



HOUSE OF REPRESENTATIVES

H. No. 9423

BY REPRESENTATIVES BARZAGA, ALVAREZ (F.), GARIN (J.), NIETO, MADRONA, MARTINEZ, ABUEG-ZALDIVAR, REVILLA, TAN (A.S.), GARBIN, SIAO, ALBANO, NOGRALES (J.J.), FERRER (L.), ALONTE AND OAMINAL, PER COMMITTEE REPORT NO. 990

AN ACT

GRANTING MANILA WATER COMPANY, INC. A FRANCHISE TO ESTABLISH, OPERATE, AND MAINTAIN THE WATERWORKS AND SEWERAGE SYSTEM IN THE EAST ZONE SERVICE AREA OF METRO MANILA AND PROVINCE OF RIZAL

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 to
3 Manila Water Company, Inc., hereunder referred to as the grantee, its successors or
4 assignees, a franchise to establish, operate, and maintain, for commercial purposes
5 and in the public interest, a waterworks system to ensure an uninterrupted and
6 adequate supply, and distribution of potable water for domestic, commercial, and other
7 purposes, and for the establishment and maintenance of sewerage system in the East
8 Zone Service Area of Metro Manila and the Province of Rizal, under a concession from
9 the Metropolitan Waterworks and Sewerage System (MWSS), or under an appropriate
10 certificate of public convenience and necessity, license, or permit from the Regulatory
11 Office.

12
13 **SEC. 2. Definition of Terms.** — As used in this Act:

14
15 (a) *Concession Agreement* refers to the agreement entered into between the
16 grantee and MWSS on 21 February 1997, including its Amendment dated
17 26 October 2001, and the Memorandum of Agreement and Confirmation
18 dated 23 October 2009, as amended by the Revised Concession
19 Agreement dated 31 March 2021, or as may hereafter be amended.

20
21 (b) *Franchise Area* refers to the Service Area East as defined and delineated
22 under the Concession Agreement including the cities of Makati,
23 Mandaluyong, Pasig, Pateros, San Juan, Taguig, Marikina, and parts of
24 Quezon City and Manila, and the towns of Angono, Baras, Binangonan,
25 Cainta, Cardona, Jala-Jala, Morong, Pililia, Rodriguez, Tanay, Taytay,
26 Teresa and San Mateo, and Antipolo City in the Province of Rizal, and
27 subject to 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 law.
4

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

10
11 The grantee shall also have the rights and privileges to:

12
13 (a) develop, finance, construct, install, maintain, and operate, as its
14 operations may require, water sources, including new raw water
15 sources, including deep wells, dams, aqueducts, tunnels, treatment
16 plants, reservoirs, pump stations, and facilities for transmission,
17 conveyance and distribution of water including pipelines, machineries,
18 and other waterworks for the purpose of supplying water in the Franchise
19 Area, for domestic, commercial, industrial, and other purposes;

20
21 (b) recover, supply, distribute, and reuse treated and grey water, whether in
22 bulk or retail, within Franchise Area for domestic, commercial or
23 industrial and other purposes;

24
25 (c) finance, construct, install, maintain, and operate sewerage systems,
26 whether separate or combined, as may be necessary for the proper
27 sanitation and other uses within the Franchise Area: *Provided*, That the
28 grantee may only offer services to non-residential customers for
29 industrial effluents compatible with available treatment processes;

30
31 (d) purify water from deep well, reservoirs, dams and other water sources
32 subject to the approval of the Department of Health or any other
33 government agency concerned;

34
35 (e) construct works across, over, through or alongside, any stream, water-
36 course, canal, ditch, public places, bridges, street, avenue, highway, or
37 railway, as the location of said works may require: *Provided*, That the
38 works be constructed in a manner as to afford security to life and
39 property, and to the extent reasonably possible not to obstruct
40 traffic: *Provided, further*, That the stream, water-course, canal, ditch,
41 public places, bridges, street, avenue, highway, or railway so crossed or
42 intersected shall be restored as provided in Section 6; and

43
44 (f) disconnect water supply and discontinue provision of water or
45 wastewater services if customer defaults in the payment of fees for the
46 services provided, or for acts of pilferage pursuant to Republic Act No.
47 8041 or the “National Water Crisis Act of 1995”.

48
49 **SEC. 4. *Manner of Operation of Stations or Facilities.*** – All waterworks and
50 sewerage systems for water and sewerage services owned, maintained, operated, or

1 managed by the grantee, its successors or assignees shall be operated and
2 maintained at all times in accordance with industry standards provided for in RA No.
3 9275 or the “Philippine Clean Water Act of 2004” and Presidential Decree No. 1067 or
4 “The Water Code of the Philippines”, and as specified in the Concession Agreement,
5 certificate of public convenience and necessity, license, or permit.
6

7 The grantee shall comply with the resolutions, issuances, and standards set by
8 the Regulatory Office and other concerned government agencies.
9

10 ~~[The La Mesa Dam and Reservoir which was designed to be a complementary~~
11 ~~facility to the Balara Water Treatment Plants operated by the grantee shall continue to~~
12 ~~be managed by the grantee with the approval of the Regulatory Office.]~~
13

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

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

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

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

42 The grantee, its successors or assignees, shall apply for a certificate of public
43 convenience and necessity, license, or permit when a new regulatory framework for
44 water service providers is established by law or when required by the Regulatory
45 Office, which will supersede the terms and conditions of the Concession Agreement:
46 *Provided*, That if the public service function and the recovered and retained assets of
47 the MWSS, as defined in the Concession Agreement, are privatized by law, the
48 grantee shall have the right to match the highest compliant bid after a public bidding
49 for MWSS owned assets in the waterworks and sewerage system in the Franchise
50 Area. The right to match shall be exercised within thirty (30) days from receipt of written
51 notice of the amount of the highest compliant bid, and the grantee shall have a period
52 of ninety (90) days to pay the bid price: *Provided, further*, That the bidding process
53 shall be in accordance with the Commission on Audit Circular No. 89-296 or the “Audit

1 Guidelines on the Divestment or Disposal of Property and Other Assets of National
2 Government Agencies and Instrumentalities, Local Government Units and
3 Government-Owned or Controlled Corporations and their Subsidiaries” and other
4 related laws or issuances.

5
6 **SEC. 6. *Excavation and Restoration Works*** – For the purpose of erecting
7 and maintaining water pipelines, sewerage line, and other related facilities, it shall be
8 lawful for the grantee, its successors or assignees, with prior approval of the
9 Department of Public Works and Highways (DPWH), Metropolitan Manila
10 Development Authority (MMDA), or the local government units (LGU) concerned, as
11 may be appropriate, to make excavations or lay pipes in any of the public places,
12 roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges in the
13 Franchise Area: *Provided, however,* That public place, road, highway, street, lane,
14 alley, avenue, sidewalk, or bridge disturbed, altered, or changed by reason of erection
15 of water pipelines and other related facilities, shall be repaired or replaced in
16 workmanlike manner by the grantee, its successors or assignees, in accordance with
17 the standards set by the DPWH, MMDA, or the LGU concerned. Should the grantee,
18 its successors or assignees, after a ten (10)-day notice from the said authority, fail,
19 refuse, or neglect to repair or replace any part of a public place, road, highway, street,
20 lane, alley, avenue, sidewalk, or bridge altered, changed or disturbed by the grantee,
21 its successors or assignees, then the DPWH, MMDA, or the LGU concerned shall
22 have the right to have the same repaired or replaced in good order and condition and
23 charge the grantee, its successors or assignees at double the amount of the costs and
24 expenses for such repair or replacement.

25
26 **SEC. 7. *Responsibility to the Public***. – The grantee, its successors or
27 assignees shall conform to the ethics of honest enterprise and shall provide water
28 supply and sewerage services to the Franchise Area in a prudent, efficient, and
29 satisfactory manner.

30
31 For the public interest, as far as feasible and whenever required by the
32 Regulatory Office, the grantee shall modify, improve, or change its facilities, pipelines,
33 systems, and equipment for the purpose of providing efficient and reliable service at
34 reasonable costs. The grantee shall charge reasonable and just fees for its services
35 to all types of consumers and water users within its Franchise Area in accordance with
36 Section 8 of this Act.

37
38 The grantee, its successors or assignees, shall comply with environmental and
39 sustainability standards, and shall work with the local government units to ensure safe
40 and inclusive development.

41
42 THE GRANTEE SHALL COMPLY WITH ALL ITS OBLIGATIONS AS
43 PROVIDED UNDER THIS FRANCHISE, PERTINENT LAWS AND
44 REGULATIONS, RELEVANT JURISPRUDENCE AND THE CONCESSION
45 AGREEMENT. THE GRANTEE SHALL LIKEWISE INSTITUTE MECHANISMS
46 THAT WILL FACILITATE CONSULTATION WITH THE STAKEHOLDERS ON
47 THE FORMER’S SERVICES.

48
49 **SEC. 8. *Setting Tariffs, Rates and Other Charges***. – The Regulatory Office,
50 with the approval of MWSS Board of Trustees under the Concession Agreement, shall

1 establish tariffs, rates and other charges which are fair and reasonable, and ensure
2 economic viability and a fair return on investments.

3
4 Tariffs, rates and charges shall be based on and consistent with a rate-setting
5 methodology that the Regulatory Office shall, after due consultation with stakeholders,
6 define and publish, taking into account the following, AMONG OTHERS:

- 7
8 (a) reasonable and prudent capital and recurrent, EFFICIENT AND
9 PRUDENT costs of providing the service including a reasonable rate of
10 return on capital;
11 (b) efficiency of the service;
12 (c) incentives for enhancement of efficiency which shall not exceed the
13 limitations applicable to public utilities;
14 (d) willingness to pay of the customers/consumers;
15 (e) equity considerations; ~~and~~
16 (f) administrative simplicity
17 (G) METHODOLOGY PROVIDED UNDER THE CONCESSION
18 AGREEMENT; AND
19 (H) COMPLIANCE WITH OBLIGATIONS AS SET OUT UNDER
20 PERTINENT LAWS, JURISPRUDENCE AND THE CONCESSION
21 AGREEMENT.
22

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

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

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

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

42 An independent director is a person who, apart from shareholdings and fees
43 received from the corporation, is independent of management and free from any
44 business or other relationship which could, or could reasonably be perceived to,
45 materially interfere with the exercise of independent judgment in carrying out the
46 responsibilities as a director.
47

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

9
10 **SEC. 12. [~~*Right of Eminent Domain.*~~**— Subject to the limitations and
11 procedures prescribed by law, the grantee, its successors or assignees, is authorized
12 to exercise the power of eminent domain insofar as it may be reasonably necessary
13 for the efficient establishment, improvement, upgrading, rehabilitation, maintenance,
14 and operation of services. The grantee is authorized to install and maintain its water
15 pipelines and other facilities over, under, and across public property, including streets,
16 highways, parks, and other similar property of the Government of the Philippines, its
17 branches, or any of its instrumentalities. The grantee may acquire private property as
18 is actually necessary for the realization of the purposes for which this franchise is
19 granted, including pipelines, buildings, infrastructure, machineries, and equipment
20 previously, currently, or actually used, or intended to be used, or have been
21 abandoned, unused, or underutilized, or which obstructs its facilities, for the operation
22 of a waterworks and sewerage system for the conveyance of water supply and
23 sewerage services to end-users in the Franchise Area: *Provided*, That expropriation
24 proceedings before the proper court shall have been instituted and just compensation
25 paid.] **RIGHT OF EMINENT DOMAIN.** – THE GRANTEE, IN ITS PRIVATE
26 CAPACITY, MAY ACQUIRE PRIVATE PROPERTY AS IS ACTUALLY
27 NECESSARY FOR THE REALIZATION OF THE PURPOSE FOR WHICH THIS
28 FRANCHISE IS GRANTED, INCLUDING PIPELINES, BUILDINGS,
29 INFRASTRUCTURE, MACHINERIES, AND EQUIPMENT PREVIOUSLY,
30 CURRENTLY, OR ACTUALLY USED, OR INTENDED TO BE USED, OR HAVE
31 BEEN ABANDONED, UNUSED, OR UNDERUTILIZED, OR WHICH
32 OBSTRUCTS ITS FACILITIES, FOR THE OPERATION OF A WATERWORKS
33 AND SEWERAGE SYSTEM FOR THE CONVEYANCE OF WATER SUPPLY
34 AND SEWERAGE SERVICES TO END-USERS IN THE FRANCHISE AREA:
35 *PROVIDED*, THAT FOR PURPOSES OF EASEMENTS, EMINENT DOMAIN, OR
36 RIGHT OF WAY, INsofar AS IT MAY BE REASONABLY NECESSARY FOR
37 THE EFFICIENT ESTABLISHMENT, IMPROVEMENT, UPGRADING,
38 REHABILITATION, MAINTENANCE, AND OPERATION OF SERVICES, THE
39 GRANTEE SHALL REQUEST AND ASSIST THE MWSS WHICH SHALL, IN THE
40 APPLICATION FOR SAID PURPOSES, EXERCISE THE RIGHT OF EASEMENT,
41 EMINENT DOMAIN, RIGHT OF WAY, AND OTHER SIMILAR RIGHTS AND
42 POWERS AS GRANTED TO IT UNDER ITS CHARTER: *PROVIDED, FURTHER*,
43 THAT THE EXERCISE OF THE SAID RIGHT OF EMINENT DOMAIN SHALL BE
44 DONE THROUGH EXPROPRIATION PROCEEDINGS BEFORE THE PROPER
45 COURT, WITH THE GOVERNMENT, THROUGH THE MWSS, AS THE

1 PETITIONER, SHALL HAVE BEEN INSTITUTED AND JUST COMPENSATION
2 PAID.

3
4 CONSEQUENTLY, CONSISTENT WITH THE PROVISIONS OF THE
5 REVISED CONCESSION AGREEMENT, PARTICULARLY ARTICLE 7.2
6 THEREOF, THE GRANTEE IS AUTHORIZED TO INSTALL AND MAINTAIN ITS
7 WATER PIPELINES AND OTHER FACILITIES OVER, UNDER, AND ACROSS
8 PUBLIC PROPERTY INCLUDING STREETS, HIGHWAYS, PARKS, AND OTHER
9 SIMILAR PROPERTY OF THE GOVERNMENT OF THE PHILIPPINES, ITS
10 BRANCHES, OR ANY OF ITS INSTRUMENTALITIES.

11
12 **SEC. 13. *Term of the Franchise.*** – This franchise shall be for a term of twenty-
13 five (25) years from the effectivity of this Act, unless sooner cancelled or revoked by
14 Congress when the public interest so requires or when the grantee fails to reasonably
15 comply with regulatory standards. THIS FRANCHISE SHALL BE DEEMED *IPSO*
16 *FACTO* REVOKED IN THE EVENT THE GRANTEE FAILS TO OPERATE
17 CONTINUOUSLY FOR TWO (2) YEARS, OR IN CASE OF DEFAULT, AS
18 PROVIDED FOR IN THE GRANTEE’S CONCESSION AGREEMENT.

19
20 WHEN PUBLIC INTEREST FOR AFFORDABLE WATER SECURITY SO
21 REQUIRES AND UPON APPLICATION OF THE GRANTEE, MWSS SHALL BE
22 AUTHORIZED TO APPROVE THE AMENDMENT OF THE CONCESSION
23 AGREEMENT TO EXTEND ITS TERM UP TO THE TERM OF THE FRANCHISE,
24 AFTER THE APPROPRIATE NOTICE AND HEARING.

25
26 **SEC. 14. *Acceptance and Compliance.*** – Acceptance of this franchise shall
27 be given in writing to the Congress of the Philippines, through the Committee on
28 Legislative Franchises of the House of Representatives and the Committee on Public
29 Services of the Senate, within sixty (60) days from the effectivity of this Act. Upon
30 giving such acceptance, the grantee, its successors or assignees, shall exercise the
31 privileges granted under this Act. Nonacceptance shall render this franchise void.

32
33 **SEC. 15. *Warranty in Favor of the National and Local Governments.*** – The
34 grantee shall hold the national, provincial, city, and municipal governments of the
35 Philippines free from all claims, liabilities, demands, or actions arising from accidents
36 causing injury to persons or damage to properties, during the construction or operation
37 of the waterworks and sewerage system facilities of the grantee.

38
39 **SEC. 16. *COMMITMENT TO PROVIDE AND PROMOTE THE CREATION OF***
40 ***EMPLOYMENT OPPORTUNITIES.*** – THE GRANTEE SHALL CREATE
41 EMPLOYMENT OPPORTUNITIES AND ACCEPT ON-THE-JOB TRAINEES IN
42 ITS FRANCHISE OPERATIONS: *PROVIDED*, THAT PRIORITY SHALL BE
43 ACCORDED TO THE RESIDENTS OF THE PLACE WHERE THE PRINCIPAL
44 OFFICE OF THE GRANTEE IS LOCATED: *PROVIDED FURTHER*, THAT THE
45 GRANTEE SHALL COMPLY WITH THE APPLICABLE LABOR STANDARDS
46 AND ALLOWANCE ENTITLEMENT UNDER EXISTING LABOR LAWS, RULES
47 AND REGULATIONS, AND SIMILAR ISSUANCES.

1 THE EMPLOYMENT OPPORTUNITIES OR JOBS CREATED SHALL BE
2 REFLECTED IN THE GENERAL INFORMATION SHEET (GIS) TO BE
3 SUBMITTED TO THE SECURITIES AND EXCHANGE COMMISSION (SEC)
4 ANNUALLY.
5

6 **SEC. [16] 17. *Liability for Damages.*** – The grantee shall be liable for any
7 injury to persons and damage to property caused by any accident arising from
8 defective construction of infrastructure built pursuant to the operation of its business
9 under this franchise, or by neglect or failure to keep its pipelines and other related
10 facilities in safe condition.
11

12 **SEC. [17] 18. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of***
13 ***Franchise.*** – The grantee shall not sell, lease, transfer, grant the usufruct of, nor
14 assign this franchise or the rights and privileges acquired thereunder to any person,
15 firm, company, corporation, or other commercial or legal entity, nor merge with any
16 other corporation or entity, nor shall the controlling interest of the grantee be
17 transferred, simultaneously or contemporaneously, to any person, firm, company,
18 corporation, or entity without the prior approval of Congress: *Provided*, That the
19 foregoing limitations shall not apply to any ~~[transfer, sale, or issuance of shares of~~
20 ~~stock at the level of corporate stockholders of the grantee: *Provided, further*, That the~~
21 ~~foregoing limitations shall not apply in case of assignment or transfer of the operation~~
22 ~~of any of its related business: *Provided, furthermore*, That any transfer, sale, or~~
23 ~~issuance at the level of the corporate stockholders of the grantee is in accordance with~~
24 ~~applicable constitutional limitations.]~~ : (1) TRANSFER OR ISSUANCE OF SHARES
25 OF STOCK IN THE IMPLEMENTATION OF REQUIREMENTS FOR THE
26 DISPERSAL OF THE GRANTEE’S OWNERSHIP PURSUANT TO SECTION 19
27 OF THIS ACT; (2) TRANSFER OR SALE OF SHARES OF STOCK TO AN
28 INVESTOR OR INVESTORS; (3) ISSUANCE OF SHARES OF STOCK TO ANY
29 INVESTOR OUT OF THE UNISSUED AUTHORIZED CAPITAL STOCK OF THE
30 GRANTEE OR PURSUANT TO OR IN CONNECTION WITH ANY INCREASE IN
31 THE GRANTEE’S AUTHORIZED CAPITAL STOCK WHICH SHALL RESULT IN
32 THE DILUTION OF THE STOCKHOLDINGS OF THE GRANTEE’S THEN
33 EXISTING STOCKHOLDERS; (4) COMBINATION THEREOF WHERE SUCH
34 TRANSFER, SALE OR ISSUANCE IS EFFECTED IN ORDER TO ENABLE THE
35 GRANTEE TO RAISE THE NECESSARY CAPITAL OR FINANCING FOR THE
36 PROVISION OF ANY OF THE SERVICES AUTHORIZED BY THIS ACT OR
37 CARRY OUT ANY OF THE PURPOSES FOR WHICH THE GRANTEE HAS BEEN
38 INCORPORATED OR ORGANIZED; (5) SALE, TRANSFER OR ASSIGNMENT
39 BY THE STOCKHOLDERS OF THE GRANTEE IN FAVOR OF A HOLDING
40 COMPANY, THE CONTROLLING STOCKHOLDERS OF WHICH ARE THE
41 SAME CONTROLLING STOCKHOLDERS OF THE GRANTEE: *PROVIDED*
42 *FURTHER*, THAT ANY SUCH TRANSFER, SALE OR ISSUANCE IS IN
43 ACCORDANCE WITH ANY APPLICABLE CONSTITUTIONAL LIMITATION.
44

45 The grantee shall inform Congress, through the Office of the Speaker of the
46 House of Representatives and the Office of the Senate President, of any sale, lease,
47 transfer, grant of usufruct, or assignment of franchise or the rights and privileges
48 acquired thereunder, or of the merger or transfer of the controlling interest of the
49 grantee, within sixty (60) days after the completion of the said transaction. Failure to
50 report to Congress such change of ownership shall render the franchise *ipso facto*

1 revoked. Any person or entity to which this franchise is sold, transferred, or assigned
2 shall be subject to the same conditions, terms, restrictions, and limitations of this Act.
3

4 **SEC. [18] 19. *Dispersal of ownership.*** – In accordance with the constitutional
5 provision to encourage public participation in public utilities, the grantee, a publicly
6 listed corporation in the Philippine Stock Exchange, shall maintain its listing therein
7 and comply with its minimum public float requirement during the term of the franchise.
8 Noncompliance therewith shall render the franchise *ipso facto* revoked.
9

10 **SEC. [19] 20. *Information Dissemination.*** – An information dissemination
11 campaign regarding public services and operations of the grantee, as well as the
12 general provisions of the franchise including its term, shall be made known to all end-
13 users in the Franchise Area.
14

15 **SEC. [20] 21. *Reportorial Requirement.*** – The grantee shall submit an annual
16 report on its compliance with the terms and conditions of the franchise and on its
17 operations to the Congress of the Philippines, through the Committee on Legislative
18 Franchises of the House of Representatives and the Committee on Public Services of
19 the Senate, on or before April 30 of every year during the term of its franchise.
20

21 The annual report shall include an update on the development, operation, and
22 expansion of business; audited financial statements; latest GIS officially submitted to
23 the SEC, if applicable; certification of the Regulatory Office on the status of its permits
24 and operations; and an update on its minimum public float required under Section 18.
25

26 The Regulatory Office shall, one (1) year from the grant of this franchise, and
27 every five (5) years thereafter, conduct a comprehensive assessment of the grantee's
28 operations and compliance with the conditions imposed hereunder and submit a report
29 thereof to Congress. The grantee shall transmit to the Regulatory Office all information
30 and documents necessary to complete such assessment.
31

32 **SEC. [21] 22. *Fine.*** – Failure of the grantee to submit the requisite annual
33 report to Congress shall be penalized by a fine of [~~Five hundred pesos (P500.00)~~]
34 ONE MILLION PESOS (P1,000,000.00) for each working day of noncompliance. The
35 fine shall be collected separately from the reportorial penalties imposed by the
36 Regulatory Office and it shall be remitted to the Bureau of the Treasury.
37

38 **SEC. 23. *TAX PROVISION.*** – THE GRANTEE, ITS SUCCESSORS OR
39 ASSIGNEES SHALL BE LIABLE TO PAY THE SAME TAXES ON THEIR REAL
40 ESTATE BUILDINGS AND PERSONAL PROPERTY, AS OTHER PERSONS OR
41 CORPORATIONS WHICH ARE NOW OR HEREAFTER MAY BE REQUIRED BY
42 LAW TO PAY. THE GRANTEE, ITS SUCCESSORS, OR ASSIGNEES SHALL
43 CONTINUE TO BE LIABLE FOR INCOME TAXES PAYABLE UNDER TITLE II
44 OF THE NATIONAL INTERNAL REVENUE CODE, PURSUANT TO SECTION 2
45 OF EXECUTIVE ORDER NO. 72 UNLESS THE LATTER ENACTMENT IS
46 AMENDED OR REPEALED. IN WHICH CASE, THE AMENDMENT OR REPEAL
47 SHALL BE APPLICABLE THERETO.
48

49 THE GRANTEE SHALL FILE THE RETURN WITH AND PAY THE TAX
50 DUE THEREON TO THE COMMISSIONER OF INTERNAL REVENUE OR HIS
51 DULY AUTHORIZED REPRESENTATIVE IN ACCORDANCE WITH THE

1 NATIONAL INTERNAL REVENUE CODE, AND THE RETURN SHALL BE
2 SUBJECT TO AUDIT BY THE BUREAU OF INTERNAL REVENUE.
3

4 **SEC. [22] 24. *Equality Clause.*** – Any advantage, favor, privilege, exemption,
5 or immunity granted under existing franchises, or which may hereafter be granted for
6 water distribution utility, upon prior review and approval of Congress, shall become
7 part of this franchise and shall be accorded immediately and unconditionally to the
8 herein grantee: *Provided*, That the foregoing shall neither apply to nor affect provisions
9 of waterworks and sewerage system franchises concerning territorial coverage, the
10 term, or the type of service authorized by the franchise.
11

12 **SEC. [23] 25. *Applicability of Existing Laws.*** – The grantee shall comply with
13 and be subject to the provisions of Commonwealth Act No. 146, or the “Public Service
14 Act,” as amended, and other pertinent laws relating to the operation of its business.
15

16 **SEC. [24] 26. *Repealability and Nonexclusivity Clause.*** – This franchise
17 shall be subject to amendment, alteration, or repeal by Congress when public interest
18 so requires and shall not be interpreted as an exclusive grant of the privileges herein
19 provided for.
20

21 **SEC. [25] 27. *Separability Clause.*** – If any of the sections or provisions of
22 this Act is held invalid, all other provisions not affected thereby shall remain valid.
23

24 **SEC. [26] 28. *Repealing Clause.*** – All laws, decrees, orders, resolutions,
25 instructions, rules and regulations, and other issuances or parts thereof which are
26 inconsistent with the provisions of this Act are hereby repealed, amended, or modified
27 accordingly.
28

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

Approved,