

REPUBLIC ACT NO. 7970

AN ACT GRANTING THE MARANAO TELEPHONE COMPANY A FRANCHISE TO INSTALL, OPERATE AND MAINTAIN TELEPHONE SYSTEM IN THE PROVINCE OF LANAOS DEL NORTE AND IN THE CITY OF ILIGAN

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

SECTION 1. Subject to the provisions of the Constitution and applicable laws, rules and regulations on public telecommunications, there is hereby granted to the Maranao Telephone Company, its successors, the right, privilege, and authority to conduct and carry on the business of local exchange telephone service or public switched telephone network and/or public calling stations in the Province of Lanao del Norte and in the City of Iligan; and for the purpose of providing said telecommunications services, to construct, own, operate and maintain telecommunications system in and between cities and municipalities within Lanao del Norte, in, on, over, or under lands, and waters, as may be necessary and best adapted to the provision of telecommunications services, to contract for telecommunications lines in and between the province and the rest of the Philippines, to use any technology whether digital or analogue, via cable, microwave, optical fiber, or any transmission medium, and with such telecommunications apparatus as may be necessary for the provision of such telecommunications services, and to connect and keep connected its telecommunications systems to other telecommunications systems.

In no case shall the grantee engage in the operation or provision of international gateway facility, international or national transmission services, domestic record services, radio paging, private mobile radio, maritime communications, satellite communications, cable television, or broadcasting.

SEC. 2. All apparatus and appurtenances used by the grantee shall be modern and first class in every respect, and all telephone lines or installations used and operated by the grantee in connection with this franchise shall be maintained at all times in satisfactory condition.

It shall be the duty of the said grantee to modify, improve, and change its telephone system whenever required to do so by the National Telecommunications Commission, hereinafter referred to as the Commission, by means of any technology and to such extent as the progress of science may make reasonable and proper.

SEC. 3. The grantee shall keep a separate account of the gross receipts of its telecommunications business and shall furnish to the Commission on Audit and the Treasurer of the Philippines, not later than the thirty-first day of July of each year, a copy of such accounts covering the twelve (12) months preceding the first day of July.

All the books and accounts of the grantee pertaining to the business transacted under this franchise shall be subject to the official inspection of the Commission on Audit or its duly authorized representative, and the audit and approval of such accounts shall be final and conclusive evidence as to the amount of said gross receipts, except that the grantee shall have the right to appeal to the courts under the existing laws.

SEC. 4. The grantee shall be liable to pay, exclusive of this franchise, the same taxes on their real estate, buildings and personal property as other persons or corporations are now or hereafter may be required by law to pay.

In addition thereto, the grantee shall pay to the Bureau of Internal Revenue each year, three percent (3%) of the gross receipts of its regulated telecommunications services transacted under this franchise.

The grantee shall file the return with and pay the tax due thereon to the Commissioner of Internal Revenue or his duly

authorized representative in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue.

SEC. 5. The grantee shall file with the Commission its application for a certificate of public necessity and convenience, hereinafter referred to as the certificate, within six (6) months from the effectivity of this Act. Failure to make said application within the specified period shall render this franchise null and void.

SEC. 6. In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall comply with the provisions on public ownership or sale of its shares of stock under a general telecommunications law that may hereinafter be enacted by Congress.

SEC. 7. Acceptance of this franchise and of all the terms and conditions hereof shall be given in writing to the Secretary of Transportation and Communications, copy furnished the chairman of the Commission, within sixty (60) days after the effectivity of this Act, otherwise, this franchise shall be deemed cancelled. As a guaranty that it has accepted this franchise in good faith, the grantee shall, within thirty (30) days from the granting of its first CPC, deposit with the National Treasurer the sum of One hundred thousand pesos (P100,000), in cash or negotiable instruments of the Philippine Government and file a bond in the amount of One million pesos (P1,000,000). Should the grantee fail, refuse or neglect to begin the business of providing a telephone service within two (2) years of the grant to CPC and for any reason other than an act of God, act of the public enemy, usurped or military power, martial law, riot, civil commotion, or unavoidable cause, then the deposit prescribed under this section shall be forfeited in favor of the national government as liquidated damages. Should the grantee perform on time the undertaking for which the deposit is required, then the deposit shall be returned to the grantee and its bond cancelled or released within six (6) months of commencement of service.

SEC. 8. This franchise shall be for a period of twenty-five (25) years from effectivity of this Act, unless sooner revoked or cancelled. In the event the grantee fails to operate continuously

for two (2) years, or within two (2) years from first approval of its permit by the Commission, this franchise shall be deemed *ipso facto* revoked.

SEC. 9. The grantee shall hold the national, provincial, city and municipal governments harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to persons or to property, caused by the construction or operation of the telephone or other facilities owned or operated by the said grantee.

SEC. 10. The rates and charges for the telephone services and other services granted under this franchise shall be subject to the approval of the Commission.

SEC. 11. The grantee shall not, without the previous and explicit approval of the Congress of the Philippines, directly or indirectly, transfer, sell or assign this franchise to any person, association, company or corporation, or other legal entity. The controlling interest in the grantee shall not be transferred, assigned or sold, whether in whole or in parts, simultaneously or contemporaneously, within five (5) years from the effectivity of this Act.

SEC. 12. The rights and privileges granted herein shall not be exclusive and the power to grant to any corporation, association or person other than the grantee shall not be impaired or affected by the granting of this franchise.

SEC. 13. The franchise hereby granted shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires.

SEC. 14. Republic Act No. 652 is hereby repealed, modified, or superseded upon the effectivity of this Act.

SEC. 15. This Act shall take effect within fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved, March 30, 1995.