

[REPUBLIC ACT NO. 11515, December 26, 2020]

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"

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, the franchise granted to Davao Light and Power Company, Inc., hereunder referred to as the grantee, its successor or assignees, under Republic Act No. 8960, to construct, install, establish, operate, and maintain for commercial purposes and in the public interest, an electric, light, heat and power system for the conveyance, distribution and sale of electric power to the end users in Davao City, Panabo City, and the Municipalities of Carmen, Dujali, and Santo Tomas in the Province of Davao del Norte is hereby extended for another twenty-five (25) years after the expiration date of the franchise under Republic Act No. 8960.

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. *Manner of Operation of Facilities.* - All electric distribution facilities, lines, and systems for electric services owned, maintained, operated, or managed by the grantee, its successors or assignees, shall be operated and maintained at all times in a superior manner, and it shall be the duty of the grantee, its successors or assignees, whenever required to do so by the Energy Regulatory Commission (ERC) or its legal successor, or the Department of Energy (DOE) or its legal successor, or any other government agency concerned, to modify, improve, and change the facilities or systems in such a manner and to such extent as the progress in science and improvements in the electric power services may render reasonable and proper.

Whenever practicable and for purposes of maintaining order, safety, and aesthetics along highways, roads, streets, alleys or right-of-way, the grantee may allow the use of free spaces in its poles, facilities or right-of-way by interested parties upon reasonable compensation to the grantee, considering the cost incurred to

accommodate and administer the use of the grantee's facilities by such parties. The ERC shall decide in case of dispute or disagreement between parties.

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

SEC. 4. *Excavation and Restoration Works.* - For the purpose of erecting and maintaining poles and other supports for the wires or other conductors for the laying and maintaining of underground wires, cables, pipes, or other conductors, the grantee, its successors or assignees, is authorize to make excavations or lay conduits in any of the public places, highways, roads, streets, lines, alleys, avenues, sidewalks, or bridges of the said province and cities and/or municipalities: *Provided, however,* That a public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered, or changed by reason of erection of poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired and replaced in workmanlike manner at the expense of the grantee, its successors or assignees, in accordance with the standards set by the DPWH or the local government unit concerned. Should the grantee, its successors or assignees, after the ten (10)-day notice from the grant of authority, fail, refuse or neglect to repair or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge that has been disturbed, altered or changed by the said grantee, its successors or assignees, then the DPWH or the LGU concerned shall have the right to have the same repaired and replaced in good order and condition and charge the grantee, its successors or assignees, at double the amount of the costs and expenses for such repair or replacement.

SEC. 5. *Responsibility to the Public.* - The grantee shall supply electricity to its captive market in urban and rural portions of its franchise area in the least cost manner. In the interest of the public good and as far as feasible and whenever required by the ERC, the grantee shall modify, improve, or change its facilities, poles, lines, systems and equipment for the purpose of providing efficient and reliable service and reduced electricity costs. The grantee shall charge power rates in a least cost manner for its services to all types of consumers within its franchised areas.

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

The exercise of the rights granted herein shall not result to stranded assets and stranded contract costs of existing and operating distribution utilities nor to unreasonable increases in costs to consumers.

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

The grantee shall identify and itemize in the statement of account it issues to end users the components of the retail rate pursuant to Republic Act No. 9136. Such rates charged by the grantee shall be made public and transparent. The grantee shall implement a lifeline rate to marginalized end users for as long as it is in effect as mandated under Republic Act No. 9136, as amended.

SEC. 7. *Protection of Consumer Interests.* - The herein grantee shall establish a consumer desk that will handle consumer complaints and ensure adequate protection of consumer interests. The grantee shall act with the dispatch on all complaints brought before it.

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

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

SEC. 10. *Term of Franchise.* - This franchise shall be in effect for a period of twenty-five (25) years from the expiration date of the term granted under Republic Act No. 8960, unless sooner cancelled or revoked. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to operate continuously for two (2) years.

SEC. 11. *Warranty in Favor of the National and Local Governments.* - The grantee shall hold the national, provincial, city, and municipal governments of the Philippines free from all claims, accounts, demands, or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction, installation, operation, and maintenance of the distribution system of the grantee.

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

SEC. 13. *Commitment to Provide and Promote the Creation of Employment Opportunities.* - The grantee shall create employment opportunities as well as accept on-the-job trainees in their franchise operations: *Provided*, That priority shall be accorded to the residents of the place where their principal office is located: *Provided, further*, That the grantee shall follow the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances: *Provided, finally*, That the employment opportunities or jobs created shall