

Republic of the Philippines
House of Representatives

Quezon City, Metro Manila

SIXTEENTH CONGRESS
First Regular Session

House Bill Number **4114**



Introduced by Representative **EDGARDO 'ERM' RAMA MASONGSONG**

AN ACT

PROVIDING FOR THE CONDONATION OF LOAN, INCLUDING THE PRINCIPAL AMOUNT, UNPAID INTERESTS AND PENALTIES, INCURRED BY THE BENGUET ELECTRIC COOPERATIVE, INC. (BENECO) IN 2006 FROM THE NATIONAL ELECTRIFICATION ADMINISTRATION (NEA), EXCLUSIVELY TO FUND ITS *SITIO* ELECTRIFICATION PROJECTS IN BENGUET

EXPLANATORY NOTE

In 2006, Benguet Electric Cooperative, Inc. (BENECO) received hundreds of pending requests for electrification in several *sitios* of Benguet Province. These are far-flung areas that have been left unenergized since the government declared to electrify all areas in the country on July 28, 1969. Although, the electrification of these *sitios* was not financially viable for BENECO to recoup its investment in a short time, the Cooperative was determined to assist the people who have been left in the dark for decades. Due to the limited government subsidy to fund rural electrification, BENECO then opted to apply for a loan from the National Electrification Administration (NEA), which was approved in the amount of one hundred million pesos (Php 100,000,000.00). The loan was released in staggered amounts from December 28, 2006 to October 30, 2009, exclusively to finance the electrification of 165 *sitios* in Benguet.

Quite notably, BENECO was the first and the sole electric cooperative in the Philippines that took a loan for the purpose of funding its *sitio* electrification, regardless of the financial and physical challenges it had to encounter in pursuit of its goal. The loan is payable in fifteen (15) years with an annual interest rate of 8.1%. As of date, BENECO

has only paid the total of Php 47,357,229.00, which covers Php 24,489,063 in interest and Php 22, 868,166 in principal.

In 2011, about five (5) years after BENECON started to energize 165 *sitios* in Benguet, President Benigno S. Aquino III has given priority to the vigorous implementation of the rural electrification program. As his administration's social contract with the people, President Aquino created *Sitio* Electrification Program and Barangay Line Enhancement Program (SEP-BLEP) which included the provision of significant subsidies to electric cooperatives through the NEA.

Echoing the clamor of various local government units (LGUs) and member-consumers in Benguet, it is now endeavored by the undersigned to mandate the NEA to condone the loan of BENECON which was used to fund its *sitio* energization projects in the various *sitios* in the province. It is incumbent upon us to recognize the efforts of BENECON in complying with their mandate to facilitate and pursue rural and *sitio* electrification pursuant to Republic Act No. 6038 and Presidential Decree No. 269. The condonation of BENECON's loan will unburden thousands of electric consumers in Benguet who are paying the remaining seventy-seven million pesos (Php 77 million) payable to NEA. Hence, passage of this legislative measure will reward BENECON for taking the initiative of pursuing electrification of the unviable areas for the benefit of the people. More so, it will prevent any pass on burden to the consumers of the cost of the electrification.

Therefore, I urge my dear colleagues for the immediate passage of this bill.


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

SECTION 1. **Title.** – This act shall be known as the “Benguet Electric Cooperative, Inc. (BENECO) Loan Condonation Act of ____”. It shall hereinafter be referred to as the Act.

SEC. 2. **Declaration of Policy.** – The State shall pursue a comprehensive rural electrification, including the provision of electric services in *sitios* and remote households, as a strategy to yield more opportunities for improved quality of life, greater access to basic services and better infrastructure for rural development. To further accelerate access to electricity services by the country’s un-electrified communities and strengthen and integrate efforts on rural electrification, the State shall provide subsidies and grants to the distribution utilities, particularly the electric cooperatives, pursuing *sitio* electrification projects in their coverage area. In so doing, the State recognizes the effort of Benguet Electric Cooperative, Inc. (BENECO), which has pursued rural and *sitio* electrification in Benguet prior to the provision of subsidies, by declaring its incurred loan for the purpose condoned.

SEC. 3. **Condonation.** – The remaining balance of loan incurred by the Benguet Electric Cooperative, Inc. (BENECO) in 2006, which accrued and remains to be unpaid up to the present, in whatever accumulated amount or sum of interest and/or penalties as there may be, to finance its *sitio* electrification projects in its coverage area, payable and due to the National Electrification Administration (NEA), pursuant to the Rural and *Sitio* Electrification Program of the government, are hereby condoned, thereby perpetually relieving BENECO from the payment thereof.

SEC. 4. **Effectivity.** – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,