

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

EIGHTEENTH Congress  
3<sup>rd</sup> Regular Session

HOUSE BILL NO. 10271



**EXPLANATORY NOTE**

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**Introduced by Hon. Michael B. Gorriceta and Hon. Braeden John Q. Biron**

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This house bill seeks to amend certain sections of **Republic Act No. 11212**, which granted MORE Electric and Power Corporation (MORE Power) a distribution utility franchise for Iloilo City, to allow it to expand and enable it to establish, operate, and maintain, for commercial purposes and in the public interest, a distribution system for the conveyance of electric power to end users in the City of Iloilo and in the Municipalities comprising the 2<sup>nd</sup> District and the 4<sup>th</sup> District, both of Iloilo Province.

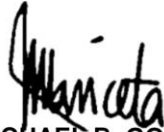
Thus, this expanded franchise area will include its present franchise area of Iloilo City under **Republic Act No. 11212**, and the new franchise areas of the Municipalities of Alimodian, Leganes, Leon, New Lucena, Pavia, San Miguel, Santa Barbara and Zarraga, all in the 2<sup>nd</sup> District of Iloilo, and the Municipalities of Anilao, Banate, Barotac Nuevo, Dingle, Duenas, Dumangas and San Enrique and the City of Passi, all in the 4<sup>th</sup> District of Iloilo.

Electricity is the hallmark of and an essential service in the modern age. It lights homes, streets, offices, hospitals, schools, factories, malls, hotels, and powers industries, and industries give our people convenience, jobs and business opportunities. In the short period of one and a half years from taking over the operation, rehabilitation and expansion of the distribution system in Iloilo City, MORE Power has reduced electric rates in Iloilo City from one of the highest in the country to one of the lowest in the country. Access to legitimate electrical connection was expanded from 63,000 customers to 88,000 customers in the City. It has undertaken a continuing rehabilitation and improvement program for the aging and decrepit distribution facilities from the previous operator. We feel that such service, marked by the highest standards, and which

has been proven to be fast, reliable, responsive, modern and forward looking, should also be made available to Ilonggos living outside Iloilo City.

We do recognize that the towns proposed to be included in this expansion of the franchise area are currently served by Iloilo I Electric Cooperative, Inc. (ILECO 1) and Iloilo II Electric Cooperative, Inc. (ILECO II). But the Constitution is clear that no franchise for a public utility shall be exclusive in character. (Section 11, Article XII of the 1987 Constitution). Public interest will be better served if we allow competition that will give Ilonggos living in the 2<sup>nd</sup> District and the 4<sup>th</sup> District, both of Iloilo Province, to have a choice to avail of the benefit from the services of a modern, dependable, cheap, and efficient electric power distribution system, offered by MORE Power to Iloilo City residents. It is the right time to do this, and to continue the progress of Iloilo City and to jump start the progress in the nearby parts Iloilo Province.

Approval of this bill is, thus, earnestly sought.



HON. MICHAEL B. GORRICETA



HON. BRAEDEN JOHN Q. BIRON

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EIGHTEENTH CONGRESS  
3rd Regular Session

HOUSE BILL NO. 10271

Introduced by the Hon. Michael B. Gorriceta, 2<sup>nd</sup> District, Iloilo, and Hon. Braeden John Q. Biron, 4<sup>th</sup> District, Iloilo

**AN ACT AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 11212, ENTITLED: AN ACT GRANTING MORE ELECTRIC AND POWER CORPORATION A FRANCHISE TO ESTABLISH, OPERATE, AND MAINTAIN, FOR COMMERCIAL PURPOSES AND IN THE PUBLIC INTEREST, A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO END USERS IN THE CITY OF ILOILO, PROVINCE OF ILOILO, AND ENSURING THE CONTINUOUS AND UNINTERRUPTED SUPPLY OF ELECTRICITY IN THE FRANCHISE AREA, TO EXPAND ITS FRANCHISE AREA AND FOR OTHER PURPOSES**

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

**SECTION 1.** SECTION 1 of Republic Act No. 11212 is hereby amended to read as follows:

**“SECTION 1. *Nature and Scope of Franchise.*** - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to MORE Electric and Power Corporation, hereunder referred to as the grantee, its successors or assignees, a franchise to establish, operate, and maintain, for commercial purposes and in the public interest, a distribution system for the conveyance of electric power to end users in the City of Iloilo, the Municipalities of Alimodian, Leganes, Leon, New Lucena, Pavia, San Miguel, Santa Barbara and Zarraga, all in the 2<sup>nd</sup> District of Iloilo, and the Municipalities of Anilao, Banate, Barotac Nuevo, Dingle, Duenas, Dumangas and San Enrique and the City of Passi, all in the 4<sup>th</sup> District of Iloilo.”

“As used in this Act, distribution system refers to the system of wires and associated facilities including subtransmission lines belonging to or used by a

franchised distribution utility extending between the delivery point on the national transmission system or generating facility and the metering point or facility of the end-user.”

**SEC. 2.** SEC. 11 of Republic Act No. 11212 is hereby amended to read as follows:

**“SEC. 11. *Term of Franchise.*** – The twenty-five (25) years term of this franchise shall be counted from the date of effectivity of this Act, entitled: **AN ACT AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 11212, ENTITLED: AN ACT GRANTING MORE ELECTRIC AND POWER CORPORATION A FRANCHISE TO ESTABLISH, OPERATE, AND MAINTAIN, FOR COMMERCIAL PURPOSES AND IN THE PUBLIC INTEREST, A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO END USERS IN THE CITY OF ILOILO, PROVINCE OF ILOILO, AND ENSURING THE CONTINUOUS AND UNINTERRUPTED SUPPLY OF ELECTRICITY IN THE FRANCHISE AREA, TO EXPAND ITS FRANCHISE AREA AND FOR OTHER PURPOSES,** and not from the effectivity date of Republic Act No. 11212, unless sooner cancelled or revoked.”

**SEC. 3.** SEC. 15 of Republic Act No. 11212 is hereby amended to read as follows:

**“SEC. 15. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.*** - The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall transfer the controlling interest of the grantee, whether as a whole or in part, and whether simultaneously or contemporaneously, to any person, firm, company, corporation, or entity without the prior approval of the Congress of the Philippines and in compliance with legal requirements stipulated in other statutes; *Provided, That,* during the period before the dispersal of its ownership under Section 16, the grantee shall notify Congress in writing of any sale, or transfer of its shares less than the controlling interest; *Provided, further,* That failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked; *Provided, furthermore,* That any person or entity to which this franchise is sold, transferred, or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act; *Provided, finally,* That the limitations set forth in this section shall not apply to: (a) any transfer or issuance of shares of stock in the implementation of the requirement for the dispersal of the grantee’s ownership pursuant to Section 16 of this Act; (b) any transfer or sale of shares of stock to a foreign or local investor or investors who will not participate in the management of the grantee; (c) any issuance of shares to any foreign or local investors pursuant to or in connection with any increase in the grantee’s authorized capital stock which shall result in the dilution of the stockholdings of the grantee’s then existing stockholders; (d)

any combination thereof where such transfer, sale or issuance is effected in order to enable the grantee to raise the necessary capital or financing for the provision of any of the services authorized by this Act; and (e) any sale, transfer or assignment of shares in the grantee in favor of an affiliate whose controlling interest is owned by the same parent corporation of the grantee; *Provided*, That any such transfer, sale or issuance is in accordance with any applicable constitutional limitations.”

**SEC. 4.** SEC. 21 of Republic Act No. 11212 is hereby amended to read as follows:

**“SEC. 21. *Equality Clause.*** - Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted to power distribution franchises, upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee: *Provided*, That the foregoing shall neither apply to nor affect provisions concerning territorial coverage, the term, or the type of service authorized by the franchise.“

**SEC. 5. *Separability Clause.*** - If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

**SEC. 6. *Repealing Clause.*** - All laws, decrees, orders, resolutions, instructions and rules and regulations or parts thereof, relating to the sections amended, which are inconsistent with this Act, are hereby deemed repealed or modified accordingly.

**SEC. 7. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,