

## [ Act No. 3108, March 19, 1923 ]

### **AN ACT CREATING A PUBLIC UTILITY COMMISSION AND PRESCRIBING ITS DUTIES AND POWERS, AND FOR OTHER PURPOSES.**

*Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:*

SECTION 1. There is hereby created a Commission which shall be designated and known as the Public Utility Commission, and which shall be vested with the powers and duties hereafter specified. Whenever the word "Commission" is used in any section of this Act, it shall be held to mean the "Public Utility Commission." The Public Utility Commission shall consist of a Public Utility Commissioner and an Assistant Public Utility Commissioner, each of whom shall be citizens of the United States or of the Philippine Islands, residents of the Philippine Islands, and not under thirty nor over sixty-five years of age and who shall be appointed by the Governor-General by and with the advice and consent of the Philippine Senate.

SEC. 2. The Public Utility Commissioner and the Assistant Public Utility Commissioner shall hold office until removed as hereafter provided. The Assistant Public Utility Commissioner shall act on such matters as the Public Utility Commissioner may designate, and in case of the absence, illness, or incapacity of the Public Utility Commissioner, the Assistant Public Utility Commissioner shall perform his functions. In the exercise of his functions through designation by the Public Utility Commissioner, the Assistant Public Utility Commissioner shall have the power to preside over hearings of cases so designated and to render decisions thereon, and his action in such cases shall be considered to all purposes and intent with the same effect and validity as though the Public Utility Commissioner himself shall have acted thereon. All the powers herein vested upon the Public Utility Commission shall be considered vested upon the Public Utility Commissioner and the Assistant Public Utility Commissioner, as the case may be. The Public Utility Commissioner and the Assistant Public Utility Commissioner may be removed from office by the Governor-General, with the approval of the Philippine Senate, after due investigation, for the following reasons and no others: for physical incapacity, misconduct, incompetency, negligence and irregularity in the performance of their duties, or any act constituting a misdemeanor.

SEC. 3. The Public Utility Commissioner shall receive an annual compensation of twelve thousand pesos and the Assistant Public Utility Commissioner shall receive an annual compensation of ten thousand pesos, to be paid monthly by the Insular Treasurer.

SEC. 4. The Public Utility Commissioner, the Assistant Public Utility Commissioner, and all other officials and employees of the Public Utility Commission shall enjoy the same privileges and rights as the officers and employees of the classified civil service of the Philippine Government. They shall also be entitled to receive from the Government of the Philippine Islands their necessary traveling expenses while traveling on the business of the Commission, which shall be paid on proper voucher therefor, approved by the Secretary of Justice, out of funds appropriated for the contingent expenses of the Commission.

SEC. 5. With the approval of the Secretary of Justice, the Public Utility Commissioner shall appoint a secretary, an auditor, an electrical engineer, an assistant electrical engineer, a naval engineer, two inspectors, and such other officers and employees as may be necessary and fix their duties. The salaries of these officers and employees shall be fixed by the Public Utility Commissioner, with the approval of the Council of State.

SEC. 6. The secretary shall perform such duties as may be required of him, and shall be the official reporter of the proceedings of the Commission.

SEC. 7. The Commission shall furnish its secretary such If of its findings and decisions as in its judgment, may be of general public interest; the secretary shall compile the same for the purpose of publication in a series of volumes to be designated "Reports of the Public Utility Commission of the Philippine Islands," which shall be published in such form and manner as may be best adapted for public information and use, and such authorized publications shall be competent evidence of the reports and decisions of the Commission therein contained without any further proof or authentication hereof.

SEC. 8. The Commission is hereby authorized to purchase, with the approval of the Emergency Board, such furniture, stationery, maps, supplies, office appliances, materials, equipment, apparatus, and standard measuring instruments, as it may deem necessary.

SEC. 9. No member or employee of the Commission shall have any official or professional relation or connection with, or hold any stock or securities in, any public utility as herein defined, or hold any other office of profit or trust under the Government of the Philippine Islands or of the United States.

SEC. 10. The Commission shall have its office in the City of Manila at such place as may be designated, and may hold hearings on any proceedings at such times and places, within the Philippine Islands, as it may provide by order in writing.

SEC. 11. The Commission shall have the power to make needful rules for its government and other proceedings not inconsistent with this Act and shall adopt a common seal; and judicial notice shall be taken of such seal.

SEC. 12. The Commission shall report annually, as soon as practicable after the first of January of each year, to the Secretary of Justice, making such recommendations as it may deem proper, which report shall be laid before the Legislature.

SEC. 13. The Commission shall have general supervision and regulation of, jurisdiction and control over, all public utilities, and also over their property, property rights, equipment, facilities and franchises so far as may be necessary for the purposes of carrying out the provisions of this Act. The term "public utility" is hereby denned to include every individual, copartnership, association, corporation, or joint-stock company, whether domestic or foreign, their lessees, trustees, or receivers appointed by any court whatsoever, or any municipality, province, or other department of the Government of the Philippine Islands, that now or hereafter may own, operate, manage, or control within the Philippine Islands any common carrier, railroad, street railway, traction railway, steamboat or steamship line, small water craft, such as *bancas*, *virays*, *lorchas*, and others, engaged in the transportation of passengers or cargo, freight and or passenger motor vehicles, with or without fixed route shipyard, marine railway, marine repair shop, ferry, freight or any other car

service, public warehouse, public wharf or dock not under the jurisdiction of the Insular Collector of Customs, ice, refrigeration, cold storage, canal, irrigation, express, subway, pipe line, gas, electric light, heat, power, water, oil, sewer, telephone, wire or wireless telegraph system, plant or equipment, for public use: *Provided*, That as regards such common carriers, by land or by water, whose equipment is used principally or secondarily in furtherance of their private business, the net earnings of the latter business shall be considered in connection with their common carrier business for the purposes of rate fixing: *Provided, further*, That the Commission shall have no jurisdiction over ice plants, cold storage plants, or any other kind of public utilities operated by the Federal in Government exclusively for its own and not for public use: *And provided, lastly*, That the Public Utility Commission shall not exercise any control or supervision over the Manila Railroad Company so long as the same shall be controlled by the Government of the Philippine Islands, except with regard to its rates.

SEC. 14. The Commission shall have power:

- a. To investigate, upon its own initiative, or upon complaint in writing, any matter concerning any public utility as herein denned.
- b. From time to time to appraise and value the property of any public utility as herein denned, whenever in the judgment of said Commission it shall be necessary so to do, for the purpose of carrying out any of the provisions of this Act, and in making such valuation the Commission may have access to and use any books, documents, or records in the possession of any department, bureau, office, or board of the Government of the Philippine Islands or any political subdivision thereof.
- c. After hearing, upon notice by order in writing, to fix just and reasonable individual rates, joint rates, tolls, charges, or schedules thereof, as well as commutation, mileage, and other special rates which shall be imposed, observed, and followed thereafter by any public utility as herein defined, whenever the Commission shall determine any existing individual rate, joint rate, toll, charge, or schedule thereof of commutation, mileage, or other special rate to be unjust, unreasonable, insufficient, or unjustly discriminatory or preferential.
- d. To require every public utility as herein defined to file with it complete schedules of every classification employed and of every individual or joint rate, toll, fare or charge made, charged or exacted by it for any product supplied or service rendered within the Philippine Islands, and in the case of public carriers, to file with it a statement showing the itineraries of routes served as specified in such requirement. In case of new public utilities, such itineraries and schedules shall be filed with the Commission before the public utility begins operation.
- e. After hearing, by order in writing, to fix just and reasonable standards, classifications, regulations, practices, measurements, or service to be furnished, imposed, observed, and followed thereafter by any public utility as herein defined.

- f. After hearing, by order in writing, to ascertain and fix adequate and serviceable standards for the measurement of quantity, quality, pressure, initial voltage, or other condition pertaining to the supply of the product or service rendered by any public utility as herein defined, and to prescribe reasonable regulations for examination and test of such product or service and for the measurement thereof.
- g. After hearing, by order in writing, to establish reasonable rules, regulations, specifications, and standards, to secure the accuracy of all meters and appliances for measurements.
- h. To provide for the examination and test of any and or all appliances used for the measuring of any product or service of a public utility as herein defined.
- i. By its agents, experts, or examiners, to enter upon any premises occupied by any public utility as herein defined, for the purpose of making the examinations and tests provided for in this Act and to set up and use on such premises any apparatus and appliances necessary therefor.
- j. To fix the fees to be paid by any consumer or user of any product or service of a public utility as herein defined, who may apply to said Commission for such examination or test to be made, and any consumer or user may have any such appliance tested upon the payment of the fees fixed by the Commission, which fees shall be repaid to the consumer or user if the appliance be found defective or incorrect to the disadvantage of the consumer or user, and in that event, paid by the public utility.
- k. After hearing, upon notice, by order in writing, to direct any railroad or street railway company to establish and maintain at any junction or point of connection or intersection with any other line of said road, or with any line of any other railroad, street railway, or traction company, such just and reasonable connections as shall be necessary to promote the convenience of shippers of property, or of passengers, and in like manner to direct any railroad, street railway, or traction company engaged in carrying merchandise, to construct, maintain, and operate, upon reasonable terms, a switch connection with any private sidetrack, which may be constructed by any shipper to connect with the railroad or street railway where, in the judgment of the Commission, such connection is reasonable and practicable, and can be put in with safety, and will furnish sufficient business to justify the construction and maintenance of the same.
- l. To permit any street railway or traction company to change its existing gauge to standard steam railroad gauge, upon such terms and conditions as said Commission shall prescribe.

SEC. 15. The Commission shall have power, after hearing, upon notice, by order in writing to require every public utility:

- a. To comply with the laws of the Philippine Islands and with any provincial resolution or municipal ordinance relating thereto and to conform to the duties imposed upon it thereby or by the provisions of its own charter, whether obtained under any general or special law of the Philippine Islands.

- b. To furnish safe, adequate, and proper service as regards the manner of furnishing the same as well as the maintenance of the necessary material and equipment: *Provided, however,* That the inspection and regulation, for the purposes of sanitation and safety, of the vessels operated within the Philippine Islands, shall be under the jurisdiction and authority of the Insular Collector of Customs or his duly authorized agents.
- c. To establish, construct, maintain, and operate any reasonable extension of its existing facilities, where, in the judgment of said Commission, such extension is reasonable and practicable and will furnish sufficient business to justify the construction and maintenance of the same, and when the financial condition of the said public utility reasonably warrants the original expenditure required in making and operating such extension.
- d. To keep its books, records, and accounts so as to afford an intelligent understanding of the conduct of its business and to that end to require every such public utility of the same class to adopt a uniform system of accounting. Such system shall conform to any system approved and confirmed by the Auditor for the Philippine Islands.
- e. To make specific answers with regard to any point on which the Commission requires information, and to furnish annual reports of finances and operations. Such reports shall set forth in detail the capital stock issued, the amounts of said capital stock paid up and the form of payment thereof; the dividends paid, the surplus, if any, and the number of stockholders; the consolidated and pending obligations, and the interest paid thereon; the cost and value of the property of the carrier, concessions or franchises and equipments; the number of employees and salaries paid to each class; the accidents to passengers, employees, and other persons, and the causes thereof; the annual expenditures on improvements, the manner of their investment and nature of such improvements; the receipts and profits in each of the branches of the business and of whatever source; the operating and other expenses; the balance of profits and losses; and a complete statement of the annual financial operations of the carrier, including an annual balance sheet. Such reports shall also contain any information which the Commission may require concerning freight and passenger rates, or agreements, compromises or contracts affecting the same. Said reports shall cover a period of twelve months, ending on December thirty-first of each year, and shall be sworn to by the officer or functionary of the public utility authorized therefor;
- f. To carry, whenever, in the judgment of the Commission, it may reasonably be required, for the protection of stockholders, bondholders, or creditors, a proper and adequate depreciation account in accordance with such rules, regulations, and forms of account as the Commission may prescribe. The Commission shall from time to time ascertain and determine, and by order in writing, after hearing, fix proper and adequate rates of depreciation of the property of each public utility, in accordance with such regulations or classifications, which rates shall be sufficient to provide the amounts required over and above the expense of maintenance to keep such property in a state of efficiency corresponding to the progress of the industry. Each public utility shall conform its depreciation accounts to the rates so ascertained, determined, and fixed, and shall set