



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. **873**

Introduced by
APEC Party-List Representative Sergio C. Dagooc

EXPLANATORY NOTE

The Negros Oriental I Electric Cooperative (NORECO I) was organized and registered with the National Electrification Administration in 1972 with a mandate to perform electrification in the Province of Negros Oriental on an area coverage basis. Notably, NORECO I has attained 100% electrification of the 3 cities, 8 municipalities, 285 barangays, and 83,378 household connections within its coverage area and it has been consistently categorized as an “AAA” cooperative, the highest categorization of an electric cooperative by NEA.

Pursuant to Section 27 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA), the power to grant franchises to persons engaged in the distribution of electricity shall be vested exclusively in the Congress of the Philippines.

Thus, this bill seeks to grant a congressional franchise to NORECO I to provide an electric power distribution system to the people of the the Cities of Bais, Guihulngan and Canlaon and the Municipalities of Mabinay, Manjuyod, Bindoy, Ayungon, Tayasan, Jimalalud, La Libertad and Vallehermoso, Province of Negros Oriental. The bill also establishes standards that the franchise grantee must attain to implement an effective partnership between the State and the distribution utility as its implementing partner to achieve total electrification.

The enactment of this bill will ensure the continuous delivery of electric

service from NORECO I to its coverage area and will contribute significantly to the economic development of the Province of Negros Oriental. 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.

A handwritten signature in blue ink, appearing to be 'S. Dagooc', written over a circular stamp or seal.

REP. SERGIO C. DAGOOC
APEC Party-List



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AN ACT

GRANTING A FRANCHISE TO THE NEGROS ORIENTAL I ELECTRIC COOPERATIVE INC. (NORECO I) 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 BAIS, CANLAON AND GUIHULNGAN AND MUNICIPALITIES OF MABINAY, MANJUYOD, BINDOY, AYUNGON, TAYASAN, JIMALALUD, LA LIBERTAD AND VALLEHERMOSO, PROVINCE OF NEGROS ORIENTAL

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 Negros Oriental I Electric Cooperative, Inc.
4 (NORECO I) , hereunder referred to as the Grantee, its successors or assigns
5 a franchise to construct, install, establish, operate, own, manage and
6 maintain in the public interest and commercial purposes, a distribution
7 system for the conveyance of electric power to the end-users in the Cities of
8 Bais, Guihulngan and Canlaon and the Municipalities of Mabinay, Manjuyod,
9 Bindoy, Ayungon, Tayasan, Jimalalud, La Libertad and Vallehermoso,
10 Province of Negros Oriental.

11 As used in this Act, distribution system refers to the system of wires and
12 associated facilities including sub-transmission lines belonging to a
13 franchised distribution utility extending between the delivery point on the
14 national transmission system or generating facility and the metering

1 point/facility of the end-users.

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

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

20 SEC. 3. **Authority of the ERC.** – The Grantee shall secure from the
21 ERC or any government agency having jurisdiction over their operations, the
22 certificate of public convenience and necessity and any other license, permit
23 or authority indispensable for the construction and operation of its electric
24 power distribution system.

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

avenue, sidewalk, or bridge altered, changed, or disturbed by the said Grantee, its successors or assignees, then the DPWH or the local government unit concerned shall have the right to have the same repaired and replaced in good order and condition and charge the Grantee, its successors or assignees, double the amount of the cost and expenses for such repair or replacement.

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

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

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

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

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

SEC. 8. **Commitment to Provide and Promote the Creation of Employment Opportunities.** – The Grantee shall create employment opportunities and shall allow on-the-job training in its franchise operation: *Provided*, That priority shall be accorded to the residents where their principal office is located: *Provided, further*, That the Grantee shall comply with the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations, and similar issuances.

1 SEC. 9. **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. 10. **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. 11. **Term of Franchise.** – Unless sooner cancelled, the franchise
22 shall be in effect for a period of twenty-five (25) years from the effectivity of
23 this Act. This franchise shall be deemed *ipso facto* revoked in the event the
24 Grantee fails to operate continuously for two (2) years.

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

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

35 SEC. 14. **Sale, Lease, Transfer, Usufruct, or Assignment of**
36 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct of,
37 or assign this franchise or the rights and privileges acquired thereunder to
38 any person, firm, company, corporation, or other commercial or legal entity,
39 or merge with any other corporation, or entity, or shall transfer the controlling
40 interest of the Grantee, whether as a whole or in parts, and whether

1 simultaneously or contemporaneously, to any such person, firm, company,
2 corporation, or entity without the prior approval of the Congress: *Provided*,
3 That Congress shall be informed of any lease, transfer, granting the usufruct
4 of, sale, or assignment of franchise or the rights and privileges acquired
5 thereunder, or of the merger, or sale of the controlling interest within sixty
6 (60) days after the completion of said transaction: *Provided further*, That any
7 such transfer, sale, or assignment is in accordance with the constitutional
8 limitations: *Provided furthermore*, That failure to report to Congress such
9 change of ownership shall render the franchise *ipso facto* revoked: *Provided*
10 *finally*, That any person or entity to which this franchise is sold, transferred,
11 or assigned, shall be subject to the same, conditions, terms, restrictions, and
12 limitations of this Act.

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

21 SEC. 16. **Fine.** – The failure of the Grantee to submit the requisite
22 annual report to Congress shall be penalized with a fine in the amount of Five
23 hundred pesos (P500.00) per working day of noncompliance which shall be
24 collected by the ERC. The fine shall be collected separately from the
25 reportorial penalties imposed by the ERC and shall be remitted to the Bureau
26 of the Treasury.

27 SEC. 17. **Equality Clause.** – Any advantage, favor, privilege,
28 exemption, or immunity granted under existing franchises, or which may
29 hereafter be granted, upon prior review and approval of Congress, shall
30 become part of this franchise and shall be accorded immediately and
31 unconditionally to the herein Grantee: *Provided, however*, That the foregoing
32 shall neither apply to nor affect provisions concerning territory covered by the
33 franchise, the life span of the franchise or the type of service authorized by
34 the franchise: *Provided, further*, That the foregoing shall not apply to the sale,
35 lease, transfer, grant of usufruct, or assignment of legislative franchises with
36 prior congressional approval.

37 SEC. 18. **Applicability of Existing Laws.** – The Grantee shall comply
38 with and be subject to the provisions of Commonwealth Act No. 146 or the
39 “Public Service Act”, as amended, RA 9136, and RA 10531 or the “National
40 Electrification Administration Reform Act of 2013.”

1 SEC. 19. **Existing Powers.** – Existing mandates, powers, functions,
2 and privileges granted to electric cooperatives under existing laws, including
3 Section 10 of RA 10531 shall remain valid and effective, unless expressly
4 repealed by succeeding laws.

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

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

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

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

19 *Approved,*