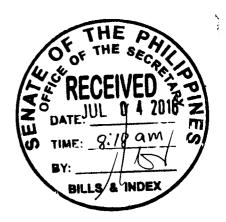
SEVENTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES First Regular Session

SENATE

S. B. No. 227



Introduced by Senator FRANKLIN M. DRILON

AN ACT ESTABLISHING TELECOMMUNICATIONS SERVICE STANDARDS

EXPLANATORY NOTE

The past decade has witnessed the accelerated pace at which technological advances in the telecommunications sector unfold, consequently transforming the face of our economy. The prominence of this industry's role in a country's financial position has been confirmed by numerous research outputs and supported by strong empirical data. Such conclusion is anchored on the premise that mobile telephone usage generates a positive impact on workers productivity, which in turn impacts business productivity through routes such as improved information flows on prices, quantities and quality; reduced travel time and costs; improved efficiency of mobile workers; improved job search and promotion of entrepreneurialism.¹

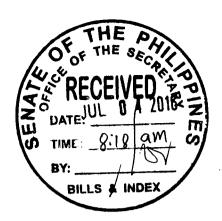
In the Philippines, gains in productivity that other sectors have been experiencing due to the development in the telecommunications sector collectively pushed our economy to new heights. Thus, this bill seeks to maximize such yields through policies that would foster competition and efficiency in the telecommunications sector. In particular, the proposed measure aims to establish minimum standards of service and performance to govern players in the telecommunications service market. We acknowledge that in the previous Congress, Senator Sergio R. Osmeña III filed this proposed measure.

Hence, the immediate passage of this bill is earnestly sought.

RANKLIN M. DRILON Senator

¹ "What is the impact of mobile telephony on economic growth?" by Deloitte LLP, published in GSM Association Report. November 2012.

SENATE S. B. No. 227



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AN ACT ESTABLISHING TELECOMMUNICATIONS SERVICE STANDARDS

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

CENEDAL DROMETONS

_	GENERAL I ROVISIONS
2	SECTION 1. Short Title - This Act shall be known as the "Telecommunications
3	Service Standards Act".

Service Standards Act".

SEC. 2. Declaration of Policy. -- It shall be the policy of the State to ensure that the public shall have the right to acquire access to basic telephone service of

6 reasonable quality and cost.

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SEC. 3. Scope and Application - This Act shall apply to all telecommunication utilities operating in the Philippines and which are under the jurisdiction of the National Telecommunications Commission, hereinafter referred to as the "Commission".

SEC. 4. *Definitions*. - For the purposes of this Act, the following definitions shall be used:

- (a) "Application" a request made in writing, for telecommunications service, including requests for changes in existing service.
- (b) "Base Rate Area" a specific area within any exchange service area as set forth in the telecommunication utilities' tariffs, maps or descriptions, where local exchange service between two terminals within this area is furnished at uniform rates without extra mileage charge.
 - (c) "Business Service" telecommunications service provided a customer where the use is primarily or substantially of a business, professional,

institutional or otherwise occupational in nature, as distinguished from personal or residential.

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- (d) "Busy Hour" any hour in a day during which the greatest volume of traffic is handled by a local exchange.
- (e) "Calls" the attempts of a customer to dial another legitimate telephone number.
- (f) "Central Office" an independent switching unit which may provide up to ten thousand (10,000) access lines in a telecommunications system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting customer lines and trunks only. There may be more than one central office in a building.
- (g) "Channel" an electrical circuit for telecommunications between two or more stations or central offices, or path for telecommunications between two or more customers or central offices, furnished in such a manner as the telecommunications utility may elect, whether by wire, radio or a combination thereof, and whether or not by a single physical facility or route.
- (h) "Class of Service" a description of telecommunications service furnished a customer which denotes such characteristics as nature of use (business or residential) or type of rate (flat rate, measured rate, or message rate). Classes of service are usually subdivided in "grades", such as individual line, two-party or four-party.
- (i) "Customer" any person, firm, partnership, corporation, municipality, cooperative, organization, governmental agency, etc., provided with telecommunications services by a regulated telecommunications utility.
- (j) "Customer Trouble Report" any oral or written report or inquiry services relating to a physical defect or difficulty or dissatisfaction with the operation of the utility's facilities. For recording purposes, each report shall be considered separate and distinct even though it may duplicate a previous report or merely follows up a previous report or inquiry.

(k) "Direct Distance Dial Service" - long distance service in which the customer dials his or her intended called party outside his local service area without the assistance of an operator.

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- (l) "Exchange" a unit established by a telecommunications utility for the administration of telecommunication services in a specified area for which a separate local rate schedule is provided. It may consist of one or more central offices together with associated plant facilities.
- (m) "Exchange Service Area" the geographical territory served by an exchange, usually embracing a city, town, or barangay and its environs.
- (n) "Flat Rate Service" local telecommunications service furnished at a fixed recurring charge.
- (o) "Grade of Service" the classification of a telecommunications channel in accordance with the number of customers served on the line, such as one-party, two-party, four-party, etc.
- (p) "Held Service Order" an application for establishment or re-grade of service not filled within thirty (30) days after the customer has filed his application, except where the customer requests a later date.
- (q) "Individual Line Service" a classification of exchange service which provides that only one customer shall be served by the channel connecting the customer's service location with the serving central office.
- (r) "Intercept Service" a service arrangement provided by the telecommunications utility whereby calls placed to a disconnected or discontinued telephone number are intercepted and the calling party is informed that the called telephone number has been disconnected, or discontinued, or changed to another number, or that calls are being received by another telephone number, etc.
- (s) "Inter-office" between central offices.
- (t) "Intra-office" within one central office
- (u) "Local Access Line" a facility, totally within an exchange, providing a telecommunications channel between a customer's service location and the serving central office or remote switch.
- (v) "Local Calling Area" the area within which telecommunications service is furnished customers under a specific schedule or exchange rate. A local

calling area may include one or more exchange service areas or portions of exchange areas.

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- (w) "Local Measured Service" a type of local exchange facility to enable a customer to send or receive telecommunications within the local service calling area. This local service calling area may include one or more exchange service areas.
- (x) "Local Service Charge" the charge for furnishing facilities to enable a customer to send or receive telecommunications within the local service calling area. This local service calling area may include one or more exchange service areas.
- (y) "Long Distance Telecommunications Service or Toll Service" telecommunications service rendered by telecommunications utilities which is furnished between customers in different local service areas at measured rates.
- (z) "Measured Rate" usage sensitive charges for telecommunication service which may be based on the number, duration, distance, and time of day/day of week of messages, or any combination thereof.
- (aa) "Message" a completed customer telephone call.
- (bb) "Message Rate Service" a form of local measured service under which all originated local messages are measured and charged for, based solely on the number of messages used during the billing period.
- (cc) "Out of Service" when there exists a total lack of either incoming or outgoing telecommunications capability.
- (dd) "Outside Plant" the telecommunications equipment and facilities installed on, along, over or under streets, alleys, highways or on private rights-of-way between the central office and customer's locations or between central offices.
- (ee) "Party Line Service" a grade of local exchange service which provides for a number of customers to be served by the same central office channel.
- (ff) "Primary Service Order" an application for voice grade telecommunications service to be provided at a customer location which does not have telecommunications service.

(gg) "Private Line" - a channel provided to furnish telecommunications service between two or more customer locations and not having connection with central office switching apparatus.

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- (hh) "Public Telephone Service" an individual line service equipped with a coin collecting telephone instrument installed by a telecommunications utility for the usage of the general public in locations where the general public has access to the telephones.
- (ii) "Regrade" an application for a different class and/or grade of service.
- (jj) "Remote Switch" a switching unit in a telecommunications system which is completely dependent upon a central office for certain operational functions and for calling outside of its own serving area.
- (kk) "Tariff' the entire body or schedule of rates, tolls, rentals, charges, classifications and rules approved by the Commission for any authorized telecommunications utility.
- (ll) "Toll Connecting Trunks" a general classification of channels carrying toll traffic and ordinarily extending between a local central office and a toll office.
- (mm) "Traffic" telecommunications volume, based on number of calls and duration of messages.

RECORDS AND REPORTS

- SEC. 5. Location of Records. All records required under Section 7 and 8 hereof shall be kept within the premises of the utility and made available to the Commission or its duly authorized representatives at any reasonable time upon request.
- SEC. 6. Retention Period for Records. All records required by these rules shall be preserved for a period of five (5) years or any other period as may be specified by the Commission, except where otherwise permitted by the Commission to dispose of certain specific records.
- SEC. 7. Reports. Each telecommunications utility shall maintain records of its operations in sufficient details to permit review of its service performance, and such records shall be made available to the Commission upon request. Each incident which adversely affects telecommunications service to a substantial number of subscribers (the smaller of 25% or 1,000 of the subscribers in the local exchange)

- shall be promptly reported by the utility to the Commission and to the local news
- 2 media.

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- SEC. 8. *Data to be filed with the Commission* Each utility shall file with the Commission the following data:
 - (a) Tariffs
 - (b) Exchange maps
- 7 (c) Accident reports
 - (d) Service report expansion plans

METERING, INSPECTION AND TEST EQUIPMENT

SEC. 9. *Provision for Testing*. - The utility shall ensure timely availability and have access to test facilities which will enable it to determine the operating and transmission capabilities of channels and switching equipment, both for routine maintenance and for fault location.

SEC. 10. *Meter Reading Interval*. - Billing meters shall be read at intervals closely corresponding with the customer's billing periods.

SEC. 11. Meter and Recording Equipment Testing Facilities. - Where local measured service is provided, the utility shall provide the necessary facilities, instruments, and equipment for testing its metering or recording equipment. The overall accuracy of the test equipment and test procedures shall be sufficient to enable tests of meters and recording equipment within the requirements of this Act.

SEC. 12. Meter and Recording Equipment Requirements. - All meters and/or recording devices used to record data and prepare customer's bills shall be in good mechanical and electrical condition, shall be accurately read and shall not involve approximations. All meters and recording devices shall accurately perform the following:

- (a) Message rate service, where timing the length of the message is not involved, the meter and/or recording device shall register the number of completed messages sent by the local access line which it is measuring;
- (b) For local measured and/or toll service where in addition to recording the message it is necessary to time and distance-rate the messages, the recording device shall register the number of messages and the chargeable time involved in each message, applicable distance information, and the local access line originating the message; and

(c) Where the recording equipment provides coded information that is used to automatically prepare customer bills, accurate interpretation of such coded information is required and should be guaranteed. Deliberate misrecording of meter readings to defraud customers shall merit expulsion from utility employment for life, without prejudice to possible suits and claims that aggrieved parties may also file against the telecommunications utility.

SEC. 13. *Initial Tests.* - Every billing meter and/or recording device shall be tested for accuracy when it is released for service.

SEC. 14. As-found Tests - All meters and/or recording devices tested in accordance with this Act for routine maintenance or pursuant to complaints shall be tested in their normal operating locations and wiring modes prior to removal or adjustment.

SEC. 15. Routine Tests. - The telecommunications utility shall perform periodic testing and maintenance of its controlling channel equipment associated with the meters and/or recording devices to assure the integrity of their operation. Periodic testing and maintenance shall also be performed on meters and recording devices to show accuracy in their operation.

SEC. 16. Request Tests. - Upon request of any customer, the telecommunication utility shall make a test of any meter and/or recording device related to the billing in question. Such request should not be honored more often than once every three (3) months unless unusual circumstances exist.

SEC. 17. Referee Tests. - Any customer, by request to the Commission, may have a test of any meter or recording device related to the billing in question, conducted by the telecommunications utility in the presence of a representative of the Commission.

SEC. 18. *Test Records*. - A record of all meter and/or recording equipment tests and adjustments and data sufficient to allow checking of the results shall be recorded. Such record shall include the identifying number of the meter and/or recording device, its type, the date and kind of test and the result of each test.

CUSTOMER RELATIONS

SEC. 19. Rate and Special Charges Information. - Upon the request of any customer or applicant, the telecommunications utility shall provide an explanation of

the rates, charges and provisions applicable to the service furnished or available to such customer or applicant, and shall provide any information and assistance necessary to enable them to obtain the most economical telecommunications service conforming to their stated needs. Applicants for residential telephone service shall be advised as to alternate service available to meet their stated communications requirements. This information may include printed explanations of the alternate services and rates. Correspondingly, the utility shall notify residential customers of any service connection charge to be applied to their bills prior to undertaking any action and shall provide an estimate of the initial billing for basic monthly service (including fractional monthly amounts) plus any other applicable charges.

SEC. 20. Estimate of Special Charges. - The customer shall be provided with an estimate of the charges where special charges not specifically set forth in a telecommunications utility's tariff are levied on the basis of actual cost for such items as extraordinary construction, maintenance, or replacement costs or expenses, overtime work at the customer's request and special installations, equipment and assemblies.

SEC. 21. Business Offices. - Business offices shall be staffed to provide customers and others with convenient access to qualified personnel, including supervisory personnel where warranted, to provide information relating to services and rates, accept and process applications for service, explain charges on customer's bills, adjust charges made in error and to generally act as representatives of the telecommunications utility. Qualified personnel shall be instructed to be courteous, considerate, efficient and be available to promptly serve whose who contact the business office.

SEC. 22. Customer Billing. - Bills to customers shall be typed or machine printed, rendered regularly, and shall contain a listing of all charges and the period of time covered by the billing. The local service charges may be shown as a single item even though they include service options for which a monthly flat charge is made. Toll charges, if applicable, shall be itemized and included with the local service bills.

In the event of a dispute between the customer and the telecommunications utility on any bill, the utility may require the customer to pay the uncontested portion of the bill to avoid discontinuance of service for

- 1 nonpayment. The telecommunications utility shall make such investigation as may
- 2 be appropriate to the particular case, and report the result thereof to the customer.
- 3 In the event the dispute is not reconciled, the utility shall advise the customer that
- 4 the customer may make an application to the Commission for review and disposition
- 5 of the matter.

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In the event the customer's service is interrupted otherwise than by the negligence or willful act of the customer and it remains out of order for more than twenty-four (24) hours after being reported or found to be out of order, appropriate adjustments shall be automatically made to the customer. For the purpose of administering this requirement, every month is considered to have thirty (30) days.

SEC. 23. *Public Information*. - Access to the following information shall be made available at every business office open to the public upon request:

- (a) Copies of the latest schedule of approved tariffs by the Commission for the utility.
- (b) Maps showing exchange, base rate area and zone (if applicable) boundaries in sufficient size and detail from which all customer locations can be determined and mileage and/or zone charges quoted.
- (c) Publicly announced information as to the present and intended future availability of specific classes of service at an applicant's location.
- (d) Publicly announced information concerning plan for major service changes in the areas served by the business office.
- (e) Information pertaining to services and rates as proposed in pending tariff or rate change filings.

SEC. 24. *Past Due Bill.* - A telecommunications utility shall not consider a customers' bill past due unless it remains unpaid for a period of twenty-five (25) calendar days after the billing date printed on the bill.

SEC. 25. Denial or Discontinuance of Service. — Unless otherwise stated, the customer shall be notified and allowed a reasonable time in which to comply with the rules before service is discontinued. However, service may be refused or discontinued for any of the following reasons:

(a) Without notice, in the event of customer use of telecommunications equipment in such a manner as to adversely affect the

telecommunications utility's equipment, the utility's service to others, or the safety of the utility's employees or customers;

- (b) Without notice, in the event of unauthorized tampering with any facilities or equipment furnished and owned by the utility;
- (c) For violation of, or noncompliance with, the Commission's regulations governing use of services supplied by telecommunication utilities, or for violation of or noncompliance with the utility's rules or tariffs on file with the Commission;
- (d) For failure to comply with municipal ordinance or other laws pertaining to use of telecommunications service;
- (e) For failure of the customer to permit the utility reasonable access to its facilities or equipment;
- (f) For nonpayment of any amount past due for service and not in *bona fide* dispute; and
- (g) For failure to satisfy deposit or credit requirements for initial or additional service.
- SEC. 26. Insufficient Reasons for Denying or Discontinuing Service. The following shall not constitute sufficient cause for denying or discontinuing service to a present or prospective customer:
 - (a) Delinquency in payment by previous occupant at the premises to be served other than a member of the same household;
 - (b) Failure to pay for business service at a different location and a different telephone number;
 - (c) Failure to pay for any amount in *bona fide* dispute before the Commission.
- SEC. 27. *Complaints and Appeals*. The telecommunications utility shall fully and promptly investigate and respond to all complaints made by its applicants or customers either directly to it or through the Commission. When requested by the Commission or a Commission representative, the utility shall report the results of its complaint-related investigation.
- The telecommunications utility shall direct its personnel engaged in initial contact with an applicant or customer in which dissatisfaction with the decision or explanation of such personnel is expressed, to inform the customer of their right to

1 have the problem considered and acted upon by supervisory personnel of the

2 telephone utility. The utility shall further direct such supervisory personnel to

3 provide the name, address, and telephone number of the appropriate office of the

Commission to be contacted for further review of an unresolved problem.

DIRECTORIES

SEC. 28. *Publication of Directories*. - Telephone directories shall be published at regular intervals, listing the names, addresses and telephone numbers of all customers, except public telephones and telephone service unlisted at the customer's request.

The telecommunications utility shall list its customers (except those requesting otherwise) with the directory assistance operator within 72 hours of service connection.

Upon issuance, a copy of each directory shall be distributed free of charge to all customers in the local service area served by that directory and a copy of each directory shall be furnished to the Commission.

SEC. 29. Features of the Directory. - The name of the telecommunications utility, an indication of the area included in the directory and the month and year of issue shall appear on the front cover. Information pertaining to the emergency calls such as for police and fire departments shall appear conspicuously in the front part of the directory.

The directory shall contain instructions concerning placing local and long distance calls, calls to repair and directory assistance services, and locations and telephone numbers of telecommunications utility business offices as may be appropriate to the area served by the directory. Likewise, the directory shall contain in a prominent manner in the instructional section, notice of the Commission's address and telephone number and the customer's right to bring complaints and inquiries regarding telecommunications service to the Commission.

SEC. 30. Changes in Listing. - Whenever a telephone number is changed after a directory is published, the utility shall intercept all calls to the former number for a reasonable period of time, and give the calling party the new number, provided existing central office equipment will permit, unless the customer directs otherwise. When additions or changes in plant or changes to any other telecommunications utility operations necessitate changing telephone numbers to a group of customers,

reasonable notice shall be given to all customers so affected even though the addition or changes may be coincident with a directory issue.

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QUALITY OF SERVICE

SEC. 31. General. - Each telecommunications utility shall provide telecommunications service to the public in its service area in accordance with its tariffs on file with the Commission. The telecommunications utility shall employ prudent management and engineering practices, including but not limited to, the employment of reliable procedures for forecasting future demand for service, conducting studies, and maintaining records to the end that reasonable margins of facilities and adequate personnel are available with the objective that service will meet the quality standards described herein.

SEC. 32. *Traffic Studies*. - Each telecommunications utility shall make traffic studies and maintain records as required to determine that sufficient equipment and adequate operating force are provided at all times including the average busy hour, busy season.

SEC. 33. *Public Telephones*. - In each exchange area the telecommunications utility shall provide at least one coin operated telephone available to the public at all hours, prominently located and lighted at night. All public telephones shall be properly maintained and equipped with dialing instructions, a directory, local call price information and appropriate emergency telephone numbers.

SEC. 34. Service Objectives and Surveillance Levels. – Under this Act, telecommunications utilities are required to meet the following service objectives. It also requires the Commission to set certain surveillance levels that need to be met by the telecommunications utility, such that these will direct the utility to investigate, take appropriate corrective action, and provide a report of such activities to the Commission.

Each telecommunications utility shall make regular, periodic measurements to determine the level of service for each item included in this law. Each utility shall provide the Commission or its representatives with the measurements and summaries thereof for any of the items included herein on the request of the Commission or its representatives.

(a) Installation of Service

(1) Primary Service - All applications shall be served not later than sixty (60) calendar days after date of application. In accordance with the utility's approved construction schedule but not later than two (2) years after the approval of this Act, ninety percent (90%) of the utility's primary service order installations shall be completed within the first thirty (30) calendar days after date of application. The intervals commence with the receipt of application unless a later date is requested by the applicant.

- (2) Non-primary service. After application against deposit, all non-primary service orders shall be filled within six (6) months, with ninety percent (90%) of these service orders filled not later than sixty (60) calendar days, after date of application except where the customer formally requests a later date. In the event that the utility is unable to fill such an order, the customer will be advised and furnished the date when it will be available.
- (b) Operator-Handled Calls. All operator-handled calls shall be supervised. Calls requiring timing shall be carefully and accurately timed. Each telecommunications utility shall have adequately trained personnel in sufficient numbers to provide an average "operatoranswering" performance on a monthly basis, as follows-
 - (1) Ninety percent (90%) of toll and assistance operator calls answered within ten (10) seconds of completed attempt.
 - (2) Ninety percent (90%) of repair service calls, calls to business office and other calls shall be answered within twenty (20) seconds of completed attempt. An "answer" shall mean that the operator or telecommunications utility representative is ready to render assistance and/or ready to accept information necessary to process the call, mere acknowledgement that puts the customer on hold or has been waiting on the line shall not constitute an "answer", until the message of the call is actually and properly received, processed or serviced.

(c) Local Dial Service. - Sufficient central office and interoffice channel capacity and equipment shall be provided to meet the following requirements during the average busy season, busy hour:

- (1) Dial tone within three (30) seconds on ninety-five percent (95%) of attempted calls and within five (5) seconds on all attempted calls.
- (2) Proper connection of ninety-five percent (95%) of correctly dialed interoffice calls.
- (3) Proper completion of ninety-five percent (95%) of correctly dialed interoffice local calls.
- (4) Direct Distance Dial (DDD) Service. Engineering and maintenance of the trunk and related switching components in the intertoll network shall be such as to at least achieve the following objectives on properly-dialed calls, during the average busy season, without encountering blockages or equipment irregularities.
 - (i) successful connection of ninety-seven percent (97%) of outgoing DDD calls made by customers (outgoing trunks.)
 - (ii) successful connection of ninety-seven percent (97%) of incoming DDD calls received by customers (incoming trunks).
- (d) Customer Trouble Report. Service shall be maintained in such a manner that the monthly frequency of all customer trouble reports, excluding reports concerning non-regulated customer premises equipment, does not exceed ten (10) per one hundred (100) local access lines per month per exchange. For the purpose of administering this requirement, each party line shall be considered to have one local access line.
- (e) Transmission Requirements. All channel facilities shall meet the generally accepted international design standards and shall conform to the transmission design factors required for meeting service objectives to be set by the Commission and the objectives of direct distance dialing.

SEC. 35. *Penalties and Fines*. -The Commission shall impose the following penalties and fines, after due hearing, on each utility company which fails to comply with service standards as required in this Act:

- (a) For every application in which the utility company fails to provide service as called for in Section 34(a), a penalty of Five Thousand Pesos (P5,000.00) or twice the amount of the subscriber's deposit, whichever is higher, shall be imposed and the utility shall render free basic charge for every full month of delay in provision of the service applied for;
- (b) For every case in which the utility fails to meet the service objectives as called for in Section 34(b), to (e) above, a penalty of One Thousand Pesos (P1,000.00) shall be levied. The Commission shall establish other penalties and/or fines that it deems appropriate and necessary for the effective provision of quality service.

SEC. 36. *Implementing Authority*. - The Commission shall issue such rules and regulations as may be necessary for the economical, efficient and effective implementation of this Act. For the purposes of monitoring compliance with the requirements of the Act, the Commission shall require a monthly reporting of service performance.

SEC. 37. Separability Clause. - If any provision of this Act is declared unconstitutional or invalid, such parts or portions not affected thereby shall remain in full force and effect.

SEC. 38. *Repealing Clause*. - All laws, decrees, executive orders, rules and regulations, or parts hereof inconsistent with the provision of this Act are hereby repealed, amended or modified accordingly.

SEC. 39. *Effectivity*. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation, whichever comes earlier.

Approved,