

(AS AMENDED BY THE SENATE)

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}

HOUSE OF REPRESENTATIVES

H. No. 5557

BY REPRESENTATIVES OAMINAL, ALVAREZ (F.) AND MARCOLETA, PER
COMMITTEE REPORT NO. 208

AN ACT GRANTING IGNITE TELECOMMUNICATIONS,
INCORPORATED 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
2 provisions of the Constitution and applicable laws, rules and regulations, there
3 is hereby granted to Ignite Telecommunications, Incorporated, hereunder
4 referred to as the grantee, its successors or assignees, a franchise to construct,
5 install, establish, operate, and maintain for commercial purposes and in the
6 public interest, in the Philippines and between the Philippines and other
7 countries and territories, wire and/or wireless telecommunications systems
8 including mobile cellular, copper, fiber optics, satellite transmit and receive
9 systems, switches, and their value-added services such as the transmission of
10 voice, data, facsimile, control signs, audio and video, information services and
11 all other telecommunications systems technologies as are at present available
12 or will be made available through technological advances or innovations in the

1 future; and/or construct, acquire, lease and operate, or manage transmitting
2 and receiving stations, lines, cables, or systems as are convenient or essential
3 to efficiently carry out the purpose of this franchise.

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

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

25 SEC. 4. *Excavation and Restoration Works.* – For the purpose of
26 erecting and maintaining poles or other supports for said wires or other
27 conductors for the purpose of laying and maintaining underground wires,
28 cables, or other conductors, it shall be lawful for the grantee, its successors or
29 assignees, with the prior approval of the Department of Public Works and

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

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

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

SEC. 6. *Rates for Services.* – The charges and rates for telecommunications services of the grantee, except the rates and charges on

1 those that may hereafter be declared or considered as nonregulated services,
2 whether flat rates or measured rates or variation thereof, shall be subject to the
3 approval of the NTC or its legal successor. The rates to be charged by the
4 grantee shall be unbundled, separable, and distinct among the services offered
5 and shall be determined in such a manner that regulated services do not
6 subsidize the unregulated ones.

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

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

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

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

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

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

1 SEC. 9. *Acceptance and Compliance.* – Acceptance of this franchise
2 shall be given in writing to the Congress of the Philippines, through the
3 Committee on Legislative Franchises of the House of Representatives and
4 the Committee on Public Services of the Senate, within sixty (60) days from
5 the effectivity of this Act. Upon giving such acceptance, the grantee shall
6 exercise the privileges granted under this Act. Nonacceptance shall render the
7 franchise void.

8 SEC. 10. *COMMITMENT TO PROVIDE AND PROMOTE THE*
9 *CREATION OF EMPLOYMENT OPPORTUNITIES.* – THE
10 GRANTEE SHALL CREATE EMPLOYMENT OPPORTUNITIES
11 AND SHALL ALLOW ON-THE-JOB TRAININGS IN THEIR
12 FRANCHISE OPERATION: *PROVIDED*, THAT PRIORITY SHALL
13 BE ACCORDED TO THE RESIDENTS IN AREA WHERE THEIR
14 PRINCIPAL OFFICE IS LOCATED: *PROVIDED, FURTHER*, THAT
15 THE GRANTEE SHALL FOLLOW THE APPLICABLE LABOR
16 STANDARDS AND ALLOWANCE ENTITLEMENT UNDER
17 EXISTING LABOR LAWS, RULES AND REGULATIONS AND
18 SIMILAR ISSUANCES: *PROVIDED, FINALLY*, THAT THE
19 EMPLOYMENT OPPORTUNITIES OR JOBS CREATED SHALL
20 BE REFLECTED IN THE GENERAL INFORMATION SHEET (GIS)
21 TO BE SUBMITTED TO SECURITIES AND EXCHANGE
22 COMMISSION ANNUALLY.

23 SEC. [10] 11. *Bond.* – The grantee shall file a bond with the NTC in
24 the amount that it shall determine to guarantee compliance with and
25 fulfillment of the conditions under which this franchise is granted. If, after
26 three (3) years from the date of the approval of its permit by the NTC, the
27 grantee shall have fulfilled the conditions, the bond shall be cancelled by the

1 NTC. Otherwise, the bond shall be forfeited in favor of the government and
2 the franchise *ipso facto* revoked.

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

11 SEC. [12] 13. *Gross Receipts.* – The grantee, its successors or assignees,
12 shall keep a separate account of the gross receipts of the business transacted by
13 it and shall furnish the Commission on Audit (COA) and the National
14 Treasury a copy of such account not later than the thirty-first (31st) day of
15 January of each year for the preceding twelve (12) months.

16 SEC. [13] 14. *Books and Accounts.* – The books and accounts of the
17 grantee, its successors or assignees, shall always be open to the inspection of
18 the COA and its duly authorized representatives. It shall be the duty of the
19 grantee to submit to the COA two (2) copies of the quarterly reports on the
20 gross receipts, the net profits, and the general condition of the business.

21 SEC. [14] 15. *Warranty in Favor of the National and Local Governments.*
22 – The grantee shall hold the national, provincial, city, and municipal
23 governments of the Philippines free from all claims, liabilities, accounts,
24 demands, or actions arising out of accidents causing injury to persons or
25 damage to properties, during the construction or operation of the stations,
26 transmitters, facilities, or equipment of the grantee.

27 SEC. [15] 16. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.*
28 – The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign

1 this franchise or the rights and privileges acquired thereunder to any person,
2 firm, company, corporation or other commercial or legal entity, nor merge
3 with any other corporation or entity, nor shall transfer the controlling interest
4 of the grantee, [whether as a whole or in parts, and whether] simultaneously or
5 contemporaneously, to any such person, firm, company, corporation, or entity
6 without the prior approval of the Congress of the Philippines.

7 CONGRESS SHALL BE INFORMED OF ANY SALE,
8 LEASE, TRANSFER, GRANT OF USUFRUCT, OR ASSIGNMENT
9 OF FRANCHISE OR THE RIGHTS AND PRIVILEGES ACQUIRED
10 THEREUNDER, OR OF THE MERGER OR TRANSFER OF THE
11 CONTROLLING INTEREST OF THE GRANTEE, WITHIN SIXTY
12 (60) DAYS AFTER THE COMPLETION OF THE SAID
13 TRANSACTION. FAILURE TO REPORT TO CONGRESS SUCH
14 CHANGE OF OWNERSHIP SHALL RENDER THE FRANCHISE
15 *IPSO FACTO* REVOKED. ANY PERSON OR ENTITY TO WHICH
16 THIS FRANCHISE IS SOLD, TRANSFERRED OR ASSIGNED
17 SHALL BE SUBJECT TO THE SAME CONDITIONS, TERMS,
18 RESTRICTIONS, AND LIMITATIONS OF THIS ACT.

19 SEC. [16] 17. *Dispersal of Ownership.* – In accordance with the
20 constitutional provision to encourage public participation in public utilities, the
21 grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher
22 percentage that may hereafter be provided by law of its outstanding capital
23 stock in any securities exchange in the Philippines within five (5) years from
24 the commencement of its operations: *Provided,* That in cases where public
25 offer of shares is not applicable, establishment of cooperatives operating
26 public utilities must be implemented. Noncompliance therewith shall render
27 the franchise *ipso facto* revoked.

1 SEC. [17] 18. *Reportorial Requirement.* – The grantee shall submit an
2 annual report to the Congress of the Philippines, through the Committee on
3 Legislative Franchises of the House of Representatives and the Committee on
4 Public Services of the Senate, on its compliance with the terms and conditions
5 of the franchise and on its operations on or before April 30 of every year
6 during the term of its franchise. The reportorial compliance certificate issued
7 by Congress shall be required before any application for permit or certificate is
8 accepted by the NTC.

9 SEC. [18] 19. *Penalty Clause.* – Failure of the grantee to submit the
10 requisite annual report to Congress shall be penalized with a fine of five
11 hundred pesos (P500.00) per working day of noncompliance. The fine shall be
12 collected by the NTC from the delinquent franchise grantee separate from the
13 reportorial penalties imposed by the NTC.

14 SEC. [19] 20. *Equality Clause.* – Except for taxes and customs duties, any
15 advantage, favor, privilege, exemption, or immunity granted under other
16 existing franchises, or which may hereafter be granted, upon prior review and
17 approval of Congress, shall become part of this franchise and shall be accorded
18 immediately and unconditionally to the herein grantee: *Provided,* That
19 the foregoing shall neither apply to nor affect the provisions of
20 telecommunications franchises concerning territory covered by the franchise,
21 the life span of the franchise, or the type of service authorized by the franchise.

22 SEC. [20] 21. *Separability Clause.* – If any of the sections or provisions
23 of this Act is held invalid, all other provisions not affected thereby shall
24 remain valid.

25 SEC. [21] 22. *Repealability and Nonexclusivity Clause.* – This franchise
26 shall be subject to amendment, alteration, or repeal by the Congress of the
27 Philippines when the public interest so requires and shall not be interpreted as
28 an exclusive grant of the privilege herein provided for.

1 SEC. [22] 23. *Repealing Clause.* – All laws, decrees, executive orders,
2 rules and regulations or parts or provisions thereof which are not consistent
3 with this Act are hereby repealed, amended, or modified accordingly.

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

Approved,

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