



HOUSE OF REPRESENTATIVES

H. No. 6373

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

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,

O