

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 906



Introduced by REP. JOHNNY T. PIMENTEL

EXPLANATORY NOTE

The proposed bill seeks to extend the legislative franchise of Tandag Electric and Telephone Company, Inc. (TETCO) for another twenty-five years and expand the same to include internet service provision. TETCO was originally granted a franchise under Republic Act No. 8715. Since its start of operations, it has continuously provided telecommunication services for the people of Tandag, Surigao del Sur. The new franchise under this Act would incorporate the recent technological advances in telecommunications and allow TETCO to provide improved services to the people of Surigao del Sur.

In today's globalized society, the Internet is undeniably essential for the function of modern cities. Connectivity through digital means of communication is now an integral part of the human experience. Healthcare, trade, information, and even governance are now more than ever coursed through the various strands of the World Wide Web.

The proposed legislative franchise will definitely contribute to the economic development of Surigao del Sur. TETCO can enable those living in secluded or inaccessible areas to connect to the outside world through internet connections. TETCO directly aids in the growth of connections and efficiencies within the people of Tandag. Moreover, the grant of a specific franchise can encourage competition in the industry, leading to overall lower costs.

For the aforementioned reasons, the undersigned recommends that this bill be signed into law.


JOHNNY T. PIMENTEL

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14 **AN ACT AMENDING THE FRANCHISE OF THE TANDAG ELECTRIC AND**
15 **TELEPHONE COMPANY, INC. GRANTED UNDER REPUBLIC ACT NO.**
16 **8715, AND RENEWING/EXTENDING THE TERM THEREOF TO**
17 **ANOTHER TWENTY-FIVE (25) YEARS FROM THE DATE OF**
18 **EFFECTIVITY OF THIS ACT**
19

20 *Be it enacted by the Senate and the House of Representatives of the*
21 *Philippines in Congress assembled:*
22

23 **Section 1. Nature and Scope of Franchise.** – Subject to applicable laws, rules,
24 and regulations, the franchise granted under Republic Act No. 8715 to
25 Tandag Electric and Telephone Company, Inc. (hereafter Grantee), its
26 successors, or assigns, to construct, establish, install, maintain, and
27 operate for commercial purposes and, in the public interest, local exchange
28 networks, including public calling stations or pay telephone stations or
29 wireless local loop and for such purpose provide basic telephone service or
30 other means related to the foregoing now known to science such as mobile,
31 cellular, paging, fiber optics, satellite transmit and receive systems,
32 transoceanic cable landing station and systems, switches, and their value-
33 added services such as, but not limited to, transmission of voice, data,
34 facsimile, control signs, audio and video, information services bureau, and
35 other telecommunications systems technologies, or which in the future may
36 be developed in the Province of Surigao del Sur for public domestic
37 telecommunications, is hereby renewed for another twenty-five (25) years
38 from the effectivity of this Act.
39

40 **Section 2. Manner of Operation of Stations or Facilities.** – The stations or
41 facilities of the grantee shall be constructed and operated in a manner as
42 will, at most, result only in the minimum interference on the wavelengths or
43 frequencies of existing stations or other stations which may be established
44 by law, without in any way diminishing its own right to use it selected

1 wavelengths or frequencies and the quality of transmission or reception
2 thereon as should maximize rendition of the grantee's services or availability
3 or both thereof.

4
5 **Section 3. Authority of the National Telecommunications Commission (NTC).** –
6 As a condition precedent for operations under its franchise, the Grantee
7 shall secure from the NTC a Certificate of Public Convenience and Necessity
8 (CPCN) or other appropriate permits and licenses for the construction,
9 installation, and operation of its telecommunications systems or facilities.

10
11 The NTC shall have the authority to regulate the construction and operation
12 of the Grantee's telecommunications system. In issuing the CPCN, the NTC
13 shall have the power to impose such conditions relative the construction
14 and operation of the Grantee's telecommunications systems. The CPCN shall
15 state the areas covered and date the Grantee shall commence its services.

16
17 This section notwithstanding, the NTC shall not unreasonably withhold or
18 delay the grant of the CPCN, permits, or licenses.

19
20 **Section 4. Excavation and Restoration Works.** – For the purpose of erecting
21 and maintaining poles or other supports for the wires for the
22 telecommunications system or unearthing and installing underground wires,
23 cables, or other conductors for the same, the Grantee, its successors, or
24 assigns, with the prior approval of the Department of Public Works and
25 Highways (DPWH) or the local government unit concerned, as may be
26 appropriate, to make excavations or lay conduits in or on any of the public
27 places, highways, streets, lanes, alleys avenues, sidewalks, or bridges of
28 provinces, cities, or municipalities; *Provided, however,* That a public place,
29 highway, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered,
30 or changed by reason of erection of poles or other supports or the
31 underground laying of wires, other conductors, or conduits, shall be
32 repaired and replaced by the Grantee, its successors, or assigns in
33 accordance with the standards set by the DPWH or the appropriate local
34 government unit. Should the Grantee, its successors, or assigns, after ten
35 (10) day notice from the aforementioned authorities, fail, refuse, or neglect to
36 repair or replace any part of the public place, road, highway, street, lane,
37 alley, avenue, sidewalk, or bridge altered, changed, or disturbed by its
38 installation, the DPWH or the local government unit concerned shall have
39 the same repaired and placed in good order and condition at double expense
40 to be charged to the Grantee, its successors, or assigns.

41
42 **Section 5. Responsibility to the Public.** – The Grantee shall conform to the
43 ethics of honest enterprise and not use its stations or facilities for obscene
44 or indecent transmission, or for dissemination of deliberately false
45 information, or willful misrepresentation, or assist in subversive or
46 treasonable acts.

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

8 As far as economically possible the Grantee shall improve and extend its
9 services in areas not yet served, and in hazard- and typhoon-prone areas
10 that shall be determined by the National Disaster Risk Reduction and
11 Management Council in coordination with the NTC.

13 The Grantee shall also improve and upgrade its equipment, facilities and
14 services, in order to ensure effective compliance with the objectives of
15 Republic Act No. 10639 or "The Free Mobile Disaster Alerts Act".

17 **Section 6. Rates for Services.** – The charges and rates for
18 telecommunications services of the Grantee, except the rates and charges on
19 those that may hereafter be declared or considered as nonregulated services,
20 whether flat rates or measured rates or variation thereof, shall be subject to
21 the approval of the NTC or its legal successor.

23 **Section 7. Right of Government.** – A special right is hereby reserved to the
24 President of the Philippines, in times of war, rebellion, public peril, calamity,
25 emergency, disaster, or disturbance of peace and order: to temporarily take
26 over and operate the stations, transmitters, facilities, or equipment of the
27 grantee; to temporarily suspend the operation of any station, transmitter,
28 facility, or equipment in the interest of public safety, security, and public
29 welfare; or to authorize the temporary use and operation thereof by any
30 agency of the government, upon due compensation to the Grantee, for the
31 use of said stations, transmitters, facilities, or equipment during the period
32 when these shall be so operated.

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

40 **Section 9. Acceptance and Compliance.** – Acceptance of this franchise shall
41 be given in writing to the Congress of the Philippines, through the
42 Committee on Legislative Franchises of the House of Representatives and
43 the Committee on Public Services of the Senate, within sixty (60) days from
44 the effectivity of this Act. Upon giving such acceptance, the Grantee shall
45 exercise the privileges granted under this Act. Refusal or failure to accept
46 the franchise shall render the franchise void.

1 **Section 10. Tax Provisions.** – The Grantee, its successors or assignees, shall
2 be liable to pay the same taxes on their real estate, buildings and personal
3 property, exclusive of this franchise, as other persons or corporations which
4 are now or thereafter may be required by law to pay, except radio
5 telecommunications and electronic communications equipment, machinery,
6 and spare parts needed in connection with the business of the grantee
7 which shall be exempt from customs duties, tariffs and other taxes, as well
8 as those declared exempt in this section. In addition thereto, the Grantee,
9 its successors or assignees, shall pay a value-added tax on all gross receipts
10 of the business transacted under this franchise by the grantee, its
11 successors or assignees, in the Philippines in lieu of any and all taxes of any
12 kind, nature, or description levied, established, or collected by an authority
13 whatsoever including, but not limited to, city, municipal, provincial, or
14 national, from which the Grantee is hereby expressly exempted effective
15 from the date of the effectivity of this Act:

16
17 *Provided,* That the grantee, its successors or assignees, shall continue to be
18 liable for income taxes payable under Title II of the National Internal
19 Revenue Code pursuant to Section 2 of Executive Order No. 72, unless the
20 latter enactment is amended or repealed, in which case the amendment or
21 repeal shall be applicable thereto.

22
23 The Grantee shall file the return with and pay the tax thereon to the
24 Commissioner of Internal Revenue or his duly authorized representative in
25 accordance with the National Internal Revenue Code and the return shall be
26 subject to audit by the Bureau of Internal Revenue.

27
28 **Section 11. Right of Interconnection.** – The Grantee is hereby authorized to
29 connect or demand connection of its telecommunications systems to other
30 telecommunications systems installed, operated, and maintained by any
31 other duly authorized person or entity in the Philippines for the purpose of
32 providing extended and improved telecommunications services to the public,
33 under the terms and conditions mutually agreed upon by the parties
34 concerned. The exercise of this right shall be subject to the review and
35 modification of the NTC.

36
37 **Section 12. Warranty in Favor of the National and Local Governments.** – The
38 Grantee shall hold the national, provincial, city, and municipal governments
39 of the Philippines free from all claims, liabilities, accounts, demands, or
40 actions arising out of accidents that cause injury to persons or damage to
41 properties, during the construction or operation of the stations, transmitters,
42 facilities, or equipment of the grantee.

43
44 **Section 13. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.** –
45 The Grantee shall not sell, lease, transfer, grant the usufruct of, nor assign
46 this franchise or the rights and privileges acquired thereunder to any person,
47 firm, company, corporation or other commercial or legal entity, nor shall

1 transfer the controlling interest of the grantee, whether as a whole or in part,
2 and whether simultaneously or contemporaneously, to any person, firm,
3 company, corporation, or entity without the prior approval of the Congress
4 of the Philippines and compliance with legal requirements stipulated in
5 other statutes: *Provided*, That any person or entity to which this franchise is
6 validly sold, transferred, or assigned shall be subject to the same conditions,
7 terms, restrictions, and limitations of this Act.

8
9 **Section 14. Reportorial Requirement.** – The Grantee shall submit an annual
10 report to the Congress of the Philippines, through the Committee on
11 Legislative Franchises of the House of Representatives and the Committee
12 on Public Services of the Senate, on its compliance with the terms and
13 conditions of the franchise and on its operations on or before April 30 of
14 every year during the term of its franchise. The reportorial compliance
15 certificate issued by Congress shall be required before any application for
16 permit or certificate is accepted by the NTC.

17
18 **Section 15. Penalty Clause.** – Failure of the Grantee to submit the requisite
19 annual report to Congress shall be penalized with a fine in the amount of
20 One million pesos (P1,000,000.00) per working day of noncompliance, the
21 effectivity of which shall commence upon applicability with other
22 telecommunications franchise grantees: *Provided*, That in the interim, the
23 Grantee shall be liable to pay the fine of Five hundred pesos (P500.00) per
24 working day of noncompliance. The fine shall be collected by the NTC from
25 the delinquent franchise grantee separate from the reportorial penalties
26 imposed by the NTC and the same shall be remitted to the National Treasury.

27
28 **Section 16. Equality Clause.** – Any advantage, favor, privilege, exemption, or
29 immunity granted under other existing franchises, or which may hereafter
30 be granted, upon prior review and approval of Congress, shall become part
31 of this franchise and shall be accorded immediately and unconditionally to
32 the herein Grantee: *Provided*, That the foregoing shall neither apply to nor
33 affect the provisions of telecommunications franchises concerning territory
34 covered by the franchise, the life span of the franchise or the type of service
35 authorized by the franchise.

36
37 **Section 17. Separability Clause.** – If any section or provision of this Act is
38 held invalid, all other provisions not affected thereby shall remain valid.

39
40 **Section 18. Repeatability and Non-exclusivity Clause.** – This franchise shall
41 be subject to amendment, alteration, or repeal by the Congress of the
42 Philippines when the public interest so requires and shall not be interpreted
43 as an exclusive grant of the privileges herein provided for.

44
45 All provisions of Republic Act No. 8715 inconsistent with this Act are hereby
46 repealed or modified accordingly.

1 All other provisions of Republic Act No. 8715 which are not inconsistent
2 with the provisions of this Act and remain unrepealed shall continue to be in
3 full force and effect: *Provided*, That all pending suits of whatever kind or
4 nature, whether civil, criminal or administrative filed by or against the
5 Grantee in connection with the provisions of Republic Act No. 8715, shall
6 continue to be prosecuted under the said law: *Provided, further*, That all
7 valid and existing liabilities, fines, penalties, surcharges and/or unpaid tax
8 assessments of the grantee from March 26, 1992 until the effectivity of the
9 new law shall remain valid and enforceable under Republic Act No. 7301
10 and Republic Act No. 7940.

11
12 **Section 19. Effectivity.** – This Act shall take effect fifteen (15) days after its
13 publication in the Official Gazette or in a newspaper of general circulation.

14
15 Approved.