

[REPUBLIC ACT NO. 8720, July 16, 1998]

**AN ACT GRANTING THE EASTERN MISAMIS ORIENTAL
TELEPHONE COOPERATIVE (EMORTELCO) A FRANCHISE TO
CONSTRUCT, ESTABLISH, INSTALL, MAINTAIN, AND OPERATE
LOCAL EXCHANGE NETWORK IN THE CITIES OF CAGAYAN DE
ORO AND GINGOOG, AND MUNICIPALITIES OF MAGSAYSAY,
TALISAYAN, BALINGOAN, MEDINA, KINOGITAN,
SUGBONGCOGON, BINUANGAN, SALAY, LAGONGLONG, AND
BALINGASAG, PROVINCE OF MISAMIS ORIENTAL**

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, there is hereby granted to the Eastern Misamis Oriental Telephone Cooperative (EMORTELCO), hereunder referred to as the grantee, its successors or assigns, a franchise to construct, establish, install, maintain and operate for commercial purposes and in the public interest, local exchange network, including public calling stations and telephone stations or wireless local loop and for such purpose provide basic telephone service or other means related to the foregoing now known to science or which in the future may be developed, in the cities of Cagayan de Oro and Gingoog, and municipalities of Magsaysay, Talisayan, Balingoan, Medina, Kinogitan; Sugbongcogon, Binuangan, Salay, Lagonglong, and Balingasag, Province of Misamis Oriental, for public domestic telecommunications.

SEC. 2. *Manner of Operation of Stations or Facilities.* - The stations or facilities of the grantee shall be constructed and operated in a manner as will, at most, result only in the minimum interference on the wavelengths or frequencies of the 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 the availability thereof. In no way shall the operations of the grantee, nor the radiated power of its stations or facilities, exceed that required to cover the area where it is allowed to operate.

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 and necessity or the 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 system. 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 the date the grantee shall commence the service. The Commission, however, shall not unreasonably withhold or delay the grant of any such authority, permits or licenses.

SEC. 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 of deliberately false information or willful misrepresentation, or assist in subversive or treasonable acts.

The grantee shall provide basic or enhanced telephone service within the cities of Cagayan de Oro and Gingoog, and municipalities of Magsaysay, Talisayan, Balingoan, Medina, Kinogitan, Sugbongcogon, Binuangan, Salay, Lagonglong, and Balingasag, Province of Misamis Oriental where it has an approved certificate of public convenience and necessity 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 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 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 advances in science and technology.

SEC. 5. *Rates for Services.* - The charges and rates for telecommunications services of the grantee, except the rates and charges on those that may hereafter be declared or considered as non-regulated services, whether flat rates or measured rates or variation thereof, shall be subject to the approval of the Commission or its legal successors. The rates to be charged by the grantee shall be unbundled, separable, and distinct among the services offered and shall be determined in such a manner that regulated services do not subsidize the unregulated ones.

SEC. 6. *Right of 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 take over and operate the stations transmitters, facilities or equipment of the grantee, to temporarily suspend the operation of any station, transmitter, facility or equipment in the interest of public safety security and public welfare, or to authorize the temporary use and operation thereby by any agency of the government, upon compensation to the grantee for the use of said stations, transmitters, facilities equipment during the period when they shall be so operated.