

FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

9 MAY 11 A9:51

SENATE

COMMITTEE REPORT NO. 397

Submitted by the Committee on Public Services on MAY 11 2009

RE : H. B. No. 5227

Recommending its approval without amendment.

Sponsor : Senator Revilla, Jr.

MR. PRESIDENT:

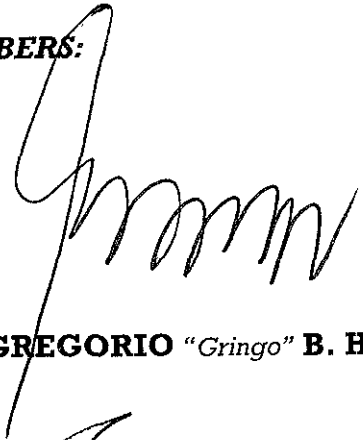
The Senate Committee on Public Services to which was referred H. B. No 5227, introduced by Representatives Nicolas and Biron, *entitled:*

“AN ACT
AMENDING THE FRANCHISE OF EXPRESS
TELECOMMUNICATIONS CO., INC. (FORMERLY “FELIX
ALBERTO AND COMPANY, INCORPORATED”) GRANTED
UNDER REPUBLIC ACT NO. 2090, AND
RENEWING/EXTENDING THE TERM THEREOF TO
ANOTHER TWENTY-FIVE (25) YEARS FROM THE DATE OF
EFFECTIVITY OF THIS ACT.”

has considered the same and has the honor to report it back to the Senate with the recommendation that the attached **H. B. No. 5227** be approve without amendments.


Respectfully submitted:

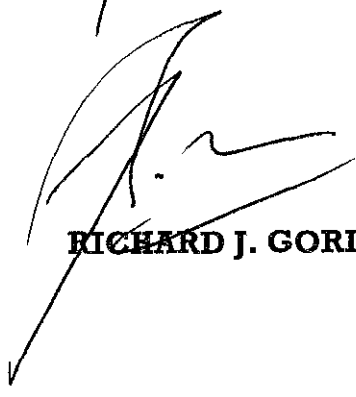

RAMON PONG REVILLA, JR.
Chairman
Committee on Public Services

MEMBERS:


EDGARDO J. ANGARA

GREGORIO "Gringo" B. HONASAN

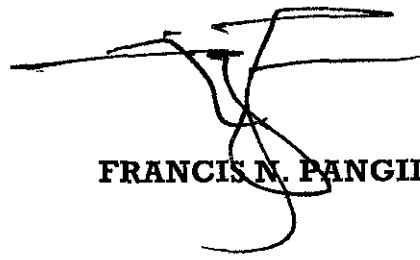

PANFILO "Ping" M. LACSON


RICHARD J. GORDON

MAR ROXAS

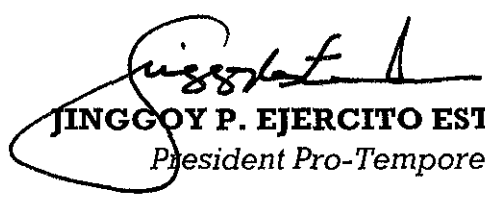

FRANCIS "Chiz" G. ESCUDERO

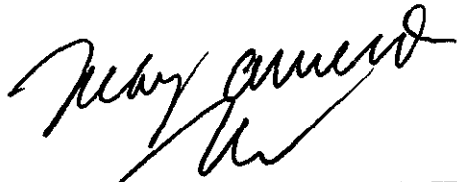
JOKER P. ARROYO

 *may interpellata*
FRANCIS N. PANGILINAN

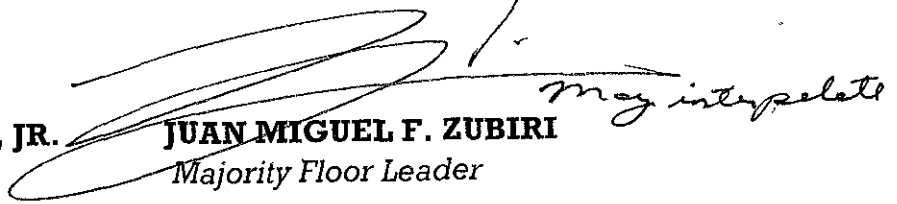
ALAN PETER "Compañero" S. CAYETANO

EX-OFFICIO MEMBERS:


JINGGOY P. EJERCITO ESTRADA
President Pro-Tempore



AQUILINO Q. PIMENTEL, JR.
Minority Floor Leader



JUAN MIGUEL F. ZUBIRI
Majority Floor Leader

JUAN PONCE ENRILE
Senate President
Pasay City



HOUSE OF REPRESENTATIVES

H. No. 5227

BY REPRESENTATIVES NICOLAS AND BIRON

AN ACT AMENDING THE FRANCHISE OF EXPRESS TELECOMMUNICATIONS CO., INC. (FORMERLY "FELIX ALBERTO AND COMPANY, INCORPORATED") GRANTED UNDER REPUBLIC ACT NO. 2090, 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 House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. The franchise of Express Telecommunications, Co. Inc.,
2 (formerly "Felix Alberto and Company, Incorporated") granted under Republic
3 Act No. 2090, is hereby amended to read as follows:

4 [SECTION 1. Subject to the provisions of the Constitution
5 and the provisions of Act Numbered Three thousand eight
6 hundred and forty-six, entitled "An Act providing for the
7 regulation of radio stations and radio communications in the
8 Philippine Islands, and for other purposes;" Commonwealth Act
9 Numbered One hundred forty-six, known as the Public Service
10 Act, and their amendments, and other applicable laws, there is
11 hereinafter granted to Felix Alberto and Company, Incorporated,
12 its successors or assigns, and hereunder referred to as the
13 "grantee," the right and privilege of constructing, installing,
14 establishing and operating in the Philippines, at such places as

1 Felix Alberto and Company, Incorporated, may select and the
2 Secretary of Public Works and Communications may approve,
3 radio stations for the reception and transmission of messages on
4 radio stations in the foreign and the domestic public fixed point-
5 to-point and public base, aeronautical and land mobile stations,
6 including coastal marine service with the corresponding relay
7 stations for the reception and transmission of wireless messages
8 on radiotelegraphy and/or radiotelephony, radioteletype,
9 radiophoto, facsimile, music, pictures, advertisement and such
10 other types of emission from or to foreign countries and within
11 the *Philippines and with vessels at sea and aircrafts over the air;*
12 *irrespective of whether such vessels and aircrafts are within or*
13 *without the Philippines.*

14 SEC. 2. A special right is reserved to the President of the
15 Philippines in times of war, rebellion, public peril, calamity,
16 disaster or disturbance of peace or order, to take over and
17 operate the said stations or to authorize the temporary use and
18 operation thereof by any department of the Government without
19 compensating the grantee for the use of said stations during the
20 period when they shall be so operated.

21 SEC. 3. The President of the Philippines shall have the
22 power and authority to permit the construction of said stations or
23 any of them on any land of the public domain upon such terms
24 and conditions as he may prescribe.

25 SEC. 4. This franchise shall continue for a period of fifty
26 years from the date the first of said stations shall be placed in
27 operation, and is granted upon the express condition that same
28 shall be void unless the construction of said station be begun

1 within two years from the date of the approval of this Act and be
2 completed within ten years from said date.

3 SEC. 5. (a) This franchise shall not take effect nor shall
4 any power thereunder be exercised by the grantee until the
5 Secretary of Public Works and Communications shall have
6 allotted to the grantee the frequencies and wave lengths to be
7 used thereunder and determined the stations to and from which
8 each frequency and wave length may be used, and issued to the
9 grantee a license for such use.

10 (b) The Secretary of Public Works and Communications,
11 on reasonable notice to the grantee, may at any time change, or
12 cancel, or modify, in whole or in part, any or all of the allotments
13 of frequencies or wave lengths to be used. He may take such
14 action: (1) whenever in his judgment such frequencies and wave
15 lengths have been used, or there is danger that they will be used
16 by the grantee to impair electrical communications, or stifle
17 competition, or to obtain a monopoly in electrical
18 communication or to secure unreasonable rates for such
19 communication, or to violate otherwise the laws or public policy
20 of the Philippine Republic; (2) whenever in his judgment the
21 public interests of the Republic of the Philippines require that
22 such frequencies or wave lengths should be used for other
23 purposes than those of the grantee, either by the Government of
24 the Philippines or by other individuals or corporations licensed
25 by it; and (3) whenever in his judgment, for any reason, the
26 public interests of the Philippines so require.

27 SEC. 6. The stations of the grantee shall be so
28 constructed and operated and the wave lengths so selected as to

1 avoid interference with existing stations and to permit the
2 expansion of the grantee's services.

3 SEC. 7. The grantee shall hold the National, provincial,
4 and municipal governments of the Philippines harmless from all
5 claims, accounts, demands or actions arising out of accidents or
6 injuries, whether to property or to persons, caused by the
7 construction or operation of the stations of the grantee.

8 SEC. 8. No private property shall be taken for any
9 purpose by the grantee without proper condemnation
10 proceedings and just compensation paid or tendered therefor, and
11 any authority to take and occupy land contained herein shall not
12 apply to the taking, use, or occupation of any land except such as
13 is required for the actual necessary purposes for which this
14 franchise is granted.

15 SEC. 9. The grantee shall keep an account of the gross
16 receipts of its business and shall furnish the Auditor General and
17 the Treasurer of the Philippines with a copy of such account not
18 later than the thirty-first day of January of each year for the
19 preceding year. All the books and accounts of the grantee
20 pertaining to its business shall be subject to the official
21 inspection of the Auditor General or his authorized
22 representatives, and the audit and approval of such accounts shall
23 be final and conclusive evidence as to the amount of said gross
24 receipts, except that the grantee shall have the right to appeal to
25 the courts under the terms and conditions provided in the laws of
26 the Philippines.

27 SEC. 10. The grantee shall not lease, transfer, grant the
28 usufruct of, sell or assign this franchise nor the rights and

1 privileges acquired thereunder to any person, firm, company,
2 corporation or other commercial or legal entity nor merge with
3 any other person, company or corporation organized for the same
4 purpose, without the approval of the Congress of the Philippines
5 first had. Any corporation to which this franchise may be sold,
6 transferred, or assigned, shall be subject to the corporation laws
7 of the Philippines now existing or hereafter enacted, and any
8 person, firm, company, corporation or other commercial or legal
9 entity to which this franchise is sold, transferred, or assigned
10 shall be subject to all conditions, terms, restrictions and
11 limitations of this franchise as fully and completely and to the
12 same extent as if the franchise had been originally granted to the
13 *said person, firm, company, corporation or other commercial or*
14 *legal entity.*

15 SEC. 11. The grantee, its successors or assigns, shall be
16 subject to the corporation laws of the Philippines now existing or
17 hereafter enacted.

18 SEC. 12. The grantee shall file a bond in the amount of
19 fifty thousand pesos to guarantee the full compliance and
20 fulfillment of the conditions under which this franchise is
21 granted. If after four years from the date of the approval of this
22 Act, the grantee shall have fulfilled said conditions, or as soon
23 thereafter as the grantee shall have fulfilled the same, the bond
24 aforesaid shall be cancelled by the Government.

25 SEC. 13. In the event of any competing individual,
26 partnership or corporation receiving from the Congress a similar
27 franchise in which there shall be any term or terms more
28 favorable than those herein granted or tending to place the herein

1 grantee at any disadvantage, then such term or terms shall *ipso*
2 *facto* become a part of the terms hereof and shall operate equally
3 in favor of the grantee as in the case of said competing
4 individual, partnership or corporation.

5 SEC. 14. (a) The grantee shall be liable to pay the same
6 taxes on its real estate, buildings and personal property,
7 exclusive of the franchise, as other persons or corporations are
8 now or hereafter may be required by law to pay. (b) The grantee
9 shall further pay to the Treasurer of the Philippines each year,
10 within ten days after the audit and approval of the accounts as
11 prescribed in this Act one and one-half *per centum* of all gross
12 receipts from the business transacted under this franchise by the
13 said grantee.

14 SEC. 15. The franchise hereby granted shall be subject to
15 amendment, alteration, or repeal by the Congress of the
16 Philippines when the public interest so requires.

17 SEC. 16. This franchise shall not be interpreted to mean
18 as an exclusive grant of the privileges herein provided for.

19 SEC. 17. This Act shall take effect upon its approval.]

20 "SECTION I. NATURE AND SCOPE OF FRANCHISE. -
21 SUBJECT TO THE PROVISIONS OF THE CONSTITUTION AND
22 APPLICABLE LAWS, RULES AND REGULATIONS, THERE IS
23 HEREBY GRANTED TO EXPRESS TELECOMMUNICATIONS CO.,
24 INC. (FORMERLY "FELIX ALBERTO AND COMPANY,
25 INCORPORATED") HEREUNDER REFERRED TO AS THE
26 GRANTEE, ITS SUCCESSORS OR ASSIGNS, A FRANCHISE TO
27 CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN
28 FOR COMMERCIAL PURPOSES AND IN THE PUBLIC INTEREST,
29 THROUGHOUT THE PHILIPPINES AND BETWEEN THE

1 PHILIPPINES AND OTHER COUNTRIES AND TERRITORIES, WIRE
2 AND/OR WIRELESS TELECOMMUNICATIONS SYSTEMS,
3 INCLUDING BUT NOT LIMITED TO MOBILE, CELLULAR, PAGING,
4 FIBER OPTICS, MULTI-CHANNEL DISTRIBUTION SYSTEM
5 (MMDS), LOCAL MULTI-POINT DISTRIBUTION SYSTEM
6 (LMDS), SATELLITE TRANSMIT AND RECEIVE SYSTEMS,
7 SWITCHES, AND THEIR VALUE-ADDED SERVICES SUCH AS, BUT
8 NOT LIMITED TO, TRANSMISSION OF VOICE, DATA, FACSIMILE,
9 CONTROL SIGNS, AUDIO AND VIDEO, AND INFORMATION
10 SERVICES BUREAU, AND ALL OTHER TELECOMMUNICATIONS
11 SYSTEMS TECHNOLOGIES AS ARE AT PRESENT AVAILABLE OR
12 WILL BE MADE AVAILABLE THROUGH TECHNOLOGICAL
13 ADVANCES OR INNOVATIONS IN THE FUTURE; AND/OR
14 CONSTRUCT, ACQUIRE, LEASE AND OPERATE OR MANAGE
15 TRANSMITTING AND RECEIVING STATIONS, LINES, CABLES,
16 SYSTEMS AND ALL OTHER TYPES OF FACILITIES AND
17 STRUCTURES AS MAY BE CONVENIENT OR ESSENTIAL TO
18 EFFICIENTLY CARRY OUT THE PURPOSE OF THIS FRANCHISE."

19 "SEC. 2. *MANNER OF OPERATION OF STATIONS OR*
20 *FACILITIES.* - THE STATIONS OR FACILITIES OF THE GRANTEE
21 SHALL BE CONSTRUCTED AND OPERATED IN A MANNER AS
22 WILL AT MOST RESULT ONLY IN THE MINIMUM INTERFERENCE
23 ON THE WAVELENGTHS OR FREQUENCIES OF EXISTING
24 STATIONS OR OTHER STATIONS WHICH MAY BE ESTABLISHED
25 BY LAW, WITHOUT IN ANY WAY DIMINISHING ITS OWN RIGHT
26 TO USE ITS SELECTED WAVELENGTHS OR FREQUENCIES AND
27 THE QUALITY OF TRANSMISSION OR RECEPTION THEREON AS
28 SHOULD MAXIMIZE RENDITION OF THE GRANTEE'S SERVICES
29 AND/OR THE AVAILABILITY THEREOF."

30 "SEC. 3. *AUTHORITY OF THE NATIONAL*
31 *TELECOMMUNICATIONS COMMISSION.* - THE GRANTEE SHALL
32 SECURE FROM THE NATIONAL TELECOMMUNICATIONS

1 COMMISSION (NTC), HEREINAFTER REFERRED TO AS THE
2 COMMISSION, A CERTIFICATE OF PUBLIC CONVENIENCE AND
3 NECESSITY OR THE APPROPRIATE PERMITS AND LICENSES FOR
4 THE CONSTRUCTION, INSTALLATION AND OPERATION OF ITS
5 TELECOMMUNICATIONS SYSTEMS/FACILITIES, AS MAY BE
6 REQUIRED BY LAW. IN ISSUING THE CERTIFICATE, THE
7 COMMISSION SHALL HAVE THE POWER TO IMPOSE SUCH
8 CONDITIONS RELATIVE TO THE CONSTRUCTION, OPERATION,
9 MAINTENANCE, OR SERVICE LEVEL OF THE
10 TELECOMMUNICATIONS SYSTEM. THE COMMISSION SHALL
11 HAVE THE AUTHORITY TO REGULATE THE CONSTRUCTION AND
12 OPERATION OF ITS TELECOMMUNICATIONS SYSTEMS. THE
13 GRANTEE SHALL NOT USE ANY FREQUENCY IN THE RADIO
14 SPECTRUM WITHOUT HAVING BEEN AUTHORIZED BY THE
15 COMMISSION. SUCH CERTIFICATE SHALL STATE THE AREAS
16 COVERED AND DATE THE GRANTEE SHALL COMMENCE THE
17 SERVICE. THE COMMISSION, HOWEVER, SHALL NOT
18 UNREASONABLY WITHHOLD OR DELAY THE GRANT OF ANY
19 SUCH AUTHORITY, PERMITS OR LICENSES."

20 "SEC. 4. *INGRESS AND EGRESS.* - FOR THE PURPOSE OF
21 ERECTING AND MAINTAINING POLES OR OTHER SUPPORTS FOR
22 WIRES OR OTHER CONDUCTORS AND FOR THE PURPOSE OF
23 LAYING AND MAINTAINING UNDERGROUND WIRES, CABLES OR
24 OTHER CONDUCTORS, IT SHALL BE LAWFUL FOR THE
25 GRANTEE, ITS SUCCESSORS OR ASSIGNS, WITH THE PRIOR
26 APPROVAL OF THE DEPARTMENT OF PUBLIC WORKS AND
27 HIGHWAYS (DPWH), TO MAKE EXCAVATIONS OR LAY
28 CONDUITS IN ANY OF THE PUBLIC PLACES, HIGHWAYS,
29 STREETS, LANES, ALLEYS, AVENUES, SIDEWALKS OR BRIDGES
30 OF THE RELEVANT PROVINCES, CITIES AND/OR
31 MUNICIPALITIES: *PROVIDED, HOWEVER,* THAT A PUBLIC PLACE,
32 HIGHWAY, STREET, LANE, ALLEY, AVENUE, SIDEWALK OR

1 BRIDGE DISTURBED, ALTERED OR CHANGED BY REASON OF
2 ERECTION OF POLES OR OTHER SUPPORTS OR THE
3 UNDERGROUND LAYING OF WIRES, OTHER CONDUCTORS OR
4 CONDUITS, SHALL BE REPAIRED AND REPLACED IN
5 WORKMANLIKE MANNER BY THE GRANTEE, IN ACCORDANCE
6 WITH THE STANDARDS SET BY THE DPWH. SHOULD THE
7 GRANTEE, ITS SUCCESSORS OR ASSIGNS, AFTER THE TEN (10)
8 DAYS WRITTEN NOTICE FROM THE DPWH, FAIL, REFUSE OR
9 NEGLECT TO REPAIR OR REPLACE ANY PART OF PUBLIC PLACE,
10 ROAD, HIGHWAY, STREET, LANE, ALLEY, AVENUE, SIDEWALK
11 OR BRIDGE ALTERED, CHANGED OR DISTURBED BY THE SAID
12 GRANTEE, ITS SUCCESSORS OR ASSIGNS, THEN THE DPWH
13 SHALL HAVE THE RIGHT TO HAVE THE SAME REPAIRED AND
14 PLACED IN GOOD ORDER AND CONDITION AT DOUBLE THE
15 EXPENSE OF THE GRANTEE."

16 "SEC. 5. *RESPONSIBILITY TO THE PUBLIC.* - THE
17 GRANTEE SHALL PROVIDE BASIC OR ENHANCED TELEPHONE
18 SERVICE IN ANY MUNICIPALITY IN THE PHILIPPINES WITHIN
19 THE COVERAGE OF AN APPROVED CERTIFICATE OF PUBLIC
20 CONVENIENCE AND NECESSITY FOR THE ESTABLISHMENT,
21 OPERATION AND MAINTENANCE OF BASIC AND/OR ENHANCED
22 LOCAL EXCHANGE SERVICE, WITHOUT DISCRIMINATION TO
23 ANY APPLICANT THEREFORE, IN THE ORDER OF THE DATE OF
24 THEIR APPLICATIONS, UP TO THE LIMIT OF THE CAPACITY OF
25 ITS LOCAL TELEPHONE EXCHANGE, AND SHOULD THE DEMAND
26 FOR THE TELEPHONE SERVICE AT ANY TIME INCREASE
27 BEYOND THE CAPACITY THEREOF, THE GRANTEE SHALL
28 INCREASE THE SAME TO MEET SUCH DEMAND: *PROVIDED,*
29 THAT IN CASE THE TOTAL DEMAND TO BE SATISFIED BY THE
30 EXPANSION IS LESS THAN THE SMALLEST VIABLE LOCAL
31 EXCHANGE AVAILABLE IN THE MARKET AS DETERMINED BY
32 THE COMMISSION, THE GRANTEE SHALL NOT BE OBLIGED TO
33 FURNISH SUCH SERVICE UNLESS THE APPLICANT FOR

1 TELEPHONE SERVICE DEFRAYS THE ACTUAL EXPENSES FOR
2 THE INSTALLATION OF THE TELECOMMUNICATIONS
3 APPARATUS NECESSARY FOR SUCH SERVICES AND IN SUCH
4 CASE, THE COMMISSION MAY EXTEND THE TIME WITHIN
5 WHICH THE GRANTEE SHALL FURNISH SUCH SERVICE.

6 THE GRANTEE SHALL OPERATE AND MAINTAIN ALL ITS
7 STATIONS, LINES, CABLES, SYSTEMS, AND EQUIPMENT FOR THE
8 TRANSMISSION AND RECEPTION OF MESSAGES, SIGNALS AND
9 PULSES IN A SATISFACTORY MANNER AT ALL TIMES, AND AS
10 FAR AS ECONOMICAL AND PRACTICABLE, MODIFY, IMPROVE
11 OR CHANGE SUCH STATIONS, LINES, CABLES, SYSTEMS, AND
12 EQUIPMENT TO KEEP ABREAST WITH THE ADVANCES IN
13 SCIENCE AND TECHNOLOGY."

14 "SEC. 6. *RATES FOR SERVICES.* - THE CHARGES AND
15 RATES FOR TELECOMMUNICATIONS SERVICES OF THE
16 GRANTEE, EXCEPT THE RATES AND CHARGES ON THOSE THAT
17 MAY HEREAFTER BE DECLARED OR CONSIDERED AS
18 NONREGULATED SERVICES, WHETHER FLAT RATES OR
19 MEASURED RATES OR VARIATION THEREOF, SHALL BE
20 SUBJECT TO THE APPROVAL OF THE NTC OR ITS LEGAL
21 SUCCESSOR. THE RATES TO BE CHARGED BY THE GRANTEE
22 SHALL BE UNBUNDLED, SEPARABLE AND DISTINCT AMONG THE
23 SERVICES OFFERED AND SHALL BE DETERMINED IN SUCH A
24 MANNER THAT REGULATED SERVICES DO NOT SUBSIDIZE THE
25 UNREGULATED ONES."

26 "SEC. 7. *RIGHT OF GOVERNMENT.* - A SPECIAL RIGHT IS
27 HEREBY GRANTED TO THE PRESIDENT OF THE PHILIPPINES, IN
28 TIMES OF WAR, REBELLION, PUBLIC PERIL, CALAMITY,
29 EMERGENCY, DISASTER OR DISTURBANCE OF PEACE AND
30 ORDER, TO TEMPORARILY TAKE OVER AND OPERATE THE
31 STATIONS, TRANSMITTERS, FACILITIES OR EQUIPMENT OF THE
32 GRANTEE, TO TEMPORARILY SUSPEND THE OPERATION OF ANY
33 STATION, TRANSMITTER, FACILITY OR EQUIPMENT IN THE

1 INTEREST OF PUBLIC SAFETY, SECURITY AND PUBLIC
2 WELFARE, OR TO AUTHORIZE THE TEMPORARY USE AND
3 OPERATION THEREOF BY ANY AGENCY OF THE GOVERNMENT,
4 UPON DUE COMPENSATION TO THE GRANTEE, FOR THE USE OF
5 SAID STATIONS, TRANSMITTERS, FACILITIES OR EQUIPMENT
6 DURING THE PERIOD WHEN THEY SHALL BE SO OPERATED.

7 THE RADIO SPECTRUM IS A FINITE RESOURCE THAT IS
8 PART OF THE NATIONAL PATRIMONY AND THE USE THEREOF IS
9 A PRIVILEGE CONFERRED UPON THE GRANTEE BY THE STATE
10 AND MAY BE WITHDRAWN ANYTIME AFTER DUE PROCESS.”

11 “SEC. 8. *BOND.* – THE GRANTEE SHALL FILE A BOND
12 ISSUED IN FAVOR OF THE NATIONAL TELECOMMUNICATIONS
13 COMMISSION, WHICH SHALL DETERMINE THE AMOUNT, TO
14 GUARANTEE THE COMPLIANCE WITH AND FULFILLMENT OF
15 THE CONDITIONS UNDER WHICH THIS FRANCHISE IS GRANTED.
16 IF, AFTER FIVE (5) YEARS FROM THE DATE OF THE APPROVAL
17 OF ITS PERMIT BY THE COMMISSION, THE GRANTEE SHALL
18 HAVE FULFILLED THE SAME, THE BOND SHALL BE CANCELLED
19 BY THE COMMISSION. OTHERWISE, THE BOND SHALL BE
20 FORFEITED IN FAVOR OF THE GOVERNMENT.”

21 “SEC. 9. *RIGHT OF INTERCONNECTION.* – THE GRANTEE
22 IS HEREBY AUTHORIZED TO CONNECT OR DEMAND
23 CONNECTION OF ITS TELECOMMUNICATIONS SYSTEMS TO ANY
24 OTHER TELECOMMUNICATIONS SYSTEMS INSTALLED,
25 OPERATED AND MAINTAINED BY ANY OTHER DULY
26 AUTHORIZED PERSON OR ENTITY IN THE PHILIPPINES FOR THE
27 PURPOSE OF PROVIDING EXTENDED AND IMPROVED
28 TELECOMMUNICATIONS SERVICES TO THE PUBLIC, UNDER
29 SUCH TERMS AND CONDITIONS MUTUALLY AGREED UPON BY
30 THE PARTIES CONCERNED AND THE SAME SHALL BE SUBJECT
31 TO THE REVIEW AND MODIFICATION OF THE NTC.”

1 “SEC. 10. *GROSS RECEIPTS.* - THE GRANTEE, ITS
2 SUCCESSORS OR ASSIGNS, SHALL KEEP A SEPARATE ACCOUNT
3 OF THE GROSS RECEIPTS OF THE BUSINESS TRANSACTED BY IT
4 AND SHALL FURNISH THE COMMISSION ON AUDIT AND THE
5 NATIONAL TREASURY A COPY OF SUCH ACCOUNT NOT LATER
6 THAN THE THIRTY-FIRST (31ST) DAY OF JANUARY OF EACH
7 YEAR FOR THE PRECEDING TWELVE (12) MONTHS.”

8 “SEC. 11. *BOOKS AND ACCOUNTS.* - THE BOOKS AND
9 ACCOUNTS OF THE GRANTEE SHALL ALWAYS BE OPEN TO THE
10 INSPECTION OF THE COMMISSIONER ON AUDIT OR HIS
11 AUTHORIZED REPRESENTATIVES AND IT SHALL BE THE DUTY
12 OF THE GRANTEE TO SUBMIT TO THE COMMISSION ON AUDIT
13 TWO (2) COPIES OF THE QUARTERLY REPORTS ON THE GROSS
14 RECEIPTS, THE NET PROFITS AND THE GENERAL CONDITION OF
15 THE BUSINESS.”

16 “SEC. 12. *WARRANTY IN FAVOR OF THE NATIONAL AND*
17 *LOCAL GOVERNMENTS.* - THE GRANTEE SHALL HOLD THE
18 NATIONAL, PROVINCIAL, CITY AND MUNICIPAL GOVERNMENTS
19 OF THE PHILIPPINES HARMLESS FROM ALL CLAIMS,
20 ACCOUNTS, DEMANDS OR ACTIONS FILED AGAINST SUCH
21 GOVERNMENT ARISING OUT OF ACCIDENTS OR INJURIES,
22 WHETHER TO PROPERTY OR TO PERSONS, DIRECTLY CAUSED
23 BY THE CONSTRUCTION OR OPERATION OF THE STATIONS,
24 TRANSMITTERS, FACILITIES AND EQUIPMENT OF THE
25 GRANTEE.”

26 “SEC. 13. *NONTRANSFERABILITY OF FRANCHISE.* - THE
27 GRANTEE SHALL NOT LEASE, TRANSFER, GRANT THE
28 USUFRUCT OF, SELL NOR ASSIGN THIS FRANCHISE OR THE
29 RIGHTS AND PRIVILEGES ACQUIRED THEREUNDER TO ANY
30 PERSON, FIRM, COMPANY, CORPORATION OR OTHER
31 COMMERCIAL OR LEGAL ENTITY, NOR MERGE WITH ANY
32 OTHER CORPORATION OR ENTITY, NOR SHALL THE

1 CONTROLLING INTEREST OF THE GRANTEE BE TRANSFERRED,
2 WHETHER AS A WHOLE OR IN PARTS AND WHETHER
3 SIMULTANEOUSLY OR CONTEMPORANEOUSLY, TO ANY SUCH
4 PERSON, FIRM, COMPANY, CORPORATION OR ENTITY WITHOUT
5 THE PRIOR APPROVAL OF THE CONGRESS OF THE PHILIPPINES.
6 ANY PERSON OR ENTITY TO WHICH THIS FRANCHISE IS
7 VALIDLY SOLD, TRANSFERRED OR ASSIGNED, SHALL BE
8 SUBJECT TO THE SAME CONDITIONS, TERMS, RESTRICTIONS
9 AND LIMITATIONS OF THIS ACT.”

10 “SEC. 14. *DISPERSAL OF OWNERSHIP.* - IN
11 ACCORDANCE WITH THE CONSTITUTIONAL PROVISION TO
12 ENCOURAGE PUBLIC PARTICIPATION IN PUBLIC UTILITIES, THE
13 GRANTEE SHALL OFFER AT LEAST THIRTY *PER CENTUM* (30%)
14 OF ITS OUTSTANDING CAPITAL STOCK OR A HIGHER
15 PERCENTAGE THAT MAY HEREAFTER BE PROVIDED BY LAW IN
16 ANY SECURITIES EXCHANGE IN THE PHILIPPINES WITHIN FIVE
17 (5) YEARS FROM THE COMMENCEMENT OF ITS OPERATIONS.”

18 “SEC. 15. *EQUALITY CLAUSE.* - ANY ADVANTAGE,
19 FAVOR, PRIVILEGE, EXEMPTION, OR IMMUNITY GRANTED
20 UNDER EXISTING FRANCHISES FOR TELECOMMUNICATIONS
21 ISSUED PRIOR TO THIS ACT, OR WHICH MAY HEREAFTER BE
22 GRANTED, SHALL *IPSO FACTO* BECOME PART OF THIS
23 FRANCHISE AND SHALL BE ACCORDED IMMEDIATELY AND
24 UNCONDITIONALLY TO THE HEREIN GRANTEE: *PROVIDED,*
25 *HOWEVER,* THAT THE FOREGOING SHALL NEITHER APPLY TO
26 NOR AFFECT PROVISIONS OF TELECOMMUNICATIONS
27 FRANCHISES CONCERNING TERRITORY COVERED BY THE
28 FRANCHISE, THE LIFE SPAN OF THE FRANCHISE OR THE TYPE
29 OF SERVICE AUTHORIZED BY THE FRANCHISE.”

30 “SEC. 16. *REPORTORIAL REQUIREMENT.* - THE
31 GRANTEE SHALL SUBMIT AN ANNUAL REPORT TO THE
32 CONGRESS OF THE PHILIPPINES ON ITS COMPLIANCE WITH

1 THE TERMS AND CONDITIONS OF THE FRANCHISE AND ON ITS
2 OPERATIONS WITHIN SIXTY (60) DAYS FROM THE END OF
3 EVERY YEAR.”

4 “SEC. 17. *SEPARABILITY CLAUSE.* – IF ANY OF THE
5 SECTIONS OR PROVISIONS OF THIS ACT IS HELD INVALID, ALL
6 OTHER PROVISIONS NOT AFFECTED THEREBY SHALL REMAIN
7 VALID.”

8 “SEC. 18. *REPEALABILITY AND NONEXCLUSIVITY*
9 *CLAUSE.* – THIS FRANCHISE SHALL BE SUBJECT TO
10 AMENDMENT, ALTERATION, OR REPEAL BY THE CONGRESS OF
11 THE PHILIPPINES WHEN THE PUBLIC INTEREST SO REQUIRES
12 AND SHALL NOT BE INTERPRETED AS AN EXCLUSIVE GRANT OF
13 THE PRIVILEGES HEREIN PROVIDED FOR.”

14 SEC. 2. *Renewal/Extension of the Term of Franchise* – This franchise
15 shall be for a term of twenty-five (25) years from the date of effectivity of this
16 Act. This franchise shall be deemed *ipso facto* revoked in the event that the
17 grantee fails to operate continuously for two (2) years.

18 SEC. 3. *Acceptance and Compliance* – Acceptance of the amendment
19 and renewal/extension of the franchise shall be given in writing within sixty
20 (60) days from the date of effectivity of this Act.

21 SEC. 4. *Repealing Clause.* – All laws, decrees, orders, resolutions,
22 instructions and rules and regulations or parts thereof, which are inconsistent
23 with this Act, are hereby deemed repealed or modified accordingly.

24 SEC. 5. *Effectivity Clause.* – This Act shall take effect fifteen (15) days
25 from the date of its publication, upon the initiative of the grantee, in at least
26 two (2) newspapers of general circulation in the Philippines.

Approved,

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