

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session



COMMITTEE REPORT NO. 245

Submitted by the Committee on Legislative Franchises on FEB 24 2020

Re: House Bill No. 6373

Recommending its approval in substitution of House Bill No. 906

Sponsors: Representatives Franz E. Alvarez and Johnny T. Pimentel

MR. SPEAKER:

The Committee on Legislative Franchises to which was referred **House Bill No. 906**, authored by Rep. Johnny T. Pimentel, entitled:

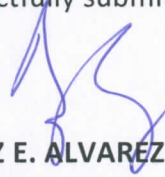
"AN ACT AMENDING THE FRANCHISE OF THE TANDAG ELECTRIC AND TELEPHONE COMPANY, INC. GRANTED UNDER REPUBLIC ACT NO. 8715, AND RENEWING/EXTENDING THE TERM THEREOF TO ANOTHER TWENTY-FIVE (25) YEARS FROM THE DATE OF EFFECTIVITY OF THIS ACT"

has considered the same and recommends that the attached House Bill No. 6373 entitled:

"AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO TANDAG ELECTRIC AND TELEPHONE COMPANY, INC. UNDER REPUBLIC ACT NO. 8715, ENTITLED 'AN ACT GRANTING THE TANDAG ELECTRIC AND TELEPHONE COMPANY, INC., A FRANCHISE TO CONSTRUCT, ESTABLISH, INSTALL, MAINTAIN AND OPERATE LOCAL EXCHANGE NETWORK IN THE PROVINCE OF SURIGAO DEL SUR'"

be approved in substitution of House Bill No. 906 with Reps. Johnny T. Pimentel and Franz E. Alvarez, as authors thereof.

Respectfully submitted:



FRANZ E. ALVAREZ

Chairman

Committee on Legislative Franchises

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY**

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6373
(In Substitution of House Bill No. 906)

Introduced by REPS. JOHNNY T. PIMENTEL and FRANZ E. ALVAREZ

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO TANDAG ELECTRIC AND TELEPHONE COMPANY, INC. UNDER REPUBLIC ACT NO. 8715, ENTITLED "AN ACT GRANTING THE TANDAG ELECTRIC AND TELEPHONE COMPANY, INC., A FRANCHISE TO CONSTRUCT, ESTABLISH, INSTALL, MAINTAIN AND OPERATE LOCAL EXCHANGE NETWORK IN THE PROVINCE OF SURIGAO DEL SUR"

SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution and applicable laws, rules and regulations, the franchise granted under Republic Act No. 8715 to Tandag Electric and Telephone Company, Inc., hereunder referred to as the grantee, its successors or assignees, to construct, install, establish, operate and maintain for commercial purposes and in the public interest, public domestic telecommunications system in the Province of Surigao del Sur covering local exchange network, including public calling stations or pay telephone stations or wireless local loop; wire or wireless telecommunications system including fiber optics, satellite transmit and receive systems, transoceanic cable landing stations and systems, switches and their value-added services such as the transmission of voice, data, facsimile, control signs, audio and video, information services and all other telecommunications system technologies, as are at present available or will be made available through technological advances or innovations in the future; or construct, acquire, lease, and operate, or manage transmitting and receiving stations, lines, cables, or systems as are convenient or essential to efficiently carry out the purpose of this franchise, is hereby renewed for another twenty-five (25) years from the effectivity of this Act.

SEC. 2. *Manner of Operation of Stations or Facilities.* – The stations or facilities of the grantee shall be constructed and operated in a manner as will, at most, result only in the

1 minimum interference on the wavelengths or frequencies of existing stations or other
2 stations which may be established by law, without in any way diminishing its own right to use
3 its assigned wavelengths or frequencies and the quality of transmission or reception thereon
4 as should maximize rendition of the grantee's services or the availability thereof.

5 SEC. 3. *Authority of the National Telecommunications Commission.* – The grantee shall
6 secure from the National Telecommunications Commission (NTC) a Certificate of Public
7 Convenience and Necessity or the appropriate permits and licenses for the construction,
8 installation and operation of its telecommunications systems or facilities. In issuing the
9 certificate, the NTC shall have the power to regulate and impose such conditions relative to
10 the construction, operation, maintenance, or service level of the telecommunications systems
11 or facilities. Such certificate shall state the areas covered and the date the grantee shall
12 commence the service. The grantee shall not use any frequency in the radio spectrum without
13 authorization from the NTC. The NTC, however, shall not unreasonably withhold or delay the
14 grant of such authority, permit or license.

15 SEC. 4. *Excavation and Restoration Works.* – For the purpose of erecting and
16 maintaining poles or other supports for said wires or other conductors for the purpose of
17 laying and maintaining underground wires, cables, or other conductors, it shall be lawful for
18 the grantee, its successors or assignees, with the prior approval of the Department of Public
19 Works and Highways (DPWH) or the local government unit (LGU) concerned, as may be
20 appropriate, to make excavations or lay conduits in any of the public places, roads, highways,
21 streets, lanes, alleys, avenues, sidewalks, or bridges of the province, cities, or municipalities:
22 *Provided, however,* That a public place, road, highway, street, lane, alley, avenue, sidewalk,
23 or bridge disturbed, altered, or changed by reason of erection of poles or other supports or
24 the underground laying of wires, other conductors or conduits, shall be repaired and replaced
25 in workmanlike manner by said grantee, its successors or assignees, in accordance with the
26 standards set by the DPWH or the LGU concerned. Should the grantee, its successors or
27 assignees, after the ten (10) day notice from the said authority, fail, refuse, or neglect to repair
28 or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk, or
29 bridge altered, changed or disturbed by the said grantee, its successors or assignees, then the
30 DPWH or the LGU concerned shall have the right to have the same repaired and placed in

1 good order and condition, and charge the grantee, its successors or assignees at double the
2 amount of the costs and expenses for such repair or replacement.

3
4 SEC. 5. *Responsibility to the Public.* - The grantee shall conform to the ethics of honest
5 enterprise and not use its stations or facilities for obscene or indecent transmission, or for
6 dissemination of deliberately false information, or willful misrepresentation, or assist in
7 subversive or treasonable acts.

8
9 The grantee shall operate and maintain all its stations, lines, cables, systems, and
10 equipment for the transmission and reception of messages, signals, and pulses in a
11 satisfactory manner at all times, and as far as economical and practicable, modify, improve,
12 or change such stations, lines, cables, systems, and equipment to keep abreast with the
13 advances in science and technology.

14
15 The grantee shall improve and extend its services in areas not yet served, and in
16 hazard- and typhoon-prone areas that shall be determined by the National Disaster Risk
17 Reduction and Management Council, or its legal successor, in coordination with the NTC.

18
19 The grantee shall also improve and upgrade its equipment, facilities and services, in
20 order to ensure effective compliance with the objectives of Republic Act No. 10639, or the
21 "Free Mobile Disaster Alerts Act".

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

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

29
30 A special right is hereby reserved to the President of the Philippines, in times of war,
31 rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and order: to

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

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

11
12 SEC. 9. *Right of Interconnection.* – The grantee is hereby authorized to connect or
13 demand connection of its telecommunications systems to other telecommunications systems
14 installed, operated, and maintained by any other duly authorized person or entity in the
15 Philippines for the purpose of providing extended and improved telecommunications services
16 to the public, under the terms and conditions mutually agreed upon by the parties concerned.
17 This right shall be subject to review and modification by the NTC.

18
19 SEC. 10. *Mobile Number Portability.* – The grantee shall provide mobile number
20 portability (MNP) and its implementing mechanism, and shall interconnect, directly or
21 indirectly, with the infrastructure, facilities, systems, or equipment of other
22 telecommunications franchise grantees. It shall not install network features, functions, or
23 capabilities that will impede the implementation of a nationwide MNP system. The NTC shall
24 issue rules and regulations for this purpose, the effectivity of which shall commence upon
25 applicability with other telecommunications franchise grantees

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

SEC. 12. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.* – The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation, or other commercial or legal entity, nor merge with any other corporation or entity, nor the controlling interest of the grantee be transferred, simultaneously or contemporaneously, to any person, firm, company, corporation, or entity without the prior approval of the Congress of the Philippines. Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the controlling interest of the grantee, within sixty (60) days after the completion of the said transaction. Failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

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

SEC. 14. *Commitment to Provide and Promote the Creation of Employment Opportunities.* – The grantee shall create employment opportunities as well as accept on-the-job trainees in their franchise operations: *Provided*, That priority shall be accorded to the residents of the place where the principal office of the grantee is located: *Provided further*, That the grantee shall comply with the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances: *Provided, finally*, That the employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission (SEC) annually.

1 SEC. 15. *Reportorial Requirement.* – The grantee shall submit an annual report on its
2 compliance with the terms and conditions of the franchise and on its operations to the
3 Congress of the Philippines, through the Committee on Legislative Franchises of the House of
4 Representatives and the Committee on Public Services of the Senate, on or before April 30 of
5 every year during the term of its franchise.

6
7 The annual report shall include an update on the roll-out, development, operation
8 and/or expansion of business; audited financial statements; latest GIS officially submitted to
9 the SEC, if applicable; certification of the NTC on the status of its permits and operations; and
10 an update on the dispersal of ownership undertaking, if applicable.

11
12 The reportorial compliance certificate issued by Congress shall be required before any
13 application for permit or certificate is accepted by the NTC.

14
15 SEC. 16. *Fine.* – Failure of the grantee to submit the requisite annual report to Congress
16 shall be penalized with a fine in the amount of One million pesos (P1,000,000.00) per working
17 day of noncompliance, the effectivity of which shall commence upon applicability with other
18 telecommunications franchise grantees: *Provided, That* in the interim, the grantee shall be
19 liable to pay the fine of Five hundred pesos (P500.00) per working day of noncompliance. The
20 fine shall be collected by the NTC from the delinquent franchise grantee separate from the
21 reportorial penalties imposed by the NTC, and the same shall be remitted to the Bureau of
22 Treasury.

23
24 SEC. 17. *Equality Clause.* – Any advantage, favor, privilege, exemption, or immunity
25 granted under existing franchises, or which may hereafter be granted, upon prior review and
26 approval of Congress, shall become part of this franchise and shall be accorded immediately
27 and unconditionally to the herein grantee: *Provided, That* the foregoing shall neither apply to
28 nor affect the provisions of telecommunications franchises concerning territorial coverage,
29 the term, or the type of service authorized by the franchise.

30
31 SEC. 18. *Repealability and Nonexclusivity Clause.* – This franchise shall be subject to
32 amendment, alteration, or repeal by the Congress of the Philippines when the public interest

1 so requires and shall not be interpreted as an exclusive grant of the privilege herein provided
2 for.
3

4 SEC. 19. *Separability Clause.* – If any of the sections or provisions of this Act is held
5 invalid, all other provisions not affected thereby shall remain valid.
6

7 SEC. 20. *Repealing Clause.* – All laws, decrees, orders, resolutions, instructions, rules
8 and regulations, and other issuances or parts thereof which are inconsistent with the
9 provisions of this Act are hereby repealed, amended, or modified accordingly.
10

11 SEC. 21. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in
12 the Official Gazette or in a newspaper of general circulation.
13

14 Approved,