

TWENTIETH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )



Senate  
Office of the Secretary

25 AUG -4 A 8 :09

**SENATE**

RECEIVED BY

S. No. 784

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Introduced by **Senator Francis G. Escudero**

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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 CORPORATION**

**EXPLANATORY NOTE**

This bill is filed in recognition of a serious threat on the financial sustainability and solvency of the finances of the City Government of Olongapo, following the sale and assignment of its Public Utilities Department (PUD) to the Cagayan Electric Power and Light Company in 2013. The outstanding debt of the city government arising from its PUD, due to steady accrual of interest and charges, has ballooned to P7,675,579,299.64 in March 2024. This figure is equivalent to three and a half times the entire annual appropriations of the city government for FY 2024.

In line with the intent of House Bill No. 9977 approved by the House of Representative last March 19, 2024, this bill seeks to condone the ballooning debt incurred by the City Government of Olongapo following the privatization of its Public Utilities Department. Through this intervention, the city government can channel its resources in the delivery of basic services, the achievement of its development goals, and the betterment of Filipinos living in the City of Olongapo.

In the light of the foregoing, I humbly present this bill for Congress' immediate consideration and approval.

  
**FRANCIS G. ESCUDERO**

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**MANAGEMENT CORPORATION**

*Be it enacted by the Senate and 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,  
4 generation rate adjustment mechanism, incremental currency exchange rate  
5 adjustment, deferred accounting adjustments charges, automatic cost recovery  
6 mechanism, fuel, purchased power cost adjustment, foreign exchange adjustment and  
7 true-up adjustment charges representing the power consumption of PUD - Olongapo  
8 City, are hereby condoned.

9 Sec. 2. Within sixty (60) days from the effectivity of this Act, the Department  
10 of Finance (DOF) shall, in coordination with PSALM, promulgate the necessary rules  
11 and regulations for the effective implementation of this Act. Taking into account the  
12 legislative intent to authorize a condonation of unpaid obligations, the said rules and  
13 regulations shall not entail additional requirements that shall negate the purpose of  
14 this Act: *Provided*, That failure of the DOF to promulgate the said rules and regulations  
15 shall not prevent the implementation of this Act sixty (60) days after its effectivity:

1 *Provided, further,* That the DOF shall require the PSALM to submit bi-annually a list of  
2 delinquent accounts and demands made for payment from electric cooperatives and  
3 other clients.

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

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

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

Approved,