

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SIXTEENTH CONGRESS

First Regular Session

House Bill No. 2635



INTRODUCED BY REPRESENTATIVE XAVIER JESUS "XJ" D. ROMUALDO

EXPLANATORY NOTE

The late Representative Pedro P. Romualdo originally filed a version of this bill in the 14th and 15th Congresses. In the 14th Congress, the Committee on Energy deliberated upon this bill exhaustively. A technical working group, with the participation of electric power industry players and stakeholders, ironed out the issues and concerns of the electric power industry and the consuming public regarding the pilferage of electricity and electric power lines, equipment, and materials. Unfortunately, the 14th Congress was unable to pass the measure and, though it was re-filed, it was not tackled during the 15th Congress.

The Explanatory Note of the late Representative Romualdo is herein reproduced and adopted as part of the explanation for the filing of this bill:

Republic Act (RA) No. 7832 was passed into law in 1994 during the 9th Congress with the legislative intent to curb the illegal use of electricity and theft of electric power transmission lines and materials as well as provide penalties to discourage perpetrators from committing these offenses. Nearly two (2) decades from the implementation of this law, the problem on illegal use of electricity and theft of electric power transmission lines and materials has not dissipated and has remained unabated.

Industry players have estimated their losses to reach billions of pesos prior to the passage of RA No. 7832. Therefore, it is only appropriate that we review this law to

respond to the needs of the time. This has become a huge concern for the government, the industry players and the general consumers due to its impact on the total cost of electricity.

This proposed measure would bring better benefits to the Filipino consumers and also protect the property of industry players such as generation companies, transmission companies, and distribution utilities, including electric cooperatives and private utilities, from pilferage and destruction.

The new provisions would provide the judicial and executive departments a better description of the true intent of the legislature. This will avoid what we call executive or judicial legislation in the interpretation of the law.

The issue on maximum cap for recoverable system loss was also ironed out with the inputs of industry players taken into account. The electric providers will also provide certain incentives to reward its consumers and distribution utilities with system losses way below the prevailing approved cap. A separate mechanism is also provided on how to treat system loss reduction. Under this new provision, it will be treated either as part of capital or operating costs of the distribution utilities.

The Filipino consumers will truly benefit and reap the fruits of this legislation. Let us continue to push for the passage of legislative measures that will alleviate the plight of our consumers.

In view of the foregoing, the support of the Members of Congress for the timely passage of this measure is earnestly requested.



XAVIER JESUS "XJ" D. ROMUALDO

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INTRODUCED BY REPRESENTATIVE XAVIER JESUS "XJ" D. ROMUALDO

AN ACT
AMENDING REPUBLIC ACT NO. 7832, AS AMENDED, OTHERWISE KNOWN AS
THE ANTI-ELECTRICITY AND ELECTRIC TRANSMISSION LINES/MATERIALS
PILFERAGE ACT OF 1994

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

1 Section 1. Republic Act No. 7832, as amended, is hereby further amended to read as follows:

2
3 Section 1. Short Title. – This Act shall be referred to as the ANTI-ELECTRICITY,
4 ELECTRIC POWER LINES, EQUIPMENT, AND MATERIALS PILFERAGE
5 ACT OF 2013 [~~Anti-electricity and Electric Transmission Lines/Materials Pilferage~~
6 ~~Act of 1994~~].

7
8 SECTION 2. DEFINITION OF TERMS. – AS USED IN THIS ACT, THE
9 FOLLOWING TERMS ARE HEREIN DEFINED AS FOLLOWS:

10
11 (A) "ELECTRIC POWER LINE, EQUIPMENT, OR MATERIAL" REFER TO
12 FACILITIES, ASSETS, AND INFRASTRUCTURE USED IN ELECTRIC POWER
13 GENERATION, TRANSMISSION, AND DISTRIBUTION SUCH AS, BUT NOT
14 LIMITED TO, THE FOLLOWING:

15
16 (1) GENERATION, TRANSMISSION, AND DISTRIBUTION EQUIPMENT
17 AND LINE STRUCTURES AND POLES OF ANY MAKE OR DESIGN;
18

1 (2) ALL TYPES OF WIRES AND CABLES USED TO GENERATE,
2 TRANSMIT AND DISTRIBUTE ELECTRICITY, INCLUDING THOSE
3 USED FOR GROUNDING, CONTROL, MEASUREMENT, AND
4 COMMUNICATION PURPOSES;

5
6 (3) ALL OVERHEAD GROUND AND NEUTRAL WIRES DESIGNED TO
7 PROTECT ELECTRICAL CONDUCTORS FROM LIGHTNING STRIKES
8 AND PROVIDE VOLTAGE STABILITY;

9
10 (4) INSULATORS OF ANY OTHER MATERIAL USED TO ATTACH THE
11 ELECTRICAL CONDUCTORS FROM STEEL TOWERS OR POLES; AND

12
13 (5) GENERATION, TRANSMISSION, AND DISTRIBUTION LINE
14 HARDWARE AND MATERIALS OF ANY MAKE OR KIND USED FOR
15 THE DELIVERY OF ELECTRICITY.

16
17 SECTION 3 [~~Section—2~~]. Illegal Use of Electricity. — It is hereby declared unlawful
18 for any person, whether natural or juridical, public or private, to:

19
20 (a) Tap, make or cause to be made any connection with overhead lines, service drops,
21 or other electric service wires, without previous authority or consent of the private
22 electric utility or rural electric cooperative concerned;

23
24 (b) Tap, make, or cause to be made any connection to the existing electric service
25 facilities of any duly registered consumer without the CONSENT OR AUTHORITY
26 OF BOTH THE CONCERNED PRIVATE ELECTRIC UTILITY OR RURAL
27 ELECTRIC COOPERATIVE AND SUCH DULY REGISTERED CONSUMER
28 [~~latter's or the electric utility's consent or authority~~];

1 (c) Tamper, install, or use a tampered electrical meter, INSTRUMENT
2 TRANSFORMER AND ASSOCIATED EQUIPMENT, jumper, current reversing
3 transformer, shorting or shunting wire, loop connection, or any other device OR
4 ANY OTHER METHOD, which interferes with the proper or accurate registry or
5 metering of electric current or otherwise results in its diversion in a manner whereby
6 electricity is stolen or wasted;

7
8 (d) Damage or destroy an electric meter, equipment, wire or conduit or allow any of
9 them to be so damaged or destroyed as to interfere with the proper or accurate
10 metering of electric current; and

11
12 (e) Knowingly use or receive the direct benefit of electric service obtained through
13 any of the acts mentioned in subsections (a), (b), (c), and (d) above.

14
15 SECTION 4 [~~Section 3~~]. Theft OR DESTRUCTION OF ELECTRIC POWER
16 [~~Transmission~~] Lines, EQUIPMENT, and Materials. - [~~(a)~~] It is hereby declared
17 unlawful for any person to:

18
19 (1) Cut, saw, slice, separate, split, sever, smelt, or remove any electric power LINE,
20 EQUIPMENT, OR MATERIAL [~~transmission line/material or meter~~] from a tower,
21 pole, any other installation or place of installation, or any other place or site where it
22 may be rightfully or lawfully stored, deposited, kept, stocked, inventoried, situated,
23 or located, without the consent of the owner [~~whether or not the act is done for profit~~
24 ~~or gain~~];

25
26 (2) Take, carry away, remove or transfer, with or without the use of a motor vehicle
27 or other means of conveyance, any electric power LINE, EQUIPMENT, OR
28 MATERIAL [~~transmission line/material or meter~~] from a tower, pole, any other
29 installation or place of installation, or any place or site where it may be rightfully or

1 lawfully stored, deposited, kept, stocked, inventoried, situated or located, without the
2 consent of the owner [~~whether or not the act is done for profit or gain~~];

3
4 (3) Store, possess, or otherwise keep in ONE'S [his] premises, custody, or control
5 any electric power LINE, EQUIPMENT, OR MATERIAL [transmission
6 line/material or meter] without the consent of the owner thereof [~~whether or not the~~
7 ~~act is done for profit or gain~~]; and

8
9 (4) Load, carry, ship, or move from one place to another, whether by land, air or sea,
10 any electric power LINE, EQUIPMENT, OR MATERIAL [transmission
11 line/material] [~~whether or not the act is done for profit or gain~~]; without first
12 securing a clearance/permit for the said purpose from its owner [~~or the National~~
13 ~~Power Corporation (NPC) or its regional office concerned, as the case may be~~]; AND

14
15 (5) DESTROY, DAMAGE, OR ATTEMPT TO DESTROY OR DAMAGE, BY
16 BOMB, EXPLOSIVE, OR ANY OTHER MEANS OR DEVICE, ANY ELECTRIC
17 POWER LINE, EQUIPMENT, OR MATERIAL.

18
19 [~~(b) For purposes of this section, "electrical power transmission line/material" refers~~
20 ~~to electric power transmission steel towers, woodpoles, cables, wires, insulators, line~~
21 ~~hardwares, electrical conductors and other related items with a minimum voltage of~~
22 ~~sixty-nine kilovolts (69 kv), such as the following:~~

23
24 (1) ~~Steel transmission line towers made of galvanized steel angular members and~~
25 ~~plates or creosoted and/or laminized woodpoles/ concrete poles and designed to~~
26 ~~carry and support the conductors;~~

27
28 (2) ~~Aluminum conductor steel reinforced (ACSR) in excess of one hundred (100)~~
29 ~~MCM;~~

(3) ~~Overhead ground wires made of 7 strands of galvanized steel wires, 3.08 millimeters in diameter and designed to protect the electrical conductors from lightning strikes;~~

(4) ~~Insulators made of porcelain or glass shell and designed to insulate the electrical conductors from steel towers or woodpoles; and~~

(5) ~~Various transmission line hardware and materials made of aluminum alloy or malleable steel and designed to interconnect the towers, conductors, ground wires, and insulators mentioned in subparagraphs (1), (2), (3), and (4) above for the safe and reliable operation of the transmission lines.]~~

SECTION 5 [~~Section 4~~]. Prima Facie Evidence. – (a) The presence of any of the following circumstances shall constitute *prima facie* evidence of illegal use of electricity, as defined in this Act, [~~by the person benefited thereby,~~] and shall be the basis for: (1) the OUTRIGHT [~~immediate~~] disconnection by the electric utility OF THE ELECTRIC SERVICE to such person [~~after due notice,~~] IMMEDIATELY UPON THE DISCOVERY THEREOF TO PREVENT FURTHER PILFERAGE OR LOSS OF ELECTRICITY AND FOR SAFETY PURPOSES, (2) the holding of a preliminary investigation by the prosecutor and the subsequent filing in court of the pertinent COMPLAINT OR information, and (3) the lifting of any temporary restraining order or injunction which may have been issued against a private electric utility or rural electric cooperative:

(i) The presence of a bored hole on the glass cover of the electric meter, or at the back or any other part of said meter;

(ii) The presence inside the electric meter of salt, sugar and other elements that could result in the inaccurate registration of the meter's internal parts to prevent its accurate registration of consumption of electricity;

(iii) The existence of any wiring connection which affects the normal operation or registration of the electric meter;

(iv) The presence of a tampered, broken, or fake seal on the meter, or mutilated, altered or tampered meter recording chart or graph, or computerized chart, graph, or log;

(v) The presence in any part of the building or its premises which is subject to the control of the consumer or on the electric meter, of a current reversing transformer, jumper, shorting and/or shunting wire, and/or loop connection or any other similar device;

(vi) The mutilation, alteration, reconnection, disconnection, bypassing or tampering of instruments, transformers, and accessories;

(vii) The destruction of, or attempt to destroy, any integral accessory of the metering device box which encases an electric meter, or its metering accessories; [and]

(VIII) THE PRESENCE OF A HOLE IN A CONDUIT WHICH CONTAINS THE WIRES LEADING TO THE ELECTRIC METER [~~(viii) The acceptance of money and/or other valuable consideration by any officer or employee of the electric utility concerned or the making of such an offer to any such officer or employee for not reporting the presence of any of the circumstances enumerated in subparagraphs (i), (ii), (iii), (iv), (v), (vi), or (vii) hereof: Provided, however, That the discovery of any of the foregoing circumstances, in order to constitute prima facie evidence, must be personally witnessed and attested to by an officer of the law or a duly authorized representative of the Energy Regulatory Board (ERB).];~~];

1
2 (IX) THE PRESENCE OF ERROR OR ALARM CODES IN AN
3 ELECTRONIC OR DIGITAL ELECTRIC METER INDICATING AN
4 UNAUTHORIZED MANIPULATION;
5

6 (X) THE PRESENCE OF A DISCREPANCY IN THE READINGS OF A
7 CONSUMER'S METER WITH A CHECK METER INSTALLED BY THE
8 ELECTRIC UTILITY; PROVIDED, THAT THE INSTALLATION OF THE
9 SUCH CHECK METER IS WITNESSED BY A DULY AUTHORIZED
10 REPRESENTATIVE OF THE ENERGY REGULATORY COMMISSION
11 (ERC), A PERSON IN AUTHORITY, OR AN AGENT OF PERSONS IN
12 AUTHORITY; AND
13

14 (XI) THE ACCEPTANCE OF MONEY AND/OR OTHER VALUABLE
15 CONSIDERATION BY ANY OFFICER OR EMPLOYEE OF THE
16 PRIVATE ELECTRIC UTILITY OR RURAL ELECTRIC COOPERATIVE
17 CONCERNED OR THE MAKING OF SUCH AN OFFER TO ANY SUCH
18 OFFICER OR EMPLOYEE FOR NOT REPORTING THE PRESENCE OF
19 ANY OF THE CIRCUMSTANCES ENUMERATED IN SUBPARAGRAPHS
20 (I), (II), (III), (IV), (V), (VII), (VIII), (IX), OR (X) HEREOF: PROVIDED,
21 HOWEVER, THAT THE DISCOVERY OF ANY OF THE FOREGOING
22 CIRCUMSTANCES, IN ORDER TO CONSTITUTE PRIMA FACIE
23 EVIDENCE, MUST BE PERSONALLY WITNESSED BY AND ATTESTED
24 TO BY A DULY AUTHORIZED REPRESENTATIVE OF THE ERC, A
25 PERSON IN AUTHORITY, OR AN AGENT OF PERSONS IN
26 AUTHORITY.
27

28 (b) The possession, control, or custody of an electric power LINE, EQUIPMENT,
29 OR MATERIAL [~~transmission line~~/material] by any person, natural or juridical, not
30 engaged in the GENERATION [~~transformation~~], transmission, or distribution of

1 electric power, or in the manufacture of such electric power LINE, EQUIPMENT,
2 OR MATERIAL [~~transmission line/material~~] shall be prima facie evidence that such
3 is the fruit of the offense defined in Section 4 [3] hereof and, therefore, such LINE,
4 EQUIPMENT, OR MATERIAL [~~line/material~~] may be confiscated from the person
5 in possession, control, or custody thereof.
6

7 SECTION 6 [~~Section 5~~]. Incentives. – An incentive scheme by way of a monetary
8 reward in AN AMOUNT EQUIVALENT TO TWENTY PERCENT (20%) OF THE
9 VALUE OF THE RECOVERED STOLEN LINE, EQUIPMENT, OR MATERIAL
10 [~~the minimum amount of Five thousand pesos (P5,000.00)~~] shall be given to any
11 person who shall report to the ELECTRIC POWER PRODUCER OR
12 GENERATION COMPANY, TRANSMISSION COMPANY, PRIVATE
13 ELECTRIC UTILITY, RURAL ELECTRIC COOPERATIVE [~~NPC~~] or police
14 authorities any act which may constitute a violation of Section 4 [3] hereof. THE
15 INCENTIVE SCHEME SHALL ALSO BE MADE AVAILABLE TO PERSONS
16 WHO PARTICIPATE IN THE APPREHENSION AND/OR CONVICTION OF
17 PERSONS WHO VIOLATE THIS ACT.
18

19 The Department of Energy (DOE), in consultation with ELECTRIC POWER
20 PRODUCERS OR GENERATION COMPANIES, TRANSMISSION
21 COMPANIES, PRIVATE ELECTRIC UTILITIES, RURAL ELECTRIC
22 COOPERATIVES, AND CONSUMERS, shall issue the necessary guidelines for the
23 proper implementation of this incentive scheme within thirty (30) days from the
24 effectivity of this Act.
25

26 SECTION 7. INSPECTION OF ELECTRIC SERVICE. – THE DULY
27 AUTHORIZED PERSONNEL OF PRIVATE ELECTRIC UTILITIES OR RURAL
28 ELECTRIC COOPERATIVES SHALL, AFTER PRESENTATION OF VALID
29 IDENTIFICATION CARDS AND INSPECTION REPORT FORMS, BE
30 ALLOWED ENTRY INTO THE PREMISES OF ANY DWELLING OR

1 BUILDING, INCLUDING COMMERCIAL AND GOVERNMENT
2 ESTABLISHMENTS, TO CONDUCT AN INSPECTION OF ELECTRIC
3 SERVICE CONNECTIONS IN THE PRESENCE OF THE OWNER CONCERNED
4 OR, IN HIS OR HER ABSENCE, TO BE WITNESSED BY A PERSON IN
5 AUTHORITY OR AN AGENT OF PERSONS IN AUTHORITY WITH
6 JURISDICTION OVER SUCH DWELLING, BUILDING, OR ESTABLISHMENT,
7 IN ORDER TO DETERMINE IF ANY VIOLATION OF THIS ACT IS BEING
8 COMMITTED.

9
10 SECTION 8 [~~Section 6~~]. Disconnection of Electric Service. – The private electric
11 utility or rural electric cooperative concerned shall have the right and authority to
12 disconnect [~~immediately~~] OUTRIGHT the electric service [~~after serving a written~~
13 ~~notice or warning to that effect,~~] without the need of a court or administrative order,
14 and deny restoration of the same, [~~when the owner of the house or establishment~~
15 ~~concerned~~] WHEN THE CUSTOMER or someone acting in his behalf shall have
16 been caught *IN* [~~en~~] *flagrante delicto* COMMITTING [~~doing~~] any of the acts
17 enumerated in Section 5(a) [4] hereof, or when [~~any of the circumstances so~~
18 ~~enumerated shall have been discovered for the second time:~~ Provided, That in the
19 ~~second case, a written notice or warning shall have been issued upon the first~~
20 ~~discovery~~] ANY PILFERING DEVICE OR SCHEME IS FOUND OR ATTACHED
21 TO THE ELECTRIC SERVICE CONNECTION OR IS BEING USED BY THE
22 CONSUMER AT THE TIME AN INSPECTION OF ELECTRIC SERVICE IS
23 BEING CONDUCTED: Provided, further, that the electric service [~~shall not be~~
24 ~~immediately disconnected or~~] shall NOT be [~~immediately~~] restored [~~upon~~] UNLESS
25 the CUSTOMER deposits [~~of~~] the amount representing the differential billing [~~by the~~
26 ~~person denied the service,~~] with the private electric utility or rural electric
27 cooperative concerned or with the competent court, as the case may be: Provided,
28 further[~~more~~], That if the court finds that illegal use of electricity has not been
29 committed by the same person, the amount deposited shall be credited against future
30 billings, with legal interest thereon chargeable against the private utility or rural

1 electric cooperative, and the utility or cooperative shall be made to immediately pay
2 such person double the value of the payment or deposit with legal interest, which
3 amount shall likewise be creditable against immediate future billings, without
4 prejudice to any criminal, civil or administrative action that such person may be
5 entitled to file under existing laws, rules and regulations: Provided, finally, That if
6 the court finds the same person guilty of such illegal use of electricity, he OR SHE
7 shall, upon final judgment, be made to pay the electric utility or rural electric
8 cooperative concerned double the value of the estimated electricity illegally used
9 which is referred to in this section as differential billing.

10
11 For purposes of this Act, "differential billing" shall refer to the amount to be charged
12 to the person concerned for the unbilled electricity illegally consumed by him as
13 determined through the use of methodologies which utilize, among others, as basis
14 for determining the amount of monthly electric consumption in kilowatt-hours to be
15 billed, either: (1) the highest recorded monthly consumption within the ~~[five-year]~~
16 THIRTY-MONTH billing period preceding the time of the discovery, (b) ~~[the~~
17 ~~estimated monthly consumption as per the report of load inspection conducted during~~
18 ~~the time of discovery]~~ THE HIGHER CONSUMPTION BETWEEN THE
19 AVERAGE CONSUMPTIONS BEFORE OR AFTER THE HIGHEST DRASTIC
20 DROP IN CONSUMPTION WITHIN THE THIRTY-MONTH BILLING PERIOD
21 PRECEDING THE DISCOVERY, (c) ~~[the higher consumption between the average~~
22 ~~consumptions before or after the highest drastic drop in consumption within the five-~~
23 ~~year billing period preceding the discovery]~~ THE ESTIMATED MONTHLY
24 CONSUMPTION AS PER THE REPORT OF LOAD INSPECTION CONDUCTED
25 DURING THE TIME OF DISCOVERY, ~~[(d) the highest recorded monthly~~
26 ~~consumption within four (4) months after the time of discovery, or]~~ AND [e] (d) the
27 result of the ~~[ERB]~~ ERC test during the time of discovery and, as basis for
28 determining the period to be recovered by the differential billing, either: (1) the time
29 when the electric service of the person concerned recorded an abrupt or abnormal
30 drop in consumption, or (2) when there was a change in his service connection [such

1 as-a] OR a change [of] IN meter, [~~change of seal or reconnection,~~] or in the absence
2 thereof, a maximum of [~~sixty (60)~~] TWENTY-FOUR (24) billing months, up to the
3 time of discovery: Provided, however, That such period shall, in no case, be less than
4 one (1) year preceding the date of discovery of the illegal use of electricity
5 REGARDLESS OF ANY PRIOR CHANGE OF SEAL, METER OR SERVICE
6 CONNECTION, OR RECONNECTION OR INSPECTION OCCURING WITHIN
7 ONE (1) YEAR BEFORE THE DATE OF DISCOVERY OR APPREHENSION.

8
9 SECTION 9 [~~Section 7~~]. Penalties. – ANY PERSON WHO IS FOUND TO HAVE
10 VIOLATED ANY PROVISION OF THIS ACT SHALL BE PUNISHED BY:

11
12 (A) THE PENALTY OF PRISION CORRECCIONAL IN ITS MAXIMUM
13 PERIOD TO PRISION MAYOR IN ITS MINIMUM PERIOD, IF THE TOTAL
14 AMOUNT INVOLVED DOES NOT EXCEED ONE HUNDRED THOUSAND
15 PESOS, OR A FINE OF TWO (2) TIMES THE VALUE OF THE ILLEGAL
16 ELECTRICITY USAGE, OR BOTH.

17
18 IN THE CASE OF THEFT OF ELECTRIC POWER LINES, EQUIPMENT AND
19 MATERIALS, THE FINE SHALL BE FIVE (5) TIMES THE VALUE OF THE
20 MATERIALS UNLAWFULLY OR ILLEGALLY TAKEN.

21
22 (B) THE PENALTY OF PRISION MAYOR IN ITS MAXIMUM PERIOD TO
23 RECLUSION TEMPORAL, IF THE TOTAL AMOUNT INVOLVED IS AT
24 LEAST ONE HUNDRED THOUSAND PESOS BUT DOES NOT EXCEED FIVE
25 HUNDRED THOUSAND PESOS, OR A FINE OF THREE (3) TIMES THE
26 VALUE OF THE ILLEGAL ELECTRICITY USAGE, OR BOTH.

27
28 IN THE CASE OF THEFT OF ELECTRIC POWER LINES, EQUIPMENT AND
29 MATERIALS, THE APPLICABLE FINE IS SIX (6) TIMES THE VALUE OF THE
30 MATERIALS UNLAWFULLY OR ILLEGALLY TAKEN.

1
2 (C) THE PENALTY OF RECLUSION TEMPORAL TO RECLUSION
3 PERPETUA, IF THE TOAL AMOUNT INVOLVED IS AT LEAST FIVE
4 HUNDRED THOUSAND PESOS, OR A FINE OF FIVE (5) TIMES THE VALUE
5 OF THE ILLEGAL ELECTRICITY USAGE, OR BOTH.
6

7 IN CASE OF THEFT OF ELECTRIC POWER LINES, EQUIPMENT AND
8 MATERIALS, THE APPLICABLE FINE IS TEN (10) TIMES THE VALUE OF
9 THE MATERIALS UNLAWFULLY OR ILLEGALLY TAKEN.
10

11 IF THE OFFENSE IS COMMITTED BY, OR IN CONNIVANCE WITH, AN
12 OFFICER OR EMPLOYEE OF THE PRIVATE ELECTRIC UTILITY OR RURAL
13 ELECTRIC COOPERATIVE CONCERNED, SUCH OFFICER OR EMPLOYEE
14 SHALL BE PUNISHED WITH THE PENALTY OF IMPRISONMENT TWO (2)
15 DEGREES HIGHER THAN THE PENALTIES PROVIDED HEREIN AND
16 SHALL BE PERPETUALLY DISQUALIFIED FROM EMPLOYMENT IN ANY
17 PUBLIC OR PRIVATE UTILITY OR SERVICE COMPANY AND FROM
18 HOLDING ANY PUBLIC OFFICE.
19

20 IF THE OFFENDER IS A RECIDIVIST OR COMMITS MORE THAN TWO (2)
21 ACTS PROVIDED IN SECTIONS 3, 4, OR 5 OF THIS ACT, THE PENALTY
22 SHALL BE TWO (2) DEGREES HIGHER THAN THE IMPOSABLE PENALTY.
23

24 IF THE PRIVATE ELECTRIC UTILITY OR RURAL ELECTRIC
25 COOPERATIVE SHALL KNOWINGLY PERMIT OR HAVE KNOWLEDGE OF
26 THE COMMISSIONS OF THE ACTS PROVIDED IN SECTIONS 3, 4, OR 5 OF
27 THIS ACT AND SHALL HAVE FAILED TO PREVENT THE SAME OR IS
28 OTHERWISE GUILTY OF NEGLIGENCE IN CONNECTION WITH THE
29 COMMISSION THEREOF, IT SHALL BE MADE TO PAY A FINE NOT

1 EXCEEDING FIVE (5) TIMES THE AMOUNT OF THE "DIFFERENTIAL
2 BILLING".

3
4 IF THE VIOLATION IS COMMITTED BY ANY JURIDICAL ENTITY, THE
5 PENALTY SHALL BE IMPOSED ON THE PRESIDENT, CHIEF EXECUTIVE
6 OFFICER, CHIEF OPERATIONS OFFICER, MANAGING PARTNER,
7 PARTNER, MANAGER, AND/OR SUCH OFFICERS, INCLUDING MEMBERS
8 OF THE BOARD, WHO SHALL HAVE KNOWINGLY PERMITTED, FAILED
9 TO PREVENT, OR WAS OTHERWISE RESPONSIBLE FOR THE
10 COMMISSION OF THE OFFENSE.

11
12 ~~[(a) Violation of Section 2—The penalty of prision mayor or a fine ranging from Ten~~
13 ~~thousand pesos (P\ 10,000.00) to Twenty thousand pesos (P\ 20,000) or both, at the~~
14 ~~discretion of the court, shall be imposed on any person found guilty of violating~~
15 ~~Section 2 hereof.~~

16
17 ~~(b) Violation of Section 3—The penalty of reclusion temporal or a fine ranging from~~
18 ~~Fifty thousand pesos (P\ 50,000) to One hundred thousand pesos (P\ 100,000) or both,~~
19 ~~at the discretion of the court, shall be imposed on any person found guilty of~~
20 ~~violating Section 3 hereof.~~

21
22 ~~(c) Provision common to violations of Section 2 and Section 3 hereof—If the offense~~
23 ~~is committed by, or in connivance with, an officer or employee of the power~~
24 ~~company, private electric utility or rural electric cooperative concerned, such officer~~
25 ~~or employee shall, upon conviction, be punished with a penalty one (1) degree higher~~
26 ~~than the penalty provided herein, and forthwith be dismissed and perpetually~~
27 ~~disqualified from employment in any public or private utility or service company and~~
28 ~~from holding any public office.~~

29

1 If, in committing any of the acts enumerated in Section 4 hereof, any of the other acts
2 as enumerated is also committed, then the penalty next higher in degree as provided
3 herein shall be imposed.

4
5 If the offense is committed by, or in connivance with an officer or employee of the
6 electric utility concerned, such officer or employee shall, upon conviction, be
7 punished with a penalty one (1) degree higher than the penalty provided therein, and
8 forthwith be dismissed and perpetually disqualified from employment in any public
9 or private utility or service company. Likewise, the electric utility concerned which
10 shall have knowingly permitted or having knowledge of its commission shall have
11 failed to prevent the same, or was otherwise guilty of negligence in connection with
12 the commission thereof, shall be made to pay a fine not exceeding triple the amount
13 of the "differential billing" subject to the discretion of the courts.

14
15 If the violation is committed by a partnership, firm, corporation, association or any
16 other legal entity, including a government owned or controlled corporation, the
17 penalty shall be imposed on the president, manager and each of the officers thereof
18 who shall knowingly permitted, failed to prevent or was otherwise responsible for the
19 commission of the offense.]

20
21 SECTION 10 [Section 8]. Authority to Impose Violation of Contract Surcharges. - A
22 private electric utility or rural electric cooperative may impose surcharges, in
23 addition to the value of the electricity pilfered, on the bills of any consumer
24 apprehended for tampering with his electric meter/metering facility installed on his
25 premises, as well as other violations of contract like direct connection, use of jumper,
26 and other means of illicit usage of electricity found installed in the premises of the
27 consumer. The surcharge for the violation of contract shall be collected from and
28 paid by the consumer concerned as follows:

29
30 (a) First apprehension. - Twenty five percent (25%) of the current bill as surcharge;

(b) Second apprehension. - Fifty percent (50%) of the current bill as surcharge; and

(c) Third and subsequent apprehensions. - One hundred percent (100%) of the current bill as surcharge.

The private electric utility or rural electric cooperative is authorized to discontinue the electric service in case the consumer is in arrears in the payment of the above imposed surcharges.

The term 'apprehension' as used herein shall be understood to mean the discovery of the presence of any of the circumstances enumerated in Section 4 hereof in the establishment or outfit of the consumer concerned.

SECTION 11 [Section 9]. Restriction on the Issuance of Restraining Orders or Writs of Injunction. - No writ of injunction or restraining order shall be issued by any court against any private electric utility or rural electric cooperative exercising the right and authority to disconnect electric service PURSUANT TO SECTION 8 OF THIS ACT: ~~[as provided in this Act, unless there is prima facie evidence that the disconnection was made with evident bad faith or grave abuse of authority]~~ PROVIDED, THAT A COURT MAY ISSUE AN INJUNCTION OR RESTRAINING ORDER UPON THE FILING OF A BOND WITH THE COURT, WHICH SHALL BE IN THE FORM OF CASH OR CASHIER'S CHECK EQUIVALENT TO THE "DIFFERENTIAL BILLING," PENALTIES, AND OTHER CHARGES, OR TO THE TOTAL VALUE OF THE SUBJECT MATTER OF THE ACTION. HOWEVER, SUCH INJUNCTION OR RESTRAINING ORDER SHALL NOT BE GRANTED OR, IF GRANTED, SHALL BE DISSOLVED UPON FILING BY THE PRIVATE ELECTRIC UTILITY OR RURAL ELECTRIC COOPERATIVE OF A COUNTERBOND IN THE SAME FORM AND AMOUNT.

1
2 [If, notwithstanding the provisions of this section, a court issues an injunction or
3 restraining order, such injunction or restraining order shall be effective only upon the
4 filing of a bond with the court, which shall be in the form of cash or cashier's check
5 equivalent to the "differential billing," penalties and other charges, or to the total
6 value of the subject matter of the action: Provided, however, That such injunction or
7 restraining order shall automatically be refused or, if granted, shall be dissolved upon
8 filing by the public utility of a counterbond similar in form and amount as that above
9 required: Provided, finally, That whenever such injunction is granted, the court
10 issuing it shall, within ten (10) days from its issuance, submit a report to the Supreme
11 Court setting forth in detail the grounds or reason for its order.]

12 SECTION 12. EXCLUSIVE JURISDICTION OF COURTS. - THE COURTS
13 SHALL HAVE ORIGINAL AND EXCLUSIVE JURISDICTION OVER ALL
14 DISPUTES AND CONTROVERSIES ARISING FROM THE EXERCISE OF THE
15 RIGHTS AND PREROGATIVES PROVIDED UNDER THIS ACT. NEITHER
16 THE ERC NOR THE NATIONAL ELECTRIFICATION ADMINISTRATION
17 (NEA) SHALL TAKE COGNIZANCE OF ANY COMPLAINT AGAINST A
18 PRIVATE ELECTRIC UTILITY OR RURAL ELECTRIC COOPERATIVE
19 EXERCISING ITS RIGHTS AND PREROGATIVES UNDER THIS ACT.

20
21 [Section 10. Rationalization of System Losses by Phasing out Pilferage Losses as a
22 Component Thereof. - There is hereby established a cap on the recoverable rate of
23 system losses as follows:

24
25 (a) For private electric utilities:

26
27 (i) Fourteen and a half percent (14 1/2%) at the end of the first year following
28 the effectivity of this Act;
29

1 (ii) ~~Thirteen and one fourth percent (13 1/4%) at the end of the second year~~
2 ~~following the effectivity of this Act;~~

3
4 (iii) ~~Eleven and three fourths (11 3/4%) at the end of the third year following~~
5 ~~the effectivity of this Act; and~~

6
7 (iv) ~~Nine and a half percent (9 1/2%) at the end of the fourth year following the~~
8 ~~effectivity of this Act.~~

9
10 ~~Provided, That the ERB is hereby authorized to determine at the end of the fourth~~
11 ~~year following the effectivity of this Act, and as often as necessary taking into~~
12 ~~account the viability of private electric utilities and the interest of the consumers,~~
13 ~~whether the caps herein or theretofore established shall be reduced further which~~
14 ~~shall, in no case, be lower than nine percent (9%) and accordingly fix the date of the~~
15 ~~effectivity of the new caps: Provided, further, That in the calculation of the system~~
16 ~~loss, power sold by the NPC or any other entity that supplies power directly to a~~
17 ~~consumer and not through the distribution system of the private electric utility shall~~
18 ~~not be counted even if the billing for the said power used is through the private~~
19 ~~electric utility.~~

20
21 ~~The term "power sold by NPC or any other entity that supplies power directly to a~~
22 ~~consumer" as used in the preceding paragraph shall for purposes of this section be~~
23 ~~deemed to be a sale directly to the consumer if: (1) the point of metering by the NPC~~
24 ~~or any other utility is less than one thousand (1,000) meters from the consumer, or~~
25 ~~(2) the consumer's electric consumption is three percent (3%) or more of the total~~
26 ~~load consumption of all the customers of the utility, or (3) there is no other consumer~~
27 ~~connected to the distribution line of the utility which connects to the NPC or any~~
28 ~~other utility point of metering to the consumer meter.~~

29
30 (b) ~~For rural electric cooperatives:~~

1 TRANSMISSION AND DISTRIBUTION UTILITIES TAKING INTO ACCOUNT
2 SUCH TECHNICAL CONSIDERATIONS INCLUDING, BUT NOT LIMITED
3 TO, LOAD DENSITY, SALES MIX, COST OF SERVICE, DELIVERY
4 VOLTAGE, AS IT MAY DETERMINE, AS WELL AS THE VIABILITY OF THE
5 PRIVATE ELECTRIC UTILITIES AND ELECTRIC COOPERATIVES AND THE
6 INTEREST OF THE CONSUMING PUBLIC.

7
8 THE MAXIMUM RATE OF SYSTEM LOSS THAT A DISTRIBUTION UTILITY
9 MAY PASS ON TO ITS CUSTOMERS SHALL BE THE ACTUAL BUT NOT
10 EXCEEDING EIGHT AND ONE-HALF PERCENT (8.5%) OF THE TOTAL
11 KILOWATT-HOURS (KWH) GENERATED AND PURCHASED FOR PUBLIC
12 DISTRIBUTION UTILITIES AND THIRTEEN PERCENT (13%) FOR ELECTRIC
13 COOPERATIVES (ECs).

14
15 THE ACTUAL COMPANY USE NOT EXCEEDING ONE PERCENT (1%) OF
16 THE TOTAL KWH GENERATED AND PURCHASED SHALL BE TREATED AS
17 AN EXPENSE OF DISTRIBUTION UTILITIES IN THE FOLLOWING
18 MANNER:

19
20 (A) FOR PRIVATE DISTRIBUTION UTILITIES (PDUs) THAT ARE UNDER
21 PERFORMANCE-BASED REGULATION (PBR), IT SHALL BE TREATED AS
22 OPERATION AND MAINTENANCE EXPENSE IN ITS NEXT RESET;

23
24 (B) FOR PDUs THAT ARE NOT YET UNDER THE PBR, IT SHALL BE
25 TREATED AS OPERATION AND MAINTENANCE EXPENSE IN ITS PBR
26 APPLICATION; AND

27
28 (C) FOR ECs, IT SHALL BE TREATED AS OPERATION AND MAINTENANCE
29 EXPENSE IN THE BENCHMARKING METHODOLOGY.
30

1
2 (i) ~~Twenty-two percent (22%) at the end of the first year following the~~
3 ~~effectivity of this Act;~~

4
5 (ii) ~~Twenty percent (20%) at the end of the second year following the~~
6 ~~effectivity of this Act;~~

7
8 (iii) ~~Eighteen percent (18%) at the end of the third year following the~~
9 ~~effectivity of this Act;~~

10
11 (iv) ~~Sixteen percent (16%) at the end at the fourth year following the effectivity~~
12 ~~of this Act; and~~

13
14 (v) ~~Fourteen percent (14%) at the end of the fifth year following the effectivity~~
15 ~~of this Act.~~

16
17 ~~Provided, That the ERB is hereby authorized to determine at the end of the fifth year~~
18 ~~following the effectivity of this Act, and as often as is necessary, taking into account~~
19 ~~the viability of rural electric cooperatives and the interest of the consumers, whether~~
20 ~~the caps herein or theretofore established shall be reduced further which shall, in no~~
21 ~~case, be lower than nine percent (9%) and accordingly fix the date of the effectivity~~
22 ~~of the new caps.~~

23
24 ~~Provided, finally, That in any case nothing in this Act shall impair the authority of~~
25 ~~the ERB to reduce or phase out technical or design losses as a component of system~~
26 ~~losses.]~~

27
28 SECTION 13. RECOVERABLE SYSTEM LOSS CAPS. – THE ERC SHALL,
29 WITHIN ONE (1) YEAR FROM THE EFFECTIVITY OF THIS ACT,
30 DETERMINE THE RECOVERABLE SYSTEM LOSS CAPS OF ELECTRIC

1 ALL DUs and ECs SHALL SUBMIT TO THE ERC THROUGH A SWORN
2 STATEMENT THE RESULTS OF THEIR UPDATED SEGREGATED SYSTEM
3 LOSSES TOGETHER WITH THEIR ANNUAL REPORTS.
4

5 SECTION 14. SYSTEM LOSS REDUCTION PROGRAM AND INCENTIVES. -
6 THE ERC SHALL DEVELOP AN INCENTIVE MECHANISM TO REWARD
7 CONSUMERS AND DISTRIBUTION UTILITIES WHOSE ACTUAL SYSTEM
8 LOSSES ARE BELOW THE PREVAILING APPROVED CAPS. THE
9 INCENTIVE MECHANISM SO ADOPTED MAY BE INCORPORATED BY THE
10 ERC IN THE PERFORMANCE INCENTIVE SCHEME (PIS) UNDER THE PBR
11 FOR PDUs AND IN THE BENCHMARKING METHODOLOGY FOR ECs.
12 TOWARDS THIS END, EXPENSES ASSOCIATED WITH ANY SYSTEM LOSS
13 REDUCTION PROGRAM DULY APPROVED BY THE ERC SHALL BE
14 CONSIDERED PART OF THE CAPITAL OR OPERATING COSTS OF THE
15 DISTRIBUTION UTILITIES.
16

17 SECTION 15 [~~Section 14~~]. Area of Coverage. - The caps provided in Section 13 [14]
18 of this Act shall apply only to the area of coverage of private electric utilities and
19 rural electric cooperatives as of the date of the effectivity of this Act.

20 [~~The permissible levels of recovery for system losses in areas of coverage that may~~
21 ~~be added on by either a private electric utility or a rural electric cooperative shall be~~
22 ~~determined by the ERB.~~]
23

24 SECTION 16 [~~Section 12~~]. Recovery of Pilferage Losses. - Any private electric
25 utility or rural electric cooperative which recovers any amount of pilferage losses
26 shall, within thirty (30) days from said recovery, report in writing and under oath to
27 the ERC [ERB]: (a) the fact of recovery, (b) the date thereof; (c) the name of the
28 consumer concerned, (d) the amount recovered, (e) the amount of pilferage loss
29 claimed, (f) the explanation for the failure to recover the whole amount claimed, and
30 (g) such other particulars as may be required by the ERC [ERB]. If there is a case

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9 INCENTIVE MECHANISM SO ADOPTED MAY BE INCORPORATED BY THE
10 ERC IN THE PERFORMANCE INCENTIVE SCHEME (PIS) UNDER THE PBR
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12 TOWARDS THIS END, EXPENSES ASSOCIATED WITH ANY SYSTEM LOSS
13 REDUCTION PROGRAM DULY APPROVED BY THE ERC SHALL BE
14 CONSIDERED PART OF THE CAPITAL OR OPERATING COSTS OF THE
15 DISTRIBUTION UTILITIES.
16

17 SECTION 15 [~~Section 14~~]. Area of Coverage. - The caps provided in Section 13 [40]
18 of this Act shall apply only to the area of coverage of private electric utilities and
19 rural electric cooperatives as of the date of the effectivity of this Act.

20 [~~The permissible levels of recovery for system losses in areas of coverage that may~~
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27 the ERC [ERB]: (a) the fact of recovery, (b) the date thereof; (c) the name of the
28 consumer concerned, (d) the amount recovered, (e) the amount of pilferage loss
29 claimed, (f) the explanation for the failure to recover the whole amount claimed, and
30 (g) such other particulars as may be required by the ERC [ERB]. If there is a case

1 pending in court for the recovery of a pilferage loss, no private electric utility or rural
2 electric cooperative shall accept payment from the consumer unless so provided in a
3 compromise agreement duly executed by the parties and approved by the court.
4

5 SECTION 17 [~~Section-13~~]. Information Dissemination. - The private electric
6 utilities, the rural electric cooperatives, the NPC, and the NEA [~~National~~
7 ~~Electrification Administration (NEA)~~] shall, in cooperation with each other,
8 undertake a vigorous campaign to inform their consumers of the provisions of this
9 Act especially Sections 3, 4, 5, 6, 7, 8, 9, AND 10 [~~2, 3, 4, 5, 6, 7, and 8~~] hereof,
10 within sixty (60) days from the effectivity of this Act and at least once a year
11 thereafter, and to incorporate a faithful condensation of said provisions in the
12 contracts with new consumers.
13

14 SECTION 18 [~~Section-14~~]. Rules and Regulations. - The ERC [~~ERB~~] shall, within
15 thirty (30) working days after the conduct of due hearings which must commence
16 within thirty (30) working days upon the effectivity of this Act, issue the rules and
17 regulations as may be necessary to ensure the efficient and effective implementation
18 of the provisions of this Act, to include but not limited to, the development of
19 methodologies for computing the amount of electricity illegally used and the amount
20 of payment or deposit contemplated in Section 9 [7] hereof, as a result of the
21 presence of the prima facie evidence discovered.
22

23 The ERC [~~ERB~~] shall, within the same period, also issue rules and regulations on the
24 submission of the reports required under Section 16 [~~12~~] hereof and the procedure for
25 the distribution to or crediting of consumers for recovered pilferage losses.
26

27 SECTION 19 [~~Section-15~~]. Separability Clause. - Any portion or provision of this
28 Act which may be declared unconstitutional or invalid shall not have the effect of
29 nullifying other portions or provisions hereof.
30

1 SECTION 20 [~~Section 16~~]. Repealing Clause. - The provisions in Presidential
2 Decree No. 401, as amended by Batas Pambansa Blg. 876, penalizing the
3 unauthorized installation of electrical connections, tampering and/or knowing use of
4 tampered electrical meters or other devices, and the theft of electricity are hereby
5 expressly repealed. All other laws, ordinances, rules, regulations, and other issuances
6 or parts thereof, which are inconsistent with this Act, are hereby repealed or modified
7 accordingly.

8
9 SECTION 21 [~~Section 17~~]. Effectivity Clause. - This Act shall take effect thirty (30)
10 days after its publication in the Official Gazette or in any two (2) national
11 newspapers of general circulation.

12
13 Section 2. Implementing Rules and Regulations. - The Energy Regulatory Commission shall,
14 within sixty (60) days following the effectivity of this Act, in consultation with the National
15 Transmission Corporation or its concessionaire, distribution utilities, electric cooperatives,
16 generation companies, and consumers, promulgate new rules and regulations for the effective
17 implementation of Republic Act No. 7832, as amended by this Act.

18
19 Section 3. Separability Clause. - If any provision of this Act is declared unconstitutional or
20 invalid, the other parts or provisions hereof which are not affected thereby shall continue to be in
21 full force and effect.

22
23 Section 4. Repealing Clause. - All laws, decrees, executive orders, or rules and regulations
24 contrary to or inconsistent with the provisions of this Act are hereby repealed or modified
25 accordingly.

26
27 Section 5. Effectivity. - This Act shall take effect fifteen (15) days after its publication in two (2)
28 newspapers of general circulation.

29
30 Approved,