

# [ Act No. 2307, December 19, 1913 ]

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

*By authority of the United States, be it enacted by the Philippine Legislature, that:*

SECTION 1. There is hereby created the Board of Public Utility Commissioners vested with powers and duties hereinafter specified, which said Board shall consist of three persons, residents of the Philippine Islands, each of whom shall be not under thirty years of age and who shall be appointed by the Governor-General by and with the advice and consent of the Philippine Commission, and said persons so appointed shall be designated and known as the Board of Public Utility Commissioners.

SEC. 2. The Board of Public Utility Commissioners, as heretofore constituted, shall be the Board of Public Utility Commissioners under this Act until the expiration of the term of office of each of said commissioners respectively, and at the expiration of their respective terms a successor shall be appointed for the term of six years from the date -vacancies, how filled, of such expiration. All vacancies, except through expiration of term, shall be filled for the unexpired term only. The Governor-General may remove any commissioner for neglect of duty or misconduct in office, giving to him a copy of the charges against him and an opportunity of being publicly heard in person or by counsel in his own defense upon not less than ten days' notice.

SEC. 3. The members of said Board, with the exception of the president who shall receive twelve thousand six hundred pesos per annum, shall each receive an annual compensation of twelve thousand pesos, to be paid in equal monthly payments by the Insular Treasurer.

SEC. 4. The commissioners and secretary and other employees of said Board shall be entitled to receive from the Government of the Philippine Islands their necessary traveling expenses while traveling on the business of said Board, which shall be paid on proper voucher therefor, approved by the president of said Board.

SEC. 5. The president shall be designated by the Governor-General; the Board shall appoint a secretary, counsel, and such other employees as it may deem necessary, fix their duties, compensation, and terms of service: *Provided, however,* That for the first year a sum is hereby made available, not otherwise appropriated, and not to exceed forty thousand pesos, to pay salaries and expenses of said Board and such personnel as they may find necessary to employ: *Provided, however,* That the compensation of all employees of the Board, shall be fixed by the appropriation Act next passed after the organization of the Board.

SEC. 6. The secretary shall keep full and correct minutes of all the transactions and proceedings of the Board; perform such other duties as may be required of him, and shall be the official reporter of the proceedings of the Board.

SEC. 7. The Board shall furnish its secretary such 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 Board of Public Utility Commissioners 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 thereof.

SEC. 8. The Board shall purchase such materials, apparatus, and standard measuring instruments as it may deem necessary.

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

SEC. 10. The Board shall have an office in the city of Manila at such place as may be designated by the Governor-General and in such other place, or places as it may designate, and shall meet at such times and places, within the Philippine Islands, as it may provide by rule or other wise, and shall be provided with all necessary furniture, stationery, maps, supplies, and office appliances.

SEC. 11. The Board shall have the power to make all needful rules for its government and other proceedings not inconsistent with this Act, and shall have and adopt a common seal.

SEC. 12. The members of the Board are hereby empowered to sit singly for the purpose of taking testimony in any proceeding. A majority vote of the Board shall be necessary to the making of any order.

SEC. 13. The Board shall report annually within thirty days after the expiration of the fiscal year, to the Governor-General, making such recommendation as it may deem proper, which report shall be laid before the next succeeding Legislature.

SEC. 14. The Board 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 purpose of carrying out the provisions of this Act. The term "public utility" is hereby deemed to include every individual, copartnership, association, corporation or joint stock company, their lessees, trustees or receivers appointed by any court whatsoever, that now or hereafter may own, operate, manage or control within the Philippine Islands any steam railroad, street railway, traction railway, canal, express, subway, pipe line, gas, electric light, heat, power, water, oil, sewer, telephone, telegraph system, plant, or equipment for public use, under privileges granted or hereafter to be granted by the Government of the Philippine Islands or by any political subdivision thereof.

## II.

SEC. 15. The Board shall have power:

- (a) To investigate, upon its own initiative, or upon complaint in writing, any matter concerning any public utility as herein defined.
- (b) From time to time to appraise and value the property of any public utility as herein defined, whenever in the judgment of said Board 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 Board 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 Board shall determine any existing individual rate, joint rate, toll, charge, or schedule thereof or 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, as specified in such requirement.
- (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. 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 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 Board 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 Board, 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 Board, 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.

(I) 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 Board shall prescribe.

SEC. 16. The Board shall have power, after hearing, upon notice, by order in writing, to require every public utility as herein defined:

(a) To comply with the laws of the Philippine Islands and of any provincial and 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 and to keep and maintain its property and equipment in such condition as to enable it to do so.

(c) To establish, construct, maintain, and operate any reasonable extension of its existing facilities, where, in the judgment of said Board 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 furnish annually a detailed report of finances and operations, in such form and containing such matters as the Board may from time to time by order prescribe.

(f) To carry, whenever in the judgment of the Board 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 Board may prescribe. The Board 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 aside the moneys so provided for out of earnings and carry the same in a depreciation fund. The income from investments of moneys in such fund shall likewise be carried in such fund. This fund shall not be expended otherwise than for depreciation, improvements, new constructions, extensions or additions to the property of such public utility.

(g) To give such notice to the Board as the Board may, by rule, require of any and all accidents which may occur within the Philippine Islands upon the property of any public utility as herein defined or directly or indirectly arising from or connected with its maintenance or operation, and to investigate any such accident and to make such order or recommendation with respect thereto as in its judgment may be just and reasonable.

(h) When any public utility as herein defined shall increase any existing individual rates, joint rates, tolls, charges, or schedules thereof, as well as commutation, mileage, and other special rates, or change or alter any existing classification, the Board shall have power either upon written complaint or upon its own initiative to hear and determine whether the said increase, change, or alteration is just and reasonable. The burden of proof to show that the said increase, change, or alteration is just and reasonable shall be upon the public utility making the same. The Board shall have power pending such hearing and determination to order the suspension of the said increase, change, or alteration until the said Board shall have approved said increase, change, or alteration, not exceeding three months. It shall be the duty of the said Board to approve any such increase, change, or alteration upon being satisfied that the same is just and reasonable.

### III.

SEC. 17. No public utility as herein defined shall:

(a) Make, impose, or exact any unjust or unreasonable, unjustly discriminatory or unduly preferential individual or joint rate, commutation rate, mileage, and other special rate, toll, fare, charge, or schedule for any product or service supplied or rendered by it within the Philippine Islands.

(b) Adopt or impose any unjust or unreasonable classification in the making or as the basis of any individual or joint rate, toll, fare, charge, or schedule for any product or service rendered by it within the Philippine Islands.

(c) Adopt, maintain, or enforce any regulation, practice, or measurement which shall be unjust, unreasonable, unduly preferential, arbitrarily or unjustly discriminatory, or otherwise in violation of law; nor shall any public utility as herein defined provide or maintain any service that is unsafe, improper or inadequate, or withhold or refuse any service which can reasonably be demanded and furnished when ordered by said Board.

(d) Make or give, directly or indirectly, any undue or unreasonable preference or advantage to any person or corporation or to any locality or to any particular description of traffic in any respect whatsoever, or subject any particular person or corporation or locality or any particular