

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 10816



INTRODUCED BY REPRESENTATIVE JOSE "PINGPING" TEJADA

EXPLANATORY NOTE

Pacific Cable and DTU Systems, Inc. (hereinafter, "PCDSI" or the "Company") was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission on September 29, 1995. The Company's primary purpose is to construct, install, establish, operate and maintain for commercial purposes direct-to-users (DTU) satellite system throughout the Philippines.

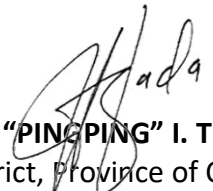
In July 22, 1996, Republic Act No. 8276 entitled: "**An Act Granting the Pacific Cable and DTU Systems, Inc., a Franchise to Establish, Construct, Install, Operate and Maintain for Commercial Purposes Cable/Community Antennae Television Systems and/or Direct to User Satellites Systems Throughout the Philippines**" was granted thereby creating numerous possibilities for PCDSI's growth and expansion.

As such, PCSI is engaged in the business of providing Direct-to-Home (DTH) pay TV services on a nationwide basis.

PCDSI was also granted by National Telecommunications Commission a Provisional Authority and Permit to operate such a nationwide service, which licenses are renewed every three years. With technical assistance from various technological providers, the Company has successfully rolled out the system throughout the country, providing multichannel digital TV broadcasts even to far-flung provincial areas.

PCDSI continues to chronicle our passion for better life and our desire for good governance by offering balanced programming that targets all ages and society groups.

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

1 **AN ACT RENEWING THE FRANCHISE GRANTED TO PACIFIC CABLE AND DTU SYSTEMS, INC. TO**
2 **ESTABLISH, CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES**
3 **CABLE/COMMUNITY ANTENNAE TELEVISION SYSTEMS AND/OR UNDER R.A. 8276 FOR**
4 **ANOTHER TWENTY FIVE (25) YEARS FROM THE DATE OF APPROVAL OF THIS ACT**
5

6 *Be it enacted by the Senate and the House of Representatives of the Philippines in Congress*
7 *assembled:*
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9 SECTION 1. ***Renewal of Franchise*** – The franchise of Pacific Cable and DTU Systems, Inc., its
10 successors and assignees, hereinafter referred to as the grantee, to construct, install, establish,
11 operate and maintain for commercial purposes and in the public interest, cable/community
12 antennae television (CATV) systems and/or direct to user satellite systems throughout the
13 Philippines, and between the Philippines and other countries and territories, through the
14 reception of audio, visual and other signals from any broadcast station, program provider, or any
15 other source within and outside the Philippines, and the distribution or transmission of the same
16 to homes, offices, condominiums, multiple dwelling units, subdivisions, hotels, restaurants, and
17 other residential, commercial and industrial structures and other public and private conveyances
18 within and outside the Philippines, by means of microwave or other electromagnetic waves,
19 optics, satellite or any other kind of energy force, variations or impulses, radiated through space
20 or transmitted through any other medium as may be allowed by law; to originate, store,
21 distribute, transmit, re-transmit and receive through said systems, news and documentaries,
22 entertainment, cultural, informational and educational radio and television programs, both live
23 and recorded; to construct, establish, install, operate, manage, lease, maintain, and purchase
24 transmitting, receiving and switching stations, both for local and international services, lines,
25 fiber optics, microwave facilities, cables, satellite transmit and receive systems, control signals,
26 audio and video systems, information service bureau, computer and interactive computer
27 systems, pay TV and pay per view television, video on demand and public information on demand
28 service, multi-disc read only memory network delivery, packet and frame relay and electronic
29 mail services and other value added services and all other related technologies as are present
30 available, or to be made available through technological advances or innovations in the future,

as is, or are, convenient to or essential to efficiently carry out its purpose, is hereby renewed for another twenty five (25) years from the date of approval of this Act.

SEC. 2. *Manner of Operation of Stations or Facilities* –The stations or facilities of the grantee shall be construed 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 availability thereof.

SEC 3. *Prior Approval of the National Telecommunications Commission* –The grantee shall secure from the National Telecommunications Commission the appropriate permits and licenses 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.

SEC 4. *Ingress and Egress* – 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 assigns, with the prior approval of the Department of Public Works and Highways, to make excavations or lay conduits in any of the public places, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of said provinces, cities and/or municipalities: *Provided, however,* That any public place, highway, street, lane, alley, avenue, sidewalk or bridge disturbed, altered or changed by reason of the erection of poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired and replaced in a workmanlike manner by said grantee, its successors or assigns, in accordance with the standards set by the department of Public Works and Highways. Should the grantee, its successors or assigns, after the ten days’ notice from the said authority, fail, refuse or neglect to repair or replace any part of a public place, road, highway, street, lane, alley, avenue, sidewalk or bridge altered, changed or disturbed by said grantee, its successors or assigns, then the Department of Public Work and Highways shall have the right to have the same repaired and placed in good order and condition at double the expense to be charged against the grantee, its successors or assigns.

SEC 5. *Responsibility to the Public* –The grantee shall provide adequate public service time to enable the government, through the cable television stations, to reach the population on important public issues; provide at all times sound and balanced programming; promote public participation such as in community programing; assist in the functions of public information and education; conform to the ethics of honest enterprise; and not use its stations for the transmission of obscene and indecent language, speech, act or scene; or for the dissemination of deliberately false information or willful misrepresentation to the detriment of the public interest, or to incite, encourage or assist in subversive or treasonable acts.

SEC. 6. *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, for the use of said stations, transmitters, or facilities during the period when they shall be operated.

The radio spectrum is a finite resource that is a part of the national patrimony and the use thereof is a privilege conferred upon the grantee by the State and may be withdrawn anytime, after due process.

SEC. 7. *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.

SEC. 8. *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.

SEC 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.

SEC. 10. *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 broadcasted 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.

SEC. 11. *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.

SEC. 12. ***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.

SEC. 13. ***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 the time it has achieved the status of a national cable television network. A national cable television network is defined as one that operates in three (3) or more cities and/or municipalities. Noncompliance shall render the franchise *ipso facto* revoked.

SEC 14. ***General Cable Television Policy Law*** –The grantee shall comply with and be subject to the provisions of a general cable television policy law which Congress may hereafter enact.

SEC. 15. ***Separability Clause*** –If any of the sections or provisions of this Act as held invalid, all other provisions not affected thereby shall remain valid.

SEC. 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.

SEC. 17. ***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.

SEC. 18. ***Effectivity***—This Act shall take effect fifteen days following its complete publication in at least two (2) newspapers of general circulation.

Approved,