

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

Seventeenth Congress
Third Regular Session

HOUSE BILL NO. 8971



Introduced by
Representative Carlos Roman L. Uybarreta

EXPLANATORY NOTE

Lanao del Sur Rural Electric Cooperative, Inc. (LASURECO) is a duly organized cooperative with a franchise to distribute electric light, and power to 37 municipalities except Bumbaran and Wao towns, plus the three municipalities of Pantar, Balo-i and Pantao Ragat of Lanao del Norte, and the southern half of Lanao del Sur with a 2,322 distribution line in circuit-kilometers. It is the fifth of National Power Corporation's biggest clients in Mindanao in terms of increase in energy sales. It serves 59,379 household-consumers.

As of July 9, 2018, the total amount of LASURECO's outstanding account with the Power Sector Assets and Liabilities Management Corporation (PSALM) is NINE BILLION ONE HUNDRED SIXTY SIX MILLION NINE HUNDRED ELEVEN THOUSAND ONE HUNDRED NINE PESOS AND 74/100 (P 9,166,911,109.74), to wit:

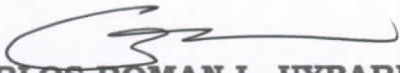
Billing Amount			
Power Bill	VAT	Interest & VAT- Interest	Total
P5,191,292,482.73	153,220,406.24	3,822,398,220.77	P 9,166,911,109.74

LASURECO's power obligation to PSALM has blown out of proportion that it has become virtually impossible for LASURECO 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. Another main reason for its poor collection performance and high system losses is the bloody tragedy that befell Marawi City, where residents were forced to be displaced in evacuation centers and nearby cities due to the five month-long unlawful siege carried out by rebel groups in Marawi.

It is for this reason that we take measures in order to apply leniency to non-stock, non-profit electric cooperatives like LASURECO by condoning all its unpaid power obligations to PSALM, including all interests, surcharges and other penalties from the commencement of the liability. This way, LASURECO 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 LANA DEL SUR RURAL
ELECTRIC COOPERATIVE, INC. (LASURECO) 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 Lanao del Sur Rural Electric Cooperative, Inc. (LASURECO) 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 LASURECO 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.