



SIXTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Third Regular Session )

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SENATE

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COMMITTEE REPORT NO. 456

Submitted by the Committee on Public Services on FEB 01 2016

RE : H. B. No. 5570

Recommending its approval without amendment.

Sponsor : Senator Osmeña III

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MR. PRESIDENT:


The Senate Committee on Public Services to which was referred H. B. No. 5570, introduced by Representatives Aggabao and Teodoro, entitled:

"AN ACT RENEWING FOR  
ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE  
GRANTED TO IBAAN ELECTRIC CORPORATION  
(FORMERLY IBAAN ELECTRIC AND ENGINEERING  
CORPORATION) TO CONSTRUCT, OPERATE, AND  
MAINTAIN AN ELECTRIC LIGHT, HEAT, AND POWER  
SYSTEM IN THE MUNICIPALITY OF IBAAN, PROVINCE OF  
BATANGAS UNDER REPUBLIC ACT NO. 7578."

has considered the same and has the honor to report it back to the Senate with the recommendation that the attached H. B. No. 5570 be approved without amendment.

Respectfully submitted:


RAMON BONG REVILLA JR.  
Chairperson  
Committee on Public Services

  
SERGIO R. OSMEÑA III  
Acting Chairperson  
Committee on Public Services

**MEMBERS:**



**SONNY ANGARA**



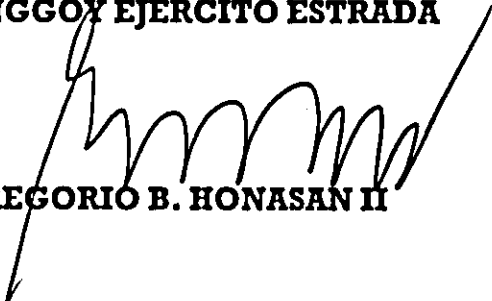
**PIA S. CAYETANO**



**JINGGOY EJERCITO ESTRADA**



**JOSEPH VICTOR G. EJERCITO**



**GREGORIO B. HONASAN II**



**TEOFISTO L. GUINGONA III**



**GRACE POE**

**ANTONIO "SONNY" F. TRILLANES IV**



**CYNTHIA A. VILLAR**

**EX-OFFICIO MEMBERS:**

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*President Pro-Tempore*



**JUAN PONCE ENRILE**  
*Minority Floor Leader*

**ALAN PETER S. CAYETANO**  
*Majority Floor Leader*

**FRANKLIN M. DRILON**  
*Senate President*  
*Pasay City*



**HOUSE OF REPRESENTATIVES**

**II. No. 5570**

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**BY REPRESENTATIVES MENDOZA (M.) AND TEODORO, PER COMMITTEE  
REPORT NO. 608**

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**AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE  
FRANCHISE GRANTED TO IBAAN ELECTRIC CORPORATION  
(FORMERLY IBAAN ELECTRIC AND ENGINEERING  
CORPORATION) TO CONSTRUCT, OPERATE, AND MAINTAIN  
AN ELECTRIC LIGHT, HEAT, AND POWER SYSTEM IN THE  
MUNICIPALITY OF IBAAN, PROVINCE OF BATANGAS UNDER  
REPUBLIC ACT NO. 7578**

*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**  
2 **provisions of the 1987 Philippine Constitution and applicable laws, rules and**  
3 **regulations, the franchise granted to Ibaan Electric Corporation (formerly**  
4 **known as Ibaan Electric and Engineering Corporation) under Republic Act No.**  
5 **7578, entitled "An Act Granting the Ibaan Electric and Engineering**  
6 **Corporation a Franchise to Construct, Operate and Maintain an Electric Light,**  
7 **Heat and Power System in the Municipality of Ibaan, Province of Batangas,**  
8 **and for Other Purposes", is hereby renewed for another twenty-five (25) years**  
9 **from the effectivity of this Act.**

10           **As used in this Act, distribution system refers to the systems of wires**  
11 **and associated facilities including subtransmission lines belonging to a**

1 franchised distribution utility extending between the delivery point on the  
2 national transmission system or generating facility and the metering  
3 point/facility of the end user.

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

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

21       **SEC. 3. Authority of the ERC/DOE.** -- The grantee shall secure from  
22 the ERC, DOE or any other government agency which has jurisdiction over the  
23 operation of the herein grantee, the necessary certificate of public convenience  
24 and necessity and other appropriate permits and licenses for the construction  
25 and operation of its electric distribution system.

26       **SEC. 4. Excavation and Restoration Works.** -- For the purpose of  
27 erecting and maintaining poles, pipes, and other supports for the wires or other  
28 conductors, for the purpose of laying and maintaining the facilities, wires,

1 cables, pipes, or other conductors, it shall be lawful for the grantee, its  
2 successors or assignees, with the prior approval of the Department of Public  
3 Works and Highways (DPWH) or the local government unit (LGU) concerned,  
4 as may be appropriate, to make excavations or lay conduits in any of the public  
5 places, highways, roads, streets, lanes, alleys, avenues, sidewalks, or bridges of  
6 the province or municipality: *Provided, however,* That a public place,  
7 highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed,  
8 altered, or changed by reason of erection of poles or other supports or the  
9 underground laying of wires, other conductors or conduits shall be repaired  
10 and replaced in workmanlike manner at the expense of the grantee, its  
11 successors or assignees, in accordance with the standards set by the DPWH or  
12 the LGU concerned. Should the grantee, its successors or assignees, after the  
13 ten (10)-day notice from the said authority, fail, refuse or neglect to repair or  
14 replace any part of the public place, highway, road, street, lane, alley, avenue;  
15 sidewalk, or bridge altered, changed, or disturbed by the said grantee, its  
16 successors or assignees, then the DPWH or the LGU concerned shall have the  
17 right to have the same repaired and placed in good order and condition at  
18 double expense to be charged against the grantee, its successors or assignees.

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

27 The grantee shall have the obligation to provide open and  
28 nondiscriminatory access to its distribution system and services for any

1 end user within its franchise area consistent with Republic Act No. 9136,  
2 otherwise known as the "Electric Power Industry Reform Act of 2001". The  
3 grantee shall not engage in any activity that will constitute an abuse of market  
4 power such as unfair trade practices, monopolistic schemes, and other  
5 activities that will hinder competitiveness of business and industries.

6 **SEC. 6. Rates for Services.** — The retail rates and charges for the  
7 distribution of electric power by the grantee to its end user shall be regulated  
8 by and be subject to the approval of the ERC or its legal successor.

9 The grantee shall identify and segregate in its electricity bill to the  
10 end users the components of the retail rate pursuant to Republic Act No. 9136,  
11 unless otherwise amended. Such rates charged by the grantee to the end users  
12 shall be made public and transparent. The grantee shall implement lifeline rate  
13 to marginalized end users as mandated under Republic Act No. 9136.

14 **SEC. 7. Promotion of Consumer Interests.** — The herein grantee shall  
15 establish a consumer desk that will handle consumer complaints and ensure  
16 adequate promotion of consumer interests. The grantee shall act with dispatch  
17 on all complaints brought before it.

18 **SEC. 8. Right of Government.** — A special right is hereby reserved to  
19 the President of the Philippines, in times of war, rebellion, public peril,  
20 calamity, emergency, disaster or disturbance of peace and order: to temporarily  
21 take over and operate the stations or facilities of the grantee; to temporarily  
22 suspend the operation of any station or facility in the interest of public safety,  
23 security and public welfare; or to authorize the temporary use and operation  
24 thereof by any agency of the government, upon due compensation to the  
25 grantee, for the use of the stations or facilities during the period when these  
26 shall be so operated.

27 **SEC. 9. Right of Eminent Domain.** — Subject to the limitations and  
28 procedures prescribed by law, the grantee is authorized to exercise the right of

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

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

14       **SEC. 11. Acceptance and Compliance.** — Acceptance of this franchise  
15 shall be given in writing to the Congress of the Philippines, through the  
16 Committee on Legislative Franchises of the House of Representatives and the  
17 Committee on Public Services of the Senate within sixty (60) days from the  
18 effectivity of this Act. Upon such acceptance, the grantee shall exercise the  
19 privileges granted under this Act. Nonacceptance shall render the franchise  
20 void.

21       **SEC. 12. Warranty in Favor of the National and Local Governments.**  
22 . — The grantee shall hold the national, provincial, city and municipal  
23 governments of the Philippines free from all claims, accounts, demands, or  
24 actions arising out of accidents or injuries, whether to property or to persons,  
25 caused by the construction, installation, operation, and maintenance of the  
26 distribution system of the grantee.

27       **SEC. 13. Liability to Damages.** — The grantee shall be liable for any  
28 injury and damage arising from or caused by accident to persons and property

1 by reason of any defective construction under this franchise or of any neglect  
2 or omission to keep its poles and wires in safe condition.

3 **SEC. 14. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.**

4 -- The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign  
5 this franchise or the rights and privileges acquired thereunder to any person,  
6 firm, company, corporation, or other commercial or legal entity, nor merge  
7 with any other corporation or entity, nor shall transfer the controlling interest  
8 of the grantee, whether as a whole or in parts, and whether simultaneously or  
9 contemporaneously, to any such person, firm, company, corporation, or entity  
10 without the prior approval of the Congress of the Philippines: *Provided*, That  
11 Congress shall be informed of any lease, transfer, granting the usufruct of, sale,  
12 or assignment of franchise or the rights or privileges acquired thereunder, or  
13 the merger or sale of the controlling interest within sixty (60) days after the  
14 completion of said transaction: *Provided, further*, That any such transfer, sale,  
15 or assignment is in accordance with the constitutional limitations: *Provided,*  
16 *furthermore*, That failure to report to Congress such change of ownership shall  
17 render the franchise *ipso facto* revoked: *Provided, finally*, That any person or  
18 entity to which this franchise is sold, transferred, or assigned shall be subject to  
19 the same conditions, terms, restrictions, and limitations of this Act.

20 **SEC. 15. Dispersal of Ownership.** -- In accordance with the  
21 constitutional provision to encourage public participation in public utilities, the  
22 grantee shall offer to Filipino citizens at least thirty percent (30%) of its  
23 outstanding capital stock or a higher percentage that may hereafter be provided  
24 by law in any securities exchange in the Philippines within five (5) years from  
25 the commencement of its operations: *Provided*, That in cases where public  
26 offer of shares is not applicable, establishment of cooperatives and other  
27 methods of encouraging public participation by citizens and corporations



1 operating public utilities must be implemented. Noncompliance therewith shall  
2 render the franchise *ipso facto* revoked.

3       **SEC. 16. Reportorial Requirement.** - The grantee shall submit an  
4 annual report to the Congress of the Philippines, through the Committee on  
5 Legislative Franchises of the House of Representatives and the Committee on  
6 Public Services of the Senate, on its compliance with the terms and conditions  
7 of the franchise and on its operations on or before April 30 of the succeeding  
8 year. The reportorial compliance certificate issued by Congress shall be  
9 required before any application for permit or certificate is accepted by the  
10 ERC.

11       **SEC. 17. Penalty Clause.** - Failure of the grantee to submit the  
12 requisite annual report to Congress shall be penalized by a fine in the amount  
13 of five hundred pesos (P500.00) per working day of noncompliance. The fine  
14 shall be collected by the ERC from the delinquent franchise grantee separate  
15 from the reportorial penalties imposed by the ERC. All proceeds from the fines  
16 or penalties shall accrue to the monitoring fund of the ERC in line with its  
17 supervisory and regulatory functions.

18       **SEC. 18. Equality Clause.** - Any advantage, favor, privilege,  
19 exemption, or immunity granted under existing franchises, or which may  
20 hereafter be granted, upon prior review and approval of Congress, shall  
21 become part of this franchise and shall be accorded immediately and  
22 unconditionally to the herein grantee: *Provided, however,* That the foregoing  
23 shall neither apply to nor affect provisions concerning territory covered by the  
24 franchise, the life span of the franchise or the type of service authorized by the  
25 franchise: *Provided, further,* That the foregoing shall not apply to the sale,  
26 lease, transfer, grant of usufruct, or assignment of legislative franchises with  
27 prior congressional approval.

1        **SEC. 19. *Applicability Clause.*** — The grantee shall comply with and be  
2 subject to the provisions of Commonwealth Act No. 146, as amended,  
3 otherwise known as the "Public Service Act" and Republic Act No. 9136,  
4 otherwise known as the "Electric Power Industry Reform Act of 2001".

5        **SEC. 20. *Separability Clause.*** — If any of the sections or provisions of  
6 this Act is held invalid, all other provisions not affected thereby shall remain  
7 valid.

8        **SEC. 21. *Repealability and Nonexclusivity Clause.*** — This franchise  
9 shall be subject to amendment, alteration, or repeal by the Congress of the  
10 Philippines when the public interest so requires and shall not be interpreted as  
11 an exclusive grant of the privileges herein provided for.

12        **SEC. 22. *Effectivity.*** — This Act shall take effect fifteen (15) days after  
13 its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,