



HOUSE OF REPRESENTATIVES

H. No. 5574

BY REPRESENTATIVES AGGABAO AND TEODORO, PER COMMITTEE REPORT
NO. 1581

AN ACT GRANTING THE TELECOMMUNICATIONS TECHNOLOGY SOLUTIONS, INC. A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT THE PHILIPPINES

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 regulations, there
3 is hereby granted to Telecommunications Technology Solutions, Inc.,
4 hereunder referred to as the grantee, its successors or assigns, a franchise to
5 construct, install, establish, operate and maintain for commercial purposes and
6 in the public interest, throughout the Philippines and between the Philippines
7 and other countries and territories, wire and/or wireless telecommunications
8 systems including, but not limited to, mobile, cellular, paging, fiber optics,
9 multi-channel multi-point distribution system (MMDS), local multi-point
10 distribution system (LMDS), satellite transmit and receive systems, switches

1 and their value-added services such as, but not limited to, transmission of
2 voice, data, facsimile, control signs, audio and video, information services
3 bureau and all other telecommunications systems technologies as are at present
4 available or will be made available through technological advances or
5 innovations in the future; and/or construct, acquire, lease and operate or
6 manage transmitting and receiving stations, lines, cables or systems as are
7 convenient or essential to efficiently carry out the purpose of this franchise.

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

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

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

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

26 The grantee shall provide basic or enhanced telephone service in any
27 city and/or municipality in the Philippines where it has an approved Certificate
28 of Public Convenience and Necessity for the establishment, operation and

1 maintenance of a local exchange service, without discrimination to any
2 applicant therefor, in the order of the date of their applications, up to the limit
3 of the capacity of its local telephone exchange, and should the demand for the
4 telephone service at any time increase beyond the capacity thereof, the grantee
5 shall increase the same to meet such demand: *Provided*, That in case the total
6 demand to be satisfied by the expansion is less than the smallest viable local
7 exchange available in the market as determined by the Commission, the
8 grantee shall not be obliged to furnish such service unless the applicant for
9 telephone service defrays the actual expenses for the installation of the
10 telecommunications apparatus necessary for such services and in such case, the
11 Commission may extend the time within which the grantee shall furnish such
12 service.

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

18 SEC. 6. *Rates for Services.* – The charges and rates for
19 telecommunications services of the grantee, except the rates and charges on
20 those that may hereafter be declared or considered as nonregulated services,
21 whether flat rates or measured rates or variation thereof, shall be subject to the
22 approval of the Commission or its legal successor. The rates to be charged by
23 the grantee shall be unbundled, separable and distinct among the services
24 offered and shall be determined in such a manner that regulated services do not
25 subsidize the unregulated ones.

26 SEC. 7. *Right of Government.* – A special right is hereby reserved to
27 the President of the Philippines, in times of war, rebellion, public peril,
28 calamity, emergency, disaster or disturbance of peace and order, to temporarily

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

8 The radio spectrum is a finite resource that is part of the national
9 patrimony and the use thereof is a privilege conferred upon the grantee by the
10 State and may be withdrawn anytime after due process.

11 SEC. 8. *Term of Franchise.* – This franchise shall be in effect for a
12 period of twenty-five (25) years unless sooner revoked or cancelled. This
13 franchise shall be deemed *ipso facto* revoked in the event the grantee fails to
14 comply with any of the following conditions:

15 (a) Commence operation within three (3) years from the approval of its
16 operating permit or provisional authority by the NTC;

17 (b) Operate continuously for two (2) years; and

18 (c) Commence operations within five (5) years from the effectivity of
19 this Act.

20 SEC. 9. *Acceptance and Compliance.* – Acceptance of this franchise
21 shall be given in writing within sixty (60) days from the effectivity of this Act.
22 Upon giving such acceptance, the grantee shall exercise the privileges granted
23 under this Act. Nonacceptance shall render the franchise void.

24 SEC. 10. *Bond.* – The grantee shall file a bond with the NTC in the
25 amount that the NTC shall determine, to guarantee compliance with and
26 fulfillment of the conditions under which this franchise is granted. If, after five
27 (5) years from the date of the approval of its permit by the Commission, the
28 grantee shall have fulfilled the same, the bond shall be cancelled by the

1 Commission. Otherwise, the bond shall be forfeited in favor of the government
2 and the franchise *ipso facto* revoked.

3 SEC. 11. *Right of Interconnection.* – The grantee is hereby authorized
4 to connect or demand connection of its telecommunications systems to any
5 other telecommunications systems installed, operated and maintained by any
6 other duly authorized person or entity in the Philippines for the purpose of
7 providing extended and improved telecommunications services to the public,
8 under such terms and conditions mutually agreed upon by the parties
9 concerned and the same shall be subject to the review and modification of the
10 Commission.

11 SEC. 12. *Gross Receipts.* – The grantee, its successors or assigns,
12 shall keep a separate account of the gross receipts of the business transacted by
13 it and shall furnish the Commission on Audit (COA) and the National Treasury
14 a copy of such account not later than the thirty-first (31st) day of January of
15 each year for the preceding twelve (12) months.

16 SEC. 13. *Books and Accounts.* – The books and accounts of the
17 grantee, its successor or assigns, shall always be open to the inspection of the
18 *Commissioner on Audit* or his duly authorized representatives and it shall be
19 the duty of the grantee to submit to the COA two (2) copies of the quarterly
20 reports on the gross receipts, the net profits and the general condition of the
21 business.

22 SEC. 14. *Warranty in Favor of National and Local Governments.* –
23 The grantee shall hold the national, provincial, city and municipal governments
24 of the Philippines free from all claims, accounts, demands or actions arising
25 out of accidents or injuries, whether to property or to persons, caused by the
26 construction or operation of the stations, transmitters, facilities and equipment
27 of the grantee.

1 SEC. 15. *Nontransferability of Franchise.* – The grantee shall not
2 lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights
3 and privileges acquired thereunder to any person, firm, company, corporation
4 or other commercial or legal entity, nor merge with any other corporation or
5 entity, nor shall the controlling interest of the grantee be transferred, whether
6 as a whole or in parts and whether simultaneously or contemporaneously, to
7 any such person, firm, company, corporation or entity without the prior
8 approval of the Congress of the Philippines. The conditions, terms, restrictions
9 and limitations set by this Act shall be imposed on any person or entity to
10 which this franchise is sold, transferred or assigned.

11 SEC. 16. *Dispersal of Ownership.* – In accordance with the
12 constitutional provision to encourage public participation in public utilities, the
13 grantee shall offer at least thirty *per centum* (30%) or a higher percentage that
14 may hereafter be provided by law of its outstanding capital stock in any
15 securities exchange in the Philippines within five (5) years from the
16 commencement of its operations. Noncompliance therewith shall render the
17 franchise *ipso facto* revoked.

18 SEC. 17. *Reportorial Requirement.* – The grantee shall submit an
19 annual report to the Congress of the Philippines on its compliance with the
20 terms and conditions of the franchise and on its operations within sixty (60)
21 days from the end of every year.

22 SEC. 18. *Equality Clause.* – Any advantage, favor, privilege,
23 exemption or immunity granted under existing franchise, or may hereafter be
24 granted, shall *ipso facto* become part of previously granted
25 telecommunications franchises and shall be accorded immediately and
26 unconditionally to the grantees of such franchises: *Provided, however,* That the
27 foregoing shall neither apply to nor affect the provisions of

1 telecommunications franchises concerning territory covered by the franchise,
2 the life span of the franchise or the type of service authorized by the franchise.

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

6 SEC. 20. *Repealability and Nonexclusivity Clause.* – This franchise
7 shall be subject to amendment, alteration or repeal by the Congress of the
8 Philippines when the public interest so requires and shall not be interpreted as
9 an exclusive grant of the privileges herein provided for.

10 SEC. 21. *Effectivity Clause.* – This Act shall take effect fifteen (15)
11 days from the date of its publication, upon the initiative of the grantee, in at
12 least two (2) newspapers of general circulation in the Philippines.

Approved,

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