



HOUSE OF REPRESENTATIVES

H. No. 7640

BY REPRESENTATIVES MERCADO, YAP (C.), DE JESUS, DAGOOC, ROMAN, LAGDAMEO (M.Y.M.), REGENCIA, LAGDAMEO (J.M.), BELTRAN, QUIMBO, DALOG, BAUTISTA (J.M.), ONGCHUAN, ALVAREZ (M.), FERRER (A.), GONZALES (R.), ACOSTA, MADRONA, CAGAS, MARAÑON, CORVERA, ANGELES, GARCIA (K.H.), SANTOS (M.A.), SALCEDA, ALMARIO (C.M.), DEL MAR, AYON AND FERRER (J.)

AN ACT GRANTING A LEGISLATIVE FRANCHISE TO SOUTHERN LEYTE ELECTRIC COOPERATIVE, INC. TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE AND MAINTAIN A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITY OF MAASIN AND THE MUNICIPALITIES OF ANAHAWAN, BONTOC, HINUNANGAN, HINUNDAYAN, LIBAGON, LILOAN, MACROHON, MALITBOG, PADRE BURGOS, PINTUYAN, SAINT BERNARD, SAN FRANCISCO, SAN JUAN, SAN RICARDO, SILAGO, SOGOD, TOMAS OPPUS, AND LIMASAWA, PROVINCE OF SOUTHERN LEYTE

Be it enacted by the Senate and House of Representatives 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
3 Southern Leyte Electric Cooperative, Inc. (SOLECO), hereunder referred to as the
4 Grantee, its successors or assignees, a franchise to construct, install, establish, operate,
5 own, manage and maintain in the public interest and for commercial purposes, a
6 distribution system for the conveyance of electric power to the end-users in the City of
7 Maasin and the Municipalities of Anahawan, Bontoc, Hinunangan, Hinundayan, Libagon,
8 Liloan, Macrohon, Malitbog, Padre Burgos, Pintuyan, Saint Bernard, San Francisco, San
9 Juan, San Ricardo, Silago, Sogod, Tomas Oppus, and Limasawa, Province of Southern
10 Leyte.

1 As used in this Act, "distribution system" refers to the system of wires and
2 associated facilities including subtransmission lines belonging to or used by a franchised
3 distribution utility extending between the delivery point on the national transmission
4 system or generating facility and the metering point or facility of the end-user.

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

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

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

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

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

8
9 The Grantee shall have the obligation to provide open and non-discriminatory
10 access to its distribution system and services for any end-user within its franchise area
11 consistent with Republic Act (RA) No. 9136, otherwise known as the “Electric Power
12 Industry Reform Act of 2001”. The Grantee shall not engage in any activity that will
13 constitute an abuse of market power such as unfair trade practices, monopolistic
14 schemes, and other activities that will hinder competitiveness of businesses and
15 industries.

16
17 **SEC. 6. Rates for Services.** – The retail rates and charges for the distribution of
18 electric power by the Grantee to its end-users shall be regulated by and subject to the
19 approval of the ERC or its legal successor.

20
21 The Grantee shall identify and segregate in its electricity bill to the end-users the
22 components of the retail rate pursuant to RA 9136, unless otherwise amended. Such
23 rates charged by the Grantee to the end-users shall be made public and transparent. The
24 Grantee shall implement lifeline rate to marginalized end-users as mandated under RA
25 9136.

26
27 **SEC. 7. Promotion of Consumer Interests.** – The Grantee herein shall establish
28 a consumer desk that shall handle consumer complaints and ensure adequate promotion
29 of consumer interests. The Grantee shall act with dispatch on all complaints brought
30 before it.

31
32 **SEC. 8. Commitment to Provide and Promote the Creation of Employment**
33 **Opportunities.** – The Grantee shall create employment opportunities and shall allow on-
34 the-job training in its franchise operation: *Provided*, That priority shall be accorded to the
35 residents where their principal office is located: *Provided, further*, That the Grantee shall
36 comply with the applicable labor standards and allowance entitlement under existing labor
37 laws, rules and regulations, and similar issuances.

38
39 **SEC. 9. Right of the Government.** – A special right is hereby reserved to the
40 President of the Philippines, in times of war, rebellion, public peril, calamity, emergency,
41 disaster or disturbance of peace and order: to temporarily take over and operate the
42 stations or facilities of the Grantee; to temporarily suspend the operation of any station or
43 facility in the interest of public safety, security, and public welfare; or to authorize the
44 temporary use and operation thereof by any agency of the government, upon due
45 compensation to the Grantee, for the use of the stations or facilities during the period
46 when these shall be so operated.

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

10
11 **SEC. 11. Term of Franchise.** – Unless sooner cancelled, this franchise shall be
12 in effect for a period of twenty-five (25) years from the effectivity of this Act. This franchise
13 shall be deemed *ipso facto* revoked in the event the Grantee fails to operate continuously
14 for two (2) years.

15
16 **SEC. 12. Warranty in Favor of the National and Local Governments.** – The
17 Grantee shall hold the national, provincial, city, and municipal governments of the
18 Philippines free from all claims, accounts, demands, or actions arising from accidents
19 causing injury to persons or damage to property, during the construction, installation,
20 operation, and maintenance of the distribution system of the Grantee.

21
22 **SEC. 13. Liability for Damages.** – The Grantee shall be liable for any injury to
23 persons and damage to property arising from accidents by reason of any defective
24 construction under this franchise or of any neglect or omission to keep its poles and wires
25 in safe condition.

26
27 **SEC. 14. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.** – The
28 Grantee shall not sell, lease, transfer, grant the usufruct, or assign this franchise or the
29 rights and privileges acquired thereunder to any person, firm, company, corporation, or
30 other commercial or legal entity, or merge with any other corporation, or entity, or transfer
31 the controlling interest of the Grantee, whether as a whole or in part, and whether
32 simultaneously or contemporaneously, to any such person, firm, company, corporation,
33 or entity without the prior approval of the Congress: *Provided*, That Congress shall be
34 informed of any lease, transfer, grant of usufruct, sale, or assignment of franchise or the
35 rights and privileges acquired thereunder, or of the merger, or sale of the controlling
36 interest within sixty (60) days after the completion of said transaction: *Provided, further*,
37 That any such transfer, sale, or assignment is in accordance with the constitutional
38 limitations: *Provided, furthermore*, That failure to report to Congress such change of
39 ownership shall render the franchise *ipso facto* revoked: *Provided, finally*, That any
40 person or entity to which this franchise is sold, transferred, or assigned, shall be subject
41 to the same conditions, terms, restrictions, and limitations of this Act.

42
43 **SEC. 15. Reportorial Requirement.** – The Grantee shall submit an annual report
44 to Congress, through the Committee on Legislative Franchises of the House of
45 Representatives and the Committee on Public Services of the Senate, on its compliance
46 with the terms and conditions of this franchise and on its operations on or before April 30
47 of every year during the term of the franchise. The reportorial compliance certificate

1 issued by Congress shall be required before any application for permit or certificate is
2 accepted by the ERC.
3

4 **SEC. 16. *Fine.*** – The failure of the Grantee to submit the requisite annual report
5 to Congress shall be penalized with a fine in the amount of Five hundred pesos (P500.00)
6 per working day of non-compliance which shall be collected by the ERC. The fine shall
7 be collected separately from the reportorial penalties imposed by the ERC and shall be
8 remitted to the Bureau of the Treasury.
9

10 **SEC. 17. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or
11 immunity granted under existing franchises, or which may hereafter be granted, upon
12 prior review and approval of Congress, shall become part of this franchise and shall be
13 accorded immediately and unconditionally to the herein Grantee: *Provided, however,* That
14 the foregoing shall neither apply to nor affect provisions concerning territory covered by
15 the franchise, the term of the franchise or the type of service authorized by the franchise:
16 *Provided, further,* That the foregoing shall not apply to the sale, lease, transfer, grant of
17 usufruct, or assignment of legislative franchises with prior congressional approval.
18

19 **SEC. 18. *Applicability of Existing Laws.*** – The Grantee shall comply with and
20 be subject to the provisions of Commonwealth Act No. 146 or the "Public Service Act", as
21 amended, RA 9136, and RA 10531 or the "National Electrification Administration Reform
22 Act of 2013".
23

24 **SEC. 19. *Existing Powers.*** – Existing mandates, powers, functions, and
25 privileges granted to electric cooperatives under existing laws, including Section 10 of RA
26 10531, shall remain valid and effective, unless expressly repealed by succeeding laws.
27

28 **SEC. 20. *Repealability and Non-Exclusivity Clause.*** – This franchise shall be
29 subject to amendment, alteration, or repeal by Congress when the public interest so
30 requires and shall not be interpreted as an exclusive grant of the privileges herein
31 provided for.
32

33 **SEC. 21. *Separability Clause.*** – If any of the sections or provisions of this Act is
34 held invalid, all other provisions not affected thereby shall remain valid.
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36 **SEC. 22. *Repealing Clause.*** – All laws, presidential decrees, executive orders,
37 letters of instruction, administrative rules and regulations or parts thereof which are
38 contrary to or inconsistent with the provisions of this Act are hereby repealed or modified
39 accordingly.
40

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

Approved,