



HOUSE OF REPRESENTATIVES

H. No. 8460

BY REPRESENTATIVES TARRIELA, DE JESUS, DAGOOC, FERRER (J.), CORVERA, ROMAN,
LAGDAMEO (J.M.), BAUTISTA (J.M.), CAGAS, BELTRAN, LORIA, FERRER (A.), AYON, ALVAREZ (M.),
LEGACION, ACOSTA, GARIN AND RODRIGUEZ (E.)

AN ACT

GRANTING A LEGISLATIVE FRANCHISE TO OCCIDENTAL MINDORO
ELECTRIC COOPERATIVE, INC. (OMECO) TO CONSTRUCT, INSTALL,
ESTABLISH, OPERATE, OWN, MANAGE AND MAINTAIN A DISTRIBUTION
SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS
IN THE MUNICIPALITIES OF MAGSAYSAY, SAN JOSE, RIZAL, CALINTAAN,
SABLAYAN, STA. CRUZ, MAMBURAO, ABRA DE ILOG, PALUAN, PROVINCE
OF OCCIDENTAL MINDORO

*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
2 the Constitution and applicable laws, rules and regulations, there is hereby granted
3 to the Occidental Mindoro Electric Cooperative, Inc. (OMECO), hereunder referred to
4 as the Grantee, its successors or assigns, a franchise to construct, install, establish,
5 operate, own, manage and maintain in the public interest and commercial purposes,
6 a distribution system for the conveyance of electric power to the end-users in the
7 Municipalities of Magsaysay, San Jose, Rizal, Calintaan, Sablayan, Sta. Cruz,
8 Mamburao, Abra De Ilog, Paluan, Province of Occidental Mindoro.

9
10 As used in this Act, “distribution system” refers to the system of wires and
11 associated facilities including subtransmission lines belonging to or used by a
12 franchised distribution utility extending between the delivery point on the national
13 transmission system or generating facility and the metering point or facility of the
14 end-user.

15
16 **SEC. 2. Manner of Operations of Facilities.** – All electric distribution
17 facilities, lines and systems for electric services installed, owned, operated, managed
18 or maintained by the Grantee, its successors or assignees, shall be operated or

1 maintained at all times in a superior manner, and it shall be the duty of the Grantee,
2 its successors or assignees, whenever required to do so by the Energy Regulatory
3 Commission (ERC), or its legal successor, or the Department of Energy, or its legal
4 successor, or the National Electrification Administration (NEA), or its legal successor,
5 or any other government agency concerned to modify, improve and change such
6 facilities or systems in such manner and to such extent as the progress in science or
7 technology and improvements or innovations in electric power services may render
8 reasonable and proper.

9
10 Whenever practicable, and for purposes of maintaining order, safety and
11 aesthetics along the highways, roads, streets, alleys, or right-of-way, the Grantee
12 may allow the use of free spaces in its poles, facilities, or right-of-way by interested
13 parties upon reasonable compensation to the Grantee considering the costs incurred
14 to accommodate and administer the use of the Grantee's facilities by such parties.
15 The ERC shall decide in case of dispute or disagreement between the parties.

16
17 **SEC. 3. Authority of the ERC and NEA.** – The Grantee shall secure from
18 the ERC or the NEA or any government agency having jurisdiction over its
19 operations, a Certificate of Public Convenience and Necessity and any other license,
20 permit or authority indispensable for the construction and operation of the electric
21 power distribution system.

22
23 **SEC. 4. Excavation and Restoration Works.** – For the purpose of erecting
24 and maintaining the poles or other supports for said facilities, wires or other
25 conductors or for the purpose of laying and maintaining said facilities, wires, cables
26 or other conductors, it shall be lawful for the Grantee, its successors or assignees,
27 with the prior approval of the Department of Public Works and Highways (DPWH) or
28 the local government unit (LGU) concerned, as may be appropriate, to make
29 excavations or lay conduits in any of the public places, highways, roads, streets,
30 lanes, alleys, avenues, sidewalks, or bridges of the province, cities or municipalities:
31 *Provided, however,* That a public place, highway, road, street, lane, alley, avenue,
32 sidewalk, or bridge disturbed, altered, or changed by reason of erection of poles or
33 other supports or the underground laying of wires, other conductors or conduits, shall
34 be repaired and replaced in efficient manner by the Grantee, its successors or
35 assignees, in accordance with the standards set by the DPWH or the LGU
36 concerned. Should the Grantee, its successors or assignees, after the ten (10)-day
37 notice from the grant of authority, fail, refuse or neglect to repair or replace any part
38 of public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge
39 altered, changed, or disturbed by the said Grantee, its successors or assignees, then
40 the DPWH or the LGU concerned shall have the right to have the same repaired and
41 replaced in good order and condition and charge the Grantee, its successors or
42 assignees, double the amount of the cost and expenses for such repair or
43 replacement.

44
45 **SEC. 5. Responsibility to the Public.** – The Grantee shall supply electricity
46 to its captive market in the least costly manner. In the interest of the public good and
47 as far as feasible and whenever required by the ERC, the Grantee shall modify,
48 improve, or change its facilities, poles, lines, systems, and equipment for the
49 purpose of providing efficient and reliable service and reduced electricity costs. The
50 Grantee shall charge reasonable and just power rates for its services to all types of

1 consumers within its franchised areas in order that businesses and industries shall
2 be able to compete.

3
4 The Grantee shall have the obligation to provide open and non-discriminatory
5 access to its distribution system and services for any end-user within its franchise
6 area consistent with Republic Act (RA) No. 9136, otherwise known as the "Electric
7 Power Industry Reform Act of 2001". The Grantee shall not engage in any activity
8 that will constitute an abuse of market power such as unfair trade practices,
9 monopolistic schemes, and other activities that will hinder competitiveness of
10 businesses and industries.

11
12 **SEC. 6. Rates for Services.** – The retail rates and charges for the
13 distribution of electric power by the Grantee to its end-users shall be regulated by
14 and subject to the approval of the ERC or its legal successor.

15
16 The Grantee shall identify and segregate in its electricity bill to the end-users
17 the components of the retail rate pursuant to RA 9136, unless otherwise amended.
18 Such rates charged by the Grantee to the end-users shall be made public and
19 transparent. The Grantee shall implement lifeline rate to marginalized end-users as
20 mandated under RA 9136.

21
22 **SEC. 7. Promotion of Consumer Interests.** – The Grantee herein shall
23 establish a consumer desk that shall handle consumer complaints and ensure
24 adequate promotion of consumer interests. The Grantee shall act with dispatch on all
25 complaints brought before it.

26
27 **SEC. 8. Commitment to Provide and Promote the Creation of**
28 **Employment Opportunities.** – The Grantee shall create employment opportunities
29 and shall allow on-the-job training in its franchise operation: *Provided*, That priority
30 shall be accorded to the residents where their principal office is located: *Provided*,
31 *further*, That the Grantee shall comply with the applicable labor standards and
32 allowance entitlement under existing labor laws, rules and regulations, and similar
33 issuances.

34
35 **SEC. 9. Right of the Government.** – A special right is hereby reserved to the
36 President of the Philippines, in times of war, rebellion, public peril, calamity,
37 emergency, disaster or disturbance of peace and order: to temporarily take over and
38 operate the stations or facilities of the Grantee; to temporarily suspend the operation
39 of any station or facility in the interest of public safety, security, and public welfare; or
40 to authorize the temporary use and operation thereof by any agency of the
41 government, upon due compensation to the Grantee, for the use of the stations or
42 facilities during the period when these shall be so operated.

43
44 **SEC. 10. Right of Eminent Domain.** – Subject to the limitations and
45 procedures prescribed by law, the Grantee is authorized to exercise the right of
46 eminent domain insofar as it may be reasonably necessary for the efficient
47 maintenance and operation of its services. The Grantee is authorized to install and
48 maintain its poles, wires, and other facilities over and across public property,
49 including streets, highways, and other similar property of the Government of the

1 Philippines, its branches, or any of its instrumentalities. The Grantee may acquire
2 such private property as is actually necessary for the realization of the purposes for
3 which this franchise is granted: *Provided*, That proper expropriation proceedings
4 shall have been instituted and just compensation paid.

5
6 **SEC. 11. *Term of Franchise.*** – Unless sooner cancelled, this franchise shall
7 be in effect for a period of twenty-five (25) years from the effectivity of this Act. This
8 franchise shall be deemed *ipso facto* revoked in the event the Grantee fails to
9 operate continuously for two (2) years.

10
11 **SEC. 12. *Warranty in Favor of the National and Local Governments.*** –
12 The Grantee shall hold the national, provincial, city, and municipal governments of
13 the Philippines free from all claims, accounts, demands, or actions arising from
14 accidents causing injury to persons or damage to property, during the construction,
15 installation, operation, and maintenance of the distribution system of the Grantee.

16
17 **SEC. 13. *Liability for Damages.*** – The Grantee shall be liable for any injury
18 to persons and damage to property arising from accidents by reason of any defective
19 construction under this franchise or of any neglect or omission to keep its poles and
20 wires in safe condition.

21
22 **SEC. 14. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.*** –
23 The Grantee shall not sell, lease, transfer, grant the usufruct, or assign this franchise
24 or the rights and privileges acquired thereunder to any person, firm, company,
25 corporation, or other commercial or legal entity, or merge with any other corporation,
26 or entity, or transfer the controlling interest of the Grantee, whether as a whole or in
27 part, and whether simultaneously or contemporaneously, to any such person, firm,
28 company, corporation, or entity without the prior approval of the Congress: *Provided*,
29 That Congress shall be informed of any lease, transfer, grant of usufruct, sale, or
30 assignment of franchise or the rights and privileges acquired thereunder, or of the
31 merger, or sale of the controlling interest within sixty (60) days after the completion
32 of said transaction: *Provided, further*, That any such transfer, sale, or assignment is
33 in accordance with the constitutional limitations: *Provided, furthermore*, That failure
34 to report to Congress such change of ownership shall render the franchise *ipso facto*
35 revoked: *Provided, finally*, That any person or entity to which this franchise is sold,
36 transferred, or assigned, shall be subject to the same conditions, terms, restrictions,
37 and limitations of this Act.

38
39 **SEC. 15. *Reportorial Requirement.*** – The Grantee shall submit an annual
40 report to Congress, through the Committee on Legislative Franchises of the House
41 of Representatives and the Committee on Public Services of the Senate, on its
42 compliance with the terms and conditions of this franchise and on its operations on
43 or before April 30 of every year during the term of the franchise. The reportorial
44 compliance certificate issued by Congress shall be required before any application
45 for permit or certificate is accepted by the ERC.

46
47 **SEC. 16. *Fine.*** – The failure of the Grantee to submit the requisite annual
48 report to Congress shall be penalized with a fine in the amount of Five hundred
49 pesos (P500.00) per working day of non-compliance which shall be collected by the

1 ERC. The fine shall be collected separately from the reportorial penalties imposed by
2 the ERC and shall be remitted to the Bureau of the Treasury.

3
4 **SEC. 17. Equality Clause.** – Any advantage, favor, privilege, exemption, or
5 immunity granted under existing franchises, or which may hereafter be granted, upon
6 prior review and approval of Congress, shall become part of this franchise and shall
7 be accorded immediately and unconditionally to the herein Grantee: *Provided,*
8 *however,* That the foregoing shall neither apply to nor affect provisions concerning
9 territory covered by the franchise, the term of the franchise or the type of service
10 authorized by the franchise: *Provided, further,* That the foregoing shall not apply to
11 the sale, lease, transfer, grant of usufruct, or assignment of legislative franchises
12 with prior congressional approval.

13
14 **SEC. 18. Applicability of Existing Laws.** – The Grantee shall comply with
15 and be subject to the provisions of Commonwealth Act No. 146 or the "Public
16 Service Act", as amended, RA 9136, and RA 10531 or the "National Electrification
17 Administration Reform Act of 2013".

18
19 **SEC. 19. Existing Powers.** – Existing mandates, powers, functions, and
20 privileges granted to electric cooperatives under existing laws, including Section 10
21 of RA 10531, shall remain valid and effective, unless expressly repealed by
22 succeeding laws.

23
24 **SEC. 20. Repealability and Non-Exclusivity Clause.** – This franchise shall
25 be subject to amendment, alteration, or repeal by Congress when the public interest
26 so requires and shall not be interpreted as an exclusive grant of the privileges herein
27 provided for.

28
29 **SEC. 21. Separability Clause.** – If any of the sections or provisions of this
30 Act is held invalid, all other provisions not affected thereby shall remain valid.

31
32 **SEC. 22. Repealing Clause.** – All laws, presidential decrees, executive
33 orders, letters of instruction, administrative rules and regulations or parts thereof
34 which are contrary to or inconsistent with the provisions of this Act are hereby
35 repealed or modified accordingly.

36
37 **SEC. 23. Effectivity.** – This Act shall take effect fifteen (15) days after its
38 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,