

SIXTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



Senate  
Office of the Secretary

13 JUL -8 P1:22

SENATE

S. B. No. 603

RECEIVED BY: *ja*

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Introduced by Senator FRANCIS G. ESCUDERO

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### EXPLANATORY NOTE

This bill seeks legislative relief for the Camarines Norte Electric Cooperative, Inc. (CANORECO) by way of condonation of its penalties that are charged by the National Power Corporation (NAPOCOR) covering the period from October 1995 to August 1997.

CANORECO is a non-stock, non-profit electric cooperative created and incorporated under Presidential Decree No. 269, as amended by Presidential Decree No. 1645. It provides public service to the people of Camarines Norte by supplying affordable electricity to the province.

The NAPOCOR penalized CANORECO for exceeding the contracted energy and demand consumption covering the period between May to September 1995 and for failing to meet its minimum demand and energy contract in November 1995 as stipulated in the power contract between the two parties. The penalties amounted to seven million seven hundred thirty-nine thousand eight hundred forty-five pesos and seventy-nine centavos (P7,739,845.79). Furthermore, CANORECO had already paid interest charges on the penalties from October 1995 to June 2003 amounting to a total of nine million one hundred eighteen thousand thirty three pesos and sixty-one centavos (P9,118,033.61) - an amount that already exceeded the total penalties charged by NAPOCOR.

The NAPOCOR Board, in Resolution No. 98-41 dated February 23, 1998, approved the waiving of "all penalty charges including interest charges accruing from the over consumption and under consumption of (CANORECO's) contracted demand and energy". Among the reasons cited by the NAPOCOR Board for the condonation of CANORECO's penalties include the following:

1. The said penalties including the forfeiture of Prompt Payment Discount came at the time when CANORECO was experiencing serious internal problems;
2. At the time the penalties and other punitive charges were imposed on CANORECO in 1995 and 1996, stable power situation existed thereby negating any loss to the Corporation as a result of the abnormal power consumption by CANORECO;
3. Memorandum of Understanding (MOU) has been secured between NPC and CANORECO stipulating that NPC shall waive the penalties - provided

CANORECO shall enter into a long term power supply contract wherein the non-imposition of penalty for excess demand and energy among others is contained.

NAPOCOR's approval of the condonation was subject to the concurrence of the Commission on Audit (COA), which gave its concurrence upon the recommendation of the Regional Auditor, NAPOCOR Southern Luzon and the Director of COA Region IV Office in Quezon City. However, COA's concurrence on the condonation is then premised on the passage of a special legislation by Congress.

It is the policy of Congress to alleviate poverty and improve the plight of the very poor. The author strongly believe that the condonation will be beneficial to the electricity consumers from the province of Camarines Norte, most of which live below the poverty line. The condonation of the penalty charges will allow CANORECO to allocate resources, which would otherwise go to the payment of the penalty charges, to improve the cooperative's services and facilities.

The penalties, if not condoned, will result in pass-on charges as the small cooperative cannot afford to pay for it without sacrificing the quality of service that it provides to its 49,289 residential consumers and 3,106 commercial consumers.

Thus, it is for the foregoing reasons that I urgently seek the passage of this bill.



FRANCIS G. ESCUDERO

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AN ACT

CONDONING THE PENALTIES OF CAMARINES NORTE ELECTRIC COOPERATIVE, INC. (CANORECO) ON OVEDUE ACCOUNTS CHARGED BY THE NATIONAL POWER CORPORATION IN THE AMOUNT OF SEVEN MILLION SEVEN HUNDRED THIRTY-NINE THOUSAND EIGHT HUNDRED FORTY FIVE PEÑOS AND SEVENTY NINE CENTAVOS (P7,739,845.79) COVERING THE PERIOD OCTOBER 1995 TO AUGUST 1997

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

1        **Section 1.**    The amount of seven million seven hundred thirty-nine thousand  
2 eight hundred forty-five pesos and seventy-nine centavos (P 7,739,845.79) representing  
3 the penalties charged by the National Power Corporation (NAPOCOR) to the  
4 Camarines Norte Electric Cooperative, Inc. (CANORECO) for exceeding the contracted  
5 energy demand consumption, shall be condoned thereby relieving CANORECO from  
6 payment thereof.

7        **Section 2.**    This Act shall take effect after its complete publication in the  
8 Official Gazette or at least two (2) newspapers of general circulation.

9        *Approved,*