

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

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24 AUG -7 P5:36

**SENATE**

S. No. 2772

RECEIVED BY: 

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Introduced by **Senator Ronald "Bato" Dela Rosa**

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**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 (PSALM) CORPORATION.**

**EXPLANATORY NOTE**

This bill seeks to address a long-standing financial burden faced by the City of Olongapo, specifically the unpaid obligations of its former Public Utilities Department (PUD) to the Power Sector Assets and Liabilities Management Corporation (PSALM).

Prior to 2013, the PUD was responsible for distributing electricity in Olongapo City. Unfortunately, a significant debt was accumulated due to years of non-payment to the National Power Corporation (NPC), which PSALM later succeeded. Despite collecting payments from consumers, the PUD failed to remit these funds to the power generator.

In 2013, the PUD was sold and assigned to the Cagayan Electric Power and Light Company, leaving the city government with a debt of Php 4.6 billion. Despite efforts to make partial payments, the debt has now ballooned to over Php 7.6 billion due to accrued interest and charges. This outstanding debt poses a significant obstacle to the city's development. Olongapo City's current annual budget is only around Php 2.2 billion, a fraction of the amount owed to PSALM. Allocating funds to this debt diverts resources from much-needed services like public health initiatives, social services, and infrastructure development, among others.

This bill, therefore, proposes condoning the PUD-Olongapo City's unpaid obligations to PSALM. This will alleviate the city government's financial burden and enable it to prioritize essential services for its residents. By redirecting funds towards development projects, the city can improve the quality of life for its citizens and foster economic growth. It is important to note that this condonation is not a reward for mismanagement but a sensible and realistic solution to a historical problem that

continues to impede the city's progress. This act of compassion will enable Olongapo City to move forward and fulfill its potential as a vibrant and prosperous community.

The House of Representatives approved a counterpart bill, House Bill No. 9977, on March 19, 2024. The passage of this Senate Bill will complement the House Bill and bring much-needed relief to the City of Olongapo and its people.

For the above reasons, the passage of this bill is earnestly sought.



**RONALD "BATO" DELA ROSA**

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**MANAGEMENT (PSALM) 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  
3 and Liabilities Management (PSALM) Corporation, including Value-Added Taxes (VAT),  
4 Generation Rate Adjustment Mechanism (GRAM), Incremental Currency Exchange  
5 Rate Adjustment (ICERA), Deferred Accounting Adjustments (DAA) charges,  
6 Automatic Cost Recovery Mechanism (ACRM) fuel, purchased power cost adjustment,  
7 foreign exchange adjustment and true-up adjustment charges representing the power  
8 consumption of PUD - Olongapo City, are hereby condoned.  
9

10           Sec. 2. Within sixty (60) days from the effectivity of this Act, the Department  
11 of Finance (DOF) shall, in coordination with PSALM, promulgate the necessary rules  
12 and regulations for the effective implementation of this Act. Taking into account the  
13 legislative intent to authorize a condonation of unpaid obligations, the said rules and  
14 regulations shall not entail additional requirements that shall negate the purpose of  
15 this Act: Provided, That failure of the DOF to promulgate the said rules and regulations  
16 shall not prevent the implementation of this Act sixty (60) days after its effectivity:  
17 Provided, further, That the DOF shall require the PSALM to submit bi-annually a list of  
18 delinquent accounts and demands made for payment from electric cooperatives and  
19 other clients.

20           Sec. 3. If any provision of this Act is declared unconstitutional or invalid, the  
21 other parts or provisions hereof which are not affected thereby shall continue to be in  
22 full force and effect.  
23

1           Sec. 4. All laws, decrees, executive orders and issuances, rules and regulations,  
2 or parts thereof inconsistent with the provisions of this Act are hereby repealed or  
3 modified accordingly.  
4

5           Sec. 5. This Act shall take effect after fifteen (15) days following its publication  
6 in the Official Gazette or in at least two (2) newspapers of general circulation.

*Approved,*