

[REPUBLIC ACT NO. 3011, June 19, 1960]

AN ACT GRANTING FRANCHISE FOR ELECTRIC LIGHT, HEAT AND POWER SYSTEM TO EACH OF THE MUNICIPALITIES OF CALAMBA, LOS BAÑOS, BAY, VICTORIA, PILA AND ALAMINOS, ALL IN THE PROVINCE OF LAGUNA.

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

SECTION 1. *Declaration of policy.*—It is declared to be the policy of the Republic of the Philippines.

1. To furnish cheap dependable electric power and facilities in order to promote and accelerate the agricultural and industrial development of the country;
2. To provide as much as possible a uniform rate of electricity throughout the country; and
3. To provide the people of the Philippines with electric light, heat and power system.

SEC. 2. *Laws, terms and conditions applicable.*—Subject to the terms and conditions established in Act Numbered Thirty-six hundred and thirty-six, as amended, as well as to the provisions of the Constitution and this Act there is hereby granted to ;each of the municipalities of Calamba, Los Baños, Bay, Victoria, Pila and Alaminos, all in the Province of Laguna, for a period of twenty-five years from the approval of this Act, the right, privilege and authority to construct, maintain and operate an electric light, heat and power system for the purpose of generating, transmitting and distributing electric light, heat and/or power for sale.

SEC. 3. Each of the grantees herein, alone or jointly with others or with any municipality in the Philippines, may make arrangement to enable them to purchase economically electric power or to produce electric power.

SEC. 4. *Rate of electricity.—Limit of net profit.*—The rates for electricity shall be fixed so that the grantee obtains a profit of not more than six per centum per annum of the rate base as denned herein: *Provided*, That the Public Service Commission shall approve or modify the rates submitted for approval within one month after the filing of the application therefor: *Provided, further*, That the grantee which shall have reported profits in excess of six *per centum per annum* for the first year of its operation shall effect immediate reduction in its existing rates by a percentage which the reported profits in excess of six per centum per annum bear to the reported revenue in that year: *Provided, further*, That during each succeeding years, the grantee reporting profits still in excess of six *per centum per annum*, notwithstanding the rate reduction of the immediately preceding year, shall effect reduction in rates by a percentage which the reported profits in excess of six *per centum per annum* during the preceding year bear to the reported revenue of the

same year, such reduction to be made not later than April first of each year retroactive to January first of the same year: *Provided, further,* That where the applicable reduction to customers will mean less than one *per centum* reduction in the prevailing rates or will include such a fraction, no reduction in rates shall be made to the extent of such fraction but such amount shall be placed in a special fund of the grantee available only for the improvement and expansion of the system: *Provided, further,* That the reduction to be effected by the grantee in accordance with the next preceding proviso shall not be conclusive but may be further increased at such rates as shall be found justifiable in the verification that shall be undertaken by the Public Service Commission, with the cooperation of the General Auditing Office and such other agencies of the Government as the President may designate, of the rate base of the revenue, and of the operating expenses: *Provided, further,* That any violation of any provision of this section, including inflation of the rate base, padding of operating expense, and understatement of revenue, shall be penalized with dismissal from the service, and by imprisonment for not less than one year and not more than five years, of the public officers and employees responsible for the violation, without prejudice to the civil liability of the grantee concerned to the consumers in double the amount of the overcharge plus attorneys fees and costs of litigation, which liability may be enforced independently of the criminal action arising from the same act. The net profit obtained by the grantee shall not be used for any purpose other than the improvement and expansion of the system.

SEC. 5. *Records of assets, Liabilities, capital, income, etc.*—The grantee shall make and keep complete records of its assets, liabilities, capital, revenue, expenses, income, and operations in accordance with a detailed system of accounts which shall embody the cost principle as defined in Section seven hereof, and which shall be prescribed by the Public Service Commission or its legal successor, and such accounting system shall conform to the system approved by the Auditor General. The grantee shall account for retirements or replacements of, or additions to, its property according to classified list of units of property which the Public Service Commission or its legal successor shall prescribe. Until the Public Service Commission or its legal successor prescribes the aforementioned list of units of property, the grantee may adopt its own list of property which it shall submit to the Public Service Commission or its legal successor for approval.

SEC. 6. *Record of amount of depreciation of depreciable property.*—The grantee shall record in its accounts at the end of each month the estimated amount of depreciation of every depreciable property for that month computed according to the straight-line method, as defined in Section seven hereof. In estimating such accrued depreciation the grantee shall use its own judgment as to the estimated service lives and depreciation rates of its depreciable property which it shall submit to the Public Service Commission or its legal successor for approval, until such time as the Public Service Commission or its legal successor fixes the service lives and depreciation rates which the grantee shall be required to use thereafter.

SEC. 7. *Definition of terms.*—For purposes of this Act, the following terms are defined as follows:

"Cost" means the amount of money actually paid for property or services or their cash value at the time of the transaction.