



## HOUSE OF REPRESENTATIVES

H. No. 5373

---

BY REPRESENTATIVES CODILLA, CARI, ZUBIRI, VELOSO, LAGBAS, MITRA,  
BADELLES, LOPEZ (J.), NICOLAS, ZAMORA (M.), BUESER, TALIÑO-  
SANTOS, DEFENSOR (A.) AND MALAPITAN, PER COMMITTEE REPORT  
NO. 1628

---

AN ACT AMENDING THE FRANCHISE OF ORMOC CITY TELEPHONE  
COMPANY, INC. GRANTED UNDER REPUBLIC ACT NO. 3482,  
AND EXTENDING/RENEWING THE TERM THEREOF TO  
ANOTHER TWENTY-FIVE (25) YEARS FROM THE DATE OF  
EFFECTIVITY OF THIS ACT

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

1           SECTION 1. The franchise of Ormoc City Telephone Company, Inc.  
2 granted under Republic Act No. 3482, is hereby amended to read as follows:

3                   “SECTION 1. *NATURE AND SCOPE OF FRANCHISE.* –  
4           SUBJECT TO THE PROVISIONS OF THE CONSTITUTION AND  
5           APPLICABLE LAWS, RULES AND REGULATIONS, THERE IS  
6           HEREBY GRANTED TO THE ORMOC CITY TELEPHONE  
7           COMPANY, INC., HEREUNDER REFERRED TO AS THE GRANTEE,

1           ITS SUCCESSORS OR ASSIGNS, A FRANCHISE TO CONSTRUCT,  
2           INSTALL, ESTABLISH, OPERATE AND MAINTAIN FOR  
3           COMMERCIAL PURPOSES AND IN THE PUBLIC INTEREST, LOCAL  
4           EXCHANGE NETWORK, INCLUDING PUBLIC CALLING STATIONS  
5           OR PAY TELEPHONE STATIONS OR WIRELESS LOCAL LOOP AND  
6           THEIR VALUE-ADDED SERVICES IN THE PROVINCES OF LEYTE,  
7           SOUTHERN LEYTE AND BILIRAN, INCLUDING ALL COMPONENT  
8           AND CHARTERED CITIES THEREIN, AND FOR SUCH PURPOSE  
9           PROVIDE BASIC TELEPHONE SERVICE CAPABLE OF ACCESSING  
10          LOCAL, NATIONAL, INTERNATIONAL AND OTHER NETWORKS.

11                    “*SEC. 2. MANNER OF OPERATION OF STATIONS OR*  
12            *FACILITIES.* – THE STATIONS OR FACILITIES OF THE GRANTEE  
13            SHALL BE CONSTRUCTED AND OPERATED IN A MANNER AS  
14            WILL AT MOST RESULT ONLY IN THE MINIMUM INTERFERENCE  
15            ON THE WAVELENGTHS OR FREQUENCIES OF EXISTING  
16            STATIONS OR OTHER STATIONS WHICH MAY BE ESTABLISHED  
17            BY LAW, WITHOUT IN ANY WAY DIMINISHING ITS OWN RIGHT  
18            TO USE ITS SELECTED WAVELENGTHS OR FREQUENCIES AND  
19            THE QUALITY OF TRANSMISSION OR RECEPTION THEREON AS  
20            SHOULD MAXIMIZE RENDITION OF THE GRANTEE’S SERVICES  
21            AND/OR THE AVAILABILITY THEREOF. IN NO WAY SHALL THE  
22            OPERATIONS OF THE GRANTEE, NOR THE RADIATED POWER OF

1           ITS STATIONS OR FACILITIES, EXCEED THAT REQUIRED TO  
2           COVER THE AREA WHERE IT IS ALLOWED TO OPERATE.

3           "SEC. 3. *AUTHORITY OF THE NATIONAL*  
4           *TELECOMMUNICATIONS COMMISSION.* – THE GRANTEE SHALL  
5           SECURE FROM THE NATIONAL TELECOMMUNICATIONS  
6           COMMISSION (NTC), HEREINAFTER REFERRED TO AS THE  
7           COMMISSION, A CERTIFICATE OF PUBLIC CONVENIENCE AND  
8           NECESSITY OR THE APPROPRIATE PERMITS AND LICENSES FOR  
9           THE CONSTRUCTION, INSTALLATION AND OPERATION OF ITS  
10          TELECOMMUNICATIONS SYSTEMS/FACILITIES. IN ISSUING THE  
11          CERTIFICATE, THE COMMISSION SHALL HAVE THE POWER TO  
12          IMPOSE SUCH CONDITIONS RELATIVE TO THE CONSTRUCTION,  
13          OPERATION, MAINTENANCE OR SERVICE LEVEL OF THE  
14          TELECOMMUNICATIONS SYSTEM. THE COMMISSION SHALL  
15          HAVE THE AUTHORITY TO REGULATE THE CONSTRUCTION AND  
16          OPERATION OF ITS TELECOMMUNICATIONS SYSTEMS. THE  
17          GRANTEE SHALL NOT USE ANY FREQUENCY IN THE RADIO  
18          SPECTRUM WITHOUT HAVING BEEN AUTHORIZED BY THE  
19          COMMISSION. SUCH CERTIFICATE SHALL STATE THE AREAS  
20          COVERED AND THE DATE THE GRANTEE SHALL COMMENCE  
21          THE SERVICE. THE COMMISSION, HOWEVER, SHALL NOT  
22          UNREASONABLY WITHHOLD OR DELAY THE GRANT OF ANY  
23          SUCH AUTHORITY, PERMITS OR LICENSES.

1           “SEC. 4. *RESPONSIBILITY TO THE PUBLIC.* – THE  
2           GRANTEE SHALL CONFORM TO THE ETHICS OF HONEST  
3           ENTERPRISE AND NOT USE ITS STATIONS/FACILITIES FOR  
4           OBSCENE OR INDECENT TRANSMISSION OR FOR  
5           DISSEMINATION OF DELIBERATELY FALSE INFORMATION OR  
6           WILLFUL MISREPRESENTATION, OR ASSIST IN SUBVERSIVE OR  
7           TREASONABLE ACTS. -

8           “THE GRANTEE SHALL PROVIDE BASIC OR ENHANCED  
9           TELEPHONE SERVICE WITHIN THE PROVINCES OF LEYTE,  
10          SOUTHERN LEYTE AND BILIRAN, INCLUDING ALL COMPONENT  
11          AND CHARTERED CITIES THEREIN, WHERE IT HAS AN  
12          APPROVED CERTIFICATE OF PUBLIC CONVENIENCE AND  
13          NECESSITY FOR THE ESTABLISHMENT, OPERATION AND  
14          MAINTENANCE OF A LOCAL EXCHANGE SERVICE, WITHOUT  
15          DISCRIMINATION TO ANY APPLICANT THEREFOR, IN THE  
16          ORDER OF THE DATE OF THEIR APPLICATIONS, UP TO THE  
17          LIMIT OF THE CAPACITY OF ITS LOCAL TELEPHONE  
18          EXCHANGE, AND SHOULD THE DEMAND FOR THE TELEPHONE  
19          SERVICE AT ANY TIME INCREASE BEYOND THE CAPACITY  
20          THEREOF, THE GRANTEE SHALL INCREASE THE SAME TO MEET  
21          SUCH DEMAND: *PROVIDED*, THAT IN CASE THE TOTAL DEMAND  
22          TO BE SATISFIED BY THE EXPANSION IS LESS THAN THE  
23          SMALLEST VIABLE LOCAL EXCHANGE AVAILABLE IN THE

1 MARKET AS DETERMINED BY THE COMMISSION, THE GRANTEE  
2 SHALL NOT BE OBLIGED TO FURNISH SUCH SERVICE UNLESS  
3 THE APPLICANT FOR TELEPHONE SERVICE DEFRAYS THE  
4 ACTUAL EXPENSES FOR THE INSTALLATION OF THE  
5 TELECOMMUNICATIONS APPARATUS NECESSARY FOR SUCH  
6 SERVICES AND IN SUCH CASE, THE COMMISSION MAY EXTEND  
7 THE TIME WITHIN WHICH THE GRANTEE SHALL FURNISH SUCH  
8 SERVICE.

9 "THE GRANTEE SHALL OPERATE AND MAINTAIN ALL ITS  
10 STATIONS, LINES, CABLES, SYSTEMS AND EQUIPMENT FOR THE  
11 TRANSMISSION AND RECEPTION OF MESSAGES, SIGNALS AND  
12 PULSES IN A SATISFACTORY MANNER AT ALL TIMES, AND AS  
13 FAR AS ECONOMICAL AND PRACTICABLE, MODIFY, IMPROVE  
14 OR CHANGE SUCH STATIONS, LINES, CABLES, SYSTEMS AND  
15 EQUIPMENT TO KEEP ABREAST WITH THE ADVANCES IN  
16 SCIENCE AND TECHNOLOGY.

17 "SEC. 5. *RATES FOR SERVICES.* - THE CHARGES AND  
18 RATES FOR TELECOMMUNICATIONS SERVICES OF THE  
19 GRANTEE, EXCEPT THE RATES AND CHARGES ON THOSE THAT  
20 MAY HEREAFTER BE DECLARED OR CONSIDERED AS  
21 NONREGULATED SERVICES, WHETHER FLAT RATES OR  
22 MEASURED RATES OR VARIATION THEREOF, SHALL BE  
23 SUBJECT TO THE APPROVAL OF THE COMMISSION OR ITS  
24 LEGAL SUCCESSOR. THE RATES TO BE CHARGED BY THE

1 GRANTEE SHALL BE UNBUNDLED, SEPARABLE AND DISTINCT  
2 AMONG THE SERVICES OFFERED AND SHALL BE DETERMINED  
3 IN SUCH A MANNER THAT REGULATED SERVICES DO NOT  
4 SUBSIDIZE THE UNREGULATED ONES.

5 "SEC. 6. *RIGHT OF GOVERNMENT.* – A SPECIAL RIGHT  
6 IS HEREBY RESERVED TO THE PRESIDENT OF THE PHILIPPINES,  
7 IN TIMES OF WAR, REBELLION, PUBLIC PERIL, CALAMITY,  
8 EMERGENCY, DISASTER OR DISTURBANCE OF PEACE AND  
9 ORDER, TO TEMPORARILY TAKE OVER AND OPERATE THE  
10 STATIONS, TRANSMITTERS, FACILITIES OR EQUIPMENT OF THE  
11 GRANTEE, TO TEMPORARILY SUSPEND THE OPERATION OF ANY  
12 STATION, TRANSMITTER, FACILITY OR EQUIPMENT IN THE  
13 INTEREST OF PUBLIC SAFETY, SECURITY AND PUBLIC  
14 WELFARE, OR TO AUTHORIZE THE TEMPORARY USE AND  
15 OPERATION THEREOF BY ANY AGENCY OF THE GOVERNMENT,  
16 UPON DUE COMPENSATION TO THE GRANTEE, FOR THE USE OF  
17 SAID STATIONS, TRANSMITTERS, FACILITIES OR EQUIPMENT  
18 DURING THE PERIOD WHEN THEY SHALL BE SO OPERATED.

19 "THE RADIO SPECTRUM IS A FINITE RESOURCE THAT IS  
20 PART OF THE NATIONAL PATRIMONY AND THE USE THEREOF IS  
21 A PRIVILEGE CONFERRED UPON THE GRANTEE BY THE STATE  
22 AND MAY BE WITHDRAWN ANYTIME AFTER DUE PROCESS.

1           “SEC. 7. *ACCEPTANCE AND COMPLIANCE.*

2           ACCEPTANCE OF THIS FRANCHISE SHALL BE GIVEN IN  
3           WRITING WITHIN SIXTY (60) DAYS FROM THE EFFECTIVITY OF  
4           THIS ACT. UPON GIVING SUCH ACCEPTANCE, THE GRANTEE  
5           SHALL EXERCISE THE PRIVILEGES GRANTED UNDER THIS ACT.  
6           NONACCEPTANCE SHALL RENDER THE FRANCHISE VOID.

7           “SEC. 8. *BOND.* – THE GRANTEE SHALL FILE A BOND  
8           ISSUED IN FAVOR OF THE NTC, WHICH SHALL DETERMINE THE  
9           AMOUNT, TO GUARANTEE THE COMPLIANCE WITH AND  
10          FULFILLMENT OF THE CONDITIONS UNDER WHICH THIS  
11          FRANCHISE IS GRANTED. IF, AFTER FIVE YEARS FROM THE  
12          DATE OF THE APPROVAL OF ITS PERMIT BY THE COMMISSION,  
13          THE GRANTEE SHALL HAVE FULFILLED THE SAME, THE BOND  
14          SHALL BE CANCELLED BY THE COMMISSION. OTHERWISE,  
15          THE BOND SHALL BE FORFEITED IN FAVOR OF THE  
16          GOVERNMENT AND THE FRANCHISE *IPSO FACTO* REVOKED.

17          “SEC. 9. *RIGHT OF INTERCONNECTION.* – THE GRANTEE  
18          IS HEREBY AUTHORIZED TO CONNECT OR DEMAND  
19          CONNECTION OF ITS TELECOMMUNICATIONS SYSTEMS TO ANY  
20          OTHER TELECOMMUNICATIONS SYSTEMS INSTALLED,  
21          OPERATED AND MAINTAINED BY ANY OTHER DULY  
22          AUTHORIZED PERSON OR ENTITY IN THE PHILIPPINES FOR THE  
23          PURPOSE OF PROVIDING EXTENDED AND IMPROVED

1 TELECOMMUNICATIONS SERVICES TO THE PUBLIC, UNDER  
2 SUCH TERMS AND CONDITIONS MUTUALLY AGREED UPON BY  
3 THE PARTIES CONCERNED AND THE SAME SHALL BE SUBJECT  
4 TO THE REVIEW AND MODIFICATION OF THE COMMISSION.

5 "SEC. 10. *GROSS RECEIPTS.* - THE GRANTEE, ITS  
6 SUCCESSORS OR ASSIGNS, SHALL KEEP A SEPARATE ACCOUNT  
7 OF THE GROSS RECEIPTS OF THE BUSINESS TRANSACTED BY IT  
8 AND SHALL FURNISH THE COMMISSION ON AUDIT (COA) AND  
9 THE NATIONAL TREASURY A COPY OF SUCH ACCOUNT NOT  
10 LATER THAN THE THIRTY-FIRST (31<sup>ST</sup>) DAY OF JANUARY OF  
11 EACH YEAR FOR THE PRECEDING TWELVE (12) MONTHS.

12 "SEC. 11. *BOOKS AND ACCOUNTS.* - THE BOOKS AND  
13 ACCOUNTS OF THE GRANTEE, ITS SUCCESSORS OR ASSIGNS,  
14 SHALL ALWAYS BE OPEN TO THE INSPECTION OF THE  
15 COMMISSIONER ON AUDIT OR HIS AUTHORIZED  
16 REPRESENTATIVES AND IT SHALL BE THE DUTY OF THE  
17 GRANTEE TO SUBMIT TO THE COA TWO COPIES OF THE  
18 QUARTERLY REPORTS ON THE GROSS RECEIPTS, THE NET  
19 PROFITS AND THE GENERAL CONDITION OF THE BUSINESS.

20 "SEC. 12. *WARRANTY IN FAVOR OF THE NATIONAL AND*  
21 *LOCAL GOVERNMENTS.* - THE GRANTEE SHALL HOLD THE  
22 NATIONAL, PROVINCIAL, CITY AND MUNICIPAL GOVERNMENTS



1           OF THE PHILIPPINES FREE FROM ALL CLAIMS, ACCOUNTS,  
2           DEMANDS OR ACTIONS ARISING OUT OF ACCIDENTS OR  
3           INJURIES, WHETHER TO PROPERTY OR TO PERSONS, CAUSED  
4           BY THE CONSTRUCTION OR OPERATION OF THE STATIONS,  
5           TRANSMITTERS, FACILITIES AND EQUIPMENT OF THE  
6           GRANTEE.

7           “SEC. 13. *SALE, LEASE, TRANSFER, USUFRUCT, ETC. –*

8           THE GRANTEE SHALL NOT LEASE, TRANSFER, GRANT THE  
9           USUFRUCT OF, SELL NOR ASSIGN THIS FRANCHISE OR THE  
10          RIGHTS AND PRIVILEGES ACQUIRED THEREUNDER TO ANY  
11          PERSON, FIRM, COMPANY, CORPORATION OR OTHER  
12          COMMERCIAL OR LEGAL ENTITY, NOR MERGE WITH ANY  
13          OTHER CORPORATION OR ENTITY, NOR SHALL THE  
14          CONTROLLING INTEREST OF THE GRANTEE BE TRANSFERRED,  
15          WHETHER AS A WHOLE OR IN PARTS AND WHETHER  
16          SIMULTANEOUSLY OR CONTEMPORANEOUSLY, TO ANY SUCH  
17          PERSON, FIRM, COMPANY, CORPORATION OR ENTITY WITHOUT  
18          THE PRIOR APPROVAL OF THE CONGRESS OF THE PHILIPPINES.  
19          ANY PERSON OR ENTITY TO WHICH THIS FRANCHISE IS SOLD,  
20          TRANSFERRED OR ASSIGNED, SHALL BE SUBJECT TO THE SAME  
21          CONDITIONS, TERMS, RESTRICTIONS AND LIMITATIONS OF  
22          THIS ACT.

1           “SEC. 14. *DISPERSAL OF OWNERSHIP.* – IN  
2           ACCORDANCE WITH THE CONSTITUTIONAL PROVISION TO  
3           ENCOURAGE PUBLIC PARTICIPATION IN PUBLIC UTILITIES, THE  
4           GRANTEE SHALL OFFER AT LEAST THIRTY PERCENTUM (30%)  
5           OF ITS OUTSTANDING CAPITAL STOCK OR A HIGHER  
6           PERCENTAGE THAT MAY HEREAFTER BE PROVIDED BY LAW IN  
7           ANY SECURITIES EXCHANGE IN THE PHILIPPINES WITHIN TEN  
8           (10) YEARS FROM THE COMMENCEMENT OF ITS OPERATIONS  
9           OR FROM THE DATE OF EFFECTIVITY OF THIS ACT,  
10          WHICHEVER IS LATER. NONCOMPLIANCE THEREWITH SHALL  
11          RENDER THE FRANCHISE *IPSO FACTO* REVOKED.

12          “SEC. 15. *REPORTORIAL REQUIREMENT.* – THE  
13          GRANTEE SHALL SUBMIT AN ANNUAL REPORT TO THE  
14          CONGRESS OF THE PHILIPPINES ON ITS COMPLIANCE WITH  
15          THE TERMS AND CONDITIONS OF THE FRANCHISE AND ON ITS  
16          OPERATIONS WITHIN SIXTY (60) DAYS FROM THE END OF  
17          EVERY YEAR.

18          “SEC. 16. *EQUALITY CLAUSE.* – ANY ADVANTAGE,  
19          FAVOR, PRIVILEGE, EXEMPTION OR IMMUNITY GRANTED  
20          UNDER EXISTING FRANCHISE, OR MAY HEREAFTER BE  
21          GRANTED, SHALL *IPSO FACTO* BECOME PART OF PREVIOUSLY  
22          GRANTED TELECOMMUNICATIONS FRANCHISES AND SHALL BE  
23          ACCORDED IMMEDIATELY AND UNCONDITIONALLY TO THE

1 GRANTEES OF SUCH FRANCHISES: *PROVIDED, HOWEVER, THAT*  
2 THE FOREGOING SHALL NEITHER APPLY TO NOR AFFECT THE  
3 PROVISIONS OF TELECOMMUNICATIONS FRANCHISES  
4 CONCERNING TERRITORY COVERED BY THE FRANCHISE, THE  
5 LIFE SPAN OF THE FRANCHISE OR THE TYPE OF SERVICE  
6 AUTHORIZED BY THE FRANCHISE.

7 "SEC. 17. *SEPARABILITY CLAUSE.* – IF ANY OF THE  
8 SECTIONS OR PROVISIONS OF THIS ACT IS HELD INVALID, ALL  
9 OTHER PROVISIONS NOT AFFECTED THEREBY SHALL REMAIN  
10 VALID.

11 "SEC. 18. *REPEALABILITY AND NONEXCLUSIVITY*  
12 *CLAUSE.* – THIS FRANCHISE SHALL BE SUBJECT TO  
13 AMENDMENT, ALTERATION OR REPEAL BY THE CONGRESS OF  
14 THE PHILIPPINES WHEN THE PUBLIC INTEREST SO REQUIRES  
15 AND SHALL NOT BE INTERPRETED AS AN EXCLUSIVE GRANT OF  
16 THE PRIVILEGES HEREIN PROVIDED FOR."

17 SEC. 2. *Renewal/Extension of the Franchise.* – This franchise shall  
18 be for a term of twenty-five (25) years from the date of effectivity of this Act,  
19 unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto*  
20 revoked in the event the grantee fails to operate continuously for two years.

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

Approved,

**O**