

THIRTEENTH CONGRESS OF THE }  
REPUBLIC OF THE PHILIPPINES }  
Third Regular Session }

SENATE

S. B. NO. 2595

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Prepared jointly by the Committees on Public Works; Public Services; Ways and Means; and Finance with  
Senators Osmeña III, Enrile, Magsaysay Jr., Revilla Jr., Arroyo and Drilon as authors

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AN ACT  
FURTHER AMENDING PRESIDENTIAL DECREE NO. 198, OTHERWISE KNOWN AS THE  
PROVINCIAL WATER UTILITIES ACT, AS AMENDED, PROVIDING FUNDS THEREFOR AND FOR  
OTHER PURPOSES

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

1           **SECTION 1.** Section 67 of Presidential Decree 198, as amended, is hereby amended to read as follows:

2                   "SEC. 67. *Capital Stock.* – The authorized capital stock of the Local Water Utilities  
3           Administration is FIFTY BILLION PESOS (P50,000,000,000.00) [two billion five hundred million  
4           pesos] divided into ONE HUNDRED TWENTY FIVE MILLION [twelve million five hundred  
5           thousand] shares of stocks with a par value of FOUR [two] hundred pesos per share which shall  
6           be subscribed by the National Government and opened to subscription by private investors or  
7           government financial institutions: *PROVIDED, HOWEVER, THAT GOVERNMENT FINANCIAL*  
8           *INSTITUTIONS MAY INVEST AT LEAST ONE PERCENT (1%) BUT NOT MORE THAN FIVE*  
9           *PERCENT (5%) OF THEIR NET INCOME FOR STOCK SUBSCRIPTION AS PROVIDED FOR*  
10           *UNDER THIS ACT: PROVIDED, FURTHER, THAT THE ADMINISTRATION SHALL TAKE*  
11           *ACTIVE STEPS FOR THE PUBLIC OFFERING OF ITS SHARES."*

12           **SEC. 2.** Section 72 of Presidential Decree No. 198 shall hereby amended to read as follows:

13                   "SEC. 72. *Domestic AND FOREIGN Borrowing Authority.* – The Administration shall  
14           have the authority to borrow money from all domestic loan sources whether government or  
15           private: *Provided, That its loans outstanding from domestic sources at any one time shall not*  
16           *exceed one billion pesos, AND IN THE CASE OF FOREIGN LOANS, THE CEILING SHALL BE*  
17           *ONE BILLION U.S. DOLLARS (US\$1,000,000,000.00): PROVIDED, HOWEVER, THAT THE*  
18           *ADMINISTRATION MAY ONLY PROCEED OR AVAIL OF FOREIGN LOANS WITH PRIOR*  
19           *CLEARANCE AND APPROVAL OF THE DEPARTMENT OF FINANCE: PROVIDED, FURTHER,*

1 THAT THE ADMINISTRATION MAY CONVERT ITS AUTHORIZED FOREIGN DEBT INTO PESO  
2 OR LOCAL LOANS WHENEVER IT DEEMS NECESSARY."

3 **SEC. 3.** A new provision after Section 47 under Exclusive Franchise shall be put in place and shall read, as  
4 follows:

5 "SEC. 47-A. *PRIVATIZATION OF WATER DISTRICTS.* - THE EXISTING WATER  
6 DISTRICTS SHALL CONVERT THEMSELVES INTO EITHER STOCK COOPERATIVES UNDER  
7 THE COOPERATIVE CODE OF THE PHILIPPINES OR STOCK CORPORATION UNDER THE  
8 CORPORATION CODE WITHIN FIVE (5) YEARS FROM THE PASSAGE OF THIS ACT:  
9 *PROVIDED*, THAT NOTHING CONTAINED IN THIS ACT SHALL DEPRIVE PRIVATIZED  
10 WATER DISTRICTS OF ANY PRIVILEGE OR RIGHT GRANTED TO THEM UNDER  
11 PRESIDENTIAL DECREE 198, AS AMENDED, AND OTHER EXISTING LAWS: *PROVIDED*,  
12 *FURTHER*, THAT ALL ASSETS OF WATER DISTRICTS SHALL BE CONVERTED INTO  
13 CONTRIBUTIONS OF THE GOVERNMENT, AS REPRESENTED BY THE LOCAL  
14 GOVERNMENT UNIT, TO THE WATER COOPERATIVES OR CORPORATIONS. THE  
15 GOVERNMENT SHALL MAINTAIN IN THE SAID COOPERATIVE OR CORPORATION AT  
16 LEAST FORTY PERCENT (40%) OF THE STOCKS OR SHARES THEREIN: *PROVIDED*,  
17 *FURTHERMORE*, THAT NO SINGLE MEMBER OF THE WATER COOPERATIVE OR  
18 STOCKHOLDER SHALL OWN MORE THAN TWENTY PERCENT (20%) OF THE SHARES OR  
19 STOCKS THEREIN: *PROVIDED, FINALLY*, THAT NOTHING IN THIS ACT SHALL PREVENT  
20 ANY MERGER OR CONSOLIDATION BY AND BETWEEN ANY WATER UTILITY, WATER  
21 COOPERATIVE OR CORPORATION.

22 "LWUA AND THE NATIONAL WATER RESOURCES BOARD (NWRB), IN  
23 CONSULTATION WITH THE SECURITIES AND EXCHANGE COMMISSION (SEC),  
24 COOPERATIVES DEVELOPMENT AUTHORITY (CDA), REPRESENTATIVES OF PRIVATE  
25 WATER UTILITIES AND WATER DISTRICTS AND OTHER RELEVANT SECTORS AND  
26 GOVERNMENT AGENCIES, SHALL PROMULGATE THE NECESSARY IMPLEMENTING  
27 RULES AND REGULATIONS (IRR) TO IMPLEMENT THIS SECTION WITHIN SIX (6) MONTHS  
28 AFTER ITS APPROVAL.

29 "SEC. 47-B. *RIGHTS OF OTHER WATER UTILITIES.* - ALL OTHER EXISTING  
30 PRIVATE WATER UTILITIES SHALL ACQUIRE THE RIGHTS AND PRIVILEGES GRANTED TO

1 WATER DISTRICT COOPERATIVES OR CORPORATIONS UNDER THIS ACT, PROVIDED  
2 THAT THEY ARE, OR HAVE CONVERTED THEMSELVES INTO, WATER COOPERATIVES OR  
3 CORPORATIONS WHETHER STOCK OR NON-STOCK.”

4 **SEC. 4. *Repealing Clause.*** - All or any provisions of the Provincial Water Utilities Act of 1973 which are  
5 contrary or inconsistent with any provisions hereof are hereby deemed repealed or modified accordingly.

6 **SEC. 5. *Effectivity.*** – This Act shall take effect after fifteen (15) days following its publication in two (2)  
7 newspapers of general circulation.

Approved,