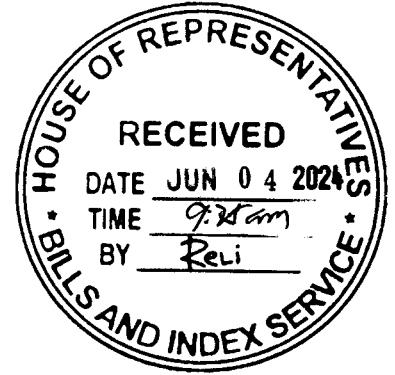




Republic of the Philippines
House of Representatives
Quezon City



NINETEENTH CONGRESS

Second Regular Session

House Bill No. **19502**

Introduced by
Arthur F. Celeste, 1st District, Pangasinan
Presley C. De Jesus, PhilRECA Party-List
Sergio C. Dagooc, APEC Party-List

EXPLANATORY NOTE

The National Electrification Commission, by virtue of the Presidential Decree No. 269 dated, issued Certificate of Franchise No. 024 to Pangasinan I Electric Cooperative (PANELCO I) to operate an electric light and power service for a period of fifty (50) years beginning January 8, 1979. The franchise area covered the municipalities of Agno, Anda, Bani, Burgos, Bolinao, Dasol, Alaminos, Infanta and Mabini.

On June 8, 2001, Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001", was approved. Section 57 Chapter VII of the Act provided Electric Cooperatives the option to convert into either stock cooperatives under the Cooperatives Development Act or Stock Corporation under the Corporation Code. PANELCO I was permanently registered with the Cooperative Development Authority (CDA) on July 19, 2006.

PANELCO I's vision is to be a leading electric distribution utility of service excellence in Pangasinan under a competitive business by 2027. Its mission is to lead in providing efficient, reliable and safe electric services at the least cost in pursuant for total electrification, industrialization and consumers' satisfaction. True to its mission and vision, PANELCO I was

among the top five (5) electric cooperatives that offered the lowest residential rates on-grid for March 2024, January 2024 and December 2023 as reported by the Philippine Rural Electric Cooperatives Association.

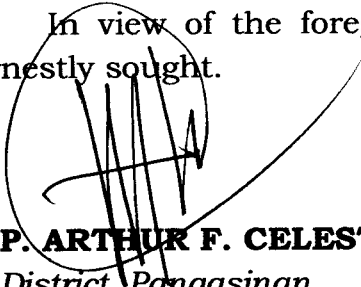
PANELCO I is recognized by NEA as category AAA cooperative, the highest performance rating granted to EC's for complying all the standard parameters. It is also classified as Mega Large cooperative and a consistent recipient of awards from various regulatory agencies. The status of energization is 100% for barangay level and 96.98% for consumer connection. The number of consumers billed as of December 2023 is 90,132 and total sales in kilowatt hour of 165 million.

PANELCO I regularly conducts assessment of its distribution system together with the determination of feasible and optimal solutions for its member consumers. The cooperative's roadmap includes its plans to apply for ISO Certification, implement information system integration and Supervisory Control and Data Acquisition (SCADA), and secure license as a Retail Electricity Supplier.

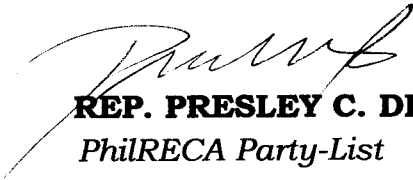
PANELCO I is a direct member of the Wholesale Electricity Spot Market (WESM), with existing Contract for the Supply of Electric Energy with the Power Sector Assets and Liabilities Management Corporation (PSALM). It is currently undertaking Competitive Selection Process for its base load requirement and negotiation process for its Renewable Portfolio Standard requirement.

To ensure continuous delivery of service to the member-consumers of PANELCO I in the City of Alaminos and Municipalities of Agno, Anda, Bani, Bolinao, Burgos, Dasol, Infanta and Mabini, all in the Province of Pangasinan, this bill seeks to grant PANELCO I a legislative franchise to continue operating its distribution system for another 25 years.

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



REP. ARTHUR F. CELESTE
1st District, Pangasinan



REP. PRESLEY C. DE JESUS
PhilRECA Party-List



REP. SERGIO C. DAGOOC
APEC Party-List



Republic of the Philippines
House of Representatives
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NINETEENTH CONGRESS

Second Regular Session

House Bill No. **10502**

Introduced by
Arthur F. Celeste, 1st District, Pangasinan
Presley C. De Jesus, PhilRECA Party-List
Sergio C. Dagooc, APEC Party-List

AN ACT

**GRANTING THE PANGASINAN I ELECTRIC COOPERATIVE, INC.
(PANELCO I) A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH,
OPERATE, OWN, MANAGE AND MAINTAIN DISTRIBUTION SYSTEMS
FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN
THE CITY OF ALAMINOS AND MUNICIPALITIES OF AGNO, ANDA, BANI,
BOLINAO, BURGOS, DASOL, INFANTA, AND MABINI, PROVINCE OF
PANGASINAN**

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

1 **SECTION 1. *Nature and Scope of Franchise.*** – Subject to the
2 provisions of the Constitution and applicable laws, rules and regulations,
3 there is hereby granted to the Pangasinan I Electric Cooperative (PANELCO
4 I), hereunder referred to as the Grantee, its successors or assigns a
5 franchise to construct, install, establish, operate, own, manage and
6 maintain in the public interest and commercial purposes, a distribution

1 system for the conveyance of electric power to the end-users in the City of
2 Alaminos and Municipalities of Agno, Anda, Bani, Bolinao, Burgos, Dasol,
3 Infanta, and Mabini, Province of Pangasinan.

4 As used in this Act, distribution system refers to the system of wires
5 and associated facilities including sub-transmission lines belonging to a
6 franchised distribution utility extending between the delivery point on the
7 national transmission system or generating facility and the metering
8 point/facility of the end-users.

9 SEC. 2. **Manner of Operation of Facilities.** – All electric distribution
10 facilities, lines and systems for electric services installed, owned, maintained,
11 operated, managed by the Grantee, its successors or assigns shall be
12 operated or maintained at all times in a superior manner, and it shall be the
13 duty of the Grantee, its successors or assigns, whenever required to do so by
14 the Energy Regulatory Commission (ERC), or its legal successor, or the
15 Department of Energy (DOE), or its legal successor, or any other government
16 agency concerned to modify, improve and change such facilities or systems
17 in such manner and to such extent as the progress in science or technology
18 and improvements or innovations in the electric power services may render
19 reasonable and proper.

20 Whenever practicable, and for purposes of maintaining order, safety
21 and aesthetics along the highways, roads, streets, alleys or right-of-way, the
22 Grantee may allow the use of free spaces in its poles, facilities, or right-of-
23 way by interested parties upon reasonable compensation to the Grantee
24 considering the costs incurred to accommodate and administer the use of
25 the Grantee's facilities by such parties. The ERC shall decide in case of
26 dispute or disagreement between the parties.

27 SEC. 3. **Authority of the ERC.** – The Grantee shall secure from the
28 ERC or any government agency having jurisdiction over their operations, the
29 certificate of public convenience and necessity and any other license, permit
30 or authority indispensable for the construction and operation of the electric
31 power distribution system.

32 SEC. 4. **Ingress and Egress.** – For the purpose of erecting and
33 maintaining the poles or other supports for said facilities, wires or other
34 conductors or for the purpose of laying and maintaining said facilities, wires,
35 cables or other conductors, it shall be lawful for the Grantee, its successors,
36 or assignees, in coordination with the Department of Public Works and
37 Highways (DPWH) or the local government unit concerned, as may be
38 appropriate, to make excavations or lay conduits in any of the public places,
39 highways, road, streets, lanes, alleys, avenues, sidewalks, or bridges of the

1 province, cities or municipalities: *Provided, however,* That a public place,
2 highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed,
3 altered, or changed by reason of erection of poles or other supports or the
4 underground laying of wires, other conductors or conduits, shall be repaired
5 and replaced in workmanlike manner by the Grantee, its successors or
6 assignees, in accordance with the standards set by the DPWH or the local
7 government unit concerned. Should the Grantee, its successors or
8 assignees, after the ten (10)-day notice from the grant of authority, fail,
9 refuse or neglect to repair or replace any part of public place, highway, road,
10 street, lane, alley, avenue, sidewalk, or bridge altered, changed or disturbed
11 by the said Grantee, its successors or assignees, then the DPWH or the local
12 government unit concerned shall have the right to have the same repaired
13 and replaced in good order and condition and charge the Grantee, its
14 successors or assignees, double the amount of the cost and expenses for
15 such repair or replacement.

16 SEC. 5. ***Responsibility to the Public.*** – The Grantee shall supply
17 electricity to its captive market in the least costly manner. In the interest of
18 the public good and as far as feasible and whenever required by the ERC,
19 the Grantee shall modify, improve, or change its facilities, poles, lines,
20 systems and equipment for the purpose of providing efficient and reliable
21 service and reduced electricity costs. The Grantee shall charge reasonable
22 and just power rates for its services to all types of consumers within its
23 franchised area in order that business and industries shall be able to
24 compete.

25 The Grantee shall have the obligation to provide open and
26 nondiscriminatory access to its distribution system and services for any
27 end-user within its franchise area consistent with Republic Act (RA) No.
28 9136, otherwise known as the “Electric Power Industry Reform Act of 2001”.
29 The Grantee shall not engage in any activity that will constitute an abuse of
30 market power such as unfair trade practices, monopolistic schemes, and
31 other activities that will hinder competitiveness of business and industries.

32 SEC. 6. ***Rates for Services.*** – The retail rates and charges for the
33 distribution of electric power by the Grantee to its end-users shall be
34 regulated by and subject to the approval of the ERC or its legal successor.

35 The Grantee shall identify and segregate in its electricity bill to the
36 end-users the components of the retail rate pursuant to RA No. 9136,
37 unless otherwise amended. Such rates charged by the Grantee to the end-
38 users shall be made public and transparent. The Grantee shall implement
39 lifeline rate to marginalized end-users as mandated under Republic Act No.
40 9136.

1 SEC. 7. **Promotion of Consumer Interests.** – The herein Grantee
2 shall establish a consumer desk that will handle consumer complaints and
3 ensure adequate promotion of consumer interests. The Grantee shall act
4 with dispatch on all complaints brought before it.

5 SEC. 8. **Right of the Government.** – A special right is hereby
6 reserved to the President of the Philippines, in times of war, rebellion, public
7 peril, calamity, emergency, disaster or disturbance of peace and order: to
8 temporarily take over and operate the stations or facilities of the Grantee; to
9 temporarily suspend the operation of any station or facility in the interest of
10 public safety, security and public welfare; or to authorize the temporary use
11 and operation thereof by any agency of the government, upon due
12 compensation to the Grantee, for the use of the stations or facilities during
13 the period when these shall be so operated.

14 SEC. 9. **Right of Eminent Domain.** – Subject to the limitations and
15 procedures prescribed by law, the Grantee is authorized to exercise the right
16 of eminent domain insofar as it may be reasonably necessary for the efficient
17 maintenance and operation of services. The Grantee is authorized to install
18 and maintain its poles, wires, and other facilities over and across public
19 property, including streets, highways, forest reserves, and other similar
20 property of the Government of the Philippines, its branches, or any of its
21 instrumentalities. The Grantee may acquire such private property as is
22 actually necessary for the realization of the purposes for which this
23 franchise is granted: *Provided*, That proper expropriation proceedings shall
24 have been instituted and just compensation paid.

25 SEC. 10. **Term of Franchise.** – Unless sooner cancelled, the
26 franchise shall be in effect for a period of twenty-five (25) years from the date
27 of effectivity of this Act. This franchise shall be deemed *ipso facto* revoked in
28 the event the Grantee fails to operate continuously for two (2) years.

29 SEC. 11. **Acceptance and Compliance.** – Acceptance of this
30 franchise shall be given in writing to Congress, through the Committee on
31 Legislative Franchises of the House of Representatives and the Committee
32 on Public Services of the Senate within sixty (60) days from the effectivity of
33 this Act. Upon such acceptance, the Grantee shall exercise the privileges
34 granted under this Act. Nonacceptance shall render the franchise void.

35 SEC. 12. **Warranty in Favor of the National and Local**
36 **Governments.** – The Grantee shall hold the national, provincial, city, and
37 municipal governments of the Philippines free from all claims, accounts,
38 demands, or actions arising from accidents causing injury to persons or
39 damage to properties, during the construction, installation, operation, and

1 maintenance of the distribution system of the Grantee.

2 SEC. 13. **Liability for Damages.** – The Grantee shall be liable for any
3 injury to persons and damage to properties arising from accidents by reason
4 of any defective construction under this franchise or of any neglect or
5 omission to keep its poles and wires in safe condition.

6 SEC. 14. **Sale, Lease, Transfer, Usufruct, or Assignment of**
7 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct
8 of, or assign this franchise or the rights and privileges acquired thereunder
9 to any person, firm, company, corporation, or other commercial or legal
10 entity, nor merge with any other corporation, or entity, nor shall transfer the
11 controlling interest of the Grantee, whether as a whole or in parts, and
12 whether simultaneously or contemporaneously, to any such person, firm,
13 company, corporation, or entity without the prior approval of the Congress:
14 *Provided*, That Congress shall be informed of any sale, lease, transfer,
15 granting the usufruct of, sale, or assignment of franchise or the rights and
16 privileges acquired thereunder, or of the merger, or sale of the controlling
17 interest within sixty (60) days after the completion of said transaction:
18 *Provided, further*, That any such transfer, sale, or assignment is in
19 accordance with the constitutional limitations: *Provided, furthermore*, That
20 failure to report to Congress such change of ownership shall render the
21 franchise *ipso facto* revoked: *Provided, finally*, That any person or entity to
22 which this franchise is sold, transferred, or assigned, shall be subject to the
23 same conditions, terms, restrictions, and limitations of this Act.

24 SEC. 15. **Reportorial Requirement.** – The Grantee shall submit an
25 annual report to Congress, through the Committee on Legislative Franchises
26 of the House of Representatives and the Committee on Public Services of the
27 Senate, on its compliance with the terms and conditions of the franchise
28 and on its operations on or before April 30 of every year during the term of
29 the franchise. The reportorial compliance certificate issued by Congress
30 shall be required before any application for permit or certificate is accepted
31 by the ERC.

32 SEC. 16. **Fine.** – The failure of the Grantee to submit the requisite
33 annual report to Congress shall be penalized by a fine in the amount of Five
34 hundred pesos (P500.00) per working day of noncompliance which shall be
35 collected by the ERC. The fine shall be collected separately from the
36 reportorial penalties imposed by the ERC and shall be remitted to the
37 Bureau of Treasury.

38 SEC. 17. **Equality Clause.** – Any advantage, favor, privilege,
39 exemption, or immunity granted under existing franchises, or which may

1 hereafter be granted, upon prior review and approval of Congress, shall
2 become part of this franchise and shall be accorded immediately and
3 unconditionally to the herein Grantee: *Provided, however,* That the foregoing
4 shall neither apply to nor affect provisions concerning territory covered by
5 the franchise, the life span of the franchise or the type of service authorized
6 by the franchise: *Provided, further,* That the foregoing shall not apply to the
7 sale, lease, transfer, grant of usufruct, or assignment of legislative
8 franchises with prior congressional approval.

9 SEC. 18. ***Applicability Clause.*** – The Grantee shall comply with and
10 be subject to the provisions of Commonwealth Act No. 146, as amended,
11 otherwise known as the “Public Service Act” and RA No. 9136.

12 SEC. 19. ***Existing Powers.*** – Existing mandates, powers, functions,
13 and privileges granted to electric cooperatives under existing laws, including
14 Section 10 of Republic Act No. 10531, otherwise known as the “National
15 Electrification Administration Reform Act of 2013”, shall remain valid and
16 effective, unless expressly repealed by succeeding laws.

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

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

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

28 SEC. 23. ***Effectivity Clause.*** – This Act shall take effect fifteen (15)
29 days after its publication in the *Official Gazette* or in a newspaper of general
30 circulation.

31 *Approved,*