

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session



COMMITTEE REPORT NO. 490

Submitted by the Committee on Legislative Franchises on July 14, 2026.

Re: House Bill No. 10065

Recommending its approval in substitution of House Bill No. 7076

Sponsors: Representatives Jeffrey P. Ferrer, Sergio C. Dagooc, and Presley C. De Jesus

Mr. Speaker:

The Committee on Legislative Franchises, to which was referred House Bill No. 7076 introduced by Representatives Sergio C. Dagooc and Presley C. De Jesus, entitled:

“AN ACT GRANTING THE SAMAR II ELECTRIC COOPERATIVE INC. (SAMELCO II) 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 CATBALOGAN AND THE MUNICIPALITIES OF JIABONG, MOTIONG, PARANAS, SAN SEBASTIAN, SAN JOSE DE BUAN, HINABANGAN, CALBIGA, PINABACDAO, VILLAREAL, STA. RITA, TALALORA, BASEY, MARABUT, DARAM AND ZUMARRAGA”

has considered the same and recommends that the attached House Bill No. 10065, entitled:

“AN ACT GRANTING THE SAMAR II ELECTRIC COOPERATIVE INC. 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 CATBALOGAN, AND THE MUNICIPALITIES OF JIABONG, MOTIONG, PARANAS, SAN SEBASTIAN, SAN JOSE DE BUAN, HINABANGAN, CALBIGA, PINABACDAO, VILLAREAL, SANTA RITA, TALALORA, BASEY, MARABUT, DARAM, AND ZUMARRAGA, ALL IN THE PROVINCE OF SAMAR”

be approved in substitution of House Bill No. 7076 with Representatives Sergio C. Dagooc, Presley C. De Jesus, and Jeffrey P. Ferrer as authors thereof.

Respectfully submitted:

A handwritten signature in dark ink, appearing to read 'Jeffrey P. Ferrer', is written over a faint, circular official stamp or watermark.

REP. JEFFREY P. FERRER

Chairperson

Committee on Legislative Franchises

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY**

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. **10065**
(In substitution of House Bill No. 7076)

Introduced by Representatives Sergio C. Dagooc, Presley C. De Jesus, and
Jeffrey P. Ferrer

AN ACT

GRANTING THE SAMAR II ELECTRIC COOPERATIVE INC. 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 CATBALOGAN, AND THE MUNICIPALITIES OF JIABONG, MOTIONG, PARANAS, SAN SEBASTIAN, SAN JOSE DE BUAN, HINABANGAN, CALBIGA, PINABACDAO, VILLAREAL, SANTA RITA, TALALORA, BASEY, MARABUT, DARAM, AND ZUMARRAGA, ALL IN THE PROVINCE OF SAMAR

Be it enacted by the Senate and the 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 Samar
3 II Electric Cooperative Inc. (SAMELCO II), hereunder referred to as the Grantee, its
4 successors or assignees, a franchise to construct, install, establish, operate, own,
5 manage and maintain in the public interest and for commercial purposes, a distribution
6 system for the conveyance of electric power to the end-users in the City of Catbalogan,
7 and the Municipalities of Jiabong, Motiong, Paranas, San Sebastian, San Jose de Buan,
8 Hinabangan, Calbiga, Pinabacdao, Villareal, Santa Rita, Talalora, Basey, Marabut,
9 Daram, and Zumarraga, all in the Province of Samar.

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

14 **SEC. 2. Manner of Operations of Facilities.** – All electric distribution facilities,
15 lines and systems for electric services constructed, installed, established, operated,
16 owned, managed and maintained by the Grantee, its successors or assignees, shall be

1 operated or maintained at all times in a superior manner, and it shall be the duty of the
2 Grantee, its successors or assignees, whenever required to do so by the Energy
3 Regulatory Commission (ERC), or its legal successor, or the Department of Energy, or
4 its legal successor, or the National Electrification Administration (NEA), or its legal
5 successor, or any other government agency concerned to modify, improve and change
6 such facilities or systems in such manner and to such extent as the progress in science
7 or technology and improvements or innovations in electric power services may render
8 reasonable and proper.

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

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

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

39 **SEC. 5. Responsibility to the Public.** – The Grantee shall supply electricity to
40 its captive market in the least costly manner. In the interest of the public good and as far
41 as feasible and whenever required by the ERC, the Grantee shall modify, improve, or
42 change its facilities, poles, lines, systems, and equipment for the purpose of providing
43 efficient and reliable service and reduced electricity costs. The Grantee shall charge

1 reasonable and just power rates for its services to all types of consumers within its
2 franchised areas in order that businesses and industries shall be able to compete.

3 The Grantee shall have the obligation to provide open and non-discriminatory
4 access to its distribution system and services for any end-user within its franchise area
5 consistent with Republic Act (RA) No. 9136, otherwise known as the “Electric Power
6 Industry Reform Act of 2001”. The Grantee shall not engage in any activity that will
7 constitute an abuse of market power such as unfair trade practices, monopolistic
8 schemes, and other activities that will hinder competitiveness of businesses and
9 industries.

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

13 The Grantee shall identify and segregate in its electricity bill to the end-users the
14 components of the retail rate pursuant to RA 9136, unless otherwise amended. Such
15 rates charged by the Grantee to the end-users shall be made public and transparent. The
16 Grantee shall implement lifeline rate to marginalized end-users as mandated under RA
17 9136.

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

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

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

36 **SEC. 10. Right of Eminent Domain.** – Subject to the limitations and procedures
37 prescribed by law, the Grantee is authorized to exercise the right of eminent domain
38 insofar as it may be reasonably necessary for the efficient maintenance and operation of
39 its services. The Grantee is authorized to install and maintain its poles, wires, and other
40 facilities over and across public property, including streets, highways, and other similar
41 property of the Government of the Philippines, its branches, or any of its instrumentalities.
42 The Grantee may acquire such private property as is actually necessary for the realization

1 of the purposes for which this franchise is granted: *Provided*, That proper expropriation
2 proceedings shall have been instituted and just compensation paid.

3 **SEC. 11. Term of Franchise.** – Unless sooner cancelled, this franchise shall be
4 in effect for a period of twenty-five (25) years from the expiration of the Grantee's previous
5 franchise granted by the NEA. This franchise shall be deemed *ipso facto* revoked in the
6 event the Grantee fails to operate continuously for two (2) years.

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

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

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

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

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

1 **SEC. 17. Equality Clause.** – Any advantage, favor, privilege, exemption, or
2 immunity granted under existing franchises, or which may hereafter be granted, upon
3 prior review and approval of Congress, shall become part of this franchise and shall be
4 accorded immediately and unconditionally to the herein Grantee: *Provided, however,* That
5 the foregoing shall neither apply to nor affect provisions concerning territory covered by
6 the franchise, the term of the franchise or the type of service authorized by the franchise:
7 *Provided, further,* That the foregoing shall not apply to the sale, lease, transfer, grant of
8 usufruct, or assignment of legislative franchises with prior congressional approval.

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

13 **SEC. 19. Existing Powers.** – Existing mandates, powers, functions, and
14 privileges granted to electric cooperatives under existing laws, including Sections 9, 10,
15 and 13 of RA 10531, and Section 15 of RA 9513 or the "Renewable Energy Act of 2008",
16 shall remain valid and effective, unless expressly repealed by succeeding laws.

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

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

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

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

Approved,