



16 JUL 20 P4:26

SENATE 95

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RECEIVED BY:

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT AMENDING SECTION 13(B) OF COMMONWEALTH ACT NO. 146, AS AMENDED AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Public utilities or public services are business activities generally characterized as natural monopolies with large sunk costs. They are allowed to operate as regulated monopolies since they provide services that are indispensable or necessary to everyday life.

The Public Service Act (Commonwealth Act No. 146) remains the principal law that enumerates business activities classified as public utilities or public services. It was enacted in 1936 based on even older statutes in the United States and in the Philippines. Since then, vast advances have taken place in technology and modes of delivery of services. Capital and other requirements and ways of doing business, among others, have drastically changed as well. These require a review of the Public Service Act and the introduction of greater market competition with a view to attaining more effective and efficient services to the public, reducing socio-economic inequities and alleviating poverty.

This bill is introduced in order to update the coverage of public utilities or public services in the Public Service Act, reserving it to business activities exhibiting the simultaneous characteristics of natural monopoly and vital public necessity, and to ensure that every Filipino has access to the best quality, value-for-money essential services that effective competition can provide.

In view of the foregoing, the approval of this bill is earnestly sought.

Senator Paolo Benigno "Bam" A. Aquino IV



OF THE PHILIPPINES First Regular Session

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SENATE S.B. No. <u>695</u>

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Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT AMENDING SECTION 13(B) OF COMMONWEALTH ACT NO. 146, AS AMENDED AND FOR OTHER PURPOSES

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

SECTION 1. Short Title. - This Act shall be known as the "Amendments to the Public Service Act."

SEC. 2. *Public Services.* - Section 13(b) of Commonwealth Act No. 146 is hereby amended to read as follows:

"Sec. 13.

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(b) The term ["public service" includes every person that now or hereafter may own, operate, manage, or control in the Philippines, for hire or compensation, with general or limited clientele, whether permanent, occasional or accidental, and done for general business purposes, any common carrier, railroad, street railway, traction railway, sub-way motor vehicle, either for freight or passenger, or both with or without fixed route and whether may be its classification, freight or carrier service of any class, express service, steamboat or steamship line, pontines, ferries, and water craft, engaged in the transportation of passengers or freight or both, shipyard, marine railways, marine repair shop, [warehouse] wharf or dock, ice plant, ice-refrigeration plant, canal, irrigation system, gas, electric light, heat and power water supply and power, petroleum, sewerage system, wire or wireless communications system, wire or wireless broadcasting stations and other similar public services: Provided, however, That a person engaged in agriculture, not otherwise a public service, who owns a motor vehicle and uses it personally and/or enters into a special contract whereby said motor vehicle is offered for hire or compensation to a third party or third parties engaged in agriculture, not itself or themselves a public service, for operation by the latter for a limited time and for a specific purpose directly connected with the cultivation of his or their farm, the transportation, processing, and marketing of agricultural products of such third party or third parties shall not be considered as operating a public service for the purposes of this Act.] "PUBLIC UTILITY" OR "PUBLIC SERVICE"

PERTAINS TO A PERSON THAT OPERATES, MANAGES AND CONTROLS FOR PUBLIC USE ANY OF THE FOLLOWING: ELECTRICITY TRANSMISSION OR DISTRIBUTION SYSTEM, GAS OR PETROLEUM PIPELINE DISTRIBUTION SYSTEM, WATER PIPELINE DISTRIBUTION SYSTEM OR SEWERAGE PIPELINE SYSTEM."

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- **SEC. 3.** *Transitory Clause.* A person, business or service expressly classified as a public utility or public service prior to the effectivity of this Act and delisted as such under this Act shall be considered a business affected with public interest. Until otherwise provided by law, such a person, business or service shall continue to be subject to regulation by the relevant administrative agencies under other existing laws. *Provided, that,* in no case shall nationality of ownership limits be imposed by the relevant administrative agencies on the delisted activities except where constitutional nationality of ownership limits separate from those for public utilities are applicable. *Provided further, that,* any doubt regarding the inclusion of any person, business or service within the coverage of the Public Service Act shall be construed strictly against its inclusion.
- **Sec. 4.** Repealing Clause. All laws, decrees, executive orders, rules and regulations or other issuances, or parts thereof, inconsistent with this Act are hereby repealed or modified accordingly.
- **Sec. 5.** Separability Clause. If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provisions not affected thereby shall remain in force and effect.
- **Sec. 6.** *Effectivity.* This Act shall take effect fifteen (15) after its publication in the Official Gazette or two (2) newspapers of general circulation in the Philippines.
- 24 Approved,

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