



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. **6431**

Introduced by

Cebu, 1st District Representative Rhea Mae A. Gullas

Cebu, 2nd District Representative Edsel A. Galeos

Cebu, 3rd District Representative Karen Hope F. Garcia

Cebu, 7th District Representative Patricia C. Calderon

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

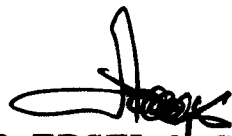
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excellent ratings NEA's performance audits in the passed years, CEBECO I undoubtedly, surpasses the challenges throughout the fifty (50) years of exposure in the energy sector as a distribution utility, and, expectedly shall continue to serve the member-consumers 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. RHEA MAE A. GULLAS
Cebu, 1st District


REP. EDESEL A. GALEOS
Cebu, 2nd District


REP. KAREN HOPE F. GARCIA
Cebu, 3rd District


REP. PATRICIA C. CALDERON
Cebu, 7th District



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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,*