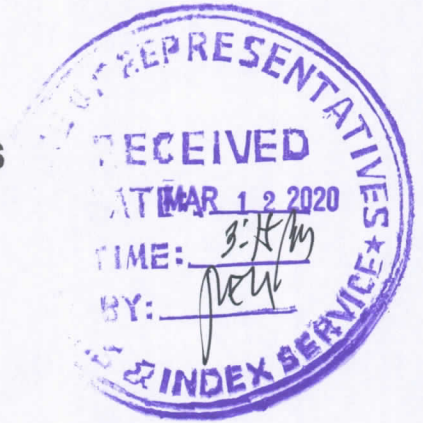


Republic of the Philippines  
**HOUSE OF THE REPRESENTATIVES**  
Quezon City, Metro Manila

**EIGHTEENTH CONGRESS**  
**FIRST REGULAR SESSION**



**House Bill No. 6609**

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Introduced by  
CIBAC Party-List Representative Domingo C. Rivera

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**EXPLANATORY NOTE**

Section 24, Article II of the 1987 Constitution explicitly states that the State "recognizes the vital role of communication and information in nation-building." It also acknowledges the crucial role of the private sector in providing telecommunications services to the Filipino people. Testament to this is the granting of legislative franchises by Congress to qualified private companies which can operate and provide these services to the people.

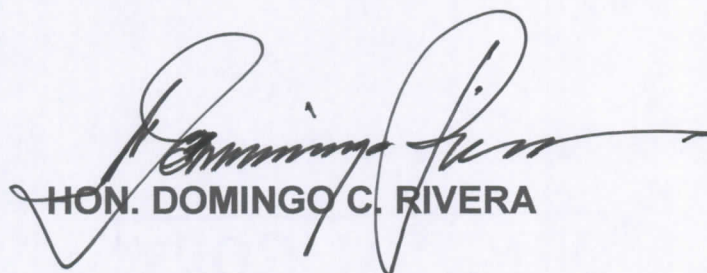
In 1997, the RCYULO Telephone System, Inc. was given the franchise to construct, install, establish, operate and maintain local exchange networks in the Municipalities of Binalbagan, Hiniragan, Isabela, Himamaylan, Pontevedra, and Murcia, all in the province of Negros Occidental. Since then, the company actively operates and provides telephone and communication services to the people of Negros Occidental.

As its primary offering, it provides its subscribers with both the landline voice connection and the more in-demand data connection. In fact, RCYULO Telephone System Inc. has the distinction of being the first and only telephone company in the Southern Part of Negros Occidental to offer an Automatic Dial System to its subscribers. Now, it focuses its operations to the more remote communities within its franchise area and provides latest telecommunications technology to its subscribers who are literally based in the countryside.

Advances in the telecommunications technologies landscape had been exponential over the past two decades and is expected to continue growing even at a more accelerated pace. RCYULO Telephone System, Inc. desires to continue making these services and products available to the localities it serves.

With all the foregoing, this legislative measure seeks to renew the franchise granted to RCYULO Telephone System, Inc. for another twenty five (25) years so that it can continue in providing telephone services to its clients.

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



HON. DOMINGO C. RIVERA



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1  
2  
3 **AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS**  
4 **THE FRANCHISE GRANTED TO RCYULO TELEPHONE SYSTEM INC.,**  
5 **UNDER REPUBLIC ACT NO. 8348 ENTITLED "AN ACT GRANTING**  
6 **THE RYULO TELEPHONE SYSTEM INC. A FRANCHISE TO**  
7 **CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN**  
8 **LOCAL EXCHANGE NETWORKS IN THE MUNICIPALITIES OF**  
9 **BINALBAGAN, HINIGARAN, PONTEVEDRA, ISABELA, MURCIA AND**  
10 **THE CITY OF HIMAMAYLAN IN THE PROVINCE OF NEGROS**  
11 **OCCIDENTAL**

12  
13  
14 *Be it enacted by the Senate and House of Representatives of the Philippines in*  
15 *Congress assembled:*

16  
17 **SEC. 1. Nature and Scope of Franchise** – Subject to the provisions of the  
18 Constitution and applicable laws, rules and regulations, the franchise granted to RYULO  
19 Telephone SYSTEM Inc., under Republic Act No. 8348, and hereunder referred to as  
20 the grantee, its successors or assignees, to construct, install, establish, operate and  
21 maintain for commercial purposes and in the public interest, in the Municipalities of  
22 Binalbagan, Hinigaran, Pontevedra, Isabel, Murcia and the City of Himamaylan in the  
23 Province of Negros Occidental, Philippines, wire and/or wireless telecommunications  
24 system, copper, fiber optics, satellite transmit and receive systems, switches and their

1 value-added services such as transmission voice, data, facsimile, control signs audio  
2 and video, information services and all other telecommunications system technologies  
3 as are at present available or will be made available through technological advances or  
4 innovations in the future; or construct, acquire, lease, and operate, or manage  
5 transmitting and receiving stations, lines, cables, or systems as are convenient or  
6 essential to efficiently carry out the purpose of this franchise, is hereby renewed for  
7 another twenty-five (25) years from the effectivity of this Act.

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

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

27  
28 **SEC. 4. *Excavation and Restoration Works.*** – For the purpose of erecting and  
29 maintaining poles or other supports for said wires or other conductors for the purpose of  
30 laying and maintaining underground wires, cables, or other conductors, it shall be lawful  
31 for the grantee, its successors or assignees, with the prior approval of the Department  
32 of Public Works and Highways (DPWH) or the local government unit (LGU) concerned,  
33 as may be appropriate, to make excavations or lay conduits in any of the public places,  
34 roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the province ,  
35 cities, or municipalities: *Provided, however,* That a public place, road, highway, street,  
36 lane, alley, avenue, sidewalk, or bridge disturbed, altered, or change by reason of  
37 erection of poles or other supports or the underground laying of wires, other conductors  
38 or conduits shall be repaired and replaced in workmanlike manner by said grantee, its



1 successors or assignees, in accordance with the standards set by the DPWH or the  
2 LGU concerned. Should the grantee, its successor or assignees, after the ten (10) day  
3 notice from the said authority, fail, refuse, or neglect to repair or replace any part of  
4 public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge altered,  
5 changed or disturbed by the said grantee, its successors or assignees, then the DPWH  
6 or the LGU concerned shall have the right to have the same repaired and placed in  
7 good order and condition at double the amount spent for such repair or replacement, to  
8 be charged against the grantee, its successors or assignees.

9  
10 **SEC. 5. Responsibility to the Public.** – The grantee shall conform to the ethics  
11 of honest enterprise and not use its stations or facilities for obscene or indecent  
12 transmission, or for dissemination of deliberately false information, or willful  
13 misrepresentation, or assist in subversive or treasonable acts.

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

20  
21 The grantee shall improve and extend its services in areas not yet served, and in  
22 hazard – and typhoon – prone areas that shall be determined by the National Disaster  
23 Risk Reduction and Management Council, or its legal successor, in coordination with  
24 the NTC.

25  
26 **SEC. 6. Rates of Service.** – The charges and rates for telecommunications  
27 services of the grantee, except the rates and charges on those that may hereafter be  
28 declared or considered as non-regulated services, whether flat rates or measured rates  
29 of variation thereof, shall be subject to the approval of the NTC or its legal successor.

30  
31 **SEC. 7. Right of Government.** – The radio spectrum is a finite resource that is  
32 part of the national patrimony and the use thereof is a privilege conferred upon the  
33 grantee by the State and may be withdrawn any time after due process.

34  
35 A special right is hereby reserved to the President of the Philippines, In times of  
36 war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and

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

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

11  
12 **SEC. 9. Commitment to Provide and Promote the Creation of Employment**  
13 **Opportunities.** – The grantee shall create employment opportunities and shall allow  
14 on-the-job training in their franchise operations: *Provided*, That priority shall be  
15 accorded to the residents of the place where the principal office of the grantee is  
16 located: *Provided further*, That the grantee shall follow the applicable labor standards  
17 and allowance entitlement under existing labor laws, rules and regulations and similar  
18 issuances: *Provided, finally*, That the employment opportunities or jobs created shall be  
19 reflected in the General Information Sheet (GIS) to be submitted to the Securities and  
20 Exchange Commission annually.

21  
22 **SEC. 10. Rights of Interconnection.** – The grantee is hereby authorized to  
23 connect or demand connection of its telecommunications systems to other  
24 telecommunications systems installed, operated, and maintained by any other duly  
25 authorize person or entity in the Philippines for the purpose of providing extended and  
26 improved telecommunications services to the public, under the terms and conditions  
27 mutually agreed upon by the parties concerned. The right shall be subject to review and  
28 modification of the NTC.

29  
30 **SEC. 11. Warranty in Favor of the National and Local Governments.** – The  
31 grantee shall hold the national, provincial, city, and municipal governments of the  
32 Philippines free from all claims, liabilities, accounts, demands, or actions arising out of  
33 accidents, causing injury to persons or damage to properties, during the construction or  
34 operation of the stations, transmitters, facilities, or equipment of the grantee.

35  
36 **SEC. 12. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**  
37 **Franchise.** - 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, firm,  
2 company, corporation or other entity, nor merge with any other corporation or entity, nor  
3 shall transfer the controlling interest of the grantee, simultaneously or  
4 contemporaneously, to any person, firm, company, corporation, or entity without the  
5 prior approval of the Congress of the Philippines and compliance with legal  
6 requirements stipulated in other statutes. Any person or entity to which this franchise is  
7 sold, transferred, or assigned shall be subject to the same conditions, terms,  
8 restrictions, and limitations of this Act.

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

18  
19 **SEC. 14. *Reportorial Requirement.*** – The grantee shall submit an annual report  
20 to the congress of the Philippines, through the Committee on Legislative Franchises of  
21 the House of Representatives and the Committee on Public Services of the Senate, on  
22 its compliance with the terms and conditions of the franchise and on its operations to  
23 the Congress of the Philippines, on or before April 30 of every year during the term of its  
24 franchise. The compliance certificate issued by Congress shall be required before an  
25 application for any permit, CPCN, or any equivalent thereof is accepted by the NTC.

26  
27 **SEC. 15. *Penalty Clause.*** – Failure of the grantee to submit the requisite annual  
28 report to Congress shall be penalized with fine in the amount of One million pesos  
29 (P1,000,000.00) per working day of noncompliance, the effectivity of which shall  
30 commence upon applicability with other telecommunications franchise grantees:  
31 *Provided*, That in the interim, the grantee shall be liable to pay the fine of five hundred  
32 pesos (P500,000) per working day of noncompliance. The fine shall be collected by the  
33 NTC from the delinquent franchise grantee separate from the reportorial penalties  
34 imposed by the NTC and the same shall be remitted to the Bureau of Treasury.

35  
36 **SEC. 16. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or  
37 immunity granted under existing franchises, or which may hereafter be granted, upon

1 prior review and approval of Congress, shall become part of this franchise and shall be  
2 accorded immediately and unconditionally to the herein grantee: *Provided*, That the  
3 foregoing shall neither apply to nor affect the provision of telecommunications  
4 franchises concerning territory, life span, or type of service authorized by the franchise.  
5

6 **SEC.17. *Separability Clause.*** – If any of the section or provisions of this Act is  
7 held invalid, all other provisions not affected thereby shall remain valid.  
8

9 **SEC. 18. *Repealability and Nonexclusivity Clause.*** – This franchise shall be  
10 subject to amendment, alteration, or repeal by the Congress of the Philippines when the  
11 public interest so requires and shall not be interpreted as an exclusive grant of the  
12 privilege herein provided for.  
13

14 **SEC. 19. *Repealing Clause.*** – All other laws, orders, issuances, rules and  
15 regulations, or parts thereof inconsistent with this Act are hereby repealed, amended, or  
16 modified accordingly.  
17

18 **SEC. 20. *Effectivity.*** – This Act shall take effect fifteen (15) days after its  
19 publication in the Official Gazette or in a newspaper of general circulation.  
20

21 Approved,