

[REPUBLIC ACT NO. 10890, July 17, 2016]

AN ACT GRANTING THE MACTAN ELECTRIC COMPANY, INC. (MECO) 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 LAPU-LAPU AND THE MUNICIPALITY OF CORDOVA PROVINCE OF CEBU

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 1987 Philippine Constitution and applicable laws, rules and regulations, there is hereby granted to the Mactan Electric Company, Inc. (MECO), hereunder referred to as the grantee, its successors or assignees, a franchise to construct, install, establish, operate and maintain for commercial purposes and in the public interest, a distribution system for the conveyance of electric power to the end users in the City of Lapu-Lapu and the Municipality of Cordova, Province of Cebu.

As used in this Act, distribution system refers to the system of wires and associated facilities including sub-transmission lines belonging to a franchised distribution utility extending between the delivery point on the national transmission system or generating facility and the metering point/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 such 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 ERC/DOE.* – The grantee shall secure from the ERC/DOE 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, pipes and other supports for the wires or other conductors for the purpose of laying and maintaining the facilities, wires, cables, pipes, or other conductors, it shall be lawful for the grantee, its successors or assignees, with the prior approval of the Department of Public Works and Highways (DPWH) or the local government unit concerned, as may be appropriate, to make excavations or lay conduits in any of the public places, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the province, city, and municipality: *Provided, however,* That a public place, highway, 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 said authority, fail, refuse, or neglect to repair or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge altered, changed, or disturbed by the grantee, its successors or assignees, then the DPWH or the local government unit concerned shall have the right to have these repaired and placed in good order and condition at double expense to be charged against the grantee, its successors or assignees.

SEC. 5. *Responsibility to the Public.* – The grantee shall supply electricity to its captive market in the least costly manner. In the interest of the public good and as far as feasible and whenever required by the EEC, 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 reasonable and just power rates for its services to all types of consumers within its franchise areas in order that business and industries shall be able to compete.

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.

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

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

SEC. 7. *Promotion of Consumer Interests.* – The grantee shall establish a consumer