



24 DEC -3 P7:15

SENATE  
Senate Bill No. 2888

REC-11-11-11

Introduced by Senator Juan Miguel “Migz” F. Zubiri

**AN ACT INCLUDING TAGUM CITY, THE ISLAND GARDEN CITY OF SAMAL, AND THE MUNICIPALITIES OF ASUNCION, KAPALONG, NEW CORELLA, SAN ISIDRO AND TALAINGOD, IN THE PROVINCE OF DAVAO DEL NORTE, AND THE MUNICIPALITY OF MACO, IN THE PROVINCE OF DAVAO DE ORO TO THE FRANCHISE AREA OF THE DAVAO LIGHT AND POWER COMPANY, INC., AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 11515, ENTITLED “AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO THE DAVAO LIGHT AND POWER COMPANY, INC., UNDER REPUBLIC ACT NO. 8960, ENTITLED ‘AN ACT FURTHER EXTENDING THE TERM OF THE FRANCHISE GRANTED TO DAVAO LIGHT AND POWER COMPANY, INC. TO CONSTRUCT, OPERATE AND MAINTAIN AN ELECTRIC LIGHT, HEAT AND POWER SYSTEM IN DAVAO CITY AND THE MUNICIPALITIES OF CARMEN, PANABO, DUJALI, AND SANTO TOMAS, PROVINCE OF DAVAO DEL NORTE, FOR A PERIOD OF TWENTY-FIVE (25) YEARS AND FOR OTHER PURPOSES’ ”**

**EXPLANATORY NOTE**

A stable and reliable electricity supply is vital in ensuring a productive and thriving society. As such, national electrification has always been a priority of the government, with a special focus on rural electrification as a bedrock for rural development.

To this end, this bill seeks to expand the franchise area of Davao Light Power and Company, Inc. (Davao Light) to serve end-users in the City of Tagum, the Island Garden City of Samal, and the municipalities of Asuncion, Kapalong, New Corella, San Isidro, and Talaingod, Davao del Norte, as well as the Municipality of Maco, Davao de Oro. These cities and municipalities are, at present, part of the franchise area of Northern Davao Electric Cooperative, Inc. (NORDECO).

Davao Light has long delivered affordable and reliable electric services to Davao City, Panabo City, and the municipalities of Carmen, Dujali, and Sto. Tomas, Davao del Norte. As the third largest electric distribution facility in the Philippines, Davao Light’s infrastructure and its capacity to reliably serve thousands of households and places of livelihood have set a standard of service that exceeds the experience of neighboring cities and municipalities under a different franchise area.

The proposed expansion of Davao Light's franchise area is the result of public clamor, as end-users in the City of Tagum, the Island Garden City of Samal, and the municipalities of Asuncion, Kapalong, New Corella, San Isidro, Talaingod, Davao del Norte and Maco, Davao de Oro, actively sought a more reliable electric distributor, as their last resort against the persistent power outages and poor service that they experience under their current distributor.

Given Davao Light's track record of infallible electric services, they are certain to bring the same level of service to the expanded franchise area proposed in this bill—thereby empowering the new franchise area toward greater development.

In view of the foregoing, the passage of this timely measure is most respectfully sought.



**JUAN MIGUEL F. ZUBIRI**

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AN ACT INCLUDING TAGUM CITY, THE ISLAND GARDEN CITY OF SAMAL, AND THE MUNICIPALITIES OF ASUNCION, KAPALONG, NEW CORELLA, SAN ISIDRO AND TALAINGOD, IN THE PROVINCE OF DAVAO DEL NORTE, AND THE MUNICIPALITY OF MACO, IN THE PROVINCE OF DAVAO DE ORO TO THE FRANCHISE AREA OF THE DAVAO LIGHT AND POWER COMPANY, INC., AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 11515, ENTITLED "AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO THE DAVAO LIGHT AND POWER COMPANY, INC., UNDER REPUBLIC ACT NO. 8960, ENTITLED 'AN ACT FURTHER EXTENDING THE TERM OF THE FRANCHISE GRANTED TO DAVAO LIGHT AND POWER COMPANY, INC. TO CONSTRUCT, OPERATE AND MAINTAIN AN ELECTRIC LIGHT, HEAT AND POWER SYSTEM IN DAVAO CITY AND THE MUNICIPALITIES OF CARMEN, PANABO, DUJALI, AND SANTO TOMAS, PROVINCE OF DAVAO DEL NORTE, FOR A PERIOD OF TWENTY-FIVE (25) YEARS AND FOR OTHER PURPOSES' "

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

SECTION 1. Section 1 of Republic Act No. 11515 is amended to read as follows:

"SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution and applicable laws, rules and regulations, the franchise granted to the Davao Light and Power Company, Inc., hereunder referred to as the [g]Grantee, its successors or assignees, under Republic Act No. 8960, to construct, install, establish, operate, and maintain for commercial purposes and in the public interest, an electric, light, heat and power system for the conveyance, distribution and sale of electric power to the end users in Davao City, Panabo City, TAGUM CITY, THE ISLAND GARDEN CITY OF SAMAL, and the Municipalities of Carmen, Dujali, [and] Santo Tomas, ASUNCION, KAPALONG, NEW CORELLA, SAN ISIDRO AND TALAINGOD in the Province of Davao del Norte, AND THE MUNICIPALITY OF MACO IN THE PROVINCE OF DAVAO DE ORO is hereby extended for another twenty-five (25) years after the expiration date of the franchise under Republic Act No. 8960.

"As used in this Act, distribution system refers to the system of wires and associated facilities, including subtransmission lines belonging to or used by a

1 franchised distribution utility, extending between the delivery point on the  
2 national transmission system or generating facility and the metering point or  
3 facility of the end user.”  
4

5 **SEC. 2.** A new section denominated as Section 21-A is inserted after Section 21  
6 of the same Act, to read as follows:  
7

8 **“SEC. 21-A. *TRANSITION OF OPERATIONS.* – TO ENSURE THE**  
9 **UNINTERRUPTED SUPPLY OF ELECTRICITY, NORTHERN DAVAO**  
10 **ELECTRIC COOPERATIVE (NORDECO), IN THE INTERIM, IS**  
11 **AUTHORIZED TO OPERATE THE EXISTING DISTRIBUTION**  
12 **SYSTEM WITHIN ITS FORMER FRANCHISE AREA INCLUDED IN**  
13 **THE GRANTEE’S FRANCHISE AREA PURSUANT TO SECTION 1**  
14 **HEREOF AS AMENDED, AND IMPLEMENT ITS EXISTING POWER**  
15 **SUPPLY AGREEMENTS WITH GENERATION COMPANIES THAT**  
16 **ARE PROVISIONALLY OR FINALLY APPROVED BY THE ERC**  
17 **UNTIL THE GRANTEE ESTABLISHES OR ACQUIRES ITS OWN**  
18 **DISTRIBUTION SYSTEM AND FULLY TAKES OVER THE**  
19 **OPERATIONS IN THE FRANCHISE AREA INCLUDED IN THE**  
20 **GRANTEE’S FRANCHISE AREA PURSUANT TO SECTION 1**  
21 **HEREOF AS AMENDED. NORDECO MAY OPERATE NOT LONGER**  
22 **THAN TWO (2) YEARS FROM THE APPROVAL OF THE EXPANDED**  
23 **TERRITORY OF THIS LEGISLATIVE FRANCHISE.**  
24

25 **“UPON COMPLIANCE WITH THE RULES, THE ERC SHALL GRANT**  
26 **NORDECO THE NECESSARY PROVISIONAL CERTIFICATE OF**  
27 **PUBLIC CONVENIENCE AND NECESSITY (CPCN) COVERING THE**  
28 **TRANSITION PERIOD. THE ERC SHALL DETERMINE THE**  
29 **APPLICABLE GENERATION RATE.**  
30

31 **“THE GRANTEE MAY CONDUCT A COMPETITIVE SELECTION**  
32 **PROCESS (CSP) FOR THE ELECTRICITY REQUIREMENTS IN ITS**  
33 **EXPANDED FRANCHISE AREA, *PROVIDED THAT* PERSONS OR**  
34 **ENTITIES THAT ARE SUPPLYING NORDECO ELECTRICITY,**  
35 **PURSUANT TO SUPPLY AGREEMENTS APPROVED OR**  
36 **PROVISIONALLY APPROVED BY THE ERC, AS OF THE DATE THE**  
37 **EXPANSION OF THE GRANTEE’S FRANCHISE AREA LAPSES INTO**  
38 **LAW, SHALL HAVE AN OPPORTUNITY TO IMPROVE ANY OFFER**  
39 **MADE BY A WINNING BIDDER IN THE GRANTEE’S CSP OVER ITS**  
40 **EXPANDED FRANCHISE AREA, *PROVIDED FURTHER THAT* SUCH**  
41 **OFFER SHOULD BE PROPORTIONATE TO THE CAPACITY OF**  
42 **SUCH PERSON’S OR ENTITY’S EXISTING SUPPLY AGREEMENT**  
43 **WITH NORDECO.**  
44

45 **“THE PROVISIONAL AUTHORITY TO OPERATE DURING THE**  
46 **TRANSITION PERIOD GRANTED TO NORDECO SHALL NOT**  
47 **PREVENT THE GRANTEE FROM EXERCISING THE RIGHT OF**  
48 **EMINENT DOMAIN AS PROVIDED UNDER SECTION 9 OF THIS**  
49 **ACT.**

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2       **"TO REDUCE THE LENGTH OF THE TRANSITION PERIOD, THE**  
3       **ERC AND ALL AGENCIES ISSUING THE REQUISITE LICENSES**  
4       **SHALL PRIORITIZE ALL APPLICATIONS OF THE GRANTEE**  
5       **RELEVANT TO THE ESTABLISHMENT AND OPERATION OF THE**  
6       **DISTRIBUTION SYSTEM UNDER ITS FRANCHISE.**

7  
8       **"IN THE HIRING OF EMPLOYEES, THE GRANTEE SHALL, AS FAR**  
9       **AS PRACTICABLE AND SUBJECT TO CERTAIN QUALIFICATION**  
10       **STANDARDS, GIVE PREFERENCE TO FORMER EMPLOYEES OF**  
11       **NORDECO WHEN IT COMMENCES BUSINESS OPERATIONS IN**  
12       **ITS NEW FRANCHISE AREA.**

13  
14       **"THE GRANTEE AND NORDECO SHALL JOINTLY ENSURE THAT**  
15       **AFFECTED EMPLOYEES NOT HIRED BY THE GRANTEE AND NOT**  
16       **RETAINED BY NORDECO SHALL, TO THE EXTENT ELIGIBLE,**  
17       **RECEIVE ALL SEPARATION OR RETIREMENT BENEFITS IN**  
18       **ACCORDANCE WITH APPLICABLE LAWS.**

19  
20       **"AN INFORMATION DISSEMINATION CAMPAIGN REGARDING**  
21       **PUBLIC SERVICES AND OPERATIONS OF THE GRANTEE SHALL**  
22       **BE MADE TO ALL END USERS IN THE FRANCHISE AREA.**

23  
24       **"THE DOE SHALL, DURING THE TRANSITION, ENSURE THAT THE**  
25       **SUPPLY OF ELECTRICITY IN THE EXISTING FRANCHISE AREA IS**  
26       **UNINTERRUPTED."**

27  
28       **SEC. 3.** All laws, decrees, orders, resolutions, instructions and rules and regulations  
29       or parts thereof which are inconsistent with this Act are hereby deemed repealed or  
30       modified accordingly.

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32       **SEC. 4.** This Act shall take effect fifteen (15) days after its publication in the *Official*  
33       *Gazette* or in a newspaper of general circulation.

*Approved,*