

AN ACT TO AMEND REPUBLIC ACT NUMBERED FORTY-FIVE HUNDRED NINETY-EIGHT (RE FRANCHISE GRANTED TO V-M-C RURAL ELECTRIC SERVICE COOPERATIVE, INC.).

REPUBLIC ACT NO. 5741, June 21, 1969

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

SECTION 1. The title of Republic Act Numbered Forty-five hundred ninety-eight is hereby amended to read as follows:

"An Act granting the V-M-C Rural Electric Service Cooperative, Inc., a franchise for an electric light, heat and power system in the Municipalities of Magalona, Manapla, Victorias, and Cadiz, all in the Province of Negros Occidental."

SEC. 2. Section one of the same Act is hereby amended to read as follows:

"SECTION 1. Subject to the terms and conditions established in Act Numbered Thirty-six hundred thirty-six, as amended by Commonwealth Act Numbered One hundred thirty-two, and to the provisions of the Constitution, there is granted to V-M-C Rural Electric Service Cooperative, Inc., for a period of twenty-five years from the approval of this amendatory Act the right, privilege and authority to install, maintain and operate an electric light, heat and power system, for the purpose of generating and distributing electric light, heat and/or power for sale to its members and customers in all the barrios and rural areas in the Municipality of Victorias excluding the poblacion or town proper; in the Municipalities of Manapla and Magalona and in all the barrios and rural areas in the Municipality of Cadiz excluding the poblacion or town proper, all in the Province of Negros Occidental."

SEC. 3. Section three of the same Act is hereby amended to read as follows:

"SEC. 3. The grantee shall operate according, and at all times adhere, to the 'area coverage' principle; shall be 'non-profit/ and shall during the first twenty-five years from the approval of this amendatory Act, or for as long as its obligations are not fully paid be 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 a 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, or services furnished by the cooperative shall be sufficient at all times: (a) to pay all operating and maintenance expenses necessary or desirable for the prudent conduct of its business and the principal of and interest on

obligations issued or assumed by the cooperative in the performance of the purpose for which it was organized; and (b) for the creation of reserves. The revenues of the cooperative shall be devoted first to the payment of the operating and maintenance expenses and the principal of and interest on outstanding obligations, and thereafter to such reserves for improvement, new construction, depreciation and contingencies as the board may from time to time prescribe."

SEC. 4. The same Act is hereby amended by inserting the following new section between Sections three and four thereof:

"SEC. 3-A. The grantee is hereby authorized to mortgage this franchise and its assets in favor of the Electrification Administration, the Philippine National Bank, the Development Bank of the Philippines or any other lending institution subject to the approval of the Public Service Commission. The Development Bank of the Philippines is hereby authorized to obtain foreign loans for relending to the grantee pursuant to the provisions of Section three of Republic Act Numbered Forty-eight hundred sixty."

SEC. 5. This Act shall take effect upon its approval.

Enacted without Executive approval, June 21, 1969.

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