

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 3818



Introduced by Representatives Michael Angelo C. Rivera and Rodel M. Batocabe

EXPLANATORY NOTE

Marinduque Electric Cooperative, Inc (MARELCO) is the distributor of electricity in the Province of Marinduque. It is an electric cooperative duly registered and existing under the laws of the Republic of the Philippines with office address at Ihatub, Boac, Marinduque.

The subject of legislative relief of condonation is the accrued interest charges of the National Power Corporation. The principal account is excluded, having been paid already.

The National Power Corporation (NPC) has imposed interest charges in the amount of Twelve Million Seven Hundred Eighty seven Thousand Seven Hundred Fifty Pesos and 97/100 (P12,787,750.97) as of December 31, 2009 from the original amount of One Million Ninety One Thousand Seven Hundred Ninety Seven Pesos (P1,091,797.00) cost of Fuel and Purchased Power Cost Adjustment that was deferred by MARELCO in 2002 on account of its protest on NPC's sudden shift from staggered to one time collection without prior notice or proper information to MARELCO.

MARELCO's protest was strongly motivated by the clarification made by the Energy Regulatory Commission thru Executive Director Atty. Fructuoso C. Lagunzad in his letter dated June 6, 2003 which states that "the Commission in its order dated July 2000 did not expressly authorize NPC's one time collection of the monthly Fuel Cost Adjustment. In fact, the Commission, upon learning of the same conducted a hearing to finally resolve the issue and to stop NPC from collecting the amount at one-time basis. Further, the agency was advised to seek the approval before they continue to practice the one-time collection.

As a consequence, MARELCO regularly pays its monthly power bills less 3% Automatic Prompt Payment Discount (APPD) to NPC for the period from March 2004 to August 2005. NPC disregarded MARELCO's entitlement to the APPD, and likewise imposed interest charges and penalties on the deferred FPCA.

After several failed attempts to resolve the issue between the two agencies thru exhaustion of available administrative remedies, MARELCO finally elevated and filed the instant issue

before the Energy Regulatory Commission (ERC) for resolution under ERC Case No. 2007-118 MC, but same still remains unresolved until now.

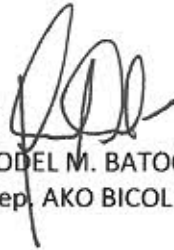
While the issue was pending at ERC, it is apparent that NPC treated the account as "overdue account". Said overdue account continues to accumulate considerable interest and penalties, until MARELCO was forced to settle the said contested P 1,097,797.00 FPCA as a pre-condition to the reconnection of its facilities which was disconnected by NPC on July 19, 2006. Consequently on January 31, 2011 a Memorandum of Agreement for Restructuring of Overdue Accounts amounting to P 68,930,484.12 as of 30 April 2010 for a ten-year period at an interest rate of 12.5% per annum was executed between NPC and MARELCO. This represents the Outstanding Power Bill, Accrued Interest Charges, Forfeited Prompt Payment Discount and Disallowed Prompt Payment Discount.

The condonation of MARELCO's Accrued Interest Charges with the NPC in the amount of Twelve Million Seven Hundred Eight Seven Thousand Seven Hundred fifty Pesos and 97/100 (P12,787,750.97) will eliminate the worsening financial burden of the electric cooperative.

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



MICHAEL ANGELO C. RIVERA
Rep. 1-CARE Party-List



RODEL M. BATOCABE
Rep. AKO BICOL Party-List

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AN ACT
CONDONING THE ACCRUED INTEREST CHARGES OF MARINDUQUE ELECTRIC COOPERATIVE
(MARELCO) PAYABLE AND DUE TO THE NATIONAL POWER CORPORATION

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

Section 1. Condonation of Interest only. The accrued interest earned in the amount of **Twelve Million Seven Hundred Eighty Seven Thousand and Seven Hundred Fifty Pesos and Ninety Seven Centavos (Php 12,787,750.97)** payable and due to the National Power Corporation and incurred without MARELCO's fault, is hereby condoned, thereby perpetually relieving MARELCO from the payment thereof.

Section 2. Principal Excluded from the Condonation. Any account other than the unpaid interest are hereby excluded from this condonation.

Section 3. Effectivity. This Act shall take effect fifteen (15) days after its publication in at least two (2) national papers of general circulation.

APPROVED.


MICHAEL ANGELO C. RIVERA
Rep. 1-Care Party List


RODEL M. BATOCABE
Rep. AKO BICOL Party-List