

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



HOUSE BILL NO. 1275

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

AN ACT
GRANTING THE SORSOGON II ELECTRIC COOPERATIVE (SORECO II) 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 SORSOGON,
THE MUNICIPALITIES OF DONSOL, PILAR, CASTILLA, GUBAT, PRIETO
DIAZ, BARCELONA AND ITS NEIGHBORING AREAS

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 II Electric Cooperative, Inc. (SORECO II) was established pursuant to Presidential Decree No. 269, as amended, and operates under the oversight of the National Electrification Administration (NEA). Its primary mission is to provide electricity to the City of Sorsogon and surrounding municipalities, including Donsol, Pilar, Castilla, Gubat, Prieto Diaz, and Barcelona, as well as their neighboring suburbs on an area coverage basis.

The proposal to grant a congressional franchise to SORECO II is motivated by the objective of elevating the cooperative to higher standards, fostering an effective partnership between the State and the grantee. Enacting this bill is crucial for the sustained provision of an electric power distribution system to the aforementioned areas. It imposes a set of stringent standards, ensuring SORECO II's commitment to financial viability, institutional integrity, technical proficiency, and consumer service satisfaction. Moreover, this legislative initiative ensures the continuity of electricity delivery to the City and Municipalities, aligning with the broader national policy outlined in the EPIRA Law.

The objective is to expedite the total electrification of the country while safeguarding the quality, reliability, security, and affordability of electric power supply for the Filipino people. In light of these considerations, the approval of this bill is earnestly sought, recognizing its paramount role in supporting SORECO II's mission and contributing to the sustained progress of Sorsogon.



HON. BERNADETTE "DETTE" G. ESCUDERO

Representative
1st District, Sorsogon

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BARCELONA AND ITS NEIGHBORING AREAS

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 the
3 SORSOGON II ELECTRIC COOPERATIVE (SORECO II), 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 City of
7 Sorsogon, municipalities of Donsol, Pilar, Castilla, Gubat, Prieto Diaz, Barcelona, and
8 its neighboring suburbs.
9

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

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

1 and change such facilities or systems in such manner and to such extent as the
2 progress in science or technology and improvements or innovations in the electric
3 power services may render reasonable and proper.

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

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

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

39
40 **SEC. 5. Responsibility to the Public.** The Grantee shall supply electricity to its
41 captive market in the least costly manner. In the interest of the public good and as far
42 as feasible and whenever required by the ERC, the Grantee shall modify, improve, or
43 change its facilities, poles, lines, systems and equipment for the purpose of providing
44 efficient and reliable service and reduced electricity costs. The Grantee shall charge
45 reasonable and just power rates for its services to all types of consumers within its
46 franchised areas in order that business and industries shall be 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 area
3 consistent with Republic Act (RA) No. 9136, otherwise known as the "Electric Power
4 Industry Reform Act of 2001". The Grantee shall not engage in any activity that will
5 constitute an abuse of market power such as unfair trade practices, monopolistic
6 schemes, and other activities that will hinder competitiveness of business and
7 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 the
11 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 complaints
22 brought before it.

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

30
31 **SEC. 9. Right of the Government.** A special right is hereby reserved to the
32 President of the Philippines, in times of war, rebellion, public peril, calamity,
33 emergency, disaster or disturbance of peace and order: to temporarily take over and
34 operate the stations or facilities of the Grantee; to temporarily suspend the operation
35 of any station or facility in the interest of public safety, security and public welfare; or
36 to authorize the temporary use and operation thereof by any agency of the
37 government, upon due compensation to the Grantee, for the use of the stations or
38 facilities during the period when these shall be so operated.

39
40 **SEC. 10. Right of Eminent Domain.** Subject to the limitations and procedures
41 prescribed by law, the Grantee is authorized to exercise the right of eminent domain
42 insofar as it may be reasonably necessary for the efficient maintenance and operation
43 of services. The Grantee is authorized to install and maintain its poles, wires, and
44 other facilities over and across public property, including streets, highways, forest
45 reserves, and other similar property of the Government of the Philippines, its
46 branches, or any of its instrumentalities. The Grantee may acquire such private
47 property as is actually necessary for the realization of the purposes for which this

1 franchise is granted: *Provided, That* proper expropriation proceedings shall have been
2 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 operate
7 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.**
17 The Grantee shall hold the national, provincial, city, and municipal governments of
18 the Philippines free from all claims, accounts, demands, or actions arising from
19 accidents 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 or
48 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 for
2 permit or certificate is accepted by the ERC.
3

4 **SEC. 17. Fine.** The failure of the Grantee to submit the requisite annual report
5 to Congress shall be penalized with a fine in the amount of Five hundred pesos
6 (P500.00) per working day of noncompliance which shall be collected by the ERC.
7 The fine shall be collected separately from the reportorial penalties imposed by the
8 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, upon
12 prior review and approval of Congress, shall become part of this franchise and shall
13 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 of
17 usufruct, or assignment of legislative franchises with prior congressional approval.
18

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

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

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

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

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

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

Approved,