

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

Seventeenth Congress
Third Regular Session

HOUSE BILL NO. 8942



Introduced by
Representative Carlos Roman L. Uybarreta

EXPLANATORY NOTE

Benguet Electric Cooperative, Inc. (BENECO) is a duly organized non-stock, non-profit cooperative with a franchise to distribute electric light, and power to Baguio City and Benguet Province. It dynamically pursued rural electrification beginning 2006.

As of September 30, 2017, the total amount of BENECO's outstanding account with the Power Sector Assets and Liabilities Management Corporation (PSALM) is FOUR HUNDRED MILLION SIX HUNDRED FORTY THREE THOUSAND ONE HUNDRED FIFTY ONE PESOS AND 54/100 (P 400,643,151.54), to wit:

Billing Amount			
Power Bill	VAT	Interest	Total
P 314,985,948.65	61,214,774.92	24,442,427.97	P 400,643,151.54

BENECO's power obligation to PSALM, including its unpaid bills to other suppliers, which accumulated over the years has blown out of proportion that it has become virtually impossible for BENECO 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.

It is for this reason that we take measures in order to apply leniency to non-stock, non-profit electric cooperatives like BENECO by condoning all its unpaid power obligations to PSALM, including all interests, surcharges and other penalties from the commencement of the liability. This way BENECO 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

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**AN ACT CONDONING THE OBLIGATION OF BENGUET ELECTRIC
COOPERATIVE, INC. (BENECO) PAYABLE TO THE POWER SECTOR
ASSETS AND LIABILITIES MANAGEMENT CORPORATION (PSALM)**

*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 Condonation of the Obligation of Benguet Electric Cooperative, Inc. (BENECO) Act.

Section 2. Declaration of Policy. – It is hereby declared the policy of the State to ensure and accelerate the total electrification of the country; ensure the quality, reliability, security and affordability of the supply of electric power in the country; and enable the electric cooperatives to cope with the changes brought about in the industry by emerging technologies.

Section 3. Condonation of Obligation. – The principal obligation of BENECO payable to PSALM as well as the interest and other surcharges as there may be are hereby condoned.

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

Approved.