

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES
SEVENTEENTH CONGRESS
Second Regular Session

}

HOUSE OF REPRESENTATIVES

H. No. 7385

BY REPRESENTATIVES GO (M.), ALVAREZ (F.) AND VIOLAGO, PER
COMMITTEE REPORT NO. 663

AN ACT RENEWING THE FRANCHISE GRANTED
TO PHILIPPINE COMMUNICATIONS SATELLITE
CORPORATION (PHILCOMSAT) TO CONSTRUCT,
INSTALL, MAINTAIN AND OPERATE IN THE
PHILIPPINES GROUND SATELLITE TERMINAL
STATIONS FOR TELECOMMUNICATION WITH
SATELLITE FACILITIES AND DELIVERY TO
COMMON CARRIERS

*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
3 regulations, the franchise granted to Philippine Communications
4 Satellite Corporation (PHILCOMSAT) under Republic Act No. 5514,
5 as amended by Republic Act No. 7949, and hereunder referred to as
6 the grantee, its successors or assignees, to establish, construct,
7 maintain, operate, own, manage, lease and purchase, in the
8 Philippines, or in such places as the grantee may select station or

1 stations, telecommunication satellite systems, satellite terminal
2 stations, lines, cables or systems, and associated equipment and
3 facilities for international and domestic communications including
4 satellite transmissions, for any and all forms or types of
5 telecommunications services with authority to receive and transmit
6 messages, facsimile, impressions, pictures, music, data, and voice,
7 without however engaging in broadcasting, telecasting and cable
8 television services, throughout the Philippines and between the
9 Philippines and other countries and territories, ships at sea,
10 aircrafts and other conveyances, stations, and telecommunications
11 systems of other countries, is hereby extended for twenty-five (25)
12 years from the effectivity of this Act.

13 This franchise includes the right and privilege of cable and
14 wireless operations, such as telephone, mobile, cellular and wired or
15 wireless telecommunications systems, fiber optics, multichannel
16 transmission distribution system, satellite transmit, receive and
17 other telecommunications systems and their value-added services,
18 control signals, audio and video, information service bureau and
19 other telecommunications systems/technologies as are at present
20 available or be made available through technological/technical
21 advances or innovations in the future, and to purchase any or all of
22 the equipment and materials needed in its operations; and to
23 establish, construct, maintain, operate, own, manage, lease and
24 purchase transmitting and receiving stations, switching stations
25 and gateway facilities, for local and international services, lines,
26 cables or systems as may be convenient to efficiently carry out the
27 purpose of this franchise. The grantee, its successors or assignees,
28 are further authorized to connect and keep connected its
29 telecommunications systems in the Philippines and other countries

1 and territories. The grantee shall be authorized to lease or acquire
2 facilities, channels or circuits in the pursuance of its business.

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

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

27 SEC. 4. *Excavation and Restoration Works.* - For the purpose
28 of erecting and maintaining poles or other supports for said wires or
29 other conductors for the purpose of laying and maintaining
30 underground wires, cables or other conductors, it shall be lawful for

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

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

27 The grantee shall operate and maintain all its stations,
28 lines, cables, systems, and equipment for the transmission and
29 reception of messages, signals, and pulses in a satisfactory manner
30 at all times and, as far as economical and practicable, modify,

1 improve, or change such stations, lines, cables, systems, and
2 equipment to keep abreast with the advances in science and
3 technology.

4 The grantee shall improve and extend its services in areas
5 not yet served, and in hazard- and typhoon-prone areas that shall
6 be determined by the National Disaster Risk Reduction and
7 Management Council in coordination with the NTC.

8 The grantee shall also improve and upgrade its equipment,
9 facilities and services, in order to ensure effective compliance with
10 the objectives of Republic Act No. 10639 or "The Free Mobile
11 Disaster Alerts Act".

12 *SEC. 6. Rates for Services.* - The charges and rates for
13 telecommunications services of the grantee, except the rates and
14 charges on those that may hereafter be declared or considered as
15 nonregulated services, whether flat rates or measured rates or
16 variation thereof, shall be subject to the approval of the NTC or its
17 legal successor.

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

22 A special right is hereby reserved to the President of the
23 Philippines, in times of war, rebellion, public peril, calamity,
24 emergency, disaster or disturbance of peace and order: to
25 temporarily take over and operate the stations, transmitters,
26 facilities, or equipment of the grantee; to temporarily suspend the
27 operation of any station, transmitter, facility, or equipment in the
28 interest of public safety, security, and public welfare; or to authorize
29 the temporary use and operation thereof by any agency of the
30 government, upon due compensation to the grantee for the use of

1 said stations, transmitters, facilities, or equipment during the
2 period when these shall be so operated.

3 SEC. 8. *Term of Franchise.* – This franchise shall be
4 extended and in effect for a period of twenty-five (25) years from the
5 date of the effectivity of this Act, unless sooner revoked or cancelled.
6 This franchise shall be deemed *ipso facto* revoked in the event the
7 grantee fails to operate continuously for two (2) years.

8 SEC. 9. *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 THE PRIORITY
13 SHALL BE ACCORDED TO THE RESIDENTS IN AREA WHERE
14 ANY OF ITS OFFICES IS LOCATED: *PROVIDED, FURTHER*,
15 THAT THE GRANTEE SHALL FOLLOW THE APPLICABLE
16 LABOR STANDARDS AND ALLOWANCE ENTITLEMENT ON
17 THEIR EXISTING 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 THE SECURITIES AND EXCHANGE
22 COMMISSION ANNUALLY.

23 SEC. [9] 10. *Right of Interconnection.* – The grantee is hereby
24 authorized to connect or demand connection of its
25 telecommunications systems to other telecommunications systems
26 installed, operated, and maintained by any other duly authorized
27 person or entity in the Philippines for the purpose of providing
28 extended and improved telecommunications services to the public,
29 under such terms and conditions mutually agreed upon by the
30 parties concerned and the same shall be subject to the review and
31 modification of the NTC.

32 SEC. [10] 11. *Mobile Number Portability.* – The grantee shall
33 provide mobile number portability (MNP) and its implementing

1 mechanism, and shall interconnect, directly or indirectly, with the
2 infrastructure, facilities, systems, or equipment of other
3 telecommunications franchise grantees. It shall not install network
4 features, functions, or capabilities that will impede the
5 implementation of a nationwide MNP system. The NTC shall issue
6 rules and regulations for this purpose, the effectivity of which shall
7 commence upon applicability with other telecommunications
8 franchise grantees.

9 SEC. [11] 12. *Warranty in Favor of the National and Local*
10 *Governments.* – The grantee shall hold the national, provincial,
11 city, and municipal governments of the Philippines free from all
12 claims, liabilities, accounts, demands, or actions arising out of
13 accidents, causing injury to persons or damage to properties, during
14 the construction or operation of the stations, transmitters, facilities,
15 or equipment of the grantee.

16 SEC. [12] 13. *Sale, Lease, Transfer, Usufruct, or Assignment of*
17 *Franchise.* – The grantee shall not sell, lease, transfer, grant the
18 usufruct of, nor assign this franchise or the rights and privileges
19 acquired thereunder to any person, firm, company, corporation or
20 other commercial or legal entity, nor merge with any other
21 corporation or entity, nor shall transfer the controlling interest of
22 the grantee, [whether as a whole or in part, and whether]
23 simultaneously [or contemporaneously,] to any person, firm,
24 company, corporation, or entity without the prior approval of the
25 Congress of the Philippines and compliance with legal requirements
26 stipulated in other statutes[:]. [*Provided, That*] [a]Any person or
27 entity to which this franchise is validly sold, transferred, or
28 assigned shall be subject to the same conditions, terms, restrictions,
29 and limitations of this Act.

1 SEC. [13] 14. *Dispersal of Ownership.* – In accordance with
2 the constitutional provision to encourage public participation in
3 public utilities, the grantee shall continue to offer to Filipino
4 citizens at least thirty percent (30%) or a higher percentage that
5 may hereafter be provided by law of its common stocks in any
6 securities exchange in the Philippines within five (5) years from the
7 renewal of its franchise: *Provided*, That in cases where public offer
8 of shares is not applicable, other methods of encouraging public
9 participation by citizens and corporations operating public utilities
10 must be implemented. Noncompliance therewith shall render the
11 franchise *ipso facto* revoked.

12 SEC. [14] 15. *Compliance with Labor Standards.* – The
13 grantee, its successors or assignees shall comply with the applicable
14 labor standards under existing labor laws, rules and regulations
15 and such other issuances as may be promulgated by the
16 Department of Labor and Employment, taking into consideration
17 the nature and peculiarities of the telecommunications industry.

18 SEC. [15] 16. *Reportorial Requirement.* – The grantee shall
19 submit an annual report to the Congress of the Philippines, through
20 the Committee on Legislative Franchises of the House of
21 Representatives and the Committee on Public Services of the
22 Senate, on its compliance with the terms and conditions of the
23 franchise and on its operations on or before April 30 of every year
24 during the term of its franchise. The reportorial compliance
25 certificate issued by Congress shall be required before an
26 application for any permit, CPCN, or any equivalent thereof is
27 accepted by the NTC.

28 SEC. [16] 17. *Penalty Clause.* – Failure of the grantee to
29 submit the requisite annual report to Congress shall be penalized
30 with a fine in the amount of One million pesos (P1,000,000.00) per

1 working day of noncompliance, the effectivity of which shall
2 commence upon applicability with other telecommunications
3 franchise grantees: *Provided*, That in the interim, the grantee shall
4 be liable to pay the fine of five hundred pesos (P500.00) per working
5 day of noncompliance. The fine shall be collected by the NTC from
6 the delinquent franchise grantee separate from the reportorial
7 penalties imposed by the NTC and the same shall be remitted to the
8 National Treasury.

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

17 SEC. [18] 19. *Separability Clause*. – If any of the sections or
18 provisions of this Act is held invalid, all other provisions not
19 affected thereby shall remain valid.

20 SEC. [19] 20. *Repealability and Nonexclusivity Clause*. – This
21 franchise shall be subject to amendment, alteration, or repeal by the
22 Congress of the Philippines when the public interest so requires and
23 shall not be interpreted as an exclusive grant of the privilege herein
24 provided for.

25 SEC. [20] 21. *Repealing Clause*. – All other laws, orders,
26 issuances, rules and regulations or parts thereof inconsistent with
27 this Act are hereby repealed, amended or modified accordingly.

1 SEC. [21] 22. *Effectivity.* – This Act shall take effect fifteen
2 (15) days after its publication in the *Official Gazette* or in any
3 newspaper of general circulation.

Approved,

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