



Republic of the Philippines
House of Representatives
Quezon City



NINETEENTH CONGRESS

First Regular Session

House Bill No. 6484

Introduced by

4th District of Laguna Representative Maria Jamina Katherine B. Agarao-Oloroso
PHILRECA Party-List Representative Presley C. De Jesus
APEC Party-List Representative Sergio C. Dagooc

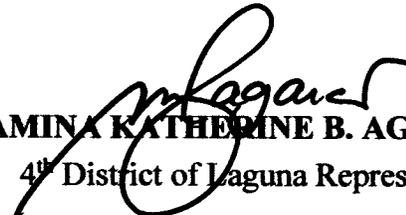
EXPLANATORY NOTE

The First Laguna Electric Cooperative, Inc. (FLECO) was incorporated and registered with the National Electrification Administration (NEA) on April 3, 1973, under Presidential Decree 269, with a mandate to perform electrification in the province of Laguna on an area coverage basis. Pursuant to Section 27 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA) of 2001, the power to grant franchises shall be vested exclusively in the Congress of the Philippines. Thus, this Bill seeks to grant a congressional franchise to FLECO to continuously provide an electric power distribution system to the people of the municipalities of Cavinti, Pagsanjan, Lumban, Kalayaan, Paete, Pakil, Pangil, Siniloan, Famy, Mabitac, and Sta. Maria all in the 4th District of Laguna. Furthermore, it seeks to require standards that the grantee must attain in order to secure an effective partnership between the State and the grantee, as well as to set high standards for the provided facility.

The exceptional performance of FLECO is gathered from the results produced since it was granted a franchise to operate electric light and power services in the 11 municipalities of Laguna. FLECO has attained the 100% energization of the 11 municipalities, 164 barangays, and 76,339 household connections within its coverage area. As of December 2021, FLECO has an average System Loss and Collection Efficiency of 9.19% and 99.30%, respectively. It has been classified by the NEA as green EC and achieved the AAA categorization for six (6) consecutive years with 99% overall performance rating.

The enactment of this Bill will ensure the continuous delivery of electric service from FLECO to the mentioned municipalities and will create the path towards progress in Laguna. Likewise, it will be in line with the policy of the State as provided for in EPIRA, to ensure and accelerate the total electrification of the country; and to ensure the quality, reliability, security, and affordability of the supply of electric power.

In view of the foregoing, the approval of this bill is earnestly sought.



MARIA JAMINA KATHERINE B. AGARAO-OLOROSO
4th District of Laguna Representative



PRESLEY C. DE JESUS
PHILRECA Party-List Representative



SERGIO C. DAGOOC
APEC Party-List Representative



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AN ACT GRANTING A FRANCHISE TO THE FIRST LAGUNA ELECTRIC COOPERATIVE, INC. (FLECO) TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE AND MAINTAIN DISTRIBUTION SYSTEMS FOR THE CONVEYANCE OF ELECTRIC POWER TO ITS END-USERS IN THE MUNICIPALITIES OF CAVINTI, PAGSANJAN, LUMBAN, KALAYAAN, PAETE, PAKIL, PANGIL, SINILOAN, FAMY, MABITAC, AND STA.MARIA, PROVINCE OF LAGUNA

Be it enacted by the Senate and the House of Representatives of the Republic 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,
3 there is hereby granted to the First Laguna Electric Cooperative, Inc. (FLECO),
4 hereunder referred to as the grantee, its successors or assigns a franchise
5 to construct, install, establish, operate, own, manage and maintain in
6 the public interest and commercial purposes, a distribution system for the
7 conveyance of electric power to the end-users in the municipalities of
8 Cavinti, Pagsanjan, Lumban, Kalayaan, Paete, Pakil, Pangil, Siniloan, Famy,
9 Mabitac, and Sta.Maria, Province of Laguna.

10
11 As used in this Act, distribution system refers to the system of wires and
12 associated facilities including sub-transmission lines belonging to a franchised
13 distribution utility extending between the delivery point on the national
14 transmission system or generating facility and the metering point/facility of
15 the end-users.
16

17 SECTION 2. *Manner of Operations of Facilities* – All electric
18 distribution facilities, lines and systems for electric services installed,
19 owned, maintain, operated, managed or maintained by the grantee, its
20 successors or assigns shall be operated or maintained at all times in a
21 superior manner, and it shall be the duty of the grantee, its successors or
22 assigns, whenever required to do so by the Energy Regulatory Commission,
23 hereinafter referred to as the ERC, or its legal successor, or the Department
24 of Energy, hereinafter referred to as the DOE, or its legal successor, or any
25 other government agency concerned to modify, improve and change such
26 facilities or systems in such manner and to such extent as the progress
27 in science or technology and improvements or innovations in the electric
28 power services may render reasonable and proper.

29
30 Whenever practicable, and for purposes of maintaining order, safety
31 and aesthetics along the highways, roads, streets, alleys or right-of-way, the
32 grantee may allow the use of free spaces in its poles, facilities, or right-of-
33 way by interested parties upon reasonable compensation to the grantee
34 considering the costs incurred to accommodate and administer the use of the
35 grantee's facilities by such parties. The ERC shall decide in case of dispute
36 or disagreement between the parties.

37
38 SECTION 3. *Authority of the Energy Regulatory Commission*
39 *(ERC)*. -The grantee shall secure from the ERC or any government agency
40 having jurisdiction over their operations, the certificate of public
41 convenience and necessity and any other license, permit or authority
42 indispensable for the construction and operation of the electric power
43 distribution system.

44
45 SECTION 4. *Ingress and Egress* — For the purpose of erecting and
46 maintaining the poles or other supports for said facilities, wires or other
47 conductor or for the purpose of laying and maintaining said facilities, wires,
48 cables or other conductors, it shall be lawful for the grantee, its
49 successors, or assignees, with the prior approval of the Department of
50 Public Works and Highways (DPWH) or the local government unit concerned,
51 as may be appropriate, to make excavations or lay conduits in any of the
52 public places, highways, roads, streets, lines, alleys, avenues, sidewalks, or
53 bridges of the province and city. Provided, however, That a public place,
54 highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed,
55 altered, or changed by reason of erection of poles or other supports or the
56 underground laying of wires, other conductors or conduits, shall be
57 repaired and replaced in workmanlike manner by the Grantee, its
58 successors or assignees, in accordance with the standards set by the DPWH
59 or the local government unit concerned. Should the grantee, its successors
60 or assignees, after the ten (10)-day notice from the grant of authority, fail,
61 refuse or neglect to repair or replace any part of the public place, highway,
62 road, street, lane, alley, avenue, sidewalk, or bridge altered, changed, or
63 disturbed by the said grantee, its successors or assignees, then the DPWH
64 or the local government unit concerned shall have the right to have the
65 same repaired and replaced in good order and condition and charge the
66 grantee, its successors or assignees, double the amount of the cost and
67 expenses for such repair or replacement.

68
69 SECTION 5. *Responsibility to the Public* — The grantee shall
70 supply electricity to its captive market in the least costly manner. In the
71 interest of the public good and as far as feasible and whenever required by
72 the ERC, the grantee shall modify, improve, or change its facilities,
73 poles, lines, systems, and equipment to provide efficient and reliable service

74 and reduced electricity costs. The grantee shall charge reasonable and just
75 power rates for its services to all types of consumers within its franchised
76 areas so that businesses and industries shall be able to compete.
77

78 The grantee shall have the obligation to provide open and
79 nondiscriminatory access to its distribution system and services for any
80 end-user within its franchise area consistent with Republic Act No. 9136,
81 otherwise known as the "Electric Power Industry Reform Act of 2001". The
82 grantee shall not engage in any activity that will constitute an abuse of
83 market power such as unfair trade practices, monopolistic schemes, and
84 other activities that will hinder the competitiveness of businesses and
85 industries.
86

87 **SECTION 6. *Rates for Services*** – The retail rates and charges for
88 the distribution of electric power by the grantee to its end-users shall be
89 regulated by and subject to the approval of the ERC or its legal successor.
90

91 The grantee shall identify and segregate in its electricity bill to the
92 end-users the components of the retail rate pursuant to Republic Act No.
93 9136 unless otherwise amended. Such rates charged by the grantee to the
94 end users shall be made public and transparent. The grantee shall
95 implement a lifeline rate for marginalized end-users as mandated under
96 Republic Act No. 9136.
97

98 **SECTION 7. *Promotion of Consumer Interests*** – The herein grantee
99 shall establish a consumer desk that will handle consumer complaints and ensure
100 adequate promotion of consumer interests. The grantee shall act with dispatch on
101 all complaints brought before it.
102

103 **SECTION 8. *Right of the Government*** - A special right is hereby
104 reserved to the President of the Philippines, in times of war, rebellion,
105 public peril, calamity, emergency, disaster or disturbance of peace and order:
106 to temporarily take over and operate the stations or facilities of the grantee;
107 to temporarily suspend the operation of any station or facility in the interest
108 of public safety, security and public welfare; or to authorize the temporary
109 use and operation thereof by any agency of the government, upon due
110 compensation to the grantee, for the use of the stations or facilities during
111 the period when these shall be so operated.
112

113 **SECTION 9. *Right of Eminent Domain*** — Subject to the limitations
114 and procedures prescribed by law, the grantee is authorized to exercise the
115 right of eminent domain insofar as it may be reasonably necessary for the
116 efficient maintenance and operation of services. The grantee is authorized
117 to install and maintain its poles, wires, and other facilities over and across
118 the public property, including streets, highways, forest reserves, and other
119 similar property of the Government of the Philippines, its branches, or any
120 of its instrumentalities. The grantee may acquire such private property as is
121 actually necessary for the realization of the purposes for which this franchise
122 is granted: *Provided*, that proper expropriate proceedings shall have been
123 instituted and just compensation paid.
124

125 **SECTION 10. *Term of Franchise*** — The franchise shall be in
126 effect for a period of twenty-five (25) years from the year of expiration of its
127 existing franchise. This franchise shall be deemed *ipso facto* revoked in the
128 event the grantee fails to operate continuously for two (2) years.
129

130 **SECTION 11. *Acceptance and Compliance*** – Acceptance of this

131 franchise shall be given in writing to the Congress of the Philippines, through
132 the Committee on Legislative Franchises of the House of Representatives and
133 the Committee on Public Services of the Senate within sixty (60) days from the
134 effectivity of this Act. Upon such acceptance, the grantee shall exercise the
135 privileges granted under this Act. Non-acceptance shall render the franchise
136 void.

137
138 SECTION 12. ***Warranty in Favor of the National and Local Governments***

139 — The grantee shall hold the national, provincial, city, and municipal
140 governments of the Philippines free from all claims, accounts, demands, o
141 actions arising out of accidents or injuries, whether to property or persons,
142 caused by the construction, installation, operation, and maintenance of the
143 distribution system of the grantee.

144
145 SECTION 13. ***Liability for Damages*** – The grantee shall be liable for

146 any injury and damage arising from or caused by accident to persons and
147 property by reason of any defective construction under this franchise or of
148 any neglect or omission to keep its poles and wires in a safe condition.

149
150 SECTION 14. ***Income Tax and Minimum Corporate Income Tax***

151 (***MCIT***) – The grantee shall be permanently exempt from the payment of
152 income tax and Minimum Corporate Income Tax or MCIT.

153
154 SECTION 15. ***Sale, Lease, Transfer, Usufruct, or***

155 ***Assignment of Franchise*** – The grantee shall not sell, lease,
156 transfer, grant the usufruct of, or assign this franchise or the rights and
157 privileges acquired thereunder to any person, firm, company, corporation,
158 or other commercial or legal entity, or merge with any other corporation, or
159 entity, or shall transfer the controlling interest of the grantee, whether as
160 a whole or in parts, and whether simultaneously or contemporaneously,
161 to any such person, firm, company, corporation, or entity without the
162 prior approval of the Congress of the Philippines. *Provided*, that
163 Congress shall be informed of any lease, transfer, granting the usufruct of,
164 sale, or assignment of franchise or the rights and privileges acquired
165 thereunder, or of the merger, or sale of the controlling interest within sixty
166 (60) days after the completion of said transaction. *Provided further*, that
167 any such transfer, sale, or assignment is in accordance with the
168 constitutional limitations. *Provided furthermore*, that failure to report to
169 Congress such change of ownership shall render the franchise *ipso facto*
170 revoked. *Provided, finally*, that any person or entity to which this
171 franchise is sold, transferred, or assigned, shall be subject to the same,
172 conditions, terms, restrictions, and limitations of this Act.

173
174 SECTION 16. ***Reportorial Requirement*** – The grantee shall submit an

175 annual report to the Congress of the Philippines, through the Committee on
176 Legislative Franchises of the House of Representatives and the Committee on
177 Public Services of the Senate, on its compliance with the terms and
178 conditions of the franchise and on its operations on or before April 30 of
179 every year during the term of the franchise. The reportorial compliance
180 certificate issued by Congress shall be required before any application for a
181 permit or certificate is accepted by the ERC.

182
183 SECTION 17. ***Fine*** – The failure of the grantee to submit the

184 requisite annual report to Congress shall be penalized by a fine of five
185 hundred pesos (P500.00) per working day of non-compliance which shall be
186 collected by the ERC. The fine shall be collected separately from the

187 reportorial penalties imposed by the ERC and shall be remitted to the Bureau
188 of the Treasury.

189
190 SECTION 18. *Equality Clause* – Any advantage, favor, privilege,
191 exemption, or immunity granted under existing franchises, or which may
192 hereafter be granted, upon prior review and approval of Congress, shall
193 become part of this franchise and shall be accorded immediately and
194 unconditionally to the herein grantee. Provided, *however*, that the foregoing
195 shall neither apply to nor affect provisions concerning territory covered by
196 the franchise, the life span of the franchise or the type of service authorized
197 by the franchise. Provided, *further*, that the foregoing shall not apply to the
198 sale, lease, transfer, grant of usufruct, or assignment of legislative
199 franchises with prior congressional approval.

200
201 SECTION 19. *Applicability Clause* – The grantee shall comply with
202 and be subject to the provisions of Commonwealth Act No. 146, as amended,
203 otherwise known as the "Public Service Act" and Republic Act No.
204 9136, otherwise known as the "Electric Power Industry Reform Act of 2001".

205
206 SECTION 20. *Repeatability and Non-Exclusivity Clause* – This
207 franchise shall be subject to amendment, alteration, or repeal by the
208 Congress of the Philippines when the public interest so requires and shall
209 not be interpreted as an exclusive grant of the privileges herein provided for.

210
211 SECTION 21. *Separability Clause* – If any of the sections or provisions
212 of this Act is held invalid, all other provisions not affected thereby shall
213 remain valid.

214
215 SECTION 22. *Repealing Clause* – All laws, presidential decrees,
216 executive orders, letters of instruction, administrative rules and
217 regulations, or parts thereof which are contrary to or inconsistent with the
218 provisions of this Act are hereby repealed or modified accordingly.

219
220 SECTION 23. *Existing Powers* – Existing mandates, powers, functions,
221 and privileges granted to Electric Cooperatives under existing laws,
222 including Section 10 of Republic Act No. 10531, shall remain valid and
223 effective unless expressly repealed by succeeding laws.

224
225 SECTION 24. *Effectivity Clause* – This Act shall take effect fifteen
226 (15) days after its publication in at least two (2) newspapers of general
227 circulation.

228
229 *Approved.*