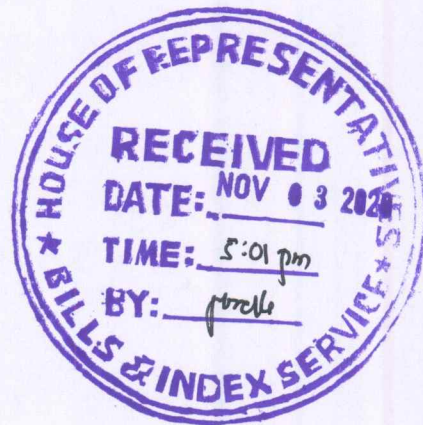


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS

Second Regular Session

HOUSE BILL NO. 7953



INTRODUCED BY REPRESENTATIVE XAVIER JESUS D. ROMUALDO

EXPLANATORY NOTE

This measure seeks to renew the legislative franchise of Unicorn Communications Corporation, to construct, install, operate and maintain, for commercial purposes, telecommunications services throughout the Philippines for another 25 years.

As embodied in Section 24, Article II of the 1987 Constitution, the State recognizes the vital role of communication and information in nation building. Explicitly, the State recognizes the establishment of communication and information facilities more so in these unique times wherein there is an urgent need to connect people from all walks of life and ages through the use of a modern and reliable telecommunications technology.

Indeed, for an archipelagic country with a widely dispersed population and uneven level of development, telecommunications services provide a unifying, uplifting and democratizing force.

Unicorn Communications Corporation intends to continue to do its share bringing telecommunications services to the less developed and underserved municipalities in Luzon, Visayas and Mindanao. The company intends to avail of state-of the-art and appropriate technologies that will allow the most effective and efficient delivery of its services to its clients nationwide.

I hope for the timely approval of this measure.


XAVIER JESUS D. ROMUALDO

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AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO UNICORN COMMUNICATIONS CORPORATION UNDER REPUBLIC ACT 8198, ENTITLED "AN ACT GRANTING THE UNICORN COMMUNICATIONS CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, MAINTAIN AND OPERATE COMMERCIAL MOBILE AND FIXED WIRELESS TELECOMMUNICATIONS SYSTEM IN THE PHILIPPINES"

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

1 SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the
2 Constitution and applicable laws, rules and regulations, the franchise granted to UNICORN
3 COMMUNICATIONS CORPORATION, hereunder referred to as the grantee, its successors or
4 assignees, to construct, install, establish, operate and maintain for commercial purposes and in
5 the public interest, in the Philippines and between the Philippines and other countries and
6 territories, wire and/or wireless telecommunications system including mobile cellular, copper,
7 fiber optics, satellite transmit and receive systems, switches and their value-added services such
8 as the transmission of voice, data, facsimile, control signs, audio and video, information services
9 and all other telecommunications system technologies as are at present available or will be made
10 available through technological advances or innovations in the future; or construct, acquire,
11 lease, and operate, or manage transmitting and receiving stations, lines, cables, or systems as are
12 convenient or essential to efficiently carry out the purpose of this franchise, is hereby renewed
13 for another twenty-five (25) years from the effectivity of this Act.

14 SEC. 2. *Manner of Operation of Stations or Facilities.* - The stations or facilities of the
15 grantee shall be constructed and operated in a manner as will, at most, result only in the

1 minimum interference on the wavelengths or frequencies of existing stations or other stations
2 which may be established by law, without in any way diminishing its own right to use its
3 assigned wavelengths or frequencies and the quality of transmission or reception thereon as
4 should maximize rendition of the grantee's services or the availability thereof.

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

15 In case of any violation of the provisions of this franchise, the NTC shall have the
16 authority to revoke or suspend, after due process, the permits or licenses it issued pursuant to the
17 franchise. The NTC may recommend to the Congress of the Philippines the revocation of the
18 franchise for any violation of the provisions of this franchise.

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

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

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

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

19 The grantee shall improve and extend its services in areas not yet served, and in hazard-
20 and typhoon-prone areas that shall be determined by the National Disaster Risk Reduction and
21 Management Council, or its legal successor, in coordination with the NTC.

22 The grantee shall also improve and upgrade its equipment, facilities and services, in order
23 to ensure effective compliance with the objectives of Republic Act No. 10639 or the "Free
24 Mobile Disaster Alerts Act".

25 SEC. 6. *Rates for Services.* - The charges and rates for telecommunications services of
26 the grantee, except the rates and charges on those that may hereafter be declared or considered as

1 non-regulated services, whether flat rates or measured rates or variation thereof, shall be subject
2 to the approval of the NTC or its legal successor.

3 SEC. 7. *Right of Government.* - The radio spectrum is a finite resource that is part of the
4 national patrimony and the use thereof is a privilege conferred upon the grantee by the State and
5 may be withdrawn any time after due process.

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

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

19 SEC. 9. *Right of Interconnection.* - The grantee is hereby authorized to connect or
20 demand connection of its telecommunications systems to other telecommunications systems
21 installed, operated, and maintained by any other duly authorized person or entity in the
22 Philippines for the purpose of providing extended and improved telecommunications services to
23 the public, under the terms and conditions mutually agreed upon by the parties concerned. This
24 right shall be subject to review and modification by the NTC.

25 SEC. 10. *Mobile Number Portability.* - The grantee shall provide mobile number
26 portability (MNP) and its implementing mechanism, and shall interconnect, directly or indirectly,
27 with the infrastructure, facilities, systems, or equipment of other telecommunications franchise

1 grantees. It shall not install network features, functions, or capabilities that will impede the
2 implementation of a nationwide MNP system. The NTC shall issue rules and regulations for this
3 purpose, the effectivity of which shall commence upon applicability with other
4 telecommunications franchise grantees.

5 SEC. 11. *Warranty in Favor of the National and Local Governments.* - The grantee shall
6 hold the national, provincial, city, and municipal governments of the Philippines free from all
7 claims, liabilities, accounts, demands, or actions arising out of accidents causing injury to
8 persons or damage to properties, during the construction or operation of the stations, transmitters,
9 facilities, or equipment of the grantee.

10 SEC. 12. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.* - The
11 grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights
12 and privileges acquired thereunder to any person, firm, company, corporation, or other
13 commercial or legal entity, nor merge with any other corporation or entity, nor the controlling
14 interest of the grantee be transferred, simultaneously or contemporaneously, to any person, firm,
15 company, corporation, or entity without the prior approval of the Congress of the Philippines.

16 Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment
17 of franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the
18 controlling interest of the grantee, within sixty (60) days after the completion of the said
19 transaction. Failure to report to Congress such change of ownership shall render the franchise
20 *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or assigned
21 shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

22 SEC. 13. *Dispersal of Ownership.* - In accordance with the constitutional provision to
23 encourage public participation in public utilities, the grantee shall continue to offer to Filipino
24 citizens at least thirty percent (30%) or a higher percentage that may hereafter be provided by
25 law of its common stocks in any securities exchange in the Philippines within five (5) years from
26 the renewal of its franchise: *Provided*, That in cases where public offer of shares is not
27 applicable, other methods of encouraging public participation by citizens and corporations

operating public utilities must be implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 14. *Commitment to Provide and Promote the Creation of Employment Opportunities.* - The grantee shall create employment opportunities and shall allow on-the- job trainings in their franchise operation: *Provided*, That priority shall be accorded to the residents of the place where their principal office is located: *Provided further*, That the grantee shall follow the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances: *Provided, finally*, That the employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission (SEC) annually.

SEC. 15. *Reportorial Requirement.* - The grantee shall submit an annual report to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year during the term of its franchise.

The annual report shall include an update on the roll-out, development, operation and/or expansion of business; audited financial statements; latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the status of its permits and operations; and an update on the dispersal of ownership undertaking, if applicable.

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

SEC. 16. *Fine.* - Failure of the grantee to submit the requisite annual report to Congress shall be penalized with a fine in the amount of One million pesos (P1,000,000.00) per working day of noncompliance, the effectivity of which shall commence upon applicability with other telecommunications franchise grantees: *Provided*, That in the interim, the grantee shall be liable to pay the fine of Five hundred pesos (P500.00) per working day of noncompliance. The fine

1 shall be collected by the NTC from the delinquent franchise grantee separate from the reportorial
2 penalties imposed by the NTC, and the same shall be remitted to the Bureau of Treasury.

3 SEC. 17. *Equality Clause.* - Any advantage, favor, privilege, exemption, or immunity
4 granted under existing franchises, or which may hereafter be granted, upon prior review and
5 approval of Congress, shall become part of this franchise and shall be accorded immediately and
6 unconditionally to the herein grantee: *Provided,* That the foregoing shall neither apply to nor
7 affect the provisions of telecommunications franchises concerning territorial coverage, the term,
8 or the type of service authorized by the franchise.

9
10 SEC. 18. *Repealability and Nonexclusivity Clause.* - This franchise shall be subject to
11 amendment, alteration, or repeal by the Congress of the Philippines when the public interest so
12 requires and shall not be interpreted as an exclusive grant of the privilege herein provided for.

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

15 SEC. 20. *Repealing Clause.* - All laws, decrees, orders, resolutions, instructions, rules
16 and regulations, and other issuances or parts thereof which are inconsistent with the provisions of
17 this Act are hereby repealed, amended, or modified accordingly.

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

20 Approved,