

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5371



Introduced by **REP. JOSEPH GILBERT F. VIOLAGO**

EXPLANATORY NOTE

Republic Act No. 7398 granted on April 13, 1992 the legislative franchise of Corona International, Inc. to establish, install, maintain, lease and operate wire and/or wireless telecommunications systems, lines, circuits and stations throughout the Philippines.

True to its franchise, Corona has established and has been operating VSAT and broadband systems in Naic, Cavite and the cities of Makati and Mandaluyong. However, the twenty-five year legislative franchise of this telecommunications company is expiring in 2017. To continue its operations and public service, there is an urgent need to seek a legislative authorization so as not to disrupt its services in its franchise areas.

This bill therefore seeks to renew the legislative franchise of Corona International, Inc. to enable it to continue its commitment to public service and have an open window of opportunity to expand its operations in the future.

In view of the foregoing, the approval of this measure is earnestly sought.

A handwritten signature in black ink, appearing to read "J. Violago", written over a horizontal line.

REP. JOSEPH GILBERT F. VIOLAGO
2nd District, Nueva Ecija

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AN ACT
RENEWING THE FRANCHISE GRANTED TO CORONA INTERNATIONAL, INC. UNDER
REPUBLIC ACT NO. 7398, FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE
EFFECTIVITY OF THE ACT

*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, the franchise
3 granted to Corona International, Inc. under Republic Act No. 7398 entitled "An Act
4 Granting the Corona International, Inc. a Franchise to Establish, Install, Maintain,
5 Lease, and Operate Wire and/or Wireless Telecommunications Systems, Lines,
6 Circuits and Stations Throughout the Philippines for Public Domestic and
7 International Communications, and For Other Purposes", hereunder referred to as
8 the grantee, its successors or assigns, a franchise to construct, install, establish,
9 operate and maintain for commercial purposes and in the public interest, wire and/or
10 wireless telecommunications systems, including but not limited to mobile, cellular,
11 paging, fiber optics, satellite transmit and receive systems, switches, and their value-
12 added services such as, but not limited to, transmission of voice, data, facsimile,
13 control signs, audio and video, information services bureau and all other
14 telecommunications system technologies as are at present available or will be made
15 available through technological advances or innovations in the future; and/or
16 construct, acquire, lease and operate or manage transmitting and receiving stations,
17 lines, cables or systems in the Philippines, is hereby renewed for another twenty-five
18 (25) years from the effectivity of this Act.

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

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

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

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

9
10 SEC. 5. *Responsibility to the Public.* - The grantee shall conform to the ethics
11 of honest enterprise and not use its stations/facilities for obscene or indecent
12 transmission or for dissemination of deliberately false information or willful
13 misrepresentation, or assist in subversive or treasonable acts.

14
15 The grantee shall provide basic or enhanced telephone service in any city
16 and/or municipality in the Philippines where it has an approved Certificate of Public
17 Convenience and Necessity for the establishment, operation and maintenance of a
18 local exchange service, without discrimination to any applicant therefor, in the order
19 of the date of their applications, up to the limit of the capacity of its local telephone
20 exchange, and should the demand for the telephone service at any time increase
21 beyond the capacity thereof, the grantee shall increase the same to meet such
22 demand: *Provided*, That in case the total demand to be satisfied by the expansion is
23 less than the smallest viable local exchange available in the market as determined
24 by the NTC, the grantee shall not be obliged to furnish such service unless the
25 applicant for telephone service defrays the actual expenses for the installation of the
26 telecommunications apparatus necessary for such services and in such case, the
27 NTC may extend the time within which the grant shall furnish such service.

28
29 The grantee shall operate and maintain all its stations, lines, cables, systems,
30 and equipment for the transmission and reception of messages, signals and pulses
31 in a satisfactory manner at all times, and as far as economical and practicable,
32 modify, improve or change such stations, lines, cables, systems, and equipment to
33 keep abreast with the advances in science and technology.

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

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

17
18 The radio spectrum is a finite resource that is part of the national patrimony
19 and the use thereof is a privilege conferred upon the grantee by the State and may
20 be withdrawn anytime after due process.

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

25
26 SEC. 9. *Acceptance and Compliance.* – Acceptance of this franchise shall be
27 given in writing to the Congress of the Philippines, through the Committee on
28 Legislative Franchises of the House of Representatives and the Committee on Public
29 Services of the Senate within sixty (60) days from the effectivity of this Act. Upon

1 giving such acceptance, the grantee shall exercise the privileges granted under this
2 Act. Nonacceptance shall render the franchise void.

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

11 SEC. 11. *Gross Receipts.* – The grantee, its successors or assigns, shall keep
12 a separate account of the gross receipts of the business transacted by it and shall
13 furnish the Commission on Audit (COA) and the National Treasury a copy of such
14 account not later than the thirty-first (31st) day of January of each year for the
15 preceding twelve (12) months.

16 SEC. 12. *Books and Accounts.* – The books and accounts of the grantee, its
17 successor or assigns, shall always be open to the inspection of the Commission on
18 Audit (COA) and its duly authorized representatives. It shall be the duty of the
19 grantee to submit to the COA two (2) copies of the quarterly reports on the gross
20 receipts, the net profits and the general condition of the business.

21 SEC. 13. *Warranty in Favor of the National and Local Governments.* – The
22 grantee shall hold the national, provincial, city and municipal governments of the
23 Philippines free from all claims, accounts, demands or actions arising out of
24 accidents or injuries, whether to property or to persons, caused by the construction
25 or operation of the stations, transmitters, facilities and equipment of the grantee.
26

27 SEC. 14. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.* – The
28 grantee shall not sell, lease, transfer, grant the usufruct of, or assign this franchise or
29 the rights and privileges acquired thereunder to any person, firm, company,
30 corporation or other commercial or legal entity, nor merge with any other corporation

1 or entity, nor shall transfer the controlling interest of the grantee, whether as a whole
2 or in parts, and whether simultaneously or contemporaneously, to any such person,
3 firm, company, corporation or entity without the prior approval of the Congress of the
4 Philippines: *Provided*, That Congress shall be informed of any sale, lease, transfer,
5 grant of usufruct, or assignment of franchise or the rights or privileges acquired
6 within sixty (60) days after the completion of said transaction: *Provided, further*, That
7 failure to report to Congress such change of ownership shall render the franchise
8 *ipso facto* revoked: *Provided, finally*, That any person or entity to which this franchise
9 is sold, transferred or assigned, shall be subject to the same conditions, terms,
10 restrictions and limitations of this Act.

11
12 SEC. 15. *Dispersal of Ownership*. - In accordance with the constitutional
13 provision to encourage public participation in public utilities, the grantee shall offer to
14 Filipino citizens at least thirty per centum (30%) or a higher percentage that may
15 hereafter be provided by law of its outstanding capital stock in any securities
16 exchange in the Philippines within five (5) years from the commencement of its
17 operations: *Provided*, That in cases where public offer of shares is not applicable,
18 establishment of cooperatives operating public utilities must be implemented.
19 Noncompliance therewith shall render the franchise *ipso facto* revoked.

20
21 . SEC. 16. *Reportorial Requirement*. - The grantee shall submit an annual
22 report to the Congress of the Philippines, through the Committee on Legislative
23 Franchises of the House of Representatives and the Committee on Public Services
24 of the Senate, on its compliance with the terms and conditions of the franchise and
25 on its operations on or before April 30 of the succeeding year.

26
27 SEC. 17. *Penalty Clause*. - Any grantee who fails to submit the requisite
28 Annual Report to Congress shall be fined Five Hundred Pesos (P500.00) per
29 working day of noncompliance. The fine shall be collected by the NTC from said
30 delinquent franchise grantee separate from the reportorial penalties imposed by the
31 NTC. All proceeds from said fines or penalties shall accrue to the monitoring fund of
32 the NTC in line with its supervisory and regulatory functions. The reportorial

1 compliance certificate issued by Congress shall be required before any application
2 for permit or certificate is accepted by the NTC.

3
4 SEC. 18. *Equality Clause.* - Any advantage, favor, privilege, exemption, or
5 immunity granted under other existing franchise, or which may hereafter be granted,
6 upon prior review and approval of Congress, shall become part of this franchise and
7 shall be accorded immediately and unconditionally to the herein grantee: *Provided,*
8 *however,* That the foregoing shall neither apply to nor affect provisions of
9 telecommunications franchises concerning territory covered by the franchise, the life
10 span of the franchise or the type of service authorized by the franchise.

11
12 SEC. 19. *Separability Clause.* - If any of the sections or provisions of this Act
13 is held invalid, all other provisions not affected thereby shall remain valid.

14
15 SEC. 20. *Repealability and Non-exclusivity Clause.* - This franchise shall be
16 subject to amendment, alteration, or repeal by the Congress of the Philippines when
17 the public interest so requires and shall not be interpreted as an exclusive grant of
18 the privilege herein provided for.

19
20 SEC. 21. *Publication.* This Act shall be published, through the initiative of the
21 grantee, fifteen (15) days after this Act is signed by the President of the Philippines
22 or has lapsed into law.

23
24 SEC. 22. *Effectivity Clause.* - This Act shall take effect fifteen (15) days from
25 the date of its publication in at least two (2) newspapers of general circulation in the
26 Philippines.

27 Approved,
28