

[REPUBLIC ACT NO. 9209, June 09, 2003]

**AN ACT GRANTING THE MANILA ELECTRIC COMPANY A
FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN A
DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC
POWER TO THE END-USERS IN THE CITIES/MUNICIPALITIES OF
METRO MANILA, BULACAN, CAVITE AND RIZAL, AND CERTAIN
CITIES/MUNICIPALITIES/BARANGAYS IN BATANGAS, LAGUNA,
QUEZON AND PAMPANGA**

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 regulation, there is hereby granted to Manila Electric Company (MERALCO), hereunder referred to as the grantee, its successors or assigns, a franchise to construct, operate and maintain in the public interest and commercial purposes, a distribution system for the conveyance of electric power to the end-users in the cities and municipalities of Caloocan, Las Pinas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, Pateros, Quezon City, San Juan, Taguig and Valenzuela of Metro Manila; cities and municipalities of Angat, Balagtas, Baliuag, Bocaue, Bulacan, Bustos, Calumpit, Doña R. Trinidad, Guiguinto. Hagonoy, Malolos, Marilao, Meycauayan, Norzagaray, Obando, Pandi, Paombong, Plaridel, Pulilan, San Ildefonso, San Jose del Monte, San Miguel, San Rafael and Sta. Maria, Province of Bulacan; cities and municipalities of Alfonso, Amadeo, Bacoar, Carmona, Cavite, Dasmarinas, Gen. Alvarez, Gen. E. Aguinaldo, Gen Trias, Imus, Indang, Kawit, Magallanes, Maragondon, Mendez Nuñez, Naic, Noveleta, Rosario, Silang, Tagaytay, Tanza, Ternate and Trece Martires, Province of Cavite, cities and municipalities of Angono, Antipolo, Baras, Binangonan, Cainta, Cardona, Jala-Jala, Montalban, Morong, Pililla, San Mateo, Tanay, Taytay and Teresa, Province of Rizal; cities and municipalities of Alaminos, bay, Biñan, Cabuyao, Calamba, Calauan, Liliw, Los Baños, Luisiana, Magdalena, Majayjay, Nagcarlan, Pila, Rosa and Victoria, Province of Laguna; cities and municipalities of Candelaria, Dolores, San Antonio, Sariaya, Tayabas and Tiaong, Province of Quezon; barangays of Balucuc and Concepcion in San Simon, Pampanga; and Barangays of Bahay Pare, Barangca, Dulong Ilog, Mangumbali, Mandili, Mapaniqui, Paligui, Pangclara, Pulong Gubat, Pulong Palazan, Salapungan, Vizal San Pablo, Vizal Santo Cristo and Vizal Sto. Nino in Candaba, Pampanga. 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 Operations of Facilities.* — All electric distribution facilities, lines, and systems for electric services owned, maintained, operated or managed by the

grantee, its successors or assigns shall be operated and maintained at all times in a superior manner, and it shall be the duty of the grantee, its successors or assigns, whenever required to do so by the Energy Regulatory Commission, hereafter referred to as the ERC, or its legal successor, to modify, improve and change such facilities or systems in such manner and to such extent as the progress in science and improvement in the electric power services may render reasonable and proper. Whenever practicable and for purposes of maintaining order, safety and aesthetics along the 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 costs 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 the parties.

SEC. 3. *Ingress and Egress.* — For the purpose of erecting and maintaining poles and other supports for said facilities, wires or other conductors or for the purpose of laying and maintaining poles and other supports for said facilities, wires or other conductors or for the purpose of laying and maintaining said facilities, wires, cables, or other conductors, it shall be lawful for the grantee, its successors and assigns, with the prior approval of the Department of Public Works and Highways (DPWH) or the local government units (LGUs) concerned, as may be appropriate, to make excavations or lay conduits in any of the public places, highways, streets, lanes, alleys, avenues, sidewalk or bridges of said provinces: *Provided, however,* That any public place, highways, street, lane, avenue, sidewalk or bridge disturbed, altered or changed by reason of the erection of poles or other supports, or the laying of wires, other conductors or conduits, shall be immediately repaired and properly restored at the expense of the grantee, its successors and assigns, in accordance with the standards set by the DPWH and concerned LGUs.

SEC. 4. *Responsibility to the Public.* — The grantee shall supply electricity to its captive market 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 reasonable, just and competitive power rates for its services to all types of consumers within its franchised area 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 but not limited to, unfair trade practices, monopolistic schemes and any other activities that will hinder competitiveness or business and industries.

SEC. 5. *Rates for Services.* — The retail rates to its captive market 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. The grantee shall identify and segregate in its bill to the end-users the components of the retail rate pursuant to Republic Act No. 9136, unless otherwise amended. Such 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. 6. *Promotion of Consumer Interests.* — The herein grantee shall establish a