

## Content

Title :	Privately Owned Public Utilities Supervisory Act <b>Ch</b>
Date :	2019.11.20
Legislative :	1.Promulgated on December 21, 1929 2.Amended on March 7, 1931 3.Amended on November 2, 1933 4.Amended on November 30, 1972 5.Amended on April 26, 2000 6.Repealed on November 20, 2019
Content :	<p><b>Article 1</b> Unless otherwise provided by the laws, all privately owned public utilities shall be governed by this Act.</p> <p><b>Article 2</b> Unless publicly owned by the central or local government, the following public utilities may be privately owned: 1. Electric light, electric power and other electricity businesses. 2. Tramways. 3. Landline telephones. 4. Tap water. 5. Gas. 6. Bus and motor vehicles 7. Maritime transportations. 8. Air transportations. 9. Other public utilities that may be privately owned in accordance with the laws.</p> <p><b>Article 3</b> Except those directly supervised by the central competent authority, the local supervisory body of privately owned public utilities shall be the competent authority of the municipality or county (city) in which the operations of the privately owned public utilities are located, and the ultimate supervisory body thereof shall be the central competent authority.</p> <p><b>Article 4</b> Unless registration has been submitted to the local supervisory body in accordance with the laws and the same has been forwarded to the central competent authority and approved thereby, and license and business region map have been issued, privately owned public utilities shall not commence operations. The guidelines for registration in the preceding paragraph shall be stipulated by the central competent authority.</p> <p><b>Article 5</b> Unless application for extension of preparatory period under special circumstances is submitted to and approved by the local supervisory body, the local supervisory body may request the central competent authority to revoke the registration of privately owned public utilities failing to commence operations within the specified preparatory period.</p> <p><b>Article 6</b> Unless application submitted to the local supervisory body is forwarded to the central competent authority and is approved thereby, a privately owned public utility shall not change its name or structure and shall not transfer its business rights to others.</p> <p><b>Article 7</b> The entering in or amendment to the charters of privately owned public utilities concerning matters</p>

such as fees charged to public users shall be submitted to the local supervisory body for the issuance of opinions and be forwarded to the central competent authority for approval.

#### **Article 8**

Privately owned public utilities shall prepare and separately submit the following documents to the central and local supervisory authorities within three months since the end of each fiscal year:

1. List of key employees and their resumes;
2. Business report;
3. Construction report; and
4. Balance sheet and income statement with explanations attached thereto.

Upon receipt, the local supervisory body shall announce and publish the summary of such documents immediately.

#### **Article 9**

All technical standards of privately owned public utilities shall be subject to the guidelines announced by the central competent authority.

#### **Article 10**

The accounting system and its standard procedures of privately owned public utilities shall be stipulated by the central competent authority.

#### **Article 11**

Unless first amortized/depreciated as operating expenses, the earning of privately owned public utilities shall not be distributed.

The depreciation rate in the foregoing paragraph shall be stipulated by the central competent authority.

#### **Article 12**

Where the net income of privately owned public utilities exceeds 25% of the total paid-in capital, half of such excess amount shall be used for the betterment and expansion of the equipment, while the remaining half shall be the users' provident fund(s) in the event of a fee-reduction.

The net income in the preceding paragraph refers to the annual revenue after deducting the cost of maintenance, tax payment, depreciation, and loan interests, while all dividends and various provident fund(s) shall not be deducted.

#### **Article 13**

When experiencing difficulties in business operations, constructions or financial affairs, privately owned public utilities may request assistance from the central or local supervisory authorities.

#### **Article 14**

Where the privately owned public utilities underperform and hence obstruct user interests or endanger social safety, the local supervisory body may report to the central competent authority for an order to have such privately owned public utilities make improvements within a given time period if people have complained about such circumstances and are proven to be true from investigations conducted by professional technicians.

#### **Article 15**

Should privately owned public utilities encounter labor disputes, they shall be subject to compulsory arbitrations pursuant to relevant laws.

#### **Article 16**

Unless submitted to Executive Yuan by the central competent authority and approved thereby, the equity of privately owned public utilities shall not be held by foreign shareholders or be used for debt borrowing.

#### **Article 17**

Unless the existing business is determined by the central and local supervisory authorities to be unable to meet public needs through the expansion of equipment, no two or more privately owned public utilities shall exist simultaneously in the same business region if the nature of the business is unsuitable for simultaneous operations within such business region.

**Article 18**

People residing in areas where privately owned public utilities are located shall have priority to the establishments of and investments in such privately owned public utilities.

**Article 19**

The period of business operations of privately owned public utilities shall be granted for a period of 30 years. Upon the expiry of such period, the central or local government may raise the needed funds to take over the privately owned public utilities with notification 2 years prior to such expiration.

Where no notification is sent by the government, the operator of the privately owned public utilities may continue their business operation for 10 years and shall apply for license renewal; the governments may still take over the privately owned public utilities prior to the expiry of every 10 years in accordance with the procedures set forth in the preceding paragraph.

Unless the authorized period is otherwise provided, the preceding paragraphs may apply *mutatis mutandis* to privately owned public utilities established before the implementation of this Act after 30 years of the implementation of this Act.

**Article 20**

Where a privately owned public utility is taken over by the government, the government and such privately owned public utility shall both appoint several experts respectively in corresponding numbers and jointly appoint one expert to form an appraisal committee to appraise the value of the enterprise according to the following two means:

1. Appraisal of actual value based on all existing assets of such privately owned public utility.
2. The initial investment amount when the privately owned public utility was established plus the capital addition of betterment and expansion of equipment during the operations, deducted by the asset value of the abandoned equipment, the needed funds for depreciation or other funds and public accumulation of users during the period of business operation.

Where the parties disagree to the choice of expert to be engaged as set forth in the preceding paragraph, the local chief prosecutor shall act as such expert.

**Article 21**

Where a privately owned public utility is in violation of Article 6 to Article 12, Article 14, or Article 15 of this Act, the local supervisory body may impose a fine of no more than NTD 1,000 depending on the seriousness of such violation, or otherwise cause the responsible person to be replaced through a shareholders' meeting or meeting of the board of directors of the privately owned public utility. Where a privately owned public utility is in violation of Article 16 of this Act, the local supervisory body may suspend partial or its entire business right(s).

The administrative disposition in the preceding paragraph shall be submitted for approval by the central competent authority.

**Article 22**

Matters of privately owned public utilities relating to Article 4 to Article 8, Article 14 and Article 21 of this Act directly supervised by the central competent authority shall be administered directly by the central competent authority.

**Article 23**

This Act may apply *mutatis mutandis* to public utilities jointly owned by the private sector and the government.

**Article 24**

This Act shall be in force from the date of promulgation.