

[Act No. 667, March 06, 1903]

**AN ACT PRESCRIBING THE METHOD OF APPLYING TO
GOVERNMENTS OF MUNICIPALITIES, EXCEPT THE CITY OF
MANILA, AND OF PROVINCES FOR FRANCHISES TO CONSTRUCT
AND OPERATE STREET RAILWAY, ELECTRIC LIGHT AND POWER
AND TELEPHONE LINES, THE CONDITIONS UPON WHICH THE
SAME MAY BE GRANTED, CERTAIN POWERS OF THE GRANTEES
OF SAID FRANCHISES AND OF GRANTEES OF SIMILAR
FRANCHISES UNDER SPECIAL ACT OF THE COMMISSION, AND
FOR OTHER PURPOSES.**

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

SECTION 1. Whenever any person or corporation authorized to do such business in the Philippine Islands shall desire a franchise to construct and maintain an electric street railway, a telephone plant and line, or an electric light or power plant and line, he shall file a formal application with the council of the municipality in which or through which he desires to construct and maintain his line, stating the general route of his proposed line, whether on public streets, or roads, or on private property, the approximate length of the line, the time within which he will begin its construction, the time within which he will complete it, the character of the materials which he expects to use, and the rates per passenger on the electric street railway line, and per kilo of freight, if he intends to carry freight thereon, the rate per month for the use of telephones, and the rate per month for electric light, by lamp of specified standard candle-power, and by amount of electricity consumed where a meter is used; it shall also state the rate which he is willing to pay into the provincial treasury for the franchise.

SEC. 2. The municipal council is authorized to accept the proposition of the petitioner upon certain fixed conditions, as follows, to wit:

First. That the franchise shall not exceed thirty-five years.in duration and shall not be exclusive.

Second. That not less than one-half of one per centum of the gross earnings shall be paid into the provincial treasury.

Third. That the rates to be charged shall always be subject to regulation by Act of the Philippine Commission or the legislative body of the Islands.

Fourth. That failure to construct, within the time limited shall be ground for forfeiture at the option of the municipalities and provinces through which the lines run, with the approval of the Civil Governor.

Fifth. That in case of the construction of an electric railway the person or company receiving the franchise shall be under continuing obligation to keep the highway in repair between rails and eighteen inches on each side of the track.

Sixth. That in electric light or power franchises there shall always be a term requiring the placing of poles, the insulation of wires, and their stringing on poles, in

such a manner as to afford every reasonable precaution against injury to the public or danger of fire, and to cause no unnecessary injury or inconvenience to private owners. The grantee of the franchise, in the maintenance and operation of the line, shall be constantly subject to reasonable regulations for this purpose by the municipal council and the provincial board.

Seventh. That no franchise shall become operative until the same shall have been approved, first by the municipal council, secondly by the provincial board, and finally by the Civil Governor.

Eighth. That failure to build and maintain any part of the lines granted, without the consent of the municipal council and the provincial board, shall, if approved by the Civil Governor, constitute a ground for forfeiture, at the option of the municipality.

Ninth. That no franchise shall be granted until after the applicant shall have deposited, in cash or in negotiable bonds of the United States or other securities to be approved by the Civil Governor, in the Insular Treasury, a sum not less than ten per cent of five thousand dollars in case of telephone or electric light or power lines, and not less than ten per cent of fifteen thousand dollars in case of electric street railways, as an earnest of the good faith of the application. Within six months after the franchise shall be granted the ninety per cent of the sums above stated shall be deposited, and the whole deposit thus made shall be retained in the Insular Treasury as security for the completion of the work to be done by the applicant within the time specified in the franchise. The amount of the deposit, either as an earnest of the good faith of the application or as security for the completion of the work, may be increased by the municipal council, the provincial board, or the Civil Governor over and above the sums in this section mentioned. In case the ninety per cent of the whole deposit is not made within six months after the Franchise is granted, the ten per cent already deposited shall be forfeited to the province or provinces in which the road was to be constructed. In case, after the deposit of the ninety per cent of the sum or sums above mentioned, the work to be done under the Franchise is not begun within the time specified or is not completed within the time specified in the franchise, the whole deposit may be forfeited, at the option of the municipality, provincial board, and the Civil Governor, to the province as liquidated damages for the breach of the contract involved in the acceptance of the Franchise: *Provided, however,* That provision may be made in the Franchise by which, after work shall be begun, the money or funds deposited may be delivered to the grantee of the franchise as the work progresses, monthly or quarterly, in the proportion which the work done bears to the work to be done.

Tenth. That no franchise shall be operative for any purpose until the same shall be accepted in writing by the grantee thereof and the acceptance filed in the office of the Secretary of Commerce and Police. But this provision shall not be used as a defense by the grantee where he has begun to exercise the privileges conferred by the Franchise and has incurred liability by forfeiture or otherwise to the municipality or province.

SEC. 3. In addition to the conditions above required as part of every granting of a franchise, the municipality or the provincial may stipulate for such additional conditions, in favor of the public, as may seem to it wise.

SEC. 4. In cases where, in the opinion of the Civil Governor, such a course would