

THE METROPOLITAN WATER DISTRICT, PETITIONER, VS. THE PUBLIC SERVICE COMMISSION AND LA ASOCIACION DE EMPLEADOS CIVILES DE FILIPINAS, INC., RESPONDENTS.

G.R. No. 38814. September 15, 1933

Ponente: MALCOLM, J.

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MALCOLM, J.:

This proceeding to review an order of the Public Service Commission presents for decision the two questions suggested by the following assignment of errors, namely:

"1. The Public Service Commission erred in ordering the suspension of the annual charges being made by the Metropolitan Water District against its concessioners for the maintenance and upkeep of their meters and service pipe lines;

"2. The Public Service Commission erred in declaring as unjust the flat rate of P2 being collected on all delinquent bills, and in ordering the Metropolitan Water District to adopt and collect instead a certain percentage of the delinquent amount."

It appears from the record that the Asociacion de Empleados Civiles de Filipinas, Incorporada, filed with the Public Service Commission a complaint against the Metropolitan Water District, alleging that the rates charged by the same were excessive and unreasonable, and praying that these rates be reduced. Other associations, such as the Manila Medical Society, the Union de Consumidores, and certain residents of San Juan del Monte joined in the petition. At the conclusion of the hearing, the Public Service Commission handed down a decision which declared that the finances of the Metropolitan Water District did not justify the reduction of its rates, but as provisos found that the water district should cease collecting charges for service maintenance, and that the recharge collected after the last day of payment of the quarterly bill should be based on a certain percentage of the amount of the bill and should not be a fixed sum regardless of the amount of the bill. This was on September 14, 1932, and subsequently, under date of October 20, 1932, the Public Service Commission issued an order of enforcement. From this last order the Metropolitan Water District has taken an appeal, and although the Solicitor-General insinuates that it is unnecessary to review the evidence on which the decision was based by the commission, it is evident that "any order" made by the commission is reviewable by the Supreme Court, and that in this instance the order brings up with it the decision and the evidence to which it relates. We prefer to predicate our conclusions on the merits of the case.

The Metropolitan Water District, created by Act No. 2832 of the Philippine Legislature, is a public utility, and as such is subject to the jurisdiction of the Public Service Commission. On the other hand, the district board of the Metropolitan Water District has power to prescribe uniform rates for the maintenance and upkeep of the meters and connecting pipe lines belonging to consumers of the water supplied by said water district. In the decision of this court in the case which resulted in these holdings (*Metropolitan Water District vs. Public Utility Commission* [1924], 46 Phil., 412), it was said that "as regards the inspection and ordinary repair of meters and pipe lines, it

was we think clearly within the power of the district board to fix a system of rates, such as that specified in the resolution." The aforementioned decision and the language just quoted are significant, and indicate clearly the respective functions of the Metropolitan Water District and the Public Service Commission. We should proceed along the same road.

In accordance with the corporate power above-mentioned, the Metropolitan Water District has by resolution provided for annual charges for the maintenance and upkeep of meters and service pipe lines. The question is if the Public Service Commission acted within the confines of its legitimate authority in ordering the suspension of these charges.

Reasonable rates for public utilities are the ultimate object. The extent of judicial interference is protection against unreasonable rates. The public utility is entitled to a just compensation and a fair return upon the value of its property while it is being used by the public. (Francisco's Public Service Commission Act Annotated, pp. 48-57.) With these basic principles to the forefront, we note that the Metropolitan Water District spends annually between P52,000 and P57,000 for the maintenance and upkeep of meters and pipe lines. The total income derived from this particular kind of service is insufficient and shows a loss of approximately P4,000 annually. Should the Metropolitan Water District be required to cease collecting the maintenance charges, there would be an annual loss of P50,000. However, the net annual profit of the water district is about P140,000 which would still leave a balance of about P90,000 in favor of the water district. But on a total investment of over P22,000,000, an annual net profit of P140,000 or about 7/11 of 1 per cent is not an excessive return within the meaning of the law. This is particularly true when it is recalled that the Metropolitan Water District is allied to the Government, and that the net profits secured are all invested for the benefit of the water consumers and not to satisfy private ends.

In further explanation of the second question submitted, it should be stated that during the pendency of the case before the Public Service Commission, the Board of Directors of the Metropolitan Water District voluntarily reduced the recharge from P2 to P1 so that at present a flat rate of P1 is being collected on all delinquent bills irrespective of the amount due on each bill. The purpose of this charge, as indicated by regulations of the water district is to cover expenses incidental to the additional services rendered due to non-payment on time, such as extra office work, and so forth. In a way, of course, it serves as a penalty on the delinquent water consumers. We do not think that the use of this flat rate by the water district is unjust and unreasonable.

We are as deeply concerned as were the original complainants in seeing that water service is furnished the public at the lowest possible figure. At the same time, the Public Service Commission should show the Metropolitan Water District the same consideration which this court endeavors to show the Public Service Commission. The Metropolitan Water District has power to charge for service maintenance and for delinquency in payment. The Metropolitan Water District likewise was entitled to compensation for its services and to a fair return on its investment. Having in mind therefore the doctrines previously announced in the case of Metropolitan Water District vs. Public Utility Commission, *supra*, a similar result must be reached, and we have to conclude that there was no evidence before the Public Service Commission reasonably supporting the finding that the charges being collected by the Metropolitan Water District were unreasonable. Wherefore, the order brought here on review will be set aside, without special pronouncement as to costs in this instance.

Villa-Real, Abad Santos, Hull, and Imperial, JJ., concur.

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