

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES  
NINETEENTH CONGRESS  
*First Regular Session*

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HOUSE OF REPRESENTATIVES

H. No. 6295

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

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**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 of  
2 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  
11 shall be operated or maintained at all times in a superior manner, and it shall  
12 be the duty of the Grantee, its successors or assigns, whenever required to do  
13 so by the Energy Regulatory Commission (ERC), or its legal successor, or the  
14 Department of Energy (DOE), or its legal successor, OR THE NATIONAL  
15 ELECTRIFICATION ADMINISTRATION (NEA), OR ITS LEGAL SUCCESSOR, or  
16 any other government agency concerned to modify, improve and change such  
17 facilities or systems in such manner and to such extent as the progress in  
18 science or technology and improvements or innovations in the electric power  
19 services may render reasonable and proper.

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

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

32 SECTION 4. **Ingress and Egress.** – For the purpose of erecting and  
33 maintaining the poles or other supports for said facilities, wires or other  
34 conductors or for the purpose of laying and maintaining said facilities, wires,  
35 cables or other conductors, it shall be lawful for the Grantee, its successors, or  
36 assignees, with the prior approval of the Department of Public Works and

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

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

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

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

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

1 otherwise amended. Such rates charged by the Grantee to the end-users shall  
2 be made public and transparent. The Grantee shall implement lifeline rate to  
3 marginalized end-users as mandated under RA No. 9136.

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

8 SECTION 8. **COMMITMENT TO PROVIDE AND PROMOTE THE CREATION**  
9 **OF EMPLOYMENT OPPORTUNITIES.** – THE GRANTEE SHALL CREATE  
10 EMPLOYMENT OPPORTUNITIES AND SHALL ALLOW ON-THE-JOB  
11 TRAININGS IN THEIR FRANCHISE OPERATION: *PROVIDED*, THAT PRIORITY  
12 SHALL BE ACCORDED TO THE RESIDENTS WHERE THEIR PRINCIPAL  
13 OFFICE IS LOCATED: *PROVIDED, FURTHER*, THAT THE GRANTEE SHALL  
14 COMPLY WITH THE APPLICABLE LABOR STANDARDS AND ALLOWANCE  
15 ENTITLEMENT UNDER EXISTING LABOR LAWS, RULES AND REGULATIONS,  
16 AND SIMILAR ISSUANCES.

17 SECTION [8] 9. **Right of the Government.** – A special right is hereby  
18 reserved to the President of the Philippines, in times of war, rebellion, public  
19 peril, calamity, emergency, disaster or disturbance of peace and order: to  
20 temporarily take over and operate the stations or facilities of the Grantee; to  
21 temporarily suspend the operation of any station or facility in the interest of  
22 public safety, security and public welfare; or to authorize the temporary use  
23 and operation thereof by any agency of the government, upon due  
24 compensation to the Grantee, for the use of the stations or facilities during the  
25 period when these shall be so operated.

26 SECTION [9] 10. **Right of Eminent Domain.** – Subject to the limitations  
27 and procedures prescribed by law, the Grantee is authorized to exercise the  
28 right of eminent domain insofar as it may be reasonably necessary for the  
29 efficient maintenance and operation of services. The Grantee is authorized to  
30 install and maintain its poles, wires, and other facilities over and across public  
31 property, including streets, highways, forest reserves, and other similar  
32 property of the Government of the Philippines, its branches, or any of its  
33 instrumentalities. The Grantee may acquire such private property as is actually  
34 necessary for the realization of the purposes for which this franchise is  
35 granted: *Provided*, That proper expropriation proceedings shall have been  
36 instituted and just compensation paid.

1 SECTION [10] 11. **Term of Franchise.** – Unless sooner cancelled, the  
2 franchise shall be in effect for a period of twenty-five (25) years from the  
3 effectivity of this Act. This franchise shall be deemed *ipso facto* revoked in the  
4 event the Grantee fails to operate continuously for two (2) years.

5 [~~SECTION 11. **Acceptance and Compliance.** – Acceptance of this~~  
6 ~~franchise shall be given in writing to Congress, through the Committee on~~  
7 ~~Legislative Franchises of the House of Representatives and the Committee on~~  
8 ~~Public Services of the Senate within sixty (60) days from the effectivity of this~~  
9 ~~Act. Upon such acceptance, the Grantee shall exercise the privileges granted~~  
10 ~~under this Act. Nonacceptance shall render the franchise void.]~~

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

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

21 SECTION 14. **Sale, Lease, Transfer, Usufruct, or Assignment of**  
22 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct of,  
23 or assign this franchise or the rights and privileges acquired thereunder to any  
24 person, firm, company, corporation, or other commercial or legal entity, or  
25 merge with any other corporation, or entity, or shall transfer the controlling  
26 interest of the Grantee, whether as a whole or in parts, and whether  
27 simultaneously or contemporaneously, to any such person, firm, company,  
28 corporation, or entity without the prior approval of the  
29 Congress: *Provided*, That Congress shall be informed of any lease, transfer,  
30 granting the usufruct of, sale, or assignment of franchise or the rights and  
31 privileges acquired thereunder, or of the merger, or sale of the controlling  
32 interest within sixty (60) days after the completion of said transaction: *Provided*  
33 *further*, That any such transfer, sale, or assignment is in accordance with the  
34 constitutional limitations: *Provided furthermore*, That failure to report to  
35 Congress such change of ownership shall render the franchise *ipso*  
36 *facto* revoked: *Provided finally*, That any person or entity to which this

1 franchise is sold, transferred, or assigned, shall be subject to the same,  
2 conditions, terms, restrictions, and limitations of this Act.

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

10 SECTION 16. **Fine.** – The failure of the Grantee to submit the requisite  
11 annual report to Congress shall be penalized with a fine in the amount of Five  
12 hundred pesos (P500.00) per working day of noncompliance which shall be  
13 collected by the ERC. The fine shall be collected separately from the reportorial  
14 penalties imposed by the ERC and shall be remitted to the Bureau of the  
15 Treasury.

16 SECTION 17. **Equality Clause.** – Any advantage, favor, privilege,  
17 exemption, or immunity granted under existing franchises, or which may  
18 hereafter be granted, upon prior review and approval of Congress, shall become  
19 part of this franchise and shall be accorded immediately and unconditionally to  
20 the herein Grantee: *Provided, however,* That the foregoing shall neither apply to  
21 nor affect provisions concerning territory covered by the franchise, the life span  
22 of the franchise or the type of service authorized by the franchise: *Provided,*  
23 *further,* That the foregoing shall not apply to the sale, lease, transfer, grant of  
24 usufruct, or assignment of legislative franchises with prior congressional  
25 approval.

26 SECTION 18. **Applicability [Clause] OF EXISTING LAWS.** – The Grantee  
27 shall comply with and be subject to the provisions of Commonwealth Act No.  
28 146, as amended, otherwise known as the "Public Service Act" and RA No.  
29 9136; AND REPUBLIC ACT NO. 10531 OR THE "NATIONAL ELECTRIFICATION  
30 ADMINISTRATION REFORM ACT OF 2013".

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

35 SECTION 20. **Existing Powers.** – Existing mandates, powers, functions,  
36 and privileges granted to electric cooperatives under existing laws, including  
37 Section 10 of RA No. 10531, otherwise known as the "National Electrification

1 Administration Reform Act of 2013”, shall remain valid and effective, unless  
2 expressly repealed by succeeding laws.

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4 SECTION 21. **Separability Clause.** – If any of the sections or provisions  
5 of this Act is held invalid, all other provisions not affected thereby shall remain  
6 valid.

7 SECTION 22. **Repealing Clause.** – All laws, presidential decrees,  
8 executive orders, letters of instruction, administrative rules and regulations or  
9 parts thereof which are contrary to or inconsistent with the provisions of this  
10 Act are hereby repealed or modified accordingly.

11 SECTION 23. **Effectivity Clause.** – This Act shall take effect fifteen (15)  
12 days after its publication in the *Official Gazette* or in a newspaper of general  
13 circulation.

Approved,