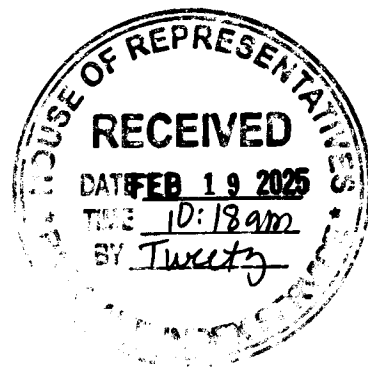




Republic of the Philippines
House of Representatives
Quezon City



NINETEENTH CONGRESS

Third Regular Session

House Bill No. **11462**

Introduced by
Presley C. De Jesus, PhilRECA Party-List Representative
Sergio C. Dagooc, APEC Party-List Representative

EXPLANATORY NOTE

The Isabela I Electric Cooperative, Inc. (ISELCO I) was organized in accordance with Presidential Decree No. 269, as amended by P.D. 1645. The cooperative was registered and incorporated with the National Electrification Administration (NEA) on March 24, 1972 and was granted a Certificate of Franchise on June 6, 1979. Pursuant to this exclusive franchise, ISELCO I was authorized to operate an electric power distribution service in the Third and Fourth districts of Isabela, with its coverage area consisting of two (2) cities and thirteen (13) municipalities.

As the sole franchise holder for electric distribution in two (2) cities and thirteen (13) municipalities in the Province of Isabela, ISELCO I has been providing excellent to its member-consumer-owners (MCOs), achieving 100% electrification level in all its four hundred eighty-four (48) barangays, as mandated by Republic Act No. 9136 or the Electric Power Industry Reform Act (EPIRA). ISELCO I possesses the technical, financial and institutional capabilities to continue performing the electrification program in their

franchise area.

To enable ISELCO I to perform its mandate, this bill seeks to grant the cooperative a 25-year congressional franchise to ensure the continuous supply of electricity to the people of Isabela. Granting this franchise will facilitate the socio-economic development of the province by providing an affordable, efficient and reliable electric service to ISELCO I's member-consumer-owners.

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



REP. PRESLEY C. DE JESUS

PhilRECA Party-List



REP. SERGIO C. DAGOOC

APEC Party-List



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NINETEENTH CONGRESS

Third Regular Session

House Bill No. 11462

Introduced by
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Sergio C. Dagooc, APEC Party-List Representative

AN ACT

GRANTING THE ISABELA I ELECTRIC COOPERATIVE, INC. (ISELCO 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 CITIES OF SANTIAGO AND CAUAYAN, AND THE MUNICIPALITIES OF ANGADANAN, SAN GUILLERMO, RAMON, SAN MATEO, SAN ISIDRO, ALICIA, ECHAGUE, CORDON, JONES, SAN AGUSTIN, CABATUAN, LUNA, AND REINA MERCEDES, PROVINCE OF ISABELA

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 Isabela I Electric Cooperative, Inc. (ISELCO I)
4 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
6 interest and commercial purposes, a distribution system for the conveyance
7 of electric power to the end-users in the Cities of Santiago and Cauayan, and
8 the Municipalities of Angadanan, San Guillermo, Ramon, San Mateo, San
9 Isidro, Alicia, Echague, Cordon, Jones, San Agustin, Cabatuan, Luna, and

1 Reina Mercedes, Province of Isabela.

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

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

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

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

30 SEC. 4. **Ingress and Egress.** – For the purpose of erecting and
31 maintaining the poles or other supports for said facilities, wires or other
32 conductors or for the purpose of laying and maintaining said facilities, wires,
33 cables or other conductors, it shall be lawful for the Grantee, its successors,
34 or assignees, in coordination with the Department of Public Works and
35 Highways (DPWH) or the local government unit concerned, as may be
36 appropriate, to make excavations or lay conduits in any of the public places,
37 highways, road, streets, lanes, alleys, avenues, sidewalks, or bridges of the
38 province, cities or municipalities: *Provided, however,* That a public place,
39 highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed,

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

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

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

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

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

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

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

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

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

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

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

37 SEC. 13. **Liability for Damages.** – The Grantee shall be liable for any
38 injury to persons and damage to properties arising from accidents by reason
39 of any defective construction under this franchise or of any neglect or

1 omission to keep its poles and wires in safe condition.

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

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

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

34 SEC. 17. **Equality Clause.** – Any advantage, favor, privilege,
35 exemption, or immunity granted under existing franchises, or which may
36 hereafter be granted, upon prior review and approval of Congress, shall
37 become part of this franchise and shall be accorded immediately and
38 unconditionally to the herein Grantee: *Provided, however*, That the foregoing
39 shall neither apply to nor affect provisions concerning territory covered by the
40 franchise, the life span of the franchise or the type of service authorized by

1 the franchise: *Provided, further*, That the foregoing shall not apply to the sale,
2 lease, transfer, grant of usufruct, or assignment of legislative franchises with
3 prior congressional approval.

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

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

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

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

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

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

26 *Approved,*