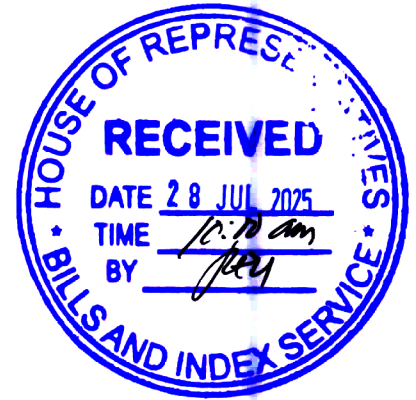


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 2367



Introduced by
HONORABLE NELSON S. LEGACION
Representative, 3rd District, Camarines Sur

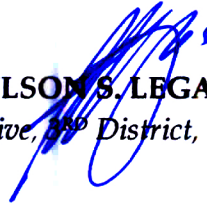
EXPLANATORY NOTE

Electric cooperatives are key agents of development in the countryside, bringing light and fueling socioeconomic growth. To this end, the Camarines Sur II Electric Cooperative, Inc. (CASURECO II), the largest Electric Cooperative in Camarines Sur, was established on August 10, 1975, thru Presidential Decree No. 269, as amended, and under the supervisory authority of the National Electrification Administration (NEA). It was mandated to provide and maintain an efficient power distribution system to the people of the City of Naga and the nearby Municipalities of Canaman, Magarao, Bombon, Calabanga, Milaor, Minalabac, Pili, Siruma, and Tinambac, all in the Province of Camarines Sur. It started its operations on July 1, 1977, and officially started energization on 1 September 1977.

Over the years, the Naga-based electric cooperative has provided quality service to its member-consumers within the city and towns aforementioned and performed exceptionally well as it has been consistently categorized as an "AAA" cooperative, the highest categorization of an electric cooperative by the supervising government agency – the NEA. The local power cooperative has in fact energized 99.61% of the barangays within its franchise area comprising one city and nine (9) municipalities. And today, CASURECO II is seeking to renew its congressional franchise to continuously carry out its mandate of providing efficient power service to our people and create more industries and commerce within its coverage area.

The enactment of this bill will ensure the much-needed and continuous delivery of electricity in all the homes and shops, schools and institutions, and accelerate commerce, trade and industry within the power cooperative's franchise area.

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


NELSON S. LEGACION
Representative, 3rd District, Camarines Sur

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City**

**TWENTIETH CONGRESS
First Regular Session**

House Bill No. 2367

**Introduced by
Honorable Nelson S. Legacion
Representative, 3rd District, Camarines Sur**

**AN ACT
EXTENDING THE EXISTING FRANCHISE OF CAMARINES SUR II ELECTRIC
COOPERATIVE, INC. (CASURECO II) TO CONSTRUCT, INSTALL, ESTABLISH,
OPERATE, OWN, MANAGE, AND MAINTAIN A DISTRIBUTION SYSTEM FOR
THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITY
OF NAGA AND THE MUNICIPALITIES OF CANAMAN, MAGARAO, BOMBON,
CALABANGA, MILAOR, MINALABAC, PILI, SIRUMA, AND TINAMBAC, ALL IN
THE PROVINCE OF CAMARINES SUR**

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

Section 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to the Camarines Sur II Electric Cooperative, Inc., hereunder referred to as the Grantee, its successors or assigns a franchise to construct, install, establish, operate, own, manage and maintain in the public interest and for commercial purposes, a distribution system for the conveyance of electric power to the end-users in the City of Naga and the Municipalities of Canaman, Magarao, Bombon, Calabanga, Milaor, Minalabac, Pili, Siruma, and Tinambac, all in the Province of Camarines Sur.

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

Section 2. *Manner of Operation of Facilities.* – All electric distribution facilities, lines, and systems for electric services installed, owned, operated, managed, or maintained by the Grantee, its successors or assigns shall be operated or maintained at all times in superior manner, and it shall be the duty of the Grantee, its successors or assignees, whenever required to do so by the Energy Regulatory Commission (ERC), or its legal successor, or the Department of Energy, or its legal successor, or the National Electrification Administration (NEA), or its legal successor, or any other government agency concerned to modify, improve and change such facilities or systems in such manner and to such extent as the progress in science or technology and improvements or innovations in the electric power services may render reasonable and proper.

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

Section 3. *Authority of the ERC and NEA.* – The Grantee shall secure from the ERC or the NEA or any government agency having jurisdiction over their operations, the Certificate of Public Convenience and Necessity and any other license, permit or authority indispensable for the construction and operation of the electric power distribution system.

Section 4. *Ingress and Egress.* - For the purpose of erecting and maintaining the poles or other supports for said facilities, wires or other conductors for the purpose of laying and maintaining said facilities, wires, cables, or other conductors, it shall be lawful for the Grantee, its successors, or assignees, with the prior approval of the Department of Public Works and Highways (DPWH) or the local government unit (LGU) concerned, as may be appropriate, to make excavations or lay conduits in any of the public places, highways, roads, street, lanes, alleys, avenues, sidewalks, or bridges of said province, cities or municipalities: Provided, however, That a public place, highway, road, street, lane, alley, avenue, sidewalk or bridge disturbed, altered, or changed by reason of erection of poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired or replaced in an efficient manner

the Grantee, its successors or assignees, in accordance with the standards set by the DPWH or the LGU concerned. Should the Grantee, its successors or assignees, after the ten (10)-day notice from the grant authority fail, refuse, or neglect to repair or replace any part of the 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 LGU concerned shall have the right to have the same repaired or 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.

Section 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 businesses and industries shall be able to compete.

The Grantee shall have the obligation to provide open and non-discriminatory access to its distribution system and services for any end-user within its franchise area consistent with Republic Act 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 businesses and industries.

Section 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 the retail rate pursuant to Republic Act 9136, unless otherwise amended. Such rates charged by the Grantee to the ends-users shall be made public and transparent. The Grantee shall implement lifeline rate to marginalized end-users as mandated under Republic Act No. 9136.

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

Section 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 further*, That the Grantee shall comply with the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations, and similar issuances.

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

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

Section 11. Term of Franchise. – Unless sooner cancelled, the franchise extension shall be in effect for a period of Twenty-Five (25) years from the effectivity of this Act. This franchise shall be deemed *ipso facto* revoked in the event the Grantee fails to operate continuously for two (2) years.

Section 12. Acceptance of the Franchise. Acceptance of the Terms of this franchise shall be in writing to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate within sixty (60) days from the effectivity of this Act. Upon such acceptance, the grantee shall exercise the privileges granted under this Act. Non-acceptance shall render the franchise void.

Section 13. Warranty in Favor of National and Local Governments. – The Grantee shall hold the national, provincial, city and municipal governments of the

Philippines free from all claims, accounts, demands, or actions arising from accidents causing injury to persons or damage to property during the construction, installation, operation, and maintenance of the distribution system of the Grantee.

Section 14. *Exemption from Income Tax and Minimum Corporate Income Tax (MCIT)* – The grantee shall be permanently exempt from the payment of income tax and Minimum Corporate Income Tax or MCIT.

Section 15. *Liability for Damages.* – The Grantee shall be liable for any injury to persons and damage to property arising from accidents by reason of any defective construction under this franchise or of any neglect or omission to keep its poles and wires in safe condition.

Section 16. *Sale, Lease, Transfer, Usufruct or Assignment of Franchise.* – The Grantee shall not sell, lease, transfer, grant the usufruct, or assign this franchise or the rights and privileges acquired thereunder to any person, firm company, corporation, or other commercial or legal entity, or merge with any other corporation, or entity, or transfer the controlling interest of the Grantee, whether as a whole or in part, and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress: *Provided, That* Congress shall be informed of any lease, transfer, grant of usufruct, sale, or assignment of franchise or the rights and privileges acquired thereunder, or of the merger, or sale of the controlling interest within sixty (60) days after the completion of the said transaction: *Provided further, That* any such transfer, sale, or assignment is in accordance with constitutional limitations: *Provided, furthermore, That* failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked: *Provided finally, That* any person or entity to which this franchise is sold, transferred, or assigned, shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

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

Section 18. *Fine.* - The failure of the grantee to submit the requisite annual report to Congress shall be penalized by a fine in the amount of Five Hundred Pesos (P500.00) per working day of non-compliance which shall be collected by the ERC. The

fine shall be collected separately from the reportorial penalties imposed by the ERC and shall be remitted to the Bureau of the Treasury.

Section 19. *Equality Clause.* - Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted, upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein Grantee: *Provided, however,* That the foregoing shall neither apply to nor affect provisions concerning territory covered by the franchise, the life span for the franchise or the type of service authorized by the franchise: *Provided, further,* That the foregoing shall not apply to the sale, lease, transfer, grant or usufruct or assignment of legislative franchises with prior Congressional approval.

Section 20. *Applicability of Existing Laws.* - The Grantee shall comply with and be subject to the provisions of Commonwealth Act No. 146, or the "Public Service Act," as amended, Republic Act No. 9136, and Republic Act No. 10531 or the "National Electrification Administration Reform Act of 2013."

Section 21. *Existing Powers.* - Existing mandates, powers, functions, and privileges granted to electric cooperatives under existing laws, including Section 10 of Republic Act No. 10531, shall remain valid and effective, unless expressly repealed by succeeding laws.

Section 22. *Repealability and Non-Exclusivity Clause.* - This franchise shall be subject to amendment, alteration, or repeal by Congress when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

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

Section 24. *Repealing Clause.* - All laws, presidential decrees, executive orders, letters of instruction, administrative rules and regulations or parts thereof, which are contrary to or inconsistent with the provisions of this Act, are repealed or modified accordingly.

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

Approved,