



HOUSE OF REPRESENTATIVES

II. No. 6195

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BY REPRESENTATIVES COSALAN, TEODORO, ARNAIZ, TAMBUNTING,  
LAODAMEO (M.), BELLO (S.), SALVACION, MENDOZA (R.), FORTUNO  
AND PICHAY, PER COMMITTEE REPORT NO. 910

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AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE  
FRANCHISE GRANTED TO SATELLITE PAGING SYSTEMS  
PHILIPPINES, INC. (PRESENTLY KNOWN AS NOW TELECOM  
COMPANY, INC.) UNDER REPUBLIC ACT NO. 7301, AS  
AMENDED BY REPUBLIC ACT NO. 7940, ENTITLED "AN ACT  
GRANTING SATELLITE PAGING SYSTEMS PHILIPPINES, INC.,  
A FRANCHISE TO CONSTRUCT, ESTABLISH, OPERATE AND  
MAINTAIN RADIO PAGING SYSTEMS AND TRUNKED RADIO  
SYSTEMS WITHIN THE PHILIPPINES FOR A PERIOD OF  
TWENTY-FIVE (25) YEARS, AND FOR OTHER PURPOSES"

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

- 1           SECTION 1. *Nature and Scope of Franchise.* -- Subject to the  
2 provisions of the 1987 Philippine Constitution and applicable laws, rules and  
3 regulations, the franchise granted to Satellite Paging Systems Philippines, Inc.  
4 (presently known as Now Telecom Company, Inc.), hereunder referred to as  
5 the grantee, its successors or assignees, under Republic Act No. 7301, as  
6 amended by Republic Act No. 7940, entitled "An Act Granting Satellite  
7 Paging Systems Philippines, Inc., a Franchise to Construct, Establish, Operate  
8 and Maintain Radio Paging Systems and Trunked Radio Systems within the  
9 Philippines for a Period of Twenty-Five (25) Years, and for Other Purposes",

1 to construct, install, establish, operate and maintain for commercial purposes  
2 and in the public interest, wire and/or wireless telecommunications systems  
3 including mobile, cellular, paging, fiber optics, satellite transmit and receive  
4 systems, switches, and their value-added services such as transmission of  
5 voice, data, facsimile, control signs, audio and video, information services, and  
6 all other telecommunications system technologies as are at present available or  
7 will be made available through technological advances or innovations in the  
8 future; and/or construct, acquire, lease and operate, or manage transmitting  
9 and receiving stations, lines, cables, or systems in the Philippines, is hereby  
10 renewed for another twenty-five (25) years from the effectivity of this Act.

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

19 **SEC. 3. *Authority of the National Telecommunications Commission***  
20 **(NTC).** – The grantee shall secure from the NTC a Certificate of Public  
21 Convenience and Necessity or the appropriate permits and licenses for the  
22 construction, installation and operation of its telecommunications  
23 systems/facilities. In issuing the certificate, the NTC shall have the power to  
24 impose such conditions relative to the construction, operation, maintenance, or  
25 service level of the telecommunications system. The NTC shall have the  
26 authority to regulate the construction and operation of its telecommunications  
27 systems. The grantee shall not use any frequency in the radio spectrum without  
28 authorization from the NTC. Such certificate shall state the areas covered and

1 the date the grantee shall commence the service. The NTC, however, shall not  
2 unreasonably withhold or delay the grant of such authority, permit or license.

3       **SEC. 4. *Excavation and Restoration Works.*** – For the purpose of  
4 erecting and maintaining poles or other supports for said wires or other  
5 conductors for the purpose of laying and maintaining underground wires,  
6 cables or other conductors, it shall be lawful for the grantee, its successors or  
7 assignees, with the prior approval of the Department of Public Works and  
8 Highways (DPWH) or the local government unit (LGU) concerned, as may be  
9 appropriate, to make excavations or lay conduits in any of the public places,  
10 roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the  
11 province, cities, and/or municipalities: *Provided, however,* That a public  
12 place, road, highway, street, lane, alley, avenue, sidewalk, or bridge disturbed,  
13 altered or changed by reason of erection of poles or other supports or the  
14 underground laying of wires, other conductors or conduits, shall be repaired  
15 and replaced in workmanlike manner by the said grantee, its successors or  
16 assignees, in accordance with the standards set by the DPWH or the LGU  
17 concerned. Should the grantee, its successors assignees, after the ten (10)-day  
18 notice from the said authority, fail, refuse or neglect to repair or replace any  
19 part of a public place, road, highway, street, lane, alley, avenue, sidewalk, or  
20 bridge disturbed, altered or changed by the said grantee, its successors or  
21 assignees, then the DPWH or the LGU concerned shall have the right to have  
22 the same repaired and placed in good order and condition at double expense to  
23 be charged against the grantee, its successors or assignees.

24       **SEC. 5. *Responsibility to the Public.*** – The grantee shall conform to  
25 the ethics of honest enterprise and not use its stations/facilities for obscene or  
26 indecent transmission, or for dissemination of deliberately false information,  
27 or willful misrepresentation, or assist in subversive or treasonable acts.

28       The grantee shall provide basic or enhanced telephone service in any  
29 city and/or municipality in the Philippines where it has an approved Certificate

1 of Public Convenience and Necessity for the establishment, operation, and  
2 maintenance of a local exchange service, without discrimination to any  
3 applicant therefor, in the order of the date of their applications, up to the limit  
4 of the capacity of its local telephone exchange and, should the demand for the  
5 telephone service at any time increase beyond the capacity thereof, the grantee  
6 shall increase the same to meet the demand: *Provided*, That in case the total  
7 demand to be satisfied by the expansion is less than the smallest viable local  
8 exchange available in the market as determined by the NTC, the grantee  
9 shall not be obliged to furnish such service unless the applicant for  
10 telephone service defrays the actual expenses for the installation of the  
11 telecommunications apparatus necessary for the services and in such case, the  
12 NTC may extend the time within which the grantee shall furnish the service.

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

19 *SEC. 6. Rates for Services.* - The charges and rates for  
20 telecommunications services of the grantee, except the rates and charges on  
21 those that may hereafter be declared or considered as nonregulated services,  
22 whether flat rates or measured rates or variation thereof, shall be subject to the  
23 approval of the NTC or its legal successor. The rates to be charged by the  
24 grantee shall be unbundled, separable and distinct among the services offered  
25 and shall be determined in a manner that regulated services do not subsidize  
26 the unregulated ones.

27 *SEC. 7. Right of Government.* - A special right is hereby reserved to  
28 the President of the Philippines, in times of war, rebellion, public peril,  
29 calamity, emergency, disaster or disturbance of peace and order: to

1 temporarily take over and operate the stations, transmitters, facilities, or  
2 equipment of the grantee; to temporarily suspend the operation of any station,  
3 transmitter, facility, or equipment in the interest of public safety, security, and  
4 public welfare; or to authorize the temporary use and operation thereof by any  
5 agency of the government, upon due compensation to the grantee, for the use  
6 of said stations, transmitters, facilities, or equipment during the period when  
7 these shall be so operated.

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

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

15 **SEC. 9. *Acceptance and Compliance.*** – Acceptance of this franchise  
16 shall be given in writing to the Congress of the Philippines, through the  
17 Committee on Legislative Franchises of the House of Representatives and the  
18 Committee on Public Services of the Senate, within sixty (60) days from the  
19 effectivity of this Act. Upon giving such acceptance, the grantee shall exercise  
20 the privileges granted under this Act. Nonacceptance shall render the franchise  
21 void.

22 **SEC. 10. *Right of Interconnection.*** – The grantee is hereby authorized  
23 to connect or demand connection of its telecommunications systems to other  
24 telecommunications systems installed, operated, and maintained by any other  
25 duly authorized person or entity in the Philippines for the purpose of providing  
26 extended and improved telecommunications services to the public, under the  
27 terms and conditions mutually agreed upon by the parties concerned; this right  
28 shall be subject to the review and modification of the NTC.

1           SEC. 11. *Gross Receipts.* – The grantee, its successors or assignees,  
2 shall keep a separate account of the gross receipts of the business transacted by  
3 it and shall furnish the Commission on Audit (COA) and the National  
4 Treasury a copy of such account not later than the thirty-first (31<sup>st</sup>) day of  
5 January of each year for the preceding twelve (12) months.

6           SEC. 12. *Books and Accounts.* – The books and accounts of the  
7 grantee, its successor or assignees, shall always be open to the inspection of  
8 the COA and its duly authorized representatives. It shall be the duty of the  
9 grantee to submit to the COA two (2) copies of the quarterly reports on the  
10 gross receipts, the net profits, and the general condition of the business.

11           SEC. 13. *Warranty in Favor of the National and Local Governments.* –  
12 The grantee shall hold the national, provincial, city, and municipal  
13 governments of the Philippines free from all claims, accounts, demands, or  
14 actions arising out of accidents or injuries, whether to property or to persons,  
15 caused by the construction or operation of the stations, transmitters, facilities,  
16 or equipment of the grantee.

17           SEC. 14. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.*  
18 – The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign  
19 this franchise or the rights and privileges acquired thereunder to any person,  
20 firm, company, corporation or other commercial or legal entity, nor merge  
21 with any other corporation or entity, nor shall transfer the controlling interest  
22 of the grantee, whether as a whole or in parts, and whether simultaneously or  
23 contemporaneously, to any person, firm, company, corporation, or entity  
24 without the prior approval of the Congress of the Philippines: *Provided, That*  
25 Congress shall be informed of any sale, lease, transfer, grant of usufruct, or  
26 assignment of franchise or the rights and privileges acquired thereunder, or of  
27 the merger or transfer of controlling interest of the grantee, within sixty (60)  
28 days after the completion of the said transaction: *Provided, further, That*

1 failure to report to Congress such change of ownership shall render the  
2 franchise *ipso facto* revoked: *Provided, finally*, That any person or entity to  
3 which this franchise is sold, transferred, or assigned, shall be subject to the  
4 same conditions, terms, restrictions, and limitations of this Act.

5       SEC. 15. *Dispersal of Ownership.* - In accordance with the  
6 constitutional provision to encourage public participation in public utilities, the  
7 grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher  
8 percentage that may hereafter be provided by law of its outstanding capital  
9 stock in any securities exchange in the Philippines within five (5) years from  
10 the commencement of its operations: *Provided*, That in cases where public  
11 offer of shares is not applicable, establishment of cooperatives operating  
12 public utilities must be implemented. Noncompliance therewith shall render  
13 the franchise *ipso facto* revoked.

14       SEC. 16. *Reportorial Requirement.* - The grantee shall submit an  
15 annual report to the Congress of the Philippines, through the Committee on  
16 Legislative Franchises of the House of Representatives and the Committee on  
17 Public Services of the Senate, on its compliance with the terms and conditions  
18 of the franchise and on its operations on or before April 30 of every year  
19 during the term of its franchise. The reportorial compliance certificate issued  
20 by Congress shall be required before any application for permit or certificate is  
21 accepted by the NTC.

22       SEC. 17. *Penalty Clause.* - Failure of the grantee to submit the  
23 requisite annual report to Congress shall be penalized with a fine of five  
24 hundred pesos (P500.00) per working day of noncompliance. The fine shall be  
25 collected by the NTC from the delinquent franchise grantee separate from the  
26 reportorial penalties imposed by the NTC.

27       SEC. 18. *Equality Clause.* - Any advantage, favor, privilege,  
28 exemption, or immunity granted under other existing franchises, or which may  
29 hereafter be granted, upon prior review and approval of Congress, shall

1 become part of this franchise and shall be accorded immediately and  
2 unconditionally to the herein grantee: *Provided*, That the foregoing shall  
3 neither apply to nor affect the provisions of telecommunications franchises  
4 concerning territory covered by the franchise, the life span of the franchise, or  
5 the type of service authorized by the franchise.

6       SEC. 19. *Separability Clause.* – If any of the sections or provisions of  
7 this Act is held invalid, all other provisions not affected thereby shall remain  
8 valid.

9       SEC. 20. *Repealability and Nonexclusivity Clause.* – This franchise  
10 shall be subject to amendment, alteration, or repeal by the Congress of the  
11 Philippines when the public interest so requires and shall not be interpreted as  
12 an exclusive grant of the privileges herein provided for.

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

Approved,