



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



TWENTIETH CONGRESS
First Regular Session

House Bill No. 4025

Introduced by
Arthur F. Celeste, 1st District, Pangasinan

EXPLANATORY NOTE

The National Electrification Commission, by virtue of the Presidential Decree No. 269 dated August 6, 1973, issued Certificate of Franchise No. 024 to Pangasinan I Electric Cooperative (PANELCO I) to operate an electric light and power service for a period of fifty (50) years beginning January 8, 1979. The franchise area covered the municipalities of Agno, Anda, Bani, Burgos, Bolinao, Dasol, Alaminos, Infanta and Mabini.

On June 8, 2001, Republic Act 9136, otherwise known as the “Electric Power Industry Reform Act of 2001”, was approved. Section 57 Chapter VII¹ of the Act provided Electric Cooperatives the option to convert into either stock cooperatives under the Cooperatives Development Act or Stock Corporation under the Corporation Code. PANELCO I was permanently registered with the Cooperative Development Authority (CDA) on July 19, 2006 per Certificate of Registration No. QC-1614-EC-010. On February 17, 2009, an act amending the Cooperative Code of the Philippines, otherwise known as the “Philippine Cooperative Code of 2008”, was approved. A new certificate of registration shall be issued by the CDA to all cooperatives registered and confirmed with the Authority under Republic Act No. 6938 and Republic Act No. 6939 provided all requirements are complied with. On March 22, 2010, a new Certificate of Registration No. 9520-01011953 was issued in favor of PANELCO I in lieu of Certificate No. QC-1614-EC-010.

PANELCO I’s vision is to be a trusted distribution utility that provides safe, reliable, and affordable electric services. PANELCO I’s mission is to improve the quality of life of its member-consumer-owners. In line therewith, PANELCO I was among the top five (5) Electric Cooperatives that offered the lowest residential rates on-grid for March 2024, January 2024 and December 2023 as informed by PHILRECA.

PANELCO I is recognized by NEA as category AAA cooperative, the highest performance rating granted to EC’s for complying all the standard parameters. It is also classified as Mega

¹ Promotion of Rural Electrification

Large cooperative and a consistent recipient of awards from various regulatory agencies. The status of energization is 100% for barangay level and 94.73% for consumer connection. The number of consumers billed as of December 2024 is 93,611 and total sales in kilowatt hour of 189 million.

PANELCO I regularly conducts assessments of its distribution system together with the determination of feasible and optimal solutions for its member consumers. With the current status of the electric power industry in relation to consumers' demand, PANELCO I finds it fitting to undertake priority and similarly important projects at the least cost. PANELCO I continuously observes the mandate to ensure the acceleration of the country's total electrification by providing universal service in the franchise area including unviable areas at a reasonable time.

To attain its mission and vision, PANELCO I will apply for ISO Certification, implement information system integration and Supervisory Control and Data Acquisition (SCADA) and secure license as a Retail Electricity Supplier.

PANELCO I is a direct member of the Wholesale Electricity Spot Market (WESM), with existing Contract for the Supply of Electric Energy with the Power Sector Assets and Liabilities Management Corporation (PSALM). It is currently undertaking Competitive Selection Process for its base load requirement and negotiation process for its Renewable Portfolio Standard requirement.

To ensure continuous delivery of service to the member-consumers of PANELCO I in the City of Alaminos and Municipalities of Agno, Anda, Bani, Bolinao, Burgos, Dasol, Infanta and Mabini, all of the Province of Pangasinan, this bill seeks to grant PANELCO I a legislative franchise which is vested exclusively in the Congress of the Philippines.

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



ARTHUR F. CELESTE



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AN ACT GRANTING PANGASINAN I ELECTRIC COOPERATIVE (PANELCO 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 CITY OF ALAMINOS AND MUNICIPALITIES OF AGNO, ANDA, BANI, BOLINAO, BURGOS, DASOL, INFANTA AND MABINI, PROVINCE OF PANGASINAN

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 Pangasinan I Electric Cooperative (PANELCO I), hereunder referred to as the Grantee, its successors or assignees 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 Alaminos and Municipalities of Agno, Anda, Bani, Bolinao, Burgos, Dasol, Infanta and Mabini, Province of Pangasinan.

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.

SEC. 2. Manner of Operations of Facilities. - All electric distribution facilities, lines and systems for electric services installed, owned, operated, managed or maintained by the Grantee, its successors or assignees, shall be operated or maintained at all times in a 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 (DOE), 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 free 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.

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

SEC. 4. Excavation and Restoration Works. - For the purpose of erecting and maintaining the poles or other supports for said facilities, wires or other conductors or 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, streets, lanes, alleys, avenues, sidewalks, or bridges of the 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 and replaced in efficient manner by 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 of authority, fail, refuse or neglect to repair or replace any part of 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 and 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.

SEC. 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 (RA) 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.

SEC. 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 RA No. 9136, unless otherwise amended. Such rates charged by the Grantee to the end-users shall be made public and transparent. The Grantee shall implement lifeline rate to marginalized end-users as mandated under RA No. 9136.

SEC. 7. Promotion of Consumer Interests. - The Grantee 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.

SEC. 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 their franchise operation; Provided, That priority shall be accorded to the residents where their principal office is located; Provided, further, That the Grantee shall comply the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances.

SEC. 9. Right of the Government. - A special right is hereby reserved to the President 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 stations 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.

SEC. 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.

SEC. 11. Term of Franchise. - Unless sooner cancelled, this franchise 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.

SEC. 12. Warranty in Favor of the 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.

SEC. 13. Liability for Damages. - The Grantee shall be liable for any injury to persons and damage to properties 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.

SEC.14. 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 shall 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, granting the 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 said transaction: *Provided further*, That any such transfer, sale, or assignment is in accordance with the 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.

SEC. 15. 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 on Public Services of the Senate, on its compliance with the terms and conditions of this 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.

SEC. 16. Fine. - The failure of the Grantee to submit the requisite annual report to Congress shall be penalized with 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.

SEC. 17. 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 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 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 shall be under the *regulatory and supervisory authority* of the National Electrification Administration under Republic Act No. 10531 or the National Electrification Administration Reform Act of 2013 and RA 9520 or the Philippine Cooperative Code of 2008, if applicable."

SEC. 19. Existing Powers. - Existing mandates, powers, functions, and privileges granted to electric cooperatives under existing laws, including Section 10 of RA No.10531, shall remain valid and effective, unless expressly repealed by succeeding laws.

SEC. 20. 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.

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

SEC. 22. 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. 23. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.