

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

Seventeenth Congress
Third Regular Session

HOUSE BILL NO. 8874



Introduced by
Representative Carlos Roman L. Uybarreta

EXPLANATORY NOTE

Maguindanao Electric Cooperative, Inc. (MAGELCO) is a duly organized cooperative with a franchise to distribute electric light, and power to the municipalities of Sultan sa Barongis, Talayan, Pagalungan, Upi, South Upi, Ampatuan, Barrira, Buldon, Datu Piang, Dinaig, Kabuntalan, Maganoy, Matanog, Parang, and Sultan Kudarat in the province of Maguindanao. Its franchise also includes the authority to distribute electricity in six municipalities in Cotabato, namely Pigcawayan, Alamada, Libungan, Midsayap, Aleosan, and Pikit (PPALMA Area). It serves 95% household connections and only 5% small industrial connections in the twenty eight (28) towns of the province of Maguindanao, which is awfully tagged as one of the nastiest and most terrifying provinces in the country because of the infamous and bloody “Maguindanao Massacre” and “Mamasapano Clash.” It is also worth noting that Maguindanao is home to recurring insurgencies by several revolutionary groups, like the BIFF, which, in turn, cause Maguindanao residents to evacuate their homes.

As of June 30, 2018, the total amount of MAGELCO’s outstanding account with the Power Sector Assets and Liabilities Management Corporation (PSALM) is ONE BILLION SIX HUNDRED TWENTY THREE MILLION, ONE HUNDRED NINETY FOUR THOUSAND, FIVE HUNDRED FORTY SIX PESOS AND 64/100 (P 1,623,194,546.64), to wit:

Billing Amount			
Power Bill	VAT	Interest	Total
P 1,496,475,220.18	73,178,969.03	485,392,814.32	2,055,047,003.53
Payment			
Principal	VAT	Interest	Total
P 15,500,000.00	-	416,352,456.89	431,852,456.89
Balance			P 1,623,194,546.64

MAGELCO’s power obligation to PSALM has blown out of proportion that it has become virtually impossible for MAGELCO to focus on the improvement of their electricity-distribution services. At present, the said cooperative can no longer make new investments and acquire additional assets that would provide better, cheaper, and more efficient means of harnessing and distributing reliable power throughout the area covered, primarily because the funds intended for these uses are solely being directed towards the payment of its monetary obligations. Further, the peace and order situation in the province of

Maguindanao is the main cause of the said electric cooperative's poor collection performance and high system losses.

It is for this reason that we take measures in order to apply leniency to non-stock, non-profit electric cooperatives like MAGELCO by condoning all its unpaid power obligations to PSALM, including all interests, surcharges and other penalties from the commencement of the liability. This way, MAGELCO will be able to return to its former condition of competent, successful and debt-free operation. Condoning its unpaid obligations to PSALM allows the cooperative to remain financially viable for local as well as foreign investors.

In consideration of the foregoing, the immediate passage of this bill is earnestly requested.



CARLOS ROMAN L. UYBARRETA