



HOUSE OF REPRESENTATIVES

H. No. 5559

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BY REPRESENTATIVES LOBREGAT, ALVAREZ (F.) AND MARCOLETA, PER  
COMMITTEE REPORT NO. 210

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AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25)  
YEARS THE FRANCHISE GRANTED TO ERMITA  
ELECTRONICS INCORPORATED, PRESENTLY KNOWN AS  
G. TELECOMS, INC., AMENDING FOR THE PURPOSE  
REPUBLIC ACT NO. 8196, ENTITLED "AN ACT  
GRANTING THE ERMITA ELECTRONICS, INCORPORATED,  
A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH,  
MAINTAIN AND OPERATE RADIO COMMUNICATIONS  
SYSTEMS IN THE PHILIPPINES"

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

1           SECTION 1. Section 1 of Republic Act No. 8196 is hereby amended to  
2 read as follows:

3                   "SECTION 1. *Nature and Scope of Franchise.* – Subject to  
4 the provisions of the Constitution and applicable laws, rules and  
5 regulations ON PUBLIC TELECOMMUNICATIONS, [there is hereby]  
6 THE FRANCHISE granted to Ermita Electronics, Incorporated,  
7 PRESENTLY KNOWN AS G. TELECOMS, INC., hereunder referred to  
8 as the grantee, its successors or [assigns] ASSIGNEES UNDER  
9 REPUBLIC ACT NO. 8196, [a franchise] to construct, establish,

1 install, maintain, and operate for commercial purposes and  
2 in the public interest, IN THE PHILIPPINES AND BETWEEN  
3 THE PHILIPPINES AND OTHER COUNTRIES AND TERRITORIES,  
4 [radio stations for the reception and transmission of messages  
5 in the foreign and domestic public fixed point-to-point, public  
6 base, aeronautical, and land mobile and including coastal  
7 marine service with the corresponding relay stations for  
8 the reception and transmission of wireless messages on  
9 radiotelegraph and/or radiotelephone, radioteletype, radiophoto,  
10 facsimile, advertisements, and such other types of emission  
11 from or to foreign countries and within the Philippines and  
12 with vessels at sea and aircrafts over the air, irrespective of  
13 whether such vessels and aircrafts are within or without the  
14 Philippines.] WIRE AND/OR WIRELESS TELECOMMUNICATIONS  
15 SYSTEMS INCLUDING INTERNATIONAL AND LOCAL EXCHANGE  
16 CARRIER (LEC), INTERNATIONAL AND DOMESTIC GATEWAY  
17 FACILITY, INTERNATIONAL AND DOMESTIC SUBMARINE  
18 CABLE LANDING STATIONS, MOBILE CELLULAR, COPPER  
19 SWITCHES, AND THEIR VALUE-ADDED SERVICES SUCH  
20 AS THE TRANSMISSION OF VOICE, DATA, FACSIMILE, CONTROL  
21 SIGNS, AUDIO AND VIDEO, INFORMATION SERVICES, AND ALL  
22 OTHER TELECOMMUNICATIONS SYSTEMS TECHNOLOGIES  
23 AS ARE AT PRESENT AVAILABLE OR WILL BE MADE AVAILABLE  
24 THROUGH TECHNOLOGICAL ADVANCES OR INNOVATIONS  
25 IN THE FUTURE; AND/OR CONSTRUCT, ACQUIRE, LEASE AND  
26 OPERATE, OR MANAGE TRANSMITTING AND RECEIVING  
27 STATIONS, LINES, CABLES, OR SYSTEMS AS ARE CONVENIENT  
28 OR ESSENTIAL TO EFFICIENTLY CARRY OUT THE PURPOSE

1 OF THIS FRANCHISE IS HEREBY EXTENDED FOR ANOTHER  
2 TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT.”

3 SEC. 2. A new section is hereby inserted after Section 3 of Republic  
4 Act No. 8196 to read as follows:

5 “SEC. 4. *EXCAVATION AND RESTORATION WORKS.* – FOR  
6 THE PURPOSE OF ERECTING AND MAINTAINING POLES AND  
7 OTHER SUPPORTS FOR WIRES OR OTHER CONDUCTORS AND  
8 FOR THE PURPOSE OF LAYING AND MAINTAINING UNDERGROUND  
9 WIRES, CABLES, PIPES OR OTHER CONDUCTORS, THE GRANTEE,  
10 ITS SUCCESSORS OR ASSIGNEES, IS AUTHORIZED TO MAKE  
11 EXCAVATIONS OR LAY CONDUITS IN ANY OF THE PUBLIC PLACES,  
12 ROADS, HIGHWAYS, STREETS, LANES, ALLEYS, AVENUES,  
13 SIDEWALKS, OR BRIDGES OF THE PROVINCE, CITIES, AND/OR  
14 MUNICIPALITIES SUBJECT TO THE PRIOR APPROVAL OF THE  
15 DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH)  
16 AND/OR THE LOCAL GOVERNMENT UNIT (LGU) CONCERNED, AS  
17 MAY BE APPROPRIATE: *PROVIDED, HOWEVER,* THAT A PUBLIC  
18 PLACE, ROAD, HIGHWAY, STREET, LANE, ALLEY, AVENUE,  
19 SIDEWALK, OR BRIDGE DISTURBED, ALTERED OR CHANGED BY  
20 REASON OF ERECTION OF POLES OR OTHER SUPPORTS OR  
21 THE UNDERGROUND LAYING OF WIRES, OTHER CONDUCTORS  
22 OR CONDUITS SHALL BE REPAIRED AND REPLACED IN  
23 WORKMANLIKE MANNER AT THE EXPENSE OF THE SAID  
24 GRANTEE, ITS SUCCESSORS OR ASSIGNEES, IN ACCORDANCE  
25 WITH THE STANDARDS SET BY THE DPWH OR THE LGU  
26 CONCERNED. SHOULD THE GRANTEE, ITS SUCCESSORS OR  
27 ASSIGNEES, AFTER THE TEN (10)-DAY NOTICE FROM THE SAID  
28 AUTHORITY, FAIL, REFUSE, OR NEGLECT TO REPAIR OR REPLACE  
29 ANY PART OF PUBLIC PLACE, ROAD, HIGHWAY, STREET, LANE,  
30 ALLEY, AVENUE, SIDEWALK, OR BRIDGE DISTURBED, ALTERED

1 OR CHANGED BY THE SAID GRANTEE, ITS SUCCESSORS OR  
2 ASSIGNEES, THEN THE DPWH OR THE LGU CONCERNED SHALL  
3 HAVE THE RIGHT TO HAVE THE SAME REPAIRED AND PLACED IN  
4 GOOD ORDER AND CONDITION, AND CHARGE THE GRANTEE, ITS  
5 SUCCESSORS OR ASSIGNEES, AT DOUBLE THE AMOUNT OF THE  
6 COSTS AND EXPENSES FOR SUCH REPAIR OR REPLACEMENT.”

7 SEC. 3. All sections are to be renumbered accordingly.

8 SEC. 4. Section 7 of Republic Act No. 8196 is hereby amended to read  
9 as follows:

10 “SEC. [7]8. *Term of Franchise.* – This franchise shall be  
11 for a term of twenty-five (25) years from the date of effectivity of  
12 this Act, unless sooner revoked or cancelled. This franchise shall  
13 be deemed *ipso facto* revoked, in the event the grantee fails to  
14 OPERATE CONTINUOUSLY FOR TWO (2) YEARS. [comply with any  
15 of the following conditions:

16 “(a) Commence operations within three (3) years from the  
17 approval of its permit by the National Telecommunications  
18 Commission;

19 “(b) Operate continuously for two (2) years; and

20 “(c) Commence operations within five (5) years from the  
21 effectivity of this Act.]”

22 SEC. 5. Section 8 of Republic Act No. 8196 is hereby amended to read  
23 as follows:

24 “SEC. [8]9. *Acceptance [and Compliance] OF FRANCHISE.*

25 – Acceptance OF THE TERMS of this franchise shall be given in  
26 writing TO THE CONGRESS OF THE PHILIPPINES, THROUGH THE  
27 COMMITTEE ON LEGISLATIVE FRANCHISES OF THE HOUSE OF  
28 REPRESENTATIVES AND THE COMMITTEE ON PUBLIC SERVICES

1 OF THE SENATE, within sixty (60) days [after] FROM THE  
2 effectivity of this Act. Upon giving such acceptance, the grantee  
3 shall exercise the privileges granted under this Act.  
4 Nonacceptance shall render the franchise void.”

5 SEC. 6. Section 10 of Republic Act No. 8196 is hereby repealed.

6 SEC. 7. A new section is hereby inserted after Section 8 of Republic  
7 Act No. 8196 to read as follows:

8 “SEC. 11. *RIGHT OF INTERCONNECTION.* – THE  
9 GRANTEE IS HEREBY AUTHORIZED TO CONNECT OR DEMAND  
10 CONNECTION OF ITS TELECOMMUNICATIONS SYSTEMS TO OTHER  
11 TELECOMMUNICATIONS SYSTEMS INSTALLED, OPERATED, AND  
12 MAINTAINED BY ANY OTHER DULY AUTHORIZED PERSON OR  
13 ENTITY IN THE PHILIPPINES FOR THE PURPOSE OF PROVIDING  
14 EXTENDED AND IMPROVED TELECOMMUNICATIONS SERVICES TO  
15 THE PUBLIC, UNDER THE TERMS AND CONDITIONS MUTUALLY  
16 AGREED UPON BY THE PARTIES CONCERNED. THIS RIGHT SHALL  
17 BE SUBJECT TO THE REVIEW AND MODIFICATION OF THE NTC.”

18 SEC. 8. Section 14 of Republic Act No. 8196 is hereby amended to  
19 read as follows:

20 “SEC. [14]15. *Sale, Lease, Transfer, Usufruct, [etc.] OR*  
21 *ASSIGNMENT OF FRANCHISE.* – The grantee shall not SELL, lease,  
22 transfer, grant the usufruct of, [sell] nor assign this franchise or the  
23 rights and privileges acquired thereunder to any person, firm,  
24 company, corporation or other commercial or legal entity, nor  
25 merge with any OTHER corporation or entity, nor shall TRANSFER  
26 the controlling interest of the grantee [be transferred], whether  
27 as a whole or in parts, and whether simultaneously or  
28 contemporaneously, to any [such] person, firm, company,



1 corporation or entity without the prior approval of the Congress of  
2 the Philippines[.]: *PROVIDED, THAT CONGRESS SHALL BE*  
3 *INFORMED OF ANY SALE, LEASE, TRANSFER, GRANT OF*  
4 *USUFRUCT, OR ASSIGNMENT OF FRANCHISE OR THE RIGHTS AND*  
5 *PRIVILEGES ACQUIRED THEREUNDER, OR OF THE MERGER, OR*  
6 *TRANSFER OF CONTROLLING INTEREST OF THE GRANTEE,*  
7 *WITHIN SIXTY (60) DAYS AFTER THE COMPLETION OF SAID*  
8 *TRANSACTION: PROVIDED, FURTHER, THAT FAILURE TO REPORT*  
9 *TO CONGRESS SUCH CHANGE OF OWNERSHIP SHALL RENDER THE*  
10 *FRANCHISE IPSO FACTO REVOKED: PROVIDED, FINALLY, THAT*  
11 *[A]Any person or entity to which this franchise is sold, transferred,*  
12 *or assigned, shall be subject to the same conditions, terms,*  
13 *restrictions, and limitations of this Act.”*

14 SEC. 9. Section 16 of Republic Act No. 8196 is hereby amended to  
15 read as follows:

16 “SEC. [16]17. *Equality Clause.* – [If any subsequent  
17 franchise for telecommunication service of the same nature is  
18 awarded or granted by the Congress of the Philippines with terms,  
19 privileges and conditions more favorable and beneficial than those  
20 contained in this Act, then the same privileges or advantages shall,  
21 *ipso facto*, accrue to the herein grantee and be deemed part of  
22 this Act.] EXCEPT FOR TAXES AND CUSTOMS DUTIES, ANY  
23 ADVANTAGE, FAVOR, PRIVILEGE, EXEMPTION, OR IMMUNITY  
24 GRANTED UNDER OTHER EXISTING FRANCHISES, OR WHICH MAY  
25 HEREAFTER BE GRANTED, UPON PRIOR REVIEW AND APPROVAL  
26 OF CONGRESS, SHALL BECOME PART OF THIS FRANCHISE AND  
27 SHALL BE ACCORDED IMMEDIATELY AND UNCONDITIONALLY  
28 TO THE HEREIN GRANTEE: *PROVIDED, THAT THE FOREGOING*

1           SHALL NEITHER APPLY TO NOR AFFECT THE PROVISIONS OF  
2           TELECOMMUNICATIONS FRANCHISES CONCERNING TERRITORY,  
3           THE TERM, OR THE TYPE OF SERVICE AUTHORIZED BY THE  
4           FRANCHISE.”

5           SEC. 10. Section 19 of Republic Act No. 8196 is hereby amended to  
6           read as follows:

7                   “SEC. [19]20. *Reportorial Requirement.* – The grantee  
8           shall submit an annual report to the Congress of the Philippines,  
9           THROUGH THE COMMITTEE ON LEGISLATIVE FRANCHISES  
10          OF THE HOUSE OF REPRESENTATIVES AND THE COMMITTEE  
11          ON PUBLIC SERVICES OF THE SENATE, on its compliance with the  
12          terms and conditions of the franchise and on its operations [within  
13          sixty (60) days from the end of every year.] ON OR BEFORE  
14          APRIL 30 OF EVERY YEAR DURING THE TERM OF ITS FRANCHISE.  
15          THE REPORTORIAL COMPLIANCE CERTIFICATE ISSUED BY  
16          CONGRESS SHALL BE REQUIRED BEFORE ANY APPLICATION FOR  
17          PERMIT OR CERTIFICATE IS ACCEPTED BY THE NTC.”

18          SEC. 11. *Fine.* – Failure of the grantee to submit the requisite annual  
19          report to Congress shall be penalized with a fine of five hundred pesos  
20          (P500.00) per working day of noncompliance. The fine shall be collected by  
21          the NTC from the delinquent franchise grantee separate from the reportorial  
22          penalties it shall impose.

23          SEC. 12. *Adoption of Provisions Not Inconsistent with this Act.* – All  
24          other provisions of Republic Act No. 8196, which are not inconsistent with the  
25          provisions of this Act, shall continue to be in full force and effect.

26          SEC. 13. *Separability Clause.* – If any of the sections or provisions  
27          of this Act is held invalid, all other provisions not affected thereby shall  
28          remain valid.

1           SEC. 14. *Repealability and Exclusivity Clause.* – This franchise is  
2 granted with the understanding and upon condition that it shall be subject to  
3 amendment, alteration or repeal by the Congress of the Philippines when the  
4 public interest and common good so require and shall not be interpreted as an  
5 exclusive grant of the privilege herein provided for.

6           SEC. 15. *Repealing Clause.* – All laws, decrees, executive orders,  
7 rules and regulations or parts or provisions thereof which are not consistent  
8 with this Act are hereby repealed, amended, or modified accordingly.

9           SEC. 16. *Effectivity.* – This Act shall take effect fifteen (15) days  
10 after its publication in the *Official Gazette* or in a newspaper of general  
11 circulation.

Approved,