



HOUSE OF REPRESENTATIVES

H. No. 9422

---

BY REPRESENTATIVES GARBIN, ALVAREZ (F.), GARIN (J.), NIETO, MADRONA, MARTINEZ,  
ABUEG-ZALDIVAR, REVILLA, TAN (A.S.), SIAO, ALBANO, NOGRALES (J.J.), FERRER (L.), ALONTE  
AND OAMINAL, PER COMMITTEE REPORT NO. 989

---

AN ACT

**GRANTING MAYNILAD WATER SERVICES, INC. A FRANCHISE TO ESTABLISH,  
OPERATE, AND MAINTAIN A [WATER SUPPLY AND DISTRIBUTION] WATERWORKS  
SYSTEM AND SEWERAGE AND SANITATION SERVICES IN THE WEST ZONE  
SERVICE AREA OF METRO MANILA AND PROVINCE OF CAVITE**

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

1           **SECTION 1. Nature and Scope of Franchise.** – Subject to the provisions of  
2 the Constitution and applicable laws, rules and regulations, there is hereby granted  
3 to Maynilad Water Services, Inc., hereunder referred to as the grantee, its  
4 successors or assignees, a franchise to establish, operate, and maintain, for  
5 commercial purposes and in the public interest, a [water supply and distribution]  
6 WATERWORKS system to ensure an uninterrupted and adequate supply, and  
7 distribution of potable water for domestic, commercial, and other purposes, and for  
8 the establishment and maintenance of sewerage system and sanitation services in  
9 the West Zone Service Area of Metro Manila and Province of Cavite, under a  
10 concession from the Metropolitan Waterworks and Sewerage System (MWSS), or  
11 under an appropriate certificate of public convenience and necessity, license, or  
12 permit from the Regulatory Office.

13  
14           **SEC. 2. Definition of Terms.** — As used in Act:

15  
16           (a) *Concession Agreement* refers to the agreement entered into between the  
17 grantee (formerly Benpres-Lyonnaise Waterworks, Inc.) and MWSS on 21  
18 February 1997, including its Amendment dated 5 October 2001, and the  
19 Memorandum of Agreement and Confirmation dated 22 April 2010, as  
20 amended by the Revised Concession Agreement dated 18 May 2021.

21  
22           (b) *Franchise Area* refers to the Service Area West as defined and delineated  
23 under the Concession Agreement including the cities of Manila (except  
24 San Andres and Sta. [Manila] ANA), Pasay, Parañaque, Caloocan,  
25 Muntinlupa, Las Piñas, Valenzuela, Navotas, Malabon, and parts of Makati  
26 and Quezon City, and cities of Cavite, Bacoor and Imus, and towns of  
27 Kawit, Noveleta and Rosario in the Province of Cavite, and subject to  
28 applicable laws.

1 (c) *Regulatory Office* refers to the Regulatory Office established under the  
2 Concession Agreement (the “MWSS Regulatory Office”) or its legal  
3 successor, as may be created or reorganized by Executive Order or by  
4 law.  
5

6 **SEC. 3. *Rights and Privileges.*** — Without limiting the scope of authority of  
7 the grantee provided under Section 1, the grantee shall establish, manage, operate,  
8 repair, rehabilitate, expand, and improve the waterworks and sewerage system in the  
9 Franchise Area, including the right to bill and collect fees from end-users for water  
10 supply and sewerage services.  
11

12 The grantee shall also have the rights and privileges to:  
13

- 14 (a) develop, finance, construct, install, maintain, and operate, as its  
15 operations may require, water sources, including new raw water  
16 sources, including deep wells, dams, aqueducts, tunnels, treatment  
17 plants, reservoirs, pump stations, and facilities for transmission,  
18 conveyance and distribution of water including pipelines, machineries,  
19 and other waterworks for the purpose of supplying water in the  
20 Franchise Area, for domestic, commercial, industrial, and other  
21 purposes;  
22
- 23 (b) recover, supply, distribute, and reuse treated and grey water, whether  
24 in bulk or retail, within Franchise Area for domestic, commercial or  
25 industrial and other purposes;  
26
- 27 (c) finance, construct, install, maintain, and operate sewerage systems,  
28 whether separate or combined, as may be necessary for the proper  
29 sanitation and other uses within the Franchise Area: *Provided*, That the  
30 grantee may only offer services to non-residential customers for  
31 industrial effluents compatible with available treatment processes;  
32
- 33 (d) purify water from deep well, reservoirs, dams and other water sources  
34 subject to the approval of the Department of Health or any other  
35 government agency concerned;  
36
- 37 (e) construct works across, over, through or alongside, any stream, water-  
38 course, canal, ditch, public places, bridges, street, avenue, highway, or  
39 railway, as the location of said works may require: *Provided*, That the  
40 works be constructed in a manner as to afford security to life and  
41 property, and to the extent reasonably possible not to obstruct  
42 traffic: *Provided, further*, That the stream, water-course, canal, ditch,  
43 public places, bridges, street, avenue, highway, or railway so crossed  
44 or intersected shall be restored as provided in Section 6; and  
45
- 46 (f) disconnect water supply and discontinue provision of water or  
47 wastewater services if customer defaults in the payment of fees for the

1 services provided, or for acts of pilferage pursuant to Republic Act No.  
2 8041 or the “National Water Crisis Act of 1995”.

3  
4 **SEC. 4. Manner of Operation of Stations or Facilities.** – All waterworks and  
5 sewerage systems for water and sewerage services owned, maintained, operated, or  
6 managed by the grantee, its successors or assignees shall be operated and  
7 maintained at all times in accordance with industry standards provided for in RA No.  
8 9275 or the “Philippine Clean Water Act of 2004” and Presidential Decree No. 1067  
9 or “The Water Code of the Philippines”, and as specified in the Concession  
10 Agreement, certificate of public convenience and necessity, license or permit.

11  
12 The grantee shall comply with the resolutions, issuances, and standards set,  
13 by the Regulatory Office and other concerned government agencies.

14  
15 It shall be the duty of the grantee, its successors or assignees, whenever  
16 required to do so by the Regulatory Office, or any authorized government agency, to  
17 modify, improve, and change the waterworks and sewerage system or facilities in a  
18 manner and extent as the technological improvements in the water supply and  
19 sewerage services shall render beneficial to consumers, and shall promote efficiency  
20 and environmental sustainability.

21  
22 The grantee shall promote water conservation and avoid water wastage. With  
23 the approval of the Regulatory Office and considering cost efficiencies, the grantee  
24 shall establish water impounding facilities, consider and undertake the recovery and  
25 appropriate reuse of wastewater, grey water, industrial water, and reclaimed water.  
26 The grantee may adopt waste-to-energy or similar technology utilizing sludge waste  
27 from its wastewater facilities to promote energy efficiency in its operations.

28  
29 **SEC. 5. Certificate of Public Convenience and Necessity, License or**  
30 **Permit.** – For purposes of this Act, EXCEPT WITH RESPECT TO THE  
31 PROVISION ON EXCLUSIVITY OF RIGHTS STATED IN ARTICLE XII,  
32 SECTION 11 OF THE 1987 PHILIPPINE CONSTITUTION, the Concession  
33 Agreement shall serve as the certificate of public convenience and necessity,  
34 license, or permit of the grantee for the operation of its waterworks and sewerage  
35 system.

36  
37 The Concession Agreement between the MWSS and the grantee shall remain  
38 valid unless otherwise terminated, after due notice and hearing for reasons provided  
39 in the Concession Agreement, or invalidated by a court of competent jurisdiction or  
40 by a government agency authorized by law to do so when national security, national  
41 emergency, or public interest so requires, or unless modified or amended under this  
42 Act or any subsequent law.

43  
44 The grantee, its successors or assignees, shall apply for a certificate of public  
45 convenience and necessity, license, or permit when a new regulatory framework for  
46 water service providers is established by law or when required by the Regulatory  
47 Office, which will supersede the terms and conditions of the Concession Agreement:  
48 *Provided*, That if the public service function and the recovered and retained assets of  
49 the MWSS, as defined in the Concession Agreement, are privatized by law, the  
50 grantee shall have the right to match the highest compliant bid after a public bidding  
51 for MWSS owned assets in the waterworks and sewerage system in the Franchise  
52 Area. The right to match shall be exercised within thirty (30) days from receipt of

1 written notice of the amount of the highest compliant bid, and the grantee shall have  
2 a period of ninety (90) days to pay the bid price: *Provided, further*, That the bidding  
3 process shall be in accordance with the Commission on Audit Circular No. 89-296 or  
4 the “Audit Guidelines on the Divestment or Disposal of Property and Other Assets of  
5 National Government Agencies and Instrumentalities, Local Government Units and  
6 Government-Owned or Controlled Corporations and their Subsidiaries” and other  
7 related laws or issuances.

8  
9 **SEC. 6. *Excavation and Restoration Works*** – For the purpose of erecting  
10 and maintaining water pipelines, sewerage line, and other related facilities, it shall be  
11 lawful for the grantee, its successors or assignees, with prior approval of the  
12 Department of Public Works and Highways (DPWH), Metropolitan Manila  
13 Development Authority (MMDA), or the local government units (LGU) concerned, as  
14 may be appropriate, to make excavations or lay pipes in any of the public places,  
15 roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges in the  
16 Franchise Area: *Provided, however*, That public place, road, highway, street, lane,  
17 alley, avenue, sidewalk, or bridge disturbed, altered, or changed by reason of  
18 erection of water pipelines and other related facilities, shall be repaired or replaced in  
19 workmanlike manner by the grantee, its successors or assignees, in accordance with  
20 the standards set by the DPWH, MMDA, or the LGU concerned. Should the grantee,  
21 its successors or assignees, after a ten (10)-day notice from the said authority, fail,  
22 refuse, or neglect to repair or replace any part of a public place, road, highway,  
23 street, lane, alley, avenue, sidewalk, or bridge altered, changed or disturbed by the  
24 grantee, its successors or assignees, then the DPWH, MMDA, or the LGU  
25 concerned shall have the right to have the same repaired or replaced in good order  
26 and condition and charge the grantee, its successors or assignees at double the  
27 amount of the costs and expenses for such repair or replacement.

28  
29 **SEC. 7. *Responsibility to the Public***. – The grantee, its successors or  
30 assignees shall conform to the ethics of honest enterprise and shall provide water  
31 supply and sewerage services to its service area in a prudent, efficient, and  
32 satisfactory manner.

33  
34 For the public interest, as far as feasible and whenever required by the  
35 Regulatory Office, the grantee shall modify, improve, or change its facilities,  
36 pipelines, systems, and equipment for the purpose of providing efficient and reliable  
37 service at reasonable costs. The grantee shall charge reasonable and just fees for its  
38 services to all types of consumers and water users within its franchise area in  
39 accordance with Section 8 of this Act.

40  
41 The grantee, its successors or assignees, shall comply with environmental  
42 and sustainability standards, and shall work with the local government units to  
43 ensure safe and inclusive development.

44  
45 THE GRANTEE SHALL COMPLY WITH ALL ITS OBLIGATIONS AS  
46 PROVIDED UNDER THIS FRANCHISE, PERTINENT LAWS AND  
47 REGULATIONS, RELEVANT JURISPRUDENCE, AND THE CONCESSION  
48 AGREEMENT. THE GRANTEE SHALL LIKEWISE INSTITUTE  
49 MECHANISMS THAT WILL FACILITATE CONSULTATION WITH THE  
50 STAKEHOLDERS ON THE FORMER’S SERVICES.

1           **SEC. 8. Setting Tariffs, Rates and Other Charges.** – The Regulatory Office,  
2 with the approval of MWSS Board of Trustees under the Concession Agreement,  
3 shall establish tariffs, rates and other charges which are fair and reasonable, and  
4 ensure economic viability and a fair return on investments.

5  
6           Tariffs, rates and charges shall be based on and consistent with a rate-setting  
7 methodology that the Regulatory Office shall, after due consultation with  
8 stakeholders, define and publish, taking into account the following, AMONG  
9 OTHERS:

- 10  
11           (a) reasonable and prudent capital and recurrent, EFFICIENT AND PRUDENT  
12 costs of providing the service including a reasonable rate of return on capital;  
13 (b) efficiency of the service;  
14 (c) incentives for enhancement of efficiency which shall not exceed the limitations  
15 applicable to public utilities;  
16 (d) willingness to pay of the customers/consumers;  
17 (e) equity considerations; [and]  
18 (f) administrative simplicity;  
19 (G) METHODOLOGY PROVIDED UNDER THE CONCESSION  
20 AGREEMENT; AND  
21 (H) COMPLIANCE WITH OBLIGATIONS AS SET OUT UNDER  
22 PERTINENT LAWS, JURISPRUDENCE, AND THE CONCESSION  
23 AGREEMENT.

24  
25           Tariffs, rates, and charges set by the Regulatory Office, as approved by the  
26 MWSS Board of Trustees under the Concession Agreement, shall be presumed valid  
27 and reasonable, unless declared otherwise in a proper administrative or judicial  
28 proceeding.

29  
30           **SEC. 9. Protection of Consumer Interests.** – The grantee shall establish a  
31 consumer desk that will handle consumer complaints and ensure adequate  
32 protection of consumer interests. The grantee shall act with dispatch on all  
33 complaints brought before it.

34           The grantee shall ensure that service interruptions shall be minimal and shall  
35 observe the standards imposed by the Regulatory Office

36  
37           **SEC. 10. Election of Independent Directors** – The Board of Directors of the  
38 grantee shall have independent directors constituting at least twenty percent (20%)  
39 of its total membership. These independent directors must be elected [by a majority  
40 of all holders of the outstanding shares who are entitled to vote.] IN  
41 ACCORDANCE WITH AND SHALL BE SUBJECT TO THE PROVISIONS OF  
42 THE REVISED CORPORATION CODE, AS WELL AS OTHER PERTINENT  
43 RULES AND REGULATIONS.

44  
45           An independent director is a person who, apart from shareholdings and fees  
46 received from the corporation, is independent of management and free from any  
47 business or other relationship which could, or could reasonably be perceived to,

1 materially interfere with the exercise of independent judgment in carrying out the  
2 responsibilities as a director.

3  
4 **SEC. 11. *Right of the Government.*** – A special right is hereby reserved to  
5 the President of the Philippines, in times of war, rebellion, public peril, calamity,  
6 emergency, disaster, or disturbance of peace and order, to temporarily take over and  
7 operate the waterworks and sewerage system of the grantee; to temporarily suspend  
8 the operation of any portion thereof in the interest of public safety, security, and  
9 public welfare; or to authorize the temporary use and operation thereof by any  
10 agency of the government, upon due compensation to the grantee, for the use of  
11 said waterworks and sewerage system during the period when they shall be so  
12 operated.

13  
14 **SEC. 12. [*Right of Eminent Domain.*** – Subject to the limitations and  
15 procedures prescribed by law, the grantee, its successors or assignees, is  
16 authorized to exercise the power of eminent domain insofar as it may be reasonably  
17 necessary for the efficient establishment, improvement, upgrading, rehabilitation,  
18 maintenance, and operation of services. The grantee is authorized to install and  
19 maintain its water pipelines and other facilities over, under, and across public  
20 property, including streets, highways, parks, and other similar property of the  
21 Government of the Philippines, its branches, or any of its instrumentalities. The  
22 grantee may acquire private property as is actually necessary for the realization of  
23 the purposes for which this franchise is granted, including pipelines, buildings,  
24 infrastructure, machineries, and equipment previously, currently, or actually used, or  
25 intended to be used, or have been abandoned, unused, or underutilized, or which  
26 obstructs its facilities, for the operation of a waterworks and sewerage system for the  
27 conveyance of water supply and sewerage services to end-users in its service  
28 area: *Provided*, That expropriation proceedings before the proper court shall have  
29 been instituted and just compensation paid.] **RIGHT OF EMINENT DOMAIN.** –  
30 THE GRANTEE, IN ITS PRIVATE CAPACITY, MAY ACQUIRE PRIVATE  
31 PROPERTY AS IS ACTUALLY NECESSARY FOR THE REALIZATION OF  
32 THE PURPOSE FOR WHICH THIS FRANCHISE IS GRANTED, INCLUDING  
33 PIPELINES, BUILDINGS, INFRASTRUCTURE, MACHINERIES, AND  
34 EQUIPMENT PREVIOUSLY, CURRENTLY OR ACTUALLY USED, OR  
35 INTENDED TO BE USED, OR HAVE BEEN ABANDONED, UNUSED, OR  
36 UNDERUTILIZED, OR WHICH OBSTRUCTS ITS FACILITIES, FOR THE  
37 OPERATION OF A WATERWORKS AND SEWERAGE SYSTEM FOR THE  
38 CONVEYANCE OF WATER SUPPLY AND SEWERAGE SERVICES TO  
39 END-USERS IN THE FRANCHISE AREA: *PROVIDED*, THAT FOR  
40 PURPOSES OF EASEMENTS, EMINENT DOMAIN, OR RIGHT OF WAY,  
41 INSO FAR AS IT MAY BE REASONABLY NECESSARY FOR THE  
42 EFFICIENT ESTABLISHMENT, IMPROVEMENT, UPGRADING,  
43 REHABILITATION, MAINTENANCE AND OPERATION OF SERVICES, THE  
44 GRANTEE SHALL REQUEST AND ASSIST THE MWSS, WHICH SHALL, IN

1 THE APPLICATION FOR SAID PURPOSES, EXERCISE THE RIGHT OF  
2 EASEMENT, EMINENT DOMAIN, RIGHT OF WAY AND OTHER SIMILAR  
3 RIGHTS AND POWERS AS GRANTED TO IT UNDER ITS CHARTER:  
4 *PROVIDED, FURTHER*, THAT THE EXERCISE OF THE SAID RIGHT OF  
5 EMINENT DOMAIN SHALL BE DONE THROUGH EXPROPRIATION  
6 PROCEEDINGS BEFORE THE PROPER COURT, WITH THE  
7 GOVERNMENT, THROUGH THE MWSS, AS THE PETITIONER, SHALL  
8 HAVE BEEN INSTITUTED AND JUST COMPENSATION PAID.

9  
10 CONSEQUENTLY, CONSISTENT WITH THE PREVIOUS  
11 PROVISIONS OF THE REVISED CONCESSION AGREEMENT,  
12 PARTICULARLY ARTICLE 7.2 THEREOF, THE GRANTEE IS AUTHORIZED  
13 TO INSTALL AND MAINTAIN ITS WATER PIPELINES AND OTHER  
14 FACILITIES OVER, UNDER AND ACROSS PUBLIC PROPERTY,  
15 INCLUDING STREETS, HIGHWAYS, PARKS, AND OTHER SIMILAR  
16 PROPERTY OF THE GOVERNMENT OF THE PHILIPPINES, ITS  
17 BRANCHES, OR ANY OF ITS INSTRUMENTALITIES.

18  
19 **SEC. 13. *Term of the Franchise.*** – This franchise shall be for a term of  
20 twenty-five (25) years from the effectivity of this Act, unless sooner cancelled or  
21 revoked by Congress when the public interest so requires or when the grantee fails  
22 to reasonably comply with regulatory standards. THIS FRANCHISE SHALL BE  
23 DEEMED *IPSO FACTO* REVOKED IN THE EVENT THE GRANTEE FAILS  
24 TO OPERATE CONTINUOUSLY FOR TWO (2) YEARS, OR IN CASE OF  
25 DEFAULT, AS PROVIDED FOR IN THE GRANTEE’S CONCESSION  
26 AGREEMENT.

27  
28 WHEN PUBLIC INTEREST FOR AFFORDABLE WATER SECURITY  
29 SO REQUIRES AND UPON APPLICATION OF THE GRANTEE, MWSS  
30 SHALL BE AUTHORIZED TO APPROVE THE AMENDMENT OF THE  
31 CONCESSION AGREEMENT TO EXTEND ITS TERM UP TO THE TERM OF  
32 THE FRANCHISE, AFTER THE APPROPRIATE NOTICE AND HEARING.

33  
34 **SEC. 14. *Acceptance and Compliance.*** — Acceptance of this franchise shall  
35 be given in writing to the Congress of the Philippines, through the Committee on  
36 Legislative Franchises of the House of Representatives and the Committee on Public  
37 Services of the Senate, within sixty (60) days from the effectivity of this Act. Upon  
38 giving such acceptance, the grantee, its successors or assignees, shall exercise the  
39 privileges granted under this Act. Nonacceptance shall render this franchise void.

40  
41 **SEC. 15. *Warranty in Favor of the National and Local Governments.*** —  
42 The grantee shall hold the national, provincial, city, and municipal governments of  
43 the Philippines free from all claims, liabilities, demands, or actions arising from  
44 accidents causing injury to persons or damage to properties, during the construction  
45 or operation of the waterworks and sewerage system facilities of the grantee.

1           SEC. 16. *COMMITMENT TO PROVIDE AND PROMOTE THE*  
2 *CREATION OF EMPLOYMENT OPPORTUNITIES.* — THE GRANTEE  
3 SHALL CREATE EMPLOYMENT OPPORTUNITIES AND ACCEPT ON-THE-  
4 JOB TRAINEES IN ITS FRANCHISE OPERATIONS: *PROVIDED*, THAT  
5 PRIORITY SHALL BE ACCORDED TO THE RESIDENTS OF THE PLACE  
6 WHERE THE PRINCIPAL OFFICE OF THE GRANTEE IS LOCATED:  
7 *PROVIDED, FURTHER*, THAT THE GRANTEE SHALL COMPLY WITH THE  
8 APPLICABLE LABOR STANDARDS AND ALLOWANCE ENTITLEMENT  
9 UNDER EXISTING LABOR LAWS, RULES AND REGULATIONS, AND  
10 SIMILAR ISSUANCES.

11  
12           THE EMPLOYMENT OPPORTUNITIES OR JOBS CREATED SHALL  
13 BE REFLECTED IN THE GENERAL INFORMATION SHEET (GIS) TO BE  
14 SUBMITTED TO THE SECURITIES AND EXCHANGE COMMISSION (SEC)  
15 ANNUALLY.

16  
17           **SEC. [16] 17. *Liability for Damages.*** — The grantee shall be liable for any  
18 injury to persons and damage to property caused by any accident arising from  
19 defective construction of infrastructure built pursuant to the operation of its business  
20 under this franchise, or by neglect or failure to keep its pipelines and other related  
21 facilities in safe condition.

22  
23           **SEC. [17] 18. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of***  
24 ***Franchise.*** — The grantee shall not sell, lease, transfer, grant the usufruct of, nor  
25 assign this franchise or the rights and privileges acquired thereunder to any person,  
26 firm, company, corporation or other commercial or legal entity, nor merge with any  
27 other corporation or entity, nor transfer the controlling interest of the grantee,  
28 whether simultaneously or contemporaneously, to any person, firm, company,  
29 corporation, or entity without the prior approval of the Congress of the Philippines  
30 and compliance with legal requirements stipulated in other statutes: *Provided*, that  
31 the foregoing limitations shall not apply to any: (1) transfer or issuance of shares of  
32 stock in the implementation of requirements for the dispersal of the grantee's  
33 ownership pursuant to Section 19 of this Act; (2) transfer or sale of shares of stock to  
34 an investor or investors; (3) issuance of shares of stock to any investor out of the  
35 unissued authorized capital stock of the grantee or pursuant to or in connection with  
36 any increase in the grantee's authorized capital stock which shall result in the dilution  
37 of the stockholdings of the grantee's then existing stockholders; (4) combination  
38 thereof where such transfer, sale, or issuance is effected in order to enable the  
39 grantee to raise the necessary capital or financing for the provision of any of the  
40 services authorized by this Act or carry out any of the purposes for which the grantee  
41 has been incorporated or organized; (5) sale, transfer or assignment by the  
42 stockholders of the grantee in favor of a holding company, the controlling  
43 stockholders of which are the same controlling stockholders of the grantee: *Provided*,  
44 *further*, that any such transfer, sale, or issuance is in accordance with any applicable  
45 constitutional limitation: *Provided, finally*, that Congress shall be informed of any  
46 sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and  
47 privileges acquired thereunder, or of the merger or transfer of the controlling interest  
48 of the grantee, within sixty (60) days after the completion of the said transaction. The  
49 failure to report to Congress such change of ownership shall render the franchise  
50 *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or



1 assigned shall be subject to the same conditions, terms, restrictions, and limitations  
2 of this Act.

3  
4 **SEC. [18] 19. *Dispersal of ownership.*** – In accordance with the  
5 constitutional provision to encourage public participation in public utilities, the  
6 grantee shall, offer to Filipino citizens at least [twenty percent (20%)] THIRTY  
7 PERCENT (30%) of its outstanding capital stock, or such other percentage that  
8 may hereafter be required by law, in any securities exchange in the Philippines  
9 within five (5) years from the effectivity of this Act.

10  
11 [In the event the required dispersal of ownership is not implemented within  
12 five (5) years, the holdings of persons, natural or juridical, including directors,  
13 officers, stockholders, and related interests in the grantee and its respective holding  
14 company, if any, shall not exceed twenty-five percent (25%) of the voting shares of  
15 stock unless the grantee or the company holding the shares of the grantee or its  
16 controlling stockholders (direct or indirect) are already listed in the Philippine Stock  
17 Exchange.] Non-compliance therewith shall render the franchise *ipso facto* revoked.

18  
19 **SEC. [19] 20. *Information Dissemination.*** — An information dissemination  
20 campaign regarding public services and operations of the grantee, as well as the  
21 general provisions of the franchise including its term, shall be made known to all end-  
22 users in the Franchise Area.

23  
24 **SEC. [20] 21. *Reportorial Requirement.*** — The grantee shall submit an  
25 annual report on its compliance with the terms and conditions of the franchise and on  
26 its operations to the Congress of the Philippines, through the Committee on  
27 Legislative Franchises of the House of Representatives and the Committee on Public  
28 Services of the Senate, on or before April 30 of every year during the term of its  
29 franchise.

30  
31 The annual report shall include an update on the development, operation, and  
32 expansion of business; audited financial statements; latest GIS officially submitted to  
33 the SEC, if applicable; certification of the Regulatory Office on the status of its  
34 permits and operations; and an update on its dispersal of ownership required under  
35 Section 18.

36  
37 The Regulatory Office shall, one (1) year from the grant of this franchise, and  
38 every five (5) years thereafter, conduct a comprehensive assessment of the  
39 grantee's operations and compliance with the conditions imposed hereunder and  
40 submit a report thereof to Congress. The grantee shall transmit to the Regulatory  
41 Office all information and documents necessary to complete such assessment.

42  
43 **SEC. [21] 22. *Fine.*** — Failure of the grantee to submit the requisite annual  
44 report to Congress shall be penalized by a fine of [Five hundred pesos (P500.00)]  
45 ONE MILLION PESOS (P1,000,000.00) for each working day of noncompliance.  
46 The fine shall be collected separately from the reportorial penalties imposed by the  
47 Regulatory Office and it shall be remitted to the Bureau of the Treasury.

48  
49 **SEC. 23. *TAX PROVISION.*** — THE GRANTEE, ITS SUCCESSORS  
50 OR ASSIGNEES, SHALL BE LIABLE TO PAY THE SAME TAXES ON THEIR  
51 REAL ESTATE, BUILDINGS AND PERSONAL PROPERTY, AS OTHER  
52 PERSONS OR CORPORATIONS WHICH ARE NOW OR HEREAFTER MAY

1 BE REQUIRED BY LAW TO PAY. THE GRANTEE, ITS SUCCESSORS OR  
2 ASSIGNEES, SHALL CONTINUE TO BE LIABLE FOR INCOME TAXES  
3 PAYABLE UNDER TITLE II OF THE NATIONAL INTERNAL REVENUE  
4 CODE PURSUANT TO SECTION 2 OF EXECUTIVE ORDER NO. 72  
5 UNLESS THE LATTER ENACTMENT IS AMENDED OR REPEALED, IN  
6 WHICH CASE, THE AMENDMENT OR REPEAL SHALL BE APPLICABLE  
7 THERETO.

8  
9 THE GRANTEE SHALL FILE THE RETURN WITH AND PAY THE TAX  
10 DUE THEREON TO THE COMMISSIONER OF INTERNAL REVENUE OR  
11 HIS DULY AUTHORIZED REPRESENTATIVE IN ACCORDANCE WITH THE  
12 NATIONAL INTERNAL REVENUE CODE, AND THE RETURN SHALL BE  
13 SUBJECT TO AUDIT BY THE BUREAU OF INTERNAL REVENUE.

14  
15 **SEC. [22] 24. Equality Clause.** — Any advantage, favor, privilege,  
16 exemption, or immunity granted under existing franchises, or which may hereafter be  
17 granted for water distribution utility, upon prior review and approval of Congress,  
18 shall become part of this franchise and shall be accorded immediately and  
19 unconditionally to the herein grantee: *Provided*, That the foregoing shall neither apply  
20 to nor affect provisions of waterworks and sewerage system franchises concerning  
21 territorial coverage, the term, or the type of service authorized by the franchise.

22  
23 **SEC. [23] 25. Applicability of Existing Laws.** — The grantee shall comply  
24 with and be subject to the provisions of Commonwealth Act No. 146, or the “Public  
25 Service Act,” as amended, and other pertinent laws relating to the operation of its  
26 business.

27  
28 **SEC. [24] 26. Repealability and Nonexclusivity Clause.** — This franchise  
29 shall be subject to amendment, alteration, or repeal by Congress when public  
30 interest so requires and shall not be interpreted as an exclusive grant of the  
31 privileges herein provided for.

32  
33 **SEC. [25] 27. Separability Clause.** — If any of the sections or provisions of  
34 this Act is held invalid, all other provisions not affected thereby shall remain valid.

35  
36 **SEC. [26] 28. Repealing Clause.** — All laws, decrees, orders, resolutions,  
37 instructions, rules and regulations, and other issuances or parts thereof which are  
38 inconsistent with the provisions of this Act are hereby repealed, amended, or  
39 modified accordingly.

40  
41 **SEC. [27] 29. Effectivity.** — This Act shall take effect fifteen (15) days after  
42 its publication in the *Official Gazette* or in any newspaper of general circulation.

43  
44 Approved,