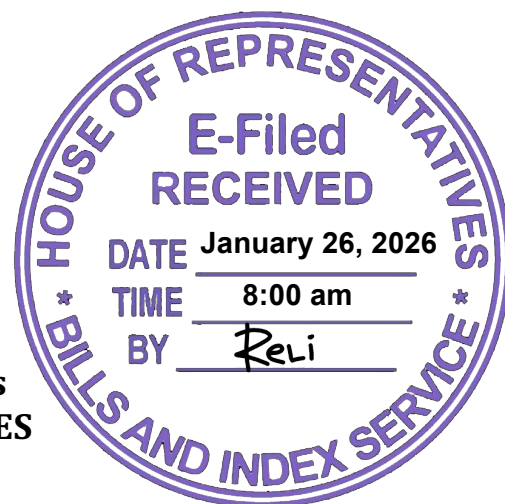


TWENTIETH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



HOUSE BILL NO. 7287

Introduced by Honorable Celso G. Regencia

EXPLANATORY NOTE

This bill seeks to renew the legislative franchise granted to Iligan Light & Power, Inc. (ILPI) under Republic Act No. 8148. The proposed renewal is vital to ensuring the uninterrupted, reliable, and efficient delivery of electricity within its franchise area, the City of Iligan. The continuous supply of power is fundamental to public welfare, economic activity, and the city's long-term development.

Since the enactment of its current franchise, ILPI has consistently demonstrated its capacity to operate as a dependable and efficient distribution utility. The company has undertaken sustained efforts to improve service reliability by reducing power interruptions and by continuously maintaining, upgrading, and modernizing its distribution assets, including substations, power lines, and related facilities. These initiatives have strengthened system efficiency and supported the growing energy requirements of Iligan City.

ILPI has likewise shown a strong commitment to customer service. It has expanded access to its services through multiple platforms, including dedicated customer hotlines, online portals, mobile applications, and electronic payment facilities. In parallel, the company has adopted prudent procurement strategies aimed at managing power costs, contributing to more stable and reasonable electricity rates for consumers.

In terms of infrastructure development, ILPI has made substantial capital investments to expand network capacity and enhance grid resilience, particularly in response to increasing demand

and exposure to natural disasters. The adoption of new technologies to optimize system performance and reduce losses has further reinforced the reliability of the distribution system and supported Iligan City's economic growth.

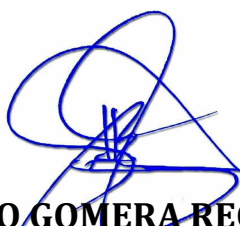
The company has also demonstrated operational readiness and public service commitment during times of crisis. In the aftermath of natural disasters, ILPI has shown resilience and efficiency in restoring power services to affected communities, thereby minimizing disruption and supporting recovery efforts.

Throughout the life of its franchise, ILPI has remained compliant with applicable laws, rules, and standards issued by the Energy Regulatory Commission and other relevant government agencies. This consistent regulatory compliance reflects its adherence to transparency, accountability, and good governance as a public utility.

Beyond its core operations, ILPI has maintained active engagement with the community through various corporate social responsibility initiatives. These include participation in the Department of Education's Brigada Eskwela program, barangay level and household electrification initiatives, scholarship programs for college students, and annual gift giving activities, all of which contribute to social development and inclusive growth.

The renewal of ILPI's legislative franchise is therefore a strategic necessity for the sustained progress and welfare of Iligan City. The company's established record of reliable service, continued infrastructure investments, regulatory compliance, customer-focused initiatives, and meaningful community engagement clearly demonstrates its capability and fitness to continue operating as the city's electric distribution utility in the public interest.

In view of the foregoing, the immediate passage of this measure is respectfully sought.



CELSO GOMERA REGENCIA
Lone District, Iligan City

HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 7287

Introduced by Honorable Celso G. Regencia

AN ACT
RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS
THE FRANCHISE GRANTED TO ILIGAN LIGHT & POWER, INC.
TO CONSTRUCT, OPERATE, AND MAINTAIN A DISTRIBUTION
SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO
END-USERS IN THE CITY OF ILIGAN, UNDER REPUBLIC ACT
NO. 8148, AND FOR OTHER PURPOSES

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, the franchise granted to Iligan Light & Power, Inc. (ILPI), hereunder referred to as the Grantee, its successors or assignees, under Republic Act (RA) 8148, is hereby renewed to authorize the Grantee 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 end-users in the City of Iligan, Province of Lanao del Norte.

The franchise area shall be served in a manner consistent with least-cost development, system efficiency, service reliability, and universal access to electricity, in accordance with the standards and policies of the Energy Regulatory Commission (ERC) and the Department of Energy (DOE).

As used in this Act, distribution system refers to the system of wires and associated facilities including sub-transmission lines belonging to or used by 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-user.

SECTION 2. *Manner of Operation of Facilities.* - The electric distribution facilities, lines, and systems owned, constructed, operated, or maintained by the Grantee shall conform at all times to the technical, operational, and safety standards prescribed by the ERC, the DOE, and other relevant government agencies.

The Grantee shall undertake the necessary improvements, rehabilitation, or upgrading of its distribution system to promote efficiency, ensure reliability of service, and support least-cost power delivery within its franchise area.

The Grantee shall comply with the Philippine Distribution Code, the ERC's rules, resolutions, and issuances, and other applicable laws and regulations governing distribution utilities. Whenever required by the ERC, the DOE, or their legal successors, the Grantee shall implement measures to modify, improve, or update its facilities, systems, and operational practices to meet prevailing standards and public service requirements.

Whenever practicable, and for purposes of safety, order, and proper use of public rights-of-way, the Grantee may permit the use of available space on its poles, facilities, or easements by duly authorized entities, subject to reasonable compensation that reflects the costs associated with accommodating such attachments. The ERC shall resolve disputes arising from such arrangements.

SECTION 3. *Authority of the Energy Regulatory Commission.* - The Grantee shall secure from the ERC, or any other government agency having jurisdiction over its operations, the necessary Certificate of Public Convenience and Necessity (CPCN), as well as such other permits, licenses, or authorizations as may be required for the construction, operation, and maintenance of its electric distribution system. The exercise of the rights and privileges granted under this franchise shall be subject at all times to the regulatory authority of the ERC and to all applicable laws, rules, and issuances.

SECTION 4. *Excavation and Restoration Works.* - For the purpose of erecting or maintaining poles and other supports, or for laying and maintaining underground wires, cables, pipes, or other conductors,

the Grantee, its successors or assignees, is authorized to undertake excavations or install conduits in public places, roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges within its franchise area, subject to the prior approval of the Department of Public Works and Highways (DPWH) or the concerned local government unit (LGU).

Any public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge that is disturbed or altered as a result of such works shall be restored by the Grantee, at its own expense, in a workmanlike manner and in accordance with the standards prescribed by the DPWH or the concerned LGU.

Should the Grantee fail to perform the required restoration within ten (10) days from receipt of written notice from the DPWH or the concerned LGU, the said authority may undertake the necessary repair or restoration and charge the Grantee double the amount of the costs and expenses incurred.

SECTION 5. *Responsibility to the Public.* - The Grantee shall supply electricity to end-users within the urban and rural portions of its franchise area in a manner consistent with least-cost development, service efficiency, and system reliability, and in accordance with the performance standards prescribed by the ERC.

Whenever required by the ERC, the DOE, or other relevant government agencies, or when necessitated by technological advancements or public service needs, the Grantee shall undertake the modification, improvement, or upgrading of its facilities, poles, lines, systems, and equipment to ensure the effective delivery of electric power and the reduction of service interruptions.

The Grantee shall charge reasonable, just, and transparent rates for its services, subject to regulation by the ERC, and shall procure its power requirements in accordance with applicable rules, regulations, and competitive selection processes mandated by law.

The Grantee shall provide open and non-discriminatory access to its distribution system to any qualified end-user within its franchise area, consistent with RA No. 9136, otherwise known as the "*Electric Power Industry Reform Act of 2001*," and shall not engage in unfair trade practices, abuse of market power, or any activity that restricts

competition or unduly hinders business and industry.

SECTION 6. *Rates for Service.* - The retail rates and charges for the distribution of electric power by the Grantee to its end users shall be subject to regulation by, and shall take effect only upon approval of the ERC or its legal successor.

The Grantee shall ensure transparency in the billing of end-users by identifying and segregating the components of the retail rate in accordance with RA No. 9136, and its implementing rules and regulations. The Grantee shall implement the lifeline rate for marginalized end-users as mandated by law.

The Grantee shall strictly comply with the systems loss caps reporting requirements, and other operational standards prescribed by the ERC.

SECTION 7. *Protection of Consumer Interests.* - The Grantee shall establish and maintain a customer desk or office to receive, document, and address complaints, inquiries, and service-related concerns. The Grantee shall act promptly and with due diligence in resolving such matters, consistent with the standards and procedures prescribed by the ERC and other relevant government agencies.

The Grantee shall take all necessary measures to reduce the duration and frequency of service interruptions and shall comply with the System Average Interruption Frequency Index (SAIFI), the System Average Interruption Duration Index (SAIDI), and such other reliability and performance indicators as may be set or amended by the ERC.

SECTION 8. *Election of Independent Directors.* - The Board of Directors of the Grantee shall include independent directors constituting at least twenty percent (20%) of its total membership, who shall be elected by a majority of the outstanding shares entitled to vote, in accordance with applicable laws, rules, and regulations.

For purposes of this Act, an independent director is a person who, apart from shareholdings and fees received from the corporation, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in

carrying out the responsibilities as a director, consistent with the definition and qualifications prescribed under relevant securities and corporate governance regulations.

SECTION 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 distribution system of the Grantee, to temporarily suspend the operation of its facilities; or to authorize the temporary use and operation thereof by any agency of the government, in the interest of public safety, security, and public welfare. In such cases, the Grantee shall be entitled to just compensation for the period during which the distribution system is so operated or used.

SECTION 10. *Right of Eminent Domain.* - Subject to the limitations and procedures prescribed by law, the Grantee is authorized to exercise the power of eminent domain insofar as it may be reasonably necessary for the efficient establishment, improvement, upgrading, rehabilitation, maintenance, and operation of its distribution system. The Grantee is likewise authorized to install and maintain its poles, wires, and other facilities over, under, or across public property, including streets, highways, parks, and other similar properties of the Government of the Philippines, its branches, agencies, or instrumentalities.

The Grantee may acquire such private property as is actually necessary for the purposes of this franchise, including the operation of a distribution system for the conveyance of electric power to end users in its franchise area; Provided, that proper expropriation proceedings are instituted and just compensation is paid in accordance with law.

SECTION 11. *Term of the Franchise.* - This franchise shall remain in force for a period of twenty-five (25) years from the effectivity of this Act, unless sooner cancelled or revoked by Congress when the public interest so requires or for violation of the terms and conditions of this franchise.

The Grantee shall apply for the renewal or extension of this franchise with Congress not later than five (5) years before its expiration.

SECTION 12. *Warranty in Favor of the National and Local Governments.* - The Grantee shall hold the national government, as well as provincial, city, and municipal governments free from all claims, liabilities, and demands arising from accidents or incidents resulting in injury to persons and damage to property in connection with the construction, installation, operation, or maintenance of the distribution system of the Grantee, subject to applicable law.

SECTION 13. *Liability for Damages.* - The Grantee shall be liable for any injury to persons or damage to property resulting from defective construction, installation, or operation of any infrastructure built pursuant to this franchise, or from its neglect or failure to maintain its poles, wires, and other distribution facilities in safe and serviceable condition, in accordance with applicable laws.

SECTION 14. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of the Franchise.* - The Grantee shall not sell, lease, transfer, grant the usufruct of, or assign this franchise or any of the rights and privileges acquired hereunder, nor merge with any other corporation or entity, nor transfer the controlling interest of the Grantee, whether as a whole or in part, without the prior approval of the Congress of the Philippines.

Congress shall be informed of any such sale, lease, transfer, grant of usufruct, assignment, merger, or transfer of controlling interest within sixty (60) days after the completion of the transaction. Any such action must be consistent with constitutional and statutory limitations. Failure to report such transactions to Congress shall render this franchise *ipso facto* revoked.

The foregoing limitations shall not apply to:

- a. any transfer or issuance of shares undertaken to comply with the requirement on ownership dispersal under Section 15 of this Act; and
- b. any sale, transfer, or assignment of shares in favor of an affiliate whose controlling interest is owned by the same parent corporation of the Grantee.

Any person or entity to which this franchise is validly sold, leased, transferred, or assigned shall be subject to the same terms,

conditions, restrictions, and limitations contained in this Act.

SECTION. 15. *Dispersal of Ownership.* - In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer to the public, specifically to Filipino citizens, at least thirty percent (30%) of its outstanding capital stock, or such higher percentage as may hereafter be provided by law, through listing in a securities exchange in the Philippines.

In cases where a public offering of shares is not applicable, the Grantee shall adopt alternative mechanisms to encourage public participation, including but not limited to the establishment of cooperatives other lawful methods consistent with applicable regulations. Failure to comply with the requirements under this section shall render the franchise ipso facto revoked.

SECTION 16. *Commitment to Provide and Promote the Creation of Employment Opportunities.* - The Grantee shall create employment opportunities and shall allow on-the-job training programs giving priority to qualified residents within the franchise area, consistent with applicable labor laws, rules, and regulations. The Grantee shall comply with all labor standards, including compensation and benefit entitlements mandated under existing laws and issuances.

Employment data and positions created in relation to its operations shall be reflected in the General Information Sheet (GIS) submitted annually to the Securities and Exchange Commission (SEC).

SECTION 17. *Reportorial Requirement.* - The Grantee shall submit to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee of Public Services of the Senate, an annual report on its compliance with the terms and conditions of this franchise and on the status of its operations on or before April 30 of the succeeding year.

The annual report shall include:

- a. updates on the rollout, development, operation and expansion of its distribution system;
- b. audited financial statements;
- c. the latest GIS submitted to the SEC, if applicable;

- d. certification from the ERC on the status of the Grantee's permits, licenses, and regulatory compliance; and
- e. a report on compliance with the ownership dispersal requirement, under Section 15 of this Act, if applicable.

A reportorial compliance certificate issued by Congress shall be required before the ERC accepts or processes any application for permit, authorization, or certification from the Grantee.

SECTION 18. *Fine.* - Failure of the Grantee to submit the annual report required under Section 17 of this Act shall subject it to a fine of One Million Pesos (PhP1,000,000.00) for each working day of noncompliance. The fine shall be collected by the ERC from the Grantee separate from any other reportorial penalties the ERC may impose, and shall be remitted to the National Treasury.

SECTION 19. *Equality Clause.* - Any advantage, favor, privilege, exemption, or immunity granted under existing or future franchises for the distribution of electric power, upon prior review and approval of Congress, shall likewise be extended to the Grantee as part of this franchise. Provided, That this provision shall not apply to nor affect matters relating to territorial coverage, franchise term, or the type of service authorized under this Act.

SECTION 20. *Applicability Clause.* - The Grantee shall comply with and be subject to the relevant provisions of Commonwealth Act No. 146, or the "*Public Service Act*," as amended; RA No. 9136, or the "*Electric Power Industry Reform Act of 2001*," as amended; RA No. 9513, or the "*Renewable Energy Act of 2008*"; RA No. 11361, or the "*Anti-Obstruction of Power Lines Act*"; and all other applicable laws, rules, and regulations.

SECTION 21. *Repealability and Non-Exclusivity Clause.* - This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SECTION 22. *Separability Clause.* - If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SECTION 23. *Repealing Clause.* - All laws, decrees, orders, resolutions, instructions and rules and regulations or parts thereof, which are inconsistent with this Act, are hereby deemed repealed or modified accordingly.

SECTION 24. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,