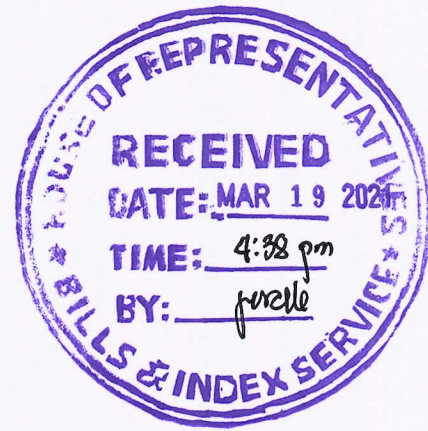


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 9060



Introduced by **REP. JOSE FRANCISCO "KIKO" B. BENITEZ, Ph.D.**

EXPLANATORY NOTE

This bill seeks to renew the franchise granted to Victorias Telephone System, Inc. to construct, install, and operate a local exchange network and internet services capable of accessing local, national and international telephone service through interconnections with national and international carriers.

The Victorias Telephone System, Inc. is a duly accredited member of the Philippine Association of Private Telephone Companies, Inc. and one of many small local telephone exchanges who pioneered in providing basic telephone services in far-flung areas in our country. The franchise granted to VTSI under Republic Act No. 8340 is set to expire in 2022.

The renewal of the franchise will ensure the continuity of operations and the employment of its workers. Granting franchise to small players in the telecommunications industry like VTSI is one way of recognizing the indomitable spirit of Filipino entrepreneurship in the countryside.

In view of the foregoing, the approval of this bill is earnestly requested.


JOSE FRANCISCO "KIKO" B. BENITEZ, Ph.D.

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EIGHTEENTH CONGRESS
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HOUSE BILL NO. 9060

Introduced by **REP. JOSE FRANCISCO “KIKO” B. BENITEZ, Ph.D.**

AN ACT

GRANTING THE VICTORIAS TELEPHONE SYSTEM, INC. A FRANCHISE TO CONSTRUCT, INSTALL, MAINTAIN, ESTABLISH AND OPERATE TELECOMMUNICATIONS SERVICES IN THE CITY OF VICTORIAS, PROVINCE OF NEGROS OCCIDENTAL

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

SECTION 1. Nature and Scope of Franchise. – Subject to the provisions of the Constitution and applicable laws, rules and regulates, there is hereby granted to Victorias Telephone System, Inc., hereunder referred to as the grantee its successors or assignees, a franchise to construct, install establish, operate and maintain for commercial purposes and in the public interest , in the Philippines and between Philippines and other countries and territories, wire and/or wireless telecommunications systems including local exchange network, copper, fiber optic cable and their value added services such as the transmission of voice, data facsimile, control signs, audio and video, information services and all other telecommunications systems and technologies as are at present available or will be made available through technological advances or innovating in the future; and/or construct, acquire, lease and operate or manage transmitting and receiving stations, lines, cables, or systems as are convenient or essential to efficiently carry out the purpose of this franchise.

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 existing stations or other stations which may be established by law, without in any way diminishing its own privilege to use its assigned 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

SEC. 3. Authority of the National Telecommunications Commission. – The grantee shall secure from the National Telecommunications Commissions (NTC) a Certificate of Public Convenience and Necessity or the appropriate permits for the construction, installation, and operation of its telecommunications system/facilities. In issuing the certificate, the NTC shall have the power to impose such conditions relative to the construction, operation, maintenance or service level of the telecommunications systems. The NTC shall also have the authority to regulate the construction and operation of the grantee’s telecommunications systems. The grantee shall not use any frequency in the radio spectrum without authorization from the NTC. Such certificate shall state the areas covered and the date the grantee shall

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

SEC. 4. Excavation and Restoration Works. – For the purpose of erecting and maintaining poles or other supports for said wires or other conductors for the purpose of having and maintaining underground wires, cables, or other conductors, it shall be lawful for the grantee, its successors or assignees with the prior approval of the Department of Public Works and Highways (DPWH) or the local government unit (LGU) concerned, as may be appropriate, to make excavation or lay conducts in any of the public places, roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridge disturbed altered or changed by reason of erection of poles or other supports or the underground laying of wires, other conductors or conduits shall be repaired and replaced in workmanlike manner by said grantee, its successors or assignees, in accordance with the standards set by the DPWH or the LGU concerned. Should the grantee, its successors or assignees, after the ten (10)-day notice from the said authority, fail, refuse, or neglect to repair or replace any part of public place, road, highway, street, lane, alley, avenues, sidewalk, or bridge disturbed, altered or changed by the said grantee, its successors or assignees, then the DPWH or the LGU concerned shall have the right to have the same repaired and placed in good order and condition at double the amount spent for such repair or replacement to be charged against the grantee, its successors or assignees.

SEC. 5. Responsibility to the Public. – The grantee shall conform to the ethics of honest enterprise and not use its station/facilities 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 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. 6. 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 NTC or its legal successor. 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. 7. Right of the Government. – The radio spectrum is a finite resource that is part of the national patrimony and the use thereof is a privilege conferred upon the grantee by the State and may be withdrawn any time after due process.

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 thereof by any agency of the government, upon due compensation to the grantee for the use of said stations, transmitters, facilities or equipment during the period when these shall be so operated.

SEC. 8. Term of Franchise. – This franchise shall be in effect for a period of twenty-five (25) years from the date of the effectivity of this Act, unless sooner cancelled. This franchise shall be deemed ipso facto revoked in the event the grantee fails to comply with any of the following conditions: Commence operations within one (1) year from the approval of its operating permit by the NTC; Commence operations within three (3) years from the effectivity of this Act; and Operate continuously for two (2) years.

SEC. 9. Acceptance and Compliance. – Acceptance of this franchise shall be given in writing of Representatives and the Committee on Public Services of the Senate, within sixty (60) days from the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privilege granted under this Act. Non acceptance shall render the franchise void.

SEC. 10. Commitment to Provide and Promote the Creation of Employment Opportunities. – The grantee shall create employment opportunities and shall allow on-the-job trainings in their franchise operation: Provided, further, That the grantee shall follow the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances: Provided finally, That the employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission annually.

SEC. 11. Bond. – The grantee shall file a bond with the NTC in the amount that it shall determine to guarantee compliance with and fulfillment of the conditions under which this franchise is granted. If after three (3) years from the date of approval of its permit by the NTC, the grantee shall have fulfilled the conditions, the bond shall be cancelled by the NTC. Otherwise, the bond shall be forfeited in favor of the government and the franchise ipso facto revoked.

SEC. 12. Right of Interconnection. – The grantee is hereby authorized to connect or demand connection of its telecommunications systems to other telecommunications systems installed, operated, and maintained by any other duly authorized person or entry in the Philippines for the purpose of providing extended and improved telecommunications services to the public, under such terms and conditions mutually agreed upon by the parties concerned and the same shall be subject to the review and modification of the NTC.

SEC. 13. Gross Receipts. – The grantee, its successors or assignees, shall keep a separate account of the gross receipts of the business by it and shall furnish the Commission on Audit (COA) and the National Treasury a copy of such account not later than thirty-first (31st) day of January of each year for the proceeding twelve (12) months.

SEC. 14. Books and Accounts. – The books and accounts of the grantee, its successors or assignees, shall always be open to the inspection of the COA and its duly authorized representatives. It shall be the duty of the grantee to submit to the COA two (2) copies of the quarterly reports on the gross receipts, the net profits, and the general condition of the business.

SEC. 15. Warranty in Favor of the National and Local Governments. – The grantee shall hold the national provincial, city, and municipal governments of the Philippines free from all claims, liabilities, accounts, demands, or actions arising out accidents causing injury to persons or damages to properties during the construction or operation of the stations, transmitters, facilities or equipment of the grantee.

SEC. 16. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise. – The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired there under to any person, firm, company, corporation or other commercial or legal entity nor shall transfer the controlling interest of the grantee, simultaneously or contemporaneously, to any such person, firm, company, or entity without the prior approval of the Congress of the Philippines.

Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges acquired there under, or of the merger or transfer of the controlling interest of the grantee, within sixty (60) days after the completion of the said transaction. Failure to report Congress such change of ownership shall render the franchise ipso facto revoked. Any person or entity to which this franchise is sold, transferred or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

SEC 17. Dispersal of Ownership. – In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer to Filipino citizens at least thirty percent (30%) or a higher percentage that may hereafter be provided by the law of its outstanding capital stock in any securities exchange in the Philippines within five (5) years from the commencement of its operations; Provided, That in case where public offer of shares is not applicable, establishment of cooperatives operating public utilities must be implemented. Non-compliance therewith shall render the franchise ipso facto revoked.

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

SEC. 19. Penalty Clause. – Failure of the grantee to submit the requisite annual report to Congress shall be penalized with a fine of Five Hundred pesos (P500.00) per working day of non-compliance. The fine shall collected by the NTC from the delinquent grantee separate from the reportorial penalties imposed by the NTC.

SEC. 20. Equality Clause. – Except for taxes and customs duties, any advantage, favor, privilege, exemption, or immunity granted under other existing franchises, or which may hereafter be granted, upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee: Provided, That the foregoing shall neither apply to nor affect the provisions of telecommunications franchise concerning territory covered by the franchise, the life span of the franchise, or type of service authorized by the franchise.

SEC.21. Separability Clause. – If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SEC 22. Repealability and Non exclusivity Clause. – This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privilege herein provided for.

SEC. 23. Repeating Clause. – All laws, decrees, executive orders, rules and regulations or parts or provisions thereof which are not consistent with this Act are hereby repealed amended or modified accordingly,

SEC. 24. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.