

[**REPUBLIC ACT NO. 7617, June 25, 1992**]

AN ACT GRANTING TO THE TELECOMMUNICATIONS TECHNOLOGIES PHILIPPINES, INCORPORATED, A FRANCHISE TO INSTALL, OPERATE AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT THE PHILIPPINES AND FOR OTHER PURPOSES

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 on public telecommunications, there is hereby granted to the Telecommunications Technologies Philippines, Incorporated, its successors or assigns a franchise to install, operate and maintain telecommunications systems throughout the Philippines including but not limited to the operations of local exchange service or public switched telephone network, public-calling stations, inter-exchange carrier or national toll transmission, value-added or enhanced services intelligent networks, mobile or personal communications services, international gateway facility and paging services; and for the purpose of providing said telecommunication services, to construct, own, operate and maintain telecommunications systems in and between provinces, cities and municipalities of the Philippines, in, on, over, or under lands and waters, as may be necessary and best adapted to the provision of telecommunication services, to contract for telecommunication lines in and between the Philippines and other countries and territories, to use any technology whether digital or analogue, via cable, satellite, microwave, optical fiber, or any transmission medium and with such telecommunication apparatus as may be necessary for the provision of such telecommunication services, and to connect and keep connected its telecommunications system to other telecommunications systems.

SEC. 2. *Definition of Terms.* – As used in this Act, the following words and/or terms shall be interpreted or defined in this manner:

- a. "Telecommunications system" means the combination of hardware and software for the conveyance, through the agency of electric, magnetic, electro-magnetic, electro-chemical or electro-mechanical energy of speech and other sounds, visual images, data or signals;
- b. "Telecommunication apparatus" means any device or equipment manufactured for use in transmitting or adopted for use in transmitting or receiving anything conveyed by a telecommunications system, and includes any telecommunication lines;
- c. "Telecommunication message" means voice, data, images and anything conveyed through a telecommunications system;
- d. "Telecommunication service" means a service for the conveyance of any telecommunication message of and by the general public or customer and

includes a directory information service and the installation, maintenance, adjustment, repair, relocation or replacement of telecommunication apparatus, excluding the broadcasting of any telecommunication message the purpose of which is to advertise any product or service other than the use of the telecommunication service itself;

- e. "Telephone service" means a telecommunication service consisting of the conveyance primarily of voice and, secondarily of other forms of messages;
- f. "Telecommunication line" means any wire, cable, tube, pipe, conduit or other similar material, including its casing or coating, which is designed or adapted to function as a telecommunication apparatus; and
- g. "Local telephone exchange" means a central switching facility or a telecommunication apparatus which routes calls through the network or system.

SEC. 3. *Authority of the National Telecommunications Commission.* – The grantee shall secure from the National Telecommunications Commission, hereinafter referred to as the Commission, a certificate of public convenience or appropriate permits and licenses for the location, construction, installation and operation of its telecommunications systems. In issuing the certificate, the Commission shall have the power to impose such conditions relative to the construction, operation, maintenance, or service level of the telecommunications systems. The Commission shall have the authority to regulate the construction and operation of its telecommunications systems. The grantee shall not use any frequency in the radio spectrum without having been authorized by the Commission. Such certificate shall state the areas covered and date the grantee shall commence the service.

SEC. 4. *Responsibility to the Public.* – The grantee shall provide basic or enhanced telephone service in any municipality in the Philippines where it has an approved certificate of public convenience for the establishment, operation and maintenance of a local exchange 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 to be satisfied by the expansion is less than the smallest viable local exchange available in the market as may be 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 telecommunication apparatus necessary for such services and in such cases 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.

SEC. 5. *Eminent Domain.* – The grantee may acquire such private property as is actually necessary for the realization of the purposes for which this franchise is granted: *Provided,* That in case the owner refuses to sell or allow thereof, the proper condemnation proceedings shall be instituted: *Provided, further,* That just compensation is paid.

SEC. 6. *Ingress and Egress.* – For the purpose of installing, operating and maintaining its telecommunication lines, it shall be lawful for the grantee to make excavations or lay conduits in any of the public places, highways, streets, lanes, sidewalks, bridges or infrastructure in any provinces and municipalities: *Provided, however,* That any public place, highway, street, lane, sidewalk, bridge or infrastructure disturbed, altered, or changed thereby shall be repaired and replaced in a workmanlike manner by the grantee to the satisfaction of the Department of Public Works and Highways or the local engineering office, as the case may be, and/or in accordance with existing laws or rules on excavations and reconstitution of such public civil works.

SEC. 7. *Interconnection.* – The grantee is authorized to connect or demand connection of 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 telecommunication services to the public, under such terms and conditions mutually agreed upon by the interconnection and the same shall be subject to the review or modification of the Commission.

SEC. 8. *Equality Clause.* – If any subsequent franchise for telecommunication service is awarded or granted by the Congress of the Philippines with terms, privileges and conditions more favorable and beneficial than those contained in this Act, then the same privileges or advantages shall, *ipso facto*, accrue to the herein grantee and be deemed part of this Act.

SEC. 9. *Sale, Lease, Transfer, Usufruct, etc.* – 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 entity, nor merge with any other corporation or entity without the prior approval of the Congress of the Philippines. Neither shall the controlling interest in the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. Any person or entity to which this franchise is validly sold, transferred or assigned shall be subject to all the same conditions, terms, restrictions and limitations of this Act.

SEC. 10. *Tax Provisions.* – The grantee shall be liable to pay the same taxes on their real estate, buildings and personal property exclusive of this franchise, as other persons or telecommunication entities are now or hereafter may be required by law to pay. In addition thereto, the grantee shall pay to the Bureau of Internal Revenue each year, three *per centum* (3%) of the gross receipts of its regulated telecommunication services transacted under this franchise, and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof: *Provided,* That the grantee shall continue to be liable for income taxes payable under Title 11 of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.

SEC. 11. *Rates for Services.* – The tariffs and rates for telephone service and other types of telecommunication services of the grantee except the rates and charges on those that may hereafter be declared or considered as non-regulated services,