



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 2724



**Introduced by Representatives Antonio "Tonypet" T. Albano,
Ed Christopher S. Go, Faustino Michael Carlos T. Dy III, and
Allan U. Ty**

EXPLANATORY NOTE

This bill seeks to extend for a period of twenty-five years the franchise originally granted to the Isabela Electric Cooperative II, Inc. (ISELCO II), to construct, operate, and maintain distribution systems for the conveyance of electric power in the City of Ilagan and the municipalities of Aurora, Burgos, Cabagan, Delfin Albano, Gamu, Mallig, Quezon, Quirino, Roxas, San Manuel, San Mariano, San Pablo, Sta. Maria, Sto. Tomas, Tumauni, Benito Soliven, Naguilian, Palanan, and Maconacon of the Province of Isabela.

It may be recalled that on June 28, 1979, the National Electrification Commission (NEC) granted a franchise to ISELCO II to construct, install, establish, operate, own, manage, and maintain distribution systems for the conveyance of electric power in the municipalities of Aurora, Burgos, Cabagan, Gamu, Ilagan (now City), Magsaysay, Mallig, Quezon, Quirino, Roxas, San Manuel, San Pablo, Sta. Maria, Sto. Tomas, Tumauni, Benito Soliven, and Naguilian, all in the Province of Isabela, and the municipality of Paracelis of Mountain Province for a period of fifty (50) years that will expire on June 28, 2029.

On August 10, 1982, ISELCO II applied and was granted an expansion of the area covered by its original franchise by including the municipalities of San Mariano, Dinapigue, Divilacan, Palanan and Maconacon, also in the Province of Isabela. The grant was embodied in the decision of the National Electrification Commission on July 27, 1983, the dispositive portion of which reads as follows:

*“WHEREFORE, there being no opposition to ISELCO II’s application and taking into consideration that sufficient evidence has established that the applicant is qualified under Presidential Decree No. 269, as amended, to be granted an an expansion of its franchise previously granted by this Commission dated June 28, 1979 covering the municipalities of Aurora, Burgos, Cabagan, Gamu, Ilagan, Magsaysay, Mallig, Quezon, Quirino, Roxas, San Manuel, San Pablo, Sta. Maria, Sto. Tomas, Tumauni, Benito Soliven and Naguilian, all in the Province of Isabela, and the municipality of Paracelis, Mountain Province said franchise is hereby **MODIFIED** for purposes of inclusion therein the municipalities of San Mariano, Palanan, Dinapigue, Maconacon and Divilican, all likewise in the Province of Isabela, **for a period of fifty (50) years from date hereof** subject to the rules and regulations of the NEC. (Underscoring supplied)*

GIVEN this 27th day of July 1983 at Metro Manila, Philippines.”

The modified territory of ISELCO II is clear but the modified term of the franchise casts doubt on the expiration of the authority of the grantee. Based on the original franchise granted on June 28, 1979, such franchise will expire on June 28, 2029. However, if the expiration of the modified franchise is to be considered, it will expire on July 27, 2033. Bills renewing or extending a franchise should be filed within a reasonable period prior to the franchise’s expiry to give Congress sufficient time to deliberate on the matter. This proposed measure is timely since it gives ISELCO II an additional twenty-five (25) years to continue operating its business after the original franchise expires, dispelling any uncertainty regarding the original and amended franchises’ expiration dates.

ISELCO II is an essential electric service provider that has been supplying power to the Province of Isabela since it was granted a franchise on June 28, 1979. ISELCO II diligently fulfilled its promise by connecting a vast majority of its territory, with 512 of the 523 (97.89%) barangays enjoying dependable electric service. This means that almost every neighborhood, family, and business in their territory can count on having electricity.

Surpassing initial projections, ISELCO II has exceeded its house connection rate projection by a notable 7.21%, demonstrating their substantial progress beyond expected outcomes. This outstanding achievement not only reflects their success in exceeding goals but also exemplifies the cooperative's firm commitment to broadening its reach and enhancing service excellence.

In 2023, ISELCO II further demonstrated its commitment to excellence by achieving ISO 9001:2015 certification, an international benchmark that assures stakeholders of the cooperative's dedication to high-quality management and customer service standards.

By passing this bill, it is ensured that ISELCO II can continue its mission without interruption. It is not just about continuity, it is also about supporting a cooperative that has proven to be a reliable and progressive force in energizing Isabela's development and improving the lives of its residents.

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



ANTONIO "TONYPET" T. ALBANO

1st District, Province of Isabela



ED CHRISTOPHER S. GO

2nd District, Province of Isabela



FAUSTINO MICHAEL CARLOS T. DY III

5th District, Province of Isabela



ALLAN U. TY

LPGMA Party List



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HOUSE BILL NO. 2724

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AN ACT

**EXTENDING FOR A PERIOD OF TWENTY-FIVE (25) YEARS THE
TERM OF THE FRANCHISE GRANTED TO ISABELA ELECTRIC
COOPERATIVE II, INC. TO CONSTRUCT, OPERATE, AND
MAINTAIN DISTRIBUTION SYSTEMS FOR THE CONVEYANCE OF
ELECTRIC POWER IN THE CITY OF ILAGAN AND
MUNICIPALITIES OF AURORA, BURGOS, CABAGAN, DELFIN
ALBANO, GAMU, MALLIG, QUEZON, QUIRINO, ROXAS, SAN
MANUEL, SAN MARIANO, SAN PABLO, STA. MARIA, STO. TOMAS,
TUMAUINI, BENITO SOLIVEN, NAGUILIAN, PALANAN, AND
MACONACON OF THE PROVINCE OF ISABELA**

*Be it enacted by the Senate and the 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, the
franchise originally granted to Isabela Electric Cooperative II, Inc. (ISELCO II)
under Certificate No. 031, National Electrification Commission (NEC) Case
No. 79-08, dated June 28, 1979 as modified under Certificate No. 099, NEC

Case No. 82-20, dated July 27, 1983, by the National Electrification Commission, is hereby extended for another twenty-five (25) years from the effectivity of this Act, to construct and maintain distribution systems for the conveyance of electric power in the City of Ilagan and municipalities of Aurora, Burgos, Cabagan, Delfin Albano, Gamu, Mallig, Quezon, Quirino, Roxas, San Manuel, San Mariano, San Pablo, Sta. Maria, Sto. Tomas, Tumauni, Benito Soliven, Naguilian, Palanan, and Maconacon of the Province of Isabela.

As used in this Act, *distribution system* refers to the network comprising wires and associated facilities, including sub-transmission lines owned by the franchised distribution utility that spans from the national transmission system or generation facility to the metering point of the end-users.

SEC. 2. *Manner of Operation of Facilities.* – All electric distribution facilities, lines, and systems for electric services owned, maintained, operated, or managed by the grantee, its successors or assigns, shall be operated and maintained at all times in a superior manner. Whenever required by the Energy Regulatory Commission (ERC), the Department of Energy (DOE), or any other concerned government agency, the grantee, or their successors or assigns shall modify, improve, or update these facilities or systems in response to advancements in science or technology and innovations in electric power services.

Whenever practicable and for purposes of maintaining highways, roads, streets, alleys, or rights-of-way orderly, safe, and visually appealing, the grantee

1 may permit interested parties to use free spaces on its poles, facilities, or rights-
2 of-way upon payment of reasonable compensation to the grantee, considering
3 the cost incurred to accommodate and administer the use of the grantee's
4 facilities by such parties. The ERC shall decide in case of dispute or
5 disagreement between parties.

6 **SEC. 3. *Authority of the ERC and DOE.*** – The grantee shall secure
7 from the ERC, DOE or any other government agency which has jurisdiction
8 over the operation of the grantee, the necessary certificate of public convenience
9 and necessity, and other appropriate permits and licenses for the construction
10 and operation of its electric distribution system.

11 **SEC. 4. *Excavation and Restoration Works.*** – For the purpose of
12 erecting and maintaining poles, supports, facilities, wires, cables, or other
13 conductors, the grantee, its successors, or assigns must obtain prior approval
14 from the Department of Public Works and Highways (DPWH) or the local
15 government unit (LGU) concerned, as may be appropriate. This approval
16 allows for making excavations or laying conduits in public places, highways,
17 roads, streets, lanes, alleys, avenues, sidewalks, or bridges within the province
18 and city. Any public area disturbed, altered, or changed due to the erection of
19 poles or supports, or the underground installation of wires, conductors, or
20 conduits, be repaired and restored in a skilled manner at the grantee's expense,
21 adhering to DPWH or LGU standards.

1 Failure to repair or restore any disturbed part of a public place, highway,
2 road, street, lane, alley, avenue, sidewalk, or bridge within ten days (10) after
3 receiving notice from the authority, the DPWH or the concerned LGU shall
4 have the right in having the same repaired and restored at double the expense
5 incurred which shall be charged against the grantee, its successors or assigns.

6 SEC. 5. ***Responsibility to the Public.*** – The grantee shall supply
7 electricity to its captive market at the lowest possible cost. Whenever required
8 for the public good, and whenever required by the ERC, the grantee shall
9 modify, improve, or update its facilities, poles, lines, systems, and equipment to
10 ensure efficient and reliable service while striving to reduce electricity costs.
11 The grantee shall charge fair and equitable power rates for its services to all
12 types of consumers within its franchised areas in order that business and
13 industries remain competitive.

14 The grantee shall have the obligation of maintaining open and unbiased
15 access to its distribution system and services for every end-user within its
16 franchise territory, adhering to Republic Act No. 9136, also known as the
17 “*Electric Power Industry Reform Act of 2001.*” Engaging in practices that
18 abuse market power, including unfair trade practices, monopolistic schemes, or
19 any actions detrimental to the competitiveness of businesses and industries, is
20 strictly prohibited.

1 SEC. 6. ***Rates for Services.*** – The retail rates and charges for distributing
2 electric power to end-users shall be regulated and subject to the approval of the
3 ERC.

4 The grantee shall identify and segregate the components of the retail rate
5 in the electricity bills of end-users, pursuant to Republic Act No. 9136, unless
6 otherwise amended. The grantee must ensure that the rates charged to end-users
7 are publicly disclosed and transparent. The grantee shall implement a lifeline
8 rate for marginalized end-users as mandated under Republic Act No. 9136.

9 SEC. 7. ***Consumer Interests.*** – The grantee shall establish a consumer
10 desk that will handle consumer complaints, promoting consumer interests, and
11 providing prompt and attentive service to all its end-users.

12 SEC. 8. ***Reserved Right of the President.*** – A special right is reserved to
13 the President of the Philippines, in times of war, rebellion, public peril,
14 calamity, emergency, disaster, or disturbance of peace and order; to temporarily
15 take over and operate the stations or facilities of the grantee; to temporarily
16 suspend the operation of any station or facility in the interest of public safety,
17 security and public welfare; or to authorize the temporary use or operation
18 thereof by any agency of the government, upon just compensation to the
19 grantee, for the use of the stations or facilities during the period when these
20 shall be operated.

21 SEC. 9. ***Right of Eminent Domain.*** – Subject to the limitations and
22 procedures prescribed by law, the grantee is authorized to exercise the right of

1 eminent domain insofar as it may be reasonably necessary for the efficient
2 maintenance and operation of services. The grantee is authorized to install and
3 maintain its poles, wires, and other facilities over and across public property
4 including streets, highways, and forest reserves, and other similar property of
5 the Government of the Philippines, its branches, or any of its instrumentalities.
6 The grantee may acquire such private property that are actually necessary for
7 the realization of the purposes for which this franchise is granted: *Provided*,
8 That proper expropriation proceedings are instituted and just compensation is
9 paid.

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

14 SEC. 11. ***Acceptance and Compliance.*** – Acceptance of this franchise
15 shall be given in writing to the Congress of the Philippines, through the
16 Committee on Legislative Franchises of the House of Representatives and the
17 Committee on Public Services of the Senate within sixty (60) days from the
18 effectivity of this Act. Upon such acceptance, the grantee shall exercise the
19 privileges granted under this Act. Nonacceptance shall render the franchise
20 void.

21 SEC. 12. ***Warranty in Favor of the National and Local Governments.*** –
22 The grantee shall hold the national, provincial, city, and municipal governments

1 of the Philippines free from all claims, accounts, demands, or actions arising out
2 of accidents or injuries, whether to property or to persons, caused by the
3 construction, installation, operation, and maintenance of the distribution system
4 of the grantee.

5 SEC. 13. ***Liability for Damages.*** – The grantee shall be liable for any
6 injury and damage arising from or caused by accident to persons and property
7 by reason of any defective construction under this franchise or of any neglect or
8 omission to keep its poles and wires in safe condition.

9 SEC. 14. ***Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.***
10 – The grantee shall not sell, lease, transfer, grant usufruct of, or assign this
11 franchise or its rights and privileges acquired thereunder to any person, firm,
12 company, corporation, or other commercial or legal entity, or merge with any
13 other corporation, or entity, or shall transfer the controlling interest of the
14 grantee, whether as a whole or in parts, and whether simultaneously or
15 contemporaneously, to any such person, firm company, corporation, or entity
16 without the prior approval of the Congress of the Philippines, through a
17 concurrent resolution duly adopted for the purpose: *Provided*, That Congress
18 shall be informed of any lease, transfer, granting the usufruct of, sale, or
19 assignment of franchise or the rights and privileges acquired thereunder, or of
20 the merger, or sale of the controlling interest within sixty (60) days after the
21 completion of said transaction: *Provided, further*, That any such transfer, sale,
22 or assignment is in accordance with the constitutional limitations: *Provided*,

1 *furthermore*, That failure to report to Congress such change of ownership shall
2 render the franchise *ipso facto* revoked: *Provided, finally*, That any person or
3 entity to which this franchise is sold , transferred, or assigned shall be subject to
4 the same conditions, terms, restrictions, and limitations as set out in this Act.

5 **SEC. 15. *Reportorial Requirement.*** – The grantee shall submit an annual
6 report to the Congress of the Philippines, through the Committee on Legislative
7 Franchises of the House of Representatives and the Committee on Public
8 Services of the Senate, on its compliance with the terms and conditions of the
9 franchise and on its operations on or before April 30 of every year during the
10 term of the franchise. The reportorial compliance certificate issued by Congress
11 shall be required before any application for permit or certificate is accepted by
12 the ERC.

13 **SEC. 16. *Penalty Clause.*** – The failure of the grantee to submit the
14 required annual report to Congress shall be penalized by a fine of One thousand
15 pesos (P1,000.00) per working day of noncompliance. The fine shall be
16 collected by the ERC from the grantee separate from the reportorial penalties
17 imposed by the ERC. All proceeds from the fines or penalties shall accrue to
18 the monitoring fund of the ERC in line with its supervisory and regulatory
19 functions.

20 **SEC. 17. *Equality Clause.*** – Any advantage, favor, privilege, exemption,
21 or immunity granted under existing franchises, or which may hereafter be
22 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 of 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 of usufruct, or assignment of legislative franchises with prior congressional approval.

SEC. 18. ***Applicability Clause.*** – The grantee shall comply with and be subject to the provisions of Commonwealth Act No. 146, as amended, otherwise known as the “*Public Service Act*” and Republic Act No. 9136, otherwise known as the “*Electric Power Industry Reform Act of 2001.*”

SEC. 19. ***Alterability and Non-Exclusivity Clause.*** – This franchise may be modified, revised, or repealed by the Congress of the Philippines if required for the public good. This franchise should not be interpreted as a sole and private grant of the rights it contains.

SEC. 20. ***Separability Clause.*** – If any provision or part of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC. 21. ***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 hereby repealed or modified accordingly.

SEC. 22. ***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,