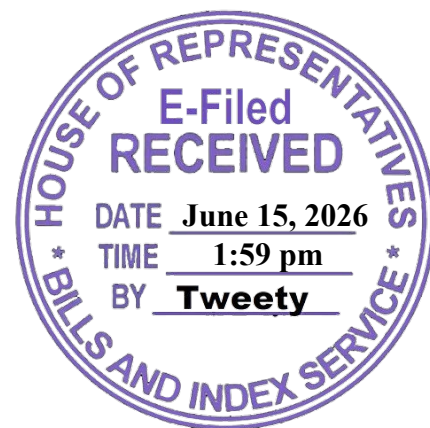


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session

House Bill No. 9883



Introduced by **Hon. Janice V. Degamo**

EXPLANATORY NOTE

Access to reliable, affordable, and continuous electric power is essential to the growth, safety, and welfare of communities. In Negros Oriental, the Negros Oriental II Electric Cooperative (NORECO II) has long served as a vital distribution utility for households, businesses, public institutions, and communities in its coverage area.

Electric power is no longer merely a household necessity. It is the backbone of education, healthcare, public safety, commerce, local governance, tourism, agriculture, and disaster preparedness. For communities in Dumaguete, Tanjay, Bayawan, and the municipalities of Pamplona, Amlan, San Jose, Sibulan, Valencia, Bacong, Dauin, Zamboangita, Siaton, Sta. Catalina, and Basay, dependable power distribution is indispensable to continued development and economic opportunity.

This bill seeks to grant NORECO II a congressional franchise to establish, operate, manage, own, maintain, and expand electric power distribution facilities for the delivery of electricity to end-users within its service area in the Province of Negros Oriental. The grant of this franchise shall be subject to the Constitution, existing laws, rules and regulations, and the regulatory authority of the Energy Regulatory Commission and other appropriate government agencies.

In view of the urgent need to ensure a stable and accountable power distribution system for the people of Negros Oriental, the immediate passage of this bill is earnestly sought.


JANICE V. DEGAMO

Representative, 3rd District of Negros Oriental

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

TWENTIETH CONGRESS
Second Regular Session

House Bill No. 9883

Introduced by **Hon. JANICE V. DEGAMO**

AN ACT
RENEWING AND GRANTING TO THE NEGROS ORIENTAL II ELECTRIC
COOPERATIVE (NORECO II) A FRANCHISE TO ESTABLISH, OPERATE,
MANAGE, AND EXPAND ELECTRIC POWER DISTRIBUTION FACILITIES
FOR THE DELIVERY OF ELECTRICITY TO END USERS IN THE CITIES
OF DUMAGUETE, TANJAY, AND BAYAWAN, AND IN THE
MUNICIPALITIES OF PAMPLONA, AMLAN, SAN JOSE, SIBULAN,
VALENCIA, BACONG, DAUIN, ZAMBOANGUITA, SIATON, STA.
CATALINA, AND BASAY IN THE PROVINCE OF NEGROS ORIENTAL

Be it enacted by the Senate and 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 Negros Oriental II Electric Cooperative, hereunder referred to as the Grantee, its successors or assigns, a franchise to establish, construct, install, operate, own, manage, maintain, improve, and expand electric power distribution systems and related facilities for the conveyance and delivery of electricity to end-users in the cities of Dumaguete, Tanjay, and Bayawan, and in the municipalities of Pamplona, Amlan, San Jose, Sibulan, Valencia, Bacong, Dauin, Zamboanguita, Siaton, Sta. Catalina, and Basay, all in the Province of Negros Oriental.

The Grantee shall have the authority to distribute electric power and provide electric distribution service to all qualified end-users within its franchise area, subject to the regulation and supervision of the Energy Regulatory Commission, the Department of Energy, the National Electrification Administration, and other concerned government agencies.

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.

Section 2. *Manner of Operation.* The Grantee shall operate and maintain its distribution system in an efficient, reliable, safe, and economical manner, and shall

ensure continuous and adequate supply of electricity to end-users within its franchise area, subject to applicable laws, rules, and regulations.

The Grantee may allow the use of free spaces in its poles, facilities, or right-of-way 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 Energy Regulatory Commission (ERC) shall decide in case of dispute or disagreement by the parties.

The Grantee shall comply with all technical, operational, safety, environmental, and service standards prescribed by the ERC, the Department of Energy (DOE), the National Electrification Administration (NEA), and other appropriate government agencies.

Section 3. *Authority of the ERC and NEA.* The Grantee shall secure from the Energy Regulatory Commission the necessary Certificate of Public Convenience and Necessity (CPCN) and other permits or authorizations required under existing laws, rules, and regulations.

The rates and charges for the distribution of electric power and other related services shall be subject to the review, approval, and regulation of the ERC. The Grantee shall not charge rates or impose fees other than those duly approved or authorized by the Energy Regulatory Commission.

Section 4. *Rates for Services.* - The retail 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 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 Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001", unless otherwise amended. Such rates charged 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 9136.

Section 5. *Promotion of Consumer Interests.*- The 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.

Section 6. *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 stations or facilities 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 the stations or facilities during the period when these shall be so operated.

Section. 7. *Excavation and Restoration Works.* -For purposes of erecting, and maintaining the poles or other supports for said facilities, wires or 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 assignees, in coordination with the Department of Public Works and Highways (DPWH) or the local government unit (LGU) 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 or conduits, shall be repaired and replaced in a competent manner by the Grantee, its successors or assignees, in accordance with the standards set by the DPWH or the LGU 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 assignees, then the DPWH or the LGU 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 of such repair.

Section 8. *Eminent Domain.*- The Grantee may acquire such private property as is necessary for the construction, installation, operation, maintenance, and expansion of its distribution system, subject to the limitations and procedures prescribed by law. The Grantee is authorized to install and maintain its poles, wires, and other 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 expropriation proceedings shall have been instituted and just compensation paid.

Section 9. *Responsibility to Consumers.*- The Grantee shall provide adequate, reliable, efficient, and least-cost electric distribution services to its consumers within the franchise area. It shall, in the interest of the public good and as far as practicable and whenever required by the ERC, modify, improve or change its facilities, poles, lines, systems and equipment for the purpose of providing efficient and reliable service and reduced electricity cost. It shall likewise establish and maintain reasonable consumer service standards, including prompt action on applications for service connections, complaints, service interruptions, billing concerns, meter-related issues, and other consumer matters.

The Grantee shall ensure that all consumers within its franchise area are treated fairly and without discrimination, consistent with RA 9136. 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 industries.

Section 10. *Obligation to Expand and Improve Services.*-The Grantee shall continuously improve, modernize, and expand its distribution facilities, whenever

feasible, in order to meet the present and future demand for electricity within its franchise area.

The Grantee shall also support rural electrification, system reliability, disaster resilience, and the development of under-served and un-served areas within its franchise area, in accordance with the policies and programs of the government.

Section 11. *Compliance with Environmental, Safety, and Energy Laws.*-The Grantee shall comply with all applicable environmental, health, safety, labor, energy, and local government laws, rules, and regulations.

The Grantee shall also observe proper standards in the installation, maintenance, repair, and operation of its electrical facilities in order to protect the public, its employees, and its consumers from danger, injury, or damage.

Section 12. *Term of Franchise.*- This franchise shall be for a term of twenty-five (25) years from the effectivity of this Act, unless sooner revoked or canceled. The Grantee shall be entitled to apply for renewal of this franchise in accordance with law.

Section 13. *Acceptance and Compliance.*- Acceptance of this franchise shall be deemed an acceptance by the Grantee of all the terms and conditions herein provided. The acceptance shall be made in writing to the Congress, through the Committee on Legislative Franchise of the House of Representatives and the Committee on Public Services of the Senate within sixty (60) days from the effectivity of this Act. Failure to comply with any of the provisions of this Act shall be a ground for the revocation or cancellation of this franchise in accordance with due process.

Section 14. *Warranty in Favor of the National and Local Governments.*- The Grantee shall hold the national government, the provincial government of Negros Oriental, the cities and municipalities within the franchise area, and other local government units free and harmless from any claim, liability, or damage arising from any accident, injury, or damage caused by the construction, installation, operation, maintenance, or repair of its distribution system, except when such claim, liability, or damage is caused by the fault or negligence of the government or its agents.

Section. 15 *Liability for Damages.*- The Grantee shall be liable for any injury to persons and damage 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.

Section 16. *Sale, Lease, Transfer, Grant of 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 hereunder, to any person, firm, company, corporation, or other entity, nor 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 prior approval of the Congress: *Provided*, That Congress shall be informed of any sale, lease, transfer, grant of usufruct, sale, or assignment of franchise, or the rights and privileges acquired thereunder, or of the

merger, sale of the controlling interest within sixty (60) days after the completion of said transaction: *Provided, further*, That any such transfer, sale, or assignment is in accordance with the 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 conditions, terms, restrictions, and limitations of this Act.

Section 17. Reporting 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 on Public Services of the Senate, on its compliance with the terms and conditions of this franchise and its operations on or before April 30 of every year during the term of the franchise.

The annual report shall likewise include service reliability, consumer service performance, system loss, power supply arrangements, electrification programs, infrastructure improvements, financial condition, and other matters relevant to the exercise of this franchise.

The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by ERC.

Section 18. 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 (Php500.00) per working day of non-compliance which shall be collected by the ERC. The fine shall be collected separately from the reportorial penalties imposed by the ERC and shall be remitted to the Bureau of Treasury.

Section 19. Compliance with Labor Standards. The Grantee shall comply with all applicable labor laws, rules, and regulations. It shall protect the rights and welfare of its employees and personnel, including their right to security of tenure, humane conditions of work and just compensation, in accordance with law.

Section 20. 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 franchises with prior congressional approval.

Section 21. 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; RA 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”.

Section 22. Repealability and Non- Exclusivity Clause.- This franchise shall be subject to amendment, alteration, or repeal by Congress when public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

Section 23. Existing Powers.- Existing mandates, powers, functions, and privileges granted to electric cooperatives under existing laws, including Section 10 of RA 10531 shall remain valid and effective unless expressly repealed by succeeding laws.

Section 24. Separability Clause. If any provision of this Act is declared unconstitutional or invalid, the remainder of this Act shall not be affected thereby.

Section 25. Repealing Clause. All laws, decrees, orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 26. Effectivity. This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in a newspaper of general circulation.

Approved,