

[REPUBLIC ACT NO. 5445, September 09, 1968]

AN ACT GRANTING MISAMIS ORIENTAL RURAL ELECTRIC SERVICE COOPERATIVE, INC., A FRANCHISE FOR AN ELECTRIC LIGHT AND POWER SYSTEM IN THE MUNICIPALITIES OF LUGAIT, MANTICAO, NAAWAN, INITAO, LIBERTAD, GITAGUM, LAGUINDINGAN, ALUBIJID AND EL SALVADOR, ALL IN THE PROVINCE OF MISAMIS ORIENTAL.

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

SECTION 1. Subject to the terms and conditions established in Act Numbered Thirty-six hundred and thirty-six, as amended by Commonwealth Act Numbered One hundred thirty-two, and to the provisions of the Constitution, there is granted to Misamis Oriental Rural Electric Service Cooperative, Inc. (MORESCO), for a period of fifty years from the approval of this Act, the right, privilege and authority to install, maintain and operate an electric light and power system for the purpose of generating and distributing electric light and power for sale to members and customers in the Municipalities of Lugait, Manticao, Naawan, Initao, Libertad, Gitagum, Laguindingan, Alubijid and El Salvador, all in the Province of Misamis Oriental. No government-owned or controlled corporation shall sell wholesale or retail electricity to any utility or customer within the area covered by this franchise at rates lower than those at which power is sold to the grantee and without the latter's written consent.

SEC. 2. The grantee shall operate according, and times adhere, to the "area-coverage" principle; shall be "non-profit"; and shall be during the first twenty-five or for as long as its obligations are not fully paid exempt from all taxes, duties and fees of whatever kind and nature, except income tax as applicable to non-agricultural cooperatives the provisions of any existing law to the contrary notwithstanding.

"Area-coverage", as used in this Act, means that if person lives in the territory of an electric, service cooperative system, he shall be entitled to receive electric service regardless of the place of his residence upon his becoming a member of such cooperative and regardless of the cost of the service to him, whether profitable or not, the feasibility or financial possibility of providing him service being based on the principle that the cooperative's system is designed to serve the interest of all its members collectively, and not individually: Provided, That membership in the cooperative shall not permit any preference or discrimination.

"Non-profit" means that the cooperative shall be operated without any profit or dividend to its members, but the rates, fees, rents or other charges for electric energy and any other facilities, supplies, equipment,