

SIXTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Third Regular Session )



15 NOV 25 P12:21

SENATE

RECEIVED BY: 

COMMITTEE REPORT NO. 300

Submitted by the Committee on Public Services on NOV 25 2015

RE : H. B. No. 5154

Recommending its approval without amendment.

Sponsor : Senator Osmeña, III

MR. PRESIDENT:

The Senate Committee on Public Services to which was referred H. B. No. 5154, introduced by Representatives Robes, Teodoro and Aggabao, entitled:

"AN ACT  
GRANTING THE PIPOL BROADBAND AND  
TELECOMMUNICATIONS CORPORATION A FRANCHISE  
TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND  
MAINTAIN TELECOMMUNICATIONS SYSTEMS  
THROUGHOUT THE PHILIPPINES."

has considered the same and has the honor to report it back to the Senate with the recommendation that the attached H. B. No. 5154 be approved without amendment.

Respectfully submitted:

  
RAMON BONG REVILLA, JR.  
Chairperson

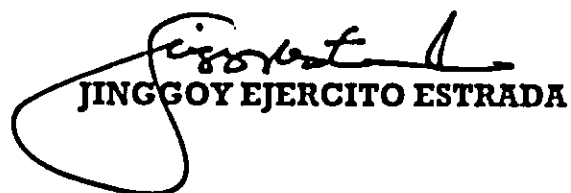
  
SERGIO R. OSMEÑA, III  
Acting Chairperson

**MEMBERS:**

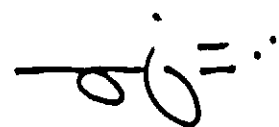


**SONNY M. ANGARA**

**PIA S. CAYETANO**



**JINGGOY EJERCITO ESTRADA**



**JOSEPH VICTOR G. EJERCITO**

**GREGORIO B. HONASAN, II**

**TEOFISTO "TG" L. GUINGONA III**



**GRACE POE**

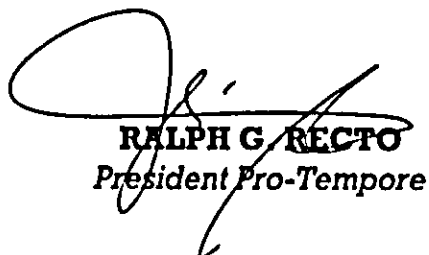


**ANTONIO F. TRILLANES, IV**

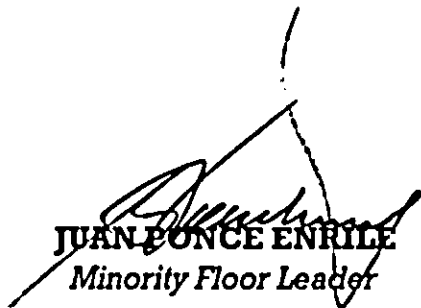


**CYNTHIA A. VILLAR**

**EX-OFFICIO MEMBERS:**



**RALPH G. RECTO**  
*President Pro-Tempore*



**JUAN PONCE ENRILE**  
*Minority Floor Leader*

**ALAN PETER S. CAYETANO**  
*Majority Floor Leader*

**FRANKLIN M. DRILON**  
*Senate President*  
*Pasay City*



HOUSE OF REPRESENTATIVES

H. No. 5154

---

BY REPRESENTATIVES ROBES, TEODORO AND AGGABAO

---

AN ACT GRANTING THE PIPOL BROADBAND AND TELECOMMUNICATIONS CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT THE PHILIPPINES

*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  
2 of the 1987 Philippine Constitution and applicable laws, rules and regulations,  
3 there is hereby granted to Pipol Broadband and Telecommunications  
4 Corporation, hereunder referred to as the grantee, its successors or assignees, a  
5 franchise to construct, install, establish, operate, and maintain for commercial  
6 purposes and in the public interest, throughout the Philippines and between the  
7 Philippines and other countries and territories, wire and/or wireless  
8 telecommunications systems including, but not limited to, mobile cellular,  
9 paging, fiber optics, satellite transmit and receive systems, switches, and their  
10 value-added services such as, but not limited to, transmission of voice, data,

1 facsimile, control signs, audio and video, information services, and all other  
2 telecommunications systems technologies as are at present available or will be  
3 made available through technological advances or innovations in the future;  
4 and/or construct, acquire, lease, and operate or manage transmitting and  
5 receiving stations, lines, cables, or systems as are convenient or essential to  
6 efficiently carry out the purpose of this franchise.

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

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

1            *SEC. 4. Excavation and Restoration Works.* - For the purpose of  
2 erecting and maintaining poles or other supports for the said wires or other  
3 conductors for the purpose of laying and maintaining underground wires,  
4 cables, or other conductors, it shall be lawful for the grantee, its successors or  
5 assignees, with the prior approval of the Department of Public Works and  
6 Highways (DPWH) or the local government unit (LGU) concerned, as may be  
7 appropriate, to make excavations or lay conduits in any of the public places,  
8 roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of said  
9 provinces, cities and/or municipalities: *Provided, however,* That a public place,  
10 road, highway, street, lane, alley, avenue, sidewalk or bridge disturbed, altered,  
11 or changed by reason of erection of poles or other supports or the underground  
12 laying of wires, other conductors, or conduits shall be repaired and replaced in  
13 workmanlike manner by the grantee, its successors or assignees, in accordance  
14 with the standards set by the DPWH or the LGU concerned. Should the  
15 grantee, its successors or assignees, after the ten (10)-day notice from the said  
16 authority, fail, refuse or neglect to repair or replace any part of public place,  
17 road, highway, street, lane, alley, avenue, sidewalk or bridge altered, changed  
18 or disturbed by the said grantee, its successors or assignees, then the DPWH or  
19 the LGU concerned shall have the right to have the same repaired and placed in  
20 good order and condition at double expense to be charged against the grantee,  
21 its successors or assignees.

22            *SEC. 5. Responsibility to the Public.* - The grantee shall conform to  
23 the ethics of honest enterprise and not use its stations or facilities for obscene  
24 or indecent transmission, or for dissemination of deliberately false information,  
25 or willful misrepresentation, or assist in subversive or treasonable acts.

26            The grantee shall provide basic or enhanced telephone service in any  
27 city and/or municipality in the Philippines where it has an approved Certificate  
28 of Public Convenience and Necessity for the establishment, operation and

1 maintenance of a local exchange service, without discrimination to any  
2 applicant therefor, in the order of the date of their applications, up to the limit  
3 of the capacity of its local telephone exchange and, should the demand for the  
4 telephone service at any time increase beyond the capacity thereof, the grantee  
5 shall increase the same to meet such demand: *Provided*, That in case the total  
6 demand to be satisfied by the expansion is less than the smallest viable local  
7 exchange available in the market as determined by the NTC, the grantee shall  
8 not be obliged to furnish such service unless the applicant for telephone service  
9 defrays the actual expenses for the installation of the telecommunications  
10 apparatus necessary for such services and in such case, the NTC may extend  
11 the time within which the grantee shall furnish such service.

12 The grantee shall operate and maintain all its stations, lines, cables,  
13 systems, and equipment for the transmission and reception of messages,  
14 signals, and pulses in a satisfactory manner at all times and, as far as  
15 economical and practicable, modify, improve, or change such stations, lines,  
16 cables, systems, and equipment to keep abreast with the advances in science  
17 and technology.

18 *SEC. 6. Rates for Services.* - The charges and rates for  
19 telecommunications services of the grantee, except the rates and charges on  
20 those that may hereafter be declared or considered as nonregulated services,  
21 whether flat rates or measured rates or variation thereof, shall be subject to the  
22 approval of the NTC or its legal successor. The rates to be charged by the  
23 grantee shall be unbundled, separable, and distinct among the services offered  
24 and shall be determined in such a manner that regulated services do not  
25 subsidize the unregulated ones.

26 *SEC. 7. Right of Government.* - A special right is hereby reserved to  
27 the President of the Philippines, in times of war, rebellion, public peril,  
28 calamity, emergency, disaster or disturbance of peace and order: to temporarily

1 take over and operate the stations, transmitters, facilities, or equipment of the  
2 grantee; to temporarily suspend the operation of any station, transmitter,  
3 facility, or equipment in the interest of public safety, security and public  
4 welfare; or to authorize the temporary use and operation thereof by any agency  
5 of the government, upon due compensation to the grantee, for the use of the  
6 stations, transmitters, facilities, or equipment during the period when these  
7 shall be so operated.

8 The radio spectrum is a finite resource that is part of the national  
9 patrimony and the use thereof is a privilege conferred upon the grantee by the  
10 State and may be withdrawn anytime after due process.

11 **SEC. 8. Term of Franchise.** - This franchise shall be in effect for a  
12 period of twenty-five (25) years from the date of effectivity of this Act, unless  
13 sooner cancelled. This franchise shall be deemed *ipso facto* revoked in the  
14 event the grantee fails to comply with any of the following conditions:

15 (a) Commence operations within one (1) year from the approval of its  
16 operating permit by the NTC;

17 (b) Commence operations within three (3) years from the effectivity of  
18 this Act; and

19 (c) Operate continuously for two (2) years.

20 **SEC. 9. Acceptance and Compliance.** - Acceptance of this franchise  
21 shall be given in writing to the Congress of the Philippines, through the  
22 Committee on Legislative Franchises of the House of Representatives and the  
23 Committee on Public Services of the Senate, within sixty (60) days from the  
24 effectivity of this Act. Upon giving such acceptance, the grantee shall exercise  
25 the privileges granted under this Act. Nonacceptance shall render the franchise  
26 void.

1           **SEC. 10. Bond.** – The grantee shall file a bond with the NTC in the  
2 amount that it shall determine to guarantee compliance with and fulfillment of  
3 the conditions under which this franchise is granted. If, after three (3) years  
4 from the date of the approval of its permit by the NTC, the grantee shall have  
5 fulfilled the conditions, the bond shall be cancelled by the NTC. Otherwise,  
6 the bond shall be forfeited in favor of the government and the franchise *ipso*  
7 *facto* revoked.

8           **SEC. 11. Right of Interconnection.** – The grantee is hereby authorized  
9 to connect or demand connection of its telecommunications systems to other  
10 telecommunications systems installed, operated and maintained by any other  
11 duly authorized person or entity in the Philippines for the purpose of providing  
12 extended and improved telecommunications services to the public, under such  
13 terms and conditions mutually agreed upon by the parties concerned and the  
14 same shall be subject to the review and modification of the NTC.

15           **SEC. 12. Gross Receipts.** – The grantee, its successors or assignees.  
16 shall keep a separate account of the gross receipts of the business transacted by  
17 it and shall furnish the Commission on Audit (COA) and the National Treasury  
18 a copy of such account not later than the thirty-first (31<sup>st</sup>) day of January of  
19 each year for the preceding twelve (12) months.

20           **SEC. 13. Books and Accounts.** – The books and accounts of the  
21 grantee, its successor or assignees, shall always be open to the inspection of the  
22 COA and its duly authorized representatives. It shall be the duty of the grantee  
23 to submit to the COA two (2) copies of the quarterly reports on the gross  
24 receipts, the net profits, and the general condition of the business.

25           **SEC. 14. Warranty in Favor of the National and Local Governments.** –  
26 The grantee shall hold the national, provincial, city and municipal governments  
27 of the Philippines free from all claims, accounts, demands, or



1 actions arising out of accidents or injuries, whether to property or to persons,  
2 caused by the construction or operation of the stations, transmitters, facilities,  
3 or equipment of the grantee.

4 SEC. 15. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise* -

5 The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this  
6 franchise or the rights and privileges acquired thereunder to any person, firm,  
7 company, corporation, or other commercial or legal entity, nor merge with any  
8 other corporation or entity, nor shall transfer the controlling interest of the  
9 grantee, whether as a whole or in parts, and whether simultaneously or  
10 contemporaneously, to any such person, firm, company, corporation, or entity  
11 without the prior approval of the Congress of the Philippines: *Provided*, That  
12 Congress shall be informed of any sale, lease, transfer, grant of usufruct, or  
13 assignment of franchise or the rights or privileges acquired thereunder, or of  
14 the merger, or transfer of controlling interest of the grantee, within sixty (60)  
15 days after the completion of the said transaction: *Provided, further*, That failure  
16 to report to Congress such change of ownership shall render the franchise *ipso*  
17 *facto* revoked: *Provided, finally*, That any person or entity to which this  
18 franchise is sold, transferred, or assigned shall be subject to the same  
19 conditions, terms, restrictions, and limitations of this Act.

20 SEC. 16. *Dispersal of Ownership*. - In accordance with the  
21 constitutional provision to encourage public participation in public utilities, the  
22 grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher  
23 percentage that may hereafter be provided by law of its outstanding capital  
24 stock in any securities exchange in the Philippines within five (5) years from  
25 the commencement of its operations: *Provided*, That in cases where public  
26 offer of shares is not applicable, establishment of cooperatives and other  
27 methods of encouraging public participation by citizens and corporations

1 operating public utilities must be implemented. Noncompliance therewith shall  
2 render the franchise *ipso facto* revoked.

3       **SEC. 17. Reportorial Requirement.** – The grantee shall submit an  
4 annual report to the Congress of the Philippines, through the Committee on  
5 Legislative Franchises of the House of Representatives and the Committee on  
6 Public Services of the Senate, on its compliance with the terms and conditions  
7 of the franchise and on its operations on or before April 30 of every year during  
8 the term of the franchise. The reportorial compliance certificate issued by  
9 Congress shall be required before any application for permit or certificate is  
10 accepted by the NTC.

11       **SEC. 18. Penalty Clause.** – Failure to submit the requisite annual  
12 report to Congress shall be penalized with a fine of five hundred pesos  
13 (P500.00) per working day of noncompliance. The fine shall be collected by  
14 the NTC from the delinquent franchise grantee separate from the reportorial  
15 penalties imposed by the NTC. All proceeds from said fines or penalties shall  
16 accrue to the monitoring fund of the NTC in line with its supervisory and  
17 regulatory functions.

18       **SEC. 19. Equality Clause.** – Any advantage, favor, privilege,  
19 exemption, or immunity granted under other existing franchise, or which may  
20 hereafter be granted, upon prior review and approval of Congress, shall  
21 become part of this franchise and shall be accorded immediately and  
22 unconditionally to the herein grantee: *Provided, however,* That the foregoing  
23 shall neither apply to nor affect provisions of telecommunications franchises  
24 concerning territory covered by the franchise, the life span of the franchise or  
25 the type of service authorized by the franchise.

26       **SEC. 20. Separability Clause.** – If any of the sections or provisions of  
27 this Act is held invalid, all other provisions not affected thereby shall remain  
28 valid.

1           SEC. 21. *Repealability and Nonexclusivity Clause.* – This franchise  
2 shall be subject to amendment, alteration, or repeal by the Congress of the  
3 Philippines when the public interest so requires and shall not be interpreted as  
4 an exclusive grant of the privilege herein provided for.

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

Approved,

0