

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

Seventeenth Congress  
Third Regular Session

**HOUSE BILL NO.** 8973



Introduced by  
**Representative Carlos Roman L. Uybarreta**

**EXPLANATORY NOTE**

Misamis Oriental I Electric Cooperative, Inc. (MORESCO I) is a duly organized non-stock, non-profit cooperative founded in 1967 with ten (10) districts, one (1) in each municipality and with each municipality represented by a director. The original franchise area of MORESCO-1 covers only the 10 municipalities in the Western part of Misamis Oriental, but through the years had expanded to include the non-viable 15 barangays of Cagayan de Oro City, part of Talakag and Baungon in the Province of Bukidnon; and Barangay Hindang of Iligan City, originally within the franchise area of a private distribution utility.

As of September 30, 2017, the total amount of MORESCO I's outstanding account with the Power Sector Assets and Liabilities Management Corporation (PSALM) is TWO HUNDRED FOUR MILLION FIVE HUNDRED FIFTY ONE THOUSAND EIGHT HUNDRED SEVENTY FIVE PESOS AND 63/100 (P 204,551,875.63), to wit:

| Billing Amount   |               |          |                         |
|------------------|---------------|----------|-------------------------|
| Power Bill       | VAT           | Interest | Total                   |
| P 179,836,165.97 | 24,715,709.67 | 0.01     | <b>P 204,551,875.63</b> |

MORESCO I'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 MORESCO I 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 MORESCO I by condoning all its unpaid power obligations to PSALM, including all interests, surcharges and other penalties from the commencement of the liability. This way MORESCO I 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 MISAMIS ORIENTAL I  
ELECTRIC COOPERATIVE, INC. (MORESCO I) 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 Misamis Oriental I Electric Cooperative, Inc. (MORESCO I) 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 MORESCO I 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.