

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 622

REPEALING EXECUTIVE ORDER NO. 460 DATED SEPTEMBER 2, 2005,
ENTITLED "AMENDING EXECUTIVE ORDER NO. 119 (S. 2002) AND
FOR OTHER PURPOSES"

WHEREAS, Section 60 of Republic Act (R.A.) No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 (EPIRA)" provided that all outstanding financial obligations of electric cooperatives (ECs) to the National Electrification Administration (NEA) and other government agencies incurred for the purpose of financing the rural electrification program (REP) shall be assumed by the Power Sector Assets and Liabilities Management Corporation (PSALM) in accordance with the program approved by the President of the Philippines;

WHEREAS, Rule 31, Section 6, of the Implementing Rules and Regulations (IRR) of EPIRA provided that "nothing in this Rule however, shall mean that ECs are not obliged to pay the NEA with respect to all outstanding financial obligations assumed by PSALM, if the amortization cost component of the EC's tariff is still collected from the consumers";

WHEREAS, pursuant to Section 60 of EPIRA, Executive Order (E.O.) No. 119 was issued on August 28, 2002 which provided for the assumption by PSALM of all outstanding rural electrification (RE) loan obligations of ECs;

WHEREAS, E.O. No. 119 provides under Section 5 thereof that the assumption by PSALM of the RE loans shall be effective only upon compliance with the terms and conditions enumerated therein which include, among others, the approval by the Energy Regulatory Commission (ERC) of the reduction in the EC rates commensurate with the resulting savings due to the removal of the amortization payments on the RE loans;

WHEREAS, on September 2, 2005, E.O. No. 460, amending E.O. No. 119, was issued mandating that the effective date of the assumption of the RE loans by PSALM shall retroact to the date of effectivity of EPIRA on June 26, 2001;

WHEREAS, the ERC issued on October 11, 2002, its "Guidelines for the Implementation of the Reduction in Rates of the EC due to the Condonation



of Debt," which was amended on November 15, 2002, which governs the applications of the ECs with the ERC for the approval of the reduction in rates in compliance with Section 60 of EPIRA and E.O. No. 119 with prayer for provisional authority ("PA");

WHEREAS, the ERC has issued during the period from March 3, 2003 to January 2004, the corresponding PAs to reduce rates to each and every EC, or a total of one hundred eighteen (118) ECs, thereby making the date of issuance thereof as the effective date of the assumption by PSALM of the RE loans of the said ECs to NEA and other creditor government agencies;

WHEREAS, to strengthen the financial viability of the ECs, it is best to maintain that the assumption by PSALM of the RE loans shall be effective upon approval by the ERC of the reduction in the EC rates commensurate with the resulting savings due to the removal of the amortization payments on RE loans or upon the issuance by the ERC of the PAs to reduce rates to each and every EC;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Executive Order No. 460 dated September 2, 2005 is hereby repealed. The provisions of Executive Order No. 119 dated August 28, 2002 which were earlier amended by Executive Order No. 460 are thus hereby reinstated.

SECTION 2. All orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 9th day of May, in the year of Our Lord, Two Thousand and Seven.

Gloria M. Arroyo



By the President:

Eduardo R. Ermita
EDUARDO R. ERMITA
Executive Secretary



PSMA Hologram # 40184