

Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. **9368**



Introduced by **Representative FERDINAND L. HERNANDEZ**

AN ACT

GRANTING A FRANCHISE TO THE SOUTH COTABATO I ELECTRIC COOPERATIVE INC. (SOCOTECO I) TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE AND MAINTAIN DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO END-USERS IN THE CITY OF KORONADAL AND IN THE MUNICIPALITIES OF TAMPAKAN, TANTANGAN, BANGA, SURALLAH AND NORALA IN THE PROVINCE OF SOUTH COTABATO

EXPLANATORY NOTE

The 1987 Philippine Constitution mandates that the goals of the national economy must be "a more equitable distribution of opportunities, income, and wealth," ensuring that "all regions of the country shall be given optimum opportunity to develop". In the pursuit of these constitutional objectives, access to reliable and affordable electricity serves as a fundamental enabling component for socio-economic growth. For over five decades, the South Cotabato I Electric Cooperative, Inc. (SOCOTECO-I) has functioned as a critical partner of the national government in achieving these goals within its service area.

This bill seeks to grant SOCOTECO-I a formal legislative franchise, ensuring the continued delivery of electric power to the City of Koronadal and five neighboring municipalities. This measure aligns with the modern legislative framework for power distribution utilities, mirroring the standards of accountability and transparency found in Republic Act No. 12306 (2025) and other contemporary franchises. By formalizing this franchise, Congress ensures that SOCOTECO-I remains subject to the rigorous regulatory oversight of the Energy Regulatory Commission (ERC) and the National Electrification Administration (NEA), thereby protecting the public interest.

The importance of this franchise extension to the progress and prosperity of Filipino families cannot be overstated. As a member-owned cooperative, SOCOTECO-I operates on a non-profit basis, prioritizing service reliability and local development over investor profit. The cooperative has achieved 100% electrification of all 172 barangays in its area, directly bridging the rural-urban divide for approximately 139,676 billed consumers. This access translates into tangible benefits for stakeholders:

- **For Families:** Reliable lighting for education, safe food storage, and easier access to information and health services.
- **For Marginalized Users:** The bill explicitly mandates the implementation of a “lifeline rate,” providing subsidized power to low-income households as required by Republic Act No. 9136.
- **For Local Businesses:** Stable power supports agricultural processing, small-scale entrepreneurship, and the growth of industries, enabling them to compete effectively.
- **For Regional Governance:** As the City of Koronadal serves as the seat of government for Region XII, SOCOTECO-I provides the essential energy infrastructure for regional administrative operations.

Strategically, SOCOTECO-I has demonstrated its commitment to regional energy security by maintaining a "Mega Large" classification and proactively modernizing its infrastructure, such as the energization of the 30 MVA substation in San Isidro. These investments are critical for managing the average annual energy demand growth of 6.36% recorded over the last decade.

Consistent with the State policy to promote self-reliance and social justice through cooperatives, this measure secures a vital utility service for South Cotabato.

In view of its essential role in fueling regional progress and ensuring that no community is left in the dark, the passage of this bill is earnestly sought.



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Be it enacted by the Senate and House of Representatives of the Republic 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 South Cotabato I Electric Cooperative, Inc., (SOCOTECO I), hereunder referred to as the Grantee, its successors or assigns a franchise to construct, install, establish, operate, own, manage and maintain in the public interest and commercial purposes, a distribution system for the conveyance of electric power to the end-users in the City of Koronadal and in the Municipalities of Tampakan, Tantangan, Banga, Surallah and Norala in the Province of South Cotabato.

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 in the national transmission system or generating facility and the metering point and/or facility of the end-users.

SEC. 2. ***Manner of Operation of Facilities.*** – All electric distribution facilities, lines and systems for electric services constructed, installed, established, operated, owned, managed and maintained by the Grantee, its successors or assigns shall be operated or maintained at all times in a superior manner, and it shall be the duty of the Grantee, its successors or assigns, whenever required to do so by the Energy Regulatory Commission (ERC), or its legal successor, the Department of Energy (DOE), or its legal successor, 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 manner and to such extent as

the progress in science or technology and improvements or innovations in the electric power services 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 free spaces in its poles, facilities, or easements by interested parties upon reasonable compensation to the Grantee, considering the costs incurred to accommodate and administer the use of the Grantee's facilities by such parties.. The ERC shall resolve cases of dispute or disagreement between parties.

SEC. 3. *Authority of the Energy Regulatory Commission (ERC) and National Electrification Administration (NEA), and Other Government Agencies.* – The Grantee shall secure from the ERC or the NEA or any government agency having jurisdiction over their operations, the necessary Certificate of Public Convenience (CPCN) and any other license, permit, or authority indispensable for the construction and operation of the electric power distribution system.

SEC. 4. *Excavation and Restoration Works.* – For the purpose of erecting and maintaining the poles or other supports for said facilities, wires and other conductors or for the purpose of laying and maintaining said facilities, wires, cables or other conductors, it shall be lawful for the Grantee, its successors, or assigns, with the prior approval of the Department of Public Works and Highways (DPWH) or the local government unit concerned, as may be appropriate, to make excavations or lay conduits in any of the public places, highways, roads, streets, lanes, alleys, avenues, sidewalks, or bridges of the province, cities or municipalities: *Provided, however,* That a public place, highway, road, 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 and conduits, shall be repaired and replaced in workmanlike manner by the Grantee, its successors or assigns, in accordance with the standards set by the DPWH or the local government unit concerned. Should the Grantee, its successors or assignees, after the ten (10) - day notice from the grant of authority, fail, refuse or neglect to repair or replace any part of public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge altered, changed, or disturbed by the said Grantee, its successors or assigns, then the DPWH or the local government unit concerned shall have the right to have the same repaired and replaced in good order and condition and charge the Grantee, its successors or assignees, double the amount of the cost 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 *Energy Regulatory Commission (ERC) and National Electrification Administration (NEA)*, 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 franchise areas in order that business and industries shall be able to compete.

The Grantee shall have the obligation to provide open and non-discriminatory access to its distribution system and services for any end-users within its franchise area consistent with Republic Act (R.A.) 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 other activities that will hinder competitiveness of business and industries.

SEC. 6. *Rates for Services.* – The retails rates and charges for the distribution of electric power by the Grantee to its end-users shall be regulated by and subject to the approval of the *Energy Regulatory Commission (ERC)* or its legal successor.

The Grantee shall identify and segregate in its electricity bill to the end-users the components of the retail rate pursuant to RA No. 9136, unless otherwise amended. Such rates charges by the Grantee to the end-users shall be made public and transparent. The Grantee shall implement lifeline rate to marginalized end-users as mandated under RA No. 9136.

SEC. 7. *Promotion of Consumer Interests.* – The herein Grantee shall establish a consumer desk that will handle consumer complaints and ensure adequate promotion 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 the 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 or disturbances of peace and order: (a) to temporarily take over and operate the stations or facilities of the Grantee; (b) to temporarily suspend the operation of any station of facility in the interest of public safety, security and public welfare; or (c) to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the Grantee, for the use of the station or facilities during the period when these 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 its services. The Grantee is authorized to install and maintain its poles, wires and other facilities over and across public property, including streets, highways, forests 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 expropriation proceedings shall have been instituted and just compensation is observed.

SEC. 11. ***Term of Franchise.*** – This franchise shall be for a term of twenty-five (25) years that shall commence from the date of expiration of SOCOTECO I's existing franchise, unless sooner cancelled. 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 the National and Local Governments.*** – The Grantee shall hold in the national, provincial, city and municipal governments of the Philippines free from all claims, accounts, demands, or actions arising from accidents causing injury to persons or damage to properties, during the construction, installation, operation, and maintenance of the distribution system of the Grantee.

SEC. 13. ***Liability for Damages.*** – The Grantee shall be liable for an injury to persons and damages to properties arising from accidents 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, Usufruct, or Assignment of Franchise.*** – The Grantee shall not sell, lease, transfer, grant the usufruct of, or assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, or merge with any other corporation, or entity, or shall transfer the controlling interest of the Grantee, whether as a whole or in parts, and whether simultaneously or contemporaneously, to any such person, firm, company, corporation, or entity without the prior approval of the Congress: *Provided*, That Congress shall be informed of any lease, transfer, granting the usufruct if, sale, or assignment of franchise or the rights and privileges acquired thereunder, or of the merger, or sale of the controlling interest within sixty (60) days after the completion of the said transaction: *Provided further*, That any such transfer, sales or assignment is in accordance with the constitutional limitation; *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, conditions, terms, restrictions, and limitations of this Act.

SEC. 15. ***Reportorial Requirement.*** – The Grantee shall submit an annual report to Congress, through the Committee on Legislative Franchise of the House of Representatives and the Committee on 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 every year during the term of the franchise. The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the Energy Regulatory Commission (ERC).

SEC. 16. ***Fine.*** – The failure of the Grantee to submit the requisite annual report to Congress shall be penalized with a fine in the amount of Five Hundred Pesos (P500.00) per working day of noncompliance which shall be collected by the Energy Regulatory Commission (ERC). The fine shall be collected separately from the reportorial penalties imposed by the Energy Regulatory Commission (ERC) and shall be remitted to the Bureau of the Treasury.

SEC. 17. ***Equality Clause.*** – Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted, upon prior review and

approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein Grantee: *Provided*, however, That the foregoing shall neither apply to nor affect provisions concerning territory covered by the franchise, the life span of the franchise or the type of service authorized by the franchise: *Provided, further*, That the foregoing shall not apply to the sale lease, transfer, grant of usufruct, or assignment of legislative franchise with prior congressional approval.

SEC. 18. ***Applicability of Existing Laws.*** – The Grantee shall comply with and the subject to the provisions of the Commonwealth Act. No. 146 or the “Public Service Act”, as amended; Republic Act No. 9136; “and shall be under the regulatory and supervisory authority of the National Electrification Administration under Republic Act No. 10531 or the National Electrification Administration Reform Act of 2013.”

SEC. 19. ***Repealability and Non-Exclusivity Clause.*** – This franchise shall be subject to amendment, alteration, or repeal by Congress 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, power, functions, and privileges granted to electric cooperatives under existing laws, including Section 10 of RA 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 of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

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

SEC. 23. ***Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,