



**HOUSE OF REPRESENTATIVES**

**H. No. 6373**

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BY REPRESENTATIVES PIMENTEL AND ALVAREZ (F.), PER COMMITTEE  
REPORT NO. 245

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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 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  
3 regulations, the franchise granted under Republic Act No. 8715 to  
4 Tandag Electric and Telephone Company, Inc., hereunder referred to  
5 as the grantee, its successors or assignees, to construct, establish,  
6 install, operate and maintain for commercial purposes and in the  
7 public interest, public domestic telecommunications system in the  
8 Province of Surigao del Sur covering local exchange network,  
9 including public calling stations or pay telephone stations or wireless  
10 local loop; wire or wireless telecommunications system including  
11 fiber optics, satellite transmit and receive systems, transoceanic  
12 cable landing stations and systems, switches and their value-added

1 services such as the transmission of voice, data, facsimile, control  
2 signs, audio and video, information services and all other  
3 telecommunications system technologies, as are at present available  
4 or will be made available through technological advances or  
5 innovations in the future; or construct, acquire, lease, and operate, or  
6 manage transmitting and receiving stations, lines, cables, or systems  
7 as are convenient or essential to efficiently carry out the purpose of  
8 this franchise, is hereby renewed for another twenty-five (25) years  
9 from the effectivity of this Act.

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

19       SEC. 3. *Authority of the National Telecommunications*  
20 *Commission.* – The grantee shall secure from the National  
21 Telecommunications Commission (NTC) a certificate of public  
22 convenience and necessity or the appropriate permits and licenses for  
23 the construction, installation and operation of its telecommunications  
24 systems or facilities. In issuing the certificate, the NTC shall have  
25 the power to regulate and impose such conditions relative to the  
26 construction, operation, maintenance, or service level of the  
27 telecommunications systems or facilities. Such certificate shall state  
28 the areas covered and the date the grantee shall commence the  
29 service. The grantee shall not use any frequency in the radio

1 spectrum without authorization from the NTC. The NTC, however,  
2 shall not unreasonably withhold or delay the grant of such authority,  
3 permit or license.

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

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

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

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

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

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

27           **SEC. 7. *Right of the Government.*** – The radio spectrum is a  
28 finite resource that is part of the national patrimony and the use

1     thereof is a privilege conferred upon the grantee by the State and may  
2     be withdrawn any time after due process.

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

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

19            SEC. 9. *Right of Interconnection.* – The grantee is hereby  
20    authorized to connect or demand connection of its  
21    telecommunications systems to other telecommunications systems  
22    installed, operated, and maintained by any other duly authorized  
23    person or entity in the Philippines for the purpose of providing  
24    extended and improved telecommunications services to the public,  
25    under the terms and conditions mutually agreed upon by the parties  
26    concerned. This right shall be subject to review and modification by  
27    the NTC.

28            SEC. 10. *Mobile Number Portability.* – The grantee shall  
29    provide mobile number portability (MNP) and its implementing

1 mechanism, and shall interconnect, directly or indirectly, with the  
2 infrastructure, facilities, systems, or equipment of other  
3 telecommunications franchise grantees. It shall not install network  
4 features, functions, or capabilities that will impede the  
5 implementation of a nationwide MNP system. The NTC shall issue  
6 rules and regulations for this purpose, the effectivity of which shall  
7 commence upon applicability with other telecommunications  
8 franchise grantees.

9       **SEC. 11. *Warranty in Favor of the National and Local***  
10 ***Governments.*** – The grantee shall hold the national, provincial, city,  
11 and municipal governments of the Philippines free from all claims,  
12 liabilities, accounts, demands, or actions arising out of accidents  
13 causing injury to persons or damage to properties, during the  
14 construction or operation of the stations, transmitters, facilities, or  
15 equipment of the grantee.

16       **SEC. 12. *Sale, Lease, Transfer, Grant of Usufruct, or***  
17 ***Assignment of Franchise.*** – The grantee shall not sell, lease,  
18 transfer, grant the usufruct of, nor assign this franchise or the rights  
19 and privileges acquired thereunder to any person, firm, company,  
20 corporation, or other commercial or legal entity, nor merge with any  
21 other corporation or entity, nor the controlling interest of the grantee  
22 be transferred, simultaneously or contemporaneously, to any person,  
23 firm, company, corporation, or entity without the prior approval of  
24 the Congress of the Philippines. Congress shall be informed of any  
25 sale, lease, transfer, grant of usufruct, or assignment of franchise or  
26 the rights and privileges acquired thereunder, or of the merger or  
27 transfer of the controlling interest of the grantee, within sixty (60)  
28 days after the completion of the said transaction. Failure to report to  
29 Congress such change of ownership shall render the franchise *ipso*

1 *facto* revoked. Any person or entity to which this franchise is sold,  
2 transferred, or assigned shall be subject to the same conditions,  
3 terms, restrictions, and limitations of this Act.

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

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

26 SEC. 15. *Reportorial Requirement.* – The grantee shall submit  
27 an annual report on its compliance with the terms and conditions of  
28 the franchise and on its operations to the Congress of the Philippines,  
29 through the Committee on Legislative Franchises of the House of

1 Representatives and the Committee on Public Services of the Senate,  
2 on or before April 30 of every year during the term of its franchise.

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

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

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

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



1           SEC. 18. *Repealability and Nonexclusivity Clause.* – This  
2 franchise shall be subject to amendment, alteration, or repeal by the  
3 Congress of the Philippines when the public interest so requires and  
4 shall not be interpreted as an exclusive grant of the privileges herein  
5 provided for.

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

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

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

Approved,

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