



HOUSE OF REPRESENTATIVES

H. No. 6282

BY REPRESENTATIVES UMALI (C.) AND BIRON, PER COMMITTEE REPORT
No. 1989

AN ACT AMENDING REPUBLIC ACT NO. 3118, GRANTING A FRANCHISE TO CABANATUAN ELECTRIC CORPORATION (FORMERLY *SAMAHANG MAGSASAKA, INCORPORADA*), TO CONSTRUCT, OPERATE AND MAINTAIN A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITY OF CABANATUAN, PROVINCE OF NUEVA ECIJA, AND RENEWING/EXTENDING THE TERM OF THE FRANCHISE TO ANOTHER TWENTY-FIVE (25) YEARS FROM THE DATE OF APPROVAL OF THIS ACT

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. Republic Act No. 3118, granting a franchise to
2 Cabanatuan Electric Corporation, (formerly *Samahang Magsasaka,*
3 *Incorporada*) is hereby amended to read as follows:

4 [SECTION 1. Subject to the terms and conditions
5 established in Republic Act Numbered Thirty-six hundred and
6 thirty-six, as amended by Commonwealth Act Numbered One
7 hundred and thirty-two, and to the provisions of the Constitution,

1 there is granted to the *Samahang Magsasaka, Incorporada*, for a
2 period of fifty years from the approval of this Act, the right,
3 privilege and authority to construct, maintain and operate an
4 electric light, heat and power system for the purpose of
5 generating and distributing electric light, heat and/or power for
6 sale within the City of Cabanatuan.

7 SEC. 2. In the event that the grantee shall purchase and
8 secure from the National Power Corporation electric heat and
9 power, the National Power Corporation is hereby authorized to
10 negotiate and transact for the benefit and in behalf of the public
11 consumers with reference to rates.

12 SEC. 3. It is expressly provided that in the event the
13 government should desire to maintain and operate for itself the
14 system and enterprise herein authorized, the grantee shall
15 surrender its franchises and will turn over to the government all
16 serviceable equipment therein, at cost, less reasonable
17 depreciation.

18 SEC. 4. This Act shall take effect upon its approval.]

19 **“SECTION 1. NATURE AND SCOPE OF FRANCHISE. –**
20 **SUBJECT TO THE PROVISIONS OF THE CONSTITUTION AND**
21 **APPLICABLE LAWS, RULES AND REGULATIONS, THERE IS**
22 **HEREBY GRANTED TO CABANATUAN ELECTRIC CORPORATION**
23 **(FORMERLY *SAMAHANG MAGSASAKA, INCORPORADA*),**
24 **HEREUNDER REFERRED TO AS THE GRANTEE, ITS SUCCESSORS**
25 **OR ASSIGNS, A FRANCHISE TO CONSTRUCT, OPERATE AND**
26 **MAINTAIN IN THE PUBLIC INTEREST AND FOR COMMERCIAL**
27 **PURPOSES, A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF**
28 **ELECTRIC POWER TO THE END-USERS IN THE CITY OF**
29 **CABANATUAN, PROVINCE OF NUEVA ECUIJA.**

1 “AS USED IN THIS ACT, DISTRIBUTION SYSTEM REFERS
2 TO THE SYSTEM OF WIRES AND ASSOCIATED FACILITIES
3 INCLUDING SUB-TRANSMISSION LINES BELONGING TO A
4 FRANCHISED DISTRIBUTION UTILITY EXTENDING BETWEEN
5 THE DELIVERY POINT ON THE NATIONAL TRANSMISSION
6 SYSTEM OR GENERATING FACILITY AND THE METERING
7 POINT/FACILITY OF THE END-USER.”

8 “*SEC. 2. MANNER OF OPERATIONS OF FACILITIES. -*
9 ALL ELECTRIC DISTRIBUTION FACILITIES, LINES AND SYSTEMS
10 FOR ELECTRIC SERVICES OWNED, MAINTAINED, OPERATED OR
11 MANAGED BY THE GRANTEE, ITS SUCCESSORS OR ASSIGNS,
12 SHALL BE OPERATED AND MAINTAINED AT ALL TIMES IN A
13 SUPERIOR MANNER, AND IT SHALL BE THE DUTY OF THE
14 GRANTEE, ITS SUCCESSORS OR ASSIGNS, WHENEVER REQUIRED
15 TO DO SO BY THE ENERGY REGULATORY COMMISSION,
16 HEREAFTER REFERRED TO AS THE ERC, OR ITS LEGAL
17 SUCCESSOR, OR THE DEPARTMENT OF ENERGY, HEREINAFTER
18 REFERRED TO AS THE DOE, OR ITS LEGAL SUCCESSOR, OR ANY
19 OTHER GOVERNMENT AGENCY CONCERNED, TO MODIFY,
20 IMPROVE AND CHANGE SUCH FACILITIES OR SYSTEMS IN SUCH
21 MANNER AND TO SUCH EXTENT AS THE PROGRESS IN SCIENCE
22 AND IMPROVEMENTS IN THE ELECTRIC POWER SERVICES MAY
23 RENDER REASONABLE AND PROPER.

24 “WHENEVER PRACTICABLE AND FOR PURPOSES OF
25 MAINTAINING ORDER, SAFETY AND AESTHETICS ALONG THE
26 HIGHWAYS, ROADS, STREETS, ALLEYS OR RIGHT-OF-WAY, THE
27 GRANTEE MAY ALLOW THE USE OF FREE SPACES IN ITS POLES,
28 FACILITIES OR RIGHT-OF-WAY BY INTERESTED PARTIES UPON
29 REASONABLE COMPENSATION TO THE GRANTEE CONSIDERING
30 COSTS INCURRED TO ACCOMMODATE AND ADMINISTER THE
31 USE OF THE GRANTEE'S FACILITIES BY SUCH PARTIES. THE

1 ERC SHALL DECIDE IN CASE OF DISPUTE OR DISAGREEMENT
2 BETWEEN THE PARTIES.”

3 “SEC. 3. *AUTHORITY OF THE ENERGY REGULATORY*
4 *COMMISSION (ERC)*. – THE GRANTEE SHALL SECURE FROM
5 THE ERC, OR ANY OTHER GOVERNMENT AGENCY WHICH HAS
6 JURISDICTION OVER THE OPERATION OF THE HEREIN
7 GRANTEE, THE NECESSARY CERTIFICATE OF PUBLIC
8 CONVENIENCE AND NECESSITY AND OTHER APPROPRIATE
9 PERMITS AND LICENSES FOR THE CONSTRUCTION AND
10 OPERATION OF ITS ELECTRIC DISTRIBUTION SYSTEM.”

11 “SEC. 4. *INGRESS AND EGRESS*. – FOR THE PURPOSE OF
12 ERECTING AND MAINTAINING POLES AND OTHER SUPPORTS
13 FOR SAID FACILITIES, WIRES OR OTHER CONDUCTORS OR FOR
14 THE PURPOSE OF LAYING AND MAINTAINING SAID FACILITIES,
15 WIRES, CABLES OR OTHER CONDUCTORS, IT SHALL BE LAWFUL
16 FOR THE GRANTEE, ITS SUCCESSORS OR ASSIGNS, WITH THE
17 PRIOR APPROVAL OF THE DEPARTMENT OF PUBLIC WORKS
18 AND HIGHWAYS (DPWH) OR THE LOCAL GOVERNMENT UNITS
19 (LGUS) CONCERNED, AS MAY BE APPROPRIATE, TO MAKE
20 EXCAVATIONS OR LAY CONDUITS IN ANY OF THE PUBLIC
21 PLACES, HIGHWAYS, STREETS, LANES, ALLEYS, AVENUES,
22 SIDEWALKS OR BRIDGES OF SAID PROVINCES AND/OR
23 MUNICIPALITIES: *PROVIDED, HOWEVER*, THAT ANY PUBLIC
24 PLACE, HIGHWAY, STREET, LANE, ALLEY, AVENUE, SIDEWALK
25 OR BRIDGE DISTURBED, ALTERED OR CHANGED BY REASON OF
26 THE ERECTION OF POLES OR OTHER SUPPORTS, OR THE
27 LAYING OF WIRES, OTHER CONDUCTORS OR CONDUITS, SHALL
28 BE IMMEDIATELY REPAIRED AND PROPERLY RESTORED AT THE
29 EXPENSE OF THE GRANTEE, ITS SUCCESSORS OR ASSIGNS, IN
30 ACCORDANCE WITH THE STANDARDS SET BY THE DPWH AND
31 LGUS.”

1 **“SEC. 5. RESPONSIBILITY TO THE PUBLIC. – THE**
2 **GRANTEE SHALL SUPPLY ELECTRICITY TO ITS CAPTIVE**
3 **MARKET IN THE LEAST-COST MANNER. IN THE INTEREST OF**
4 **THE PUBLIC GOOD AND AS FAR AS FEASIBLE AND WHENEVER**
5 **REQUIRED BY THE ERC, THE GRANTEE SHALL MODIFY,**
6 **IMPROVE OR CHANGE ITS FACILITIES, POLES, LINES, SYSTEMS**
7 **AND EQUIPMENT FOR THE PURPOSE OF PROVIDING EFFICIENT**
8 **AND RELIABLE SERVICE AND REDUCED ELECTRICITY COSTS.**
9 **THE GRANTEE SHALL CHARGE REASONABLE AND JUST POWER**
10 **RATES FOR ITS SERVICES TO ALL TYPES OF CONSUMERS**
11 **WITHIN ITS FRANCHISED AREAS IN ORDER THAT BUSINESS AND**
12 **INDUSTRIES SHALL BE ABLE TO COMPETE.**

13 **“THE GRANTEE SHALL HAVE THE OBLIGATION TO**
14 **PROVIDE OPEN AND NONDISCRIMINATORY ACCESS TO ITS**
15 **DISTRIBUTION SYSTEM AND SERVICES FOR ANY END-USER**
16 **WITHIN ITS FRANCHISE AREA CONSISTENT WITH REPUBLIC**
17 **ACT NO. 9136, OTHERWISE KNOWN AS THE ‘ELECTRIC POWER**
18 **INDUSTRY REFORM ACT OF 2001’. THE GRANTEE SHALL NOT**
19 **ENGAGE IN ANY ACTIVITY THAT WILL CONSTITUTE AN ABUSE**
20 **OF MARKET POWER SUCH AS, BUT NOT LIMITED TO, UNFAIR**
21 **TRADE PRACTICES, MONOPOLISTIC SCHEMES AND ANY OTHER**
22 **ACTIVITIES THAT WILL HINDER COMPETITIVENESS OF**
23 **BUSINESSES AND INDUSTRIES.”**

24 **“SEC. 6. RATES FOR SERVICES. – THE RETAIL RATES TO**
25 **ITS CAPTIVE MARKET AND CHARGES FOR THE DISTRIBUTION**
26 **OF ELECTRIC POWER BY THE GRANTEE TO ITS END-USER**
27 **SHALL BE REGULATED BY AND SUBJECT TO THE APPROVAL OF**
28 **THE ERC OR ITS LEGAL SUCCESSOR.**

29 **“THE GRANTEE SHALL IDENTIFY AND SEGREGATE IN ITS**
30 **ELECTRIC BILL TO THE END-USERS THE COMPONENTS OF THE**
31 **RETAIL RATE PURSUANT TO REPUBLIC ACT NO. 9136, UNLESS**
32 **OTHERWISE AMENDED. SUCH RATES CHARGED BY THE**

1 GRANTEE TO THE END-USERS SHALL BE MADE PUBLIC AND
2 TRANSPARENT. THE GRANTEE SHALL IMPLEMENT LIFELINE
3 RATE TO MARGINALIZED END-USERS AS MANDATED UNDER
4 REPUBLIC ACT NO. 9136.”

5 “SEC. 7. *PROMOTION OF CONSUMER INTERESTS.* – THE
6 HEREIN GRANTEE SHALL ESTABLISH A CONSUMER DESK THAT
7 WILL HANDLE CONSUMER COMPLAINTS AND ENSURE
8 ADEQUATE PROMOTION OF CONSUMER INTERESTS. THE
9 GRANTEE SHALL ACT WITH DISPATCH ON ALL COMPLAINTS
10 BROUGHT BEFORE IT.”

11 “SEC. 8. *RIGHT OF THE GOVERNMENT.* – A SPECIAL
12 RIGHT IS HEREBY RESERVED TO THE PRESIDENT OF THE
13 PHILIPPINES IN TIMES OF WAR, REBELLION, PUBLIC PERIL,
14 CALAMITY, EMERGENCY, DISASTER OR DISTURBANCE OF
15 PEACE AND ORDER TO TAKE OVER AND OPERATE THE
16 DISTRIBUTION SYSTEM OF THE GRANTEE OR TO AUTHORIZE
17 THE TEMPORARY USE AND OPERATION THEREOF BY ANY
18 AGENCY/DEPARTMENT OF THE GOVERNMENT UPON DUE
19 COMPENSATION TO THE GRANTEE FOR THE USE OF THE SAID
20 DISTRIBUTION SYSTEM DURING THE PERIOD WHEN THEY
21 SHALL BE SO OPERATED.”

22 “SEC. 9. *TAX PROVISION.* – IN CONSIDERATION OF THE
23 FRANCHISE AND RIGHTS HEREBY GRANTED, THE GRANTEE, ITS
24 SUCCESSORS OR ASSIGNS, SHALL PAY A FRANCHISE TAX,
25 WHICH MAY BE AMENDED FROM TIME TO TIME AND IS
26 CURRENTLY AT THE RATE OF AND EQUIVALENT TO FIFTY
27 PERCENT (50%) OF ONE PERCENT (1%) OF ALL REVENUES
28 DERIVED BY THE GRANTEE FROM ITS DISTRIBUTION
29 WHEELING SERVICES AND CAPTIVE MARKET SUPPLY,
30 EXCLUDING GENERATION CHARGE, TRANSMISSION CHARGE
31 AND SYSTEM LOSS CHARGE: *PROVIDED*, THAT NOTHING
32 HEREIN SHALL BE CONSTRUED AS REPEALING ANY TAX

1 EXEMPTIONS, INCENTIVES OR PRIVILEGES GRANTED UNDER
2 ANY RELEVANT LAW: *PROVIDED, FURTHER, THAT THE*
3 *GRANTEE, ITS SUCCESSORS OR ASSIGNS, SHALL BE LIABLE TO*
4 *PAY REAL PROPERTY TAXES ONLY ON THEIR REAL ESTATE AND*
5 *BUILDINGS, EXCLUSIVE OF THIS FRANCHISE, AS OTHER*
6 *CORPORATIONS ARE NOW OR HEREAFTER MAY BE REQUIRED*
7 *BY LAW TO PAY.*

8 "THE GRANTEE SHALL FILE THE RETURN WITH THE
9 CITY WHERE ITS PRINCIPAL PLACE OF OFFICE IS LOCATED AND
10 PAY THE TAXES DUE THEREON TO THE COMMISSIONER OF
11 INTERNAL REVENUE OR HIS DULY AUTHORIZED
12 REPRESENTATIVE IN ACCORDANCE WITH THE NATIONAL
13 INTERNAL REVENUE CODE (NIRC) AND THE RETURN SHALL
14 BE SUBJECT TO AUDIT BY THE BUREAU OF INTERNAL
15 REVENUE."

16 "*SEC. 10. RIGHT OF EMINENT DOMAIN. - SUBJECT TO*
17 *THE LIMITATIONS AND PROCEDURES PRESCRIBED BY LAW, THE*
18 *GRANTEE IS AUTHORIZED TO EXERCISE THE RIGHT OF*
19 *EMINENT DOMAIN INSOFAR AS IT MAY BE REASONABLY*
20 *NECESSARY FOR THE EFFICIENT MAINTENANCE AND*
21 *OPERATION OF SERVICES. THE GRANTEE IS AUTHORIZED TO*
22 *INSTALL AND MAINTAIN ITS POLES, WIRES AND OTHER*
23 *FACILITIES OVER AND ACROSS PUBLIC PROPERTY, INCLUDING*
24 *STREETS, HIGHWAYS, FOREST RESERVES AND OTHER SIMILAR*
25 *PROPERTY OF THE GOVERNMENT OF THE PHILIPPINES,*
26 *ITS BRANCHES OR ANY OF ITS INSTRUMENTALITIES. THE*
27 *GRANTEE MAY ACQUIRE SUCH PRIVATE PROPERTY AS IS*
28 *ACTUALLY NECESSARY FOR THE REALIZATION OF THE*
29 *PURPOSES FOR WHICH THIS FRANCHISE IS GRANTED:*
30 *PROVIDED, THAT PROPER CONDEMNATION PROCEEDINGS*
31 *SHALL HAVE BEEN INSTITUTED AND JUST COMPENSATION*
32 *PAID."*

1 “SEC. 11. *WARRANTY IN FAVOR OF NATIONAL AND*
2 *LOCAL GOVERNMENTS.* – THE GRANTEE SHALL HOLD THE
3 NATIONAL, PROVINCIAL AND MUNICIPAL GOVERNMENTS OF
4 THE PHILIPPINES HARMLESS FROM ALL CLAIMS, ACCOUNTS,
5 DEMANDS OR ACTIONS ARISING OUT OF ACCIDENTS OR
6 INJURIES, WHETHER TO PROPERTY OR PERSONS, CAUSED BY
7 THE CONSTRUCTION, INSTALLATION, OPERATION AND
8 MAINTENANCE OF THE DISTRIBUTION SYSTEM OF THE
9 GRANTEE.”

10 “SEC. 12. *LIABILITY FOR DAMAGES.* – THE GRANTEE
11 SHALL BE LIABLE FOR ANY INJURY AND DAMAGE ARISING
12 FROM OR CAUSED BY ACCIDENT TO PERSONS AND PROPERTY
13 BY REASON OF ANY DEFECTIVE CONSTRUCTION UNDER THIS
14 FRANCHISE OR OF ANY NEGLIGENCE OR OMISSION TO KEEP ITS
15 POLES AND WIRES IN A SAFE CONDITION.”

16 “SEC. 13. *SALE, LEASE, TRANSFER, USUFRUCT, ETC.* –
17 THE GRANTEE SHALL NOT LEASE, TRANSFER, GRANT THE
18 USUFRUCT OF, OR SELL THIS FRANCHISE OR THE RIGHTS AND
19 PRIVILEGES ACQUIRED THEREUNDER TO ANY PERSON, FIRM,
20 COMPANY, CORPORATION OR OTHER COMMERCIAL OR LEGAL
21 ENTITY, NOR MERGE WITH ANY OTHER CORPORATION OR
22 ENTITY, NOR SHALL THE CONTROLLING INTEREST OF THE
23 GRANTEE BE TRANSFERRED, WHETHER IN WHOLE OR IN PART,
24 AND WHETHER SIMULTANEOUSLY OR CONTEMPORANEOUSLY,
25 TO ANY SUCH PERSON, FIRM, COMPANY, CORPORATION OR
26 ENTITY WITHOUT THE PRIOR APPROVAL OF THE CONGRESS OF
27 THE PHILIPPINES. ANY PERSON OR ENTITY TO WHICH THIS
28 FRANCHISE IS SOLD, TRANSFERRED OR ASSIGNED, SHALL BE
29 SUBJECT TO THE SAME CONDITIONS, TERMS, RESTRICTIONS
30 AND LIMITATIONS OF THIS ACT.”

31 “SEC. 14. *EQUALITY CLAUSE.* – IN THE EVENT THAT
32 ANY COMPETING INDIVIDUAL, PARTNERSHIP OR CORPORATION

1 SHALL RECEIVE A SIMILAR PERMIT OR FRANCHISE WITH
2 TERMS AND/OR PROVISIONS MORE FAVORABLE THAN THOSE
3 HEREIN GRANTED OR WHICH TEND TO PLACE THE HEREIN
4 GRANTEE AT ANY DISADVANTAGE, SUCH TERMS AND/OR
5 PROVISIONS SHALL BE DEEMED PART HEREOF AND SHALL
6 OPERATE EQUALLY IN FAVOR OF THE HEREIN GRANTEE:
7 *PROVIDED*, THAT ANY TERMS AND/OR PROVISIONS HEREIN
8 GRANTED WHICH ARE NOT CONTAINED IN OTHER FRANCHISES
9 THAT MAY HEREAFTER BE GRANTED SHALL LIKEWISE BE
10 ENJOYED BY THE FUTURE GRANTEES; *PROVIDED, HOWEVER*,
11 THAT THE FOREGOING SHALL NEITHER APPLY TO NOR AFFECT
12 THE PROVISIONS CONCERNING TERRITORY COVERED BY THE
13 FRANCHISE AND THE LIFE SPAN OF THE FRANCHISE.”

14 “SEC. 15. *REPORTORIAL REQUIREMENT.* -- THE
15 GRANTEE SHALL SUBMIT AN ANNUAL REPORT OF FINANCES
16 AND OPERATIONS TO THE CONGRESS OF THE PHILIPPINES.”

17 “SEC. 16. *APPLICABILITY CLAUSE.* -- THE GRANTEE
18 SHALL COMPLY WITH AND BE SUBJECT TO THE PROVISIONS OF
19 COMMONWEALTH ACT NO. 146, AS AMENDED, OTHERWISE
20 KNOWN AS THE ‘PUBLIC SERVICES ACT’ AND REPUBLIC ACT
21 NO. 9136, OTHERWISE KNOWN AS THE ‘ELECTRIC POWER
22 INDUSTRY REFORM ACT OF 2001’.”

23 “SEC. 17. *REPEALABILITY AND NONEXCLUSIVITY*
24 *CLAUSE.* -- THIS FRANCHISE SHALL BE SUBJECT TO
25 AMENDMENT, ALTERATION OR REPEAL BY THE CONGRESS OF
26 THE PHILIPPINES WHEN THE PUBLIC INTEREST SO REQUIRES
27 AND SHALL NOT BE INTERPRETED AS AN EXCLUSIVE GRANT OF
28 THE PRIVILEGES HEREIN PROVIDED FOR.”

29 “SEC. 18. *SEPARABILITY CLAUSE.* -- IF FOR ANY
30 REASON, ANY OF THE SECTIONS OR PROVISIONS OF THIS ACT IS
31 DECLARED UNCONSTITUTIONAL OR INVALID, THE OTHER

1 PARTS OR PROVISIONS HEREOF WHICH ARE NOT AFFECTED
2 THEREBY SHALL CONTINUE TO BE IN FULL FORCE AND
3 EFFECT.”

4 SEC. 2. *Renewal/Extension of the Term of Franchise.* – This franchise
5 shall be for a term of twenty-five (25) years from the date of effectivity of this
6 Act. This franchise shall be deemed *ipso facto* revoked in the event that the
7 grantee fails to operate continuously for two (2) years.

8 SEC. 3. *Acceptance and Compliance.* – Acceptance of the amendment
9 and extension/renewal of this franchise shall be given in writing within sixty
10 (60) days from the date of effectivity of this Act.

11 SEC. 4. *Repealing Clause.* – All laws, decrees, orders, resolutions,
12 instructions and rules and regulations or parts thereof, which are inconsistent
13 with this Act, are hereby deemed repealed or modified accordingly.

14 SEC. 5. *Effectivity Clause.* – This Act shall take effect fifteen (15) days
15 after its publication in at least two (2) newspapers of general circulation.

Approved,

O