



HOUSE OF REPRESENTATIVES

H. No. 8302

BY REPRESENTATIVES TAMBUNTING AND ALVAREZ (F.), PER
COMMITTEE REPORT NO. 878

AN ACT GRANTING MORE ELECTRIC AND POWER
CORPORATION A FRANCHISE TO ESTABLISH,
OPERATE, AND MAINTAIN, FOR COMMERCIAL
PURPOSES AND IN THE PUBLIC INTEREST, A
DISTRIBUTION SYSTEM FOR THE CONVEYANCE
OF ELECTRIC POWER TO THE END USERS IN THE CITY
OF ILOILO, PROVINCE OF ILOILO

*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 Constitution and applicable laws, rules and
3 regulations, there is hereby granted to MORE Electric and Power
4 Corporation, hereunder referred to as the grantee, its successors or
5 assignees, a franchise to establish, operate, and maintain, for
6 commercial purposes and in the public interest, a distribution
7 system for the conveyance of electric power to end users in the City
8 of Iloilo.

9 As used in this Act, distribution system refers to the system of
10 wires and associated facilities including subtransmission lines

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

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

16 Whenever practicable and for purposes of maintaining order,
17 safety, and aesthetics along highways, roads, streets, alleys, or
18 easements, the grantee may allow the use of its poles, facilities, or
19 easements by interested parties upon reasonable compensation.
20 The ERC shall resolve cases of dispute or disagreement between
21 parties.

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

1 SEC. 4. *Excavation and Restoration Works.* – For the
2 purpose of erecting and maintaining poles and other supports for
3 wires or other conductors for the laying and maintaining of
4 underground wires, cables, pipes, or other conductors, the grantee,
5 its successors or assignees, is authorized to make excavations or lay
6 conduits in any of the public places, roads, highways, streets, lanes,
7 alleys, avenues, sidewalks, or bridges of said province, cities and/or
8 municipalities, subject to prior approval of the Department of Public
9 Works and Highways (DPWH) or the local government units (LGUs)
10 concerned: *Provided, however,* That any public place, road,
11 highway, street, lane, alley, avenue, sidewalk, or bridge disturbed,
12 altered, or changed by reason of erection of poles or other supports
13 or the underground laying of wires, other conductors or conduits,
14 shall be repaired or replaced in workmanlike manner at the expense
15 of the grantee, its successors or assignees, in accordance with the
16 standards set by the DPWH or the LGU concerned. Should the
17 grantee, its successors or assignees, after the ten (10)-day notice
18 from the said authority, fail, refuse, or neglect to repair or replace
19 any part of a public place, road, highway, street, lane, alley, avenue,
20 sidewalk, or bridge that has been disturbed, altered, or changed by
21 the said grantee, its successors or assignees, then the DPWH or the
22 LGU concerned shall have the right to have the same repaired or
23 replaced in good order and condition and charge the grantee, its
24 successors or assignees, at double the amount of the costs and
25 expenses for such repair or replacement.

26 SEC. 5. *Responsibility to the Public.* – The grantee shall
27 supply electricity to its captive market in the urban and rural

1 portions of its franchise area in the least costly manner. In the
2 interest of the public good, as far as feasible and whenever required
3 by the ERC, the grantee shall modify, improve, or change its
4 facilities, poles, lines, systems, and equipment for the purpose of
5 providing efficient and reliable service and reduced electricity costs.
6 The grantee shall charge reasonable and just power rates for its
7 services to all types of consumers within its franchise areas.

8 The grantee shall have the obligation to provide open and
9 nondiscriminatory access to its distribution system and services for
10 any end user within its franchise area consistent with Republic Act
11 No. 9136, otherwise known as the "Electric Power Industry Reform
12 Act of 2001". The grantee shall not engage in any activity that will
13 constitute an abuse of market power such as unfair trade practices,
14 monopolistic schemes, and other activities that will hinder
15 competitiveness of businesses and industries.

16 *SEC. 6. Rates for Services.* – The retail rates and charges for
17 the distribution of electric power by the grantee to its end users
18 shall be regulated by and be subject to the approval of the ERC or
19 its legal successor.

20 The grantee shall identify and itemize in the statement of
21 account it issues to end users the components of the retail rate
22 charged pursuant to Republic Act No. 9136. Such rates charged by
23 the grantee shall be made public and transparent. The grantee
24 shall implement a lifeline rate to marginalized end users as
25 mandated under Republic Act No. 9136.

26 *SEC. 7. Protection of Consumer Interests.* – The herein
27 grantee shall establish a consumer desk that will handle consumer

1 complaints and ensure adequate protection of consumer interests.
2 The grantee shall act with dispatch on all complaints brought before
3 it.

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

14 SEC. 9. *Right of Eminent Domain.* - Subject to the
15 limitations and procedures prescribed by law, the grantee is
16 authorized to exercise the power of eminent domain insofar as it
17 may be reasonably necessary for the efficient establishment,
18 improvement, upgrading, rehabilitation, maintenance and operation
19 of its services, the grantee is authorized to install and maintain its
20 poles, wires, and other facilities over, under, and across public
21 property, including streets, highways, parks, and other similar
22 property of the Government of the Philippines, its branches, or any
23 of its instrumentalities. The grantee may acquire such private
24 property as is actually necessary for the realization of the purposes
25 for which this franchise is granted, including but not limited to
26 poles, wires, cables, transformers, switching equipment and
27 stations, buildings, infrastructures, machineries, and equipment

1 previously used, or actually used without legal authority or
2 franchise, or intended to be used, or have been abandoned, unused
3 or underutilized, or which obstructs its facilities, for the operation of
4 a distribution system for the conveyance of electric power to end
5 users in its franchise area: *Provided*, That proper expropriation
6 proceedings shall have been instituted and just compensation paid.

7 *Provided, further*, That upon the filing of the petition for
8 expropriation or at any time thereafter and after due notice to the
9 owner of the property to be expropriated and the deposit in a bank
10 located in the franchise area subject to the order of the court of an
11 amount equivalent to the assessed value of the property for
12 purposes of taxation, the grantee shall be entitled to immediate
13 possession, operation, control, use and disposition of the properties
14 sought to be expropriated, including the power of demolition, if
15 necessary, notwithstanding the pendency of issues before the court.
16 This is without prejudice to the authority of the court to determine
17 the amount of just compensation of the property expropriated after
18 due notice and hearing.

19 SEC. 10. *Term of Franchise.* - This franchise shall be for a
20 term of twenty-five (25) years from the date of effectivity of this Act,
21 unless sooner cancelled or revoked. This franchise shall be deemed
22 *ipso facto* revoked in the event that the grantee fails to operate
23 continuously for two (2) years.

24 SEC. 11. *Renewal or Extension of Franchise.* - The grantee
25 shall apply for the renewal or extension of its franchise five (5)
26 years before its expiration date which shall be reckoned fifteen (15)

1 days after the publication of the franchise in the *Official Gazette* or
2 in a newspaper of general circulation, whichever comes earlier.

3 SEC. 12. *Warranty in Favor of the National and Local*
4 *Governments.* – The grantee shall hold the national, provincial,
5 city, and municipal governments of the Philippines free from all
6 claims, liabilities, demands, or actions arising out of accidents that
7 cause injury to persons and damage to properties, during the
8 construction, installation, operation, and maintenance of the
9 distribution system of the grantee.

10 SEC. 13. *Liability for Damages.* – The grantee shall be liable
11 for any injury to persons and damage to property arising from or
12 caused by any accident arising from any defective construction of
13 any infrastructure built pursuant to the operation of its business
14 under this franchise, or by any neglect or failure to keep its poles
15 and wires in safe condition.

16 SEC. 14. *Sale, Lease, Transfer, Grant of Usufruct, or*
17 *Assignment of Franchise.* – The grantee shall not sell, lease,
18 transfer, grant the usufruct of, nor assign this franchise or the
19 rights and privileges acquired thereunder to any person, firm,
20 company, corporation, or other commercial or legal entity, nor
21 merge with any other corporation or entity, nor shall transfer the
22 controlling interest of the grantee, whether as a whole or in part,
23 and whether simultaneously or contemporaneously, to any person,
24 firm, company, corporation, or entity without the prior approval of
25 the Congress of the Philippines and compliance with legal
26 requirements stipulated in other statutes: *Provided, That* any
27 person or entity to which this franchise is sold, transferred, or

1 assigned shall be subject to the same conditions, terms, restrictions,
2 and limitations of this Act.

3 SEC. 15. *Dispersal of Ownership.* – In accordance with the
4 constitutional provision to encourage public participation in public
5 utilities, the grantee shall offer to Filipino citizens at least thirty
6 percent (30%) or a higher percentage that may hereafter be
7 provided by law of its outstanding capital stock in any securities
8 exchange in the Philippines within five (5) years from the
9 commencement of its operations: *Provided*, That in cases where a
10 public offer of shares is not applicable, other methods of
11 encouraging public participation by citizens and corporations
12 operating public utilities must be implemented. Noncompliance
13 therewith shall render the franchise *ipso facto* revoked.

14 SEC. 16. *Commitment to Provide and Promote the Creation of*
15 *Employment Opportunities.* – The grantee shall create employment
16 opportunities and shall allow on-the-job trainings in their franchise
17 operation: *Provided*, That priority shall be accorded to the residents
18 in areas where any of its offices is located: *Provided, further*, That
19 the grantee shall follow the applicable labor standards and
20 allowance entitlement under existing labor laws, rules and
21 regulations and similar issuances: *Provided, finally*, That the
22 employment opportunities or jobs created shall be reflected in the
23 General Information Sheet (GIS) to be submitted to the Securities
24 and Exchange Commission (SEC) annually.

25 SEC. 17. *Reportorial Requirement.* – The grantee shall
26 submit an annual report to the Congress of the Philippines, through
27 the Committee on Legislative Franchises of the House of

1 Representatives and the Committee on Public Services of the
2 Senate, on its compliance with the terms and conditions of the
3 franchise and on its operations on or before April 30 of the
4 succeeding year.

5 The annual report shall include an update on the rollout,
6 development, operation and/or expansion of business; audited
7 financial statements; latest GIS officially submitted to the SEC (if
8 applicable); certification of the ERC on the status of its permits and
9 operations; and an update on the dispersal of ownership
10 undertaking, if applicable.

11 A reportorial compliance certificate issued by Congress shall
12 be required before any application for permit or certificate is
13 accepted by the ERC.

14 SEC. 18. *Fine.* - Failure of the grantee to submit the
15 requisite annual report to Congress shall be penalized by a fine of
16 Five hundred pesos (P500.00) per working day of noncompliance.
17 The fine shall be collected by the ERC from the delinquent franchise
18 grantee separate from the reportorial penalties imposed by the ERC
19 and the same shall be remitted to the National Treasury.

20 SEC. 19. *Equality Cause.* - Any advantage, favor, privilege,
21 exemption, or immunity granted under existing franchises, or which
22 may hereinafter be granted to power distribution franchises, upon
23 prior review and approval of Congress, shall become part of this
24 franchise and shall be accorded immediately and unconditionally to
25 the herein grantee: *Provided, however,* That the foregoing shall
26 neither apply to nor affect provisions concerning the territory
27 covered, term, or type of service authorized by the franchise.

1 SEC. 20. *Applicability of Existing Laws.* - The grantee shall
2 comply with and be subject to the provisions of Commonwealth Act
3 No. 146, or the "Public Service Act", as amended, and Republic Act
4 No. 9136.

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

10 SEC. 22. *Separability Clause.* - If any of the sections or
11 provisions of this Act is held invalid, all other provisions not
12 affected thereby shall remain valid.

13 SEC. 23. *Repealing Clause.* - All laws, decrees, orders,
14 resolutions, instructions, and rules and regulations or parts thereof,
15 which are inconsistent with this Act, are hereby deemed repealed or
16 modified accordingly.

17 SEC. 24. *Effectivity.* - This Act shall take effect fifteen (15)
18 days after its publication in the *Official Gazette* or in a newspaper of
19 general circulation.

Approved,

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