



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

**TWENTIETH CONGRESS
FIRST REGULAR SESSION**

HOUSE BILL NO. 6099



**Introduced by Representative
ZIAUR-RAHMAN "ZIA" ALONTO ADIONG**

EXPLANATORY NOTE

Electric cooperatives play a vital role in the delivery of reliable and affordable electricity, especially in underserved and geographically isolated areas of the country. However, many of these cooperatives, particularly those in conflict-affected and economically challenged provinces, continue to face serious financial constraints that impede their ability to provide efficient and sustainable power service to their consumers.

One of the most affected is the Lanao del Sur Electric Cooperative, Inc. (LASURECO). It has incurred substantial obligations to the Power Sector Assets and Liabilities Management (PSALM) Corporation arising from its power purchases and other related charges. Over time, these obligations have ballooned due to the accumulation of interests, penalties, surcharges, and universal charges, making repayment virtually impossible and further burdening its already fragile operations.

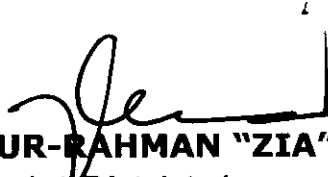
This measure seeks to provide immediate financial relief to LASURECO by condoning all unpaid interests, penalties, surcharges, and unremitted universal charges on their overdue obligations to PSALM, from 2009 up to the effectivity of this Act. It also mandates that the amounts already paid by the cooperatives as part of such accumulated charges be applied to their principal obligations.

In addition, this bill authorizes PSALM to adopt a one-time restructuring program for the unpaid principal obligations of these cooperatives, under a staggered payment scheme, subject to the submission of performance improvement programs to ensure better collection efficiency, system loss reduction, and service reliability.

The proposed condonation and restructuring are not acts of leniency but of equity and social justice. This recognizes the extraordinary circumstances faced by this cooperative, operating in areas long affected by poverty, conflict,

and instability, and seeks to give it a fair opportunity to recover financially, stabilize their operations, and continue their mission of electrifying remote communities.

Ultimately, this measure will redound to the benefit of thousands of households and businesses in Lanao del Sur who rely on it for their day-to-day needs and economic activities. By granting it the fiscal space to rehabilitate, the State ensures that power services remain accessible and sustainable for all.



REP. ZIAUR-RAHMAN "ZIA" ALONTO ADIONG
1st District, Lanao del Sur



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AN ACT PROVIDING FOR THE CONDONATION OF UNPAID INTERESTS, PENALTIES, SURCHARGES, AND UNREMITTED UNIVERSAL CHARGES ON THE OVERDUE OBLIGATIONS OF THE LANA DEL SUR ELECTRIC COOPERATIVE, INC. TO THE POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION

SECTION 1. All accumulated interests, surcharges, penalties, and universal charges on the principal obligations incurred by the Lanao del Sur Electric Cooperative, Inc. (LASURECO) to the Power Sector Assets and Liabilities Management (PSALM) Corporation, beginning from the year 2009 until the effectivity of this Act, are hereby condoned, thereby perpetually relieving LASURECO from the payment of said interests, surcharges, penalties, and universal charges. Moreover, the amount paid by LASURECO in the sum of Ninety-five million nine hundred sixty-two thousand five hundred nine pesos and fifteen centavos (₱95,962,509.15), of such accumulated interests, surcharges, and penalties, shall be applied to and deducted from the principal obligation of LASURECO.

SECTION 2. A one-time restructuring program is hereby authorized to be adopted by the PSALM in favor of the LASURECO over its unpaid principal obligations: *Provided*, That once a staggered payment scheme shall have been adopted between PSALM and LASURECO on the principal obligations, LASURECO shall regularly submit to PSALM their performance improvement programs and the status of their implementation.

SECTION 3. Within sixty (60) days from the effectivity of this Act, PSALM 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 LASURECO's circumstances, PSALM shall be empowered to determine the guidelines on which ECs are eligible to request for condonation and shall further require the EC to submit a Performance Improvement Plan to ensure payment compliance: *Provided, further*, That the failure of the PSALM to promulgate the said rules and regulations shall not prevent the implementation of this Act sixty (60) days after its effectivity.

SECTION 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.

SECTION 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.

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