



Republic of the Philippines  
**House of Representatives**  
Diliman, Quezon City



**NINETEENTH CONGRESS**

*Second Regular Session*

**House Bill No. 8966**

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Introduced by  
*Representative Arnulf Bryan B. Fuentebella*  
*Representative Gabriel H. Bordado Jr.*  
*PHILRECA Party-List Representative Presley C. De Jesus*  
*APEC Party-List Representative Sergio C. Dagooc*

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**EXPLANATORY NOTE**

The Camarines Sur IV Electric Cooperative, Inc. (CASURECO IV) was organized and registered pursuant to the provisions of Presidential Decree No. 269, as amended, and under the supervisory authority of the National Electrification Administration (NEA) with a mandate to perform electrification in the Municipalities of Ocampo, Tigaon, Sagñay, Goa, San Jose, Lagonoy, Presentacion, Garchitorena, Caramoan and its neighboring suburbs of Camarines Sur on an area coverage basis. Pursuant to Section 27 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA), the power to grant franchises shall be vested exclusively in the Congress of the Philippines. Thus, this bill seeks to grant a congressional franchise to CASURECO IV to provide an electric power distribution system to the people of the Municipalities of Ocampo, Tigaon, Sagñay, Goa, San Jose, Lagonoy, Presentacion, Garchitorena, Caramoan and its neighboring suburbs within the Province of Camarines Sur. Furthermore, it seeks to require standards that the grantee must attain in order to secure an effective partnership between the State and the grantee, as well as to set high standards for the provided facility.

The exceptional performance of CASURECO IV is concluded from the results produced since it was granted a franchise to operate electric light and power services in the nine (9) municipalities of Camarines Sur. CASURECO IV has energized one hundred percent (100%) of the barangays within its franchise area. Notably, CASURECO IV has been consistently categorized for eight (8) years as an “AAA”

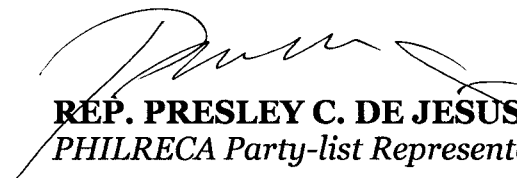
cooperative since 2015, the highest categorization of an electric cooperative by the supervising government agency – the NEA.

The enactment of this bill will ensure the continuous delivery of electricity from CASURECO IV to the mentioned Municipalities and will create the path towards progress in Camarines Sur. Likewise, it will be in line with the policy of the State as provided for in EPIRA, to ensure and accelerate the total electrification of the country; and to ensure the quality, reliability, security, and affordability of the supply of electric power.

In view of the foregoing, the approval of this bill is earnestly sought.



**REP. ARNULF BRYAN B. FUENTEBELLA**  
*Representative, 4<sup>th</sup> District, Camarines Sur*



**REP. PRESLEY C. DE JESUS**  
*PHILRECA Party-list Representative*



**REP. SERGIO C. DAGOOC**  
*APEC Party-list Representative*



**REP. GABRIEL H. BORDADO, JR.**  
*Representative, 3<sup>rd</sup> District, Camarines Sur*



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**AN ACT**  
**EXTENDING THE EXISTING FRANCHISE OF CAMARINES SUR IV**  
**ELECTRIC COOPERATIVE, INC. (CASURECO IV) TO CONSTRUCT,**  
**INSTALL, ESTABLISH, OPERATE, OWN, MANAGE AND MAINTAIN**  
**DISTRIBUTION SYSTEMS FOR THE CONVEYANCE OF ELECTRIC**  
**POWER TO THE END USERS IN THE MUNICIPALITIES OF OCAMPO,**  
**TIGAON, SAGÑAY, GOA, SAN JOSE, LAGONOY, PRESENTACION,**  
**GARCHITORENA, CARAMOAN AND ITS NEIGHBORING SUBURBS**

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

1        **SECTION 1. *Nature and Scope of Franchise.*** - Subject to the provisions  
2 of the Constitution and applicable laws, rules and regulations, there is hereby  
3 granted to the **CASURECO IV ELECTRIC COOPERATIVE, INC. (CASURECO**  
4 **IV)**, hereunder referred to as the grantee, its successors or assigns a franchise to  
5 construct, install, establish, operate, own, manage and maintain in the public interest  
6 and commercial purposes, a distribution system for the conveyance of electric power  
7 to the ends users in the municipalities of **Ocampo, Tigaon, Sagñay, Goa, San**  
8 **Jose, Lagonoy, Presentacion, Garchitorena, Caramoan and its**  
9 **neighboring suburbs.**

1       SECTION 2. ***Manner of Operation of Facilities.*** - All electric  
2 distribution facilities, lines, and systems for electric services installed, owned,  
3 operated, managed or maintained by the grantee, its successors or assigns shall be  
4 operated or maintained at all times in a superior manner, and it shall be the duty of  
5 the grantee, its successors or assigns, whenever required to do so by the Energy  
6 Regulatory Commission, hereinafter referred to as the ERC, or its legal successor, or  
7 the Department of Energy, hereinafter referred to as the DOE, or its legal successor,  
8 or the National Electrification Administration (NEA) or its legal successor, or any  
9 other government agency concerned to modify, improve and change such facilities or  
10 systems in such manner and to such extent as the progress in science or technology  
11 and improvements or innovations in the electric power service industry may render  
12 reasonable and proper.

13       Whenever practicable, and for purposes of maintaining order, safety and  
14 aesthetics along highways, roads, streets, alleys, or right-of-way, the grantee may  
15 allow the use of free spaces in its poles, facilities, or right-of-way by interested parties  
16 upon reasonable compensation to the grantee considering the costs incurred to  
17 accommodate and administer the use of the grantee's facilities by such parties. The  
18 ERC shall decide in case of dispute or disagreement between the parties.

19       SECTION 3. ***Authority of the Energy Regulatory Commission***  
20 ***(ERC).*** - The grantee shall secure from the ERC or any government agency having  
21 jurisdiction over their operations, the certificate of public convenience and necessity  
22 and any other license, permit or authority indispensable for the construction and  
23 operation of the electric power distribution system. The ERC or any government  
24 agency vested with jurisdiction over the operations, may allow the grantee to expand  
25 to surrounding areas, which are not covered by the franchise granted, whenever  
26 public interest so requires.

27       SECTION 4. ***Ingress and Egress.*** - For the purpose of erecting and  
28 maintaining the poles or other supports for said facilities, wires or other conductors  
29 for the purpose of laying and maintaining said facilities, wires, cables, or other  
30 conductors, it shall be lawful for the grantee, its successors, or assignees, with the  
31 prior approval of the Department of Public Works and Highways (DPWH) or the  
32 local government unit concerned, as may be appropriate, to make excavations or lay  
33 conduits in any of the public places, highways, roads, streets, lanes, alleys, avenues,  
34 sidewalks, or bridges of said province and city: *Provided*, however, That a public  
35 place, highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed,  
36 altered, or changed by reason of erection of poles or other supports or the  
37 underground laying of wires, other conductors or conduits, shall be repaired or  
38 replaced in workmanlike manner at the expense of the grantee, its successors or  
39 assignees, in accordance with the standards set by the DPWH or the local  
40 government unit concerned. Should the grantee, its successors or assignees, after the  
41 ten (10)-day notice from the grant authority, fail, refuse or neglect to repair or  
42 replace any part of public place, highway, road, street, lane, alley, avenue, sidewalk or  
43 bridge altered, changed, or disturbed by the said grantee, its successors or assignees,  
44 then the DPWH or the local government unit concerned shall have the right to have  
45 the same repaired or replaced in good order and condition at double expense to be  
46 charged against the grantee, its successors or assignees.

1        **SECTION 5. *Responsibility to the Public.*** - The grantee shall supply  
2 electricity to its captive market in the least costly manner. In the interest of the  
3 public good and as far as feasible and whenever required by the ERC, the grantee  
4 shall modify, improve or change its facilities, poles, lines, systems, and equipment for  
5 the purpose of providing efficient and reliable service and reduced electricity costs.  
6 The grantee shall charge reasonable and just power rates for its services to all types  
7 of consumers within its franchised areas in order that business and industries shall  
8 be able to compete.

9        The grantee shall have the obligation to provide open and nondiscriminatory  
10 access to its distribution system and services for any end-user within its franchise  
11 area consistent with Republic Act No. 9136, otherwise known as the "Electric Power  
12 Industry Reform Act of 2001". The grantee shall not engage in any activity that will  
13 constitute an abuse of market power such as unfair trade practices, monopolistic  
14 schemes, and other activities that will hinder competitiveness of business and  
15 industries.

16        **SECTION 6. *Rates for Services.*** - The retail rates and charges for the  
17 distribution of electric power by the grantee to its end-users shall be regulated by and  
18 subject to the approval of the ERC or its legal successor.

19        The grantee shall identify and segregate in its electricity bill to the end-users  
20 the components of the retail rate pursuant to Republic Act No. 9136, unless  
21 otherwise amended. Such rates charged by the grantee to the end-users shall be  
22 made public and transparent. The grantee shall implement lifeline rate to  
23 marginalized end-users as mandated under Republic Act No. 9136.

24        **SECTION 7. *Protection of Consumer Interests.*** - The herein grantee  
25 shall establish a consumer desk that will handle consumer complaints and ensure  
26 adequate promotion of consumer interests. The grantee shall act with dispatch on all  
27 complaints brought before it.

28        **SECTION 8. *Right of the Government.*** - A special right is hereby  
29 reserved to the President of the Philippines, in times of war, rebellion, public peril,  
30 calamity, emergency, disaster or disturbance of peace and order: to temporarily take  
31 over and operate the stations or facilities of the grantee; to temporarily suspend the  
32 operation of any station or facility in the interest of public safety, security and public  
33 welfare; or to authorize the temporary use and operation thereof by any agency of the  
34 government, upon due compensation to the grantee, for the use of the stations or  
35 facilities during the period when these shall be so operated.

36        **SECTION 9. *Right of Eminent Domain.*** - Subject to the limitations and  
37 procedures prescribed by law, the grantee is authorized to exercise the right of  
38 eminent domain insofar as it may be reasonably necessary for the efficient  
39 maintenance and operation of services. The grantee is authorized to install and  
40 maintain its poles, wires, and other facilities over and across public property,  
41 including streets, highways, forest reserves, and other similar property of the  
42 Government of the Philippines, its branches, or any of its instrumentalities. The  
43 grantee may acquire such private property as is actually necessary for the realization  
44 of the purposes for which this franchise is granted: *Provided*, That proper  
45 expropriation proceedings shall have been instituted and just compensation paid.

1       SECTION 10. **Terms of Franchise.** - Unless sooner cancelled, the franchise  
2 extension shall be in effect for a period of twenty-five (25) years from the year of  
3 expiration of its existing franchise. This franchise shall be deemed *ipso facto*  
4 revoked in the event that the grantee fails to operate continuously for two (2) years.

5       SECTION 11. **Acceptance of the Franchise.** - Acceptance of the terms of  
6 this franchise shall be in writing to the Congress of the Philippines, through the  
7 Committee on Legislative Franchises of the House of Representatives and the  
8 Committee on Public Services of the Senate within sixty (60) days from the effectivity  
9 of this Act. Upon such acceptance, the grantee shall exercise the privileges granted  
10 under this Act. Non-acceptance shall render the franchise void.

11       SECTION 12. **Warranty in Favor of National and Local**  
12 **Governments.** - The grantee shall hold the national, provincial, city, and municipal  
13 governments of the Philippines free from all claims, accounts, demands, or actions  
14 arising out of accidents or injuries, whether to property or to persons, caused by the  
15 construction, installation, operation, and maintenance of the distribution system of  
16 the grantee.

17       SECTION 13. **Liability to Damages.** - The grantee shall be liable for any  
18 injury and damage arising from or caused by accident to persons and property by  
19 reason of any defective construction under this franchise or of any neglect or  
20 omission to keep its poles and wires in safe condition.

21       SECTION 14. **Income Tax and Minimum Corporate Income Tax**  
22 **(MCIT)** – The grantee shall be permanently exempt from the payment of income tax  
23 and Minimum Corporate Income Tax or MCIT.

24       SECTION 15. **Sale, Lease, Transfer, Usufruct, or Assignment of**  
25 **Franchise.** - The grantee shall not sell, lease, transfer, grant the usufruct of, nor  
26 assign this franchise or the rights and privileges acquired thereunder to any person,  
27 firm, company, corporation, or other commercial or legal entity, or merge with any  
28 other corporation, or entity, or shall transfer the controlling interest of the grantee,  
29 whether as a whole or in part, and whether simultaneously or contemporaneously, to  
30 any such person, firm, company, corporation or entity without the prior approval of  
31 the Congress of the Philippines: *Provided*, That Congress shall be informed of any  
32 lease, transfer, granting the usufruct of, sale, or assignment of franchise or the rights  
33 and privileges acquired thereunder, or of the merger, or sale of the controlling  
34 interest within sixty (60) days after the completion of the said transaction: *Provided*  
35 *further*, That any such transfer, sale, or assignment is in accordance with  
36 constitutional limitations: *Provided, furthermore*, That failure to report to Congress  
37 such change of ownership shall render the franchise *ipso facto* revoked: *Provided*  
38 *finally*, That any person or entity to which this franchise is sold, transferred, or  
39 assigned, shall be subject to the same conditions, terms, restrictions, and limitations  
40 of this Act.

41       SECTION 16. **Reportorial Requirement.** - The grantee shall submit an  
42 annual report to the Congress of the Philippines, through the Committee on  
43 Legislative Franchises of the House of Representatives and the Committee of Public  
44 Services of the Senate, on its compliance with the terms and conditions of the

franchise and on its operations on or before April 30 of every year during the term of the franchise. The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the ERC.

SECTION 17. ***Fine.*** – The failure of the grantee to submit the requisite annual report to Congress shall be penalized by a fine in the amount of five hundred pesos (P500.00) per working day of noncompliance. The fine shall be collected by the ERC from the delinquent franchise grantee separate from the reportorial penalties imposed by the ERC. All proceeds from the fines or penalties shall accrue to the monitoring fund of the ERC in line with its supervisory and regulatory functions.

SECTION 18. ***Equality Clause.*** – Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted, upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee: *Provided, however,* That the foregoing shall neither apply to nor affect provisions concerning territory covered by the franchise, the life span for the franchise or the type of service authorized by the franchise: *Provided, further,* That the foregoing shall not apply to the sale, lease, transfer, grant of usufruct of assignment of legislative franchises with prior congressional approval.

SECTION 19. ***Applicability of Existing Laws.*** – The grantee shall comply with and be subject to the provisions of Commonwealth Act No. 146, as amended, otherwise or the “Public Service Act” and Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001”.

SECTION 20. ***Repealability and Non-Exclusivity Clause.*** – This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SECTION 21. ***Separability Clause.*** – If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SECTION 22. ***Repealing Clause.*** – All laws, presidential decrees, executive orders, letters of instruction, administrative rules and regulations or parts thereof which are contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 23. ***Existing Powers.*** – Existing mandates, powers, functions, and privileges granted to Electric Cooperatives under existing laws, including *Section 10 of Republic Act No. 10531*, shall remain valid and effective, unless expressly repealed by succeeding laws.

SECTION 23. ***Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its publication either in at least two (2) newspapers of general circulation.

Approved,