

Chapter 5

National Electrification Administration

REPUBLIC ACT NO. 2717

AN ACT TO CREATE THE ELECTRIFICATION ADMINISTRATION, AND OTHER PURPOSES

SECTION 1. This Act shall be known as the "Electrification Administration Act."

SECTION 2. It is declared to be the policy of the Republic of the Philippines to furnish cheap and dependable electric power and facilities in order to promote and accelerate the agricultural and industrial development of the country.

SECTION 3. For the purpose of carrying out the policy enunciated in this Act, especially in the rural areas, there is hereby created and established an agency to be known as the "Electrification Administration," all the powers of which shall be exercised by an Administrator, who shall be appointed by the President, with the consent of the Commission on Appointments, for a term of ten years and who shall receive an annual compensation of Twelve Thousand Pesos, which may be increased to not more than Twenty-Five Thousand Pesos as the President may deem proper.

SECTION 4. The Administrator is authorized (a) to make loans for the electrification and the furnishing of electric energy, particularly in rural areas; (b) to plan, coordinate program and supervise comprehensive, efficient and dependable producing, transmitting and distributing systems for electric power; (c) to make, or cause to be made, studies

investigations, and reports concerning the condition and progress of electrification of any region of the country, principally the furnishing of electric power ultimate consumers; (d) to encourage and aid local governments and cooperative electric consumers associations in undertaking the public service of electric power, heat and light systems, and (e) to publish and disseminate information with respect thereto.

SECTION 5. The Government Service Insurance System, the Social Security System and the Development Bank of the Philippines are hereby authorized and directed to make loans not exceeding in aggregate the amount of Fifty Million Pesos with interest at a rate not exceeding five per cent per annum to local government, electric consumers cooperative associations duly organized under the laws of the Philippines, and to Filipino electric franchise holders now operating, upon recommendation of the Administrator and with the approval of the National Economic Council, for the purpose of constructing, operating, maintaining and administering electric power, heat and light system for service to the public and/or for the purpose of purchasing any existing electric public service.

SECTION 6. As a revolving fund of the Electrification Administration, there is hereby

appropriated the sum of Five Million Pesos for the fiscal year nineteen hundred sixty-nineteen hundred sixty-one, subject to availability of funds, and the same amount each year for the next four fiscal years. Any sum as assets which NEC-ICA may assign to the Electrification Administration shall form part of this revolving fund, except when it is expressly set aside for research or operating expenses. The President of the Philippines is empowered to allocate and transfer to the Electrification Administration any sums or assets received from or out of Japanese reparations and loans obtained under the Japanese Reparations Treaty which shall also form part of the revolving fund, except when it is expressly set aside for research or operating expenses.

SECTION 7. Out of the revolving fund, the Administration is authorized and empowered to make loans to local governments, electric consumers cooperative associations duly organized under the laws of the Philippines, and to Filipino electric franchise holders now operating, for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines or systems for the furnishing of electric energy, particularly in rural areas. Such loans shall be on such terms and conditions relating to the expenditure of the moneys loaned and the security therefor as the Administrator shall determine, and may be payable in whole or in part out of the borrower's income: *Provided*, That all such loans shall be self-liquidating within a period of not less than twenty-five years, and shall bear interest at a rate not to exceed three per centum per annum, except loans from funds taken from Japanese loans under the Japanese Reparations Treaty, in which case the interest shall not exceed the interest on Japanese loans: *Provided, further*, That loans shall not be made unless the Administrator finds and certifies, that in his judgment the security therefor is reasonably adequate and such loans will be repaid within the time agreed: *Provided, further*, That the contract of loan shall contain a stipulation that the rates of any borrowing electric public

service shall be fixed so that its profit shall not exceed six per cent per annum of the rate base, notwithstanding any provision of law providing higher rate of profit.

SECTION 8. The Administrator is authorized and empowered to make loans for the purpose of financing the wiring of the premises of persons in rural areas and the acquisition and installation of electrical plumbing appliances and equipment. Such loans may be made to any Filipino citizen or to any borrower of funds under Section seven hereof, or to any person, association or corporation supplying or installing said wiring, appliances or equipment. Such loans shall be for such terms, subject to such conditions, and so secured as reasonably to assure repayment thereof, and shall be at a rate of interest not to exceed five per centum per annum.

SECTION 9. The Administrator is authorized and empowered to extend the time of payment of interest or principal of any loan made by him or pursuant to this Act.

SECTION 10. The Administrator is authorized and empowered to (a) bid for and purchase at any foreclosure or other sale, or otherwise to acquire property pledged or mortgaged to secure any loan made pursuant to this Act; (b) pay the purchase price and any costs and expenses incurred in connection therewith; (c) accept title to any property so purchased or acquired in the name of the Republic of the Philippines; (d) operate or lease such property for such period as may be deemed necessary or advisable to protect the investment therein; and (e) sell such property so purchased or acquired upon such terms and for such consideration as the Administrator shall determine to be reasonable.

No borrower of funds shall, without the approval of the Administrator, sell or dispose of the property, rights or franchises acquired under the provisions of this Act, until any loan obtained from the Electrification Administration, including all interest and charges, shall have been repaid.

SECTION 11. To enable the Electrification Administration to implement more effectively the provisions of this Act, the Administrator shall have a technical staff and such other staffs or personnel as he may deem proper. The Administrator shall appoint, fix the compensation and determine the duties of such staff, officials and employees as the exigencies of the service may require.

SECTION 12. The Administrator may call upon any department or agency of the Government for assistance or cooperation on any matter connected with the functions and powers of the Electrification Administration.

The Administrator shall execute all electrification projects that may be authorized in any *Public Works Acts*; and for this purpose, he may call for assistance and cooperation from the National Power Corporation and the Mechanical and Electrical Division of the Bureau of Public Works.

SECTION 13. The Administration shall present annually to the Congress not later than the last day of January in each year the full report of its activities under this Act.

SECTION 14. No member, officer, attorney, agent, or employee of the Electrification Administration shall in any manner, directly or indirectly, participate in the determination of any question affecting any corporation or association in which he is directly or indirectly interested. Any person violating the provisions of this section shall be removed from office and shall upon conviction be punished by a fine not to exceed ten thousand pesos, or imprisonment not to exceed five years, or both.

SECTION 15. No officer or employee of the Electrification Administration nor any government official who may exercise executive or supervisory authority over the Electrification Administration, either directly or indirectly, for himself or as the representative or agent of others, shall become a guarantor, indorser, or surety for

loans from the Electrification Administration to others, or in any manner be an obligor for money borrowed from the Electrification Administration. Any such officer or employee who violates the provisions of this section shall be immediately removed by competent authority and said officer or employee shall be punished by a fine of not less than One Thousand Pesos nor more than Five Thousand Pesos, or imprisonment for not less than one year nor more than five years, or both.

SECTION 16. No loan shall be granted by the Electrification Administration to any person related to the Administrator within the third degree of consanguinity or affinity, or to any corporation, partnership, or company wherein the Administrator is a shareholder. Violation by the Administrator of the provisions of this section is a sufficient cause for his removal by the President of the Philippines; and the Administrator shall, furthermore, be punished as provided in the next preceding section.

SECTION 17. No fee, commission, gift, or charge of any kind shall be exacted, demanded, or paid for obtaining loans from the Electrification Administration, and any officer, employee or agent of the Administration exacting, demanding or receiving any fee, commission, gift or charge of any kind for service in obtaining a loan, shall be punished by a fine of not less than One Thousand nor more than Three Thousand Pesos, or imprisonment for not less than one year nor more than three years, or both.

SECTION 18. Any person who, for the purpose of obtaining, renewing, or increasing a loan or the extension of the period thereof, on his own or another's behalf, shall give any false information or cause through his intrigue or machination the existence and production of any false information with regard to the identity, situation, productivity, or value of security, or with regard to a point which affect the granting or denial of the loan, whether the latter has been consummated or not, and every officer or employee of the

Electrification Administration who, through connivance or negligence, shall allow by action or omission such false information to pass unnoticed, thereby causing damage to the Electrification Administration or exposing the latter to the danger of suffering such damage, shall be punished by a fine of not less than the amount of the loan obtained or applied for, nor more than three times such amount, or imprisonment for not less than three months nor more than three years, or both.

SECTION 19. Any officer or employee of the Electrification Administration who violates or permits any agent or any other officer or employee of the Administration or any other person to violate any of the provisions of this Act not specifically punished in the preceding sections, and any person violating any provision of this Act or aiding and abetting

the violation thereof, shall be punished by a fine not to exceed Ten Thousand Pesos, or imprisonment for not more than five years.

SECTION 20. If any provision of this Act, or the application of such provision to any person or circumstance is declared invalid, the remainder of the Act or the application of such provision to other persons or circumstances shall not be affected by such declaration.

SECTION 21. All Acts or parts of Acts inconsistent herewith are repealed or modified accordingly.

SECTION 22. This Act shall take effect upon its approval.

Enacted without Executive approval, June 19, 1960.

REPUBLIC ACT NO. 6038

AN ACT DECLARING A NATIONAL POLICY OBJECTIVE FOR THE TOTAL ELECTRIFICATION OF THE PHILIPPINES ON AN AREA COVERAGE SERVICE BASIS, PROVIDING FOR THE ORGANIZATION OF THE NATIONAL ELECTRIFICATION ADMINISTRATION, THE ORGANIZATION, PROMOTION AND DEVELOPMENT OF ELECTRIC COOPERATIVES TO ATTAIN THE OBJECTIVE, PRESCRIBING TERMS AND CONDITIONS FOR THEIR OPERATION, THE REPEAL OF R.A. NO. 2717, AND FOR OTHER PURPOSES

CHAPTER I POLICY AND DEFINITIONS

SECTION 1. *Title.* – This Act shall be referred to as the “National Electrification Administration Act.”

SEC. 2. *Declaration of National Policy.* – The total electrification of the Philippines on an area coverage basis being vital to the welfare of its people and the sound development of the Nation, it is hereby declared to be the policy of the State to pursue and foster, in an orderly and vigorous manner, the attainment of this objective. For this purpose, the State

shall promote, encourage and assist all public service entities engaged in supplying electric service, particularly electric cooperatives, which are willing diligently to pursue this objective.

Because of their non-profit nature, cooperative character and the heavy financial burdens that they must sustain to become effectively established and operationally viable, electric cooperatives particularly shall be given every tenable support and assistance by the National Government, its instrumentalities and agencies to the fullest extent of which they are capable; and, being