

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City**



**SIXTEENTH CONGRESS
First Regular Session**

HOUSE BILL NO. 4373

Introduced by Representatives Nicasio M. Aliping, Jr. and Ronald M. Cosalan

EXPLANATORY NOTE

The Benguet Electric Cooperative, Inc. (BENECO), whose franchise area covers Baguio City and Benguet Province, vigorously pursued rural electrification starting in 2006 pursuant to its mandate as an electric cooperative. It obtained for this purpose a loan from the National Electrification Administration (NEA) in the amount of Php100,000,000.00. The loan was released in various amounts over a period of four years, the last release being in October 2009. It is payable in 15 years with an annual interest rate of 8.1%.

BENECO concentrated on energizing the entire province of Benguet, considering that Baguio City at the time was fully energized. The loan of Php100M was thus utilized by BENECO to provide electricity to 130 sitios in 12 municipalities of Benguet Province, including sitios in far-flung areas.

In 2011, the present Administration gave priority to rural electrification due to the slow pace of its implementation nationwide. The Sitio Electrification and Barangay Line Enhancement Program (SEP-BLEP) was then implemented by the National Electrification Administration (NEA) under NEA Memo No. 2011-019. A sizeable subsidy was allotted for the program with the targeted result of energizing all sitios through the SEP-BLEP by the year 2016.

Hence, electric cooperatives throughout the country were given subsidy coursed through the NEA under the SEP-BLEP to fund sitio electrification undertaken in their respective areas of operation. As it is, BENECO is the only electric cooperative that has taken out a loan from NEA to fund sitio electrification in its area of operation.

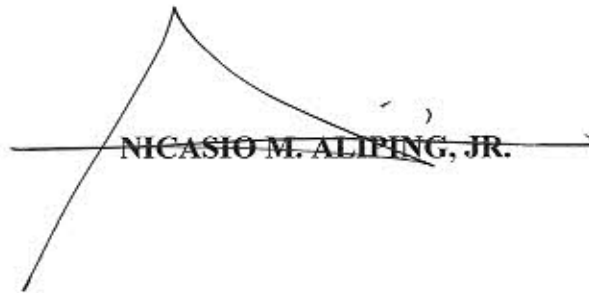
Out of its Php100M loan, BENECO has repaid Php22,868,166.00 of the principal and has paid Php24,485,063 in interest. The outstanding balance stands at Php77,131,834.00. This outstanding loan balance, unless condoned, will remain as an obligation of BENECO. It will continue to be paid by BENECO's members-consumers in Baguio City and Benguet Province. As compared to the members-consumers of other electric cooperatives, they will shoulder higher costs for electricity until the entire loan is repaid. And it is estimated that it will take about 50 years for BENECO to recoup the expenditure it incurred for sitio electrification.

Equity therefore dictates that the thousands of BENECO's members-consumers should not be made to suffer this consequence. They should not continue to be penalized simply because BENECO took the initiative of taking out a loan to embark on sitio electrification way ahead of the government's grant of subsidy for the purpose.

It is therefore earnestly requested that this bill be approved.



RONALD M. COSALAN



NICASIO M. ALIPING, JR.

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HOUSE BILL NO. 4373

Introduced by Representatives Nicasio M. Aliping, Jr. and Ronald M. Cosalan

**AN ACT
CONDONING THE UNPAID BALANCE OF THE LOAN, INCLUDING
INTEREST AND PENALTIES THEREON, SECURED BY THE
BENGUET ELECTRIC COOPERATIVE, INC. (BENECO) IN 2006
FROM THE NATIONAL ELECTRIFICATION ADMINISTRATION
(NEA) AND USED BY BENECO ENTIRELY TO FUND THE
ELECTRIFICATION OF 130 SITIOS SITUATED WITHIN ITS AREA
OF COVERAGE**

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

SECTION 1. *Condonation of Loan.* – The unpaid balance in the amount of Seventy-Seven Million One Hundred Thirty-One Thousand Eight Hundred Thirty-Four Pesos (Php77,131,834.00) of the loan secured by the Benguet Electric Cooperative, Inc. (BENECO) in 2006 from the National Electrification Administration (NEA) and used by BENECO entirely to fund the electrification of 130 sitios situated within its area of coverage, including interest and penalties thereon, is hereby condoned and thereby forever release BENECO from the payment thereof.

SEC. 2. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Approved,