- DENGUE TEST
- THYROID PANEL
- ECG
- ULTRASOUND

SCHEDULES

CLINIC:

Monday – Saturday:
7:00am – 5:00pm
Sunday:
7:00am – 12:00pm

LABORATORY:

Monday – Saturday:
7:00am – 4:00pm

ULTRASOUND:

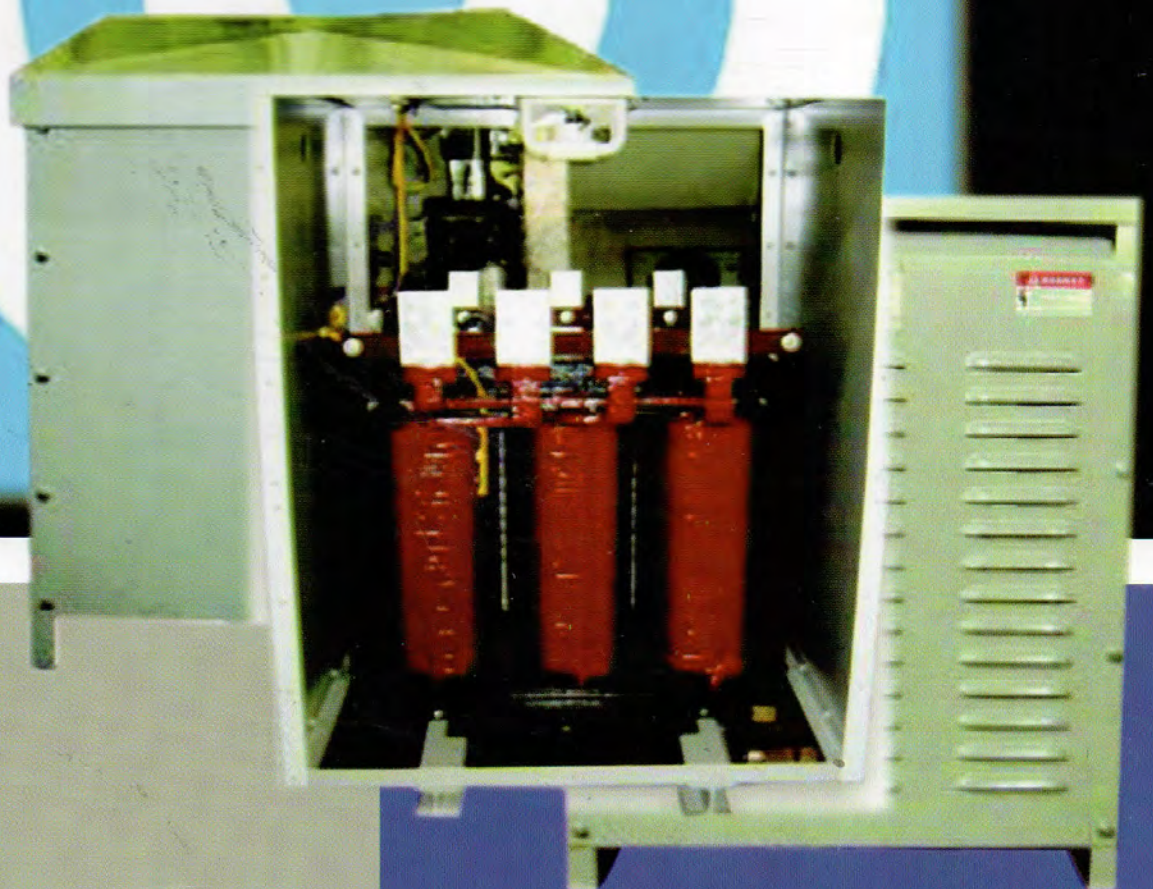
Tuesday & Sunday
8:00am – 12pm
Friday:
9:00am – 12:00pm
Saturday:
1:00 – 3:00pm

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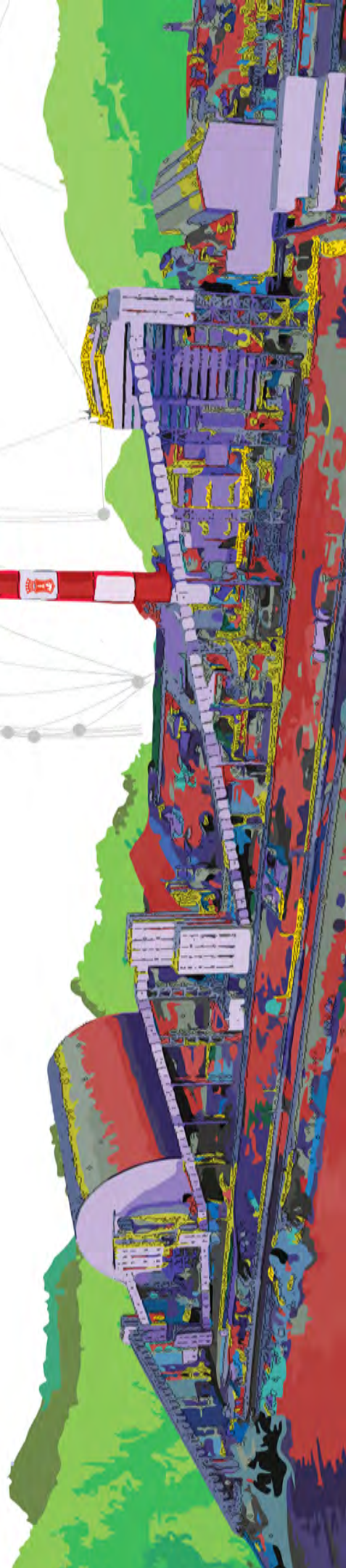




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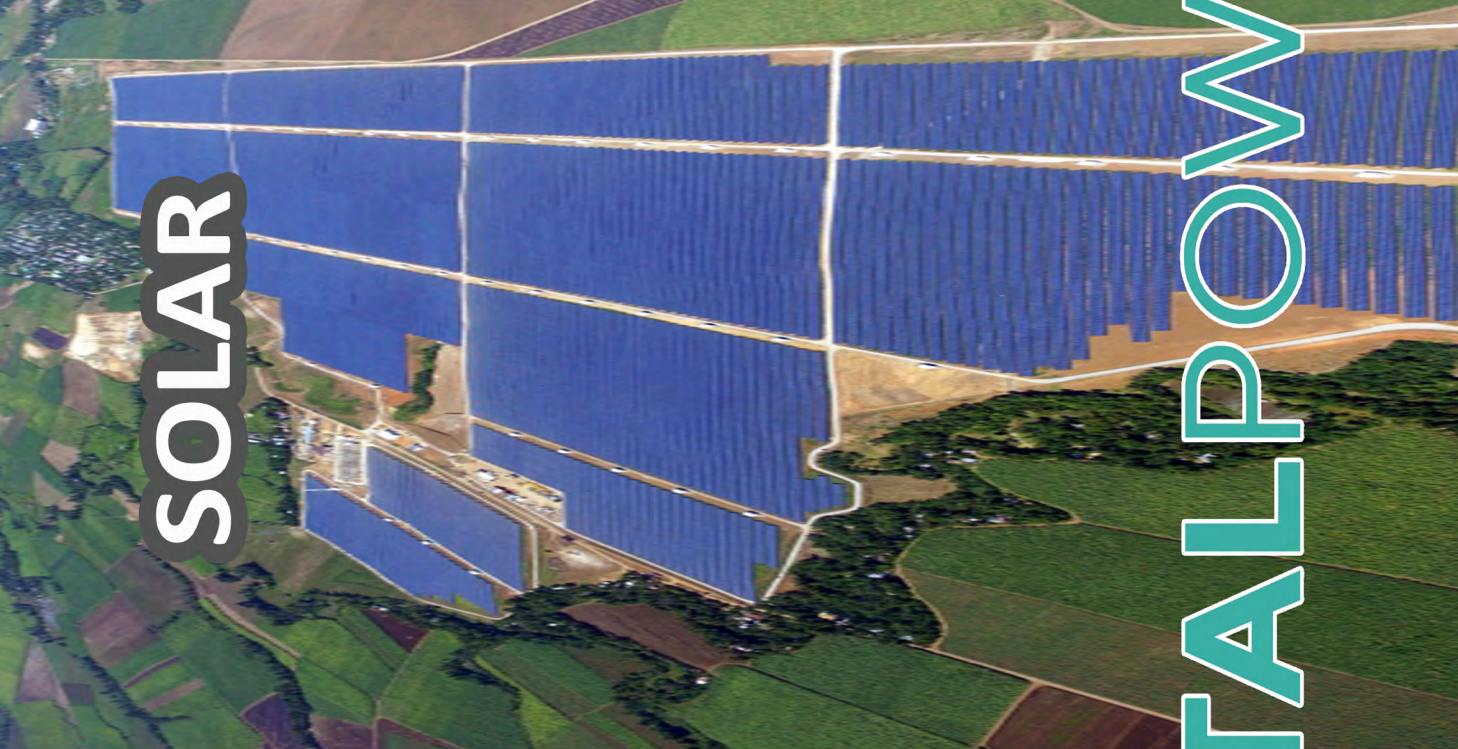
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"Now all glory to God, who is able, through his mighty power at work within us, to accomplish infinitely more than we might ask or think." - Ephesians 3:20 NLT



We Serve
from the **Heart**



LANECO

 laneco.co

 laneco_energy@yahoo.com