



Republic of the Philippines  
**House of Representatives**  
Quezon City



**TWENTIETH CONGRESS**

*First Regular Session*

House Bill No. **5039**

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Introduced by

*APEC Party-List Representative Sergio C. Dagooc*

*PhilRECA Party-List Representative Presley C. De Jesus*

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**EXPLANATORY NOTE**

This bill seeks to grant a congressional franchise to Samar I Electric Cooperative, Inc. (SAMELCO I), to construct, install, establish, operate, and maintain an electric power distribution system for the people of Calbayog City and the municipalities of Almagro, Gandara, Matuguinao, Pagsanghan, San Jorge, Sta. Margarita, Sto. Nino, Tagapul-an, and Tarangnan in the Province of Samar. Furthermore, it establishes the standards that the franchise grantee must attain in order to implement an effective partnership between the government and the distribution utility as its partner towards total electrification.

The grant of a legislative franchise to SAMELCO I is necessary to legalize, institutionalize, and strengthen its mandate to:

1. Construct, install, establish, operate, own, manage, and maintain distribution systems for the conveyance of electric power to end-users within its franchise area;
2. Expand access to electricity, especially in remote and hard-to-reach sitios and barangays;
3. Ensure stable and reliable electric service in support of socio-

economic development, education, health care, and livelihood activities in Samar; and

4. Align with the national policy of total electrification under the supervision of the National Electrification Administration (NEA) and the Department of Energy (DOE).

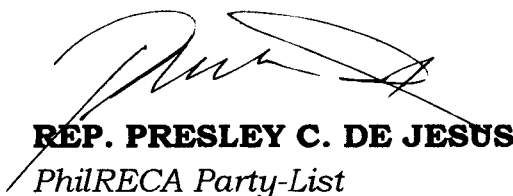
The cooperative's role is vital in achieving the government's electrification goals. Without a clear legislative franchise, its ability to expand service, secure financing, and participate in long-term electrification programs may be hampered.

This measure therefore seeks to grant SAMELCO 1 a franchise to continue and expand its operations in the Province of Samar, in order to guarantee continuous, affordable, and reliable power distribution service to its member-consumer-owners and the general public.

In view of the foregoing, the approval of this bill is earnestly sought.



**REP. SERGIO C. DAGOOC**  
*APEC Party-List*



**REP. PRESLEY C. DE JESUS**  
*PhilRECA Party-List*



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**AN ACT**

**GRANTING THE SAMAR I ELECTRIC COOPERATIVE, INC. (SAMELCO I) A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE AND MAINTAIN DISTRIBUTION SYSTEMS FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN CALBAYOG CITY AND THE MUNICIPALITIES OF ALMAGRO, GANDARA, MATUGUINAO, PAGSANGHAN, SAN JORGE, STA. MARGARITA, STO. NINO, TAGAPUL-AN, AND TARANGNAN IN THE PROVINCE OF SAMAR**

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

1        **SECTION 1. Nature and Scope of Franchise.** – Subject to the  
2 provisions of the Constitution and applicable laws, rules and regulations,  
3 there is hereby granted to the Samar I Electric Cooperative, Inc. (SAMELCO I)  
4 hereunder referred to as the Grantee, its successors or assigns a franchise to  
5 construct, install, establish, operate, own, manage and maintain in the public  
6 interest and commercial purposes, a distribution system for the conveyance  
7 of electric power to the end-users in Calbayog City and the municipalities of  
8 Almagro, Gandara, Matuguinao, Pagsanghan, San Jorge, Sta. Margarita, Sto.  
9 Nino, Tagapul-an, and Tarangnan in the Province of Samar.

10        As used in this Act, distribution system refers to the system of wires  
11 and associated facilities including sub-transmission lines belonging to a

1 franchised distribution utility extending between the delivery point on the  
2 national transmission system or generating facility and the metering point or  
3 facility of the end-users.

4       **SEC. 2. Manner of Operation of Facilities.** – All electric distribution  
5 facilities, lines and systems for electric services installed, owned, maintained,  
6 operated, managed by the Grantee, its successors or assigns shall be operated  
7 or maintained at all times in a superior manner, and it shall be the duty of  
8 the Grantee, its successors or assigns, whenever required to do so by the  
9 Energy Regulatory Commission (ERC), or its legal successor, or the  
10 Department of Energy (DOE), or its legal successor, or any other government  
11 agency concerned to modify, improve and change such facilities or systems in  
12 such manner and to such extent as the progress in science or technology and  
13 improvements or innovations in the electric power services may render  
14 reasonable and proper.

15       Whenever practicable, and for purposes of maintaining order, safety  
16 and aesthetics along the highways, roads, streets, alleys or right-of-way, the  
17 Grantee may allow the use of free spaces in its poles, facilities, or right-of-way  
18 by interested parties upon reasonable compensation to the Grantee  
19 considering the costs incurred to accommodate and administer the use of the  
20 Grantee's facilities by such parties. The ERC shall decide in case of dispute  
21 or disagreement between the parties.

22       **SEC. 3. Authority of the ERC and NEA.** – The Grantee shall secure  
23 from the ERC or NEA any government agency having jurisdiction over their  
24 operations, the Certificate of Public Convenience and Necessity and any other  
25 license, permit or authority indispensable for the construction and operation  
26 of the electric power distribution system.

27       **SEC. 4. Excavation and Restoration Works.** – For the purpose of  
28 erecting and maintaining the poles or other supports for said facilities, wires  
29 or other conductors or for the purpose of laying and maintaining said  
30 facilities, wires, cables or other conductors, it shall be lawful for the Grantee,  
31 its successors, or assignees, in coordination with the Department of Public  
32 Works and Highways (DPWH) or the local government unit (LGU) concerned,  
33 as may be appropriate, to make excavations or lay conduits in any of the  
34 public places, highways, road, streets, lanes, alleys, avenues, sidewalks, or  
35 bridges of the province, cities or municipalities: *Provided, however,* That a  
36 public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge  
37 disturbed, altered, or changed by reason of erection of poles or other supports  
38 or the underground laying of wires, other conductors or conduits, shall be  
39 repaired and replaced in workmanlike manner by the Grantee, its successors  
40 or assignees, in accordance with the standards set by the DPWH or the local

1 government unit concerned. Should the Grantee, its successors or assignees,  
2 after the ten (10)-day notice from the grant of authority, fail, refuse or neglect  
3 to repair or replace any part of public place, highway, road, street, lane, alley,  
4 avenue, sidewalk, or bridge altered, changed or disturbed by the said Grantee,  
5 its successors or assignees, then the DPWH or the local government unit  
6 concerned shall have the right to have the same repaired and replaced in good  
7 order and condition and charge the Grantee, its successors or assignees,  
8 double the amount of the cost and expenses for such repair or replacement.

9       **SEC. 5. Responsibility to the Public.** – The Grantee shall supply  
10 electricity to its captive market in the least costly manner. In the interest of  
11 the public good and as far as feasible and whenever required by the ERC, the  
12 Grantee shall modify, improve, or change its facilities, poles, lines, systems  
13 and equipment for the purpose of providing efficient and reliable service and  
14 reduced electricity costs. The Grantee shall charge reasonable and just power  
15 rates for its services to all types of consumers within its franchised area in  
16 order that business and industries shall be able to compete.

17       The Grantee shall have the obligation to provide open and  
18 nondiscriminatory access to its distribution system and services for any end-  
19 user within its franchise area consistent with Republic Act (RA) No. 9136,  
20 otherwise known as the “Electric Power Industry Reform Act of 2001”. The  
21 Grantee shall not engage in any activity that will constitute an abuse of  
22 market power such as unfair trade practices, monopolistic schemes, and  
23 other activities that will hinder competitiveness of business and industries.

24       **SEC. 6. Rates for Services.** – The retail rates and charges for the  
25 distribution of electric power by the Grantee to its end-users shall be  
26 regulated by and subject to the approval of the ERC or its legal successor.

27       The Grantee shall identify and segregate in its electricity bill to the end-  
28 users the components of the retail rate pursuant to RA 9136, unless otherwise  
29 amended. Such rates charged by the Grantee to the end-users shall be made  
30 public and transparent. The Grantee shall implement lifeline rate to  
31 marginalized end-users as mandated under RA 9136.

32       **SEC. 7. Promotion of Consumer Interests.** – The Grantee herein shall  
33 establish a consumer desk that will handle consumer complaints and ensure  
34 adequate promotion of consumer interests. The Grantee shall act with  
35 dispatch on all complaints brought before it.

36       **SEC. 8. Commitment to Provide and Promote the Creation of**  
37 **Employment Opportunities.** – The Grantee shall create employment  
38 opportunities and shall allow on-the-job training in its franchise operation:

1 *Provided*, That priority shall be accorded to the residents where their principal  
2 office is located: *Provided, further*, That the Grantee shall comply with the  
3 applicable labor standards and allowance entitlement under existing labor  
4 laws, rules and regulations, and similar issuances.

5 **SEC. 9. Right of the Government.** – A special right is hereby reserved  
6 to the President of the Philippines, in times of war, rebellion, public peril,  
7 calamity, emergency, disaster or disturbance of peace and order: to  
8 temporarily take over and operate the stations or facilities of the Grantee; to  
9 temporarily suspend the operation of any station or facility in the interest of  
10 public safety, security, and public welfare; or to authorize the temporary use  
11 and operation thereof by any agency of the government, upon due  
12 compensation to the Grantee, for the use of the stations or facilities during  
13 the period when these shall be so operated.

14 **SEC. 10. Right of Eminent Domain.** – Subject to the limitations and  
15 procedures prescribed by law, the Grantee is authorized to exercise the right  
16 of eminent domain insofar as it may be reasonably necessary for the efficient  
17 maintenance and operation of services. The Grantee is authorized to install  
18 and maintain its poles, wires, and other facilities over and across public  
19 property, including streets, highways, forest reserves, and other similar  
20 property of the Government of the Philippines, its branches, or any of its  
21 instrumentalities. The Grantee may acquire such private property as is  
22 actually necessary for the realization of the purposes for which this franchise  
23 is granted: *Provided*, That proper expropriation proceedings shall have been  
24 instituted and just compensation paid.

25 **SEC. 11. Term of Franchise.** – Unless sooner cancelled, the franchise  
26 shall be in effect for a period of twenty-five (25) years from the date of  
27 effectivity of this Act. This franchise shall be deemed *ipso facto* revoked in the  
28 event the Grantee fails to operate continuously for two (2) years.

29 **SEC. 12. Warranty in Favor of the National and Local**  
30 **Governments.** – The Grantee shall hold the national, provincial, city, and  
31 municipal governments of the Philippines free from all claims, accounts,  
32 demands, or actions arising from accidents causing injury to persons or  
33 damage to properties, during the construction, installation, operation, and  
34 maintenance of the distribution system of the Grantee.

35 **SEC. 13. Liability for Damages.** – The Grantee shall be liable for any  
36 injury to persons and damage to properties arising from accidents by reason  
37 of any defective construction under this franchise or of any neglect or  
38 omission to keep its poles and wires in safe condition.

1           **SEC. 14. Sale, Lease, Transfer, Usufruct, or Assignment of**  
2 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct,  
3 or assign this franchise or the rights and privileges acquired thereunder to  
4 any person, firm, company, corporation, or other commercial or legal entity,  
5 or merge with any other corporation, or entity, or shall transfer the controlling  
6 interest of the Grantee, whether as a whole or in parts, and whether  
7 simultaneously or contemporaneously, to any such person, firm, company,  
8 corporation, or entity without the prior approval of the Congress: *Provided,*  
9 That Congress shall be informed of any sale, lease, transfer, grant of usufruct,  
10 sale, or assignment of franchise or the rights and privileges acquired  
11 thereunder, or of the merger, or sale of the controlling interest within sixty  
12 (60) days after the completion of said transaction: *Provided, further,* That any  
13 such transfer, sale, or assignment is in accordance with the constitutional  
14 limitations: *Provided, furthermore,* That failure to report to Congress such  
15 change of ownership shall render the franchise *ipso facto* revoked: *Provided,*  
16 *finally,* That any person or entity to which this franchise is sold, transferred,  
17 or assigned, shall be subject to the same conditions, terms, restrictions, and  
18 limitations of this Act.

19           **SEC. 15. Reportorial Requirement.** – The Grantee shall submit an  
20 annual report to Congress, through the Committee on Legislative Franchises  
21 of the House of Representatives and the Committee on Public Services of the  
22 Senate, on its compliance with the terms and conditions of the franchise and  
23 on its operations on or before April 30 of every year during the term of the  
24 franchise. The reportorial compliance certificate issued by Congress shall be  
25 required before any application for permit or certificate is accepted by the  
26 ERC.

27           **SEC. 16. Fine.** – The failure of the Grantee to submit the requisite  
28 annual report to Congress shall be penalized by a fine in the amount of Five  
29 hundred pesos (P500.00) per working day of noncompliance which shall be  
30 collected by the ERC. The fine shall be collected separately from the  
31 reportorial penalties imposed by the ERC and shall be remitted to the Bureau  
32 of Treasury.

33           **SEC. 17. Equality Clause.** – Any advantage, favor, privilege,  
34 exemption, or immunity granted under existing franchises, or which may  
35 hereafter be granted, upon prior review and approval of Congress, shall  
36 become part of this franchise and shall be accorded immediately and  
37 unconditionally to the herein Grantee: *Provided, however,* That the foregoing  
38 shall neither apply to nor affect provisions concerning territory covered by the  
39 franchise, the life span of the franchise or the type of service authorized by  
40 the franchise: *Provided, further,* That the foregoing shall not apply to the sale,

1 lease, transfer, grant of usufruct, or assignment of legislative franchises with  
2 prior congressional approval.

3 **SEC. 18. *Applicability of Existing Laws.*** – The Grantee shall comply  
4 with and be subject to the provisions of Commonwealth Act No. 146 or the  
5 “Public Service Act”, as amended, RA 9136, and RA 10531 or the “National  
6 Electrification Administration Reform Act of 2013.”

7 **SEC. 19. *Existing Powers.*** – Existing mandates, powers, functions,  
8 and privileges granted to electric cooperatives under existing laws, including  
9 Section 10 of RA 10531 shall remain valid and effective, unless expressly  
10 repealed by succeeding laws.

11 **SEC. 20. *Repealability and Non-Exclusivity Clause.*** – This franchise  
12 shall be subject to amendment, alteration, or repeal by Congress when the  
13 public interest so requires and shall not be interpreted as an exclusive grant  
14 of the privileges herein provided for.

15 **SEC. 21. *Separability Clause.*** – If any of the sections or provisions of  
16 this Act is held invalid, all other provisions not affected thereby shall remain  
17 valid.

18 **SEC. 22. *Repealing Clause.*** – All laws, presidential decrees, executive  
19 orders, letters of instruction, administrative rules and regulations or parts  
20 thereof which is are contrary to or inconsistent with the provisions of this Act  
21 are hereby repealed or modified accordingly.

22 **SEC. 23. *Effectivity Clause.*** – This Act shall take effect upon the  
23 expiration of SAMELCO I’s franchise or fifteen (15) days after its publication  
24 in the *Official Gazette* or in a newspaper of general circulation, whichever  
25 comes later.

26 *Approved,*

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20 thereof which is are contrary to or inconsistent with the provisions of this Act  
21 are hereby repealed or modified accordingly.

22       **SEC. 23. *Effectivity Clause.*** – This Act shall take effect upon the  
23 expiration of the electric cooperative’s franchise or fifteen (15) days after its  
24 publication in the *Official Gazette* or in a newspaper of general circulation,  
25 whichever comes later.

26       *Approved,*