

[REPUBLIC ACT NO. 6395, September 10, 1971]

AN ACT REVISING THE CHARTER OF THE NATIONAL POWER CORPORATION.

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

SECTION 1. The Charter of the National Power Corporation is hereby revised, and shall henceforth read as follows:

"SECTION 1. *Declaration of Policy.*—Congress hereby declares that (1) the comprehensive development, utilization and conservation of Philippine water resources for all beneficial uses, including power generation, and (2) the total electrification of the Philippines through the development of power from all sources to meet the needs of industrial development and dispersal and the needs of rural electrification are primary objectives of the nation which shall be pursued coordinately and supported by all instrumentalities and agencies of the government, including its financial institutions.

"SEC. 2. *The National Power Corporation; Its Corporate Life; 'Corporation' and 'Board' Defined.*—To carry out the above-stated policy, specifically to undertake the development of hydroelectric generation of power and the production of electricity from nuclear, geothermal and other sources, as well as the transmission of electric power on a nationwide basis, the public corporation created under Commonwealth Act Numbered One hundred twenty and know as the National Power Corporation' shall continue to exist for fifty years from and after the expiration of its present corporate existence.

"In the pursuit of its objectives, the Corporation shall, s far as feasible, spread the benefits of its projects and operations to the greatest number of the population possible, and the Corporation shall prosecute faithfully such projects as will promote the total electrification of Luzon Islands, Visayan Islands and the Mindanao Islands.

"The words 'Corporation' and 'Board' appearing in this Act shall respectively refer to the National Power Corporation and the National Power Board.

"SEC. 3. *Powers and General Functions of the Corporation.*—The powers, functions, rights and activities of the Corporation shall be the following:

"(a) To have continuous succession under its corporate name until otherwise provided by law;

"(b) To prescribe its by-laws not inconsistent with this Act;

"(c) To adopt and use a seal and alter it at its pleasure;

"(d) To sue and be sued in any court;

"(e) To conduct investigations and surveys for the development of water power in any part of the Philippines;

"(f) To take water from any public stream, river, creek, lake, spring or waterfall in the Philippines, for the purposes specified in this Act; to intercept and divert the flow of waters from lands of riparian owners and from persons owning or interested in waters which are or may be necessary for said purposes, upon payment of just compensation therefor; to alter, straighten, obstruct or increase the flow of water in streams or water channels intersecting or connecting therewith or contiguous to its works or any part thereof: *Provided*, That just compensation shall be paid to any person or persons whose property is, directly or indirectly, adversely affected or damaged thereby;

"(g) To construct, operate and maintain power plants, auxiliary plants, dams, reservoirs, pipes, mains, transmission lines, power stations and substations, and other works for the purpose of developing hydraulic power from any river, creek, lake, spring and waterfall in the Philippines and supplying such power to the inhabitants thereof; to acquire, construct, install, maintain, operate, and improve gas, oil, or steam engines, and/or other prime movers, generators and machinery in plants and/or auxiliary plants for the production of electric power; to establish, develop, operate, maintain and administer power and lighting systems for the transmission and utilization of its power generation; to sell electric power in bulk to (1) industrial enterprises, (2) city, municipal or provincial systems and other government institutions, (3) electric cooperatives, (4) franchise holders, and (5) real estate subdivisions: *Provided*, That the sale of power in bulk to industrial enterprises and real estate subdivisions may be undertaken by the Corporation when the power requirement of such enterprises or real estate subdivisions is not less than 100 kilowatts, when in the judgment of the Public Service Commission the franchise holder is not in a position or fails or refuses to adequately supply such power requirement, unless the franchise holder consents thereto: *Provided, further*, That the Corporation shall continue to sell electricity to industrial enterprises under existing contracts; and provide for the collection of the charges for any service rendered;

"(h) To acquire, promote, hold, transfer, sell, lease, rent, mortgage, encumber and otherwise dispose of property incident to, or necessary, convenient or proper to carry out the purposes for which the Corporation was created: *Provided*, That in case a right of way is necessary for its transmission lines, easement of right of way shall only be sought: *Provided, however*, That in case the property itself shall be acquired by purchase, the cost thereof shall be the fair market value at the time of the taking of such property;

"(i) To construct works across, or otherwise, any stream, watercourse, canal, ditch, flume, street, avenue, highway or railway of private and public ownership, as the location of said works may require: *Provided*, That said works be constructed in such a manner

as not to endanger life or property: *And provided, further,* That the stream, watercourse, canal ditch, flume, street, avenue, highway or railway so crossed or intersected be restored as near as possible to their former state, or in a manner not to impair unnecessarily their usefulness. Every person or entity whose right of way or property is lawfully crossed or intersected by said works shall not obstruct any such crossings or intersection and shall grant the Board or its representative, the proper authority for the execution of such work. The Corporation is hereby given the right of way to locate, construct and maintain such works over and throughout the lands owned by the Republic of the Philippines or any of its branches and political subdivisions. The Corporation or its representative may also enter upon private property in the lawful performance or prosecution. of its business and purposes, including the construction of the transmission lines thereon: *Provided,* That the owner of such private property shall be indemnified for any actual damage caused thereby: *Provided, further,* That said action for damages is filed within five years after the rights of way, transmission lines, substations, plants or other facilities shall have been established: *Provided, finally,* That after the said period, no suit shall be brought to question the said rights of way, transmission lines, substations, plants or other facilities;

"(j) To exercise the right of eminent domain for the purpose of this Act in the manner provided by law for instituting condemnation proceedings by the national, provincial and municipal governments;

"(k) When essential to the proper administration of its corporate affairs or necessary for the proper transaction of its business or to carry out the purposes for which it was organized, to contract indebtedness and issue bonds subject to approval of the President upon recommendation of the Secretary of Finance;

"(l) To exercise such powers and do such things as may be reasonably necessary to carry out the business and purposes for which it was organized, or which, from time to time, may be declared by the Board to be necessary, useful, incidental or auxiliary to accomplish the said purpose;

"(m) To cooperate with, and to coordinate its operations with those of the National Electrification Administration and public service entities;

"(n) To exercise complete jurisdiction and control over watersheds surrounding the reservoirs of plants and/or projects constructed or proposed to be constructed by the Corporation. Upon determination by the Corporation of the areas required for watersheds for a specific project; the Bureau of Forestry, the Reforestation Administration and the Bureau of Lands shall, upon written advice by the Corporation, forthwith surrender jurisdiction to the Corporation of all areas embraced within the watersheds, subject to existing private rights, the needs of waterworks systems, and the requirements of domestic water supply;

"(o) In the prosecution and maintenance of its projects, the Corporation shall adopt measures to prevent environmental pollution and promote the conservation, development and maximum utilization of natural resources ; and

"(p) Generally, to exercise all the powers of a corporation under the Corporation Law insofar as they are not inconsistent with the provisions of this act.

"SEC. 4. *Fixing of Rates by the Board and Review by the Public Service Commission.*—The Board shall fix the rates and fees to be charged by the Corporation so that the Corporation's rate of return shall be not more than ten *per centum* (10%) on a rate base composed of the sum of its net assets in operation as revalued from time to time plus two months' operating capital: *Provided*, That in determining the rate of return, interest on loans, bonds and other debts shall not be included as expenses. Such rates and fees shall be effective and enforceable fifteen (15) days after publication in a newspaper of general circulation. The Public Service Commission shall have exclusive original jurisdiction over all cases contesting said rates or fees. Any complaint against such rates or fees shall be filed with the Public Service Commission within thirty (30) days after the effectivity of such rates or fees, but the filing of such complaint or action shall not stay the effectivity of said rates or fees. The Public Service Commission shall verify the rate base, and the rate of return computed therefrom, in accordance with the standards herein outlined. The Public Service Commission shall finish, within sixty (60) calendar days, any and all proceedings necessary and/or incidental to the case, and shall render its findings or decisions thereon within thirty (30) calendar days after said case is submitted for decision.

"In cases where the decision is against the fixed rates or fees, excess payments shall be reimbursed and/or credited to future payments, in the discretion of the Commission.

"The decision of the Public Service Commission shall be appealable to the Supreme Court in accordance with the provisions of the Rules of Court.

"The Corporation shall charge in any interconnected system a uniform schedule of rates for all its customers that fall within the same classification.

"The rates to be charged in any interconnected system in Luzon, Visayas, and Mindanao, respectively, shall be determined independently from each other, and expenses or fixed investments in any one region shall not be utilized for purposes of fixing the rates to be charged in another region, but shall be determined in the light of conditions and circumstances obtaining in each region.

"SEC. 5. *Capital Stock of the Corporation.*—The authorized capital stock of the Corporation is three hundred million pesos divided into three million shares having a par value of one hundred pesos each, which shares are not to be transferred, negotiated, pledged, mortgaged, or otherwise given as security for the payment of any obligation. The said capital stock has been subscribed and paid wholly by the Government of the Philippines in accordance with the provisions of Republic Act Numbered Four thousand eight hundred ninety-seven.

"SEC. 6. *The National Power Board; Its Composition; Compensation of Members; Qualifications; Powers and Duties.*—The corporate powers of the Corporation shall be vested in and exercised by the Board composed of seven members consisting of a chairman, vice-chairman and five directors who, with the exception of the vice-chairman, shall be appointed by the President of the Philippines, with the consent of the Commission on Appointments.

"In the appointment of said members, the President of the Philippines shall appoint one to represent Luzon, one to represent the Visayas, one to represent Mindanao, one to represent labor, and one to represent the business sector. The labor representative shall be chosen from at least live recommendees of the employees' recognized bargaining units in the Corporation.

"The General Manager shall be the *ex-officio* Vice-Chairman of the Board.

"The said members of the Board shall serve for terms of three years, except that any person appointed to fill a vacancy shall serve only for the unexpired term of the member whom he succeeds.

"Every member of the Board shall possess any one or combination of the following qualifications: A duly licensed professional of recognized competence in engineering, in business management and finance, or in law, particularly in the field of corporate practice, with at least ten years actual and distinguished experience in their respective fields of expertise, or a recognized labor leader with sufficient training, particularly in labor-management relations, and of good moral character. The regional representatives appointed by the President of the Philippines shall be residents of the regions they represent.

"The members of said Board shall receive a *per diem*, of not to exceed three hundred pesos for each regular meeting of the Board and one hundred pesos for each special meeting actually attended by them: *Provided*, That such *per diems* shall not exceed one thousand five hundred pesos during any month for each member: *And, provided, further*, That no other allowances or any form of compensation shall be paid them, except actual expenses in travelling to and from their residences to attend Board meetings.

"A majority of the members of the Board shall constitute a *quorum* for the transaction of the business of the Board.

"The Board shall, moreover, have the following specific powers and duties:

"(a) To formulate and adopt policies and measures for the management and operation of the Corporation;

"(b) To adopt an annual and supplemental budget of receipts and expenditures of the Corporation according to its requirements, which may include financial assistance of not more than ten thousand pesos each to municipalities which are the site of or