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SENATE

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COMMITTEE REPORT NO. 301

Submitted jointly by the Committees on Public Services; on Economic Affairs; and on Finance
on MAR 19 2018.

Re: Senate Bill no. 1754

Recommending its approval in substitution of Senate Bill No. 695, 1261, 1291, 1441, 1594
taking into consideration House Bill No. 5828.

Sponsor: Senator Grace Poe

MR. PRESIDENT:

The Committees on Public Services; Finance; and Economic Affairs to which were
referred Senate Bill 695, introduced by Senator Paolo Benigno "Bam" Aquino IV and Senator
Joel Villanueva entitled:

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

Senate Bill No. 1261, introduced by Senator Richard J. Gordon entitled"

**"AN ACT
FURTHER AMENDING COMMONWEALTH ACT NO. 146
OR THE PUBLIC SERVICE ACT, AS AMENDED"**

Senate Bill No. 1291, introduced by Senator Juan Miguel F. Zubiri entitled:

**"AN ACT
FURTHER AMENDING COMMONWEALTH ACT NO. 146
OTHERWISE KNOWN AS THE PUBLIC SERVICE ACT, AS AMENDED"**

Senate Bill No. 1441, introduced by Senator Poe, entitled:

**"AN ACT
FURTHER AMENDING COMMONWEALTH ACT NO. 146
OR THE PUBLIC SERVICE ACT, AS AMENDED"**

Senate Bill No. 1594, introduced by Senator Win Gatchalian entitled:

**“AN ACT
PROVIDING FOR THE DEFINITION OF PUBLIC UTILITY, FURTHER AMENDING FOR
THE PURPOSE COMMONWEALTH ACT NO. 146, OTHERWISE
KNOWN AS THE ‘PUBLIC SERVICE ACT’, AS AMENDED”**

taking into consideration House Bill No. 5828, introduced by Representatives. Macapagal-Arroyo, Salceda, Yap, Belmonte, et. al. entitled:

**“AN ACT
PROVIDING FOR THE DEFINITION OF PUBLIC UTILITY,
FURTHER AMENDING FOR THE PURPOSE COMMONWEALTH ACT NO. 146,
OTHERWISE KNOWN AS THE ‘PUBLIC SERVICE ACT”**

have considered the same and have the honor to report them back to the Senate with the recommendation that the attached Senate Bill No. 1754, prepared by the Committees entitled:

**“AN ACT
AMENDING COMMONWEALTH ACT NO. 146, OTHERWISE
KNOWN AS THE PUBLIC SERVICE ACT, AS AMENDED,
AND FOR OTHER PURPOSES”**

be approved in substitution of Senate Bill No. 695, 1261, 1291, 1441, 1594 taking into consideration House Bill No. 5828, with Senators Aquino, Villanueva, Gordon, Zubiri, Poe, Gatchalian and Legarda, as authors thereof.

RESPECTFULLY SUBMITTED:



GRACE POE
Chairperson
Committee on Public Services
Member, Committee on Finance



LOREN B. LEGARDA
Chairperson
Committee on Finance
Member, Committee on Public Services



WIN GATCHALIAN
Chairperson
Committee on Economic Affairs
Member, Committee on Finance

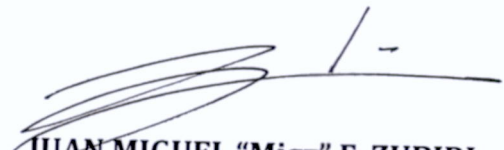
VICE-CHAIRPERSONS



JOSEPH VICTOR G. EJERCITO
Vice-Chairperson
Committee on Public Services; and Finance
Member, Committee on Economic Affairs



FRANCIS "Chiz" G. ESCUDERO
Vice-Chairperson
Committee on Public Services
Member, Committees on Finance; and
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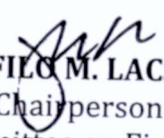
JUAN MIGUEL "Migz" F. ZUBIRI
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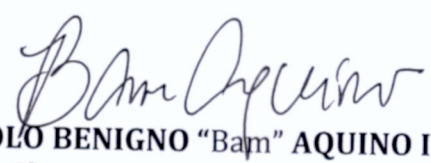
JOEL VILLANUEVA
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Committee on Economic Affairs
Member, Committee on Public Services;
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CYNTHIA A. VILLAR
Vice Chairperson
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PANFILO M. LACSON
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Member, Committee on Public Services



PAOLO BENIGNO "Bam" AQUINO IV
Vice-Chairperson
Committee on Finance
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SONNY ANGARA
Vice-Chairperson
Committee on Finance

MEMBERS:

will interpellate & propose amendments.
RISA HONTIVEROS
Committees on Finance; and
Public Services

ANTONIO "Sonny" F. TRILLANES IV
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FRANCIS "Kiko" PANGILINAN
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RALPH G. RECTO
Senate President Pro-Tempore

[Signature]
VICENTE C. SOTTO III
Majority Floor Leader

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FRANKLIN M. DRILON
Minority Floor Leader

HON. AQUILINO "Koko" PIMENTEL III
President
Senate of the Philippines

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



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SENATE

S. No. 1754

RECEIVED BY

Prepared jointly by the Committees on Public Services; Economic Affairs; and Finance with Senators Paolo Benigno "Bam" Aquino IV, Joel Villaneva Richard J. Gordon, Juan Miguel "Migz" Zubiri, Grace Poe, Win Gatchalian, and Loren Legarda as authors thereof.

AN ACT AMENDING COMMONWEALTH ACT NO.146, OTHERWISE KNOWN AS THE PUBLIC SERVICE ACT, AS AMENDED, AND FOR OTHER PURPOSES

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

1 Section 1. *Short Title* – This Act shall be known as "The New Public Service
2 *Law of the Philippines.*"

3 Sec. 2. *Declaration of Policy* – It is a Constitutionally enshrined policy of the
4 State to promote a just and dynamic social order that will free the people from
5 poverty through measures that promote an improved quality of life for all.

6 The State recognizes that public utilities are necessary to the public and are
7 natural monopolies that must be regulated as required by public interest. It is the
8 policy of the State to ensure that the consuming public's satisfaction and quality of
9 life shall be the yardsticks for an effective regulation of public utility providers
10 without compromising the reasonable rate of return of the latter. It is likewise the
11 policy of the State to encourage private enterprise and provide incentives for needed
12 investments.

13 The above policies are fulfilled by ensuring: (a) effective regulation of public
14 utilities and public services; (b) a reasonable rate of return to public utilities and
15 public services; and (c) the lifting of foreign equity restrictions by clearly defining
16 what are considered to be public utilities.

17

1 Sec. 3. – *Definition of Terms.* – For the purposes of this Act, the terms below
2 shall be defined as follows:

3 a. *Cost-of-Living Adjustment* - refers to the percentage by
4 which the Philippine Statistics Authority (PSA) Consumer Price Index
5 for the month of June of the calendar year preceding the adjustment
6 exceeds the PSA Consumer Price Index for the month of June of the
7 calendar year in which the maximum amount of the fine was last set
8 or adjusted pursuant to law;

9 b. *Disgorgement of Profits* - refers to the giving up or
10 recapturing of profits traceable to a certain transaction or wrongdoing
11 upon demand or by legal compulsion;

12 c. *Distribution of Electricity* - refers to the conveyance of
13 electric power by a distribution utility through its distribution system
14 pursuant to the provisions of RA 9136, pursuant to Section 4 (n) of
15 said law;

16 d. *Transmission of Electricity* - refers to the conveyance of
17 electricity through the high voltage backbone system, pursuant to
18 Section 4 (ccc) of RA 9136;

19 e. *Treble Damages* - refers to an additional sum, depending
20 on the discretion of the agency or court involved, which is thrice the
21 amount of the monetary award granted; and

22 f. *Water Works and Sewerage Systems* - refers to the
23 entire water systems to ensure an uninterrupted and adequate supply
24 and distribution of portable water for domestic and other purposes and
25 the proper operation and maintenance of sewerage systems as defined
26 and referred to in RA 6234, as amended, and PD 198, as amended.

27 Sec. 4. – *Recognition of Previous Transfer of Jurisdiction to Various*
28 *Administrative Agencies.* – Since the enactment of Commonwealth Act No. 146, the
29 jurisdiction over several public services had been transferred to various
30 administrative agencies such as, but not limited to, the following:

31 a. Department of Transportation (DOTr);

32 b. Land Transportation Franchising Regulatory Board (LTFRB);

- 1 c. Land Transportation Office (LTO);
- 2 d. Civil Aeronautics Board (CAB);
- 3 e. Civil Aviation Authority of the Philippines (CAAP);
- 4 f. Philippine Ports Authority (PPA);
- 5 g. Maritime Industry Authority (MARINA);
- 6 h. Philippine Coast Guard;
- 7 i. Department of Information and Communications Technology (DICT);
- 8 j. National Telecommunications Commission (NTC);
- 9 k. Department of Energy (DOE);
- 10 l. Energy Regulatory Commission (ERC);
- 11 m. Department of Environment and Natural Resources (DENR);
- 12 n. League of Cities;
- 13 o. National Water Resources Board;
- 14 p. Local Water Utilities Administration;
- 15 q. Philippine Competition Commission (PCC).

16 For purposes of this act, the term "Administrative Agencies "shall refer to
17 existing agencies with which the powers and duties of the Public Service Commission
18 were transferred, are hereby authorized and ordered to charge and collect from any
19 public service or public utility or applicant, as the case may be, reasonable fees as
20 reimbursement of its expenses in the exercise of its authorization, supervision, and
21 regulation duties, and to impose appropriate penalties and fines as provided by law.
22 These Administrative Agencies are govern by their respective charters and related
23 statutes.

24 Sec. 5. *Public Utility.* – A new Section 13 (d) of Commonwealth Act No. 146,
25 as amended, is hereby inserted to read as follows:

26 **"(D) PUBLIC UTILITY. – A SUBSET OF PUBLIC SERVICE,**
27 **IT REFERS TO THE DIRECT TRANSMISSION DISTRIBUTION,**
28 **AND DELIVERING THROUGH A NETWORK, A COMMODITY OR**
29 **SERVICE OF PUBLIC CONSEQUENCE AND IS A NATURAL**
30 **MONOPOLY THE OPERATION OF WHICH MUST BE**
31 **RESTRICTED PURSUANT TO SECTION 11, ARTICLE XII OF THE**
32 **1987 CONSTITUTION.**

1 THE FOLLOWING SHALL BE AN EXCLUSIVE LIST OF
2 PUBLIC UTILITIES:

- 3 (1) TRANSMISSION OF ELECTRICITY;
- 4 (2) DISTRIBUTION OF ELECTRICITY; AND
- 5 (3) WATER WORKS AND SEWERAGE SYSTEMS.

6 NO OTHER BUSINESS OR SERVICE SHALL BE DEEMED A
7 PUBLIC UTILITY OTHER THAN THOSE LISTED IN THIS
8 SECTION UNLESS OTHERWISE SUBSEQUENTLY PROVIDED BY
9 LAW UPON RECOMMENDATION BY THE NATIONAL ECONOMIC
10 AND DEVELOPMENT AUTHORITY (NEDA), THROUGH ITS
11 BOARD, IN CONSULTATION WITH THE PHILIPPINE
12 COMPETITION COMMISSION (PCC) AND THE CONCERNED
13 ADMINISTRATIVE AGENCIES, TAKING INTO CONSIDERATION
14 SECTIONS 2 AND 4 OF THIS ACT AND THE FOLLOWING
15 CRITERIA:

- 16 1. THE PERSON OR JURIDICAL ENTITY REGULARLY SUPPLIES
17 AND DIRECTLY TRANSMITS AND DISTRIBUTES TO THE
18 PUBLIC THROUGH A NETWORK A COMMODITY OR SERVICE
19 OF PUBLIC CONSEQUENCE;
- 20 2. THE COMMODITY OR SERVICE IS NECESSARY TO THE
21 PUBLIC AND A NATURAL MONOPOLY THAT NEEDS TO BE
22 REGULATED WHEN THE COMMON GOOD SO REQUIRES;
- 23 3. THE COMMODITY OR SERVICE IS NECESSARY FOR THE
24 MAINTENANCE OF LIFE AND OCCUPATION OF RESIDENTS;
25 AND
- 26 4. THE COMMODITY OR SERVICE IS OBLIGATED TO PROVIDE
27 ADEQUATE SERVICE TO THE PUBLIC ON DEMAND."

28 THIS SECTION AND THIS ACT DO NOT HAVE ANY
29 EFFECT ON THE EXISTING REGULATIONS OF PUBLIC
30 SERVICES AND DO NOT, IN ANY WAY, DIMINISH THE
31 CONSTITUTIONAL RESTRICTIONS PROVIDED UNDER
32 SECTIONS 11 AND 17, ARTICLE XII AND SECTION 4, ARTICLE

1 **IX (PART C) OF THE CONSTITUTION. NEITHER DOES THIS**
2 **SECTION NOR THIS ACT REDEFINE "COMMON CARRIERS"**
3 **AND ALTER THE EXISTING HIGH STANDARDS ACCORDED TO**
4 **IT."**

5 Sec. 6. *Authorization to Operate.* – The first paragraph of Section 15 of
6 Commonwealth Act No. 146, as amended, is hereby amended to read as follows:

7 "With the exception of those enumerated in the preceding section, no
8 public service shall operate in the Philippines without possessing a
9 valid and subsisting **FRANCHISE**, certificate, **OR ANY OTHER**
10 **APPROPRIATE FORM OF AUTHORIZATION FOR THE**
11 **OPERATION OF A PUBLIC SERVICE** [~~from the Public Service~~
12 ~~Commission known as "certificate of public convenience," or~~
13 ~~"certificate of public convenience and necessity,"~~] as the case may be,
14 **FROM THE CONGRESS, THE SECURITIES EXCHANGE**
15 **COMMISSION (SEC) AND/OR THE PROPER ADMINISTRATIVE**
16 **AGENCY** to the effect that the operation of said service and the
17 authorization to do business will promote the public interest in a
18 proper and suitable manner."

19 Sec. 7. *Issuance of Authorizations and Fixing of Rates, Tolls and the like and*
20 *the Reasonable Rate of Return.* – Section 16 (a) and (c) of Commonwealth Act No.
21 146, as amended, are hereby amended to read as follows:

22 "(a) To issue certificates [~~which shall be known as certificates of public~~
23 ~~convenience;~~] authorizing the operation of public service within the
24 Philippines whenever the [~~Commission~~] **ADMINISTRATIVE AGENCY**
25 finds that the operation of the public service proposed and the
26 authorization to do business will promote the public interest in a
27 proper and suitable manner. [~~Provided, That thereafter, certificates of~~
28 ~~public convenience and certificates of public convenience and necessity~~
29 ~~will be granted only to citizens of the Philippines or of the United~~
30 ~~States or to corporations, co-partnerships, associations or joint-stock~~
31 ~~companies constituted and organized under the laws of the~~
32 ~~Philippines; Provided, That sixty per centum of the stock or paid-up~~

1 capital of any such corporations, co-partnership, association or joint-
2 stock company must belong entirely to citizens of the Philippines or of
3 the United States: Provided, further, That no such certificates shall be
4 issued for a period of more than fifty years.]

5 xxx

xxx

xxx

6 (c) To fix and determine **THE MAXIMUM CEILING FOR** individual or
7 joint rates, tolls, charges, classifications, or schedules thereof, as well
8 as commutation, mileage, kilometrage, and other special rates which
9 shall be imposed, observed, and followed thereafter by any public
10 service **WHEN THE PUBLIC INTEREST SO REQUIRES:** Provided,
11 That the [Commission] **ADMINISTRATIVE AGENCY** may, in its
12 discretion, approve rates proposed by public services provisionally and
13 without necessity of any hearing; but it shall call a hearing thereon
14 within [thirty] **FIFTEEN** days, thereafter, upon publication and notice
15 to the concerns operating in the territory affected, **TO RATIFY ITS**
16 **PRIOR PROVISIONAL APPROVAL OR CHANGE, MODIFY OR**
17 **ALTER THE APPROVED RATE BASED ON PUBLIC INTEREST:**
18 Provided, further, That in case the public service equipment of an
19 operator is used principally or secondarily for the promotion of a
20 private business, the net profits of said private business shall be
21 considered in relation with the public service of such operator for the
22 purpose of fixing the rates; **PROVIDED THAT THE MAXIMUM RATE**
23 **OF RETURN SHALL BE EQUAL TO THE POST-TAX WEIGHTED**
24 **AVERAGE COST OF CAPITAL FOR THE SAME OR COMPARABLE**
25 **BUSINESSES COMPUTED USING ESTABLISHED MODERN AND**
26 **UP TO DATE METHODOLOGIES SUCH AS THE CAPITAL ASSET**
27 **PRICING MODEL: PROVIDED ALSO, THAT INCOME TAX BE**
28 **ALLOWED AS A CASH EXPENDITURE OR OUTFLOW FOR RATE-**
29 **DETERMINATION PURPOSES: PROVIDED FURTHER, THAT**
30 **THIS PROVISION SHALL NOT BAR THE APPLICATION OF**

1 **PERFORMANCE-BASED RATE REGULATION SHOULD THE**
2 **ADMINISTRATIVE AGENCY REGULATING SUCH PUBLIC**
3 **SERVICE DEEM IT EFFICIENT AND IN THE PUBLIC INTEREST;**
4 **PROVIDED FINALLY, THAT THIS SHALL NOT BE INTERPRETED**
5 **AS AMENDING OR REPEALING REGULATIONS PROMULGATED**
6 **BY THESE ADMINISTRATIVE AGENCIES TO DEREGULATE**
7 **RATES.**

8 Sec. 8. *Reasonable Costs* – Section 17 (b) of Commonwealth Act No. 146, as
9 amended, is hereby amended to read as follows:

10 “(b) To require any public service to pay the actual expenses incurred
11 by the [Commission] **ADMINISTRATIVE AGENCY** in any
12 investigation if it shall be found in the same that any rate, toll, charge,
13 schedule, regulation, practice, act or service thereof is in violation of
14 any provision of this Act or any certificate, order, rule, regulation or
15 requirement issued or established by the [Commission]
16 **ADMINISTRATIVE AGENCY.** The [Commission]
17 **ADMINISTRATIVE AGENCY** may also assess against any public
18 service **REASONABLE** costs [~~not to exceed twenty five pesos~~] with
19 reference to such investigation.”

20 Sec. 9. Section 20 (i) of Commonwealth Act No. 146, as amended, is hereby
21 amended to read as follows:

22 “(i) To sell, alienate or in any manner transfer shares of its capital
23 stock to any alien if the result of that sale, alienation, or transfer in
24 itself or in connection with another previous sale shall be the reduction
25 to less than sixty per centum of the capital stock belonging to
26 Philippine citizens **IN THE OPERATION OF A PUBLIC UTILITY AS**
27 **REQUIRED BY THE CONSTITUTION.** Such sale, alienation or
28 transfer shall be void and of no effect and shall be sufficient cause for
29 ordering the cancellation of the certificate.”

30 Sec. 10. Section 21 of Commonwealth Act No. 146, as amended, is hereby
31 amended to read as follows:

1 "Every public service violating or failing to comply with the terms and
2 conditions of any certificate or any orders, decisions or regulations of
3 the [Commission] **ADMINISTRATIVE AGENCY** shall be subject to
4 **DISGORGEMENT OF PROFITS, TREBLE DAMAGES,** a fine **NOT**
5 **EXCEEDING FIVE MILLION PESOS (PHP5,000,000.00) OR ALL**
6 **OR ANY COMBINATION THEREOF** [~~of not exceeding two hundred~~
7 ~~pesos~~] per day for every day during which such default or violation
8 continues; and the [Commission] **ADMINISTRATIVE AGENCY** is
9 hereby authorized and empowered to impose such **PENALTY OR** fine,
10 after due notice and hearing.

11 The **PENALTIES AND** fines so imposed shall be paid to the
12 Government of the Philippines through the [Commission]
13 **ADMINISTRATIVE AGENCY,** and failure to pay the **PENALTY OR**
14 fine in any case within the same specified in the order or decision of
15 the [Commission] **ADMINISTRATIVE AGENCY** shall be deemed
16 good and sufficient reason for the suspension of the certificate of said
17 public service until payment shall be made. Payment may also be
18 enforced by appropriate action brought in a court of competent
19 jurisdiction. The remedy provided in this section shall not be a bar to,
20 or affect any other remedy provided in this Act but shall be cumulative
21 and additional to such remedy or remedies."

22 Sec. 11. Section 23 of Commonwealth Act No. 146, as amended, is hereby
23 amended to read as follows:

24 "Any public service corporation that shall perform, commit, or do any
25 act or thing forbidden or prohibited or shall neglect, fail or omit to do
26 or perform any act or thing herein to be done or performed, shall be
27 punished by a fine not exceeding [~~twenty five thousand pesos~~] **FIVE**
28 **MILLION PESOS (PHP5,000,000.00),** or by imprisonment [~~not~~
29 ~~exceeding five years~~] **OF NOT LOWER THAN SIX (6) YEARS AND**
30 **NOT HIGHER THAN TWELVE (12) YEARS,** or both, in the
31 discretion of the court."

1 Sec. 12. Section 24 of Commonwealth Act No. 146, as amended, is hereby
2 amended to read as follows:

3 "Any person who shall knowingly and willfully perform, commit, or do,
4 or participate in performing, committing, or doing, or who shall
5 knowingly and willfully cause, participate, or join with others in causing
6 any public service corporation or company to do, perform or commit,
7 or who shall advice, solicit, persuade, or knowingly and willfully
8 instruct, direct, or order any officer, agent, or employee of any public
9 service corporation or company to perform, commit, or do any act or
10 thing forbidden or prohibited by this Act, shall be punished by a fine
11 not exceeding [~~two thousand pesos~~] **FIVE MILLION PESOS**
12 **(PHP5,000,000.00)**, or imprisonment [~~not exceeding two years~~] **OF**
13 **NOT LOWER THAN SIX (6) YEARS AND NOT HIGHER THAN**
14 **TWELVE (12) YEARS**, or both, in the discretion of the court. [~~;~~
15 ~~Provided, however, that for operating a private passenger automobile~~
16 ~~as a public service without having a certificate of public convenience~~
17 ~~for the same the offender shall be subject to the penalties provided for~~
18 ~~in section sixty seven (j) of Act numbered thirty nine hundred an~~
19 ~~ninety two.]"~~

20 Sec. 13. Section 25 of Commonwealth Act No. 146, as amended, is hereby
21 amended to read as follows:

22 "Any person who shall knowingly and willfully neglect, fail, or omit to
23 do or perform, or who shall knowingly and willfully cause or join or
24 participate with others in causing any public service corporation or
25 company to neglect, fail or omit to do or perform, or who shall advise,
26 solicit, or persuade, or knowingly and willfully instruct, direct, or order
27 any officer, agent, or employee of any public service corporation or
28 company to neglect, fail, or omit to do any act or thing required to be
29 done by this Act, shall be punished by a fine not exceeding [~~two~~
30 ~~thousand pesos~~] **FIVE MILLION PESOS (PHP5,000,000.00)** or by
31 imprisonment [~~not exceeding two years~~] **OF NOT LOWER THAN SIX**

1 **(6) YEARS AND NOT HIGHER THAN TWELVE (12) YEARS**, or
2 both, in the discretion of the court."

3 Sec. 14. Section 26 of Commonwealth Act No. 146, as amended, is hereby
4 amended to read as follows:

5 "Any person who shall destroy, injure, or interfere with any apparatus
6 or appliance owned or operated by to in charge of the [~~Commission~~]
7 **ADMINISTRATIVE AGENCIES** or its agents, shall be deemed guilty
8 of a misdemeanor and upon conviction shall be punished by a fine **OF**
9 **THE AMOUNT EQUIVALENT TO THE ACTUAL MARKET VALUE**
10 **OF THE APPARATUS OR APPLIANCE DESTROYED OR INJURED**
11 **PLUS A FINE NOT EXCEEDING ONE MILLION PESOS**
12 **(PHP1,000,000.00)** [~~not exceeding one thousand pesos~~] or
13 imprisonment [~~not exceeding six months~~] **OF NOT LOWER THAN**
14 **SIX (6) YEARS AND NOT HIGHER THAN TWELVE (12) YEARS**,
15 or both in the discretion of the court.

16 ~~[Any public service permitting the destruction, injury to, or interference~~
17 ~~with, any such apparatus or appliances shall forfeit a sum not~~
18 ~~exceeding four thousand pesos for each offense.]"~~

19 Sec. 15. Section 28 of Commonwealth Act No. 146, as amended, is hereby
20 amended to read as follows:

21 "Violations of the orders, decisions, and regulations of the
22 [~~Commission~~] **ADMINISTRATIVE AGENCIES** and of the terms and
23 conditions of any certificate issued by the [~~Commission~~]
24 **ADMINISTRATIVE AGENCIES** [~~shall prescribe after sixty days,~~] and
25 violations of the provisions of this Act shall [~~prescribe after one~~
26 ~~hundred and eighty days.~~] **BE IMPRESCRIPTIBLE.**"

27 Sec. 16. *Subsequent Adjustment of Fines imposed under this Act* – The
28 maximum amounts of fines imposed under this Act, as well those imposed under
29 Commonwealth Act No 146, shall be adjusted by the head of each administrative
30 agency under Section 1 of this Act by a Cost-of-Living Adjustment on January 1 of
31 the year immediately following the date of enactment of this Act and every fifth
32 calendar year thereafter. Each head of the administrative agency shall file copies of

1 the adjustment with the University of the Philippines Law Center in accordance with
2 Executive Order No. 292 (1987), as amended.

3 Any increase shall apply only to fines, including those whose associated
4 violation predated such increase, which are assessed after the date the increase
5 takes effect.

6 *Sec. 17. Interpretation.* – This Act shall be subject to and consistent with the
7 regulatory powers of the State to promote public interest in Article IX-C, Section 4
8 and Article XII, Section 17 of the Constitution.

9 No franchise, certificate, or authorization granted by the Congress and the
10 appropriate administrative agencies under Section 3 of this Act shall be (a) exclusive
11 in character, (b) for a longer period than fifty years, and (c) granted except under
12 the condition that it shall be subject to amendment, alteration, or repeal by
13 Congress when the public interest so requires.

14 The power to grant any franchise, certificate, or any other form of
15 authorization for the operation of a public service still belongs to the Congress,
16 unless otherwise provided by law to an administrative agency.

17 *Sec. 18. Non-Impairment of Existing Agreements.* – The application and
18 implementation of the pertinent provisions of this Act shall not impair vested rights
19 or obligations of contracts. Current and subsisting concession agreements and other
20 similar contracts of juridical persons with government agencies or government-
21 owned and –controlled corporations covering activities hereunder classified as public
22 utilities shall remain valid and in force in accordance with the existing terms and
23 conditions the parties agreed to thereunder until expiration or termination thereof.

24 *Sec. 19. Suppletory Application of Commonwealth Act No. 146.* –
25 Commonwealth Act No. 146, as amended, shall be construed as a general law that
26 shall apply suppletorily to special laws or existing sector-specific laws governing
27 public services, except for Section 13 (d) of Commonwealth Act No. 146, as
28 amended, created by Section 4 of this Act.

29 *Sec. 20. Comprehensive Baseline Survey.* – The University of the Philippines
30 Law Center shall conduct a comprehensive baseline survey of public services
31 governance within six (6) months from the effectivity of this Act. Copies of the
32 results of said survey shall be furnished to the Congress, the NEDA and PCC.

1 The PCC, in coordination with the NEDA, is mandated to conduct regular
2 studies on whether deregulation is warranted in a sector to improve consumer
3 welfare and to submit its recommendation to Congress.

4 *Sec. 21. Implementing Rules and Regulations.* – All administrative agencies
5 under Section 3 of this Act shall, in coordination with the NEDA, PCC and the
6 University of the Philippines Law Center, promulgate rules and regulations to
7 implement the provisions of this Act within ninety (90) days from the effectivity of
8 this Act, including the criteria for the determination of imposable fines, as provided
9 for in this Act, to be based on the capitalization of a public service provider and
10 peculiarities of the public service concerned.

11 *Sec. 22. Repealing Clause.* – All laws, including Commonwealth Act No. 146,
12 as amended, decrees, orders, rules and regulations, or other issuances or parts
13 thereof inconsistent with the provisions of this Act are hereby repealed or modified
14 accordingly.

15 *Sec. 23. Appropriation.* – The initial funding to carry out the provisions of this
16 Act shall be charged against the current year's appropriation. Thereafter, such sums
17 as may be necessary shall be included in the General Appropriations Act.

18 *Sec. 24. Separability Clause.* – If any portion or provision of this Act is
19 declared unconstitutional, the remainder of this Act or any provision not affected
20 thereby shall remain in force and effect.

21 *Sec. 25. Effectivity.* – This Act shall take effect after fifteen (15) days
22 following the completion of its publication either in the Official Gazette or in a
23 newspaper of general circulation in the Philippines.

Approved,