



HOUSE OF REPRESENTATIVES

H. No. 6295

BY REPRESENTATIVES ROMUALDEZ (F.M.), ROMUALDEZ (Y.M.), ACIDRE, DE JESUS, DAGOOC,
GARCIA (P.J.), MACEDA AND TAMBUNTING, PER COMMITTEE REPORT NO. 177

AN ACT

**GRANTING A FRANCHISE TO THE LEYTE II ELECTRIC COOPERATIVE
INC. (LEYECO II) TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN,
MANAGE AND MAINTAIN DISTRIBUTION SYSTEMS FOR THE
CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITY OF
TACLOBAN AND MUNICIPALITIES OF BABATNGON AND PALO,
PROVINCE OF LEYTE**

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

1 SECTION 1. ***Nature and Scope of Franchise.*** – Subject to the provisions
2 of the Constitution and applicable laws, rules and regulations, there is hereby
3 granted to the Leyte II Electric Cooperative, Inc. (LEYECO II), hereunder referred
4 to as the Grantee, its successors or assigns a franchise to construct, install,
5 establish, operate, own, manage and maintain in the public interest and
6 commercial purposes, a distribution system for the conveyance of electric power

1 to the end-users in the City of Tacloban and Municipalities of Babatngon and
2 Palo, Province of Leyte.

3 As used in this Act, distribution system refers to the system of wires and
4 associated facilities including sub-transmission lines belonging to a franchised
5 distribution utility extending between the delivery point on the national
6 transmission system or generating facility and the metering point/facility of the
7 end-users.

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

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

26 SECTION 3. **Authority of the ERC.** - The Grantee shall secure from the
27 ERC or any government agency having jurisdiction over their operations, the
28 certificate of public convenience and necessity and any other license, permit or
29 authority indispensable for the construction and operation of the electric power
30 distribution system.

31 SECTION 4. **Ingress and Egress.** - For the purpose of erecting and
32 maintaining the poles or other supports for said facilities, wires or other
33 conductors or for the purpose of laying and maintaining said facilities, wires,
34 cables or other conductors, it shall be lawful for the Grantee, its successors, or
35 assignees, with the prior approval of the Department of Public Works and
36 Highways (DPWH) or the local government unit concerned, as may be

1 appropriate, to make excavations or lay conduits in any of the public places,
2 highways, roads, streets, lanes, alleys, avenues, sidewalks, or bridges of the
3 province, cities or municipalities: *Provided, however,* That a public place,
4 highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered,
5 or changed by reason of erection of poles or other supports or the underground
6 laying of wires, other conductors or conduits, shall be repaired and replaced in
7 workmanlike manner by the Grantee, its successors or assignees, in accordance
8 with the standards set by the DPWH or the local government unit concerned.
9 Should the Grantee, its successors or assignees, after the ten (10)-day notice
10 from the grant of authority, fail, refuse or neglect to repair or replace any part of
11 public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge
12 altered, changed, or disturbed by the said Grantee, its successors or assignees,
13 then the DPWH or the local government unit concerned shall have the right to
14 have the same repaired and replaced in good order and condition and charge the
15 Grantee, its successors or assignees, double the amount of the cost and expenses
16 for such repair or replacement.

17 SECTION 5. ***Responsibility to the Public.*** – The Grantee shall supply
18 electricity to its captive market in the least costly manner. In the interest of the
19 public good and as far as feasible and whenever required by the ERC, the
20 Grantee shall modify, improve, or change its facilities, poles, lines, systems and
21 equipment for the purpose of providing efficient and reliable service and reduced
22 electricity costs. The Grantee shall charge reasonable and just power rates for
23 its services to all types of consumers within its franchised areas in order that
24 business and industries shall be able to compete.

25 The Grantee shall have the obligation to provide open and
26 nondiscriminatory access to its distribution system and services for any end-
27 user within its franchise area consistent with Republic Act (RA) No. 9136,
28 otherwise known as the "Electric Power Industry Reform Act of 2001". The
29 Grantee shall not engage in any activity that will constitute an abuse of market
30 power such as unfair trade practices, monopolistic schemes, and other activities
31 that will hinder competitiveness of business and industries.

32 SECTION 6. ***Rates for Services.*** – The retail rates and charges for the
33 distribution of electric power by the Grantee to its end-users shall be regulated
34 by and subject to the approval of the ERC or its legal successor.

35 The Grantee shall identify and segregate in its electricity bill to the end-
36 users the components of the retail rate pursuant to RA No. 9136, unless
37 otherwise amended. Such rates charged by the Grantee to the end-users shall

1 be made public and transparent. The Grantee shall implement lifeline rate to
2 marginalized end-users as mandated under RA No. 9136.

3 SECTION 7. **Promotion of Consumer Interests.** – The herein Grantee shall
4 establish a consumer desk that will handle consumer complaints and ensure
5 adequate promotion of consumer interests. The Grantee shall act with dispatch
6 on all complaints brought before it.

7 SECTION 8. **Right of the Government.** – A special right is hereby reserved
8 to the President of the Philippines, in times of war, rebellion, public peril,
9 calamity, emergency, disaster or disturbance of peace and order: to temporarily
10 take over and operate the stations or facilities of the Grantee; to temporarily
11 suspend the operation of any station or facility in the interest of public safety,
12 security and public welfare; or to authorize the temporary use and operation
13 thereof by any agency of the government, upon due compensation to the Grantee,
14 for the use of the stations or facilities during the period when these shall be so
15 operated.

16 SECTION 9. **Right of Eminent Domain.** – Subject to the limitations and
17 procedures prescribed by law, the Grantee is authorized to exercise the right of
18 eminent domain insofar as it may be reasonably necessary for the efficient
19 maintenance and operation of services. The Grantee is authorized to install and
20 maintain its poles, wires, and other facilities over and across public property,
21 including streets, highways, forest reserves, and other similar property of the
22 Government of the Philippines, its branches, or any of its instrumentalities. The
23 Grantee may acquire such private property as is actually necessary for the
24 realization of the purposes for which this franchise is granted: *Provided*, That
25 proper expropriation proceedings shall have been instituted and just
26 compensation paid.

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

31 SECTION 11. **Acceptance and Compliance.** – Acceptance of this
32 franchise shall be given in writing to Congress, through the Committee on
33 Legislative Franchises of the House of Representatives and the Committee on
34 Public Services of the Senate within sixty (60) days from the effectivity of this
35 Act. Upon such acceptance, the Grantee shall exercise the privileges granted
36 under this Act. Nonacceptance shall render the franchise void.

1 SECTION 12. **Warranty in Favor of the National and Local**
2 **Governments.** – The Grantee shall hold the national, provincial, city, and
3 municipal governments of the Philippines free from all claims, accounts,
4 demands, or actions arising from accidents causing injury to persons or damage
5 to properties, during the construction, installation, operation, and maintenance
6 of the distribution system of the Grantee.

7 SECTION 13. **Liability for Damages.** – The Grantee shall be liable for any
8 injury to persons and damage to properties arising from accidents by reason of
9 any defective construction under this franchise or of any neglect or omission to
10 keep its poles and wires in safe condition.

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

28 SECTION 15. **Reportorial Requirement.** – The Grantee shall submit an
29 annual report to Congress, through the Committee on Legislative Franchises of
30 the House of Representatives and the Committee on Public Services of the
31 Senate, on its compliance with the terms and conditions of the franchise and on
32 its operations on or before April 30 of every year during the term of the franchise.
33 The reportorial compliance certificate issued by Congress shall be required
34 before any application for permit or certificate is accepted by the ERC.

35 SECTION 16. **Fine.** – The failure of the Grantee to submit the requisite
36 annual report to Congress shall be penalized with a fine in the amount of Five
37 hundred pesos (P500.00) per working day of noncompliance which shall be

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

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

14 SECTION 18. **Applicability Clause.** - The Grantee shall comply with and
15 be subject to the provisions of Commonwealth Act No. 146, as amended,
16 otherwise known as the "Public Service Act" and RA No. 9136.

17 SECTION 19. **Repealability and Non-Exclusivity Clause.** - This
18 franchise shall be subject to amendment, alteration, or repeal by Congress when
19 the public interest so requires and shall not be interpreted as an exclusive grant
20 of the privileges herein provided for.

21 SECTION 20. **Existing Powers.** - Existing mandates, powers, functions,
22 and privileges granted to electric cooperatives under existing laws, including
23 Section 10 of RA No. 10531, otherwise known as the "National Electrification
24 Administration Reform Act of 2013", shall remain valid and effective, unless
25 expressly repealed by succeeding laws.
26

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

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

34 SECTION 23. **Effectivity Clause.** - This Act shall take effect fifteen (15)
35 days after its publication in the *Official Gazette* or in a newspaper of general
36 circulation.

Approved,