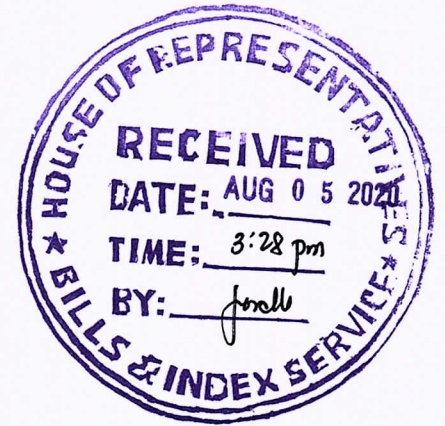


Republic of the Philippines
House of Representatives
Quezon City

Eighteenth Congress
First Regular Session

HOUSE BILL NO. 7288



Introduced by **HONORABLE PRINCESS RIHAN M. SAKALURAN**

EXPLANATORY NOTE

Marbel Telephone System, Inc. was granted a twenty-five (25) year franchise on January 10, 1998. Since its inception in 1965 as a sole proprietorship, Marbel Telephone System, Inc. had the distinction of being the first telephone company to offer an Automatic Dial System for its subscribers in Koronadal City. Marbel Telephone System, Inc. provides its subscribers with both the landline voice connection and the more in demand data connection as its primary offering. It now focuses more its operations to the more remote communities in its municipalities within its area of operation.

From serving the people of Koronadal City, the service area of Marbel Telephone System, Inc. expanded to the municipalities of Banga, Surallah, T'boli, Lake Sebu, Sto. Niño, Norala, Tantangan, Tampakan, Tupi and Polomolok, all in the province of South Cotabato; Maasim and Glan of Sarangani Province and General Santos City, which proactively involved in progress and development. Since 1985, Marbel Telephone System, Inc. introduced improvements and accelerated the delivery of basic data and telecommunications to the community which contributed

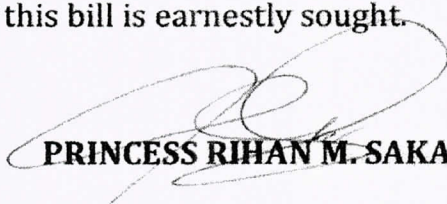
to the advancement of the socio-economic activities of the covered municipalities.

This bill seeks to renew the franchise granted to Marbel Telephone System, Inc. for another twenty-five (25) years. As enshrined in the Constitution, the State recognizes the vital role of communication and information in nation-building and the indispensable role of the private sector.

Advances in the telecommunications technological landscape had been exponential over the past five decades and will continue to grow even be more accelerated in the coming decades. From its humble beginning, Marbel Telephone System, Inc. had seen that it had substantially contributed to the modernization and development in its area of operation.

It being well aware of the need to provide relevant and adequate service to Filipinos in the provinces, Marbel Telephone System, Inc. is committed to make these services and products available to the locality it serves. Moreover, national and local issues, especially on matters concerning the development of provinces, can only be circularized and transmitted to a wider range of coverage through the services provided by Marbel Telephone System, Inc. given the age of advancement in technology and communications.

Hence, the approval of this bill is earnestly sought.



PRINCESS RIHAN M. SAKALURAN

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HOUSE BILL NO. 7288

Introduced by **HONORABLE PRINCESS RIHAN M. SAKALURAN**

**AN ACT RENEWING THE FRANCHISE GRANTED TO MARBEL
TELEPHONE SYSTEM, INC. (MTSI) TO CONSTRUCT,
INSTALL, MAINTAIN AND OPERATE LOCAL EXCHANGE
NETWORK IN THE PROVINCES OF SOUTH COTABATO,
SULTAN KUDARAT, AND SARANGANI**

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

SEC. 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to Marbel Telephone System, Inc. (MTSI) hereunder referred to as the grantee, its successors or assigns, a franchise to construct, install, maintain and operate telecommunications stations, network systems and facilities, including local exchange network, including public calling stations or pay telephone stations or wireless local loop and for such purpose provide basic telephone service or other means related to the foregoing now known to science or which in the future may be

developed, in the provinces of South Cotabato, Sultan Kudarat, and Sarangani, for public domestic telecommunications.

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

SEC. 3. *Authority of the National Telecommunications Commission (NTC).* - The grantee shall secure from the NTC a Certificate of Public Convenience and Necessity or the appropriate permits and licenses for the location, construction, installation, maintenance and operation of its telecommunications systems/facilities. The Commission shall have the authority to regulate the construction and operation of its telecommunications systems. The grantee shall not use any frequency in the radio spectrum without authorization from the NTC. Such certificate shall state the areas covered and date the grantee shall commence the service. The NTC, however, shall not unreasonably withhold or delay the grant of any such authority, permits or licenses.

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

SEC. 5. *Right of Government.* - A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and

operate the stations, transmitters, facilities of the grantee, to temporarily suspend the operation of any station or facility in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of its stations or facilities during the period when they shall be so operated.

SEC. 6. *Term of Franchise.* - This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto* revoked, in the event the grantee fails to comply with any of the following conditions: (a) commence operations within two (2) years from the approval of its operating permit or provisional authority by the NTC; (b) operate continuously for two (2) years; and (c) commence operations within three (3) years from the effectivity of this Act.

SEC. 7. *Acceptance and Compliance.* - Acceptance of this franchise shall be given in writing within sixty (60) days from the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Non-acceptance shall render the franchise void.

SEC. 8. *Tax Provisions.* - The grantee, its successors or assigns, shall be subject to the payment of all taxes, duties, fees or charges and other impositions under National Internal revenue Code of 1997, as amended, and other applicable laws.

SEC. 9. *Gross Receipts.* - The grantee, its successors or assigns, shall keep a separate account of the gross receipts of the business transacted by it and shall furnish the Commission on Audit (COA) and the National Treasury a copy of such account not later than the thirty-first (31st) day of January of each year for the preceding twelve (12) months.

SEC. 10. *Books and Accounts.* - The books and accounts of the grantee, its successors or assigns, shall always be open to the inspection of the Commission on Audit (COA) and its duly authorized representatives. It shall be the duty of the grantee to submit to the COA two (2) copies of the quarterly reports on the gross receipts, the net profits and the general condition of the business.

SEC. 11. *Warranty in Favor of National and Local Governments.* - The grantee shall hold the national, provincial, city and municipal governments of the Philippines free from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of the stations, transmitters, facilities, and equipment of the grantee.

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

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

SEC. 14. *Separability Clause.* - If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

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

SEC. 16. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation in the Philippines.

SEC. 17. *Right of Grantee.* - For the purpose of installing, operating and maintaining its telecommunications lines, it shall be lawful for the grantee, its successors or assigns to make excavations or lay conduits in any of the public places, highways, streets, lanes, alleys, avenues, sidewalks, bridges of said provinces, cities and municipalities: *Provided, however,* That any public place, highway, street, lane, alley, avenue, sidewalk, bridge disturbed, altered or changed by reason of the installation, operation and maintenance of said telecommunications lines underground shall be repaired and replaced in a workmanlike manner by said grantee, its successors or assigns to the satisfaction of the National Telecommunications Commission.

Should the grantee, its successors or assigns, after thirty (30) days' notice from the property authority, fail, refuse or neglect to repair or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk or bridge altered, changed or disturbed by said grantee, its successors or assigns, then the Secretary of Transportation and Communication shall have the right to have the same repaired and place in good order and condition at the cost and expense of the grantee, its successors or assigns.

SEC. 18. *Rates for Services.* - The charges and rates for services, excluding the sale or lease of equipment or units, that the grantee shall offer to the public shall be subject to the approval of the National Telecommunications Commission or its legal successors.

SEC. 19. *Right of Interconnection.* - The grantee is hereby authorized to connect or demand connection of its telecommunications systems to any other telecommunications systems installed, operated and maintained by any other duly authorized person or entity in the Philippines for the purpose of providing extended and improved telecommunications services to the public, under such terms and conditions as may be prescribed from time to time by the National Telecommunications Commission; Provided, that ruinous and expensive criss-crossing interconnections shall be discouraged.

SEC. 20. *Public Offering of Common Stocks.* - In compliance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make a public offering through the stock exchange of at least thirty percent (30%) of its common stocks within a period of five (5) years from the date of effectivity of this Act: Provided, that no single person or entity shall be allowed to own more than five (5%) of the stock offering.

SEC. 21. *Taking of Private Property.* - No private property shall be taken for any purpose by the grantee without proper condemnation proceedings and just compensation paid or tendered therefor, and any authority to take and occupy land contained herein shall not apply to the taking, use or occupation of any land except such is required for the actual and necessary purposed for which this franchise is granted.

SEC. 22. *Equal and Level Playing Field Provision.* - In the event of any individual or entity receiving from Congress a franchise to provide similar telecommunications services as the herein grantee, in which case there shall be any term or terms favorable than those herein granted, or tending to place herein grantee at any disadvantage, then such favorable provision, terms or conditions shall ipso facto become part of the terms and/or provisions hereof, and shall operate equally in favor of the grantee as in the case of such other individual or entity.

SEC. 23. *Reportorial Requirement.* - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

Approved.

HONORABLE PRINCESS RIHAN M. SAKALURAN