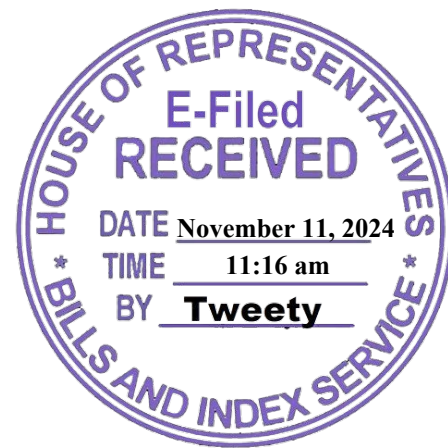




Republic of the Philippines
House of Representatives
Quezon City



NINETEENTH CONGRESS

Third Regular Session

House Bill No. 11045

Introduced by
Representative Mujiv S. Hataman
PHILRECA Party-List Representative Presley C. De Jesus
APEC Party-List Representative Sergio C. Dagoo

EXPLANATORY NOTE

Basilan Electric Cooperative, Inc. (BASELCO) has been the power customer of the National Power Corporation (NPC) since 1989. For the period covering September 1999 to March 2024, BASELCO has accumulated a total billing amounting to Php 7.212 Billion with Php 4.901 Billion representing the principal obligation and Php 2.311 Billion representing interest charges.

In the same time span, BASELCO was able to pay NPC a total amount of Php 3.335 Billion. NPC's Credit and Collection Policy provides that payments shall be applied first to the most onerous account. Thus, of the 3.335 Billion total payment of BASELCO, Php 2.292 Billion was applied to the incurred interest charges and only Php 1.043 Billion was applied to the principal obligation. The enormous amount of interest charges that has accumulated throughout the years resulted in BASELCO's payment being applied mostly to interest charges. This significantly renders the payment of the outstanding principal obligation extremely difficult for BASELCO, which in turn affects BASELCO's capacity to provide efficient services for its consumer. As of October 2024, the total amount paid by BASELCO which was applied to interest payments amounted to Php 2.460 Billion.

Thus, it is sought that the total amount paid by BASELCO be applied to the principal obligations due and that all the interests, surcharges, penalties and universal charges incurred by BASELCO be condoned.

In view of the foregoing, the approval of this bill is earnestly sought.



REP. MUJIV S. HATAMAN

Representative, Lone District of Basilan



REP. PRESLEY C. DE JESUS

Representative, PHILRECA Partylist



REP. SERGIO C. DAGOOC

Representative, APEC Partylist



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AN ACT

**FOR THE CONDONATION OF UNPAID INTERESTS, PENALTIES,
SURCHARGES, AND UNREMITTED UNIVERSAL CHARGES ON THE
OVERDUE OBLIGATIONS OF THE BASILAN ELECTRIC COOPERATIVE,
INC. TO THE NATIONAL POWER CORPORATION**

Be it enacted by the Senate and the House of Representatives of the Republic of the Philippines in Congress assembled:

SECTION 1. All accumulated interests, surcharges, penalties and universal charges on the principal obligations incurred by the Basilan Electric Cooperative, Inc. (BASELCO) to the National Power Corporation (NPC), beginning from the year 1999 until the effectivity of this Act, are hereby condoned, thereby perpetually relieving BASELCO from the payment of said interests, surcharges and penalties. The amount paid by BASELCO in the sum of Two Billion Four Hundred Sixty Million Seven Hundred Eighty-Seven Thousand Four Hundred Seventy-Seven Pesos and Seven Centavos (Php 2,460,787,477.07), of such accumulated interests, surcharges, and penalties, shall be applied to and deducted from the principal obligation of BASELCO.

SEC. 2. A one-time restructuring program is hereby authorized to be adopted by the NPC in favor of BASELCO over their unpaid principal obligations;

Provided, That once a staggered payment scheme shall have been adopted between BASELCO and the NPC on the principal obligations, BASELCO shall regularly submit to NPC their performance improvement programs and the status of their implementation.

SEC. 3. Within sixty (60) days from the effectivity of this Act, NPC shall, in coordination with the National Electrification Administration, promulgate the necessary rules and regulations for the effective implementation of this Act. Taking into account the legislative intent to authorize the condonation of interests, surcharges, penalties and universal charges and the one-time restructuring program, the said rules and regulations shall not entail additional requirements that shall negate the purpose of this Act; *Provided*, That subject to BASELCO's circumstances, NPC shall be empowered to determine the guidelines on which BASELCO is eligible to request for condonation and shall further require BASELCO to submit a Performance Improvement Plan to ensure payment compliance: *Provided, further*, That the failure of the NPC to promulgate the said rules and regulations shall not prevent the implementation of this Act sixty days after its effectivity.

SEC. 4. If any provision of this Act is declared unconstitutional or invalid, the other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 5. All laws, decrees, executive orders and issuances, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 6. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,