

**[NTC MEMORANDUM CIRCULAR NO. 8-9-95,
September 25, 1995]**

**IMPLEMENTING RULES AND REGULATIONS FOR REPUBLIC ACT
NO. 7925 RE: AN ACT TO PROMOTE AND GOVERN THE
DEVELOPMENT OF PHILIPPINE TELECOMMUNICATIONS AND THE
DELIVERY OF PUBLIC TELECOMMUNICATIONS SERVICES**

For the purpose of an effective and smooth implementation of RA 7925, the National Telecommunications Commission, an attached agency of the Department of Transportation and Communications (DOTC) and the principal administrator of RA 7925 (Public Telecommunications Policy Act of 1995), hereby promulgates the hereunder Implementing Rules and Regulations.

Nothing in this Circular, however, shall be construed as delimiting the power of DOTC to monitor the implementation of this Act in accordance with its mandate to achieve its responsibility for the development and maintenance of a long term strategic national development plan for the telecommunications.

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Definition of Terms

1. Access Charge - refers to a remuneration paid to a carrier by the interconnecting carriers for accessing the facilities of such carrier which is needed by the interconnecting carriers for the origination and/or termination of all types of traffic derived from the interconnection.
2. Actual Cost Approach - refers to an approach in traffic-settlement whereby the cost is allocated using a methodology which most appropriately reflects actual cost of the service.
3. Cross Subsidy Approach - refers to an approach whereby a LE operator is entitled to some subsidy in the revenue settlement to earn a rate of return on its local exchange network investments that shall be at parity with those earned by other segments of the telecommunications industry.
4. Interconnection Charge - refers to the sum of the access charge plus cross-subsidy.
5. Basic Telephone Service - refers to the local exchange telephone service for residence and business establishments.
6. Universal Access - refers to the availability of reliable and affordable telecommunications service in both urban and rural areas of the country.
7. Local Exchange Area - refers to a defined geographic area authorized by the National Telecommunications Commission to a local exchange operator.

8. Bypass - refers to a situation where an entity other than a local exchange service operator provides long distance service by establishing direct access to a person/entity, customer or end-user within the authorized local exchange service area of a duly authorized local exchange operator.

9. PSTN - refers to a public switched telephone network.

10. Pay Telephone Services (PTS) - sometimes referred to as a public calling station, refers to a facility where the public may, by payment of appropriate and duly approved fees, place as well as receive local or long distance telephone calls or other switched telephone messages.

11. Certificate of Public Convenience and Necessity (CPCN) - refers to a grant consistent with the telecommunications policies and objectives to a qualified applicant, after due notice and hearing, of a final authority to own, operate and maintain a public telecommunications facility/service by the National Telecommunications Commission.

12. Provisional Authority (PA) - refers to an authority, for a limited period, granted to a qualified applicant to operate and maintain a public telecommunications facility/service by the Commission, pending the grant of the CPCN.

13. Commission - refers to the National Telecommunications Commission.

14. Network - refers to a set of nodes and links that provides connections between two or more defined points to accommodate telecommunications between them.

15. Enhanced Service - refers to a service which adds a feature or value not ordinarily provided by a public telecommunications entity such as format, media, conversion, encryption, enhanced security features, computer processing, and the like; provided that in the provision of the enhanced service, no law, rule, regulation or international convention on telecommunications is circumvented or violated.

16. Working main lines - refers to public telecommunications entity as defined in RA 7925.

17. PTE - refers to Public Telecommunications Entity as defined in RA 7925.

18. Philippine Best Practice - refers to the experience of two or three LE service operators in the context of the three (3) Philippine markets which are most economically efficient in a specific accounting category as determined by the National Telecommunications Commission. The specific accounting category need not be sourced from the same LE service operator.

a. The LE operator shall provide universal basic telephone service capable of accessing local, national, international and other networks without discrimination to all applicants for such service within its defined authorized service area/s and within the schedule duly approved by the Commission.

b. The LE operator shall comply with the service performance and technical standards specified under MC 10-17-90 and MC 10-16-90 respectively and other standards hereafter prescribed by the Commission.

c. Public telecommunications entities shall not be allowed to expand or extend long distance service directly to a person/entity, customer or end-user within the authorized local exchange service area of a duly authorized LE service operator except in the following cases:

1. when the authorized LE operator is unable to provide service within the following response time:

* Two hundred forty (240) days on the first year of the effectivity of this Circular.

* Sixty (60) days on the second year of the effectivity of this Circular.

* Ten (10) working days thereafter.

and at standards prescribed by the Commission provided that the bypassing carrier has no unserved obligation in its assigned service areas.

2. when the authorized LE operator is unable to provide within ninety (90) days from date of agreement at prescribed standards the required interconnection arrangements.

3. when the authorized LE operator is compensated in the amount agreed by the parties. In case parties cannot reach an agreement, the matter can be brought to the Commission for final action pursuant to Rule 510. In cases when there are more than one (1) authorized LE operators in one defined geographic area, the compensation shall be divided in proportion to the number of working telephone lines of each of the authorized LE operators. The determination of the number of working lines shall be conducted quarterly.

In any of the above exceptions, the PTE shall secure prior approval from the Commission through an administrative procedure to provide direct connection to the subscribers/customers/end-users.

d. A duly enfranchised entity may be authorized by the Commission, after due notice and hearing, to install, operate and maintain a local exchange network and provide local exchange service in the same local exchange area where an existing authorized local exchange operator fails to satisfy the demand for local exchange service. The demand for local exchange service is considered satisfied when 90% of all applications for local exchange service within the last three (3) months are served within ten (10) working days from date of application.

e. The provisions on bypass shall only apply to public switched telephone services.

f. Authorized LE operators shall have the first option to provide pay telephone services in the defined geographic area covered by its network. Other enfranchised telecommunications entities may be authorized to provide public calling stations or pay telephone stations in a given local exchange service area served by an authorized LE service operator after due notice and hearing and upon determination of public need.

g. The LE operator shall use any cost effective technology in fulfilling its responsibility of providing universal basic telephone service. The LE operator shall

endeavor to use state of the art technology.

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Interexchange Carrier (IXC) and International Carrier (IC) Services

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Interexchange Carrier (IXC) Services

- a. The IXCs shall interconnect with other IXCs and with local exchange carriers or other telecommunications entities on a non-disciplinary manner. The interconnection shall be effected pursuant to Rule 510.
- b. The interconnect charges shall be pursuant to Rule 520.
- c. The IXCs shall comply with the service performance and technical standards specified under MC10-17-90 and MC 10-16-90, respectively and other standards hereafter prescribed by the Commission.

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International Carrier (IC) Services

- a. The relevant provisions of the Implementing Guidelines on EO 109 under NTC MC 11-9-93 series of 1993 are hereby adopted.
- b. Failure on the part of the IC or its affiliate company to install at least 300,000 local exchange lines and additional 300 local exchange lines per one international switch termination in excess of 1,000 international switch terminations and provide local exchange service within three (3) years from date of authority to provide local exchange service shall be cause for the cancellation of the authority to install, operate and maintain facilities and offer international carrier services in accordance with due process.

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Mobile Radio Services (MRS)

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Cellular Mobile Telephone System

- a. The Rules and Regulations on Cellular Mobile Telephone System (CMTS) Operations under NTC MC 20-12-92 are hereby adopted.
- b. The implementation of the roll-out plans for local exchange service for all authorized nationwide and regional CMTS operators shall be reduced from five (5) to three (3) years.
- c. An authorized regional or nationwide CMTS operator shall be considered to have complied with Rule 310 (b) if the conditions specified in Article II Section 5 of the Implementing Guidelines on EO 109 under NTC MC 11-9-93 series of 1993 are met.
- d. An authorized CMTS operator shall comply with Article II Sections 7 and 8 of NTC MC 11-9-93 series of 1993.
- e. Subscribers to the CMTS shall not be considered as LE subscribers.
- f. Failure on the part of the CMTS operator to install 400,000 local exchange service within three (3) years from date of authority to provide local exchange service shall

be a cause for the cancellation of the authority to install, operate and maintain cellular mobile telephone system and offer CMTS service in accordance with due process.

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Public Repeater Network (PRN) Services

- a. The Rules and Regulations on Public Repeater Network Services under NTC MC 10-18-90 series of 1990 are hereby adopted.
- b. The service rates for public repeater network services shall be deregulated immediately.
- c. At least thirty (30) days before any change, increase or decrease, in service rates, after the deregulation, are implemented, authorized PRN service providers shall publish in a newspaper of general circulation the changes in the service rates and inform all affected subscribers of said change.
- d. Authorized PRN service providers shall inform the Commission in writing of any increase or decrease in service rates at least seven (7) days prior to the implementation of said changes in the service rates.

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Radio Paging and Value Added Services

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Radio Paging Service (RPS)

- a. Subject to availability of radio frequencies and prior to actual operation, a duly enfranchised radio paging entity shall register with the Commission and apply for the appropriate radio frequencies to be used in its operation.
- b. The application for registration shall include documents showing, among others, system configuration, mode of operation, radio frequencies required for efficient operation, method of charging rates, etc. The application shall be acted upon by the Commission within sixty (60) days from date of application.
- c. All radio paging service providers shall comply with the relevant service performance and technical standards prescribed by the Commission.
- d. Effective immediately, all radio paging service providers with assigned radio frequencies, shall be allowed to compete freely in their rates without prior approval from the Commission.
- e. At least fifteen (15) days prior to the implementation of any change, increase or decrease, in service rates, the radio paging service providers shall publish in a newspaper of general circulation such change in the service rates and shall inform all affected subscribers.
- f. All radio paging services providers shall inform the Commission in writing of any change in their service rates at least seven (7) days before said changes are implemented.
- g. Subject to the availability of radio frequencies, a duly enfranchised radio paging entity may be allocated and assigned radio frequencies required for the efficient