



HOUSE OF REPRESENTATIVES

H. No. 6032

BY REPRESENTATIVES JAVIER, TEODORO, AGGABAO, ROBES, MADRONA,
ARNAIZ, SALVACION, LAPUS, EMANO AND TINGA, PER COMMITTEE
REPORT NO. 2033

AN ACT RENEWING THE FRANCHISE GRANTED TO PHILIPPINE
GLOBAL COMMUNICATIONS, INC. (FORMERLY RCA
COMMUNICATIONS, INC.) FOR ANOTHER TWENTY-FIVE (25)
YEARS, AMENDING FOR THE PURPOSE REPUBLIC ACT
NO. 4617

*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 1987 Philippine Constitution and applicable laws, rules and
3 regulations, there is hereby granted to Philippine Global Communications, Inc.
4 (formerly RCA Communications, Inc.), hereunder referred to as the grantee, its
5 successors or assigns, a franchise to construct, install, establish, operate and
6 maintain for commercial purposes and in the public interest, throughout the
7 Philippines and between the Philippines and other countries and territories,
8 wire and/or wireless telecommunications systems including, but not limited to,
9 mobile, cellular, paging, fiber optics, multi-channel multi-point distribution

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

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

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

1 covered and date the grantee shall commence the service. The Commission,
2 however, shall not unreasonably withhold or delay the grant of any such
3 authority, permits or licenses.

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

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

1 The grantee shall provide basic or enhanced telephone service in any
2 city and/or municipality in the Philippines where it has an approved certificate
3 of public convenience and necessity for the establishment, operation and
4 maintenance of a local exchange service, without discrimination to any
5 applicant therefor, in the order of the date of their applications, up to the limit
6 of the capacity of its local telephone exchange, and should the demand for the
7 telephone service at any time increase beyond the capacity thereof, the grantee
8 shall increase the same to meet such demand: *Provided*, That in case the total
9 demand to be satisfied by the expansion is less than the smallest viable local
10 exchange available in the market as determined by the Commission, the
11 grantee shall not be obliged to furnish such service unless the applicant for
12 telephone service defrays the actual expenses for the installation of the
13 telecommunications apparatus necessary for such services and in such case, the
14 Commission may extend the time within which the grant shall furnish such
15 service.

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

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

1 SEC. 7. *Right of Government.* – A special right is hereby reserved to
2 the President of the Philippines, in times of war, rebellion, public peril,
3 calamity, emergency, disaster or disturbance of peace and order, to temporarily
4 take over and operate the stations, transmitters, facilities or equipment of the
5 grantee, to temporarily suspend the operation of any station, transmitter,
6 facility or equipment in the interest of public safety, security and public
7 welfare, or to authorize the temporary use and operation thereof by any agency
8 of the government, upon due compensation to the grantee for the use of said
9 stations, transmitters, facilities or equipment during the period when they shall
10 be so operated.

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

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

18 SEC. 9. *Acceptance and Compliance.* – Acceptance of this franchise
19 shall be given in writing to the Congress of the Philippines, through the
20 Committee on Legislative Franchises of the House of Representatives and the
21 Committee on Public Services of the Senate within sixty (60) days from the
22 effectivity of this Act. Upon giving such acceptance, the grantee shall exercise
23 the privileges granted under this Act. Nonacceptance shall render the franchise
24 void.

25 SEC. 10. *Bond.* – The grantee shall file a bond with the NTC in the
26 amount that it shall determine to guarantee the compliance with and fulfillment
27 of the conditions under which this franchise is granted. If, after three (3) years

1 from the date of the approval of its permit by the Commission, the grantee shall
2 have fulfilled the conditions, the bond shall be cancelled by the Commission.
3 Otherwise, the bond shall be forfeited in favor of the government and the
4 franchise *ipso facto* revoked.

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

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

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

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

1 SEC. 15. *Sale, Lease, Transfer, Usufruct or Assignment of Franchise.* –

2 The grantee shall not sell, lease, transfer, grant the usufruct of, or assign this
3 franchise or the rights and privileges acquired thereunder to any person, firm,
4 company, corporation or other commercial or legal entity, or merge with any
5 other corporation or entity, or shall transfer the controlling interest of the
6 grantee, whether as a whole or in parts and whether simultaneously or
7 contemporaneously, to any such person, firm, company, corporation or entity
8 without the prior approval of the Congress of the Philippines: *Provided*, That
9 Congress shall be informed of any sale, lease, transfer, grant of usufruct, or
10 assignment of franchise or the rights or privileges acquired within sixty (60)
11 days after the completion of said transaction: *Provided, further*, That failure to
12 report to Congress such change of ownership shall render the franchise *ipso*
13 *facto* revoked: *Provided, finally*, That any person or entity to which this
14 franchise is sold, transferred or assigned, shall be subject to the same
15 conditions, terms, restrictions and limitations of this Act.

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

23 SEC. 17. *Reportorial Requirement.* – The grantee shall submit an
24 annual report to the Congress of the Philippines, through the Committee on
25 Legislative Franchises of the House of Representatives and the Committee on
26 Public Services of the Senate, on its compliance with the terms and conditions
27 of the franchise and on its operations on or before April 30 of the succeeding
28 year.

1 SEC. 18. *Penalty Clause.* – Any grantee who fails to submit the
2 annual report to Congress shall be fined Five hundred pesos (P500.00) per
3 working day of noncompliance. The fine shall be collected by the NTC from
4 said delinquent franchise grantee separate from the reportorial penalties
5 imposed by the NTC. The collected funds shall accrue to the monitoring fund
6 of the NTC in line with its supervisory and regulatory functions. The
7 reportorial compliance certificate issued by Congress shall be required before
8 any application for permit or certificate is accepted by the NTC.

9 SEC. 19. *Equality Clause.* – Any advantage, favor, privilege,
10 exemption, or immunity granted under other existing franchise, or which may
11 hereafter be granted, upon prior review and approval of Congress, shall
12 become part of this franchise and shall be accorded immediately and
13 unconditionally to the herein grantee: *Provided, however,* That the foregoing
14 shall neither apply to nor affect provisions of telecommunications franchises
15 concerning territory covered by the franchise, the life span of the franchise or
16 the type of service authorized by the franchise.

17 SEC. 20. *Separability Clause.* – If any of the sections or provisions of
18 this Act is held invalid, all other provisions not affected thereby shall remain
19 valid.

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

24 SEC. 22. *Publication.* – This Act shall be published, through the
25 initiative of the grantee, fifteen (15) days after this Act is signed by the
26 President of the Philippines or has lapsed into law.

1 SEC. 23. *Effectivity Clause.* – This Act shall take effect fifteen (15)
2 days from the date of its publication in at least two (2) newspapers of general
3 circulation in the Philippines.

Approved,

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