

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Sixteenth Congress
First Regular Session



HOUSE BILL NO. 4955

Introduced by Representatives Michael Angelo C. Rivera, Benhur Salimbangon, Rodel Batocabe

AN ACT CONDONING THE INTEREST CHARGES ON LOANS OF BANTAYAN ELECTRIC COOPERATIVE INCURRED FROM THE DISALLOWED PAYMENT DISCOUNTS (PPD) CHARGED BY NATIONAL POWER CORPORATION-SMALL POWER UTILITIES GROUP (NPC-SPUG)

Explanatory Note

Bantayan Electric Cooperative, Inc. (BANELCO) is an electric cooperative duly organized and registered with the National Electrification Administration (NEA) on September 29, 1978. Its franchise was granted by the National Electrification Commission (NEC) on August 15, 1984, giving it authority to operate an electric light and power service in its coverage areas, the municipalities of Bantayan, Madridejos and Santa Fe with a total of forty-nine barangays, including nine (9) island-barangays. The main power provider of BANELCO before was the Bantayan Diesel Power Plant (BDPP) under the National Power Corporation- Small Power Utilities Grid (NPC-SPUG).

In July 1988, a Memorandum of Agreement between National Power Corporation (NPC), the National Electrification Administration (NEA) and BANELCO was executed. The MOA allows NPC to sell power and electricity to BANELCO in accordance with NPC's Rules on the Sale of electricity. NPC-SPUG served the power supply of Doong Islet thru the Doong Diesel Power Plant (DDPP) and the Kintarcan Islet thru the Kintarcan Diesel Power Plant (KDPP), both in the municipalities of Bantayan and Santa Fe, Cebu.

On January 1993, BANELCO was given a Certificate of Clearance for Automatic Prompt Payment Discount by NPC for its good payment records i.e., that BANELCO have no unpaid power bills for the past six months and was therefore granted the privilege to automatically deduct, the three (3) percent prompt payment discount from its monthly power bill starting the billing month of

December 1992 , provided that the total monthly power bill less the discount is paid on or before the end of the month (30th or 31st) immediately following the billing month. It further notified BANELCO that failure on its part to pay its power bills on or before the due date shall revoke the privilege.

In 1999, BANELCO experienced shortage of power supply in the island and informed NPC-SPUG on the flight of BANELCO. Despite the problem, BANELCO agreed to avail of the PPD and pay its power bills while NPC-SPUG promised to exert best efforts to normalize power situation. BANELCO's power bill payment (net of Prompt Payment Discount) was accepted by NPC-SPUG but PPD not considered. BANELCO failed to transmit the payments to NPC-SPUG on its respective due dates. The culprit was the recurring poor weather condition that forced the suspension of boat trips to Cebu City.

The accumulated disallowed prompt payment discount was P1,810,374.67 based on NPC books and remains to be outstanding power bills payable by BANELCO and was imposed an accumulated interest charges of Php 13,143,793.06.

As of May 31, 2014, BANELCO stands to have an account payable to NPC-SPUG due to the disallowed payment discounts:

Alleged Unpaid power bill balance –	Php 1,810,374.67
Interest imposed (based on Php 1,810,374.67) -	13,143,793.06
VAT Adjustments	31,151.31
VAT Adjustments	112,392.15
Other adjustments made by NPC	(168,591.85)
Total Accounts Payable to NPC due to PPD	<u>Php 14,929,119.34</u> =====

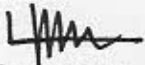
The failure to transmit the bill payments on time was not deliberate on BANELCO's part as it was caused by the suspended trips from Bantayan Island to Hagnaya, San Remigio, Cebu due to very bad weather, making the transmission of the amount physically impossible.

As of June 2014 Monthly Financial Statistical Report of BANELCO shows that it has no outstanding payable or loan with NPC-SPUG. However, due to NPC's policy to apply power bill payments of the distribution utilities to the "onerous accounts" first, all other succeeding monthly power bill payments were already insufficient to pay the current bills. It is only in the book of accounts of NPC-SPUG that the Disallowed Payment Discount remains to be settled.

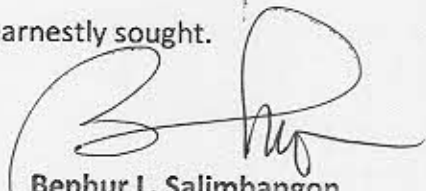
BANELCO is experiencing some financial difficulties and is in arrears with NEA as of March 2014 NEA's Financial Report.

Since 2008, BANELCO has been requesting NPC for the condonation of the interest and surcharges on the coops power bills which was not attributable to BANELCO's fault or negligence. Now it has ballooned and request that the total amount of **Fourteen Million Nine Hundred Twenty Nine Thousand and Hundred Nineteen and Thirty Four centavos** be condoned thru congressional action.

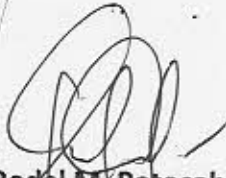
In view of the foregoing, the immediate passage of the bill is earnestly sought.



Michael Angelo C. Rivera
Representative, 1-CARE Party List



Benhur L. Salimbangon
Representative, 4th District of Cebu



Rodel M. Batocabe
Representative, AKO Bicol Party List

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4955

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

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

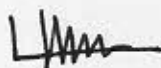
AN ACT CONDONING THE INTEREST CHARGES ON LOANS OF BANTAYAN ELECTRIC COOPERATIVE, INC (BANELCO) INCURRED FROM THE DISALLOWED PROMPT PAYMENT DISCOUNTS (PPD) CHARGED BY THE NATIONAL POWER CORPORATION-SMALL POWER UTILITIES GROUP (NPC-SPUG)

Section 1. Condonation of Interest Charges. The interest charges of Fourteen Million Nine Hundred Twenty Nine, Hundred Nineteen and Thirty Four Centavos (Php 14,929,119.34) incurred for the disallowed prompt payment discounts (PPD) of BANELCO from NPC-SPUG is hereby condoned, thereby perpetually relieving BANELCO of the payment thereof.

Section 2. Other Loans Excluded from the Condonation. Other accounts of BANELCO to the National Electrification Administration 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 newspapers of general circulation.

Approved.



Rep. Michael Angelo C. Rivera
I-CARE Party List



Rep. Benhur Salimbangon
4th District of Cebu



Rodel M. Batocabe
AKo BICOL Party List