

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Third Regular Session* )



24 AUG -7 P 3:12

**SENATE**

**S. B. No.** 2770

RECEIVED BY:

**Introduced by SENATOR FRANCIS "TOL" N. TOLENTINO**

**AN ACT  
PROVIDING FOR THE CONDONATION OF UNPAID OBLIGATIONS ON THE  
POWER CONSUMPTION OF THE PUBLIC UTILITIES DEPARTMENT -  
OLONGAPO CITY TO THE POWER SECTOR ASSETS AND LIABILITIES  
MANAGEMENT CORPORATION**

**EXPLANATORY NOTE**

This bill addresses the significant financial difficulties faced by the City Government of Olongapo following the privatization of its Public Utilities Department in 2013. The transfer of the department resulted in a substantial debt of Php7,675,579,299.64 as of March 2024, posing a serious threat to the city's financial stability.

In line with House Bill No. 9977, which was approved by the House of Representatives on March 19, 2024, this legislation aims to condone the city government's mounting debt incurred after the privatization of the Public Utilities Department. By relieving Olongapo City of this substantial debt burden, the bill aims to ease this financial strain and enable the city to allocate its resources more effectively towards essential services, development goals, and the well-being of its residents.

Condoning the outstanding debt owed to the Power Sector Assets and Liabilities Management (PSALM) Corporation is crucial for the city government to better manage its finances and focus on improving public services such as education, healthcare, and infrastructure. By freeing up resources that are currently used for debt repayment, Olongapo City can enhance its ability to meet the needs of its residents and promote sustainable growth and development in the community.

Given the exigent financial circumstances confronting Olongapo City and the substantial impact of the outstanding debt on its annual budget, the immediate passage of this bill is necessary to facilitate the city's financial recovery, promote fiscal stability, and advance progress and prosperity for the people of Olongapo.



**FRANCIS "TOL" N. TOLENTINO**

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CITY TO THE POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT  
CORPORATION**

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

- 1 **SECTION 1.** Upon the effectivity of this Act, all outstanding financial obligations
- 2 of the Public Utilities Department (PUD) - Olongapo City to the Power Sector Assets and
- 3 Liabilities Management (PSALM) Corporation, including Value-Added Taxes (VAT),
- 4 Generation Rate Adjustment Mechanism (GRAM), Incremental Currency Exchange Rate
- 5 Adjustment (ICERA), Deferred Accounting Adjustments (DAA) charges, Automatic Cost
- 6 Recovery Mechanism (ACRM) fuel, purchased power cost adjustment, foreign exchange
- 7 adjustment and true-up adjustment charges representing the power consumption of PUD
- 8 - Olongapo City, are hereby condoned.

1       **SEC. 2.** Within sixty (60) days from the effectivity of this Act, the Department of  
2 Finance (DOF) shall, in coordination with PSALM, promulgate the necessary rules and  
3 regulations for the effective implementation of this Act. Taking into account the legislative  
4 intent to authorize a condonation of unpaid obligations, the said rules and regulations  
5 shall not entail additional requirements that shall negate the purpose of this Act: Provided,  
6 That failure of the DOF to promulgate the said rules and regulations shall not prevent the  
7 implementation of this Act sixty (60) days after its effectivity: Provided, further. That the  
8 DOF shall require the PSALM to submit bi-annually a list of delinquent accounts and  
9 demands made for payment from electric cooperatives and other clients.

10       **SEC. 3.** If any provision of this Act is declared unconstitutional or invalid, the other  
11 parts or provisions hereof which are not affected thereby shall continue to be in full force  
12 and effect.

13       **SEC. 4.** All laws, decrees, executive orders and issuances, rules and regulations,  
14 or parts thereof inconsistent with the provisions of this Act are hereby repealed or  
15 modified accordingly.  
16

17       **SEC. 5.** This Act shall take effect fifteen (15) days after its publication in the Official  
18 Gazette or in a newspaper of general circulation.

*Approved,*