

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

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 7466

**Introduced by Representative JB BERNOS
and Representative CHING BERNOS**

**AN ACT GRANTING A FRANCHISE TO THE ABRA ELECTRIC COOPERATIVE TO
CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE, AND
MAINTAIN DISTRIBUTION SYSTEMS FOR THE CONVEYANCE OF ELECTRIC
POWER TO THE END-USERS IN ALL MUNICIPALITIES OF ABRA**

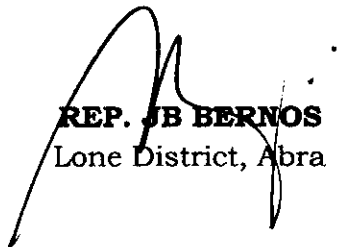
EXPLANATORY NOTE

Electricity is a basic public utility and a vital driver of economic growth, social development, and inclusive progress. In the Province of Abra, the Abra Electric Cooperative (ABRECO) serves as the sole electric distribution utility, providing reliable and affordable power to households, businesses, public institutions, and government offices across the province. ABRECO currently operates under a legislative franchise that is set to expire in 2028 for nineteen (19) municipalities and in 2033 for the remaining eight (8) municipalities. In accordance with Article XII, Section 11 of the 1987 Philippine Constitution, the operation of public utilities requires a legislative franchise granted by Congress. The impending expiration of ABRECO's franchise makes it imperative to renew and extend its authority to operate in order to ensure the uninterrupted delivery of electricity services to the people of Abra.

The renewal of ABRECO's franchise is essential to protect the welfare of approximately sixty thousand (60,000) member-consumers who rely on electricity for their daily needs, livelihood, education, healthcare, and public safety. A lapse in the franchise would jeopardize power distribution in the province, disrupt essential services, and hinder economic and social development. Moreover, the proposed franchise renewal will enable ABRECO to continue improving its infrastructure, expand access to electricity in far-flung and underserved communities, enhance system reliability, and comply with the standards and regulations of the Department of Energy (DOE), the Energy Regulatory Commission (ERC), and other relevant government agencies. It will also allow ABRECO to participate fully in national electrification and renewable energy programs in support of the government's energy security and climate resilience goals.

This bill seeks to renew and grant a legislative franchise to the Abra Electric Cooperative to construct, operate, and maintain a distribution system for the conveyance of electric power within the Province of Abra, subject to the Constitution, existing laws, and applicable regulations.

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



REP. JB BERNOS
Lone District, Abra



REP. CHING B. BERNOS
SOLID NORTH Party-List

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

SECTION 1. Nature and Scope of Franchise. – Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to the Abra Electric Cooperative (ABRECO), hereunder referred to as the grantee, its successors or assignees, a franchise to construct, install, establish, operate, own, manage, and maintain for public interest, a distribution system for the conveyance of electric power to the end users in the municipalities of Bangued, Bucay, Danglas, Dolores, Lagangilang, Lagayan, Langiden, La Paz, Luba, Manabo, Pidigan, Peñarrubia, Pilar, Sallapadan, San Isidro, San Juan, San Quintin, Tayum, Villaviciosa, Bucloc, Daguioman, Boliney, Baay-Licuan, Lacub, Tubo, Malibcong, and Tineg.

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

SEC. 2. Manner of Operation of Facilities. – All electric distribution facilities, lines, and systems for electric services owned, maintained, operated, or managed by the grantee, its successors or assignees, shall be operated and maintained at all times in the best manner, and it shall be the duty of the grantee, its successors or assignees, whenever required to do so by the Energy Regulatory Commission (ERC)

or its legal successor, or the Department of Energy (DOE) or its legal successor, or the National Electrification Administration (NEA) or its legal successor, or any other government agency concerned, to modify, improve and change such facilities or systems in such a manner and to such extent as the progress in science and improvements in the electric power service industry may render reasonable and proper.

Whenever practicable and for purposes of maintaining order, safety and aesthetics along highways, roads, streets, alleys, or easements, the grantee may allow the use of its poles, facilities, or easements by interested parties upon reasonable compensation. The ERC or NEA shall resolve cases of dispute or disagreement between parties.

SEC. 3. Authority of the Energy Regulatory Commission (ERC) and the National Electrification Administration. – The grantee shall secure from the ERC or NEA, or any other government agency which has jurisdiction over the operation of the herein grantee, the necessary certificate of public convenience and necessity and other appropriate permits and licenses for the construction and operation of its electric distribution system.

SEC. 4. Excavation and Restoration Works. – For the purpose of erecting and maintaining poles and other supports for wires or other conductors for the laying and maintaining underground wires, cables, pipes or other conductors, the grantee, its successors or assignees, is authorized to make excavations or lay conduits in any of the public places, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of said provinces, cities and/or municipalities, subject to prior approval of the Department of Public Works and Highways (DPWH) or the Local Government Units (LGUs) concerned: Provided, however, That any public place, road, highway, street, lane, alley, avenue sidewalk, or bridge disturbed, altered, or changed by reason of erection of poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired or replaced in workmanlike manner at the expense of the grantee, its successors or assignees, after the ten (10)-day notice from the said authority, fail, refuse, or neglect to repair or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge altered, changed, or disturbed by the said grantee, its successors or assignees, then the DPWH or LGU concerned shall have the right to have the same repaired or replaced in good order and condition and charge the grantee, its successor or assignees at double the amount of the costs and expenses for such repair or replacement.

SEC. 5. Responsibility to the Public. – The grantee shall supply electricity to its captive market in the least costly manner. In the interest of the public good and as far as feasible and whenever required by the ERC, the grantee shall modify, improve, or change its facilities, poles, lines, systems, and equipment for the purpose of providing efficient and reliable service and reduced electricity costs. The grantee shall charge reasonable and just power rates for its services to all types of consumers within its franchised areas.

The grantee shall have the obligation to provide open and nondiscriminatory access to its distribution system and services for any end user within its franchise area consistent with Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001." The grantee shall not engage in any activity that will constitute an abuse of market power such as unfair trade practices, monopolistic schemes, and any other activities that will hinder competitiveness of business and industries.

SEC. 6. Rates for Services. – The retail rates and charges for the distribution of electric power by the grantee to its end user shall be regulated by and subject to the approval of the ERC or its legal successor.

The grantee shall identify and itemize in its electricity bill to the end users the components of the retail rate pursuant to Republic Act No. 9136. Such rates charged by the grantee to the end users shall be made public and transparent. The grantee shall implement lifeline rate to the marginalized end users as mandated under Republic Act No. 9136.

SEC. 7. Protection of Consumer Interests. – The herein grantee shall establish a consumer desk that will handle consumer complaints and ensure adequate protection of consumer interests. The grantee shall act with dispatch on all complaints brought before it.

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

SEC. 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, disturbance of peace and order: to temporarily take over and operate the distribution system of the grantee, to temporarily suspend the operation of any station or facility in the interest of public safety, security, and public welfare; or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said distribution system during the period when they shall be so operated.

SEC. 10. Right of Eminent Domain. – Subject to the limitations and procedures prescribed by law, the grantee is authorized to exercise the right of eminent domain insofar as it may be reasonably necessary for the efficient maintenance and operation of services. The grantee is authorized to install and maintain its poles, wire facilities over and across public property, including streets, highways, forest reserves, and other similar property of the Government of the Philippines, its

branches, or any of its instrumentalities. The grantee may acquire such private property as is actually necessary for the realization of the purposes for which this franchise is granted: Provided, That proper condemnation proceedings shall have been instituted and just compensation paid.

SEC. 11. Term of Franchise. – Unless, sooner cancelled, the franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner cancelled or revoked by Congress for any violation of the terms and/or provisions of the franchise granted herein. This franchise shall be deemed ipso facto revoked in the event that the grantee fails to operate continuously for two (2) years.

SEC. 12. Warranty in Favor of National and Local Governments. – The grantee shall hold the national, provincial, city, and municipal governments of the Philippines free from all claims, liabilities, demands, or actions arising out of accidents that cause injury to persons and damage to properties, during the construction, installation, operation, and maintenance of the distribution system of the grantee.

SEC. 13. Liability to Damages. – The grantee shall be liable for any injury and damage arising from or caused by accident to persons and property by reason of any defective construction under this franchise or of any neglect or omission to keep its poles and wires in safe condition.

SEC. 14. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.

– The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation, or other commercial or legal entity, nor merge with any other corporation or entity, nor shall transfer the controlling interest of the grantee whether as a whole or in part, and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior prior approval of the Congress of the Philippines: Provided, That Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights or privileges acquired thereunder or the merger, or transfer the controlling interest of the grantee, within sixty (60) days after the completion of the said transaction: Provided, further, That any such transfer, sale, or assignment is in accordance with constitutional limitations: Provided, furthermore, That failure to report to Congress such change of ownership shall render the franchise ipso facto revoked: Provided, finally, That any person or entity to which this franchise is sold, transferred, or assigned, shall be subject to the same condition, terms, restrictions and limitations of this Act.

SEC. 15. Reportorial Requirement. – The grantee shall submit an annual report 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, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of the succeeding year.

SEC. 16. Fine. – Any grantee who fails to submit the annual report to Congress shall be penalized by a fine of Five Hundred Pesos (P500.00) per working day of noncompliance. The fine shall be collected separately by the ERC distinct from the penalties it imposes for non-compliance of its own reportorial requirements and shall be remitted to the Bureau of the Treasury.

SEC. 17. Equality Clause. – Except for taxes and custom duties, any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or may hereinafter be granted shall, upon prior review and approval of Congress, become part of previously granted power distribution franchises and shall be accorded immediately and unconditionally to the grantees of such franchises. Provided, however, That the foregoing shall neither apply to nor affect provisions concerning territory covered, term, or the type of service authorized by the franchise: Provided, further, That the foregoing shall not apply to the sale, lease, transfer, grant off usufruct of assignment of legislative franchises with prior congressional approval.

SEC. 18. Applicability of Existing Laws. – The grantee shall comply with and be subject to the provisions of Commonwealth Act No. 146, or the “Public Service Act” as amended; Republic Act No. 9136; and Republic Act No. 10531, or “An Act Strengthening the National Electrification Administration, further Amending Presidential Decree No. 269, as amended, Otherwise known as the National Electrification Administration Decree.”

SEC. 19. Repeatability and Nonexclusivity 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.

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

SEC. 21. Separability Clause. – If any portions or provisions of this Act are declared unconstitutional or invalid, the remaining portions or provisions not otherwise affected shall remain valid and subsisting.

SEC. 22. Repealing Clause. – All laws, presidential decrees, executive orders, letters of instruction and administrative rules and regulations or parts thereof, which are contrary to or inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

SEC. 23. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,