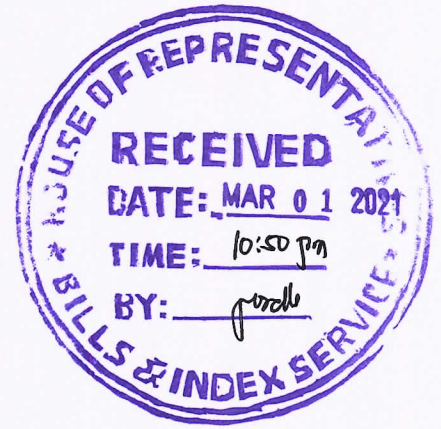


Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City, Metro Manila

EIGHTEENTH CONGRESS  
First Regular Session

HOUSE BILL NO. 8836



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*Introduced by Rep. Wilfrido Mark M. Enverga*

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**EXPLANATORY NOTE**

As enshrined in our Constitution, the State recognizes the vital role of communication and information in nation-building and the indispensable role of the private sector.

This bill seeks to renew the franchise granted to Lukban Telephone System, Inc., for another twenty-five (25) years.

Lukban Telephone System, Inc., (LUKTEL, Inc) has been serving the telephone requirements of the Municipality of Lucban, Province of Quezon providing telephone services to both residential and commercial entities within its franchise area.

On July 28, 1997, Republic Act (RA) 8564 was enacted granting LUKTEL, Inc congressional franchise for twenty-five years. Through its many years of existence LUKTEL, Inc. has brought the municipality quality and innovative communications services responsive to the socio-economic development needs of the country.

It was the first telephone company in Lucban, Quezon introduced the use of electronic switching system employing the latest state of the art technology utilizing computer for its telephone system. Hence, in recognition of its commitment to provide continuous digital transformation program, the immediate renewal of its franchise is recommended to ensure the uninterrupted and improved delivery of its services to the general public.

In light of the foregoing, passage of this bill is urgently sought.

A handwritten signature in black ink, appearing to read "W. Enverga".

**WILFRIDO MARK MC. ENVERGA**

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**AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO LUKBAN TELEPHONE SYSTEM, INC., UNDER REPUBLIC ACT NO. 8564 ENTITLED "AN ACT GRANTING THE LUKBAN TELEPHONE SYSTEM, INC., A FRANCHISE TO CONSTRUCT, INSTALL, MAINTAIN, ESTABLISH AND OPERATE LOCAL EXCHANGE NETWORK IN THE MUNICIPALITY OF LUKBAN, PROVINCE OF QUEZON"**

*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, there is hereby granted to Lukban Telephone System, Inc., (LUKTEL) hereunder referred to as the GRANTEE, its successors or assigns, a franchise to construct, install, establish, operate, manage and maintain for commercial purposes and in the public interest, in Luchan, Quezon a local exchange network, including public calling stations or pay telephone stations, wire and/or wireless telecommunications system, including mobile cellular, copper, fiber optics, satellite transmit and receive systems, switches, and their value-added services such as transmission of voice, data, facsimile, control signs, audio and video, information services and all other telecommunications systems technologies as are at present available or will be made available through technological advances or innovations in the future; and/or construct , acquire, lease, and operate, or manage transmitting and receiving stations, lines, cables or systems as are convenient or essential to efficiently carry out the purpose of this franchise.

**SECTION 2. Manner of Operation of Stations or Facilities.** — The stations or facilities of the grantee shall be so constructed and operated in a manner as will, at most, result only in the minimum interference on the wavelengths or frequencies of the existing stations or other stations which may be established by law, without in anyway diminishing its own right to use its assigned 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. In no way shall the operations of the grantee, nor the radiated power of its stations or facilities. exceed that required to cover the area where it is allowed to operate.

**SECTION 3. Authority of the National Telecommunications Commissions.** — The grantee shall secure from the National Telecommunications Commission (NTC), a Certificate of Public Convenience and Necessity or the appropriate permits and licenses for the construction, installation and operation of its telecommunications systems and facilities. In issuing the certificate, the NTC shall have the power to impose such condition relative to the construction, operation, maintenance, or service level of the telecommunications systems. The NTC shall also have the authority to regulate the construction and operation of the grantee's telecommunications systems. The grantee shall not use any frequency in the radio spectrum without having been authorized by 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.

**SECTION 4. Excavation and Restoration Works.**— For the purpose of erecting and maintaining poles or other supports for said wires or other conductors for the purpose of laying and maintaining underground wires, cables or other conductors, it shall be lawful for the grantee, its successors or assignees, with the prior approval of the Department of Public Works and Highways (DPWH) or the local government unit (LGU) concerned, as may be appropriate, to make excavations or lay conduits in any of the public places, roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the province, cities, or municipalities: *Provided, however,* That a public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered or changed by reason of erection of poles or other supports or the underground laying of wires, other conductors or conduits shall be repaired and replaced in workmanlike manner by said grantee, its successors or assignees, in accordance with the standards set by the DPWH or the LGU concerned. Should the grantee, its successors or assignees, after the ten (10)-day notice from the said 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 the said grantee, its successors or assignees, then the DPWH or the LGU concerned shall have the right to have the same repaired and placed in good order and condition at double the amount spent for such repair or replacement, to be charged against the grantee, its successors or assignees.

**SECTION 5. Responsibility to the Public.** — The grantee shall conform to the ethics of honest enterprise; and not use its stations/facilities for obscene and indecent transmission, or for the dissemination of deliberately false information or willful misrepresentation, to the detriment of public interest; or to incite, encourage, or assist in subversive or treasonable acts.

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

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

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

**SECTION 7. Right of the 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 or 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 said stations or facilities during the period when they shall be so operated.

The radio spectrum is a finite resource that is part of the national patrimony and the use of thereof is a privilege conferred upon the grantee by the State that maybe withdrawn or modified in the public interest at any time after due process.

**SECTION 8. 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 one (1) year 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.

**SECTION 9. Acceptance and Compliance.** — Acceptance of this franchise shall be given in writing 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, within sixty (60) days after the approval of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Non-acceptance shall render the franchise void.

**SECTION 10. 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 in area where its 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.

**SECTION 11. Bond.** – The grantee shall file a bond with the NTC in the amount that the NTC shall determine, to guarantee compliance with and fulfillment of the conditions under which this franchise is granted. If, after three (3) years from the date of the approval of its permit by the NTC, the grantee shall have fulfilled the same, the bond shall be cancelled by the NTC. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

**SECTION 12. Right of Interconnection.** – The grantee is hereby authorized to connect or demand connection of its telecommunications systems to 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 the terms and conditions mutually agreed upon by the parties concerned; this right shall be subject to the review and modification of the NTC.

**SECTION 13. 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.

**SECTION 14. Book and Accounts.** – The books and accounts of the grantee, its successors or assigns, shall always be open to the inspection of the COA or his duly authorized representatives and 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.

**SECTION 15. Warranty in Favor of the National and Local Governments.** — The grantee shall hold the national, provincial, city, and municipal governments of the Philippines free or harmless 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, or equipment of the grantee.

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

**SECTION 17. Dispersal of Ownership.** – In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall continue

to offer to Filipino citizens at least thirty percent (30%) or a higher percentage that may hereafter be provided by law of its common stocks in any securities exchange in the Philippines within five (5) years from the renewal of its franchise: *Provided*, That in cases where public offer of shares is not 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.

**SECTION 18. 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 reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the NTC.

**SECTION 19. Penalty Clause.** - Failure of the grantee to submit the requisite annual report to Congress shall be penalized with a fine of Five hundred pesos (₱500.00) 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.

**SECTION 20. Equality Clause.** — Except for taxes and customs duties, any advantage, favor, privilege, exemption, or immunity granted under existing franchise, or which may hereafter be granted, upon prior review and approval of Congress, shall automatically become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee: *Provided, however*, That the foregoing shall not apply to nor affect provisions of telecommunications franchises concerning territory covered by the franchise, or the type of service authorized by the franchise.

**SECTION 21. Separability Clause.** — If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain valid.

**SECTION 22. 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. This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for.

**SECTION 23. Repealing Clause.** -

**SECTION 17. Effectivity Clause.** — This Act shall take effect fifteen (15) days from the date of its publication in the Official Gazette or in newspapers of general circulation in the Philippines.

*Approved,*