

[REPUBLIC ACT NO. 7961, March 29, 1995]

**AN ACT GRANTING TO CRUZ TELEPHONE COMPANY, INC.
(CRUZTELCO), A FRANCHISE TO INSTALL, OPERATE, AND
MAINTAIN A TELECOMMUNICATIONS SYSTEMS THROUGHOUT
THE PHILIPPINES**

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 Cruz Telephone Company, Inc. (CRUZTELCO), its successors or assigns and hereunder referred to as the grantee, for a period of twenty-five (25) years from the approval of this Act, the right, privilege, and authority to carry out the business of providing telecommunications services in and between provinces, cities, and municipalities in the Philippines and for this purpose, to establish, operate, manage, lease, maintain and purchase telecommunications systems, including mobile, cellular and wired or wireless telecommunications systems, fiber optics, satellite transmit and receive systems, and other telecommunications systems and their value-added services such as, but not limited to, transmission of voice, data, facsimile, control signals, audio and video, information service bureau, and all other telecommunications systems technologies as are at present available or will be made available through technical advances or innovations in the future, or construct, acquire, lease and operate or manage transmitting and receiving stations and switching stations, for local services, lines, cables or systems, as is, or are, convenient or essential to efficiently carry out the purpose of this franchise.

SEC. 2. *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 or 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 systems. In issuing the certificate, 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 date the grantee shall commence the service. The Commission, however, shall not unreasonably withhold or delay the grant of any such certificate/authority.

SEC. 3. *Responsibility to the Public.* - The grantee shall provide telephone service in any municipality, city or province in the Philippines where it has approved certificate of public convenience for the establishment, operation and maintenance of a local exchange service, without discrimination to any applicant thereof, in the order of the

date of their applications.

The grantee shall operate and maintain aB 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 modify, improve or change such stations, lines, cables, systems and equipment to keep abreast with the advances in science and technology.

SEC. 4. *Eminent Domain.* - The grantee may acquire such private property as is actually necessary for the realization of the purposes for which this franchise is granted: Provided, That in case the owner refuses to sell or allow the use thereof, the proper proceedings shall be instituted: Provided, further, That just compensation is paid.

SEC. 5. *Ingress and Egress.* - For the purpose of installing, operating and maintaining its telecommunication lines, it shall be lawful for the grantee to make excavations or lay conduits in any of the public places, highways, streets, lanes, sidewalks, bridges or infrastructure in any provinces, cities and municipalities: *Provided, however,* That any public place, highway, street, lane, sidewalk, bridge or infrastructure disturbed, altered, or changed thereby, the same shall be repaired and placed in a workmanlike manner by the grantee to the satisfaction of the Department of Public Works and Highways or the local engineering office, as the case may be, and/or in accordance with existing laws or rules on excavations reconstitution of such public civil works.

SEC. 6. *Interconnection.* - The grantee is authorized to connect or demand connection of its telecommunications systems to any other telecommunications systems installed, maintained and operated by any other duly authorized person or entity 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 and the same shall be subject to the review or modification of the Commission.

SEC. 7. *Equality Clause.* - If any subsequent franchise for telecommunications service is awarded or granted by the Congress of the Philippines with terms, privileges and conditions more favorable and beneficial than those contained in this Act, then the same privileges or advantages shall ipso facto accrue to the herein grantee and be deemed part of this Act.

SEC. 8. *Sale, Lease, Transfer, Usufruct, etc.* - The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or entity, nor merge with any corporation or entity, except where the grantee is the surviving corporation, without the prior approval of the Congress of the Philippines. Any person or entity to which the franchise herein granted is validly sold, transferred or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

SEC. 9. *Tax Provisions.* - The grantee shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns shall pay a franchise tax