



HOUSE OF REPRESENTATIVES

H. No. 6550

BY REPRESENTATIVES MAGSAYSAY (M.) AND TEODORO

AN ACT GRANTING THE OLONGAPO ELECTRICITY DISTRIBUTION COMPANY, INC. A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITY OF OLONGAPO AND ITS SUBURBS

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 regulations, there
3 is hereby granted to the Olongapo Electricity Distribution Company, Inc.,
4 hereunder referred to as the grantee, its successors or assigns, a franchise to
5 construct, install, establish, operate and maintain for commercial purposes and
6 in the public interest, a distribution system for the conveyance of electric
7 power to the end-users in the City of Olongapo and its suburbs.

8 SEC. 2. *Manner of Operation of Facilities.* – All electric distribution
9 facilities, lines and systems for electric services owned, maintained, operated
10 or managed by the grantee, its successors or assigns, shall be operated and
11 maintained at all times in a superior manner, and it shall be the duty of the
12 grantee, its successors or assigns, whenever required to do so by the Energy

1 Regulatory Commission, hereinafter referred to as the ERC, or its legal
2 successor, or the Department of Energy, hereinafter referred to as the DOE, or
3 its legal successor, or any other government agency concerned, to modify,
4 improve and change such facilities or systems in such a manner and to such
5 extent as the progress in science and improvements in the electric power
6 services may render reasonable and proper.

7 Whenever practicable and for purposes of maintaining order, safety and
8 aesthetics along highways, roads, streets, alleys or right-of-way, the grantee
9 may allow the use of free spaces in its poles, facilities or right-of-way by
10 interested parties upon reasonable compensation to the grantee considering
11 cost incurred to accommodate and administer the use of the grantee's facilities
12 by such parties. The ERC shall decide in case of dispute or disagreement
13 between parties.

14 SEC. 3. *Authority of the Energy Regulatory Commission (ERC).* -
15 The grantee shall secure from the ERC, or any other government agency which
16 has jurisdiction over the operation of the herein grantee, the necessary
17 certificate of public convenience and necessity and other appropriate permits
18 and licenses for the construction and operation of its electric distribution
19 system.

20 SEC. 4. *Ingress and Egress.* - For the purpose of erecting and
21 maintaining poles or other supports for said wires or other conductors for the
22 purpose of laying and maintaining underground wires, cables or other
23 conductors, it shall be lawful for the grantee, its successors or assigns, with the
24 prior approval of the Department of Public Works and Highways (DPWH) or
25 the local government unit (LGU) concerned, as may be appropriate, to make
26 excavations or lay conduits in any of the public places, highways, streets,
27 lanes, alleys, avenues, sidewalks or bridges of said province, cities and/or
28 municipalities: *Provided, however,* That a public place, highway, street, lane,

1 alley, avenue, sidewalk or bridge disturbed, altered or changed by reason of
2 erection of poles or other supports or the underground laying of wires, other
3 conductors or conduits, shall be repaired and replaced in workmanlike manner
4 by said grantee, its successors or assigns, in accordance with the standards set
5 by the DPWH or the LGU concerned. Should the grantee, its successors or
6 assigns, after the ten (10)-day notice from the said authority, fail, refuse or
7 neglect to repair or replace any part of public place, road, highway, street,
8 lane, alley, avenue, sidewalk or bridge altered, changed or disturbed by the
9 said grantee, its successors or assigns, then the DPWH or the LGU concerned
10 shall have the right to have the same repaired and placed in good order and
11 condition at double expense to be charged against the grantee, its successors or
12 assigns.

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

21 The grantee shall have the obligation to provide open and
22 nondiscriminatory access to its distribution system and services for any
23 end-user within its franchise area consistent with Republic Act No. 9136,
24 otherwise known as the “Electric Power Industry Reform Act of 2001”. The
25 grantee shall not engage in any activity that will constitute an abuse of market
26 power such as, but not limited to, unfair trade practices, monopolistic schemes
27 and any other activities that will hinder competitiveness of business and
28 industries.

1 SEC. 6. *Rates for Services.* – The retail rates to its captive market and
2 charges for the distribution of electric power by the grantee to its end-user
3 shall be regulated by and subject to the approval of the ERC or its legal
4 successor.

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

10 SEC. 7. *Promotion of Consumer Interests.* – The herein grantee shall
11 establish a consumer desk that will handle consumer complaints and ensure
12 adequate promotion of consumer interests. The grantee shall act with dispatch
13 on all complaints brought before it.

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

23 SEC. 9. *Right of Eminent Domain.* – Subject to the limitations and
24 procedures prescribed by law, the grantee is authorized to exercise the right of
25 eminent domain insofar as it may be reasonably necessary for the efficient
26 maintenance and operation of services. The grantee is authorized to install and
27 maintain its poles, wires and other facilities over and across public property,
28 including streets, highways, forest reserves and other similar property of the

1 Government of the Philippines, its branches or any of its instrumentalities.
2 The grantee may acquire such private property as is actually necessary for the
3 realization of the purposes for which this franchise is granted: *Provided*, That
4 proper condemnation proceedings shall have been instituted and just
5 compensation paid.

6 SEC. 10. *Warranty in Favor of National and Local Governments.*

7 – The grantee shall hold the national, provincial, city and municipal
8 governments of the Philippines free from all claims, accounts, demands or
9 actions arising out of accidents or injuries, whether to property or to persons,
10 caused by the construction, installation, operation and maintenance of the
11 distribution system of the grantee.

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

16 SEC. 12. *Sale, Lease, Transfer, Usufruct, etc.* – The grantee shall not
17 lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights
18 and privileges acquired thereunder to any person, firm, company, corporation
19 or other commercial or legal entity, nor merge with any other corporation or
20 entity, nor shall the controlling interest of the grantee be transferred, whether
21 as a whole or in parts and whether simultaneously or contemporaneously, to
22 any such person, firm, company, corporation or entity without the prior
23 approval of the Congress of the Philippines. *Provided*, That Congress shall be
24 informed of any lease, transfer, grant of usufruct, sale or assignment of
25 franchise or the rights or privileges acquired within sixty (60) days after the
26 completion of said transaction: *Provided, further*, That failure to report to

1 Congress such change of ownership shall render the franchise *ipso facto*
2 revoked: *Provided, finally*, That any person or entity to which this franchise is
3 sold, transferred or assigned, shall be subject to the same conditions, terms,
4 restrictions and limitations of this Act.

5 SEC. 13. *Equality Clause.* – Any advantage, favor, privilege,
6 exemption, or immunity granted under existing franchises, or may hereafter be
7 granted shall, upon prior review and approval of Congress, become part of
8 previously granted power distribution franchises and shall be accorded
9 immediately and unconditionally to the grantees of such franchises: *Provided,*
10 *however*, That the foregoing shall neither apply to nor affect provisions
11 concerning territory covered by the franchise, the life span of the franchise, or
12 the type of service authorized by the franchise: *Provided, further*, That the
13 foregoing shall not apply to the sale, lease, transfer, grant of usufruct or
14 assignment of legislative franchises with prior congressional approval.

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

19 SEC. 15. *Applicability Clause.* – The grantee shall comply with and
20 be subject to the provisions of Commonwealth Act No. 146, as amended,
21 otherwise known as the “Public Service Act” and Republic Act No. 9136,
22 otherwise known as the “Electric Power Industry Reform Act of 2001”.

23 SEC. 16. *Reportorial Requirement.* – The grantee shall submit an
24 annual report to the Congress of the Philippines, through the Committee on
25 Legislative Franchises of the House of Representatives and the Committee on
26 Public Services of the Senate, on its compliance with the terms and conditions
27 of the franchise and on its operations on or before April 30 of the succeeding
28 year.

1 SEC. 17. *Penalty Clause.* – Any grantee who fails to submit the
2 annual report to Congress will be fined Five hundred pesos (P500.00) per
3 working day of noncompliance. The fine will be collected by the ERC from
4 the said delinquent franchise grantee separate from the reportorial penalties
5 imposed by the ERC. The collected funds shall accrue to the monitoring fund
6 of the ERC in line with its supervisory and regulatory functions. The
7 reportorial compliance certificate issued by Congress shall be required before
8 any application for permit or certificate is accepted by the ERC.

9 SEC. 18. *Separability Clause.* – If any of the sections or provisions of
10 this Act is held invalid, all other provisions not affected thereby shall remain
11 valid.

12 SEC. 19. *Repealability and Nonexclusivity Clause.* – This franchise
13 shall be subject to amendment, alteration or repeal by the Congress' of the
14 Philippines when the public interest so requires and shall not be interpreted as
15 an exclusive grant of the privileges herein provided for.

16 SEC. 20. *Publication.* – This Act shall be published, through the
17 initiative of the grantee, fifteen (15) days after this Act is signed by the
18 President of the Philippines or has lapsed into law.

19 SEC. 21. *Effectivity Clause.* – This Act shall take effect fifteen (15)
20 days from the date of its publication in at least two (2) newspapers of general
21 circulation in the Philippines.

Approved,

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