



## HOUSE OF REPRESENTATIVES

H. No. 6283

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BY REPRESENTATIVES DE VENECIA, ARENAS AND BIRON, PER COMMITTEE  
REPORT NO. 1990

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AN ACT AMENDING REPUBLIC ACT NO. 3221, GRANTING A FRANCHISE TO DAGUPAN ELECTRIC CORPORATION TO CONSTRUCT, OPERATE AND MAINTAIN A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITY OF DAGUPAN, THE MUNICIPALITIES OF CALASIAO, STA. BARBARA, SAN FABIAN, SAN JACINTO AND MANAOAG, AND BARANGAYS BOLINGIT AND CRUZ IN THE CITY OF SAN CARLOS, ALL IN THE PROVINCE OF PANGASINAN, AND RENEWING/EXTENDING THE TERM OF THE FRANCHISE TO ANOTHER TWENTY-FIVE (25) YEARS FROM THE DATE OF THE APPROVAL OF THIS ACT

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

1           SECTION 1. Republic Act No. 3221, granting a franchise to Dagupan  
2   Electric Corporation, is hereby amended to read as follows:

3                   [SECTION 1. Subject to the terms and conditions  
4                   established in Act Numbered Thirty-six hundred and thirty-six,  
5                   as amended by Commonwealth Act Numbered One hundred and

1 thirty-two, and to the provisions of the Constitution, there is  
2 granted to the Dagupan Electric Corporation, for a period of fifty  
3 years from the approval of this Act, the right, privilege and  
4 authority to construct, maintain and operate an electric light, heat  
5 and power system for the purpose of generating and distributing  
6 electric light, heat and/or power for sale within the Municipality  
7 of Calasiao, Province of Pangasinan, and in Dagupan City.

8 SEC. 2. In the event that the grantee shall purchase and  
9 secure from the National Power Corporation electric heat and  
10 power, the National Power Corporation is hereby authorized to  
11 negotiate and transact for the benefit and in behalf of the public  
12 consumers with reference to rates.

13 SEC. 3. It is expressly provided that in the event the  
14 Government should desire to maintain and operate for itself the  
15 system and enterprise herein authorized, the grantee shall  
16 surrender its franchise and will turn over to the Government all  
17 serviceable equipment therein, at cost, less reasonable  
18 depreciation.

19 SEC. 4. This Act shall take effect upon its approval:  
20 *Provided*, That should the grantee fail to construct and operate  
21 its electric light, heat and power system within three years from  
22 the approval of this Act, the franchise therefor shall be null and  
23 void.]

24 **“SECTION 1. NATURE AND SCOPE OF FRANCHISE. –**  
25 **SUBJECT TO THE PROVISIONS OF THE CONSTITUTION AND**  
26 **APPLICABLE LAWS, RULES AND REGULATIONS, THERE IS**  
27 **HEREBY GRANTED TO DAGUPAN ELECTRIC CORPORATION,**  
28 **HEREUNDER REFERRED TO AS THE GRANTEE, ITS SUCCESSORS**

1 OR ASSIGNS, A FRANCHISE TO CONSTRUCT, OPERATE AND  
2 MAINTAIN IN THE PUBLIC INTEREST AND FOR COMMERCIAL  
3 PURPOSES, A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF  
4 ELECTRIC POWER TO THE END-USERS IN THE CITY OF  
5 DAGUPAN, THE MUNICIPALITIES OF CALASIAO, STA. BARBARA,  
6 SAN FABIAN, SAN JACINTO AND MANAOAG, AND BARANGAYS  
7 BOLINGIT AND CRUZ IN THE CITY OF SAN CARLOS, ALL IN THE  
8 PROVINCE OF PANGASINAN.

9 "AS USED IN THIS ACT, DISTRIBUTION SYSTEM REFERS  
10 TO THE SYSTEM OF WIRES AND ASSOCIATED FACILITIES  
11 INCLUDING SUBTRANSMISSION LINES BELONGING TO A  
12 FRANCHISED DISTRIBUTION UTILITY EXTENDING BETWEEN  
13 THE DELIVERY POINT ON THE NATIONAL TRANSMISSION  
14 SYSTEM OR GENERATING FACILITY AND THE METERING  
15 POINT/FACILITY OF THE END-USER."

16 "SEC. 2. *MANNER OF OPERATIONS OF FACILITIES.* – ALL  
17 ELECTRIC DISTRIBUTION FACILITIES, LINES AND SYSTEMS FOR  
18 ELECTRIC SERVICES OWNED, MAINTAINED, OPERATED OR  
19 MANAGED BY THE GRANTEE, ITS SUCCESSORS OR ASSIGNS,  
20 SHALL BE OPERATED AND MAINTAINED AT ALL TIMES IN A  
21 SUPERIOR MANNER, AND IT SHALL BE THE DUTY OF THE  
22 GRANTEE, ITS SUCCESSORS OR ASSIGNS, WHENEVER REQUIRED  
23 TO DO SO BY THE ENERGY REGULATORY COMMISSION,  
24 HEREAFTER REFERRED TO AS THE ERC, OR ITS LEGAL  
25 SUCCESSOR; OR THE DEPARTMENT OF ENERGY, HEREINAFTER  
26 REFERRED TO AS THE DOE, OR ITS LEGAL SUCCESSOR; OR ANY  
27 OTHER GOVERNMENT AGENCY CONCERNED, TO MODIFY,  
28 IMPROVE AND CHANGE SUCH FACILITIES OR SYSTEMS IN SUCH  
29 MANNER AND TO SUCH EXTENT AS THE PROGRESS IN SCIENCE  
30 AND IMPROVEMENTS IN THE ELECTRIC POWER SERVICES MAY  
31 RENDER REASONABLE AND PROPER.

1           “WHENEVER PRACTICABLE AND FOR PURPOSES OF  
2 MAINTAINING ORDER, SAFETY AND AESTHETICS ALONG THE  
3 HIGHWAYS, ROADS, STREETS, ALLEYS OR RIGHT-OF-WAY, THE  
4 GRANTEE MAY ALLOW THE USE OF FREE SPACES IN ITS POLES,  
5 FACILITIES OR RIGHT-OF-WAY BY INTERESTED PARTIES UPON  
6 REASONABLE COMPENSATION TO THE GRANTEE CONSIDERING  
7 COSTS INCURRED TO ACCOMMODATE AND ADMINISTER THE  
8 USE OF THE GRANTEE’S FACILITIES BY SUCH PARTIES. THE  
9 ERC SHALL DECIDE IN CASE OF DISPUTE OR DISAGREEMENT  
10 BETWEEN THE PARTIES.”

11           “SEC. 3. *AUTHORITY OF THE ENERGY REGULATORY*  
12 *COMMISSION (ERC).* – THE GRANTEE SHALL SECURE FROM  
13 THE ERC, OR ANY OTHER GOVERNMENT AGENCY WHICH HAS  
14 JURISDICTION OVER THE OPERATION OF THE HEREIN  
15 GRANTEE, THE NECESSARY CERTIFICATE OF PUBLIC  
16 CONVENIENCE AND NECESSITY AND OTHER APPROPRIATE  
17 PERMITS AND LICENSES FOR THE CONSTRUCTION AND  
18 OPERATION OF ITS ELECTRIC DISTRIBUTION SYSTEM.”

19           “SEC. 4. *INGRESS AND EGRESS.* – FOR THE PURPOSE OF  
20 ERECTING AND MAINTAINING POLES AND OTHER SUPPORTS  
21 FOR SAID FACILITIES, WIRES OR OTHER CONDUCTORS OR FOR  
22 THE PURPOSE OF LAYING AND MAINTAINING SAID FACILITIES,  
23 WIRES, CABLES OR OTHER CONDUCTORS, IT SHALL BE LAWFUL  
24 FOR THE GRANTEE, ITS SUCCESSORS OR ASSIGNS, WITH THE  
25 PRIOR APPROVAL OF THE DEPARTMENT OF PUBLIC WORKS  
26 AND HIGHWAYS (DPWH) OR THE LOCAL GOVERNMENT UNITS  
27 (LGUs) CONCERNED, AS MAY BE APPROPRIATE, TO MAKE  
28 EXCAVATIONS OR LAY CONDUITS IN ANY OF THE PUBLIC  
29 PLACES, HIGHWAYS, STREETS, LANES, ALLEYS, AVENUES,  
30 SIDEWALKS OR BRIDGES OF SAID PROVINCES AND/OR  
31 MUNICIPALITIES: *PROVIDED, HOWEVER,* THAT ANY PUBLIC  
32 PLACE, HIGHWAY, STREET, LANE, ALLEY, AVENUE, SIDEWALK

1 OR BRIDGE DISTURBED, ALTERED OR CHANGED BY REASON OF  
2 THE ERECTION OF POLES OR OTHER SUPPORTS, OR THE  
3 LAYING OF WIRES, OTHER CONDUCTORS OR CONDUITS SHALL  
4 BE IMMEDIATELY REPAIRED AND PROPERLY RESTORED AT THE  
5 EXPENSE OF THE GRANTEE, ITS SUCCESSORS OR ASSIGNS, IN  
6 ACCORDANCE WITH THE STANDARDS SET BY THE DPWH AND  
7 THE LGUs.”

8 “*SEC. 5. RESPONSIBILITY TO THE PUBLIC.* – THE  
9 GRANTEE SHALL SUPPLY ELECTRICITY TO ITS CAPTIVE  
10 MARKET IN THE LEAST-COST MANNER. IN THE INTEREST OF  
11 THE PUBLIC GOOD AND AS FAR AS FEASIBLE AND WHENEVER  
12 REQUIRED BY THE ERC, THE GRANTEE SHALL MODIFY,  
13 IMPROVE OR CHANGE ITS FACILITIES, POLES, LINES, SYSTEMS  
14 AND EQUIPMENT FOR THE PURPOSE OF PROVIDING EFFICIENT  
15 AND RELIABLE SERVICE AND REDUCED ELECTRICITY COSTS.  
16 THE GRANTEE SHALL CHARGE REASONABLE AND JUST POWER  
17 RATES FOR ITS SERVICES TO ALL TYPES OF CONSUMERS  
18 WITHIN ITS FRANCHISED AREAS IN ORDER THAT BUSINESS AND  
19 INDUSTRIES SHALL BE ABLE TO COMPETE.

20 “THE GRANTEE SHALL HAVE THE OBLIGATION TO  
21 PROVIDE OPEN AND NONDISCRIMINATORY ACCESS TO ITS  
22 DISTRIBUTION SYSTEM AND SERVICES FOR ANY END-USER  
23 WITHIN ITS FRANCHISE AREA CONSISTENT WITH REPUBLIC  
24 ACT NO. 9136, OTHERWISE KNOWN AS ‘ELECTRIC POWER  
25 INDUSTRY REFORM ACT OF 2001’. THE GRANTEE SHALL NOT  
26 ENGAGE IN ANY ACTIVITY THAT WILL CONSTITUTE AN ABUSE  
27 OF MARKET POWER SUCH AS, BUT NOT LIMITED TO, UNFAIR  
28 TRADE PRACTICES, MONOPOLISTIC SCHEMES AND ANY OTHER  
29 ACTIVITIES THAT WILL HINDER COMPETITIVENESS OF  
30 BUSINESSES AND INDUSTRIES.”

31 “*SEC. 6. RATES FOR SERVICES.* – THE RETAIL RATES TO  
32 ITS CAPTIVE MARKET AND CHARGES FOR THE DISTRIBUTION

1 OF ELECTRIC POWER BY THE GRANTEE TO ITS END-USERS  
2 SHALL BE REGULATED BY AND SUBJECT TO THE APPROVAL OF  
3 THE ERC OR ITS LEGAL SUCCESSOR.

4 "THE GRANTEE SHALL IDENTIFY AND SEGREGATE IN ITS  
5 ELECTRICITY BILL TO THE END-USERS THE COMPONENTS OF  
6 THE RETAIL RATE PURSUANT TO REPUBLIC ACT NO. 9136,  
7 UNLESS OTHERWISE AMENDED. SUCH RATES CHARGED BY THE  
8 GRANTEE TO THE END-USERS SHALL BE MADE PUBLIC AND  
9 TRANSPARENT. THE GRANTEE SHALL IMPLEMENT LIFELINE  
10 RATE TO MARGINALIZED END-USERS AS MANDATED UNDER  
11 REPUBLIC ACT NO. 9136."

12 "SEC. 7. *PROMOTION OF CONSUMER INTERESTS.* - THE  
13 HEREIN GRANTEE SHALL ESTABLISH A CONSUMER DESK THAT  
14 WILL HANDLE CONSUMER COMPLAINTS AND ENSURE  
15 ADEQUATE PROMOTION OF CONSUMER INTERESTS. THE  
16 GRANTEE SHALL ACT WITH DISPATCH ON ALL COMPLAINTS  
17 BROUGHT BEFORE IT."

18 "SEC. 8. *RIGHT OF THE GOVERNMENT.* - A SPECIAL  
19 RIGHT IS HEREBY RESERVED TO THE PRESIDENT OF THE  
20 PHILIPPINES IN TIMES OF WAR, REBELLION, PUBLIC PERIL,  
21 CALAMITY, EMERGENCY, DISASTER OR DISTURBANCE OF  
22 PEACE AND ORDER TO TAKE OVER AND OPERATE THE  
23 DISTRIBUTION SYSTEM OF THE GRANTEE OR TO AUTHORIZE  
24 THE TEMPORARY USE AND OPERATION THEREOF BY ANY  
25 AGENCY/DEPARTMENT OF THE GOVERNMENT UPON DUE  
26 COMPENSATION TO THE GRANTEE FOR THE USE OF THE SAID  
27 DISTRIBUTION SYSTEM DURING THE PERIOD WHEN THEY  
28 SHALL BE SO OPERATED."

29 "SEC. 9. *TAX PROVISION.* - IN CONSIDERATION OF THE  
30 FRANCHISE AND RIGHTS HEREBY GRANTED, THE GRANTEE, ITS  
31 SUCCESSORS OR ASSIGNS, SHALL PAY A FRANCHISE TAX,

1 WHICH MAY BE AMENDED FROM TIME TO TIME AND IS  
2 CURRENTLY AT THE RATE OF AND EQUIVALENT TO FIFTY  
3 PERCENT (50%) OF ONE PERCENT (1%) OF ALL REVENUES  
4 DERIVED BY THE GRANTEE FROM ITS DISTRIBUTION  
5 WHEELING SERVICES AND CAPTIVE MARKET SUPPLY,  
6 EXCLUDING GENERATION CHARGE, TRANSMISSION CHARGE  
7 AND SYSTEM LOSS CHARGE: *PROVIDED*, THAT NOTHING  
8 HEREIN SHALL BE CONSTRUED AS REPEALING ANY TAX  
9 EXEMPTIONS, INCENTIVES OR PRIVILEGES GRANTED UNDER  
10 ANY RELEVANT LAW: *PROVIDED, FURTHER*, THAT THE  
11 GRANTEE, ITS SUCCESSORS OR ASSIGNS, SHALL BE LIABLE TO  
12 PAY REAL PROPERTY TAXES ONLY ON THEIR REAL ESTATE AND  
13 BUILDINGS, EXCLUSIVE OF THE FRANCHISE, AS OTHER  
14 CORPORATIONS ARE NOW OR HEREAFTER MAY BE REQUIRED  
15 BY LAW TO PAY.

16 "THE GRANTEE SHALL FILE THE RETURN WITH THE  
17 CITY WHERE ITS PRINCIPAL PLACE OF OFFICE IS LOCATED AND  
18 PAY THE TAXES DUE THEREON TO THE COMMISSIONER OF  
19 INTERNAL REVENUE OR HIS DULY AUTHORIZED  
20 REPRESENTATIVE IN ACCORDANCE WITH THE NATIONAL  
21 INTERNAL REVENUE CODE (NIRC) AND THE RETURN SHALL  
22 BE SUBJECT TO AUDIT BY THE BUREAU OF INTERNAL  
23 REVENUE."

24 "*SEC. 10. RIGHT OF EMINENT DOMAIN.* - SUBJECT TO  
25 THE LIMITATIONS AND PROCEDURES PRESCRIBED BY LAW, THE  
26 GRANTEE IS AUTHORIZED TO EXERCISE THE RIGHT OF  
27 EMINENT DOMAIN INSOFAR AS IT MAY BE REASONABLY  
28 NECESSARY FOR THE EFFICIENT MAINTENANCE AND  
29 OPERATION OF SERVICES. THE GRANTEE IS AUTHORIZED TO  
30 INSTALL AND MAINTAIN ITS POLES, WIRES AND OTHER  
31 FACILITIES OVER AND ACROSS PUBLIC PROPERTY, INCLUDING  
32 STREETS, HIGHWAYS, FOREST RESERVES AND OTHER SIMILAR

1           PROPERTY OF THE GOVERNMENT OF THE PHILIPPINES,  
2           ITS BRANCHES OR ANY OF ITS INSTRUMENTALITIES. THE  
3           GRANTEE MAY ACQUIRE SUCH PRIVATE PROPERTY AS IS  
4           ACTUALLY NECESSARY FOR THE REALIZATION OF THE  
5           PURPOSES FOR WHICH THIS FRANCHISE IS GRANTED:  
6           *PROVIDED*, THAT PROPER CONDEMNATION PROCEEDINGS  
7           SHALL HAVE BEEN INSTITUTED AND JUST COMPENSATION  
8           PAID.”

9           “*SEC. 11. WARRANTY IN FAVOR OF NATIONAL AND*  
10          *LOCAL GOVERNMENTS.* – THE GRANTEE SHALL HOLD THE  
11          NATIONAL, PROVINCIAL AND MUNICIPAL GOVERNMENTS OF  
12          THE PHILIPPINES HARMLESS FROM ALL CLAIMS, ACCOUNTS,  
13          DEMANDS OR ACTIONS ARISING OUT OF ACCIDENTS OR  
14          INJURIES, WHETHER TO PROPERTY OR PERSONS, CAUSED BY  
15          THE CONSTRUCTION, INSTALLATION, OPERATION AND  
16          MAINTENANCE OF THE DISTRIBUTION SYSTEM OF THE  
17          GRANTEE.”

18          “*SEC. 12. LIABILITY FOR DAMAGES.* – THE GRANTEE  
19          SHALL BE LIABLE FOR ANY INJURY AND DAMAGE ARISING  
20          FROM OR CAUSED BY ACCIDENT TO PERSONS AND PROPERTY  
21          BY REASON OF ANY DEFECTIVE CONSTRUCTION UNDER THIS  
22          FRANCHISE OR OF ANY NEGLECT OR OMISSION TO KEEP ITS  
23          POLES AND WIRES IN A SAFE CONDITION.”

24          “*SEC. 13. SALE, LEASE, TRANSFER, USUFRUCT, ETC.* –  
25          THE GRANTEE SHALL NOT LEASE, TRANSFER, GRANT THE  
26          USUFRUCT OF, OR SELL THIS FRANCHISE OR THE RIGHTS AND  
27          PRIVILEGES ACQUIRED THEREUNDER TO ANY PERSON, FIRM,  
28          COMPANY, CORPORATION OR OTHER COMMERCIAL OR LEGAL  
29          ENTITY, NOR MERGE WITH ANY OTHER CORPORATION OR  
30          ENTITY, NOR SHALL THE CONTROLLING INTEREST OF THE  
31          GRANTEE BE TRANSFERRED WHETHER IN WHOLE OR IN PART,  
32          AND WHETHER SIMULTANEOUSLY OR CONTEMPORANEOUSLY,



1 TO ANY SUCH PERSON, FIRM, COMPANY, CORPORATION OR  
2 ENTITY WITHOUT THE PRIOR APPROVAL OF THE CONGRESS OF  
3 THE PHILIPPINES. ANY PERSON OR ENTITY TO WHICH THIS  
4 FRANCHISE IS SOLD, TRANSFERRED OR ASSIGNED, SHALL BE  
5 SUBJECT TO THE SAME CONDITIONS, TERMS, RESTRICTIONS  
6 AND LIMITATIONS OF THIS ACT.”

7 “SEC. 14. *EQUALITY CLAUSE*. – IN THE EVENT THAT  
8 ANY COMPETING INDIVIDUAL, PARTNERSHIP OR CORPORATION  
9 SHALL RECEIVE A SIMILAR PERMIT OR FRANCHISE WITH  
10 TERMS AND/OR PROVISIONS MORE FAVORABLE THAN THOSE  
11 HEREIN GRANTED OR WHICH TEND TO PLACE THE HEREIN  
12 GRANTEE AT ANY DISADVANTAGE, SUCH TERMS AND/OR  
13 PROVISIONS SHALL BE DEEMED PART HEREOF AND SHALL  
14 OPERATE EQUALLY IN FAVOR OF THE HEREIN GRANTEE:  
15 *PROVIDED*, THAT ANY TERMS AND/OR PROVISIONS HEREIN  
16 GRANTED WHICH ARE NOT CONTAINED IN OTHER FRANCHISES  
17 THAT MAY HEREAFTER BE GRANTED SHALL LIKEWISE BE  
18 ENJOYED BY THE FUTURE GRANTEES: *PROVIDED, HOWEVER*,  
19 THAT THE FOREGOING SHALL NEITHER APPLY TO NOR AFFECT  
20 THE PROVISIONS CONCERNING TERRITORY COVERED BY THE  
21 FRANCHISE AND THE LIFE SPAN OF THE FRANCHISE.”

22 “SEC. 15. *REPORTORIAL REQUIREMENT*. – THE  
23 GRANTEE SHALL SUBMIT AN ANNUAL REPORT OF FINANCES  
24 AND OPERATIONS TO THE CONGRESS OF THE PHILIPPINES.”

25 “SEC. 16. *APPLICABILITY CLAUSE*. – THE GRANTEE  
26 SHALL COMPLY WITH AND BE SUBJECT TO THE PROVISIONS OF  
27 COMMONWEALTH ACT NO. 146, AS AMENDED, OTHERWISE  
28 KNOWN AS THE ‘PUBLIC SERVICES ACT’ AND REPUBLIC ACT  
29 NO. 9136, OTHERWISE KNOWN AS THE ‘ELECTRIC POWER  
30 INDUSTRY REFORM ACT OF 2001’.”

1           “SEC. 17. *REPEALABILITY AND NONEXCLUSIVITY*  
2           *CLAUSE.* – THIS FRANCHISE SHALL BE SUBJECT TO  
3           AMENDMENT, ALTERATION OR REPEAL BY THE CONGRESS OF  
4           THE PHILIPPINES WHEN THE PUBLIC INTEREST SO REQUIRES  
5           AND SHALL NOT BE INTERPRETED AS AN EXCLUSIVE GRANT OF  
6           THE PRIVILEGES HEREIN PROVIDED FOR.”

7           “SEC. 18. *SEPARABILITY CLAUSE.* – IF, FOR ANY  
8           REASON, ANY OF THE SECTIONS OR PROVISIONS OF THIS ACT IS  
9           DECLARED UNCONSTITUTIONAL OR INVALID, THE OTHER  
10          PARTS OR PROVISIONS HEREOF WHICH ARE NOT AFFECTED  
11          THEREBY SHALL CONTINUE TO BE IN FULL FORCE AND  
12          EFFECT.”

13          SEC. 2. *Renewal/Extension of the Term of Franchise.* – This franchise  
14          shall be for a term of twenty-five (25) years from the date of effectivity of this  
15          Act. This franchise shall be deemed *ipso facto* revoked in the event that the  
16          grantee fails to operate continuously for two (2) years.

17          SEC. 3. *Acceptance and Compliance.* – Acceptance of the amendment  
18          and extension/renewal of the franchise shall be given in writing within sixty  
19          (60) days from the date of effectivity of this Act.

20          SEC. 4. *Repealing Clause.* – All laws, decrees, orders, resolutions,  
21          instructions and rules and regulations or parts thereof which are inconsistent  
22          with this Act are hereby deemed repealed or modified accordingly.

23          SEC. 5. *Effectivity Clause.* – This Act shall take effect fifteen (15) days  
24          after its publication in at least two (2) newspapers of general circulation.

Approved,