BOARD’S POLICY ON THE REGULATION OF FARES OF PUBLIC UTILITY BUS AIRCONDITIONED SERVICE

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The Honorable Supreme Court enunciated in the case of Kilusang Mayo Uno Labor Center vs. Hon. Garcia, et.al., dated 23 December 1994, that the Legislature delegated to the defunct Public Service Commission (now, LTFRB) the power of fixing rates of public utility vehicles (PUV). This Board, the existing regulatory body today, is likewise vested with the same under Executive Order No. 202, dated 19 June 1987. Section 5 thereof specifically empowers this Board to "determine, prescribe and approve and periodically review and adjust reasonable fares, rates and other related charges, relative to the operation of public land transportation services provided by motorized vehicles." The Supreme Court further declared that nowhere in the provisions of the Public Service Act and EO 202 would authorize any other entity (a common carrier, a transport operator, or other public service) to regulate fares, except PSC and now, LTFRB. It likewise declared that further delegation of such power would indeed constitute a negation of such duty in violation of the trust reposed in the delegatee mandated to discharge it directly. The policy of allowing PUV operators to change and increase/decrease their fares at will would result not only to a chaotic situation but to an anarchic state of affairs. This would leave the riding public at the mercy of transport operators who may increase fares every hour, every day, every month or every year, whenever it pleases them or whenever they deem it necessary to do so.

On 05 December 2002, Department Order No. 2002-77 was issued instructing this Board to issue standard fare advisory not only to regular services but to air-conditioned bus/PUJ services as well. Thereafter, Department Order 2005-010 was issued setting forth the Policy guidelines on the Exercise of Authority and Functions by this Board and empowering it to amend or modify, in part or in its entirety, existing Department Order/s previously issued by DOTC governing the powers and functions provided for in Section 5 of EO 202.

In view of thereof, it is hereby declared that all operators of PUB Airconditioned Service are not allowed to increase or decrease their fare rates without prior authority and approval of this Board. Though the fare rates of PUB Airconditioned Service should at least be twenty percent (20%) higher than the fare rates authorized to PUB Ordinary Service, it is still indispensable for the operators to file a Petition for Fare Increase and the same to be approved by the Board before charging the riding public a higher fare rate.

Thus, the above operators are hereby advised and warned to refrain from charging fare increases and decreases without seeking authority and approval of the Board. Any operator found violating the provisions of this Circular shall be subject to the following penalties after due notice and hearing:

1. First Offense - Five Thousand Pesos (PhP 5,000.00) and suspension for a period of thirty (30) days of the whole Certificate of Public Convenience (CPC) to which the unit/s found violating this Circular belong/s. To ensure the implementation of the suspension, the operator shall be required within seven (7) days from receipt of the Suspension Order to surrender all the plates of the suspended CPC as issued by the Land Transportation Office before the Board for storage; otherwise, all the CPC (whole fleet) granted to the operator shall be cancelled and revoked.

2. Second Offense - Ten Thousand Pesos (PhP 10,000.00) and Suspension for thirty (30) days of all CPC granted to the operator. Any violation of second sentence of Item 1 shall also cause the cancellation of all CPC (whole fleet) granted to the operator.

3. Third Offense - Cancellation of all CPC granted to the operator.

This Memorandum Circular supersedes any and all issuances inconsistent herewith, and takes effect fifteen (15) days following the filing of three (3) copies hereof with the UP Law Center, pursuant to Presidential Memorandum Circular No. 11, dated 09 October 1992.

SO ORDERED.

Adopted: 07 July 2005

(SGD.) MARIA ELENA H. BAUTISTA
Chairperson

(SGD.) FELIX S. RACADIO
Board Member

(SGD.) GERARDO A. PINILI
Board Member

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