

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5132



Introduced by Representative LEILA M. DE LIMA

AN ACT

GRANTING THE CAMARINES SUR III ELECTRIC COOPERATIVE, INC. (CASURECO III), 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 IRIGA AND THE MUNICIPALITIES OF BAAO, BALATAN, BATO, BUHI, BULA, AND NABUA, ALL IN THE PROVINCE OF CAMARINES SUR

EXPLANATORY NOTE

Electricity is a fundamental driver of modern economies, serving as the backbone of national development and daily life. Critical infrastructures such as transportation systems, telecommunications, healthcare, banking, and government services depend on the continuous supply of power to function effectively. A reliable electric distribution system ensures not only economic productivity but also public safety, security, and social well-being.¹ A study conducted by the World Bank showed that rural electrification directly contributes to poverty reduction by enabling education, livelihood opportunities, and better health outcomes.²

Conversely, communities without electricity face developmental challenges—children are unable to study at night, households rely on costly and hazardous alternatives such as kerosene lamps, and small businesses cannot expand without access to modern energy services.³

¹ Francisco, K.A. (2022) : Electricity Supply Interruptions in the Philippines: Characteristics, Trends, Causes, PIDS Discussion Paper Series, No. 2022-48, Philippine Institute for Development Studies (PIDS), Quezon City

² World Bank (2003). Rural Electrification and Development in the Philippines: Measuring the Social and Economic Benefits.

³ Aweke, A.T and Navrud, S. (2022). Valuing energy poverty costs: Household welfare loss from electricity blackouts in developing countries.

Thus, this proposed measure.

This bill seeks to grant a congressional franchise to Camarines Sur III Electric Cooperative, Inc. (CASURECO III) to provide an electric power distribution system to the people of the City of Iriga and the Municipalities of Baao, Balatan, Bato, Buhi, Bula, and Nabua, all in the Province of Camarines Sur. Furthermore, it lays down the standards and conditions that the franchise grantee must attain and fulfill in order to implement an effective partnership between the government and the distribution utility as its implementing partner for total electrification.

CASURECO III has been in operation since December 1975 as a service-oriented, non-stock, and non-profit cooperative. Pursuant to the provisions of Presidential Decree Nos. 269 and 1645, CASURECO III was duly registered on December 2, 1975. On June 6, 1979, the National Electrification Administration (NEA) issued Certificate of Franchise No. 27 to CASURECO III, granting it a 50-year franchise to operate, which is set to expire on June 6, 2029.

As the sole franchise holder for electric distribution in the Rinconada area, CASURECO III has been providing reliable service to its six (6) municipalities and one (1) city, achieving a 97.55% electrification level based on potential household connections as of March 31, 2025. Over the years, the cooperative has demonstrated its technical, financial, and institutional capability to carry out its mandate, as evidenced by its consistent efforts to reduce system loss, minimize power interruptions, and maintain high collection efficiency. In recognition of these accomplishments, CASURECO III was awarded NEA's highest performance rating of AAA for the years 2021 to 2024.

Granting this franchise will ensure the continuous and stable supply of electricity to the people of the 5th District of Camarines Sur. It will enable CASURECO III to sustain its mission of playing a vital role in the socio-economic development of its coverage area by providing affordable, dependable, efficient, and reliable electric service to its member-consumer-owners. This measure will also fortify the government's commitment to total electrification and inclusive growth, ensuring that no community is left behind in the country's development trajectory.

The passage of this bill is earnestly sought.


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GRANTING THE CAMARINES SUR III ELECTRIC COOPERATIVE, INC. (CASURECO III), 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 IRIGA AND THE MUNICIPALITIES OF BAAO, BALATAN, BATO, BUHI, BULA, AND NABUA, ALL IN THE PROVINCE OF CAMARINES SUR

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

1 SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the
2 Constitution and applicable laws, rules and regulations, there is hereby granted to the
3 Camarines Sur III Electric Cooperative, Inc. (CASURECO III), hereunder referred to
4 as the Grantee, its successors or assigns a franchise to construct, install, establish,
5 operate, own, manage and maintain in the public interest and commercial purposes,
6 a distribution system for the conveyance of electric power to the end-users in the City
7 of Iriga and the Municipalities of Baao, Balatan, Bato, Buhi, Bula, and Nabua, all in the
8 Province of Camarines Sur.

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

15
16 SEC. 2. *Manner of Operation of Facilities.* - All electric distribution facilities,
17 lines and systems for electric services installed, owned, maintained, operated, and
18 managed by the Grantee, its successors or assigns shall be operated or maintained
19 at all times in a superior manner, and it shall be the duty of the Grantee, its successors

1 or assigns, whenever required to do so by the Energy Regulatory Commission (ERC),
2 or its legal successor, or the Department of Energy (DOE), or its legal successor, or
3 the National Electrification Administration (NEA) or its legal successor, or any other
4 government agency concerned to modify, improve and change such facilities or
5 systems in such manner and to such extent as the progress in science or technology
6 and improvements or innovations in the electric power service industry may render
7 reasonable and proper, any other government agency concerned to modify, improve
8 and change such facilities or systems in such manner and to such extent as the
9 progress in science or technology and improvements or innovations in the electric
10 power services may render reasonable and proper.

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

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

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

39
40 Should the Grantee, its successors or assignees, after the ten (10)-day notice
41 from the grant of authority, fail, refuse or neglect to repair or replace any part of public
42 place, highway, road, street, lane, alley, avenue, sidewalk, or bridge altered, changed
43 or disturbed by the said Grantee, its successors or assignees, then the DPWH or the
44 local government unit concerned shall have the right to have the same repaired and

1 replaced in good order and condition and charge the Grantee, its successors or
2 assignees, double the amount of the cost and expenses for such repair or
3 replacement.

4
5 **SEC. 5. *Responsibility to the Public.*** - The Grantee shall supply electricity to its
6 captive market in the least costly manner. In the interest of the public good and as far
7 as feasible and whenever required by the ERC, the Grantee shall modify, improve, or
8 change its facilities, poles, lines, systems and equipment for the purpose of providing
9 efficient and reliable service and reduced electricity costs. The Grantee shall charge
10 reasonable and just power rates for its services to all types of consumers within its
11 franchised area in order that business and industries shall be able to compete.

12
13 The Grantee shall have the obligation to provide open and non-discriminatory
14 access to its distribution system and services for any end-user within its franchise area
15 consistent with Republic Act (RA) No. 9136, otherwise known as the "Electric Power
16 Industry Reform Act of 2001". The Grantee shall not engage in any activity that will
17 constitute an abuse of market power such as unfair trade practices, monopolistic
18 schemes, and other activities that will hinder competitiveness of business and
19 industries.

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

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

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

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

42
43 **SEC. 9. *Right of the Government.*** - A special right is hereby reserved to the
44 President of the Philippines, in times of war, rebellion, public peril, calamity,

1 emergency, disaster or disturbance of peace and order: to temporarily take over and
2 operate the stations or facilities of the Grantee; to temporarily suspend the operation
3 of any station or facility in the interest of public safety, security, and public welfare; or
4 to authorize the temporary use and operation thereof by any agency of the
5 government, upon due compensation to the Grantee, for the use of the stations or
6 facilities during the period when these shall be so operated.

7
8 **SEC. 10. *Right of Eminent Domain.*** - Subject to the limitations and procedures
9 prescribed by law, the Grantee is authorized to exercise the right of eminent domain
10 insofar as it may be reasonably necessary for the efficient maintenance and operation
11 of services. The Grantee is authorized to install and maintain its poles, wires, and other
12 facilities over and across public property, including streets, highways, forest reserves,
13 and other similar property of the Government of the Philippines, its branches, or any
14 of its instrumentalities. The Grantee may acquire such private property as is actually
15 necessary for the realization of the purposes for which this franchise is granted:
16 *Provided*, that proper expropriation proceedings shall have been instituted and just
17 compensation paid.

18
19 **SEC. 11. *Term of Franchise.*** - Unless sooner cancelled, the franchise shall be
20 in effect for a period of twenty-five (25) years from the date of effectivity of this Act.
21 This franchise shall be deemed *ipso facto* revoked in the event the Grantee fails to
22 operate continuously for two (2) years.

23
24 **SEC. 12. *Warranty in Favor of the National and Local Governments.*** - The
25 Grantee shall hold the national, provincial, city, and municipal governments of the
26 Philippines free from all claims, accounts, demands, or actions arising from accidents
27 causing injury to persons or damage to properties, during the construction, installation,
28 operation, and maintenance of the distribution system of the Grantee.

29
30 **SEC. 13. *Liability for Damages.*** - The Grantee shall be liable for any injury to
31 persons and damage to properties arising from accidents by reason of any defective
32 construction under this franchise or of any neglect or omission to keep its poles and
33 wires in safe condition.

34
35 **SEC. 14. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.*** -The
36 Grantee shall not sell, lease, transfer, grant the usufruct, or assign this franchise or
37 the rights and privileges acquired thereunder to any person, firm, company,
38 corporation, or other commercial or legal entity, or merge with any other corporation,
39 or entity, or shall transfer the controlling interest of the Grantee, whether as a whole or
40 in parts, and whether simultaneously or contemporaneously, to any such person, firm,
41 company, corporation, or entity without the prior approval of the Congress: *Provided*,
42 that Congress shall be informed of any sale, lease, transfer, grant of usufruct, sale, or
43 assignment of franchise or the rights and privileges acquired thereunder, or of the
44 merger, or sale of the controlling interest within sixty (60) days after the completion of

1 said transaction: *Provided, further*, that any such transfer, sale, or assignment is in
2 accordance with the constitutional limitations: *Provided, furthermore*, that failure to
3 report to Congress such change of ownership shall render the franchise *ipso facto*
4 revoked: *Provided, finally*, that any person or entity to which this franchise is sold,
5 transferred, or assigned, shall be subject to the same conditions, terms, restrictions,
6 and limitations of this Act.

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

15
16 **SEC. 16. Fine.** - The failure of the Grantee to submit the requisite annual report
17 to Congress shall be penalized by a fine in the amount of Five hundred pesos
18 (P500.00) per working day of noncompliance which shall be collected by the ERC. The
19 fine shall be collected separately from the reportorial penalties imposed by the ERC
20 and shall be remitted to the Bureau of Treasury.

21
22 **SEC. 17. Equality Clause.** - Any advantage, favor, privilege, exemption, or
23 immunity granted under existing franchises, or which may hereafter be granted, upon
24 prior review and approval of Congress, shall become part of this franchise and shall
25 be accorded immediately and unconditionally to the herein Grantee: *Provided*,
26 however, that the foregoing shall neither apply to nor affect provisions concerning
27 territory covered by the franchise, the life span of the franchise or the type of service
28 authorized by the franchise: *Provided, further*, that the foregoing shall not apply to the
29 sale, lease, transfer, grant of usufruct, or assignment of legislative franchises with prior
30 congressional approval.

31
32 **SEC. 18. Applicability of Existing Laws.** -The Grantee shall comply with and be
33 subject to the provisions of Commonwealth Act No. 146 or the "Public Service Act", as
34 amended, RA 9136, and RA 10531 or the "National Electrification Administration
35 Reform Act of 2013."

36
37 **SEC. 19. Existing Powers.** - Existing mandates, powers, functions, and
38 privileges granted to electric cooperatives under existing laws, including Section 10 of
39 RA 10531 shall remain valid and effective, unless expressly repealed by succeeding
40 laws.

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

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

3
4 SEC. 22. *Repealing Clause.* – All laws, executive orders, presidential decrees,
5 presidential proclamations, administrative orders, letters of instruction, rules and
6 regulations, issuances, or parts thereof inconsistent with or contrary to the provisions
7 of this Act are hereby repealed, modified, or amended accordingly.

8
9 SEC. 23. *Effectivity.* – This Act shall take effect fifteen (15) days following its
10 publication in the Official Gazette or in a newspaper of general circulation in the
11 Philippines.

Approved,