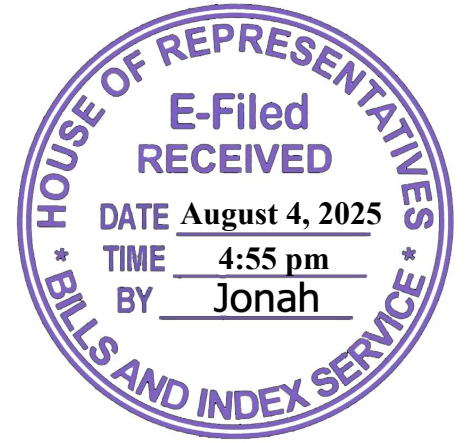




Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. 2962

Introduced by

Presley C. De Jesus, PhilRECA Party-List

Sergio C. Dagooc, APEC Party-List

EXPLANATORY NOTE

Zamboanga del Sur I Electric Cooperative, Inc. (ZAMSURECO I) was organized and registered on August 25, 1972, pursuant to the provisions of Presidential Decree No. 269, as amended, and operates under the supervisory authority of the National Electrification Administration (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 for electric power distribution is vested exclusively in the Congress of the Philippines. Hence, this bill seeks to grant a congressional franchise to ZAMSURECO-I to operate an electric power distribution system and provide electricity to twenty-three (23) municipalities and one city in the Province of Zamboanga del Sur, as well as one municipality in Misamis Occidental. These areas include Tambulig, Molave, Mahayag, Dumingag, Josefina, Ramon Magsaysay, Sominot, Midsalip, Aurora, Tukuran, Labangan, Dumalinao, Guipos, San Pablo, Tigbao, Lapuyan, Margosatubig, San Miguel, Vincenzo Sagun, Dimataling, Dinas, Pitogo, Tabina, and Pagadian City in Zamboanga del Sur, and Don Victoriano in Misamis Occidental.

Since its establishment in 1972, ZAMSURECO I has served as the primary electricity provider within its franchise area. It is classified as a Mega Large electric cooperative, serving a total of 624 barangays, all of which have been energized since 2010. In addition, it covers 3,430 sitios, with 2,946 of them already energized.

The Cooperative has consistently maintained the highest category level of AAA as designated by the National Electrification Administration (NEA). This rating has been sustained for an impressive seventeen (17) consecutive years, a testament to ZAMSURECO I's exceptional performance and unwavering commitment to service excellence.

The enactment of this bill will ensure the continued and reliable delivery of electricity to the abovementioned areas, in furtherance of the State's policy under EPIRA to promote and accelerate total electrification nationwide and to guarantee the quality, reliability, security, and affordability of electric power supply.

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



REP. PRESLEY C. DE JESUS
PhilRECA Party-List



REP. SERGIO C. DAGOOC
APEC Party-List



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AN ACT

GRANTING THE ZAMBOANGA DEL SUR I ELECTRIC COOPERATIVE, INC. (ZAMSURECO 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 TAMBULIG, MOLAVE, MAHAYAG, DUMINGAG, JOSEFINA, RAMON MAGSAYSAY, SOMINOT, MIDSALIP, AURORA, TUKURAN, LABANGAN, DUMALINAO, GUIPOS, SAN PABLO, TIGBAO, LAPUYAN, MARGOSATUBIG, SAN MIGUEL, VINCENZO SAGUN, DIMATALING, DINAS, PITOGO, TABINA, PAGADIAN CITY IN ZAMBOANGA DEL SUR AND DON VICTORIANO IN MISAMIS OCCIDENTAL

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 Zamboanga del Sur I Electric Cooperative
4 (ZAMSURECO I) hereunder referred to as the Grantee, its successors or
5 assigns 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 following
8 areas: the municipalities of Tambulig, Molave, Mahayag, Dumingag, Josefina,
9 Ramon Magsaysay, Sominot, Midsalip, Aurora, Tukuran, Labangan,
10 Dumalinao, Guipos, San Pablo, Tigbao, Lapuyan, Margosatubig, San Miguel,

1 Vincenzo Sagun, Dimataling, Dinas, Pitogo, and Tabina, and Pagadian City,
2 in the Province of Zamboanga del Sur; and the Municipality of Don Victoriano
3 in the Province of Misamis Occidental.

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

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

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

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

32 **SEC. 4. Excavation and Restoration Works.** – For the purpose of
33 erecting and maintaining the poles or other supports for said facilities, wires
34 or other conductors or for the purpose of laying and maintaining said
35 facilities, wires, cables or other conductors, it shall be lawful for the Grantee,
36 its successors, or assignees, in coordination with the Department of Public
37 Works and Highways (DPWH) or the local government unit (LGU) concerned,
38 as may be appropriate, to make excavations or lay conduits in any of the
39 public places, highways, road, streets, lanes, alleys, avenues, sidewalks, or

1 bridges of the province, cities or municipalities: *Provided, however,* That a
2 public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge
3 disturbed, altered, or changed by reason of erection of poles or other supports
4 or the underground laying of wires, other conductors or conduits, shall be
5 repaired and replaced in workmanlike manner by the Grantee, its successors
6 or assignees, in accordance with the standards set by the DPWH or the local
7 government unit concerned. Should the Grantee, its successors or assignees,
8 after the ten (10)-day notice from the grant of authority, fail, refuse or neglect
9 to repair or replace any part of public place, highway, road, street, lane, alley,
10 avenue, sidewalk, or bridge altered, changed or disturbed by the said Grantee,
11 its successors or assignees, then the DPWH or the local government unit
12 concerned shall have the right to have the same repaired and replaced in good
13 order and condition and charge the Grantee, its successors or assignees,
14 double the amount of the cost and expenses for such repair or replacement.

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

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

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

33 The Grantee shall identify and segregate in its electricity bill to the end-
34 users the components of the retail rate pursuant to RA 9136, unless otherwise
35 amended. Such rates charged by the Grantee to the end-users shall be made
36 public and transparent. The Grantee shall implement lifeline rate to
37 marginalized end-users as mandated under RA 9136.

38 **SEC. 7. Promotion of Consumer Interests.** – The Grantee herein shall
39 establish a consumer desk that will handle consumer complaints and ensure

1 adequate promotion of consumer interests. The Grantee shall act with
2 dispatch on all complaints brought before it.

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

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

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

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

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

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

5 **SEC. 14. Sale, Lease, Transfer, Usufruct, or Assignment of**
6 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct,
7 or assign this franchise or the rights and privileges acquired thereunder to
8 any person, firm, company, corporation, or other commercial or legal entity,
9 or merge with any other corporation, or entity, or shall transfer the controlling
10 interest of the Grantee, whether as a whole or in parts, and whether
11 simultaneously or contemporaneously, to any such person, firm, company,
12 corporation, or entity without the prior approval of the Congress: *Provided,*
13 That Congress shall be informed of any sale, lease, transfer, grant of usufruct,
14 sale, or assignment of franchise or the rights and privileges acquired
15 thereunder, or of the merger, or sale of the controlling interest within sixty
16 (60) days after the completion of said transaction: *Provided, further,* That any
17 such transfer, sale, or assignment is in accordance with the constitutional
18 limitations: *Provided, furthermore,* That failure to report to Congress such
19 change of ownership shall render the franchise *ipso facto* revoked: *Provided,*
20 *finally,* That any person or entity to which this franchise is sold, transferred,
21 or assigned, shall be subject to the same conditions, terms, restrictions, and
22 limitations of this Act.

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

31 **SEC. 16. Fine.** – The failure of the Grantee to submit the requisite
32 annual report to Congress shall be penalized by a fine in the amount of Five
33 hundred pesos (P500.00) per working day of noncompliance which shall be
34 collected by the ERC. The fine shall be collected separately from the
35 reportorial penalties imposed by the ERC and shall be remitted to the Bureau
36 of Treasury.

37 **SEC. 17. Equality Clause.** – Any advantage, favor, privilege,
38 exemption, or immunity granted under existing franchises, or which may
39 hereafter be granted, upon prior review and approval of Congress, shall
40 become part of this franchise and shall be accorded immediately and

1 unconditionally to the herein Grantee: *Provided, however,* That the foregoing
2 shall neither apply to nor affect provisions concerning territory covered by the
3 franchise, the life span of the franchise or the type of service authorized by
4 the franchise: *Provided, further,* That the foregoing shall not apply to the sale,
5 lease, transfer, grant of usufruct, or assignment of legislative franchises with
6 prior congressional approval.

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

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

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

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

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

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

29 *Approved,*