

REPUBLIC OF THE PHILIPPINES  
HOUSE OF REPRESENTATIVES  
QUEZON CITY  
FIFTEENTH CONGRESS

SECOND REGULAR SESSION



COMMITTEE REPORT NO. 2033

19 MAR 2012

Submitted by the Committee on Legislative Franchises on \_\_\_\_\_

6032

Re : House Bill No. \_\_\_\_\_, prepared by the Committee;

Recommending its approval, in substitution of House Bill No. 5872

Sponsors: Representatives Marcelino R. Teodoro, Paolo Everardo S. Javier, Giorgidi B. Aggabao, Arturo B. Robes, Eleandro Jesus F. Madrona, George P. Amaiz, Andres D. Salvacion, Jr., Jeci A. Lapus, Yevgeny Vincente B. Emano and Sigfrido R. Tinga.

MR. SPEAKER:

The Committee on Legislative Franchises to which was referred House Bill No. 5872, introduced by Rep. Paolo Everardo S. Javier.

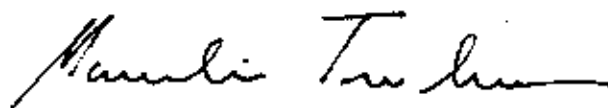
**"AN ACT RENEWING AND AMENDING THE FRANCHISE GRANTED TO PHILIPPINE GLOBAL COMMUNICATIONS, INC. (RCA COMMUNICATIONS, INC.) UNDER REPUBLIC ACT NO. 4167"**

has considered the same and recommends that the attached House Bill No. 6032 entitled:

**"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 4617 "**

be approved in substitution of House Bill No. 5872 with Paolo Everardo S. Javier, Marcelino "Marcy" R. Teodoro, Giorgidi B. Aggabao, Arturo B. Robes, Eleandro Jesus F. Madrona, George P. Amaiz, Andres D. Salvacion, Jr., Jeci A. Lapus, Yevgeny Vincente B. Emano and Sigfrido R. Tinga as authors thereof.

Respectfully submitted:

A handwritten signature in black ink, appearing to read "Marcelino Teodoro", with a stylized flourish at the end.

**MARCELINO "MARCY" R. TEODORO**  
Chairperson  
Committee on Legislative Franchises

**THE HONORABLE**  
**THE SPEAKER**  
House of Representatives

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

FIFTEENTH CONGRESS  
Second Regular Session

House Bill No. 6082

---

Introduced by Reps. Paolo Everardo S. Javier, Marcelino "Marcy" R. Teodoro,  
Giorgidi B. Aggabao, Arturo B. Robes, Eleandro Jesus F. Madrona, George P.  
Amaiz, Andres D. Salvacion, Jr., Jaci A. Lopus, Yevgeny Vincente B. Emano and  
Sigfrido R. Tinga

---

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 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 provisions of the  
2 1987 Philippine Constitution and applicable laws, rules and regulations, there is  
3 hereby granted to Philippine Global Communications, Inc. (formerly RCA  
4 Communications, Inc.), hereunder referred to as the grantee, its successors or  
5 assigns, a franchise to construct, install, establish, operate and maintain for  
6 commercial purposes and in the public interest, throughout the Philippines and  
7 between the Philippines and other countries and territories, wire and/or wireless  
8 telecommunications systems, including but not limited to mobile, cellular, paging,  
9 fiber optics, multi-channel multi-point distribution system (MMDS), local multi-point  
10 distribution system (LMDS), satellite transmit and receive systems, switches, and  
11 their value-added services such as, but not limited to, transmission of voice, data,  
12 facsimile, control signs, audio and video, information services bureau and all other  
13 telecommunications systems technologies as are at present available or will be  
14 made available through technological advances or innovations in the future; and/or  
15 construct, acquire, lease and operate or manage transmitting and receiving stations,  
16 lines, cables or systems as are convenient or essential to efficiently carry out the  
17 purpose of this franchise.

1  
2       SEC. 2. *Manner of Operation of Stations or Facilities.* – The stations or  
3 facilities of the grantee shall be constructed and operated in a manner as will, at  
4 most, result only in the minimum interference on the wavelengths or frequencies of  
5 existing stations or other stations which may be established by law, without in any  
6 way diminishing its own right to use its selected wavelengths or frequencies and the  
7 quality of transmission or reception thereon as should maximize rendition of the  
8 grantee's services and/or availability thereof.

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

22       SEC. 4. *Excavation and Restoration Works.* . – For the purpose of erecting  
23 and maintaining poles or other supports for said wires or other conductors for the  
24 purpose of laying and maintaining underground wires, cables or other conductors, it  
25 shall be lawful for the grantee, its successors or assigns, with the prior approval of  
26 the Department of Public Works and Highways (DPWH) or the local government unit  
27 concerned, as may be appropriate, to make excavations or lay conduits in any of the  
28 public places, highways, streets, lanes, alleys, avenues, sidewalks or bridges of said  
29 province, cities and/or municipalities: *Provided, however,* That a public place,  
30 highway, street, lane, alley, avenue, sidewalk or bridge disturbed, altered or changed  
31 by reason of erection of poles or other supports or the underground laying of wires,

1 other conductors or conduits, shall be repaired and replaced in workmanlike manner  
2 by said grantee, its successors or assigns, in accordance with the standards set by  
3 DPWH or the local government unit concerned. Should the grantee, its successors  
4 assigns, after the ten (10) day notice from the said authority, fail, refuse or neglect to  
5 repair or replace any part of public place, road, highway, street, lane, alley, avenue,  
6 sidewalk or bridge altered, changed or disturbed by the said grantee, its successors  
7 or assigns, then the DPWH or the local government unit concerned shall have the  
8 right to have the same repaired and placed in good order and condition at double  
9 expense to be charged against the grantee, its successors or assigns.

10  
11 SEC. 5. *Responsibility to the Public.* - The grantee shall conform to the ethics  
12 of honest enterprise and not use its stations/facilities for obscene or indecent  
13 transmission or for dissemination of deliberately false information or wilful  
14 misrepresentation, or assist in subversive or treasonable acts.

15  
16 The grantee shall provide basic or enhanced telephone service in any city  
17 and/or municipality in the Philippines where it has an approved Certificate of Public  
18 Convenience and Necessity for the establishment, operation and maintenance of a  
19 local exchange service, without discrimination to any applicant therefor, in the order  
20 of the date of their applications, up to the limit of the capacity of its local telephone  
21 exchange, and should the demand for the telephone service at any time increase  
22 beyond the capacity thereof, the grantee shall increase the same to meet such  
23 demand: *Provided*, That in case the total demand to be satisfied by the expansion is  
24 less than the smallest viable local exchange available in the market as determined  
25 by the Commission, the grantee shall not be obliged to furnish such service unless  
26 the applicant for telephone service defrays the actual expenses for the installation of  
27 the telecommunications apparatus necessary for such services and in such case, the  
28 Commission may extend the time within which the grant shall furnish such service.

29  
30 The grantee shall operate and maintain all its stations, lines, cables, systems,  
31 and equipment for the transmission and reception of messages, signals and pulses  
32 in a satisfactory manner at all times, and as far as economical and practicable,

1 modify, improve or change such stations, lines, cables, systems, and equipment to  
2 keep abreast with the advances in science and technology.

3 SEC. 6. *Rates for Services.* – The charges and rates for telecommunications  
4 services of the grantee, except the rates and charges on those that may hereafter be  
5 declared or considered as non-regulated services, whether flat rates or measured  
6 rates or variation thereof, shall be subject to the approval of the Commission or its  
7 legal successor. The rates to be charged by the grantee shall be unbundled,  
8 separable and distinct among the services offered and shall be determined in such a  
9 manner that regulated services do not subsidize the unregulated ones.

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

19  
20 The radio spectrum is a finite resource that is part of the national patrimony  
21 and the use thereof is a privilege conferred upon the grantee by the State and may  
22 be withdrawn anytime after due process.

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

27 SEC. 9. *Acceptance and Compliance.* – Acceptance of this franchise shall be  
28 given in writing to the Congress of the Philippines, through the Committee on  
29 Legislative Franchises of the House of Representatives and the Committee on Public

1 Services of the Senate within sixty (60) days from the effectivity of this Act. Upon  
2 giving such acceptance, the grantee shall exercise the privileges granted under this  
3 Act. Non-acceptance shall render the franchise void.

4 SEC. 10. *Bond.* - The grantee shall file a bond with the NTC in the amount that it  
5 shall determine to guarantee compliance with and fulfillment of the conditions under  
6 which this franchise is granted. If after three (3) years from the date of the approval  
7 of its permit by the Commission, the grantee shall have fulfilled the conditions, the  
8 bond shall be cancelled by the Commission. Otherwise, the bond shall be forfeited in  
9 favor of the government and the franchise *ipso facto* revoked.

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

18  
19 SEC. 12. *Gross Receipts.* - The grantee, its successors or assigns, shall keep  
20 a separate account of the gross receipts of the business transacted by it and shall  
21 furnish the Commission on Audit (COA) and the National Treasury a copy of such  
22 account not later than the thirty-first (31st) day of January of each year for the  
23 preceding twelve (12) months.

24 SEC. 13. *Books and Accounts.* - The books and accounts of the grantee, its  
25 successor or assigns, shall always be open to the inspection of the Commission on  
26 Audit (COA) and its duly-authorized representatives. It shall be the duty of the  
27 grantee to submit to the COA two (2) copies of the quarterly reports on the gross  
28 receipts, the net profits and the general condition of the business.

29 SEC. 14. *Warranty in Favor of the National and Local Governments.* - The  
30 grantee shall hold the national, provincial, city and municipal governments of the

1 Philippines free from all claims, accounts, demands or actions arising out of  
2 accidents or injuries, whether to property or to persons, caused by the construction  
3 or operation of the stations, transmitters, facilities and equipment of the grantee.

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

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

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

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

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

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

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

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

29  
30       SEC. 23 *Effectivity Clause*. - This Act shall take effect fifteen (15) days from  
31 the date of its publication in at least two (2) newspapers of general circulation in the  
32 Philippines.

Approved,