



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



NINETEENTH CONGRESS
Second Regular Session

House Bill No. **9551**

Introduced by Representative TEODORICO "NONONG" T. HARESCO, JR.

AN ACT

GRANTING THE AKLAN ELECTRIC COOPERATIVE A FRANCHISE TO CONSTRUCT, OPERATE, AND MAINTAIN A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS OF THE SEVENTEEN (17) MUNICIPALITIES OF THE PROVINCE OF AKLAN, TWO (2) MUNICIPALITIES OF PANDAN AND LIBERTAD ALL IN THE PROVINCE OF ANTIQUE AND IN BARANGAY DAMAYAN, IN THE MUNICIPALITY OF SAPIAN, CAPIZ.

EXPLANATORY NOTE

Aklan Electric Cooperative, Inc. (AKELCO) was officially registered with the National Electrification Administration (NEA) on April 25, 1972, under Registration Certificate No. 23. Subsequently, on June 5, 1978, NEA granted AKELCO a 50-year franchise encompassing the municipalities of Altavas, Libacao, Nabas, Buruanga, Banga, Ibajay, Makato, New Washington, Balete, Kalibo, Malay (including Boracay Island), Numancia, Madalag, Batan, Lezo, Malinao, Tangalan, all within Aklan Province, and two municipalities of Antique—Pandan and Libertad. The inclusion of Pandan and Libertad, Antique, in AKELCO's franchise coverage was a strategic decision by NEA based on their closer proximity to AKELCO than the Antique Electric Cooperative (ANTECO).

Over the years, Aklan Electric Cooperative, Inc., has evolved into a mega-large electric cooperative, consistently achieving a triple "A" rating for its exceptional performance. The cooperative has successfully energized one hundred percent (100%) of its franchise area.

Notably, AKELCO has maintained a system loss average of not more than 9%, effectively minimizing power outages, and ensuring a high level of collection efficiency.

The proposed bill seeks to support the continuous delivery of electric services to AKELCO's Member-Consumer-Owners. This initiative aligns with the mandate outlined in the Electric Power Industry Reform Act (EPIRA), emphasizing the need for total electrification of the countryside. The bill aims to ensure the quality, reliability, sustainability, security, and affordability of electric power supply, ultimately promoting economic development in rural areas.

In consideration of the aforementioned accomplishments and the vital role AKELCO plays in providing essential electric services to its communities, the passage of this bill is earnestly sought. It represents a crucial step in upholding the commitment to electrify and advance the economic development of the covered areas, in adherence to the principles set forth by the EPIRA.

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



TEODORICO T. HARESCO, JR



House Bill No. 9551

Introduced by Representative TEODORICO “NONONG” T. HARESCO, JR.

AN ACT

GRANTING THE AKLAN ELECTRIC COOPERATIVE A FRANCHISE TO
CONSTRUCT, OPERATE, AND MAINTAIN A DISTRIBUTION SYSTEM FOR
THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS OF THE
SEVENTEEN (17) MUNICIPALITIES OF THE PROVINCE OF AKLAN, TWO (2)
MUNICIPALITIES OF PANDAN AND LIBERTAD ALL IN THE PROVINCE OF
ANTIQUE AND IN BARANGAY DAMAYAN, IN THE MUNICIPALITY OF
SAPIAN, CAPIZ.

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

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “*AKELCO Franchise Act*”.

2
3 **SECTION 2. *Nature and Scope of Franchise.*** – Subject to the provisions of the Constitution
4 and applicable laws, rules and regulations, there is hereby granted to Aklan Electric
5 Cooperative (AKELCO), hereunder referred to as the grantee, its successors or assignees, a
6 franchise to construct, install, establish, operate and maintain for commercial purposes and
7 public interest, a power distribution system for the conveyance of electric power to the end
8 users in the seventeen (17) municipalities of the province of Aklan, namely: Altavas, Banga,
9 Balete, Batan, Buruanga, Ibajay, Kalibo, Lezo, Libacao, Madalag, Malay, Malinao, Makato,
10 Nabas, New Washington, Numancia, Tangalan. Two (2) municipalities in the province of
11 Antique, namely: Pandan and Libertad and Barangay Sapián in the municipality of Sapián,
12 Capiz.

13
14 As used in this Act, Distribution system refers to the system of wires and associated facilities
15 including sub-transmission lines belonging to franchised distribution utility extending between
16 the delivery point on the national transmission system or generating facility and the metering
17 point/facility of the end-user.

18
19 **SECTION 3. *Manner of Operation of Facilities.*** – All electric distribution facilities, lines
20 and system electric services owned, maintained, operated or managed by the grantee, its
21 successors or assignees, shall be operated and maintained at all times in the best manner and it
22 shall be the duty of the grantee, its successors or assignees, whenever required to do so by the

23 Energy Regulatory Commission (ERC) or its legal successor, or the Department of Energy
24 (DOE) or its legal successor, or the National Electric Administration (NEA) or its legal
25 successor, or any authorized government agency, to modify, improve and change such facilities
26 or system in such a manner and to such extent as the progress in science and improvements in
27 the electric power service industry may render reasonable and proper. Whenever practicable
28 and for purposes of maintaining order, safety and aesthetic along highway, roads, streets,
29 alleys, or easement, the grantee may allow the use of its poles, facilities, or easements by
30 interested parties upon reasonable compensation. The ERC or NEA shall resolve cases of
31 dispute or disagreement between parties.

32
33 **SECTION 4. Authority of the Energy Regulatory Commission (ERC) and the National**
34 **Electrification Administration (NEA).** – The grantee shall secure from ERC or NEA, or any
35 other government agency which has jurisdiction over the operation of the herein grantee, the
36 requisite certificate of public convenience and necessity and other appropriate permits and
37 licenses for the construction and operation of its electric distribution system.

38
39 **SECTION 5. Excavation and Restoration Works.** – For the purpose of erecting and
40 maintaining poles and other supports for wires or other conductors for the laying and
41 maintaining underground wires, cables, pipes or other conductors, the grantee, its successors
42 or assignees, is authorized to make excavations or lay conduits in any of the public places,
43 roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the said provinces,
44 cities, and/or municipalities, subject to prior approval of the Department of Public Works and
45 Highways (DPWH) or the Local Government Units (LGUs) concerned; Provided, however,
46 that any public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge disturbed,
47 altered, or changed by reason of erection of poles or other supports or the underground laying
48 wires, other conductors or conduits, shall be repaired or replaced in workmanlike manner at
49 the expense of the grantee, its successors or assignees in accordance with standards set by the
50 DPWH or the LGU concerned. Should the grantee, its successors or assignees, after the ten
51 (10) day notice from the said authority, fail, refuse or neglect to repair or replace any part of
52 the public place, road, highway, street, lane, alley, avenue, sidewalk or bridge that has been
53 disturbed, altered or changed by the said grantee, its successors or assignees, then the DPWH
54 or LGU concerned shall have the right to have the same repaired or replaced in good order and
55 condition and charge the grantee, its successor or assignees at double the amount of the cost
56 and expenses for such repair or replacement.

57
58 **SECTION 6. Responsibility to the Public.** – The grantee shall supply electricity to its captive
59 market in the urban and rural portions of its franchise area in the least costly manner. In the
60 interest of the public good and as far as feasible and whatever required by the ERC, the grantee
61 shall modify, improve or change its facilities, poles, lines, systems, and equipment for the
62 purpose of providing efficient and reliable service and reduced electricity costs. The grantee
63 shall charge reasonable and just power rates for its services to all types of consumers within
64 the franchised areas.

65
66 The grantee shall have the obligation to provide open and non-discriminatory access to its
67 distribution system and services for any end user within its franchise area consistent with
68 Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001”.
69 The grantee shall not engage in any activity that will constitute an abuse of market power such
70 as unfair trade practices, monopolistic scheme, and any other activities that will hinder
71 competitiveness of business and industries.

72

73 The exercise of the rights granted herein shall not result to stranded assets and stranded contract
74 cost of existing and operating distribution utilities nor to unreasonable increases in costs to
75 consumers.

76
77 **SECTION 7. *Rates of Services.*** – The retail rates and charges for the distribution of electric
78 power by the grantee to its end users shall be regulated by and subject to the approval of the
79 ERC or its legal successor.

80
81 The grantee shall identify and itemize in its billing statement to end users the components of
82 the retail rate charged pursuant to Republic Act No. 9136. Such rates charged by the grantee to
83 the end users shall be made public and transparent. The grantee shall implement a lifeline rate
84 to marginalized end users as mandated under Republic Act No. 9136.

85
86 **SECTION 8. *Protection of Consumer Interest.*** – The herein grantee shall establish a
87 consumer desk that will handle consumer complaints and ensure adequate protection of
88 consumer interests. The grantee shall act with dispatch on all complaints brought before it.

89
90 **SECTION 9. *Right of the Government.*** – A special right is hereby reserved to the President
91 of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or
92 disturbance of peace and order: to temporarily take over and operate the distribution system of
93 the grantee, to temporarily suspend the operation of any station or facility in the interest of
94 public safety, security and public welfare; or to authorize the temporary use and operation
95 thereof by any agency of the government, upon due compensation to the grantee, for the use of
96 said distribution system during the period when they shall be so operated.

97
98 **SECTION 10. *Right of Eminent Domain.*** – Subject to the limitations and procedures
99 prescribed by law, the grantee is authorized to exercise the right of eminent domain insofar as
100 it may be reasonably necessary for the efficient maintenance and operation of services. The
101 grantee is authorized to install and maintain its poles, wires, and other facilities over and across
102 public property, including streets, highways, forest reserves, and other similar property of the
103 Government of the Philippines, its branches, or any of its instrumentalities. The grantee may
104 acquire such private property as is actually necessary for the realization of the purposes for
105 which this franchise is granted: Provided, that proper condemnation proceedings shall have
106 been instituted and just compensation paid.

107
108 **SECTION 11. *Term of Franchise.*** – This franchise shall be for a term of Twenty-Five (25)
109 years from the date of the effectivity of this Act, unless sooner revoked or cancelled by
110 Congress for any violation of the terms and/or provisions of the franchise herein granted.

111
112 **SECTION 12. *Renewal or Extension of Franchise.*** – The grantee shall apply for the renewal
113 or extension of its franchise five (5) years before its expiration, reckoned from fifteen (15) days
114 after the publication of the franchise in the Official Gazette or a newspaper of general
115 circulation.

116
117 **SECTION 13. *Warranty in Favor of National and Local Government.*** – The grantee shall
118 hold the National, provincial, city, and municipal government of the Philippines free from all
119 claims, liabilities, demands, or actions arising out of accidents that cause injury to persons or
120 damage to properties, during the construction, installation, operation, and maintenance of the
121 distribution system of the grantee.

122

123 **SECTION 14. *Liability to Damages.*** – The grantee shall be liable for any injury to persons or
124 damage to property arising from or caused by any accident by reason of any defective
125 construction of any infrastructure built pursuant to the operation of its business under this
126 franchise, or of any neglect or failure to keep its poles and wires in safe condition.

127
128 **SECTION 15. *Commitment to Provide and Promote the Creation of Employment***
129 ***Opportunities.*** – The grantee shall create employment opportunities and shall allow on-the-job
130 trainings in their franchise operation: Provided, that priority shall be accorded to the residents
131 of the place where their principal office is located: Provided, further, that the grantee shall
132 follow the applicable labor standards and allowance entitlement under existing labor laws, rules
133 and regulations and similar issuances: Provided, finally, that the employment opportunities or
134 jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to the
135 Securities and Exchange Commission (SEC) annually.

136
137 **SECTION 16. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.*** – The
138 grantee shall not sell, lease, transfer, grant the usufruct of nor assign this franchise or the rights
139 and privileges acquired thereunder to any person, firm company, corporation or other
140 commercial or legal entity, nor merge with any other corporation or entity, nor the controlling
141 interest of the grantee be transferred, simultaneously or contemporaneously, to any such
142 person, firm, company, corporation, or entity without the prior approval of the Congress of the
143 Philippines. Congress shall be informed of any sale, lease, transfer, grant of usufruct, or
144 assignment of franchise or rights and privileges acquired thereunder, ot of the merger or
145 transfer of the controlling interest of the grantee, within sixty (60) days after completion of the
146 said transaction. Failure to report to Congress such change of ownership shall render the
147 franchise *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred
148 or assigned, shall be subject to the same conditions, terms, restrictions and limitations of this
149 Act.

150
151 **SECTION 17. *Reportorial Requirements.*** – The grantee shall submit an annual report to the
152 Congress of the Philippines, through the Committee on Legislative Franchises of the House of
153 the Representatives and the Committee of the Public Services of the Philippine Senate, on its
154 compliance with the terms and conditions of the franchise and on its operations on or before
155 April 30 of the succeeding year.

156
157 **SECTION 18. *Equality Clause.*** – Except for taxes and customs duties, any advantage, favor,
158 privilege, exemption, or immunity granted under existing franchises, or may hereinafter be
159 granted shall, upon prior review and approval of Congress, become part of previously granted
160 power distribution franchises and shall be accorded immediately and unconditionally to the
161 grantees of such franchises: Provided, however, That the foregoing shall neither apply to nor
162 affect provisions concerning territory covered, term, or type of service authorized by the
163 franchise: Provided, further, That the foregoing shall not apply to the sale, lease, transfer, grant
164 of usufruct, or assignment of legislative franchise with prior congressional approval.

165
166 **SECTION 19. *Applicability of Existing Laws.*** – The grantee shall comply with the subject to
167 the provisions of “Commonwealth Act No. 146 or the Public Service Act”, as amended;
168 Republic Act No. 9136; and Republic Act No. 10531 or the “National Electrification
169 Administration Reform Act of 2013”.

170
171 **SECTION 20. *Fine.*** – Any grantee who fails to submit the annual report to Congress shall be
172 penalized by a fine of Five Hundred (Php500.00) Pesos per working day of non-compliance.

173 The fine shall be collected separately by the ERC distinct from the penalties it imposes for non-
174 compliance of its own reportorial requirements.

175

176 **SECTION 21. *Repealing Clause.*** – Any law, presidential decree or issuance, executive order,
177 letter of instruction, administrative order, rule, or regulation contrary to or inconsistent with
178 the provisions of this Act is hereby repealed, modified, or amended accordingly.

179

180 **SECTION 22. *Separability Clause.*** – If any provision is held invalid or unconstitutional, the
181 remainder of the law or provision not otherwise affected shall remain valid and subsisting.

182

183 **SECTION 23. *Effectivity.*** This Act shall take effect fifteen (15) days after its publication in
184 the Official Gazette or in a newspaper of general circulation.

185

186 *Approved,*