



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. 3911

Introduced by
APEC Party-List Representative Sergio C. Dagooc
PhilRECA Party-List Representative Presley C. De Jesus

EXPLANATORY NOTE

This bill seeks to provide for the condonation of the interests, surcharges, penalties, and universal charges incurred by the Lanao del Sur Electric Cooperative, Inc. (LASURECO) and the Maguindanao Electric Cooperative, Inc. (MAGELCO), payable to the Power Sector Assets and Liabilities Management Corporation (PSALM).

Accumulating since 2009 up to the present day, the obligations of these cooperatives have reached unsustainable levels. For LASURECO, overdue accounts payable for power bills amount to ₱13,016,189,561.31, of which ₱5,876,028,036.45 represents accumulated interest alone. Within the same period, LASURECO remitted a total of ₱95,962,509.15, which was merely applied to interests, surcharges, and penalties.

Similarly, MAGELCO's outstanding obligations for its power bills amount to ₱3,083,682,725.93, with accumulated interest of ₱1,414,445.34. MAGELCO has, however, paid ₱798,062,124.67 during the same span, likewise absorbed only by interests, surcharges, and penalties.

Despite these payments, both cooperatives continue to face crippling arrearages, making it impossible to settle the total amounts due. The compounded financial burden has severely restricted LASURECO and

MAGELCO from delivering efficient and reliable service to the provinces of Lanao del Sur and Maguindanao, respectively. The risk of supply curtailment, coupled with the already difficult political, economic, and social conditions in their service areas, further exacerbates the plight of their member-consumer-owners.

Thus, this measure seeks to apply the total amounts already paid by LASURECO and MAGELCO to their principal obligations, and that all interests, surcharges, penalties, and universal charges accrued until the effectivity of this Act be condoned.

Electric cooperatives in far-flung and distressed areas of Mindanao remain steadfast in fulfilling their mandate to energize their communities despite armed conflict, poverty, and underdevelopment. Their continued survival and service to their constituents deserve recognition and support.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



REP. SERGIO C. DAGOOC
APEC Party-List



REP. PRESLEY C. DE JESUS
PhilRECA Party-List



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AN ACT

PROVIDING FOR THE CONDONATION OF UNPAID INTERESTS, PENALTIES, SURCHARGES, AND UNREMITTED UNIVERSAL CHARGES ON THE OVERDUE OBLIGATIONS OF THE LANA DEL SUR ELECTRIC COOPERATIVE, INC. AND THE MAGUINDANAO ELECTRIC COOPERATIVE, INC. TO THE POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION

Be it enacted by the Senate and the House of Representatives of the Republic of the Philippines in Congress assembled:

1 **SECTION 1.** All accumulated interests, surcharges, penalties, and
2 universal charges on the principal obligations incurred by the Lanao del Sur
3 Electric Cooperative, Inc. (LASURECO) and Maguindanao Electric
4 Cooperative, Inc. (MAGELCO) to the Power Sector Assets and Liabilities
5 Management (PSALM) Corporation, beginning from the year 2009 until the
6 effectivity of this Act, are hereby condoned, thereby perpetually relieving
7 LASURECO and MAGELCO from the payment of said interests, surcharges,
8 penalties, and universal charges. Moreover, the amount paid by LASURECO
9 in the sum of Ninety-five million nine hundred sixty-two thousand five
10 hundred nine pesos and fifteen centavos (₱95,962,509.15), and MAGELCO,

1 in the amount of Seven hundred ninety-eight million sixty-two thousand one
2 hundred twenty-four pesos and sixty-seven centavos (₱798,062,124.67), of
3 such accumulated interests, surcharges, and penalties, shall be applied to
4 and deducted from the principal obligation of the two (2) electric cooperatives
5 (ECs).

6 **SEC. 2.** A one-time restructuring program is hereby authorized to be
7 adopted by the PSALM in favor of the LASURECO and MAGELCO over their
8 unpaid principal obligations: *Provided*, That once a staggered payment
9 scheme shall have been adopted between PSALM and the ECs on the principal
10 obligations, LASURECO and MAGELCO shall regularly submit to PSALM their
11 performance improvement programs and the status of their implementation.

12 **SEC. 3.** Within sixty (60) days from the effectivity of this Act, PSALM
13 shall, in coordination with the National Electrification Administration,
14 promulgate the necessary rules and regulations for the effective
15 implementation of this Act. Taking into account the legislative intent to
16 authorize the condonation of interests, surcharges, penalties and universal
17 charges and the one-time restructuring program, the said rules and
18 regulations shall not entail additional requirements that shall negate the
19 purpose of this Act: *Provided*, That subject to the ECs' individual
20 circumstances, PSALM shall be empowered to determine the guidelines on
21 which ECs are eligible to request for condonation and shall further require
22 the EC to submit a Performance Improvement Plan to ensure payment
23 compliance: *Provided further*, That the failure of the PSALM to promulgate the
24 said rules and regulations shall not prevent the implementation of this Act
25 sixty (60) days after its effectivity.

26 **SEC. 4.** If any provision of this Act is declared unconstitutional or
27 invalid, the other parts or provisions hereof which are not affected thereby
28 shall continue to be in full force and effect.

29 **SEC. 5.** All laws, decrees, executive orders and issuances, rules and
30 regulations, or parts thereof inconsistent with the provisions of this Act are
31 hereby repealed or modified accordingly.

1 **SEC. 6.** This Act shall take effect fifteen (15) days after its publication
2 in the *Official Gazette* or in a newspaper of general circulation.

3 *Approved,*