

1 **Republic of the Philippines**
2 **HOUSE OF REPRESENTATIVES**
3 **Quezon City**

4 **First Regular Session**
5
6 **NINETEENTH CONGRESS**
7

8 **House Bill No. 6995**
9



10
11 **Introduced by Reps. Maria Carmen S. Zamora and Alan "Aldu" R. Dujali**
12

13 **EXPLANATORY NOTE**
14

15 This bill seeks to grant Davao Light Power and Company, Inc. (“Davao Light”) a
16 franchise to establish, operate, and maintain, for commercial purposes and in the
17 public interest, a distribution system for the conveyance of electric power to the end-
18 users in the Island Garden City of Samal (“IGACOS”), in the Province of Davao Del
19 Norte (the “Franchise Area”).

20
21 Currently, the electrical distribution in the Franchise Area is handled by the Northern
22 Davao Electric Cooperative, Inc. (“NORDECO”), formerly known as Davao del Norte
23 Cooperative, Inc. (“DANECO”). DANECO is an electric cooperative which was granted
24 a franchise by virtue of Certificates No. 017 and 103 issued by the National
25 Electrification Administration for a period of fifty (50) years from 1978 and 1983,
26 respectively. It was organized to provide affordable and dependable electricity over the
27 Franchise Area. In its 2019 Annual General Membership Assembly, consumer-
28 members agreed to rename it into a unified entity as NORDECO.

29
30 Over the years, increased economic activity within IGACOS has led to greater demand
31 for power, and NORDECO, suffering from losses, inability to increase infrastructure,
32 and experiencing inefficiencies in the delivery of power distribution services, has failed
33 to ensure the reliable supply of power. The Franchise Area continues to experience
34 frequent power outages, thereby impeding economic development therein. Sadly, the
35 Franchise Area has been left behind by its neighboring municipalities and cities,
36 particularly, those within the franchise area of Davao Light, which have continued to
37 enjoy stable electricity services.

1 In order to alleviate the plight of constituents in the Franchise Area, and consistent
2 with the government's goals to pursue overall growth in Mindanao, the same
3 constituents have clamored for their local governments to cause the betterment of
4 electric services in the Franchise Area.

5 Given its stature as the third largest privately-owned electric distribution utility in the
6 country, with respect to customer size and annual kilowatt-hour sales, as well as its
7 track record for excellent service, Davao Light possesses the required expertise to
8 effectively and efficiently provide electricity distribution services in the Franchise Area.
9 The operation by Davao Light of the electricity distribution services in the Franchise
10 Area will redound to the greater good of residents in the Franchise Area and will bring
11 about stable and reliable supply, and, ultimately, economic progress therein.

12 In view of the foregoing, the passage of this timely measure is most respectfully sought.

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17 
MARIA CARMEN S. ZAMORA


ALAN "ALDU" R. DUJALI

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12
13 **AN ACT EXPANDING THE FRANCHISE AREA OF THE DAVAO LIGHT**
14 **AND POWER COMPANY, INC., AMENDING FOR THE PURPOSE**
15 **REPUBLIC ACT NO. 11515, ENTITLED “AN ACT EXTENDING FOR**
16 **ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO**
17 **THE DAVAO LIGHT AND POWER COMPANY, INC., UNDER REPUBLIC**
18 **ACT NO. 8960, ENTITLED ‘AN ACT FURTHER EXTENDING THE TERM**
19 **OF THE FRANCHISE GRANTED TO DAVAO LIGHT AND POWER**
20 **COMPANY, INC. TO CONSTRUCT, OPERATE AND MAINTAIN AN**
21 **ELECTRIC LIGHT, HEAT AND POWER SYSTEM IN DAVAO CITY AND**
22 **THE MUNICIPALITIES OF CARMEN, PANABO, DUJALI, AND SANTO**
23 **TOMAS, PROVINCE OF DAVAO DEL NORTE, FOR A PERIOD OF**
24 **TWENTY-FIVE (25) YEARS AND FOR OTHER PURPOSES’ ”, AND**
25 **ENSURING THE CONTINUOUS AND UNINTERRUPTED SUPPLY OF**
26 **ELECTRICITY IN THE FRANCHISE AREA**

27
28 *Be it enacted by the Senate and House of Representatives of the Philippines in*
29 *Congress assembled:*
30

31 SECTION 1. Section 1 of Republic Act No. 11515 is amended to read as follows:
32

33 “SECTION 1. *Nature and Scope of Franchise.* – Subject to the
34 provisions of the Constitution and applicable laws, rules and regulations,
35 the franchise granted to the Davao Light and Power Company, Inc.,
36 hereunder referred to as the [g]Grantee, its successors or assignees, under
37 Republic Act No. 8960, to construct, install, establish, operate, and
38 maintain for commercial purposes and in the public interest, an electric,
39 light, heat and power system for the conveyance, distribution and sale of
40 electric power to the end users in Davao City, Panabo City, **THE ISLAND**
41 **GARDEN CITY OF SAMAL**, and the Municipalities of Carmen, Dujali,
42 [and] Santo Tomas, in the Province of Davao del Norte is hereby extended
43 for another twenty-five (25) years after the expiration date of the franchise
44 under Republic Act No. 8960.
45

1 “As used in this Act, distribution system refers to the system of wires
2 and associated facilities, including subtransmission lines belonging to or
3 used by a franchised distribution utility, extending between the delivery
4 point on the national transmission system or generating facility and the
5 metering point or facility of the end user.”
6

7 SEC. 2. A new section denominated as Section 21-A is inserted after Section 21
8 of the same Act, to read as follows:
9

10 **“SEC. 21-A. TRANSITION OF OPERATIONS. – TO ENSURE**
11 **THE UNINTERRUPTED SUPPLY OF ELECTRICITY, THE**
12 **NORTHERN DAVAO ELECTRIC COOPERATIVE**
13 **(NORDECO), IN THE INTERIM, IS AUTHORIZED TO**
14 **OPERATE THE EXISTING DISTRIBUTION SYSTEM**
15 **WITHIN ITS FORMER FRANCHISE AREA, AND**
16 **IMPLEMENT ITS EXISTING POWER SUPPLY**
17 **AGREEMENTS WITH GENERATION COMPANIES THAT**
18 **ARE PROVISIONALLY OR FINALLY APPROVED BY THE**
19 **ERC UNTIL THE GRANTEE ESTABLISHES OR ACQUIRES**
20 **ITS OWN DISTRIBUTION SYSTEM AND FULLY TAKES**
21 **OVER THE OPERATIONS IN THE FRANCHISE AREA. THE**
22 **NORDECO MAY OPERATE NOT LONGER THAN TWO (2)**
23 **YEARS FROM THE APPROVAL OF THE EXPANDED**
24 **TERRITORY OF THIS LEGISLATIVE FRANCHISE.**

25
26 **“UPON COMPLIANCE WITH THE RULES, THE ERC SHALL**
27 **GRANT NORDECO THE NECESSARY PROVISIONAL**
28 **CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**
29 **(CPCN) COVERING THE TRANSITION PERIOD. THE ERC**
30 **SHALL DETERMINE THE APPLICABLE GENERATION**
31 **RATE.**

32
33 **“THE PROVISIONAL AUTHORITY TO OPERATE DURING**
34 **THE TRANSITION PERIOD GRANTED TO THE NORDECO**
35 **SHALL NOT PREVENT THE GRANTEE FROM EXERCISING**
36 **THE RIGHT OF EMINENT DOMAIN AS PROVIDED UNDER**
37 **SECTION 9 OF THIS ACT.**

38
39 **“TO REDUCE THE LENGTH OF THE TRANSITION PERIOD,**
40 **THE ERC AND ALL AGENCIES ISSUING THE REQUISITE**
41 **LICENSES SHALL PRIORITIZE ALL APPLICATIONS OF**
42 **THE GRANTEE RELEVANT TO THE ESTABLISHMENT AND**
43 **OPERATION OF THE DISTRIBUTION SYSTEM**
44 **UNDER ITS FRANCHISE.**

45
46 **“IN THE HIRING OF EMPLOYEES, THE GRANTEE SHALL,**
47 **AS FAR AS PRACTICABLE AND SUBJECT TO CERTAIN**

1 **QUALIFICATION STANDARDS, GIVE PREFERENCE TO**
2 **FORMER EMPLOYEES OF NORDECO WHEN IT**
3 **COMMENCES BUSINESS OPERATIONS IN ITS NEW**
4 **FRANCHISE AREA.**

5
6 **“AN INFORMATION DISSEMINATION CAMPAIGN**
7 **REGARDING PUBLIC SERVICES AND OPERATIONS OF**
8 **THE GRANTEE SHALL BE MADE TO ALL END USERS IN**
9 **THE FRANCHISE AREA.**

10
11 **“THE GRANTEE AND NORDECO SHALL JOINTLY ENSURE**
12 **THAT AFFECTED EMPLOYEES NOT HIRED BY THE**
13 **GRANTEE SHALL RECEIVE ALL SEPARATION OR**
14 **RETIREMENT BENEFITS IN ACCORDANCE WITH**
15 **APPLICABLE LAWS.**

16
17 **“THE DOE SHALL, DURING THE TRANSITION, ENSURE**
18 **THAT THE SUPPLY OF ELECTRICITY IN THE EXISTING**
19 **FRANCHISE AREA IS UNINTERRUPTED.”**

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21 SEC. 3. All laws, decrees, orders, resolutions, instructions and rules and
22 regulations or parts thereof which are inconsistent with this Act are hereby deemed
23 repealed or modified accordingly.

24
25 SEC. 4. This Act shall take effect fifteen (15) days after its publication in the
26 *Official Gazette* or in a newspaper of general circulation.

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28 Approved,