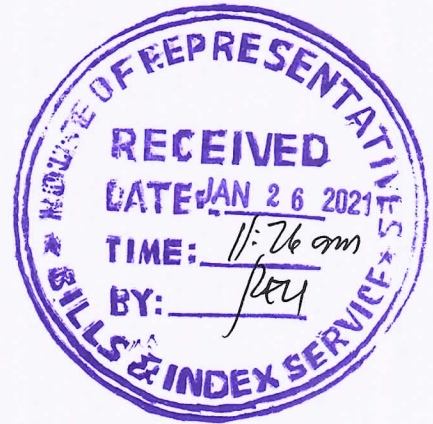


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
2nd Regular Session

HOUSE BILL NO. 8509



Introduced by Rep. JOHNNY PIMENTEL

EXPLANATORY NOTE

The 1987 Constitution recognizes the vital role of communication and information technology in nation building, for which reason the establishment of communication and information facilities is a priority of government.

The Philippines, with more than 7,000 islands and a population scattered across these dispersed islands, needs a good and solid telecommunications platform to act as a unifying factor in aid of nation building. Meridian Telekoms, Inc. has been a part of this Philippine telecommunications platform, contributing to the best of its ability, quality but affordable telecommunications services for the Filipino people. Whether in the densely populated business districts, or the sparsely populated underserved areas, Meridian Telekoms strives to maintain its stable presence, as its way of doing its part in nation building.

Meridian Telekoms also strives to continue in its practice of bringing cutting edge new technologies that will make its services better and faster. The renewal sought for will ensure that Meridian Telekoms can continue delivering on its commitment of quality telecommunications services for the Filipino people.

This bill is earnestly recommended for immediate approval.

HON. JOHNNY PIMENTEL

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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EIGHTEENTH CONGRESS
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8509
HOUSE BILL NO. _____

Introduced by Rep. JOHNNY PIMENTEL

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO MERIDIAN TELEKOMS, INC., UNDER REPUBLIC ACT NO. 8337, ENTITLED "AN ACT GRANTING THE MERIDIAN TELEKOMS, INC. A FRANCHISE TO CONSTRUCT, MAINTIAN, LEASE AND OPERATE WIRE AND/OR WIRELESS TELECOMMUNICATIONS SYSTEMS THROUGHOUT THE PHILIPPINES"

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, the franchise granted to MERIDIAN TELEKOMS, INC., hereunder referred as the grantee, its successor or assignee, under Republic Act No. 8337, to construct, install, establish, operate, and maintain for commercial purposes and in the public interest, throughout the Philippines and between the Philippines and other countries and territories, wired and/or wireless telecommunications systems including mobile, fixed line, paging, trunked radio, fiber optics, multi-channel multipoint distribution system (MMDS), local multi-point distribution system (LMDS), satellite transmit and receive systems, switches, and value added services such as transmission of voice, data, images, facsimile, control signs, audio and video, and all other telecommunications system technologies as are present available or will be made available through technological advances or innovations in the future; or construct, acquire, lease, and operate or manage transmitting and receiving stations, landing stations of submarine cables, lines, systems, or other cables as it may consider necessary and convenient to efficiently carry out the purpose of this franchise, is hereby renewed for another twenty-five (25) years from the effectivity of this Act.

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

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

20
21 In case of any violation of the provisions of this franchise, the NTC shall have
22 the authority to revoke or suspend, after due process, the permits or licenses it issued
23 pursuant to the franchise. The NTC may recommend to Congress the revocation of
24 the franchise for any violation of the provisions of this franchise.

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

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

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

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

22
23 The grantee shall improve and extend its services in areas not yet served, and
24 in hazard- and typhoon-prone areas that shall be determined by the National Disaster
25 Risk Reduction and Management Council, or its legal successor, in coordination with
26 the NTC.

27
28 The grantee shall also improve and upgrade its equipment, facilities and
29 services, in order to ensure effective compliance with the objectives of Republic Act
30 No. 10639 or the "Free Mobile Disaster Alerts Act".

31
32 SEC. 6. *Rates for Services.* – The charges and rates for telecommunications
33 services of the grantee, except the rates and charges on those that may hereafter be
34 declared or considered as nonregulated services, whether flat rates or measured rates
35 or variation thereof, shall be subject to the approval of the NTC or its legal successor.

1 The rates to be charged by the grantee shall be unbundled, separable and distinct
2 among the services offered and shall be determined in such a manner that regulated
3 services do not subsidize the unregulated ones.

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

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

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

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

30
31 SEC. 10. *Mobile Number Portability.* – The grantee shall provide mobile number
32 portability (MNP) and its implementing mechanism, and shall interconnect, directly or
33 indirectly, with the infrastructure, facilities, systems, or equipment of other
34 telecommunications franchise grantees. It shall not install network features, functions,
35 or capabilities that will impede the implementation of a nationwide MNP system. The

1 NTC shall issue rules and regulations for this purpose, the effectivity of which shall
2 commence upon applicability with other telecommunications franchise grantees.

3
4 SEC. 11. *Warranty in Favor of the National and Local Governments.* - The
5 grantee shall hold the national, provincial, city, and municipal governments of the
6 Philippines free from all claims, liabilities, accounts, demands, or actions arising out of
7 accidents causing injury to persons or damage to properties, during the construction
8 or operation of the stations, transmitters, facilities, or equipment of the grantee.

9
10 SEC. 12. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.*
11 – The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this
12 franchise or the rights and privileges acquired thereunder to any person, firm,
13 company, partnership, corporation, or other commercial or legal entity, nor merge with
14 any other corporation or entity, nor shall transfer the controlling interest of the grantee,
15 simultaneously or contemporaneously, to any person, firm, company, partnership or
16 corporation organized for the same purpose without the prior approval of the Congress
17 of the Philippines. Congress shall be informed of any sale, lease, transfer, grant of
18 usufruct, or assignment of franchise or the rights and privileges acquired thereunder,
19 or of the merger or transfer of the controlling interest of the grantee, within sixty (60)
20 days after the completion of the transaction. Failure to report to Congress such change
21 of ownership shall render the franchise *ipso facto* revoked.

22
23 Any corporation to which this franchise may be sold, transferred, or assigned
24 shall be subject to all conditions, terms, restrictions, and limitations of this Act.

25
26 SEC. 13. *Dispersal of Ownership.* - In accordance with the constitutional
27 provision to encourage public participation in public utilities, the grantee shall offer to
28 Filipino citizens at least thirty percent (30%) of its common stocks, or a higher
29 percentage that may hereafter be provided by law, in any securities exchange in the
30 Philippines within five (5) years from the effectivity of this Act: *Provided, That* in cases
31 where public offer of shares is not applicable, other methods of encouraging public
32 participation by citizens and corporations operating public utilities must be
33 implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

1 SEC. 14. *Commitment to Provide and Promote the Creation of Employment*
2 *Opportunities.* – The grantee shall create employment opportunities and accept on-
3 the-job trainees in the franchise operations: *Provided*, That priority shall be accorded
4 to the residents of the place where their principal office is located: *Provided, further*,
5 That the grantee shall ensure that at least sixty percent (60%) of its employees are
6 regular employees and in no case shall the percentage of contractual employees, job
7 orders, casuals, and independent contractors combined, exceed forty percent (40%)
8 of its total workforce: *Provided, finally*, That the grantee shall comply with the
9 applicable labor standards and allowance entitlement under existing labor laws, rules
10 and regulations, and similar issuances.

11
12 The employment opportunities or jobs created shall be reflected in the General
13 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission
14 (SEC) annually. In addition, the grantee shall include in its annual report to Congress
15 the number of its regularized employees and secure a compliance and clearance
16 certificate from the Department of Labor and Employment and its relevant attached
17 agencies.

18
19 SEC. 15. *Reportorial Requirement.* – The grantee shall submit an annual report
20 on its compliance with the terms and conditions of the franchise and on its operations
21 to the Congress of the Philippines, through the Committee on Legislative Franchises
22 of the House of Representatives and the Committee on Public Services of the Senate,
23 on or before April 30 of every year during the term of its franchise.

24
25 The annual report shall include an update on the roll-out, development,
26 operation and/or expansion of business; audited financial statements; latest GIS
27 officially submitted to the SEC, if applicable; certification of the NTC on the status of
28 its permits and operations; and an update on the dispersal of ownership undertaking,
29 if applicable.

30
31 The reportorial compliance certificate issued by Congress shall be required
32 before any application for permit or certificate is accepted by the NTC.

33
34 SEC. 16. *Fine.* – Failure of the grantee to submit the requisite annual report to
35 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 shall be collected by the NTC from the delinquent franchise grantee separate from the reportorial penalties imposed by the NTC, and the same shall be remitted to the Bureau of the Treasury.

SEC. 17. *Equality Clause*. - Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted, shall *ipso facto* become part of previously granted telecommunications franchises and shall be accorded immediately and unconditionally to the grantees of such franchises: *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. 18. *Repealability and Nonexclusivity 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 privilege herein provided for.

SEC. 19. *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. 20. *Repealing Clause*. - All laws, decrees, orders, resolutions, instructions, rules and regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

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

Approved,