



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
Second Regular Session

HOUSE BILL NO. 10573



Introduced by Rep. Edwin Ongchuan

EXPLANATORY NOTE

The Northern Samar Electric Cooperative, Inc. (NORSAMELCO) is the sole electric distribution utility serving the municipalities of Catarman, Bobon, San Jose, Rosario, Lope de Vega, Mondragon, Silvino Lobos, San Roque, Biri, Lavezares, Allen, Victoria, San Isidro, Capul, San Antonio, San Vicente, Pambujan, Catubig, Las Navas, Laoang, Palapag, Mapanas, Gamay, and Lapinig in the Province of Northern Samar. For decades, it has played a crucial role in energizing households, supporting local industries, and enabling socio-economic development across the province.

Electric cooperatives such as NORSAMELCO are indispensable partners of government in achieving total electrification, especially in geographically isolated and disadvantaged areas (GIDAs). In Northern Samar—an island province with numerous remote and hard-to-reach communities—the availability of reliable and affordable electricity is essential to improving public services, stimulating commerce, and enhancing the quality of life of its residents.

This bill seeks to grant NORSAMELCO a legislative franchise to construct, install, establish, operate, own, manage, and maintain distribution systems for the conveyance of electric power to end-users within its coverage area. The franchise provides the legal framework necessary for the cooperative to continue its operations, comply with regulatory requirements, and undertake system improvements consistent with the Electric Power Industry Reform Act (EPIRA) and other applicable laws.

The proposed franchise also incorporates safeguards to protect consumer welfare, promote transparency in rate-setting, ensure open and non-discriminatory access to the distribution system, and uphold the authority of the Energy Regulatory Commission (ERC) and the Department of Energy (DOE). It likewise affirms the government’s reserved rights during emergencies, mandates reportorial compliance, and subjects the franchise to amendment or repeal when public interest so requires.

Granting this franchise will allow NORSAMELCO to sustain and expand its electrification efforts, modernize its facilities, and deliver more efficient, reliable, and affordable electric service to the people of Northern Samar.

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

A handwritten signature in blue ink, consisting of a stylized 'E' followed by 'Ongchuan'.

REP. EDWIN ONGCHUAN
Representative
Second District, Northern Samar



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HOUSE BILL NO. 10573

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AN ACT

GRANTING THE NORTHERN SAMAR ELECTRIC COOPERATIVE, INC. (NORSAMELCO) 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 MUNICIPALITIES OF CATARMAN, BOBON, SAN JOSE, ROSARIO, LOPE DE VEGA, MONDRAGON, SILVINO LOBOS, SAN ROQUE, BIRI, LAVEZARES, ALLEN, VICTORIA, SAN ISIDRO, CAPUL, SAN ANTONIO, SAN VICENTE, PAMBUJAN, CATUBIG, LAS NAVAS, LAOANG, PALAPAG, MAPANAS, GAMAY, AND LAPINIG IN THE PROVINCE OF NORTHERN SAMAR

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

1 SECTION 1. **Nature and Scope of Franchise** – Subject to the provisions of the
2 Constitution and applicable laws, rules and regulations, there is hereby granted to the
3 Northern Samar Electric Cooperative, Inc. (NORSAMELCO), hereunder referred to as the
4 Grantee, its successors or assigns a franchise to construct, install, establish, operate,
5 own, manage and maintain in the public interest and commercial purposes, a distribution
6 system for the conveyance of electric power to the end-users in the in the Municipalities
7 of Catarman, Bobon, San Jose, Rosario, Lope De Vega, Mondragon, Silvino Lobos, San
8 Roque, Biri, Lavezares, Allen, Victoria, San Isidro, Capul, San Antonio, San Vicente,
9 Pambujan, Catubig, Las Navas, Laoang, Palapag, Mapanas, Gamay, and Lapinig, in the
10 Province of Northern Samar.

11
12 As used in this Act, “distribution system” refers to the system of wires and associated
13 facilities including sub-transmission lines belonging to a franchised distribution utility
14 extending between the delivery point on the national transmission system or generating
15 facility and the metering point/facility of the end-users.

16
17 SECTION 2. **Manner of Operations of Facilities.** – All electric distribution
18 facilities, lines and systems for electric services installed, owned, operated,
19 managed or maintained by the Grantee, its successors or assignees shall be
20 operated or maintained at all times in a superior manner, and it shall be the duty
21 of the Grantee, its successors or assignees, whenever required to do so by the
22 Energy Regulatory Commission (ERC), or its legal successor, or the Department
23 of Energy (DOE), or its legal successor, or any other government agency
24 concerned to modify, improve and change such facilities or systems in such

1 manner and to such extent as the progress in science or technology and
2 improvements or innovations in the electric power services may render
3 reasonable and proper.

4
5 Whenever practicable, and for purposes of maintaining order, safety and
6 aesthetics along the highways, roads, streets, alleys or right-of-way, the Grantee
7 may allow the use of free spaces in its poles, facilities, or right-of-way by interested
8 parties upon reasonable compensation to the Grantee considering the costs
9 incurred to accommodate and administer the use of the Grantee's facilities by such
10 parties. The ERC shall decide in case of dispute or disagreement between the
11 parties.

12
13 **SECTION 3. *Authority of the ERC and NEA.*** – The Grantee shall secure from
14 the ERC, the NEA or any government agency having jurisdiction over their
15 operations, a Certificate of Public Convenience and Necessity and any other
16 license, permit or authority indispensable for the construction and operation of the
17 electric power distribution system.

18
19 **SECTION 4. *Excavation and Restoration Works.*** – For the purpose of erecting
20 and maintaining the poles or other supports for said facilities, wires or other
21 conductors or for the purpose of laying and maintaining said facilities, wires, cables
22 or other conductors, it shall be lawful for the Grantee, its successors, or assignees,
23 with the prior approval of the Department of Public Works and
24 Highways (DPWH) or the local government unit concerned, as may be
25 appropriate, to make excavations or lay conduits in any of the public places,
26 highways, roads, streets, lanes, alleys, avenues, sidewalks, or bridges of the
27 province, cities or municipalities: *Provided, however,* That a public place,
28 highway, road, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered,
29 or changed by reason of erection of poles or other supports or the underground
30 laying of wires, other conductors or conduits, shall be repaired and replaced in
31 workmanlike manner by the Grantee, its successors or assignees, in accordance
32 with the standards set by the DPWH or the local government unit concerned.
33 Should the Grantee, its successors or assignees, after the ten (10)-day notice from
34 the grant of authority, fail, refuse or neglect to repair or replace any part of public
35 place, highway, road, street, lane, alley, avenue, sidewalk, or bridge altered,
36 changed, or disturbed by the said Grantee, its successors or assignees then the
37 DPWH or the local government unit concerned shall have the right to have the
38 same repaired and replaced in good order and condition and charge the Grantee,
39 its successors or assignees, double the amount of the cost and expenses for such
40 repair or replacement.

41
42 **SECTION 5. *Responsibility to the Public.*** – The Grantee shall supply electricity
43 to its captive market in the least costly manner. In the interest of the public good
44 and as far as feasible and whenever required by the ERC, the Grantee shall
45 modify, improve, or change its facilities, poles, lines, systems and equipment for
46 the purpose of providing efficient and reliable service and reduced electricity costs.
47 The Grantee shall charge reasonable and just power rates for its services to all
48 types of consumers within its franchised areas in order that business and industries
49 shall be able to compete.

50
51 The Grantee shall have the obligation to provide open and
52 nondiscriminatory access to its distribution system and services for any end-user

1 within its franchise area consistent with Republic Act (RA) No. 9136, otherwise
2 known as the "Electric Power Industry Reform Act of 2001". The Grantee shall not
3 engage in any activity that will constitute an abuse of market power such as unfair
4 trade practices, monopolistic schemes, and other activities that will hinder
5 competitiveness of business and industries.

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

10
11 The Grantee shall identify and segregate in its electricity bill to the end-users the
12 components of the retail rate pursuant to RA No. 9136, unless otherwise amended.
13 Such rates charged by the Grantee to the end-users shall be made public and
14 transparent. The Grantee shall implement lifeline rate to marginalized end-users
15 as mandated under RA No. 9136.

16
17 **SECTION 7. *Promotion of Consumer Interests.*** – The herein Grantee shall
18 establish a consumer desk that will handle consumer complaints and ensure
19 adequate promotion of consumer interests. The Grantee shall act with dispatch on
20 all complaints brought before it.

21
22 **SECTION 8. *Commitment to Provide and Promote the Creation of***
23 ***Employment Opportunities.*** – The Grantee shall create employment
24 opportunities and shall allow on-the-job training in its franchise operation:
25 Provided, that priority shall be accorded to the residents in their franchise area:
26 Provided, further, That the Grantee shall comply with the applicable labor
27 standards and allowance entitlement under existing labor laws, rules and
28 regulations, and similar issuances.

29
30 **SECTION 9. *Right of the Government.*** – A special right is hereby reserved to the
31 President of the Philippines, in times of war, rebellion, public peril, calamity,
32 emergency, disaster or disturbance of peace and order: to temporarily take over
33 and operate the stations or facilities of the Grantee; to temporarily suspend the
34 operation of any station or facility in the interest of public safety, security and public
35 welfare; or to authorize the temporary use and operation thereof by any agency of
36 the government, upon due compensation to the Grantee, for the use of the stations
37 or facilities during the period when these shall be so operated.

38
39 **SECTION 10. *Right of Eminent Domain.*** – Subject to the limitations and
40 procedures prescribed by law, the Grantee is authorized to exercise the right of
41 eminent domain insofar as it may be reasonably necessary for the efficient
42 maintenance and operation of services. The Grantee is authorized to install and
43 maintain its poles, wires, and other facilities over and across public property,
44 including streets, highways, forest reserves, and other similar property of the
45 Government of the Philippines, its branches, or any of its instrumentalities. The
46 Grantee may acquire such private property as is actually necessary for the
47 realization of the purposes for which this franchise is granted: *Provided*, that
48 proper expropriation proceedings shall have been instituted and just
49 compensation paid.

50
51 **SECTION 11. *Term of Franchise.*** – Unless sooner cancelled, the franchise
52 shall be in effect for a period of twenty-five (25) years from the expiration of its

1 current franchise. This franchise shall be deemed *ipso facto* revoked in the event
2 the Grantee fails to operate continuously for two (2) years.

3
4 **SECTION 12. *Acceptance and Compliance.*** – Acceptance of this franchise
5 shall be given in writing to Congress, through the Committee on Legislative
6 Franchises of the House of Representatives and the Committee on Public Services
7 of the Senate within sixty (60) days from the effectivity of this Act. Upon such
8 acceptance, the Grantee shall exercise the privileges granted under this Act. Non-
9 acceptance shall render the franchise void.

10
11 **SECTION 13. *Warranty in Favor of the National and Local Governments.***
12 – The Grantee shall hold the national, provincial, city, and municipal governments
13 of the Philippines free from all claims, accounts, demands, or actions arising from
14 accidents causing injury to persons or damage to properties, during the
15 construction, installation, operation, and maintenance of the distribution system of
16 the Grantee.

17
18 **SECTION 14. *Liability for Damages.*** – The Grantee shall be liable for any injury
19 to persons and damage to properties arising from accidents by reason of any
20 defective construction under this franchise or of any neglect or omission to keep
21 its poles and wires in safe condition.

22
23 **SECTION 15. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.***
24 – The Grantee shall not sell, lease, transfer, grant the usufruct of, or assign this
25 franchise or the rights and privileges acquired thereunder to any person, firm,
26 company, corporation, or other commercial or legal entity, or merge with any other
27 corporation, or entity, or shall transfer the controlling interest of the Grantee,
28 whether as a whole or in parts, and whether simultaneously or contemporaneously,
29 to any such person, firm, company, corporation, or entity without the prior approval
30 of the Congress: *Provided*, That Congress shall be informed of any lease, transfer,
31 granting the usufruct of, sale, or assignment of franchise or the rights and
32 privileges acquired thereunder, or of the merger, or sale of the controlling interest
33 within sixty (60) days after the completion of said transaction: *Provided further*,
34 That any such transfer, sale, or assignment is in
35 accordance with the constitutional limitations: *Provided furthermore*, That
36 failure to report to Congress such change of ownership shall render the
37 franchise *ipso facto* revoked: *Provided finally*, That any person or entity to which
38 this franchise is sold, transferred, or assigned, shall be subject to the same,
39 conditions, terms, restrictions, and limitations of this Act.

40
41 **SECTION 16. *Reportorial Requirement.*** – The Grantee shall submit an annual
42 report to Congress, through the Committee on Legislative Franchises of the House
43 of Representatives and the Committee on Public Services of the Senate, on its
44 compliance with the terms and conditions of the franchise and on its operations on
45 or before April 30 of every year during the term of the franchise. The reportorial
46 compliance certificate issued by Congress shall be required before any application
47 for permit or certificate is accepted by the ERC.

48
49 **SECTION 17. *Fine.*** – The failure of the Grantee to submit the requisite annual
50 report to Congress shall be penalized with a fine in the amount of Five hundred
51 pesos (P500.00) per working day of noncompliance which shall be collected by the

1 ERC. The fine shall be collected separately from the reportorial penalties imposed
2 by the ERC and shall be remitted to the Bureau of the Treasury.

3
4 SECTION 18. **Equality Clause.** – Any advantage, favor, privilege,
5 exemption, or immunity granted under existing franchises, or which may
6 hereafter be granted, upon prior review and approval of Congress, shall become
7 part of this franchise and shall be accorded immediately and unconditionally to the
8 herein Grantee: *Provided, however,* That the foregoing shall neither apply to nor
9 affect provisions concerning territory covered by the franchise, the life span of the
10 franchise or the type of service authorized by the franchise: *Provided, further,* That
11 the foregoing shall not apply to the sale, lease, transfer, grant of
12 usufruct, or assignment of legislative franchises with prior congressional
13 approval.

14
15 SECTION 19. **Applicability Clause.** – The Grantee shall comply with and be
16 subject to the provisions of Commonwealth Act No. 146, as amended, otherwise
17 known as the "Public Service Act" and RA No. 9136, and RA 10531 or the "National
18 Electrification Administration Reform Act of 2013."

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

24
25 SECTION 20. **Existing Powers.** – Existing mandates, powers, functions, and
26 privileges granted to electric cooperatives under existing laws, including Section
27 10 of RA No. 10531, otherwise known as the "National Electrification
28 Administration Reform Act of 2013", shall remain valid and effective, unless
29 expressly repealed by succeeding laws.

30
31 SECTION 21. **Separability Clause.** – If any of the sections or provisions of this
32 Act is held invalid, all other provisions not affected thereby shall remain valid.

33
34 SECTION 22. **Repealing Clause.** – All laws, presidential decrees, executive
35 orders, letters of instruction, administrative rules and regulations or parts thereof
36 which are contrary to or inconsistent with the provisions of this Act are hereby
37 repealed or modified accordingly.

38
39 SECTION 23. **Effectivity Clause.** – This Act shall take effect fifteen (15) days
40 after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,