Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 906

Introduced by REP. JOHNNY T. PIMENTEL

EXPLANATORY NOTE

The proposed bill seeks to extend the legislative franchise of Tandag Electric and Telephone Company, Inc. (TETCO) for another twenty-five years and expand the same to include internet service provision. TETCO was originally granted a franchise under Republic Act No. 8715. Since its start of operations, it has continuously provided telecommunication services for the people of Tandag, Surigao del Sur. The new franchise under this Act would incorporate the recent technological advances in telecommunications and allow TETCO to provide improved services to the people of Surigao del Sur.

In today's globalized society, the Internet is undeniably essential for the function of modern cities. Connectivity through digital means of communication is now an integral part of the human experience. Healthcare, trade, information, and even governance are now more than ever coursed through the various strands of the World Wide Web.

The proposed legislative franchise will definitely contribute to the economic development of Surigao del Sur. TETCO can enable those living in secluded or inaccessible areas to connect to the outside world through internet connections. TETCO directly aids in the growth of connections and efficiencies within the people of Tandag. Moreover, the grant of a specific franchise can encourage competition in the industry, leading to overall lower costs.

For the aforementioned reasons, the undersigned recommends that this bill be signed into law.

JOHNNY T. PIMENTEL
Republic of the Philippines

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HOUSE BILL NO. 906

Introduced by REP. JOHNNY T. PIMENTEL

AN ACT AMENDING THE FRANCHISE OF THE TANDAG ELECTRIC AND TELEPHONE COMPANY, INC. GRANTED UNDER REPUBLIC ACT NO. 8715, AND RENEWING/EXTENDING THE TERM THEREOF TO ANOTHER TWENTY-FIVE (25) YEARS FROM THE DATE OF EFFECTIVITY OF THIS ACT

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

Section 1. Nature and Scope of Franchise. – Subject to applicable laws, rules, and regulations, the franchise granted under Republic Act No. 8715 to Tandag Electric and Telephone Company, Inc. (hereafter Grantee), its successors, or assigns, to construct, establish, install, maintain, and operate for commercial purposes and, in the public interest, local exchange networks, including public calling stations or pay telephone stations or wireless local loop and for such purpose provide basic telephone service or other means related to the foregoing now known to science such as mobile, cellular, paging, fiber optics, satellite transmit and receive systems, transoceanic cable landing station and systems, switches, and their value-added services such as, but not limited to, transmission of voice, data, facsimile, control signs, audio and video, information services bureau, and other telecommunications systems technologies, or which in the future may be developed in the Province of Surigao del Sur for public domestic telecommunications, is hereby renewed for another twenty-five (25) years from the effectivity of this Act.

Section 2. Manner of Operation of Stations or Facilities. – The stations or facilities of the grantee shall be constructed and operated in a manner as will, at most, result only in the minimum interference on the wavelengths or frequencies of existing stations or other stations which may be established by law, without in any way diminishing its own right to use it selected
wavelengths or frequencies and the quality of transmission or reception thereon as should maximize rendition of the grantee’s services or availability or both thereof.

Section 3. Authority of the National Telecommunications Commission (NTC). – As a condition precedent for operations under its franchise, the Grantee shall secure from the NTC a Certificate of Public Convenience and Necessity (CPCN) or other appropriate permits and licenses for the construction, installation, and operation of its telecommunications systems or facilities.

The NTC shall have the authority to regulate the construction and operation of the Grantee’s telecommunications system. In issuing the CPCN, the NTC shall have the power to impose such conditions relative the construction and operation of the Grantee’s telecommunications systems. The CPCN shall state the areas covered and date the Grantee shall commence its services.

This section notwithstanding, the NTC shall not unreasonably withhold or delay the grant of the CPCN, permits, or licenses.

Section 4. Excavation and Restoration Works. – For the purpose of erecting and maintaining poles or other supports for the wires for the telecommunications system or unearthing and installing underground wires, cables, or other conductors for the same, the Grantee, its successors, or assigns, with the prior approval of the Department of Public Works and Highways (DPWH) or the local government unit concerned, as may be appropriate, to make excavations or lay conduits in or on any of the public places, highways, streets, lanes, alleys avenues, sidewalks, or bridges of provinces, cities, or municipalities; Provided, however, That a public place, highway, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered, or changed by reason of erection of poles or other supports or the underground laying of wires, other conductors, or conduits, shall be repaired and replaced by the Grantee, its successors, or assigns in accordance with the standards set by the DPWH or the appropriate local government unit. Should the Grantee, its successors, or assigns, after ten (10) day notice from the aforementioned authorities, fail, refuse, or neglect to repair or replace any part of the public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge altered, changed, or disturbed by its installation, the DPWH or the local government unit concerned shall have the same repaired and placed in good order and condition at double expense to be charged to the Grantee, its successors, or assigns.

Section 5. Responsibility to the Public. – The Grantee shall conform to the ethics of honest enterprise and not use its stations or facilities for obscene or indecent transmission, or for dissemination of deliberately false information, or willful misrepresentation, or assist in subversive or treasonable acts.
The Grantee shall operate and maintain all its stations, lines, cables, systems, and equipment for the transmission and reception of messages, signals, and pulses in a satisfactory manner at all times and, as far as economical and practicable, modify, improve, or change such stations, lines, cables, systems, and equipment to keep abreast with the advances in science and technology.

As far as economically possible the Grantee shall improve and extend its services in areas not yet served, and in hazard- and typhoon-prone areas that shall be determined by the National Disaster Risk Reduction and Management Council in coordination with the NTC.

The Grantee shall also improve and upgrade its equipment, facilities and services, in order to ensure effective compliance with the objectives of Republic Act No. 10639 or “The Free Mobile Disaster Alerts Act”.

Section 6. Rates for Services. – The charges and rates for telecommunications services of the Grantee, except the rates and charges on those that may hereafter be declared or considered as nonregulated services, whether flat rates or measured rates or variation thereof, shall be subject to the approval of the NTC or its legal successor.

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

Section 8. Term of Franchise. – This franchise shall be extended and in effect for a period of twenty-five (25) years from the date of the effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be deemed ipso facto revoked in the event the grantee fails to operate continuously for two (2) years.

Section 9. Acceptance and Compliance. – Acceptance of this franchise shall be given in writing to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, within sixty (60) days from the effectivity of this Act. Upon giving such acceptance, the Grantee shall exercise the privileges granted under this Act. Refusal or failure to accept the franchise shall render the franchise void.
Section 10. Tax Provisions. – The Grantee, its successors or assignees, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations which are now or thereafter may be required by law to pay, except radio telecommunications and electronic communications equipment, machinery, and spare parts needed in connection with the business of the grantee which shall be exempt from customs duties, tariffs and other taxes, as well as those declared exempt in this section. In addition thereto, the Grantee, its successors or assignees, shall pay a value-added tax on all gross receipts of the business transacted under this franchise by the grantee, its successors or assignees, in the Philippines in lieu of any and all taxes of any kind, nature, or description levied, established, or collected by an authority whatsoever including, but not limited to, city, municipal, provincial, or national, from which the Grantee is hereby expressly exempted effective from the date of the effectivity of this Act:

Provided, That the grantee, its successors or assignees, shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72, unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.

The Grantee shall file the return with and pay the tax thereon to the Commissioner of Internal Revenue or his duly authorized representative in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue.

Section 11. Right of Interconnection. – The Grantee is hereby authorized to connect or demand connection of its telecommunications systems to other telecommunications systems installed, operated, and maintained by any other duly authorized person or entity in the Philippines for the purpose of providing extended and improved telecommunications services to the public, under the terms and conditions mutually agreed upon by the parties concerned. The exercise of this right shall be subject to the review and modification of the NTC.

Section 12. Warranty in Favor of the National and Local Governments. – The Grantee shall hold the national, provincial, city, and municipal governments of the Philippines free from all claims, liabilities, accounts, demands, or actions arising out of accidents that cause injury to persons or damage to properties, during the construction or operation of the stations, transmitters, facilities, or equipment of the grantee.

Section 13. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise. – The Grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired hereunder to any person, firm, company, corporation or other commercial or legal entity, nor shall
transfer the controlling interest of the grantee, whether as a whole or in part, 
and whether simultaneously or contemporaneously, to any person, firm, 
company, corporation, or entity without the prior approval of the Congress 
of the Philippines and compliance with legal requirements stipulated in 
other statutes: Provided, That any person or entity to which this franchise is 
validly sold, transferred, or assigned shall be subject to the same conditions, 
terms, restrictions, and limitations of this Act.

Section 14. Reportorial Requirement. – The Grantee shall submit an annual 
report to the Congress of the Philippines, through the Committee on 
Legislative Franchises of the House of Representatives and the Committee 
on Public Services of the Senate, on its compliance with the terms and 
conditions of the franchise and on its operations on or before April 30 of 
every year during the term of its franchise. The reportorial compliance 
certificate issued by Congress shall be required before any application for 
permit or certificate is accepted by the NTC.

Section 15. Penalty Clause. – Failure of the Grantee to submit the requisite 
annual report to Congress shall be penalized with a fine in the amount of 
One million pesos (₱1,000,000.00) per working day of noncompliance, the 
effectivity of which shall commence upon applicability with other 
telecommunications franchise grantees: Provided, That in the interim, the 
Grantee shall be liable to pay the fine of Five hundred pesos (₱500.00) per 
working day of noncompliance. The fine shall be collected by the NTC from 
the delinquent franchise grantee separate from the reportorial penalties 
imposed by the NTC and the same shall be remitted to the National Treasury.

Section 16. Equality Clause. – Any advantage, favor, privilege, exemption, or 
immunity granted under other existing franchises, or which may hereafter 
be granted, upon prior review and approval of Congress, shall become part 
of this franchise and shall be accorded immediately and unconditionally to 
the herein Grantee: Provided, That the foregoing shall neither apply to nor 
affect the provisions of telecommunications franchises concerning territory 
covered by the franchise, the life span of the franchise or the type of service 
authorized by the franchise.

Section 17. Separability Clause. – If any section or provision of this Act is 
held invalid, all other provisions not affected thereby shall remain valid.

Section 18. Repeatability and Non-exclusivity Clause. – This franchise shall 
be subject to amendment, alteration, or repeal by the Congress of the 
Philippines when the public interest so requires and shall not be interpreted 
as an exclusive grant of the privileges herein provided for.

All provisions of Republic Act No. 8715 inconsistent with this Act are hereby 
repealed or modified accordingly.
All other provisions of Republic Act No. 8715 which are not inconsistent with the provisions of this Act and remain unrepealed shall continue to be in full force and effect: *Provided*, That all pending suits of whatever kind or nature, whether civil, criminal or administrative filed by or against the Grantee in connection with the provisions of Republic Act No. 8715, shall continue to be prosecuted under the said law: *Provided, further*, That all valid and existing liabilities, fines, penalties, surcharges and/or unpaid tax assessments of the grantee from March 26, 1992 until the effectivity of the new law shall remain valid and enforceable under Republic Act No. 7301 and Republic Act No. 7940.

**Section 19. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.