



HOUSE OF REPRESENTATIVES

H. No. 10183

BY REPRESENTATIVES TAN (A.), ALVAREZ (F.), ESTRELLA, SAVELLANO, PINEDA, PADUANO, ROMUALDO, SUNTAY, DY (F.M.C.), FERRER (L.), NOGRALES (J.J.), GARIN (S.), NIETO, OUANO-DIZON, VIOLAGO, CRISOLOGO, MANGUDADATU, GONZALEZ AND LUSOTAN, PER COMMITTEE REPORT NO. 1200

AN ACT
RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GENERAL TELEPHONE SYSTEM, INC. UNDER REPUBLIC ACT NO. 8636, ENTITLED “AN ACT GRANTING THE GENERAL TELEPHONE SYSTEM, INC. A FRANCHISE TO CONSTRUCT, ESTABLISH, INSTALL, MAINTAIN AND OPERATE LOCAL EXCHANGE NETWORK IN THE PROVINCES OF QUEZON, BATANGAS AND LAGUNA; MUNICIPALITIES OF PASACAO, LIBMANAN AND CABUSAO, PROVINCE OF CAMARINES SUR; AND THE MUNICIPALITY OF PARACALE, PROVINCE OF CAMARINES NORTE”, AND EXPANDING ITS COVERAGE TO THE ENTIRE PROVINCES OF CAMARINES NORTE AND CAMARINES SUR

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
2 the Constitution and applicable laws, rules and regulations, the franchise granted to
3 General Telephone System, Inc., hereunder referred to as the Grantee, its successors
4 or assignees, under Republic Act No. 8636, to construct, establish, install, maintain
5 and operate for commercial purposes and in the public interest in the Provinces of
6 Quezon, Batangas, Laguna, Camarines Norte, and Camarines Sur, wired and
7 wireless telecommunications systems, including internet access, through copper or
8 fiber optic cable, satellite systems, switches, and all other telecommunication system
9 or information and communications technologies as are at present available or will be
10 made available through technological advances or innovations in the future, and offer
11 telecommunications services, value-added services, including internet access service,

1 or other electronic communication services such as the transmission of voice, data,
2 facsimile, control signs, audio and video information services, or to construct, acquire,
3 lease, and operate, or manage transmitting and receiving stations, lines, cables, or
4 systems as are convenient and essential to efficiently carry out the purpose of this
5 franchise, is hereby renewed for another twenty-five (25) years.

6
7 **SEC. 2. *Manner of Operation of Stations or Facilities.*** – The stations or
8 facilities of the Grantee shall be constructed and operated in a manner as will, at most,
9 result only in the minimum interference on the wavelengths or frequencies of existing
10 stations or other stations which may be established by law, without in any way
11 diminishing its own privilege to use its assigned wavelengths or frequencies and the
12 quality of transmission or reception thereon as should maximize rendition of the
13 Grantee’s services or the availability thereof.

14
15 **SEC. 3. *Authority of the National Telecommunications Commission.*** – The
16 Grantee shall secure from the National Telecommunications Commission (NTC) a
17 Certificate of Public Convenience and Necessity or the appropriate permits and
18 licenses for the construction, installation, and operation of its telecommunications
19 systems or facilities. In issuing the certificate, the NTC shall have the power to regulate
20 and impose such conditions relative to the construction, operation, maintenance, or
21 service level of the telecommunications systems or facilities. Such certificate shall
22 state the areas covered and the date the Grantee shall commence the service. The
23 Grantee shall not use any frequency in the radio spectrum without authorization from
24 the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of
25 such authority, permit, or license.

26
27 In case of any violation of the provisions of this franchise, the NTC shall have
28 the authority to revoke or suspend, after due process, the permits or licenses it issued
29 pursuant to the franchise. The NTC may recommend to Congress the revocation of
30 the franchise for any violation of the provisions of this franchise.

31
32 **SEC. 4. *Excavation and Restoration Works.*** – For the purposes of erecting
33 and maintaining poles or other supports for wires or other conductors, and for laying
34 and maintaining of underground wires, cables, or other conductors, it shall be lawful
35 for the Grantee, its successors or assignees, with the prior approval of the Department

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

17

18 **SEC. 5. Responsibility to the Public.** – The Grantee shall conform with the
19 ethics of honest enterprise and not use its stations or facilities for obscene or indecent
20 transmission, or for dissemination of deliberately false information, or willful
21 misrepresentation, or assist in subversive or treasonable acts.

22

23 The Grantee shall operate and maintain all its stations, lines, cables, systems,
24 and equipment for the transmission and reception of messages, signals, and pulses
25 in a satisfactory manner at all times, and as far as economical and practicable, modify,
26 improve, or change such stations, lines, cables, systems, and equipment to keep
27 abreast with the advances in science and technology.

28

29 The Grantee shall improve and extend its services in areas not yet served, and
30 in hazard- and typhoon-prone areas that shall be identified by the National Disaster
31 Risk Reduction and Management Council, or its legal successor, in coordination with
32 the NTC.

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

4
5 **SEC. 6. Rates for Services.** – The charges and rates for telecommunications
6 services of the Grantee, except the rates and charges on those that may hereafter be
7 declared or considered as nonregulated services, whether flat rates or measured rates
8 or variations thereof, shall be subject to the approval of the NTC or its legal successor.
9 The rates to be charged by the Grantee shall be unbundled, separable, and distinct
10 among the services offered and shall be determined in such a manner that regulated
11 services do not subsidize the unregulated services.

12
13 **SEC. 7. Right of Government.** – The radio spectrum is a finite resource that
14 is part of the national patrimony and the use thereof is a privilege conferred upon the
15 Grantee by the State and may be withdrawn any time after due process.

16
17 A special right is hereby reserved to the President of the Philippines, in times
18 of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace
19 and order: to temporarily take over and operate the stations, transmitters, facilities, or
20 equipment of the Grantee; to temporarily suspend the operation of any station,
21 transmitter, facility, or equipment in the interest of public safety, security, and public
22 welfare; or to authorize the temporary use and operation thereof by any agency of the
23 government, upon due compensation to the Grantee for the use of the stations,
24 transmitters, facilities, or equipment during the period when these shall be so
25 operated.

26
27 **SEC. 8. Term of Franchise.** – This franchise shall be in effect for a period of
28 twenty-five (25) years from the date of the effectivity of this Act, unless sooner
29 cancelled. This franchise shall be deemed *ipso facto* revoked in the event the Grantee
30 fails to operate continuously for two (2) years.

31
32 **SEC. 9. Right of Interconnection.** – The Grantee is hereby authorized to
33 connect or demand connection of its telecommunications systems to other
34 telecommunications systems installed, operated, and maintained by any other duly
35 authorized person or entity in the Philippines for the purpose of providing extended

1 and improved telecommunications services to the public, under the terms and
2 conditions mutually agreed upon by the parties concerned. This right shall be subject
3 to the review and modification of the NTC.

4
5 **SEC. 10. Warranty in Favor of the National and Local Governments.** – The
6 Grantee shall hold the national, provincial, city, and municipal governments of the
7 Philippines free from all claims, liabilities, accounts, demands, or actions arising out of
8 accidents causing injury to persons or damage to properties, during the construction
9 or operation of the stations, transmitters, facilities, or equipment of the Grantee.

10
11 **SEC. 11. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**
12 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct of, nor
13 assign this franchise or the rights and privileges acquired thereunder to any person,
14 firm, company, corporation, or other commercial or legal entity, nor merge with any
15 other corporation or entity, nor shall the controlling interest of the Grantee be
16 transferred, simultaneously or contemporaneously, to any person, firm, company,
17 corporation, or entity without the prior approval of Congress. The Grantee shall inform
18 Congress, through the Office of the Speaker of the House of Representatives and
19 Office of the Senate President, of any sale, lease, transfer, grant of usufruct, or
20 assignment of franchise or the rights and privileges acquired thereunder, or of the
21 merger or transfer of the controlling interest of the Grantee, within sixty (60) days after
22 the completion of the said transaction. Failure to report to Congress such change of
23 ownership shall render the franchise *ipso facto* revoked. Any person or entity to which
24 this franchise is sold, transferred, or assigned shall be subject to the same conditions,
25 terms, restrictions, and limitations of this Act.

26
27 **SEC. 12. Dispersal of Ownership.** – In accordance with the constitutional
28 provision to encourage public participation in public utilities, the Grantee shall offer to
29 Filipino citizens at least thirty percent (30%) of its outstanding capital stocks, or a
30 higher percentage that may hereafter be provided by law, in any securities exchange
31 in the Philippines within five (5) years from the effectivity of this Act: *Provided,* That in
32 cases where public offer of shares is not applicable, other methods of encouraging
33 public participation by citizens and corporations operating public utilities must be
34 implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

1 **SEC. 13. Commitment to Provide and Promote the Creation of**
2 **Employment Opportunities.** – The Grantee shall create employment opportunities
3 and accept on-the-job trainees in the franchise operations: *Provided*, That priority shall
4 be accorded to the residents of the place where the principal office of the Grantee is
5 located: *Provided, further*, That the Grantee shall comply with the applicable labor
6 standards and allowance entitlement under existing labor laws, rules and regulations,
7 and similar issuances.

8
9 The employment opportunities or jobs created shall be reflected in the General
10 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission
11 (SEC) annually.

12
13 **SEC. 14. Reportorial Requirement.** – The Grantee shall submit an annual
14 report on its compliance with the terms and conditions of the franchise and on its
15 operations to the Congress of the Philippines, through the Committee on Legislative
16 Franchises of the House of Representatives and the Committee on Public Services of
17 the Senate, on or before April 30 of every year during the term of its franchise.

18
19 The annual report shall include an update on the commencement of activities,
20 development, operation and/or expansion of business; audited financial statements;
21 latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the
22 status of its permits and operations; and an update on the dispersal of ownership
23 undertaking, if applicable.

24
25 The reportorial compliance certificate issued by Congress shall be required
26 before any application for permit or certificate is accepted by the NTC.

27
28 **SEC. 15. Fine.** – Failure of the Grantee to submit the requisite annual report to
29 Congress shall be penalized with a fine in the amount of One million pesos
30 (P1,000,000.00) each working day of noncompliance, the effectivity of which shall
31 commence upon applicability with other telecommunications franchise grantees:
32 *Provided*, That in the interim, the Grantee shall be liable to pay the fine of Five hundred
33 pesos (P500.00) per working day of noncompliance to the NTC. The fine shall be
34 collected separately from the reportorial penalties imposed by the NTC, and shall be
35 remitted to the Bureau of the Treasury.

1 **SEC. 16. *Equality of Treatment in the Telecommunications Industry.*** – Any
2 advantage, favor, privilege, exemption, or immunity granted under existing franchises,
3 or which may hereafter be granted for telecommunications, upon prior review and
4 approval of Congress, shall become part of this franchise and shall be accorded
5 immediately and unconditionally to the herein grantee: *Provided*, That the foregoing
6 shall neither apply to nor affect the provisions of telecommunications franchises
7 concerning territorial coverage, the term, or the type of service authorized by the
8 franchise.

9
10 **SEC. 17. *Repealability and Nonexclusivity Clause.*** – This franchise shall be
11 subject to amendment, alteration, or repeal by Congress when the public interest so
12 requires and shall not be interpreted as an exclusive grant of the privilege herein
13 provided for.

14
15 **SEC. 18. *Separability Clause.*** – If any of the sections or provisions of this Act
16 is held invalid, all other provisions not affected thereby shall remain valid.

17
18 **SEC. 19. *Repealing Clause.*** – All laws, decrees, orders, resolutions,
19 instructions, rules and regulations, and other issuances or parts thereof which are
20 inconsistent with the provisions of this Act are hereby repealed, amended, or modified
21 accordingly.

22
23 **SEC. 20. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
24 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,