

[REPUBLIC ACT NO. 1397, September 08, 1955]

**AN ACT TO AMEND SECTION TWO (k) OF COMMONWEALTH ACT
NUMBERED ONE HUNDRED TWENTY, ENTITLED "AN ACT
CREATING THE NATIONAL POWER CORPORATION, PRESCRIBING
ITS POWERS AND ACTIVITIES, APPROPRIATING THE
NECESSARY FUNDS THEREFOR, AND RESERVING THE
UNAPPROPRIATED PUBLIC WATERS FOR ITS USE," AS AMENDED
BY SECTION ONE OF REPUBLIC ACT NUMBERED THREE
HUNDRED FIFTY-EIGHT.**

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

SECTION 1. Section two (k) of Commonwealth Act Numbered One hundred and twenty, as amended by section one of Republic Act Numbered Three hundred and fifty-eight, is further amended to read as follows:

"(k) When essential to the proper administration of its corporate affairs or necessary for the proper transaction of its business or to carry out the purposes for which it was organized, to contract indebtedness and issue bonds subject to the approval of the President of the Philippines upon the recommendation of the National Economic Council. The total indebtedness of the Corporation, of all classes, shall not at any time exceed five hundred million pesos, and the issue of bonds shall be subject to the conditions set forth in section four of this Act. All projects to be financed with funds accruing from this increased indebtedness shall be approved by the National Economic Council: *Provided, however,* That in distributing and allocating the output produced by the National Power Corporation, the needs and requirements of the different users thereof whether for public utility, industrial or otherwise should be taken into account and a just and equitable distribution and allocation thereof should be made, giving Preference to the need of the adjacent areas: *And provided, further,* That areas traversed by transmission lines shall be allocated electricity proportionate to the needs of the areas."

SEC. 2. This Act shall take effect upon its approval.

Approved, September 8, 1955.



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