

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 10815



INTRODUCED BY REPRESENTATIVE JOSE "PINGPING" TEJADA

EXPLANATORY NOTE

Pacific Wireless, Inc. (hereinafter, "PWI" or the "Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission on September 29, 1995. The Company is 60% owned by Lungsod, Inc. (a 100% owned subsidiary of Kalasag Investments, Inc.) and 40% by Sandaigdigan, Inc.

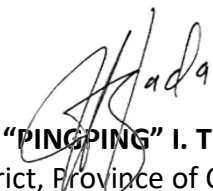
In July 26, 1996, Republic Act No. 8281 entitled: "**An Act Granting the Pacific Wireless, Inc., a Franchise to Construct, Establish, Install, Maintain and Operate Wire and/or Wireless Telecommunications Systems Throughout the Philippines**" was granted thereby creating numerous possibilities for PWI's growth and expansion.

As such, PWI is engaged in providing telecommunications services through all forms of telecommunications services including mobile, cellular, wired or wireless throughout the Philippines.

PWI was also granted by National Telecommunications Commission a VSAT license to operate international and domestic leased channel (IDLC) services using satellite technology. The company has applied for two other licenses; namely, wireless Internet and broadband network.

As such, PWI has VSAT license and currently offers international and domestic leased channel services using satellite technology. Its other activities are in Wireless Internet and Broadband Network. PWI has been pre-qualified by the National Telecommunications Commission to participate in the Public Mobile Telecommunications System (PMTS).

Thus, the passage of this bill is fervently sought.


JOSE "PINGPING" I. TEJADA
3rd District, Province of Cotabato

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INTRODUCED BY REPRESENTATIVE JOSE “PINGPING” I. TEJADA

AN ACT
RENEWING THE FRANCHISE GRANTED TO PACIFIC WIRELESS, INC. TO CONSTRUCT, ESTABLISH,
INSTALL, OPERATE AND MAINTAIN WIRE AND/OR WIRELESS TELECOMMUNICATIONS
SYSTEMS THROUGHOUT THE PHILIPPINES UNDER R.A. 8281 FOR ANOTHER TWENTY-FIVE (25)
YEARS FROM THE DATE OF APPROVAL OF THIS ACT

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

1 **Section 1. Renewal of Franchise** - The franchise of Pacific Wireless, Inc., its successors and
2 assignees, hereinafter referred to as the grantee, to construct, install, establish, operate and
3 maintain for commercial purposes and in the public interest, throughout the Philippines, and
4 between the Philippines and other countries and territories, telecommunications system
5 including mobile, cellular, wired or wireless telecommunications systems, and their value added
6 services such as, but not limited to, transmission of voice, data, facsimile, control signs, audio and
7 video, information and service bureau, and all other telecommunications systems technologies
8 as are at present available or will be made available through technological advances or
9 innovations in the future, and construct, acquire, lease and operate or manage transmitting and
10 receiving stations, lines, cables or systems, as is, or are, convenient or essential to efficiently carry
11 out its purpose, is hereby renewed for another twenty five (25) years from the date of approval
12 of this Act.

13 **Section 2. Manner of Operation of Stations or Facilities** - The stations or facilities of the grantee
14 shall be construed and operated in a manner as will at most, result only in the minimum
15 interference on the wavelengths or frequencies of existing stations or other stations which may
16 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 availability thereof.

Section 3. Prior Approval of the National Telecommunications Commission - The grantee shall secure from the National Telecommunications Commission the appropriate permit and license for its stations and shall not use any frequency in the radio/television spectrum without having been authorized by the Commission. The Commission, however, shall not unreasonably withhold or delay the grant of such authority.

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

The grantee shall provide basic or enhanced telephone service in any municipality in the Philippines where it has an approved certificate of convenience for the establishment, operation and maintenance of a local exchanges service, without discrimination to any applicant therefor, in the order of the date of their applications, up to the limit of the capacity of its local telephone exchange, and should the demand for the telephone service at any time increase beyond the capacity thereof, the grantee shall increase the same to meet such demand: Provided, That in case the total demand satisfied by the expansion is less than the smallest viable local exchange available in the market as determined by the Commission, the grantee shall not be obliged to furnish said service, unless the applicant for telephone service defrays the actual expenses for the installation of the telecommunications apparatus necessary for such services and in such case, the Commission may extend the time within which the grantee shall furnish such service.

The grantee 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 as 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. 5. 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 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.

Section 6. Term of Franchise - The franchise shall be in effect for a period of twenty-five (25) years from approval of this Act, unless sooner revoked or cancelled. This franchise shall be deemed ipso facto revoked in the event the grantee fails to operate continuously for two (2) years.

Section 7. Acceptance and Compliance - Acceptance of this new 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 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.

Section 8. Right of Interconnection - The grantee is hereby authorized to connect or demand connection to its telecommunications systems to any other telecommunications systems, installed, maintained, and operated 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 mutually agreed upon by the parties concerned and the same shall be subject to the review of modifications of the Commission.

Section 9. Tax Provisions - The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall pay a franchise tax equivalent to three percent (3%) of all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns, and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof; Provided, That, the grantee, its successors or assigns, shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72 unless the latter as enacted is amended or repealed, in which case the amendment or repeal shall be applicable thereto.

The grantee shall file the return with and pay the tax due thereon to the Commissioner of Internal Revenue of his duly authorized representative, in accordance with the National Internal Revenue Code, and the return shall be subject to audit by the Bureau of Internal Revenue.

Section 10. Dispersal of Ownership - In accordance with constitutional provisions to encourage public participation in public utilities, the grantee shall offer at least thirty per centum (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from commencement of its operations. Noncompliance therewith shall render the franchise ipso facto revoked.

Section 11. Self-Regulation by and Undertaking of Grantee - The grantee shall not require any previous censorship of any speech, play, act or scene, or other matter to be broadcast from its stations. Provided, That the grantee, during any broadcast, shall cut off from the air the speech, play, act or scene, or other matter being broadcast if the tendency thereof is to propose and/or incite treason, rebellion or sedition, or the language used therein or the theme thereof is indecent or immoral. Provided, further, That willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

Section 12. Warranty in Favor of National and Local Governments - The grantee shall hold the national, provincial, city and municipal government of the Philippines free from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or persons, caused by the construction or operation of the stations of the grantee.

Section 13. Separability Clause - If any of the sections or provisions of this Act as held invalid, all other provisions not affected thereby shall remain valid.

Section 14. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise - The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor shall the controlling interest of the grantee be transferred to any such private person, firm, company, corporation or entity to which this franchise is sold, transferred or assigned shall be subject to all the same conditions, terms, restrictions and limitation of this Act.

Section 15. Reportorial Requirement - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of its franchise and on its operations within sixty (60) days from the end of every year.

Section 16. Repealability and Non-Exclusivity Clauses - This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so required and shall not be interpreted as an exclusive grant or privileges hereinafter provided for.

Section 17. Effectivity - This Act shall take effect fifteen days following its complete publication in at least two (2) newspapers of general circulation.

Approved,