



HOUSE OF REPRESENTATIVES

H. No. 9004

BY REPRESENTATIVES DE JESUS, DAGOOC, CELESTE, FERRER (J.), CORVERA, FORTES, MARAÑON, ROMAN, ALVAREZ (M.), OAMINAL (S.F.), LAGDAMEO (M.Y.M.), LAGDAMEO (J.M.), BAUTISTA (J.M.), LEGACION, ANGELES, BELTRAN, SANTOS (M.A.), FERRER (A.), AYON, QUIMBO, GONZALES (R.), ARBISON (M. JR.), BENITEZ (J.M.), DAZA, LORIA, LUMAYAG, ONGCHUAN, RIVERA, ACOSTA, GONZALES (A.M.), BARONDA, ALBA, RECTO, ORTEGA, RODRIGUEZ (M.), RODRIGUEZ (R.) AND SALCEDA

AN ACT

GRANTING A LEGISLATIVE FRANCHISE TO PANGASINAN I ELECTRIC COOPERATIVE, INC. (PANELCO I) 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 ALAMINOS AND MUNICIPALITIES OF AGNO, ANDA, BANI, BOLINAO, BURGOS, DASOL, INFANTA AND MABINI, PROVINCE OF PANGASINAN

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 Pangasinan I Electric Cooperative, Inc. (PANELCO I), 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 City of Alaminos and Municipalities of Agno, Anda, Bani, Bolinao, Burgos, Dasol,
8 Infanta and Mabini, Province of Pangasinan.

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.

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

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

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

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

47
48 **SEC. 5. Responsibility to the Public.** – The Grantee shall supply electricity
49 to its captive market in the least costly manner. In the interest of the public good and
50 as far as feasible and whenever required by the ERC, the Grantee shall modify,

1 improve, or change its facilities, poles, lines, systems, and equipment for the
2 purpose of providing efficient and reliable service and reduced electricity costs. The
3 Grantee shall charge reasonable and just power rates for its services to all types of
4 consumers within its franchised areas in order that businesses and industries shall
5 be able to compete.
6

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

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

19 The Grantee shall identify and segregate in its electricity bill to the end-users
20 the components of the retail rate pursuant to RA No. 9136, unless otherwise amended.
21 Such rates charged by the Grantee to the end-users shall be made public and
22 transparent. The Grantee shall implement lifeline rate to marginalized end-users as
23 mandated under RA No. 9136.
24

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

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

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

47 **SEC. 10. Right of Eminent Domain.** – Subject to the limitations and
48 procedures prescribed by law, the Grantee is authorized to exercise the right of
49 eminent domain insofar as it may be reasonably necessary for the efficient

1 maintenance and operation of its services. The Grantee is authorized to install and
2 maintain its poles, wires, and other facilities over and across public property,
3 including streets, highways, and other similar property of the Government of the
4 Philippines, its branches, or any of its instrumentalities. The Grantee may acquire
5 such private property as is actually necessary for the realization of the purposes for
6 which this franchise is granted: *Provided*, That proper expropriation proceedings
7 shall have been instituted and just compensation paid.

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

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

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

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

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

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

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

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

21
22 **SEC. 19. *Existing Powers.*** – Existing mandates, powers, functions, and
23 privileges granted to electric cooperatives under existing laws, including Section 10
24 of RA No. 10531, shall remain valid and effective, unless expressly repealed by
25 succeeding laws.

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

31
32 **SEC. 21. *Separability Clause.*** – If any of the sections or provisions of this
33 Act is held invalid, all other provisions not affected thereby shall remain valid.

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

39
40 **SEC. 23. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
41 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,