

1 Republic of the Philippines
2 **HOUSE OF REPRESENTATIVES**
3 Constitution Hills, Quezon City

4 **SEVENTEENTH CONGRESS**
5 Third Regular Session

6 **HOUSE BILL NO. 7956**



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Introduced by REP. JOHNNY T. PIMENTEL

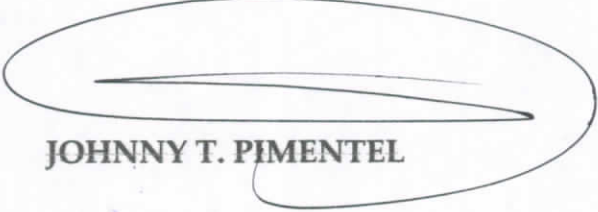
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14 **EXPLANATORY NOTE**

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16 The proposed bill seeks to extend the legislative franchise of Tandag Electric and
17 Telephone Company, Inc. (TETCO) for another twenty-five years and expand the same
18 to include internet service provision. TETCO was originally granted a franchise under
19 Republic Act No. 8715. Since its start of operations, it has continuously provided
20 telecommunication services for the people of Tandag, Surigao del Sur. The new
21 franchise under this Act would incorporate the recent technological advances in
22 telecommunications and allow TETCO to provide improved services to the people of
23 Surigao del Sur.

24
25 In today's globalized society, the Internet is undeniably essential for the function of
26 modern cities. Connectivity through digital means of communication is now an integral
27 part of the human experience. Healthcare, trade, information, and even governance are
28 now more than ever coursed through the various strands of the World Wide Web.

29
30 The proposed legislative franchise will definitely contribute to the economic
31 development of Surigao del Sur. TETCO can enable those living in secluded or
32 inaccessible areas to connect to the outside world through internet connections. TETCO
33 directly aids in the growth of connections and efficiencies within the people of Tandag.
34 Moreover, the grant of a specific franchise can encourage competition in the industry,
35 leading to overall lower costs.

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37 For the aforementioned reasons, the undersigned recommends that this bill be signed
38 into law.

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14 AN ACT AMENDING THE FRANCHISE OF THE TANDAG ELECTRIC AND
15 TELEPHONE COMPANY, INC. GRANTED UNDER REPUBLIC ACT NO. 8715,
16 AND RENEWING/EXTENDING THE TERM THEREOF TO ANOTHER TWENTY-
17 FIVE (25) YEARS FROM THE DATE OF EFFECTIVITY OF THIS ACT
18

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

21
22 **Section 1.** *Nature and Scope of Franchise.* – Subject to applicable laws, rules, and
23 regulations, the franchise granted under Republic Act No. 8715 to Tandag Electric and
24 Telephone Company, Inc. (hereafter Grantee), its successors, or assigns, to construct,
25 establish, install, maintain, and operate for commercial purposes and, in the public
26 interest, local exchange networks, including public calling stations or pay telephone
27 stations or wireless local loop and for such purpose provide basic telephone service or
28 other means related to the foregoing now known to science such as mobile, cellular,
29 paging, fiber optics, satellite transmit and receive systems, transoceanic cable landing
30 station and systems, switches, and their value-added services such as, but not limited to,
31 transmission of voice, data, facsimile, control signs, audio and video, information
32 services bureau, and other telecommunications systems technologies, or which in the
33 future may be developed in the Province of Surigao del Sur for public domestic
34 telecommunications, is hereby renewed for another twenty-five (25) years from the
35 effectivity of this Act.
36

37 **Section 2.** *Manner of Operation of Stations or Facilities.* – The stations or facilities of the
38 grantee shall be constructed and operated in a manner as will, at most, result only in the
39 minimum interference on the wavelengths or frequencies of existing stations or other
40 stations which may be established by law, without in any way diminishing its own
41 right to use it selected wavelengths or frequencies and the quality of transmission or
42 reception thereon as should maximize rendition of the grantee's services or availability
43 or both thereof.
44

45 **Section 3.** *Authority of the National Telecommunications Commission (NTC).* – As a
46 condition precedent for operations under its franchise, the Grantee shall secure from the
47 NTC a Certificate of Public Convenience and Necessity (CPCN) or other appropriate

1 permits and licenses for the construction, installation, and operation of its
2 telecommunications systems or facilities.

3
4 The NTC shall have the authority to regulate the construction and operation of the
5 Grantee's telecommunications system. In issuing the CPCN, the NTC shall have the
6 power to impose such conditions relative the construction and operation of the
7 Grantee's telecommunications systems. The CPCN shall state the areas covered and
8 date the Grantee shall commence its services.

9
10 This section notwithstanding, the NTC shall not unreasonably withhold or delay the
11 grant of the CPCN, permits, or licenses.

12
13 **Section 4. *Excavation and Restoration Works.*** – For the purpose of erecting and
14 maintaining poles or other supports for the wires for the telecommunications system or
15 unearthing and installing underground wires, cables, or other conductors for the same,
16 the Grantee, its successors, or assigns, with the prior approval of the Department of
17 Public Works and Highways (DPWH) or the local government unit concerned, as may
18 be appropriate, to make excavations or lay conduits in or on any of the public places,
19 highways, streets, lanes, alleys avenues, sidewalks, or bridges of provinces, cities, or
20 municipalities; *Provided, however,* That a public place, highway, street, lane, alley,
21 avenue, sidewalk, or bridge disturbed, altered, or changed by reason of erection of
22 poles or other supports or the underground laying of wires, other conductors, or
23 conduits, shall be repaired and replaced by the Grantee, its successors, or assigns in
24 accordance with the standards set by the DPWH or the appropriate local government
25 unit. Should the Grantee, its successors, or assigns, after ten (10) day notice from the
26 aforementioned authorities, fail, refuse, or neglect to repair or replace any part of the
27 public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge altered,
28 changed, or disturbed by its installation, the DPWH or the local government unit
29 concerned shall have the same repaired and placed in good order and condition at
30 double expense to be charged to the Grantee, its successors, or assigns.

31
32 **Section 5. *Responsibility to the Public.*** – The Grantee shall conform to the ethics of honest
33 enterprise and not use its stations or facilities for obscene or indecent transmission, or
34 for dissemination of deliberately false information, or willful misrepresentation, or
35 assist in subversive or treasonable acts.

36
37 The Grantee shall operate and maintain all its stations, lines, cables, systems, and
38 equipment for the transmission and reception of messages, signals, and pulses in a
39 satisfactory manner at all times and, as far as economical and practicable, modify,
40 improve, or change such stations, lines, cables, systems, and equipment to keep abreast
41 with the advances in science and technology.

42
43 As far as economically possible the Grantee shall improve and extend its services in
44 areas not yet served, and in hazard- and typhoon-prone areas that shall be determined
45 by the National Disaster Risk Reduction and Management Council in coordination with
46 the NTC.

47
48 The Grantee shall also improve and upgrade its equipment, facilities and services, in
49 order to ensure effective compliance with the objectives of Republic Act No. 10639 or
50 "The Free Mobile Disaster Alerts Act" .

1 **Section 6. Rates for Services.** – The charges and rates for telecommunications services of
2 the Grantee, except the rates and charges on those that may hereafter be declared or
3 considered as nonregulated services, whether flat rates or measured rates or variation
4 thereof, shall be subject to the approval of the NTC or its legal successor.

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

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

20
21 **Section 9. Acceptance and Compliance.** – Acceptance of this franchise shall be given in
22 writing to the Congress of the Philippines, through the Committee on Legislative
23 Franchises of the House of Representatives and the Committee on Public Services of the
24 Senate, within sixty (60) days from the effectivity of this Act. Upon giving such
25 acceptance, the Grantee shall exercise the privileges granted under this Act. Refusal or
26 failure to accept the franchise shall render the franchise void.

27
28 **Section 10. Tax Provisions.** – The Grantee, its successors or assignees, shall be liable to
29 pay the same taxes on their real estate, buildings and personal property, exclusive of
30 this franchise, as other persons or corporations which are now or thereafter may be
31 required by law to pay, except radio telecommunications and electronic
32 communications equipment, machinery, and spare parts needed in connection with the
33 business of the grantee which shall be exempt from customs duties, tariffs and other
34 taxes, as well as those declared exempt in this section. In addition thereto, the Grantee,
35 its successors or assignees, shall pay a value-added tax on all gross receipts of the
36 business transacted under this franchise by the grantee, its successors or assignees, in
37 the Philippines in lieu of any and all taxes of any kind, nature, or description levied,
38 established, or collected by an authority whatsoever including, but not limited to, city,
39 municipal, provincial, or national, from which the Grantee is hereby expressly
40 exempted effective from the date of the effectivity of this Act:

41
42 *Provided,* That the grantee, its successors or assignees, shall continue to be liable for
43 income taxes payable under Title II of the National Internal Revenue Code pursuant to
44 Section 2 of Executive Order No. 72, unless the latter enactment is amended or repealed,
45 in which case the amendment or repeal shall be applicable thereto.

46
47 The Grantee shall file the return with and pay the tax thereon to the Commissioner of
48 Internal Revenue or his duly authorized representative in accordance with the National
49 Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal
50 Revenue.

1 **Section 11. *Right of Interconnection.*** – The Grantee is hereby authorized to connect or
2 demand connection of its telecommunications systems to other telecommunications
3 systems installed, operated, and maintained by any other duly authorized person or
4 entity in the Philippines for the purpose of providing extended and improved
5 telecommunications services to the public, under the terms and conditions mutually
6 agreed upon by the parties concerned. The exercise of this right shall be subject to the
7 review and modification of the NTC.

8
9 **Section 12. *Warranty in Favor of the National and Local Governments.*** – The Grantee shall
10 hold the national, provincial, city, and municipal governments of the Philippines free
11 from all claims, liabilities, accounts, demands, or actions arising out of accidents that
12 cause injury to persons or damage to properties, during the construction or operation of
13 the stations, transmitters, facilities, or equipment of the grantee.

14
15 **Section 13. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.*** – The Grantee shall
16 not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and
17 privileges acquired thereunder to any person, firm, company, corporation or other
18 commercial or legal entity, nor shall transfer the controlling interest of the grantee,
19 whether as a whole or in part, and whether simultaneously or contemporaneously, to
20 any person, firm, company, corporation, or entity without the prior approval of the
21 Congress of the Philippines and compliance with legal requirements stipulated in other
22 statutes: *Provided*, That any person or entity to which this franchise is validly sold,
23 transferred, or assigned shall be subject to the same conditions, terms, restrictions, and
24 limitations of this Act.

25
26 **Section 14. *Reportorial Requirement.*** – The Grantee shall submit an annual report to the
27 Congress of the Philippines, through the Committee on Legislative Franchises of the
28 House of Representatives and the Committee on Public Services of the Senate, on its
29 compliance with the terms and conditions of the franchise and on its operations on or
30 before April 30 of every year during the term of its franchise. The reportorial
31 compliance certificate issued by Congress shall be required before any application for
32 permit or certificate is accepted by the NTC.

33
34 **Section 15. *Penalty Clause.*** – Failure of the Grantee to submit the requisite annual report
35 to Congress shall be penalized with a fine in the amount of One million pesos
36 (P1,000,000.00) per working day of noncompliance, the effectivity of which shall
37 commence upon applicability with other telecommunications franchise grantees:
38 *Provided*, That in the interim, the Grantee shall be liable to pay the fine of Five hundred
39 pesos (P500.00) per working day of noncompliance. The fine shall be collected by the
40 NTC from the delinquent franchise grantee separate from the reportorial penalties
41 imposed by the NTC and the same shall be remitted to the National Treasury.

42
43 **Section 16. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or immunity
44 granted under other existing franchises, or which may hereafter be granted, upon prior
45 review and approval of Congress, shall become part of this franchise and shall be
46 accorded immediately and unconditionally to the herein Grantee: *Provided*, That the
47 foregoing shall neither apply to nor affect the provisions of telecommunications
48 franchises concerning territory covered by the franchise, the life span of the franchise or
49 the type of service authorized by the franchise.

1 **Section 17. Separability Clause.** – If any section or provision of this Act is held invalid, all
2 other provisions not affected thereby shall remain valid.

3
4 **Section 18. Repeatability and Non-exclusivity Clause.** – This franchise shall be subject to
5 amendment, alteration, or repeal by the Congress of the Philippines when the public
6 interest so requires and shall not be interpreted as an exclusive grant of the privileges
7 herein provided for.

8
9 All provisions of Republic Act No. 8715 inconsistent with this Act are hereby repealed
10 or modified accordingly.

11
12 All other provisions of Republic Act No. 8715 which are not inconsistent with the
13 provisions of this Act and remain unrepealed shall continue to be in full force and
14 effect: *Provided*, That all pending suits of whatever kind or nature, whether civil,
15 criminal or administrative filed by or against the Grantee in connection with the
16 provisions of Republic Act No. 8715, shall continue to be prosecuted under the said law:
17 *Provided, further*, That all valid and existing liabilities, fines, penalties, surcharges and/or
18 unpaid tax assessments of the grantee from March 26, 1992 until the effectivity of the
19 new law shall remain valid and enforceable under Republic Act No. 7301 and Republic
20 Act No. 7940.

21
22 **Section 19. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in
23 the Official Gazette or in a newspaper of general circulation.

24
25 Approved.