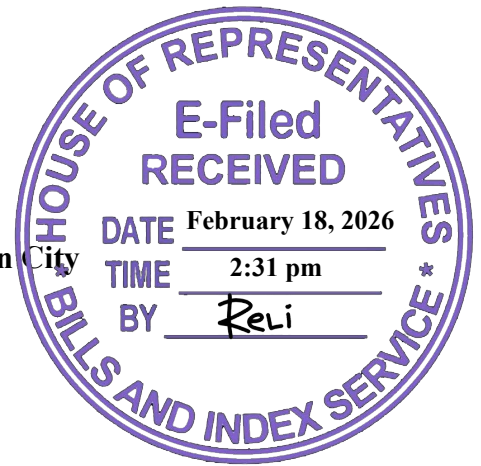




Republic of the Philippines
HOUSE OF REPRESENTATIVES Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 7856



Introduced by: Rep. Antonio T. Kho, Rep. Elisa “Olga” T. Kho, and Rep. Wilton T. Kho

EXPLANATORY NOTE

The Masbate Electric Cooperative, Inc. (MASELCO) is the primary electric distribution utility in the Province of Masbate, serving consumers across its three major islands — Masbate, Ticao, and Burias. For decades, MASELCO has played a critical role in ensuring that the people of Masbate have access to electricity, which is indispensable for economic growth, social development, and the improvement of quality of life.

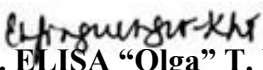
However, MASELCO continues to face significant financial and operational challenges. The cooperative has accumulated overdue obligations to the **National Electrification Administration (NEA)** in the amount of P66,422,575.75 and the **National Power Corporation (NPC)** in the amount of P140,230,959.27, including unpaid **interests, penalties, surcharges, and unremitted universal charges**. These obligations have grown over time due to factors beyond MASELCO’s immediate control, such as high systems losses, aging infrastructure, natural calamities affecting power lines, and the rising costs of energy supply and operations.

The financial distress of MASELCO has not only hindered its ability to settle its debts but has also constrained its capacity to rehabilitate its distribution facilities, improve power reliability, and expand electrification coverage to unserved and underserved communities in the province. This proposed measure seeks to **grant condonation of all unpaid interests, penalties, surcharges, and unremitted universal charges on the overdue obligations of the Masbate Electric Cooperative, Inc. to the National Electrification Administration and the National Power Corporation**. The intent is to allow MASELCO to recover financially, restore operational stability, and reallocate its limited resources toward the rehabilitation and modernization of its power distribution system.

By granting this relief, the government reaffirms its commitment to supporting the sustainability of rural electric cooperatives, consistent with the objectives of the **Rural Electrification Program** under Presidential Decree No. 269, as amended. The condonation will not only ensure the continued viability of MASELCO but will also guarantee that the people of Masbate—especially those in remote and island barangays—continue to receive affordable, reliable, and uninterrupted electric service.

In view of the foregoing, the immediate passage of this measure is earnestly sought.


REP. ANTONIO T. KHO
1st District, Masbate


REP. ELISA "Olga" T. KHO
2nd District, Masbate


REP. WILTON T. KHO
3rd District, Masbate



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House Bill No. 7856

Introduced by: Rep. Antonio T. Kho, Rep. Elisa “Olga” T. Kho and Rep. Wilton T. Kho

AN ACT FOR THE CONDONATION OF UNPAID INTERESTS, PENALTIES, SURCHARGES, AND UNREMITTED UNIVERSAL CHARGES ON THE OVERDUE OBLIGATIONS OF THE MASBATE ELECTRIC COOPERATIVE, INC. TO THE NATIONAL ELECTRIFICATION ADMINISTRATION (NEA) AND NATIONAL POWER CORPORATION (NAPOCOR).

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

SECTION 1. All accumulated interests, surcharges, penalties and universal charges on the principal obligation incurred by the Masbate Electric Cooperative, Inc., to the National Electrification Administration (NEA) and National Power Corporation (NAPOCOR), as of December 31, 2025 are hereby condoned, thereby perpetually relieving MASELCO from the payment of said interests, surcharges, penalties and universal charges. Moreover, the amount paid by MASELCO of such accumulated interests, surcharges, and penalties, shall be applied to and deducted from the principal obligation of MASELCO both to NEA and NAPOCOR.

SECTION 2. A one-time restructuring program is hereby authorized to be adopted by the NEA and NAPOCOR in favor of MASELCO over their unpaid principal obligations; provided, that once a staggered payment scheme shall have been adopted between MASELCO and the NEA and NAPOCOR on the principal obligations, MASELCO shall regularly submit to NEA and NAPOCOR their performance improvement programs and the status of their implementations.

SECTION 3. Implementing Rules and Regulations. Within sixty (60) days from the effectivity of this Act, The National Electrification Administration and the National Power Corporation shall 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 MASELCO’s circumstances, NEA and NAPOCOR shall be empowered to determine the guidelines on which MASELCO is eligible to request for condonation and shall further require MASELCO to submit a Performance Improvement Plan to ensure payment compliance; Provided further, that the failure of the NEA and NAPOCOR to promulgate the rules and regulations shall not prevent the implementation of this Act sixty days after its effectivity.

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

SECTION 5. Repealing Clause. 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. Effectivity. This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or in a newspaper of general circulations.

Approved,