



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. **6633**

Introduced by

*Province of Iloilo 3rd District Representative Lorenz R. Defensor
Province of Iloilo 4th District Representative Ferjenel G. Biron
Province of Iloilo 2nd District Representative Kathryn Joyce F. Gorriceta
APEC Party-List Representative Sergio C. Dagooc
PhilRECA Party-List Representative Presley C. De Jesus*

EXPLANATORY NOTE

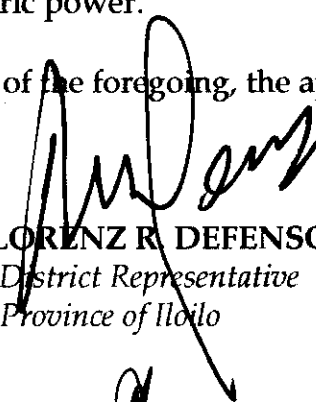
The **ILOILO II ELECTRIC COOPERATIVE, INC (ILECO II)** was organized and registered pursuant to the provisions of Presidential Decree No. 269, as amended, and under the supervisory authority of the National Electrification Administration (NEA). Pursuant to Section 27 of Republic Act No. 9136, otherwise 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 ILECO II to provide electric power distribution system to the people of THE CITY OF PASSI AND THE MUNICIPALITIES OF POTOTAN, MINA, DINGLE, DUEÑAS, SAN ENRIQUE, BINGAWAN, CALINOG, LAMBUNAO, BADIANGAN, JANIUAY, NEW LUCENA, ZARRAGA, BAROTAC NUEVO, AND DUMANGAS. Furthermore, it seeks to require standards that the grantee must attain in order to secure an effective partnership between the State and the grantee, as well as to set high standards for the provided facility.

ILECO II has energized one hundred percent (100%) of the barangays within its franchise area. Notably, ILECO II has been consistently categorized for several years as an "AAA" cooperative, the highest categorization of an electric cooperative by the supervising government agency - the NEA.

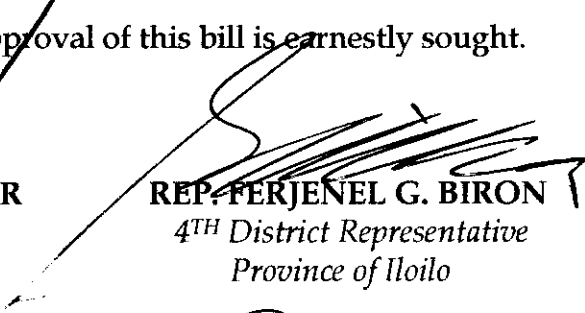
The enactment of this bill will ensure the continuous delivery of electric service from ILECO II to the Province of Iloilo. Likewise, it will be in line with the policy of the State as provided for in EPIRA, to ensure and accelerate the total electrification of

the country; and to ensure the quality, reliability, security, and affordability of the supply of electric power.

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



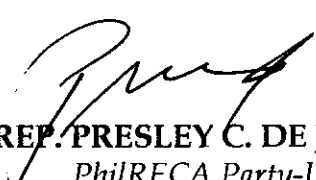
REP. LORENZ R. DEFENSOR
3RD District Representative
Province of Iloilo



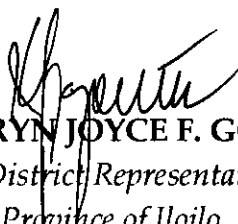
REP. FERJENEL G. BIRON
4TH District Representative
Province of Iloilo



REP. SERGIO C. DAGOOC
APEC Party-List



REP. PRESLEY C. DE JESUS
PhilRECA Party-List



REP. KATHRYN JOYCE F. GORRICETA
2nd District Representative
Province of Iloilo



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AN ACT

GRANTING CONGRESSIONAL FRANCHISE TO ILOILO II ELECTRIC COOPERATIVE, INC (ILECO II) 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 PASSI AND THE MUNICIPALITIES OF POTOTAN, MINA, DINGLE, DUEÑAS, SAN ENRIQUE, BINGAWAN, CALINOG, LAMBUNAO, BADIANGAN, JANIUAY, NEW LUCENA, ZARRAGA, BAROTAC NUEVO, AND DUMANGAS

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 provisions of the
2 Constitution and applicable laws, rules and regulations, there is hereby granted to the
3 Iloilo II Electric Cooperative, Inc. (ILECO II) hereunder referred to as the Grantee, its
4 successors or assigns a franchise to construct, install, establish, operate, own, manage
5 and maintain in the public interest and commercial purposes, a distribution system
6 for the conveyance of electric power to the end-users in the City of Passi and the
7 Municipalities of Pototan, Mina, Dingle, Dueñas, San Enrique, Bingawan, Calinog,
8 Lambunao, Badiangan, Janiuay, New Lucena, Zarraga, Barotac Nuevo, and
9 Dumangas.

10
11 As used in this Act, distribution system refers to the system of wires and
12 associated facilities including sub-transmission lines belonging to a franchised

1 distribution utility extending between the delivery points of the national transmission
2 system or generating facility and the metering point or facility of the end-users.

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

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

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

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

1 assignees, double the amount of the cost and expenses for such repair or replacement.

2
3 **SEC. 5. *Responsibility to the Public.*** – The Grantee shall supply electricity to
4 its captive market in the least costly manner. In the interest of the public good and as
5 far as feasible and whenever required by the ERC, the Grantee shall modify, improve,
6 or change its facilities, poles, lines, systems and equipment for the purpose of
7 providing efficient and reliable service and reduced electricity costs. The Grantee
8 shall charge reasonable and just power rates for its services to all types of consumers
9 within its franchised area in order that business and industries shall be able to
10 compete.

11
12 The Grantee shall have the obligation to provide open and nondiscriminatory
13 access to its distribution system and services for any end-user within its franchise area
14 consistent with Republic Act (RA) No. 9136, otherwise known as the “Electric Power
15 Industry Reform Act of 2001”. The Grantee shall not engage in any activity that will
16 constitute an abuse of market power such as unfair trade practices, monopolistic
17 schemes, and other activities that will hinder competitiveness of business and
18 industries.

19
20 **SEC. 6. *Rates for Services.*** – The retail rates and charges for the distribution of
21 electric power by the Grantee to its end-users shall be regulated by and subject to the
22 approval of the ERC or its legal successor.

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

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

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

40
41
42 **SEC. 9. *Right of the Government.*** – A special right is hereby reserved to the
43 President of the Philippines, in times of war, rebellion, public peril, calamity,
44 emergency, disaster or disturbance of peace and order: to temporarily take over and
45 operate the stations or facilities of the Grantee; to temporarily suspend the operation
46 of any station or facility in the interest of public safety, security, and public welfare;

1 or to authorize the temporary use and operation thereof by any agency of the
2 government, upon due compensation to the Grantee, for the use of the stations or
3 facilities during the period when these shall be so operated.
4

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

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

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

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

32 **SEC. 14. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.*** – The
33 Grantee shall not sell, lease, transfer, grant the usufruct, or assign this franchise or the
34 rights and privileges acquired thereunder to any person, firm, company, corporation,
35 or other commercial or legal entity, or merge with any other corporation, or entity, or
36 shall transfer the controlling interest of the Grantee, whether as a whole or in parts,
37 and whether simultaneously or contemporaneously, to any such person, firm,
38 company, corporation, or entity without the prior approval of the Congress: *Provided*,
39 That Congress shall be informed of any sale, lease, transfer, grant of usufruct, sale, or
40 assignment of franchise or the rights and privileges acquired thereunder, or of the
41 merger, or sale of the controlling interest within sixty (60) days after the completion
42 of said transaction: *Provided, further*, That any such transfer, sale, or assignment is in
43 accordance with the constitutional limitations: *Provided, furthermore*, That failure to
44 report to Congress such change of ownership shall render the franchise *ipso facto*
45 revoked: *Provided, finally*, That any person or entity to which this franchise is sold,
46 transferred, or assigned, shall be subject to the same conditions, terms, restrictions,

1 and limitations of this Act.
2

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

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

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

27 **SEC. 18. Applicability of Existing Laws.** – The Grantee shall comply with and
28 be subject to the provisions of Commonwealth Act No. 146 or the “Public Service Act”,
29 as amended, RA 9136, and RA 10531 or the “National Electrification Administration
30 Reform Act of 2013.”
31

32 **SEC. 19. Existing Powers.** – Existing mandates, powers, functions, and
33 privileges granted to electric cooperatives under existing laws, including Section 10 of
34 RA 10531 shall remain valid and effective, unless expressly repealed by succeeding
35 laws.
36

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

42 **SEC. 21. Separability Clause.** – If any of the sections or provisions of this Act
43 is held invalid, all other provisions not affected thereby shall remain valid.
44

45 **SEC. 22. Repealing Clause.** – All laws, presidential decrees, executive orders,
46 letters of instruction, administrative rules and regulations or parts thereof which is are

1 contrary to or inconsistent with the provisions of this Act are hereby repealed or
2 modified accordingly.

3
4 **SEC. 23. *Effectivity Clause.*** – This Act shall take effect upon the expiration of
5 the electric cooperative's franchise or fifteen (15) days after its publication in the
6 *Official Gazette* or in a newspaper of general circulation, whichever comes later.

7
8 *Approved,*