

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Seventeenth Congress
First Regular Session

HOUSE BILL NO.: 642

HOUSE OF REPRESENTATIVES	
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REGISTRATION UNIT BILLS AND INDEX SERVICE	

Introduced by: **REP. HARLIN NEIL J. ABAYON III**
Party-list, AANGAT TAYO

EXPLANATORY NOTE

This bill seeks to provide for the restructuring of arrearages and condonation of interests and surcharges due as well as other interest that may accrue on the principal obligation incurred by Northern Samar Electric Cooperative, Inc. (NORSAMELCO) payable to the Power Sector Assets and Liabilities Management Corporation (PSALM).

In 2003, NORSAMELCO incurred accounts payable due for its power bills in the amount of twelve million five hundred twenty-seven thousand five hundred thirty-five pesos (P12,527,535.00).

For the past eleven (11) years, NORSAMELCO has not been able to pay in full its yearly power bills. So, its outstanding balance as of December 2014 with PSALM ballooned to six hundred eighty-four million two hundred seventy-three thousand one hundred sixty-one 60/100 pesos (P 684,273,161.60).

NORSAMELCO was continuously paying its payables but insufficient to cover the indebtedness in full.

Its payments that were initially applied for interests and surcharges since 2003 amounting to two hundred twelve million four hundred twenty-nine thousand three hundred three 28/100 pesos (P 212,429,303.28) shall now be applied to the outstanding balance of six hundred eighty-four million two hundred seventy-three thousand one hundred sixty-one 60/100 pesos (P

684,273,161.60). Thus, reduces the indebtedness and left a remaining balance of four hundred seventy-one million eight hundred forty-three thousand eight hundred fifty-eight 32/100 pesos (P 471,843,858.32).

NORSAMELCO is heavily burdened by its arrearages with PSALM thus constantly impeding its mandate to render efficient service and regular supply of electricity to Nortehanons.

As shown above, PSALM should be considerate by applying leniency to NORSAMELCO in its arrearages by restructuring the same and condoning the interests and surcharges due as well as other interest that may accrue therefrom until the effectivity of this Act.

Henceforth, the remaining balance of four hundred seventy-one million eight hundred forty-three thousand eight hundred fifty-eight 32/100 pesos (P 471,843,858.32) shall be paid free of interest in twenty (20) years with monthly amortization of two million one hundred eighty-four thousand four hundred sixty-two 31/100 pesos (P2,184,462.31) or equivalent to yearly payment of twenty-six million two hundred thirteen thousand five hundred forty-seven 60/100 pesos (P26,213,547.68) with two (2) years grace period. All interests and surcharges due and payable as well as other interests that may accrue therefrom until the effectivity of this Act shall be condoned.

Further, it is to be noted that through electric cooperatives total electrification of the country is being pursued by enhancing distribution development. It is therefore imperative to restructure ailing electric cooperatives with the view of making them economically and financially viable.

In view of the foregoing, the immediate passage of this bill is imperative.


HARLIN NEIL J. ABAYON III

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Introduced by: **REP. HARLIN NEIL J. ABAYON III**
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**AN ACT PROVIDING FOR THE
RESTRUCTURING OF ARREARAGES AND
CONDONATION OF INTEREST AND SURCHARGES DUE
AS WELL AS OTHER INTEREST THAT MAY ACCRUE ON
THE PRINCIPAL LOAN INCURRED BY NORTHERN
SAMAR ELECTRIC COOPERATIVE, INC. (NORSAMELCO)
PAYABLE TO THE POWER SECTOR ASSETS AND
LIABILITIES MANAGEMENT CORPORATION (PSALM)**

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

Section 1. Title. This Act shall be known as the Northern Samar Electric Cooperative (NORSAMELCO) Arrearages Restructuring and Condonation Act. It shall hereinafter referred to as the Act.

Section 2. Declaration of Policy. It is hereby declared the policy of the State to promote sustainable development in the rural areas through rural electrification; empower and strengthen the NEA to pursue the electrification program and bring electricity, through the electric cooperatives as its implementing arm, to the countryside even in missionary or economically unviable areas; and empower and enable electric cooperatives to cope with the changes brought about by the restructuring of the electric power industry pursuant to Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001."

Section 3. Definition of Terms. As used in this Act:

- a. Accumulated – means gathered or collected together in an increasing quantity;
- b. Accrued – means gain, addition or increment;
- c. Condonation – refers to the relief granted by law in the payment of unpaid interest and surcharges;
- d. Arrearages restructuring – refers to the process where the principal terms and conditions of the original loan are modified in accordance with an agreement setting forth the new schedule of payment;
- e. NORSAMELCO – refers to Northern Samar Electric Cooperative, Inc;
- f. Power bill – refers to the statement of account indicating the products, quantities and prices for the products and/or prices provided by the seller to the buyer;
- g. PSALM – refers to the power supplier Power Sector Assets and Liabilities Management Corporation

Section 4. Condonation of Interests and Surcharges. The interests including other interests that may accrue until the effectivity of this Act and surcharges on the principal obligation incurred by Northern Samar Electric Cooperative, Inc. (NORSAMELCO) payable to Power Sector Assets and Liabilities Management Corporation (PSALM) incurred from 2003, in whatever accumulated amount or sum of interest and surcharges as there may be are hereby condoned, thereby perpetually relieving NORSAMELCO from payment thereof.

The amount paid in the sum of two hundred twelve million four hundred twenty-nine thousand three hundred three 28/100 pesos (P 212,429,303.28), which was applied in payment of interests and surcharges, shall be applied to, and deducted from the outstanding balance of six hundred eighty-four million two hundred seventy-three thousand one hundred sixty-one 60/100 pesos (P 684,273,161.60) instead.

Section 5. Restructuring of arrearages. The principal terms and conditions of the remaining balance of the arrearages in the sum of four hundred seventy-one million eight hundred forty-three thousand eight hundred fifty-eight $\frac{32}{100}$ pesos (P 471,843,858.32) are hereby modified and restructured.

The arrearages shall be paid free of interest in twenty (20) years with monthly amortization of two million one hundred eighty-four thousand four hundred sixty-two $\frac{31}{100}$ pesos (P2,184,462.31) or equivalent to yearly payment of twenty-six million two hundred thirteen thousand five hundred forty-seven $\frac{60}{100}$ pesos (P26,213,547.68) with two (2) years grace period.

Section 6. Effectivity. This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved.