



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



**TWENTIETH CONGRESS**

*First Regular Session*

House Bill No. 5898

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Introduced by

*APEC Party-List Representative Sergio C. Dagooc*

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

*MALASAKIT@BAYANIHAN Party-List Representative Girlie E. Veloso*

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**EXPLANATORY NOTE**

The Cebu I Electric Cooperative, Inc. was organized, formally and officially granted on February 27, 1980 a Franchise for a period of FIFTY (50) YEARS for an authority to distribute electricity in the City of Carcar (formerly Municipality of Carcar) and the Municipalities of Barili, Dumanjug, Ronda, Alcantara, Moalboal, Badian, Alegria, Malabuyoc, Ginatilan, Samboan, Santander, Oslob, Boljoon, Alcoy, Dalaguete, Argao, Sibonga, all in the Province of Cebu. The aforesaid Franchise is due to expire on February 27, 2030, thus in order to continue CEBECO I's mandate for rural electrification, a program initiated by the National government, which is currently continuing with the electric cooperatives as its partner, it is imperative to renew or extend such authority for the benefit of the people and industries in the countryside which are not yet serviced by corporate private distribution utilities.

CEBECO I is among the top electric cooperatives categorized as AAA electric cooperative, with various commendation and awards as best performing electric cooperative by the National Electrification Administration (NEA) as shown in the supervising agencies record based on its financial, technical and administrative audits. Having passed with excellent ratings NEA's performance audits in the passed years, CEBECO

I undoubtedly, surpasses the challenges throughout the fifty (50) years of exposure in the energy sector as a distribution utility, and, expectedly shall continue to serve the member-consumers with the best electricity services it is mandated under Presidential Decree 269 as amended.

Granting CEBECO I another opportunity to distribute electricity in its current service area will further ensure the continuous supply of electricity in a reliable and affordable manner to the benefit and great advantage of the residents, as well as the industries and other businesses in the City and Municipalities aforementioned.

In light of the aforementioned considerations, the immediate passage of this measure is earnestly sought.



**REP. SERGIO C. DAGOOC**  
*APEC Party-List*



**REP. PRESLEY C. DE JESUS**  
*PhilRECA Party-List*



**REP. GIRLIE E. VELOSO**  
*MALASAKIT@BAVANIHAN Party-List*



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**AN ACT**

**GRANTING A FRANCHISE TO THE CEBU I ELECTRIC COOPERATIVE, INC. (CEBECO I) TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE, AND MAINTAIN DISTRIBUTION SYSTEMS FOR THE CONVEYANCE/DISTRIBUTION OF ELECTRIC POWER TO THE END-USERS IN THE CITY OF CARCAR AND MUNICIPALITIES OF BARILI, DUMANJUG, RONDA, ALCANTARA, MOALBOAL, BADIAN, ALEGRIA, MALABUYOC, GINATILAN, SAMBOAN, SANTANDER, OSLOB, BOLJOON, ALCOY, DALAGUETE, ARGAO, AND SIBONGA, PROVINCE OF CEBU**

*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 Cebu I Electric Cooperative, Inc. (CEBECO I),  
4 hereunder referred to as the Grantee, its successors or assigns a franchise to  
5 construct, install, establish, operate, own, manage and maintain in the public  
6 interest and for commercial purposes, a distribution system for the  
7 conveyance of electric power to the end-users in the City of Carcar and  
8 Municipalities of Barili, Dumanjug, Ronda, Alcantara, Moalboal, Badian,  
9 Alegria, Malabuyoc, Ginatilan, Samboan, Santander, Oslob, Boljoon, Alcoy,  
10 Dalaguete, Argao, and Sibonga, Province of Cebu.

11

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

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

20 Whenever practicable and for purposes of maintaining order, safety and  
21 aesthetics along highways, roads, streets, alleys, or right-of-way, the Grantee  
22 may allow the use of free spaces in its poles, facilities, or right-of-way by  
23 interested parties upon reasonable compensation to the Grantee considering  
24 the costs incurred to accommodate and administer the use of the Grantee's  
25 facilities by such parties. The ERC shall decide in case of dispute or  
26 disagreement between parties.  
27

28 **SECTION 3. Authority of the ERC and NEA.** The Grantee shall secure  
29 from the ERC, the NEA, or any other government agency having jurisdiction  
30 over its operations, Certificate of Public Convenience and Necessity (CPCN)  
31 and any other license, permit or authority indispensable for the construction  
32 and operation of the electric power distribution system.  
33

34 **SECTION 4. Excavation and Restoration Works.** For the purpose of  
35 erecting and maintaining the poles or other supports for said facilities, wires  
36 or other conductors or for the purpose of laying and maintaining said  
37 facilities, wires, cables or other conductors, it shall be lawful for the Grantee,  
38 its successors, or assigns, with the prior approval of the Department of Public  
39 Works and Highways (DPWH) or the local government unit concerned, as may  
40 be appropriate, to make excavations or lay conduits in any of the public  
41 places, highways, roads, streets, lanes, alleys, avenues, sidewalks, or bridges  
42 of the province, cities or municipalities: **Provided, however,** That a public  
43 place, highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed,  
44 altered, or changed by reason of erection of poles or other supports or the  
45 underground laying of wires, other conductors or conduits, shall be repaired  
46 and replaced in workmanlike manner by the Grantee, its successors or  
47 assigns, in accordance with the standards set by the DPWH or the local  
48 government unit concerned.

1           Should the Grantee, its successors or assigns, after the ten (10)-day  
2 notice from the grant of authority, fail, refuse or neglect to repair or replace  
3 any part of public place, highway, road, street, lane, alley, avenue, sidewalk,  
4 or bridge altered, changed, or disturbed by the said Grantee, its successors  
5 or assigns, then the DPWH or the local government unit concerned shall have  
6 the right to have the same repaired and replaced in good order and condition  
7 and charge the Grantee, its successors or assigns, the cost and expenses for  
8 such repair or replacement.

9  
10           **SECTION 5. Responsibility to the Public.** The Grantee shall supply  
11 electricity to its captive market in the least costly manner. In the interest of  
12 the public good and as far as feasible and whenever required by the NEA and  
13 ERC, the Grantee shall modify, improve, or change its facilities, poles, lines,  
14 systems and equipment for the purpose of providing efficient and reliable  
15 service and reduced electricity costs.

16  
17           The Grantee shall charge reasonable and just power rates for its  
18 services to all types of consumers within its franchised areas in order that  
19 businesses and industries shall be able to compete.

20  
21           The Grantee shall have the obligation to provide open and non-  
22 discriminatory access to its distribution system and services for any end-user  
23 within its franchise area consistent with Republic Act (RA) No. 9136,  
24 otherwise known as the "Electric Power Industry Reform Act of 2001". The  
25 Grantee shall not engage in any activity that will constitute an abuse of  
26 market power such as unfair trade practices, monopolistic schemes, and  
27 other activities that will hinder competitiveness of business and industries.

28  
29           **SECTION 6. Rates for Services.** The retail rates and charges for the  
30 distribution of electric power by the Grantee to its end-users shall be  
31 regulated by and subject to the approval of the ERC or its legal successor.

32  
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 No. 9136, unless  
35 otherwise amended. Such rates charged by the Grantee to the end-users shall  
36 be made public and transparent. The Grantee shall implement lifeline rate to  
37 marginalized end-users as mandated under RA No. 9136.

38  
39           **SECTION 7. Promotion of Consumer Interests.** The herein Grantee  
40 shall establish a consumer desk that will handle consumer complaints and  
41 ensure adequate promotion of consumer interests. The Grantee shall act with  
42 dispatch on all complaints brought before it.

43  
44           **SECTION 8. Commitment to Provide and Promote the Creation of**  
45 **Employment Opportunities.** The Grantee shall create employment  
46 opportunities and allow on-the-job training in their franchise operation:  
47 **Provided,** That priority shall be accorded to the residents where their  
48 principal office is located: **Provided, further,** That the Grantee shall comply

1 with the applicable labor standards and allowance entitlement under existing  
2 labor laws, rules and regulations, and similar issuances.

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

13  
14 **SECTION 10. Right of Eminent Domain.** Subject to the limitations  
15 and procedures prescribed by law, the Grantee is authorized to exercise the  
16 right of eminent domain insofar as it may be reasonably necessary for the  
17 efficient maintenance and operation of its services. The Grantee is authorized  
18 to install and maintain its poles, wires, and other facilities over and across  
19 public property, including streets, highways, forest reserves, and other similar  
20 property of the Government of the Philippines, its branches, or any of its  
21 instrumentalities.

22  
23 The Grantee may acquire such private property as is actually necessary  
24 for the realization of the purposes for which this franchise is granted:  
25 *Provided*, That proper expropriation proceedings shall have been instituted  
26 and just compensation paid.

27  
28 **SECTION 11. Term of Franchise.** This franchise shall be for a term of  
29 twenty-five (25) years that shall commence from the date of expiration of  
30 CEBECO I's existing franchise, unless sooner cancelled. This franchise shall  
31 be deemed *ipso facto* revoked in the event that the Grantee fails to operate  
32 continuously for two (2) years.

33  
34 **SECTION 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.

40  
41 **SECTION 13. Liability for Damages.** The Grantee shall be liable for  
42 any injury to persons and damage to properties arising from accidents by  
43 reason of any defective construction under this franchise or of any neglect or  
44 omission to keep its poles and wires in safe condition.

45  
46 **SECTION 14. Sale, Lease, Transfer, Usufruct, or Assignment of**  
47 **Franchise.** The Grantee shall not sell, lease, transfer, grant the usufruct of,  
48 or assign this franchise or the rights and privileges acquired thereunder to  
49 any person, firm, company, corporation, or other commercial or legal entity,

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

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

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

31  
32 **SECTION 17. Equality Clause.** Any advantage, favor, privilege,  
33 exemption, or immunity granted under existing franchises, or the Republic  
34 Act 9520 (the Cooperative Law of the Philippines), or which may hereafter be  
35 granted, upon prior review and approval of Congress, shall become part of  
36 this franchise and be accorded immediately and unconditionally to the herein  
37 Grantee: *Provided, however*, That the foregoing shall neither apply to nor  
38 affect provisions concerning territory covered by the franchise, the life span  
39 of the franchise or the type of service authorized by the franchise: *Provided,*  
40 *further*, That the foregoing shall not apply to the sale, lease, transfer, grant of  
41 usufruct, or assignment of legislative franchises with prior congressional  
42 approval.

43  
44 **SECTION 18. Applicability of Existing Laws.** The grantee shall  
45 comply with and be subject to the provisions of Commonwealth Act No. 146  
46 or the "Public Service Act", as amended; Republic Act No. 9136; "and shall be  
47 under the regulatory and supervisory authority of the National Electrification  
48 Administration under Republic Act No. 10531 or the National Electrification  
49 Administration Reform Act of 2013."

1  
2           **SECTION 19. *Repeal and Non-Exclusivity Clause.*** This franchise  
3 shall be subject to amendment, alteration, or repeal by Congress when the  
4 public interest so requires and shall not be interpreted as an exclusive grant  
5 of the privileges herein provided for.  
6

7           **SECTION 20. *Existing Powers.*** Existing mandates, powers, functions,  
8 and privileges granted to electric cooperatives under existing laws, including  
9 Section 10 of RA No. 10531, otherwise known as the “National Electrification  
10 Administration Reform Act of 2013”, shall remain valid and effective, unless  
11 expressly repealed by succeeding laws.  
12

13           **SECTION 21. *Separability Clause.*** If any of the sections or  
14 provisions of this Act is held invalid, all other provisions not affected thereby  
15 shall remain valid.  
16

17           **SECTION 22. *Repealing Clause.*** All laws, presidential decrees,  
18 executive orders, letters of instruction, administrative rules and regulations  
19 or parts thereof which are contrary to or inconsistent with the provisions of  
20 this Act are hereby repealed or modified accordingly.  
21

22           **SECTION 23. *Effectivity Clause.*** This Act shall take effect upon  
23 the expiration of the electric cooperative’s franchise or fifteen (15) days after  
24 its publication in the *Official Gazette* or in a newspaper of general circulation,  
25 whichever comes later.  
26

27           *Approved,*