



Republic of the Philippines
House of Representatives
Quezon City



TWENTIETH CONGRESS

First Regular Session

House Bill No. 9521

Introduced by

APEC Party-List Representative Sergio C. Dagooc

PhilRECA Party-List Representative Presley C. De Jesus

EXPLANATORY NOTE

This bill seeks to grant a congressional franchise to Eastern Samar Electric Cooperative, Inc. (ESAMELCO) to continuously provide an electric power distribution system to the people of City of Borongan, and Municipalities of Maydolong, Balangkayan, Llorente, San Julian, Sulat, Guiuan, Mercedes, Salcedo, Lawaan, Balangiga, Giporlos, Quinapondan, General MacArthur, Hernani, Taft, Can-avid, Dolores, Oras, Maslog, Jipapad, San Policarpo, and Artech, all in the Province of Eastern Samar including any other municipality that may hereafter be created, reconstituted, or otherwise added to the Province. Furthermore, it lays down the standards and conditions that the franchise grantee must attain and fulfill in order to implement an effective partnership between the government and the distribution utility as its implementing partner for total electrification.

ESAMELCO has been in operation from 1981 up to the present as a service-oriented, non-stock, and non-profit cooperative. Pursuant to the provisions of Presidential Decree No. 269, ESAMELCO was registered on December 9, 1977. On September 9, 1981, the National Electrification Administration (NEA) issued Certificate of Franchise No. 081 to ESAMELCO, granting it a 50-year franchise to operate. The franchise is set to expire on September 9, 2031.

As the sole franchise holder for electric distribution in the coverage area, ESAMELCO has been providing excellent service to the 22 municipalities

and 1 city of the province, achieving 95.85% electrification level, based on the potential household connections as of September 30, 2025. Over the years, the cooperative has demonstrated its technical, financial, and institutional capability to carry out its mandate, evidenced by its efforts in reducing system loss, minimizing power outages, and maintaining high collection efficiency. It is worth noting that the cooperative has garnered NEA's performance rating of AAA, from 2016 to 2022, A for 2023, and AA for 2024. For the year 2025, ESAMELCO regained an AAA rating from NEA due to its continuous efforts to improve services for its member consumer-owners.

Granting this franchise will ensure the continuous supply of electricity to the people of Eastern Samar. It will also allow ESAMELCO to sustain its mission of playing a vital role in the socio-economic development of its coverage area by providing an affordable, dependable, efficient and reliable electric service to its member-consumer-owners.

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


REP. SERGIO O. DAGOOC
APEC Party-List


REP. PRESLEY C. DE JESUS
PhilRECA Party-List



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AN ACT

GRANTING THE EASTERN SAMAR ELECTRIC COOPERATIVE, INC. (ESAMELCO) A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, OWN, MANAGE AND MAINTAIN DISTRIBUTION SYSTEMS FOR THE CONVEYANCE OF ELECTRIC POWER TO THE END-USERS IN THE CITY OF BORONGAN, AND MUNICIPALITIES OF MAYDOLONG, BALANGKAYAN, LLORENTE, SAN JULIAN, SULAT, GUIUAN, MERCEDES, SALCEDO, LAWAAN, BALANGIGA, GIPORLOS, QUINAPONDAN, GENERAL MACARTHUR, HERNANI, TAFT, CAN-AVID, DOLORES, ORAS, MASLOG, JIPAPAD, SAN POLICARPO, AND ARTECHE, ALL IN THE PROVINCE OF EASTERN 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 Eastern Samar Electric Cooperative, Inc.
4 (ESAMELCO) hereunder referred to as the Grantee, its successors or assigns
5 a franchise to construct, install, establish, operate, own, manage and
6 maintain in the public interest and commercial purposes, a distribution
7 system for the conveyance of electric power to the end-users in the City of
8 Borongan, and Municipalities of Maydolong, Balangkayan, Llorente, San

1 Julian, Sulat, Guiuan, Mercedes, Salcedo, Lawaan, Balangiga, Giporlos,
2 Quinapondan, General MacArthur, Hernani, Taft, Can-avid, Dolores, Oras,
3 Maslog, Jipapad, San Policarpo, and Arteche, all in the Province of Eastern
4 Samar including any other municipality that may hereafter be created,
5 reconstituted, or otherwise added to the Province..

6 As used in this Act, distribution system refers to the system of wires
7 and associated facilities, including sub-transmission lines, belonging to a
8 franchised distribution utility extending between the delivery point on the
9 national transmission system or generating facility and the metering
10 point/facility of the end-users.

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

22 Whenever practicable, and for purposes of maintaining order, safety
23 and aesthetics along the highways, roads, streets, alleys or right-of-way, the
24 Grantee may allow the use of free spaces in its poles, facilities, or right-of-way
25 by interested parties upon reasonable compensation to the Grantee
26 considering the costs incurred to accommodate and administer the use of the
27 Grantee's facilities by such parties. The ERC shall decide in case of dispute
28 or disagreement between the parties.

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

34 **SEC. 4. Excavation and Restoration Works.** – For the purpose of
35 erecting and maintaining the poles or other supports for said facilities, wires
36 or other conductors or for the purpose of laying and maintaining said
37 facilities, wires, cables or other conductors, it shall be lawful for the Grantee,
38 its successors, or assignees, in coordination with the Department of Public
39 Works and Highways (DPWH) or the local government unit (LGU) concerned,

1 as may be appropriate, to make excavations or lay conduits in any of the
2 public places, highways, road, streets, lanes, alleys, avenues, sidewalks, or
3 bridges of the province, cities or municipalities: *Provided, however,* That a
4 public place, highway, road, street, lane, alley, avenue, sidewalk, or bridge
5 disturbed, altered, or changed by reason of erection of poles or other supports
6 or the underground laying of wires, other conductors or conduits, shall be
7 repaired and replaced in workmanlike manner by the Grantee, its successors
8 or assignees, in accordance with the standards set by the DPWH or the local
9 government unit concerned. Should the Grantee, its successors or assignees,
10 after the ten (10)-day notice from the grant of authority, fail, refuse or neglect
11 to repair or replace any part of public place, highway, road, street, lane, alley,
12 avenue, sidewalk, or bridge altered, changed or disturbed by the said Grantee,
13 its successors or assignees, then the DPWH or the local government unit
14 concerned shall have the right to have the same repaired and replaced in good
15 order and condition and charge the Grantee, its successors or assignees,
16 double the amount of the cost and expenses for such repair or replacement.

17 **SEC. 5. Responsibility to the Public.** – The Grantee shall supply
18 electricity to its captive market in the least costly manner. In the interest of
19 the public good and as far as feasible and whenever required by the ERC, the
20 Grantee shall modify, improve, or change its facilities, poles, lines, systems,
21 and equipment for the purpose of providing efficient and reliable service and
22 reduced electricity costs. The Grantee shall charge reasonable and just power
23 rates for its services to all types of consumers within its franchised area in
24 order that businesses and industries shall be able to compete.

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

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

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

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

5 **SEC. 8. Commitment to Provide and Promote the Creation of**
6 **Employment Opportunities.** – The Grantee shall create employment
7 opportunities and shall allow on-the-job training in its franchise operation:
8 *Provided*, priority shall be accorded to the residents where its principal office
9 is located: *Provided, further*, That the Grantee shall comply with the applicable
10 labor standards and allowance entitlement under existing labor laws, rules
11 and regulations, and similar issuances.

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

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

32 **SEC. 11. Term of Franchise.** – Unless sooner cancelled, the franchise
33 shall be in effect for a period of twenty-five (25) years from the date of
34 expiration of the existing franchise. This franchise shall be deemed *ipso facto*
35 revoked in the event the Grantee fails to operate continuously for two (2)
36 years.

37 **SEC. 12. Warranty in Favor of the National and Local**
38 **Governments.** – The Grantee shall hold the national, provincial, city, and
39 municipal governments of the Philippines free from all claims, accounts,

1 demands, or actions arising from accidents causing injury to persons or
2 damage to properties, during the construction, installation, operation, and
3 maintenance of the distribution system of the Grantee.

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

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

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

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

40 **SEC. 17. Equality Clause.** – Any advantage, favor, privilege,
41 exemption, or immunity granted under existing franchises, or which may

1 hereafter be granted, upon prior review and approval of Congress, shall
2 become part of this franchise and shall be accorded immediately and
3 unconditionally to the herein Grantee: *Provided, however,* That the foregoing
4 shall neither apply to nor affect provisions concerning territory covered by the
5 franchise, the life span of the franchise or the type of service authorized by
6 the franchise: *Provided, further,* That the foregoing shall not apply to the sale,
7 lease, transfer, grant of usufruct, or assignment of legislative franchises with
8 prior congressional approval.

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

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

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

21 **SEC. 21. Separability Clause.** – If any of the sections or provisions of
22 this Act are held invalid, all other provisions not affected thereby shall remain
23 valid.

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

28 **SEC. 23. Effectivity Clause.** – This Act shall take effect fifteen (15)
29 days after its publication in the *Official Gazette* or in a newspaper of general
30 circulation.

31 *Approved.*