

[REPUBLIC ACT NO. 2717, June 19, 1960]

**AN ACT TO CREATE THE ELECTRIFICATION ADMINISTRATION,
AND FOR OTHER PURPOSES**

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

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

SEC. 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.

SEC. 3. For the purpose of carrying out the policy enunciated in this Act, specially 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.

SEC. 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, and supervise comprehensive, efficient and depend 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 to 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.

SEC. 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 governments, 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.

SEC. 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.

SEC. 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.

SEC. 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, so secured as reasonably to assure repayment thereof, and shall be at a rate of interest not to exceed five per centum *per annum*.

SEC. 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.

SEC. 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 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