


SEVENTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



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SENATE
S.B. No. 695

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**

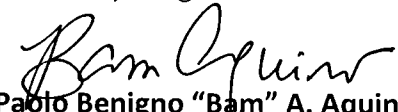
EXPLANATORY NOTE

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

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

5 XXX

6 **SEC. 3. - *Transitory Clause.*** - A person, business or service expressly classified as a
7 public utility or public service prior to the effectivity of this Act and delisted as such under
8 this Act shall be considered a business affected with public interest. Until otherwise
9 provided by law, such a person, business or service shall continue to be subject to regulation
10 by the relevant administrative agencies under other existing laws. *Provided, that,* in no case
11 shall nationality of ownership limits be imposed by the relevant administrative agencies on
12 the delisted activities except where constitutional nationality of ownership limits separate
13 from those for public utilities are applicable. *Provided further, that,* any doubt regarding the
14 inclusion of any person, business or service within the coverage of the Public Service Act
15 shall be construed strictly against its inclusion.

16 **Sec. 4. *Repealing Clause.*** – All laws, decrees, executive orders, rules and regulations
17 or other issuances, or parts thereof, inconsistent with this Act are hereby repealed or
18 modified accordingly.

19 **Sec. 5. *Separability Clause.*** – If any portion or provision of this Act is declared
20 unconstitutional, the remainder of this Act or any provisions not affected thereby shall
21 remain in force and effect.

22 **Sec. 6. *Effectivity.*** – This Act shall take effect fifteen (15) after its publication in the
23 Official Gazette or two (2) newspapers of general circulation in the Philippines.

24 *Approved,*