



HOUSE OF REPRESENTATIVES

H. No. 10182

---

BY REPRESENTATIVES BENITEZ, ALVAREZ (F.), REVILLA, MACEDA,  
NOGRALES (J.J.), NIETO, ROMUALDO, GARBIN, SAVELLANO, DY (F.),  
HOFER, BAUTISTA, OUANO-DIZON, VIOLAGO AND BORDADO, PER COMMITTEE  
REPORT NO. 1199

---

**AN ACT**

**RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE  
GRANTED TO VICTORIAS TELEPHONE SYSTEM, INC. UNDER REPUBLIC ACT  
NO. 8340, ENTITLED "AN ACT GRANTING THE VICTORIAS TELEPHONE  
SYSTEM, INC. A FRANCHISE TO CONSTRUCT, ESTABLISH, INSTALL,  
MAINTAIN AND OPERATE LOCAL EXCHANGE NETWORK IN THE  
MUNICIPALITY OF VICTORIAS, PROVINCE OF NEGROS OCCIDENTAL"**

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

1           **SECTION 1. *Nature and Scope of Franchise.*** – Subject to the provisions of the  
2 Constitution and applicable laws, rules and regulations, the franchise granted to  
3 Victorias Telephone System, Inc., hereunder referred to as the Grantee, its  
4 successor assignees, under Republic Act No. 8340, to construct, establish, install,  
5 maintain and operate for commercial purposes and in the public interest, in the City of  
6 Victorias, Province of Negros Occidental, wired and wireless telecommunications  
7 systems, including internet access, through copper or fiber optic cable, satellite  
8 systems, switches, and all other telecommunication system or information and  
9 communications technologies as are at present available or will be made available  
10 through technological advances or innovations in the future, and offer  
11 telecommunications services, value-added services, including internet access service,  
12 or other electronic communication services such as the transmission of voice, data,

1 facsimile, control signs, audio and video information services, or to construct, acquire,  
2 lease, and operate, or manage transmitting and receiving stations, lines, cables, or  
3 systems as are convenient and essential to efficiently carry out the purpose of this  
4 franchise, is hereby renewed for another twenty-five (25) years.

5  
6 **SEC. 2. Manner of Operation of Stations or Facilities.** – The stations or  
7 facilities of the Grantee shall be constructed and operated in a manner as will, at most,  
8 result only in the minimum interference on the wavelengths or frequencies of existing  
9 stations or other stations which may be established by law, without in any way  
10 diminishing its own privilege to use its assigned wavelengths or frequencies and the  
11 quality of transmission or reception thereon as should maximize rendition of the  
12 Grantee’s services or the availability thereof.

13  
14 **SEC. 3. Authority of the National Telecommunications Commission.** – The  
15 Grantee shall secure from the National Telecommunications Commission (NTC) a  
16 Certificate of Public Convenience and Necessity or the appropriate permits and  
17 licenses for the construction, installation, and operation of its telecommunications  
18 systems or facilities. In issuing the certificate, the NTC shall have the power to regulate  
19 and impose such conditions relative to the construction, operation, maintenance, or  
20 service level of the telecommunications systems or facilities. Such certificate shall  
21 state the areas covered and the date the Grantee shall commence the service. The  
22 Grantee shall not use any frequency in the radio spectrum without authorization from  
23 the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of  
24 such authority, permit, or license.

25  
26 In case of any violation of the provisions of this franchise, the NTC shall have  
27 the authority to revoke or suspend, after due process, the permits or licenses it issued  
28 pursuant to the franchise. The NTC may recommend to Congress the revocation of  
29 the franchise for any violation of the provisions of this franchise.

30  
31 **SEC. 4. Excavation and Restoration Works.** – For the purposes of erecting  
32 and maintaining poles or other supports for wires or other conductors, and for laying  
33 and maintaining of underground wires, cables, or other conductors, it shall be lawful  
34 for the Grantee, its successors or assignees, with the prior approval of the Department  
35 of Public Works and Highways (DPWH) or the local government unit (LGU) concerned,

1 as may be appropriate, to make excavations or lay conduits in any of the public places,  
2 roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the province,  
3 cities, or municipalities: *Provided, however,* That a public place, road, highway, street,  
4 lane, alley, avenue, sidewalk, or bridge disturbed, altered, or changed by reason of  
5 erection of poles or other supports or the underground laying of wires, other  
6 conductors or conduits, shall be repaired and replaced in workmanlike manner by the  
7 Grantee, its successors or assignees, in accordance with the standards set by the  
8 DPWH or the LGU concerned. Should the Grantee, its successors or assignees, after  
9 the ten (10)-day notice from the said authority, fail, refuse, or neglect to repair or  
10 replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk,  
11 or bridge disturbed, altered or changed by the Grantee, its successors or assignees,  
12 then the DPWH or the LGU concerned shall have the right to have the same repaired  
13 and placed in good order and condition, and charge the Grantee, its successors or  
14 assignees ~~at~~ double the amount of the costs and expenses for such repair or  
15 replacement.

16

17 **SEC. 5. Responsibility to the Public.** – The Grantee shall conform to the ethics  
18 of honest enterprise and not use its stations or facilities for obscene or indecent  
19 transmission, or for dissemination of deliberately false information, or willful  
20 misrepresentation, or assist in subversive or treasonable acts.

21

22 The Grantee shall operate and maintain all its stations, lines, cables, systems,  
23 and equipment for the transmission and reception of messages, signals, and pulses in  
24 a satisfactory manner at all times, and as far as economical and practicable, modify,  
25 improve, or change such stations, lines, cables, systems, and equipment to keep  
26 abreast with the advances in science and technology.

27

28 The Grantee shall improve and extend its services in areas not yet served, and  
29 in hazard- and typhoon-prone areas that shall be determined by the National Disaster  
30 Risk Reduction and Management Council, or its legal successor, in coordination with  
31 the NTC.

32

33 The Grantee shall also improve and upgrade its equipment, facilities and  
34 services, in order to ensure effective compliance with the objectives of Republic Act  
35 No. 10639 or “The Free Mobile Disaster Alerts Act”.

1           **SEC. 6. Rates for Services.** – The charges and rates for telecommunications  
2 services of the Grantee, except the rates and charges on those that may hereafter be  
3 declared or considered as nonregulated services, whether flat rates or measured rates  
4 or variations thereof, shall be subject to the approval of the NTC or its legal successor.  
5 The rates to be charged by the Grantee shall be unbundled, separable, and distinct  
6 among the services offered and shall be in a manner that ensures that regulated  
7 services do not subsidize those that are not regulated.

8  
9           **SEC. 7. Right of Government.** – The radio spectrum is a finite resource that  
10 is part of the national patrimony and the use thereof is a privilege conferred upon the  
11 Grantee by the State and may be withdrawn any time after due process.

12  
13           A special right is hereby reserved to the President of the Philippines, in times  
14 of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace  
15 and order: to temporarily take over and operate the stations, transmitters, facilities, or  
16 equipment of the Grantee; to temporarily suspend the operation of any station,  
17 transmitter, facility, or equipment in the interest of public safety, security, and public  
18 welfare; or to authorize the temporary use and operation thereof by any agency of the  
19 government, upon due compensation to the Grantee for the use of the stations,  
20 transmitters, facilities, or equipment during the period when these shall be so operated.

21           **SEC. 8. Term of Franchise.** – This franchise shall be in effect for a period of  
22 twenty-five (25) years from the date of the effectivity of this Act, unless sooner  
23 cancelled. This franchise shall be deemed *ipso facto* revoked in the event the Grantee  
24 fails to operate continuously for two (2) years.

25  
26           **SEC. 9. Right of Interconnection.** – The Grantee is hereby authorized to  
27 connect or demand connection of its telecommunications systems to other  
28 telecommunications systems installed, operated, and maintained by any other duly  
29 authorized person or entity in the Philippines for the purpose of providing extended  
30 and improved telecommunications services to the public, under the terms and  
31 conditions mutually agreed upon by the parties concerned. This right shall be subject  
32 to the review and modification of the NTC.

1           **SEC. 10. Warranty in Favor of the National and Local Governments.** – The  
2           Grantee shall hold the national, provincial, city, and municipal governments of the  
3           Philippines free from all claims, liabilities, accounts, demands, or actions arising out of  
4           accidents causing injury to persons or damage to properties, during the construction  
5           or operation of the stations, transmitters, facilities, or equipment of the Grantee.

6  
7           **SEC. 11. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**  
8           **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct of, nor  
9           assign this franchise or the rights and privileges acquired thereunder to any person,  
10          firm, company, corporation, or other commercial or legal entity, nor merge with any  
11          other corporation or entity, nor shall the controlling interest of the Grantee be  
12          transferred, simultaneously or contemporaneously, to any person, firm, company,  
13          corporation, or entity without the prior approval of Congress. The Grantee shall inform  
14          Congress, through the Office of the Speaker of the House of Representatives and  
15          Office of the Senate President, of any sale, lease, transfer, grant of usufruct, or  
16          assignment of franchise or the rights and privileges acquired thereunder, or of the  
17          merger or transfer of the controlling interest of the Grantee, within sixty (60) days after  
18          the completion of the said transaction. Failure to report to Congress such change of  
19          ownership shall render the franchise *ipso facto* revoked. Any person or entity to which  
20          this franchise is sold, transferred, or assigned shall be subject to the same conditions,  
21          terms, restrictions, and limitations of this Act.

22  
23          **SEC. 12. Dispersal of Ownership.** – In accordance with the constitutional  
24          provision to encourage public participation in public utilities, the Grantee shall offer to  
25          Filipino citizens at least thirty percent (30%) of its outstanding capital stocks, or a  
26          higher percentage that may hereafter be provided by law, in any securities exchange  
27          in the Philippines within five (5) years from the effectivity of this Act: *Provided*, That in  
28          cases where the public offer of shares is not applicable, other methods of encouraging  
29          public participation by citizens and corporations operating public utilities must be  
30          implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

31  
32          **SEC. 13. Commitment to Provide and Promote the Creation of**  
33          **Employment Opportunities.** – The Grantee shall create employment opportunities  
34          and accept on-the-job trainees in the franchise operations: *Provided*, That priority shall  
35          be accorded to the residents of the place where the principal office of the Grantee is

1 located: *Provided, further,* That the Grantee shall comply with the applicable labor  
2 standards and allowance entitlement under existing labor laws, rules and regulations,  
3 and similar issuances.

4  
5 The employment opportunities or jobs created shall be reflected in the General  
6 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission  
7 (SEC) annually.

8  
9 **SEC. 14. Reportorial Requirement.** – The Grantee shall submit an annual  
10 report on its compliance with the terms and conditions of the franchise and on its  
11 operations to the Congress of the Philippines, through the Committee on Legislative  
12 Franchises of the House of Representatives and the Committee on Public Services of  
13 the Senate, on or before April 30 of every year during the term of its franchise.

14  
15 The annual report shall include an update on the commencement of activities,  
16 development, operation and/or expansion of business; audited financial statements;  
17 latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the  
18 status of its permits and operations; and an update on the dispersal of ownership  
19 undertaking, if applicable.

20  
21 The reportorial compliance certificate issued by Congress shall be required  
22 before any application for permit or certificate is accepted by the NTC.

23  
24 **SEC. 15. Fine.** – The failure of the Grantee to submit the requisite annual report  
25 to Congress shall be penalized with a fine in the amount of One million pesos  
26 (P1,000,000.00) each working day of noncompliance, the effectivity of which shall  
27 commence upon applicability with other telecommunications franchise grantees:  
28 *Provided,* That in the interim, the Grantee shall be liable to pay the fine of Five hundred  
29 pesos (P500.00) per working day of noncompliance to the NTC. The fine shall be  
30 collected separately from the reportorial penalties imposed by the NTC, and it shall be  
31 remitted to the Bureau of the Treasury.

32 **SEC. 16. Equality of Treatment in the Telecommunications Industry.** – Any  
33 advantage, favor, privilege, exemption, or immunity granted under existing franchises,  
34 or which may hereafter be granted for telecommunications, upon prior review and

1 approval of Congress, shall become part of this franchise and shall be accorded  
2 immediately and unconditionally to the herein grantee: *Provided*, That the foregoing  
3 shall neither apply to nor affect the provisions of telecommunications franchises  
4 concerning territorial coverage, the term, or the type of service authorized by the  
5 franchise.

6  
7 **SEC. 17. *Repealability and Nonexclusivity Clause.*** – This franchise shall be  
8 subject to amendment, alteration, or repeal by Congress when the public interest so  
9 requires and shall not be interpreted as an exclusive grant of the privilege herein  
10 provided for.

11  
12 **SEC. 18. *Separability Clause.*** – If any of the sections or provisions of this Act  
13 is held invalid, all other provisions not affected thereby shall remain valid.

14  
15 **SEC. 19. *Repealing Clause.*** – All laws, decrees, orders, resolutions,  
16 instructions, rules and regulations, and other issuances or parts thereof which are  
17 inconsistent with the provisions of this Act are hereby repealed, amended, or modified  
18 accordingly.

19  
20 **SEC. 20. *Effectivity.*** – This Act shall take effect fifteen (15) days after its  
21 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,