

[PRESIDENTIAL DECREE NO. 217, June 16, 1973]

ESTABLISHING BASIC POLICIES FOR THE TELEPHONE INDUSTRY, AMENDING FOR THE PURPOSE THE PERTINENT PROVISIONS OF COMMONWEALTH ACT 146, AS AMENDED, OTHERWISE KNOWN AS THE PUBLIC SERVICE ACT, THE FRANCHISE OF THE PHILIPPINE LONG DISTANCE TELEPHONE COMPANY UNDER ACT NO. 3436, AS AMENDED, AND ALL INCONSISTENT LEGISLATIVE AND MUNICIPAL FRANCHISES INCLUDING OTHER EXISTING LAWS.

WHEREAS, telephone service is a crucial element in the conduct of business activity, the availability of which on a regular and uninterrupted basis is essential for the smooth and efficient functioning of industry;

WHEREAS, efficient telephone service contribute directly to national development by facilitating trade and commerce;

WHEREAS, the telephone industry is one of the most highly capital intensive industries;

WHEREAS, the telephone industry has fundamentally different financing characteristics from other utilities in that capital requirements per telephone unit installed increase as the number of customers serviced also increases instead of decreasing in cost per unit as in power and water utilities;

WHEREAS, continued reliance on the traditional sources of capital funds through foreign and domestic borrowing and through public ownership of common capital stock will result in a high cost of capital, heavy cash requirements for amortization and thus eventually in higher effective cost of telephone service to subscribers;

WHEREAS, the subscribers to telephone service tend to be among the residents of urban areas and among the relatively higher income segment of the population;

WHEREAS, it is in the interest of the national economy to encourage savings and to place these savings in productive enterprises; and

WHEREAS, it is the announced policy of the Government to encourage the spreading out of ownership in public utilities;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, do hereby decree and adopt, as part of the law of the land the following:

SECTION 1. It is declared that in the interest of the social, economic and general well-being of the people, the State hereby adopts the following basic policies of the telephone industry:

1. The attainment of efficient telephone service for as wide an area as possible at the lowest reasonable cost to the subscriber;
2. The expansion of telephone service shall be financed through an optimal combination of domestic and foreign sources of financing and an optimal