

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 1274

Introduced by **REP. BERNADETTE "DETTE" G. ESCUDERO**

AN ACT
GRANTING THE SORSOGON I ELECTRIC COOPERATIVE, INC. (SORECO 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 MUNICIPALITIES OF
BULAN, BULUSAN, CASIGURAN, IROSIN, JUBAN, MAGALLANES, MATNOG,
AND STA. MAGDALENA, PROVINCE OF SORSOGON

EXPLANATORY NOTE

Article XII, Section 1 of the 1987 Constitution provides that the goals of the national economy are a more equitable distribution of opportunities, income, and wealth. In the pursuit of these goals, all sectors of the economy and all regions of the country shall be given optimum opportunity to develop.

Pursuant to Section 27 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act" (EPIRA), the authority to grant franchises for the operation of electric power distribution systems is exclusively vested in the Congress of the Philippines. The Sorsogon I Electric Cooperative, Inc. (SORECO I), an electricity cooperative operating in the Province of Sorsogon has been serving Sorsoganon consumers since 1973. SORECO I is duly registered with the National Electrification and Administration (NEA) with a mandate to perform electrification in the municipalities of Bulan, Bulusan, Casiguran, Irosin, Juban, Magallanes, Matnog, and Sta. Magdalena.

This proposed measure seeks to grant a legislative franchise to the Sorsogon I Electric Cooperative, Inc. (SORECO I) for the operation and maintenance of an electric power distribution system within the municipalities. It further aims to establish stringent regulatory standards that the grantee must observe to ensure the development of a responsive and reliable energy distribution infrastructure.

The measure also seeks to institutionalize a robust and accountable public-private partnership founded on service efficiency, technical competence, and public welfare, in line with the policy objectives of the State.

The expedient enactment of this bill will benefit the people and province of Sorsogon by ensuring the continued and uninterrupted delivery of electric power services by SORECO I. The extension of electrification to the specified municipalities is expected to serve as a catalyst for socio-economic growth and local development.

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



HON. BERNADETTE "DETTE" G. ESCUDERO
Representative
1st District, Sorsogon

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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 of the
2 Constitution and applicable laws, rules and regulations, there is hereby granted to
3 the Sorsogon I Electric Cooperative, Inc., (SORECO I) hereunder referred to as the
4 grantee, its successors or assigns a franchise to construct, install, establish, operate,
5 own, manage and maintain in the public interest and commercial purposes, a
6 distribution system for the conveyance of electric power to the end-users in the
7 Municipalities of Bulan, Bulusan, Casiguran, Irosin, Juban, Magallanes, Matnog, and
8 Sta. Magdalena, Province of Sorsogon. As used in this Act, distribution system refers
9 to the system of wires and associated facilities including sub-transmission lines
10 belonging to a franchised distribution utility extending between the delivery point on
11 the national transmission system or generating facility and the metering point/facility
12 of the end-users.
13

14 **SEC. 2. Manner of Operations of Facilities.** All electric distribution facilities,
15 lines and systems for electric services installed, owned, operated, managed or
16 maintained by the grantee, its successors or assigns shall be operated or maintained
17 at all times in a superior manner, and it shall be the duty of the grantee, its
18 successors or assigns, whenever required to do so by the Energy Regulatory
19 Commission (ERC), or its legal successor, or the Department of Energy (DOE), or its
20 legal successor, or any other government agency concerned to modify, improve and
21 change such facilities or systems in such manner and to such extent as the progress

1 in science or technology and improvements or innovations in the electric power
2 services may render reasonable and proper.

3
4 Whenever practicable, and for purposes of maintaining order, safety and
5 aesthetics along the highways, roads, streets, alleys or right-of-way, the grantee
6 may allow the use of free spaces in its poles, facilities, or right-of-way by interested
7 parties upon reasonable compensation to the grantee considering the costs incurred
8 to accommodate and administer the use of the grantee's facilities by such parties.
9 The ERC shall decide in case of dispute or disagreement between the parties.

10
11 **SEC. 3. Authority of the Energy Regulatory Commission (ERC).** The
12 grantee shall secure from the ERC or any government agency having jurisdiction
13 over their operations, the certificate of public convenience and necessity and any
14 other license, permit or authority indispensable for the construction and operation of
15 the electric power distribution system.

16
17 **SEC. 4. Excavation and Restoration Works.** For the purpose of erecting and
18 maintaining the poles or other supports for said facilities, wires or other conductors
19 or for the purpose of laying and maintaining said facilities, wires, cables or other
20 conductors, it shall be lawful for the grantee, its successors, or assignees, with the
21 prior approval of the Department of Public Works and Highways (DPWH) or the local
22 government unit concerned, as may be appropriate, to make excavations or lay
23 conduits in any of the public places, highways, roads, streets, lanes, alleys, avenues,
24 sidewalks, or bridges of the province, cities or municipalities: Provided, however,
25 that a public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge
26 disturbed, altered, or changed by reason of erection of poles or other supports or
27 the underground laying of wires, other conductors or conduits, shall be repaired and
28 replaced in workmanlike manner by the grantee, its successors or assignees, in
29 accordance with the standards set by the DPWH or the local government unit
30 concerned. Should the grantee, its successors or assignees, after the ten (10)-day
31 notice from the grant of authority, fail, refuse or neglect to repair or replace any part
32 of public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge
33 altered, changed, or disturbed by the said grantee, its successors or assignees, then
34 the DPWH or the local government unit concerned shall have the right to have the
35 same repaired and replaced in good order and condition and charge the grantee, its
36 successors or assignees, double the amount of the cost and expenses for such repair
37 or replacement.

38
39 **SEC. 5. Responsibility to the Public.** The grantee shall supply electricity to its
40 captive market in the least costly manner. In the interest of the public good and as
41 far as feasible and whenever required by the ERC, the grantee shall modify,
42 improve, or change its facilities, poles, lines, systems and equipment for the purpose
43 of providing efficient and reliable service and reduced electricity costs. The grantee
44 shall charge reasonable and just power rates for its services to all types of
45 consumers within its franchised areas in order that business and industries shall be
46 able to compete.

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

8
9 **SEC. 6. Rates for Services.** The retail rates and charges for the distribution of
10 electric power by the grantee to its end-users shall be regulated by and subject to
11 the approval of the ERC or its legal successor.

12
13 The grantee shall identify and segregate in its electricity bill to the end-users the
14 components of the retail rate pursuant to RA No. 9136, unless otherwise amended.
15 Such rates charged by the grantee to the end-users shall be made public and
16 transparent. The grantee shall implement lifeline rate to marginalized end-users as
17 mandated under RA No. 9136.

18
19 **SEC. 7. Promotion of Consumer Interests.** The herein grantee shall establish
20 a consumer desk that will handle consumer complaints and ensure adequate
21 promotion of consumer interests. The grantee shall act with dispatch on all
22 complaints brought before it.

23
24 **Sec 8. Commitment to Provide and Promote the Creation of**
25 **Employment Opportunities.** The Grantee shall create employment opportunities
26 and shall allow on-the-job training in their franchise operation: Provided, That
27 priority shall be accorded to the residents where their principal office is located:
28 Provided, further, That the Grantee shall comply with the applicable labor standards
29 and allowance entitlement under existing labor laws, rules and regulations, and
30 similar issuances.

31
32 **SEC. 9. Right of the Government.** A special right is hereby reserved to the
33 President of the Philippines, in times of war, rebellion, public peril, calamity,
34 emergency, disaster or disturbance of peace and order: to temporarily take over and
35 operate the stations or facilities of the grantee; to temporarily suspend the operation
36 of any station or facility in the interest of public safety, security and public welfare;
37 or to authorize the temporary use and operation thereof by any agency of the
38 government, upon due compensation to the grantee, for the use of the stations or
39 facilities during the period when these shall be so operated.

40
41 **SEC. 10. Right of Eminent Domain.** Subject to the limitations and procedures
42 prescribed by law, the grantee is authorized to exercise the right of eminent domain
43 insofar as it may be reasonably necessary for the efficient maintenance and
44 operation of services. The grantee is authorized to install and maintain its poles,
45 wires, and other facilities over and across public property, including streets,
46 highways, forest reserves, and other similar property of the Government of the
47 Philippines, its branches, or any of its instrumentalities. The grantee may acquire
48 such private property as is actually necessary for the realization of the purposes for

1 which this franchise is granted: *Provided*, that proper expropriation proceedings shall
2 have been instituted and just compensation paid.

3
4 **SEC. 11. Term of Franchise.** Unless sooner cancelled, the franchise shall be in
5 effect for a period of twenty-five (25) years from the effectivity of this Act. This
6 franchise shall be deemed ipso facto revoked in the event the grantee fails to
7 operate continuously for two (2) years.

8
9 **SEC. 12. Acceptance and Compliance.** Acceptance of this franchise shall be
10 given in writing to Congress, through the Committee on Legislative Franchises of the
11 House of Representatives and the Committee on Public Services of the Senate within
12 sixty (60) days from the effectivity of this Act. Upon such acceptance, the grantee
13 shall exercise the privileges granted under this Act. Nonacceptance shall render the
14 franchise void.

15
16 **SEC. 13. Warranty in Favor of the National and Local Governments.** The
17 grantee shall hold the national, provincial, city, and municipal governments of the
18 Philippines free from all claims, accounts, demands, or actions arising from accidents
19 causing injury to persons or damage to properties, during the construction,
20 installation, operation, and maintenance of the distribution system of the grantee

21
22 **SEC. 14. Liability for Damages.** The grantee shall be liable for any injury to
23 persons and damage to properties arising from accidents by reason of any defective
24 construction under this franchise or of any neglect or omission to keep its poles and
25 wires in safe condition.

26
27 **SEC. 15. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.**
28 The grantee shall not sell, lease, transfer, grant the usufruct of, or assign this
29 franchise or the rights and privileges acquired thereunder to any person, firm,
30 company, corporation, or other commercial or legal entity, or merge with any other
31 corporation, or entity, or shall transfer the controlling interest of the grantee,
32 whether as a whole or in parts, and whether simultaneously or contemporaneously,
33 to any such person, firm, company, corporation, or entity without the prior approval
34 of the Congress: *Provided*, that Congress shall be informed of any lease, transfer,
35 granting the usufruct of, sale, or assignment of franchise or the rights and privileges
36 acquired thereunder, or of the merger, or sale of the controlling interest within sixty
37 (60) days after the completion of said transaction: *Provided further*, that any such
38 transfer, sale, or assignment is in accordance with the constitutional limitations:
39 *Provided furthermore*, that failure to report to Congress such change of ownership
40 shall render the franchise ipso facto revoked: *Provided finally*, that any person or
41 entity to which this franchise is sold, transferred, or assigned, shall be subject to the
42 same, conditions, terms, restrictions, and limitations of this Act.

43
44 **SEC. 16. Reportorial Requirement.** The grantee shall submit an annual
45 report to Congress, through the Committee on Legislative Franchises of the House of
46 Representatives and the Committee on Public Services of the Senate, on its
47 compliance with the terms and conditions of the franchise and on its operations on
48 or before April 30 of every year during the term of the franchise. The reportorial

1 compliance certificate issued by Congress shall be required before any application
2 for permit or certificate is accepted by the ERC.

3
4 **SEC. 17. Fine.** The failure of the Grantee to submit the requisite annual
5 report to Congress shall be penalized with a fine in the amount of Five hundred
6 pesos (P500.00) per working day of noncompliance which shall be collected by the
7 ERC. The fine shall be collected separately from the reportorial penalties imposed
8 by the ERC and shall be remitted to the Bureau of the Treasury.

9
10 **Sec.18. Equality Clause.** Any advantage, favor, privilege, exemption, or
11 immunity granted under existing franchises, or which may hereafter be granted,
12 upon prior review and approval of Congress, shall become part of this franchise and
13 shall be accorded immediately and unconditionally to the herein Grantee: Provided,
14 however, That the foregoing shall neither apply to nor affect provisions concerning
15 territorial coverage, the term, or the type of service authorized by the franchise:
16 Provided, further, That the foregoing shall not apply to sale, lease, transfer, grant
17 of usufruct, or assignment of legislative franchises with prior congressional
18 approval.

19
20 **Sec. 19. Applicability of Existing Laws.** The Grantee shall comply with
21 and be subject to the relevant provisions of Commonwealth Act No. 146, as
22 amended, otherwise known as the "Public Services Act", RA No. 9136, and Republic
23 Act No. 10531 or the "National Electrification Administration Reform Act of 2013".

24
25 **Sec. 20. Repealability and Non-Exclusivity Clause.** This franchise shall
26 be subject to amendment, alteration, or repeal by Congress when the public
27 interest so requires and shall not be interpreted as an exclusive grant of the
28 privileges herein provided for.

29
30 **Sec. 21. Existing Powers.** Existing mandates, powers, functions, and
31 privileges granted to electric cooperatives under existing laws, including Section 10
32 of RA No. 10531, otherwise known as the :National Electrification Administration
33 Reform Act of 2013", shall remain valid and effective, unless expressly repealed by
34 succeeding laws.

35
36 **Sec. 22. Separability Clause.** If any of the sections or provisions of this Act
37 is held invalid, all other provisions not affected thereby shall remain valid.

38
39 **SEC. 23. Repealing Clause.** All laws, presidential decrees, executive orders,
40 letters of instructions, proclamations, and administrative regulations that are
41 inconsistent with the provisions of this Act are hereby repealed, amended or
42 modified accordingly.

43
44 **SEC. 24. Effectivity.** This Act shall take effect immediately following the
45 completion of its publication in the Official Gazette or in two (2) newspapers of
46 general circulation.

Approved,