



HOUSE OF REPRESENTATIVES

H. No. 10554

BY REPRESENTATIVES GARBIN, ALVAREZ (F.), ALVAREZ (P.) NOGRALES (J.J.),
ROMUALDO, MACEDA AND VIOLAGO, PER COMMITTEE REPORT NO. 1350

AN ACT

EXPANDING 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' ", AND ENSURING THE CONTINUOUS AND UNINTERRUPTED SUPPLY OF ELECTRICITY IN THE FRANCHISE AREA

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

1 SECTION 1. Section 1 of Republic Act No. 11515 is amended to read as follows:
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3 "SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of
4 the Constitution and applicable laws, rules and regulations, the franchise granted to
5 the Davao Light and Power Company, Inc., hereunder referred to as the [g]Grantee,
6 its successors or assignees, under Republic Act No. 8960, to construct, install,
7 establish, operate, and maintain for commercial purposes and in the public interest,
8 an electric, light, heat and power system for the conveyance, distribution and sale
9 of electric power to the end users in Davao City, Panabo City, TAGUM CITY, THE
10 ISLAND GARDEN CITY OF SAMAL, and the Municipalities of Carmen, Dujali,
11 [and] Santo Tomas, ASUNCION, KAPALONG, NEW CORELLA, SAN ISIDRO
12 AND TALAINGOD in the Province of Davao del Norte, AND THE
13 MUNICIPALITY OF MACO IN THE PROVINCE OF DAVAO DE ORO, is hereby

1 extended for another twenty-five (25) years after the expiration date of the franchise
2 under Republic Act No. 8960.

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4 "As used in this Act, distribution system refers to the system of wires and
5 associated facilities, including subtransmission lines belonging to or used by a
6 franchised distribution utility, extending between the delivery point on the national
7 transmission system or generating facility and the metering point or facility of the
8 end user."
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10 SEC. 2. A new section denominated as Section 21-A is inserted after Section 21 of
11 the same Act, to read as follows:

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13 "SEC. 21-A. *TRANSITION OF OPERATIONS.* - TO ENSURE THE
14 UNINTERRUPTED SUPPLY OF ELECTRICITY, THE NORTHERN DAVAO
15 ELECTRIC COOPERATIVE (NORDECO), IN THE INTERIM, IS AUTHORIZED
16 TO OPERATE THE EXISTING DISTRIBUTION SYSTEM WITHIN ITS FORMER
17 FRANCHISE AREA, AND IMPLEMENT ITS EXISTING POWER SUPPLY
18 AGREEMENTS WITH GENERATION COMPANIES THAT ARE PROVISIONALLY OR
19 FINALLY APPROVED BY THE ERC UNTIL THE GRANTEE ESTABLISHES OR
20 ACQUIRES ITS OWN DISTRIBUTION SYSTEM AND FULLY TAKES OVER THE
21 OPERATIONS IN THE FRANCHISE AREA. THE NORDECO MAY OPERATE NOT
22 LONGER 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 THE NORDECO THE NECESSARY PROVISIONAL CERTIFICATE OF PUBLIC
27 CONVENIENCE AND NECESSITY (CPCN) COVERING THE TRANSITION
28 PERIOD. THE ERC SHALL DETERMINE THE APPLICABLE GENERATION
29 RATE.

30
31 "THE PROVISIONAL AUTHORITY TO OPERATE DURING THE TRANSITION
32 PERIOD GRANTED TO THE NORDECO SHALL NOT PREVENT THE GRANTEE
33 FROM EXERCISING THE RIGHT OF EMINENT DOMAIN AS PROVIDED UNDER
34 SECTION 9 OF THIS ACT. DURING THE TRANSITION PERIOD, THE ERC SHALL
35 DECIDE AND EXECUTE ITS DECISION ON ALL CASES FILED AGAINST THE
36 NORDECO, ESPECIALLY ON THOSE PERTAINING TO CLAIMS BY CONSUMERS
37 FOR REFUNDS.

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39 "TO REDUCE THE LENGTH OF THE TRANSITION PERIOD, THE ERC
40 AND ALL AGENCIES ISSUING THE REQUISITE LICENSES SHALL
41 PRIORITIZE ALL APPLICATIONS OF THE GRANTEE RELEVANT TO THE
42 ESTABLISHMENT AND OPERATION OF THE DISTRIBUTION SYSTEM
43 UNDER ITS FRANCHISE.

44
45 "IN THE HIRING OF EMPLOYEES, THE GRANTEE SHALL, AS FAR AS
46 PRACTICABLE AND SUBJECT TO CERTAIN QUALIFICATION STANDARDS,

1 GIVE PREFERENCE TO FORMER EMPLOYEES OF THE NORDECO WHEN IT
2 COMMENCES BUSINESS OPERATIONS IN ITS NEW FRANCHISE AREA.

3
4 "AN INFORMATION DISSEMINATION CAMPAIGN REGARDING
5 PUBLIC SERVICES AND OPERATIONS OF THE GRANTEE SHALL BE MADE
6 TO ALL END USERS IN THE FRANCHISE AREA.
7

8 "THE GRANTEE AND THE NORDECO SHALL JOINTLY ENSURE
9 THAT AFFECTED EMPLOYEES NOT HIRED BY THE GRANTEE SHALL
10 RECEIVE ALL SEPARATION OR RETIREMENT BENEFITS IN ACCORDANCE
11 WITH APPLICABLE LAWS.
12

13 "THE DOE SHALL, DURING THE TRANSITION, ENSURE THAT THE
14 SUPPLY OF ELECTRICITY IN THE EXISTING FRANCHISE AREA IS
15 UNINTERRUPTED."
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17 SEC. 3. All laws, decrees, orders, resolutions, instructions and rules and regulations
18 or parts thereof which are inconsistent with this Act are hereby deemed repealed or
19 modified accordingly.
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21 SEC. 4. This Act shall take effect fifteen (15) days after its publication in the *Official*
22 *Gazette* or in a newspaper of general circulation.

Approved,