



Republic of the Philippines  
**House of Representatives**  
Quezon City



**TWENTIETH CONGRESS**

*First Regular Session*

House Bill No. **3077**

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Introduced by

*Presley C. De Jesus, PhilRECA Party-List Representative*

*Sergio C. Dagooc, APEC Party-List Representative*

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**EXPLANATORY NOTE**

The Camarines Norte Electric Cooperative, Inc. (CANORECO) was organized and registered with the National Electrification Administration (NEA) on October 23, 1975 with a mandate to perform electrification in the province of Camarines Norte on an area coverage basis. Currently, it has a coverage area of twelve (12) municipalities, namely: Basud, Capalonga, Daet, Jose Panganiban, Labo, Mercedes, Paracale, San Lorenzo Ruiz, San Vicente, Sta. Elena, Talisay and Vinzons.

Pursuant to Section 27 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA), the power to grant franchises shall be vested exclusively in the Congress of the Philippines. Thus, this bill seeks to grant a congressional franchise to CANORECO to provide an electric power distribution system to the people of Camarines Norte. The bill also establishes standards that the franchise grantee must attain in order to implement an effective partnership between the government and the distribution utility as its implementing partner to achieve total electrification. CANORECO possesses the technical, financial and institutional capabilities to continue performing the electrification program in the municipalities covered by their franchise area.

The enactment of this bill will ensure the continuous delivery of electric service from CANORECO to its franchise area and will continue to be in the forefront of the province's economic development. Likewise, granting of this franchise will be in line with the policy of the State, as provided for in EPIRA,

to accelerate the total electrification of the country and guarantee the cooperative's commitment to deliver efficient, reliable, and affordable supply of electric power with strong involvement of the member-consumer-owners (MCOs).

In view of the foregoing, the 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 CAMARINES NORTE ELECTRIC COOPERATIVE, INC. (CANORECO) A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE AND MAINTAIN DISTRIBUTION SYSTEMS FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN ALL MUNICIPALITIES WITHIN THE PROVINCE OF CAMARINES NORTE**

*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 Camarines Norte Electric Cooperative, Inc.  
4 (CANORECO), hereunder referred to as the Grantee, its successors or assigns  
5 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 all  
8 municipalities within the Province of Camarines Norte.

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

14        **SEC. 2. *Manner of Operation of Facilities.*** – All electric distribution

1 facilities, lines and systems for electric services installed, owned, maintained,  
2 operated, managed by the Grantee, its successors or assigns shall be operated  
3 or maintained at all times in a superior manner, and it shall be the duty of  
4 the Grantee, its successors or assigns, whenever required to do so by the  
5 Energy Regulatory Commission (ERC), or its legal successor, or the  
6 Department of Energy (DOE), or its legal successor, or any other government  
7 agency concerned to modify, improve and change such facilities or systems in  
8 such manner and to such extent as the progress in science or technology and  
9 improvements or innovations in the electric power services may render  
10 reasonable and proper.

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

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

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

1 its successors or assignees, then the DPWH or the local government unit  
2 concerned shall have the right to have the same repaired and replaced in good  
3 order and condition and charge the Grantee, its successors or assignees,  
4 double the amount of the cost and expenses for such repair or replacement.

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

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

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

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

28 **SEC. 7. Promotion of Consumer Interests.** – The Grantee herein shall  
29 establish a consumer desk that will handle consumer complaints and ensure  
30 adequate promotion of consumer interests. The Grantee shall act with  
31 dispatch on all complaints brought before it.

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

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

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

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

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

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

35       **SEC. 14. Sale, Lease, Transfer, Usufruct, or Assignment of**  
36 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct,  
37 or assign this franchise or the rights and privileges acquired thereunder to  
38 any person, firm, company, corporation, or other commercial or legal entity,  
39 or merge with any other corporation, or entity, or shall transfer the controlling

1 interest of the Grantee, whether as a whole or in parts, and whether  
2 simultaneously or contemporaneously, to any such person, firm, company,  
3 corporation, or entity without the prior approval of the Congress: *Provided*,  
4 That Congress shall be informed of any sale, lease, transfer, grant of usufruct,  
5 sale, or assignment of franchise or the rights and privileges acquired  
6 thereunder, or of the merger, or sale of the controlling interest within sixty  
7 (60) days after the completion of said transaction: *Provided, further*, That any  
8 such transfer, sale, or assignment is in accordance with the constitutional  
9 limitations: *Provided, furthermore*, That failure to report to Congress such  
10 change of ownership shall render the franchise *ipso facto* revoked: *Provided*,  
11 *finally*, That any person or entity to which this franchise is sold, transferred,  
12 or assigned, shall be subject to the same conditions, terms, restrictions, and  
13 limitations of this Act.

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

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

28 **SEC. 17. Equality Clause.** – Any advantage, favor, privilege,  
29 exemption, or immunity granted under existing franchises, or which may  
30 hereafter be granted, upon prior review and approval of Congress, shall  
31 become part of this franchise and shall be accorded immediately and  
32 unconditionally to the herein Grantee: *Provided, however*, That the foregoing  
33 shall neither apply to nor affect provisions concerning territory covered by the  
34 franchise, the life span of the franchise or the type of service authorized by  
35 the franchise: *Provided, further*, That the foregoing shall not apply to the sale,  
36 lease, transfer, grant of usufruct, or assignment of legislative franchises with  
37 prior congressional approval.

38 **SEC. 18. Applicability of Existing Laws.** – The Grantee shall comply  
39 with and be subject to the provisions of Commonwealth Act No. 146 or the  
40 “Public Service Act”, as amended, RA 9136, and RA 10531 or the “National

1 Electrification Administration Reform Act of 2013.”

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

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

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

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

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

20       *Approved,*