

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 407



Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

EXPLANATORY NOTE

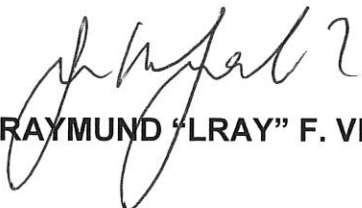
With the onset of the technological revolution, electricity has become a necessity for communities to grow and thrive. The modern society is driven by speed and permanence, not stagnancy and inactivity—it is driven through efficacy and sensibility. No longer should power outages be a bane to society. As such, it is imperative that the service we provide to the people meet such demands and present them with choices accorded to the consumers' own terms.

The enactment of laws such as the Republic Act No. 9136, also known as the "Electric Power Industry Reform Act of 2001", allowed the government to deliver on its promise of affordable basic services to its people and protect the public interest. With R.A. 9136 enacted, open access was permitted leading to retail competition and a thrust for developments, allowing key players in the industry the opportunity to provide a level of service worthy of the demands that the State necessitates. As a step onwards a more transparent and fair energy sector, the law afforded both the public and private sector a chance in the playing field; As a step further in fulfilling the mandate of ensuring sustainable supply of electricity for the people, the presence of fresh reliable electricity facilities is essential.

This bill seeks to provide such a dependable electric power distribution system to the people of the Province of Camarines Sur by granting the franchise to operate the Bicol Light and Power Corporation in the towns of Baao, Balatan, Bato, Buhi, Bula,

Nabua, And The City of Iriga. It seeks to address the issue of price control through realizing a regime of free and fair competition in the energy sector. Finally, it seeks to require standards that the grantee must attain in order to secure an effective partnership between the Government and the grantee, as well as maintain a high benchmark of the promised provided facility.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

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HOUSE BILL NO. _____

Introduced by **HON. LUIS RAYMUND “LRAY” F. VILLAFUERTE, JR.**

**AN ACT GRANTING THE BICOL LIGHT AND POWER CORPORATION A
FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN,
MANAGE AND MAINTAIN DISTRIBUTION SYSTEMS FOR THE CONVEYANCE
OF ELECTRIC POWER TO THE END-USERS IN THE TOWNS OF BAAO,
BALATAN, BATO, BUHI, BULA, NABUA, AND THE CITY OF IRIGA, PROVINCE
OF CAMARINES SUR, AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and the 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 Bicol Light and Power Corporation, hereunder referred to as the grantee, its successors or assigns, a franchise to construct, install, establish, operate, lease, own, manage and maintain for commercial purposes and in the public interest, distribution systems for the conveyance of electric power to the end-users in the towns of Baao, Balatan, Bato, Buhi, Bula, Nabua, And The City Of Iriga, Province Of Camarines Sur.

SECTION 2. *Manner of Operation of Facilities.* All electric distribution facilities, lines and systems for electric services installed, established, operated, leased, owned, or managed by the grantee, its successors or assigns, shall be operated and 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, hereinafter referred to as the ERC, or its legal successor, or the Department of Energy, hereinafter referred to as the DOE, or its legal success, or any other government agency concerned, to modify, improve and change such facilities or systems in such a manner and to such extent as the progress in science and technology, and improvements in the electric power distribution services may render reasonable and proper.

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

SECTION 3. *Authority of the Energy Regulatory Commission (ERC).* The grantee shall secure from the ERC, or any other government agency which has jurisdiction over the operation of the herein grantee, the necessary certificates of public convenience and necessity and other appropriate permits and licenses for the construction and operation of its electric power distribution system. The ERC, or any government agency having jurisdiction over the grantee's operation, may allow the grantee to expand to surrounding areas, not covered by its franchise area, whenever public interest so requires.

SECTION 4. *Ingress and Egress.* For the purpose of erecting and maintaining poles or other supports for said wires or other power conductors for the purpose of laying and maintaining underground wires, cables or other conductors, it shall be lawful for the grantee, its successors or assigns, with the prior approval by the Department of Public Works and Highways (DPWH) or by the local government unit (LGU) concerned, as may be appropriate, to make excavations of lay conduits in any of the public places, highways, streets, lanes, alleys, avenues, sidewalks or bridges of said province, cities and/or municipalities: *Provided, however,* that a public place, highway, 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 workmanlike manner by said grantee, its successors or assigns, in accordance with the standards set by the DPWH or the LGU concerned. Should the grantee, its successors or assigns, after the ten (10) day notice from the said authority, fail, refuse or neglect to repair or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk or bridge altered, changed or disturbed by the said grantee, its successors or assigns, then the DPWH or the LGU concerned shall have the right to have the same repaired and placed in good order and condition at double expense to be charged against the grantee, its successors or assigns.

SECTION 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 ERC, 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 electric power rates for its services to all types of consumers within its franchised areas in order that business and industries shall be able to compete.

The grantee shall have the obligation to provide open and nondiscriminatory access to its electric power distribution system and services for any end-user within its franchise area consistent with Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001". The grantee shall not engage in any activity that would constitute an abuse of market power such as, but not limited to, unfair trade practices, monopolistic schemes, and any other activities that would hinder competitiveness of business and industries.

SECTION 6. *Rates for Services.* The retail rates to its captive market and charges for the distribution of electric power by the grantee to its end-user shall be regulated by and subject to the approval by 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, 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 Republic Act No. 9136.

SECTION 7. *Promotion of Consumer Interests.* The grantee shall establish a consumer desk that would handle consumer complaints and ensure adequate promotion of consumer interests. The grantee shall act with dispatch on all complaints brought before it.

SECTION 8. *Right of 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 said stations or facilities during the period when they shall be so operated.

SECTION 9. *Right of Eminent Domain.* Subject to the limitations and procedures prescribed by the 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 services, the grantee is authorized to install and maintain its poles, wires and other facilities over and across public property, including streets, highway, 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 condemnation proceedings shall have been instituted and just compensation paid.

SECTION 10. *Warranty in Favor of National and Local Governments.* The grantee shall hold the national, provincial, city and municipal governments of the Philippines free from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction, installation, operation and maintenance of the electric power distribution system of the grantee.

SECTION 11. *Liability to Damages.* The grantee shall be liable for any injury and damage arising from or caused by accident to persons and property 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 12. *Sale, Lease, Transfer, Usufruct, etc.* The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired hereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, 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 by the Congress of the Philippines: *Provided*, that Congress shall be informed of any lease, transfer, grant of usufruct sale or assignment of franchise or the rights or privileges acquired within sixty (60) days after the completion of said transaction: *Provided, further*, 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 13. *Equality Clause.* Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or may hereafter be granted shall, upon prior review and approval by Congress, become part of previously granted electric power distribution franchises: *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 as provided above.

SECTION 14. *Term of Franchise.* The franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act. This franchise shall be deemed *ipso facto* revoked in the event that the grantee fails to operate continuously for two (2) years.

SECTION 15. *Applicability Clause.* The grantee shall comply with and be subject to the provisions of Commonwealth Act No. 146, as amended, otherwise known as the “Public Service Act” and Republic Act No. 9136.

SECTION 16. *Reportorial 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 the franchise and on its operations on or before April 30 of the succeeding year.

SECTION 17. *Penalty Clause.* Any grantee who fails to submit the annual report to Congress would be fined five hundred pesos (Php500.00) per working day of noncompliance. The fine would be collected by the ERC from the said delinquent franchise grantee separate from the reportorial penalties imposed by the ERC. The collected funds shall accrue to the monitoring fund of the ERC in line with its supervisory and regulatory functions. The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the ERC.

SECTION 18. *Separability Clause.* If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SECTION 19. *Repeatability and Nonexclusivity Clause.* This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SECTION 20. *Publication.* This Act shall be published, through the initiative of the grantee, fifteen (15) days after this Act is signed by the President of the Philippines or has lapsed into law.

SECTION 18. *Effectivity Clause.* This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation in the Philippines.

Approved,