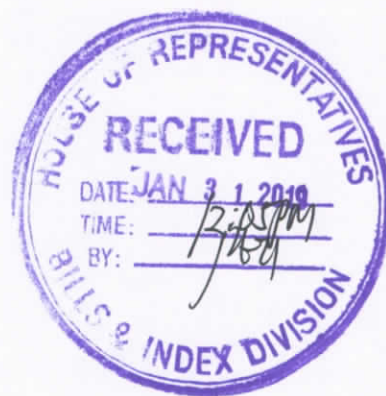


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Seventeenth Congress
Third Regular Session

HOUSE BILL NO. 8972



Introduced by
Representative Carlos Roman L. Uybarreta

EXPLANATORY NOTE

Davao del Norte Electric Cooperative, Inc. (DANECO) is non-stock and non-profit cooperative organized on September 24, 1971 by virtue of the Republic Act No. 6038, amended by Presidential Decree No. 269, Presidential Decree No. 1645 and Letter of Instruction No. 38. Within its coverage area of 6,662,990 sq. meters, DANECO successfully powered sixteen (16) municipalities and two (2) cities in two (2) provinces namely: Compostela Valley Province and Davao del Norte. DANECO currently has 197,880 household connections.

As of March 31, 2018, the total amount of DANECO's outstanding account with the Power Sector Assets and Liabilities Management Corporation (PSALM) is ONE BILLION THREE HUNDRED TEN MILLION TWO HUNDRED NINETY ONE THOUSAND SIX HUNDRED FIFTEEN PESOS AND 70/100 (P 1,310,291,615.70).

DANECO'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 DANECO 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. Despite the installation of Task Force Duterte: Northern Davao Power, DANECO needs more time to recover from its losses and obligations.

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

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

Seventeenth Congress
Third Regular Session

8972
HOUSE BILL NO. _____

Introduced by
Representative Carlos Roman L. Uybarreta

AN ACT CONDONING THE OBLIGATION OF DAVAO DEL NORTE ELECTRIC COOPERATIVE, INC. (DANECO) 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 Davao del Norte Electric Cooperative, Inc. (DANECO) 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 DANECO 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.