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SENATE
S. No. 2771

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Prepared by the Committees on Public Services; Civil Service, Government Reorganization and Professional Regulation; Ways and Means; and Finance with Senators Zubiri, Poe, Marcos, Lapid, Estrada, Legarda, Tolentino, Revilla, Jr., Villanueva, Dela Rosa, and Tulfo, as authors thereof

AN ACT
ESTABLISHING THE NATIONAL FRAMEWORK FOR WATER RESOURCE
MANAGEMENT AND CREATING THE DEPARTMENT OF WATER RESOURCES
AND THE WATER REGULATORY COMMISSION, DEFINING THEIR
MANDATE, POWERS AND FUNCTIONS, APPROPRIATING FUNDS
THEREFOR, AND FOR OTHER PURPOSES

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

CHAPTER I

GENERAL PROVISIONS

Section 1. Short Title.- This Act shall be known as the "National Water Resources Management Act"

Sec. 2. Declaration of Policy.-

- (a) The State recognizes that water is fundamental to individual life, health, and dignity, and that every person has a right to access safe and clean water for personal and domestic use;
- (b) The State affirms that the right of all Filipinos to safe and clean drinking water and sanitation is essential to the full enjoyment of life and all human rights and hence, the attainment of a nationwide water supply, sanitation, and sewerage

1 services at reasonable rates must be pursued in an orderly, rational, efficient,
2 and dynamic manner;

3 (c) The State emphasizes that water is a public good subject to diverse use in
4 economic, agricultural, and industrial activities, and is thus a scarce resource
5 which must be carefully regulated to prevent resource depletion and to ensure
6 its availability for future generations;

7 (d) The State also maintains that water is indispensable to the existence and
8 sustainability of natural ecosystems, and as such its use must neither endanger
9 the balance and health of the environment nor compromise the rhythm and
10 harmony of nature;

11 (e) The State further maintains that water resources are interconnected with
12 climate, soil condition, land use and land cover, forest cover, and other natural
13 resources. As such, the management of water will require inter-sectoral and
14 inter-agency collaboration as well as harmonization of laws, policies,
15 institutions, and stakeholders; and

16 (f) Finally, while the State maintains that all water resources remain under its full
17 ownership, control, and supervision, it emphasizes that it may enter into
18 arrangements with the private sector, as well as with civil society and
19 community-based organizations, on the basis of beneficial use, to ensure the
20 efficient and affordable delivery of water supply, sanitation, and septage
21 services to end-users.

22 In accordance with these precepts, it is hereby declared the policy of the State
23 to provide for the rational, evidence-based, and integrated management of all water
24 resources in the country to ensure universal access to safe, adequate, and affordable
25 water supply, sanitation, and septage services, through a policy and regulatory regime
26 that encourages innovation and responsible private sector participation, while ensuring
27 ecological preservation and environmental sustainability.

28 **Sec. 3. Definition of Terms.**- The following terms are hereby defined as follows:

29 (a) *Bulk water supplier* refers to any entity, natural or juridical, whether public or
30 private, supplying or intending to supply large quantities of raw or treated water
31 to buyers who will use it for own consumption, such as industrial companies,

- 1 or for retail distribution to consumers such as water service providers or real
2 estate developers managing their own distribution network;
- 3 (b) *Environmental services* refer to qualitative functions of natural non-produced
4 assets of land, water, and air, including related ecosystems, and their biota,
5 and which may be categorized into three basic types: (i) disposal services which
6 reflect the functions of the natural environment as an absorptive sink for
7 residuals; (ii) productive services which reflect the economic functions of
8 providing natural resource inputs and space for production and consumption,
9 and (iii) consumer or consumption services which provide for physiological as
10 well as recreational and related needs of human beings;
- 11 (c) *Flood Control* refers to methods, acts, and protocols to be observed in order to
12 prevent and reduce the detrimental and catastrophic effects of flood waters
13 which include sediment-laden or turbid flows, and hyper-concentrated flows or
14 debris flows;
- 15 (d) *Flood Risk Management (FRM)* refers to such acts of defining and determining
16 the appropriate methods, acts and protocols aimed at preventing and reducing
17 the risk of incurring loss of both life and property due to flood waters. Flood
18 risk management consists of a cycle of prevention, mitigation, adaptation,
19 preparedness, and early warning, and, response and recovery. The elements
20 of FRM include: integrating land-use planning and coastal zone management
21 into water management; adopting a holistic approach so that FRM is part of
22 wider risk or multi-hazard management of earthquakes, landslides, and storm
23 surges; managing risk and uncertainty as a whole so it is not only hydrological
24 uncertainties but also social, economic, and political uncertainties on account
25 of human behavior and cultural dimensions of FRM;
- 26 (e) *Infrastructure and public works* refer only to wholly or primarily water-related
27 projects and shall not incorporate projects that do not otherwise fall within the
28 purview of the objectives, powers, and duties of the Department of Water
29 Resources created under this Act;
- 30 (f) *Integrated Water Resource Management (IWRM)* refers to a systematic,
31 collaborative and multi-stakeholder process which promotes the coordinated
32 development and management of water, land, and related resources within

- 1 geophysical boundaries in order to maximize the resultant economic and social
2 welfare in an equitable manner and without compromising the sustainability of
3 vital ecosystems;
- 4 (g) *License* refers to the Water Supply or Sanitation Services Operating License
5 that the Water Regulatory Commission is authorized to grant and issue to
6 Service Providers;
- 7 (h) *Licensee* refers to the Service Provider to whom a License is granted or issued
8 by the Water Regulatory Commission;
- 9 (i) *Missionary Water* refers to water supply or services to areas that have no
10 existing safe water supply and services due to geographic limitation or absence
11 of economic and market viability;
- 12 (j) *National Water Resources Management Plan (NWRMP)* refers to a policy
13 document that incorporates a framework to guide the development and
14 management of all water resources in the Philippines, the general strategies
15 and work to be pursued to ensure the sustainability of the resource and work
16 towards the water security; and provides top-level direction on the utilization
17 of existing water resources in line with national development plans, policies,
18 and programs in accordance with the IWRM framework. The NWRMP shall also
19 include a water infrastructure development program for all waters of the
20 country as well as provide general guidance on how this shall be supported
21 within an integrated financing framework that can draw on public, private and
22 international development funding sources;
- 23 (k) *Regulatory Units* refer to the regulatory offices of the Water Regulatory
24 Commission established under this Act;
- 25 (l) *River basin* refers to an area of land drained by a stream or body of fixed water
26 and its tributaries which have a common outlet for surface run-off;
- 27 (m) *River Basin Organization (RBO)* refers to multi-stakeholder organizations which
28 plan, coordinate, and monitor activities within a river basin cluster;
- 29 (n) *Sanitation* refers to the provision of facilities and services for the safe
30 management of septage and sewage, from the collection to containment, and
31 storage and treatment onsite or conveyance, treatment, and eventual safe end

- 1 use or disposal, and includes the safe management of solid waste and animal
2 waste;
- 3 (o) *Septage* refers to the liquid and solid material pumped from a septic tank,
4 cesspool, or other primary treatment source.
- 5 (p) *Septage Management* refers to the provision of proper collection, treatment,
6 and disposal of septage;
- 7 (q) *Service Area* refers to the area covered by the water distribution system,
8 sewerage, and septage management services;
- 9 (r) *Service Provider* – refers to any entity, natural or juridical, whether private or
10 public, providing or intending to provide water supply, including bulk water
11 suppliers, sewerage, septage treatment, and disposal services for domestic,
12 residential, institutional, industrial, or commercial use;
- 13 (s) *Sewage* refers to water-borne human or animal wastes, excluding oil or oil
14 waste, removed from residences, buildings, institutions, and industrial and
15 commercial establishments together with such groundwater, surface water and
16 storm water as may be present including such waste from vessels, offshore
17 structures, other receptacles intended to receive or retain waste or other places
18 or the combination thereof;
- 19 (t) *Sewerage* refers to any system or network of sanitary pipelines, ditches,
20 channels or conduits including pumping stations, lift stations and force mains,
21 service connections including other infrastructure, devices or appliances
22 appurtenant thereto, which includes the collection, transport, pumping and
23 treatment of sewage to a point of disposal;
- 24 (u) *Sewers* refer to pipes or such other works or structures which are built and
25 constructed to carry, transport, and dispose sewage;
- 26 (v) *Tariffs* refer to such amounts which may be charged by licensees for their water
27 supply, sewerage, or sanitation services based on principles, standards, and
28 guidelines established by the Water Regulatory Commission;
- 29 (w) *Water Demand Management* refers to any method whether technical,
30 economic, administrative, financial, or social that will accomplish one or more
31 of the following:

- (i) Reduce the quantity or quality of water required to accomplish a specific task;
- (ii) Adjust the nature of the task or the way it is undertaken so that it can be accomplished with less water or with lower quality water;
- (iii) Reduce the loss in quantity or quality of water as it flows from source, through use, to disposal;
- (iv) Shift the timing of use from peak to off-peak periods; and
- (v) Increase the ability of the water system to continue to serve society during times when water is in short supply.
- (x) *Water District* refers to government-owned and controlled corporations organized under Presidential Decree No. 198, otherwise known as the "Provincial Water Utilities Act of 1973", as amended, created primarily to acquire, install, operate, maintain and improve water supply and distribution systems for domestic, industrial, and municipal uses of residents and to provide, maintain, and operate wastewater collection, treatment and disposal facilities within the boundaries of the district;
- (y) *Water pollution* refers to any alteration of the physical, chemical, biological, or radiological properties of a body of water resulting in the impairment of its purity or quality;
- (z) *Water Resource* refers to water under the ground or groundwater; water above the ground such as surface water, run-offs, floods, stormwater and urban drainage; treated wastewater, water in the atmosphere or rain water; and the waters of the sea within the territorial jurisdiction of the Philippines;
- (aa) *Water resource allocation* refers to the process of sharing the limited water resources between competing users. This consists of determining water availability and determining how the water should be shared among competing users. For the purpose of this Act, resource allocation shall also mean water resource allocation;
- (bb) *Water Resources Regions* refer to the contiguous clusters of river basins created under this Act for administrative purposes under the Department of Water Resources;

(cc) *Water Resources Regional Offices (WRROs)* refer to the field offices of the Department of Water Resources, as created under this Act, which are to be established in accordance with the identified water resources regions in the country;

(dd) *Water service cooperative* refer to cooperatives organized primarily to own, operate, and manage water systems for the provision and distribution of potable water for the members and their households

(ee) *Water Service Providers (WSPs)* refer to the water districts, any Local Government Unit (LGU)-run water utility, Barangay Waterworks and Sanitation Association, Rural Waterworks and Sanitation Association, water service cooperatives, and private sector entities that provide water supply services to any given area;

(ff) *Water supply service* refers to any activity comprising developed water sources, communal faucet system or stand posts, waterworks system or individual house connections, which include bulk suppliers, suppliers to subdivisions, or other similar water service providers.

CHAPTER II

DEPARTMENT OF WATER RESOURCES

Sec. 4. *Establishment of the Department of Water Resources.* – There is hereby established the Department of Water Resources, hereafter referred to as the Department.

Sec. 5. *Mandate and Objectives.* – The Department shall be the primary policy, planning, coordinating, implementing, monitoring, and administrative entity of the Executive Branch of the government responsible for the comprehensive, sustainable, climate-resilient, and integrated development and management of the water resources of the Philippines, and their optimal allocation and use for domestic and municipal water supply, sanitation, irrigation, hydropower, industry, navigation, flood management, and recreation, and water utilization aspects of fisheries or aquaculture.

The Department shall also be the primary agency responsible for the planning and policy formulation towards the attainment of universal access to safe, adequate, affordable, and sustainable water supply, and improved sewerage and sanitation services for all Filipinos.

1 **Sec. 6. Powers and Functions.** – The Department shall exercise the following
2 powers and functions:

3 I. Policy Making And Planning

- 4 (a) Ensure that Integrated Water Resources Management (IWRM) is
5 adopted as the strategic framework for water management
6 policymaking and planning in the country and coordinate the
7 implementation, promotion, revision and enhancement of IWRM
8 plans;
- 9 (b) Formulate policies, strategies, and targets in coordination with other
10 relevant agencies and stakeholders to meet the goals and objectives
11 for water resource sustainability and protection, water allocation and
12 management, water supply, sanitation, and sewerage, water quality,
13 irrigation, hydropower, flood control, stormwater utilization, and
14 urban drainage. Such policies shall, among other guidelines,
15 integrate the relevant issues of water, sewerage, sanitation, food
16 security, energy, environment, flood control, and climate change;
- 17 (c) Formulate long-term policies to balance the sustainability and optimal
18 multiple use of water resources, define the hydrologic boundaries of
19 basins of the existing water supply sources, and develop or update
20 existing River Basin Master or Comprehensive Plans which includes
21 all aspects of water management and development such as water
22 supply, sewerage, and sanitation, irrigation, flood control and storm
23 water or urban drainage, drought risk management, water resource
24 development systems and other public water works projects,
25 including phasing of implementation;
- 26 (d) Harmonize all relevant national river basin policies and serve as the
27 national policy coordination office for LGUs and relevant stakeholders
28 in the development and sustainability of river and catchment basins;
- 29 (e) Identify, based on the river basin master plans, priority projects for
30 water infrastructure development per river basin, including water
31 supply, sanitation, irrigation, hydropower, flood control and storm

- 1 water or urban drainage, drought risk management, water resource
2 development systems and other public works projects;
- 3 (f) Evaluate and appraise all regional and inter-regional
4 infrastructure water development plans and programs as to their
5 feasibility and consistency with approved strategies and medium and
6 long-term plans;
- 7 (g) Formulate and develop policies and strategies to promote universal
8 access to safe, adequate, affordable, and sustainable water supply,
9 and improved sanitation services for all Filipinos;
- 10 (h) Develop, in consultation with relevant agencies and stakeholders,
11 the National Water Resources Management Plan (NWRMP) and
12 ensure its integration into existing Comprehensive Land Use Plans
13 and Provincial Development and Physical Framework Plans, within
14 the context of a National Physical Framework Plan, to ensure the
15 harmonization of planning of water, land, subsurface, and air
16 resources, submit the NWRMP to the National Economic and
17 Development Authority Board (NEDA) for approval and eventual
18 adoption, and regularly update the NWRMP, every five years or as
19 deemed necessary by the Department, in order to ensure its
20 relevance to the times;
- 21 (i) Prepare, formulate, implement, and update a five (5) year plan
22 of action for National and Regional Septage Management, which shall
23 contain measures for the construction of wastewater treatment
24 facilities and provision, installation, operation, maintenance and,
25 where practicable, the integration of sewerage, septage
26 management, storm water management and other sanitation
27 facilities, in accordance with Republic Act No. 9275, otherwise known
28 as the "Philippine Clean Water Act of 2004". Compliance with the
29 mandate to implement septage management services and systems
30 by any WSP pursuant to Republic Act No. 9275 shall be reckoned
31 within five (5) years from the date of promulgation or publication of
32 the septage management plan formulated by the Department;

- (j) Review and provide oversight over all water-related development plans and programs of any agency or local government unit (LGU) within the context of the NWRMP and overall national plans and programs;
- (k) Assist and provide the NEDA with the required data and input from the water sector in the formulation of the country's short-term and long-term strategic development plans and actions, and recommend to the NEDA Board the adoption of general policies and guidelines for water resources development;
- (l) Strengthen and coordinate with relevant agencies on policy making and planning for flood management, integrated with stormwater or urban drainage and appropriate retention or retarding basins in order to harvest and reuse water, and to plan against, prevent, and minimize the detrimental and catastrophic effects of flooding;
- (m) Develop and implement, in coordination with other relevant agencies and stakeholders, effective codes, standards, benchmarks, and reasonable guidelines to ensure the safety of all public and private water structures in the country, and assure efficiency and proper quality in the construction of water, sanitation, irrigation, hydropower, flood control and drainage infrastructure; and ensure that the planning and design of water infrastructure considers the highest efficiency and most appropriate technology and quality;
- (n) Ensure that gender equality, social inclusion, environmental protection, climate resiliency and disaster risk reduction, and indigenous knowledge systems and practices are integrated into any water resources management planning, policy making, and the design and construction of water infrastructure;
- (o) Act as the lead agency in ensuring the effective implementation of all laws and implementing rules and regulations on water resources;
- (p) Review all water laws and implementing rules and regulations and propose amendments thereof to Congress, and advise any agency

- 1 on the implications of government actions, policies, and programs to
2 water supply, sewerage, and sanitation;
- 3 (q) Authorize its representatives or any deputized agent to enter any
4 property of public dominion or any private land, building or enclave,
5 whether inhabited or not, or authorize a representative thereof, for
6 the purpose of conducting hydrological surveys and investigations,
7 including assessing and evaluating the conditions of water facilities
8 installed, and determining compliance with water laws and
9 standards; and
- 10 (r) Issue and promote rules and regulations as may be necessary to
11 implement and enforce its powers and functions under this Act;

12 II. Data Collection and Evidence Gathering

- 13 (a) Establish, operate, and maintain a centralized water resources data
14 center necessary for the scientific survey and appraisal of surface
15 and ground water potentials of the country and determine the annual
16 renewable water available per available water resources region;
- 17 (b) Effect inter-sectoral, inter-agency and inter-departmental
18 coordination on all aspects of data gathering and data sharing for
19 water resources development planning and compel submissions of
20 statistics and data on water management with the aim of
21 operationalizing the IWRM framework;
- 22 (c) Undertake river basin survey, inventory, and appraisal of water and
23 related resources, and develop comprehensive basin-wide plans of
24 storage, retardation, and control to maximize conservation and
25 multipurpose use of water in the basin in coordination with the river
26 basin initiatives of relevant government entities;
- 27 (d) Collect, regularly update, monitor, and analyze water resources data
28 including climatology, hydrologic, and other water-related data;
- 29 (e) Establish, in coordination with agencies that generate water-related
30 data, the guidelines, standards, methodologies, and protocols for
31 data collection that will be officially recognized by the Department,
32 and institute mechanisms for coordination with other agencies as

1 regards their submission and certification of submitted water-related
2 data to the Department

3 (f) Conduct continuing hydrological and hydrometeorological
4 surveys and studies of the country's renewable water supply, and
5 establish, operate, and maintain observation station networks;

6 (g) Conduct and promote special studies and research on water
7 economics and other aspects of water resources development and
8 management as may be needed to support the policy and plan
9 proposals of the Department, such as, but not limited to, impacts of
10 climate change, weather modification, flood monitoring and
11 modeling, environmental quality, and desalination;

12 (h) Establish, operate, and maintain observation station networks and a
13 centralized water resources data center for the scientific survey and
14 appraisal of surface and groundwater potentials of the country, and
15 determine the annual renewable water available per water resources
16 region;

17 (i) Develop and continuously update a computerized decision
18 support system that incorporates data management system relating
19 to acquisition and database, model base in terms of physical design,
20 planning and decision models, and user-friendly interface concerning
21 graphical and visualization tools; and

22 (j) Promote Philippine participation in information sharing and
23 education on best practices in support of international efforts to
24 achieve universal access to safe water and improved sanitation and
25 the integration of water, energy, food security and environment.

26 III. Water Resource Management and Allocation

27 (a) Formulate, issue, and enforce rules and regulations on the following:

28 (i) Abstraction, diversion, and development of the country's
29 water resources, taking into consideration their equitable
30 distribution among competing demands and determine the
31 standards of beneficial and priority uses of water in times of
32 crises and national emergencies;

- 1 (ii) Equitable and optimal allocation of the country's water
2 resources for domestic and municipal water supply, irrigation,
3 sanitation, irrigation, hydropower, navigation, fisheries,
4 livestock raising, industrial, recreational, and other purposes;
- 5 (iii) Determination and granting of water rights, including
6 adjudication in cases of conflicting uses, amending for this
7 purpose, Act No. 2152, otherwise known as "The Irrigation
8 Act", and other laws relating to the appropriation and
9 utilization of surface and groundwater: *Provided*, That the
10 grant and adjudication of conflicting water rights shall be
11 exercised by the Water Resources Adjudication Board;
- 12 (iv) Such other coherent water protocols as may be necessary,
13 including the operating rules of all existing and future water
14 infrastructure, legal and technical mechanisms for intra-
15 sectoral transfers;
- 16 (v) Guidelines for the determination of costs and fees of all water
17 rights, tariffs, permits, and licenses through a science-based
18 method which will accurately reflect the current or future
19 projected state of the water resource to be allocated:
20 *Provided*, That the actual methodology for setting rates and
21 tariffs shall be the exclusive power of the Water Regulatory
22 Commission;
- 23 (vi) Methods and standards for basic data collection and project
24 identification, formulation and planning, and appropriate
25 sanctions to be imposed for non-compliance;
- 26 (vii) Guidelines in the grant of areas for missionary water, such as,
27 but not limited to, corresponding non-tax incentives and
28 possible sources of funding and revenues;
- 29 (viii) Treatment and utilization, in coordination with relevant
30 agencies, of flood control, rain-water run-off, stormwater, and
31 urban drainage;

- 1 (b) Exercise original jurisdiction over all disputes relating to
2 appropriation, utilization, exploitation, development, control,
3 conservation and protection of all water resources, the adjudication
4 of which shall be enforced by the Water Resources Adjudication
5 Board;
- 6 (c) Impose fees or charges, as may be deemed necessary for water
7 resources conservation and protection, in accordance with applicable
8 rules and regulations on the imposition and increase of fees or
9 charges, such as, but not limited to:
- 10 (i) Raw water price, which shall take into account, among others,
11 the scarcity of water; and
- 12 (ii) Appropriate structures for payment of environmental services;
- 13 (d) Raise public awareness through information, education, and
14 communications programs, and build capacities for informed
15 participation in water resources management at the national and
16 river-basin level.

17 IV. Administration and Management

- 18 (a) Develop guidelines, including rules of partnership between and
19 among the Department, field offices of national government
20 agencies, LGUs, and other stakeholders, in water resource
21 management, facilitate the establishment of multi-stakeholder river
22 basin organizations (RBOs) per river basin, and strengthen and
23 support existing RBOs and monitor their activities;
- 24 (b) Develop materials for capacity building and training on RBO
25 development and conduct training and workshops for prospective
26 RBOs;
- 27 (c) Provide technical assistance to water users including farmers,
28 communities, and LGUs and other water service providers (WSP)
29 whether directly or in coordination with other agencies on all aspects
30 of integrated water resources management;
- 31 (d) Conduct a performance audit of all water-related agencies and
32 institutions, including but not limited to the water districts, MWSS,

1 MWSS-RO and its concessionaires, LGU-run utilities, Tourism
2 Infrastructure and Enterprise Zone Authority, Philippine Economic
3 Zone Authority, Bases Conversion and Development Authority, Subic
4 Bay Metropolitan Authority, DILG, and NIA;

5 (e) Respond to consumer complaints, and ensure the adequate
6 promotion of consumer interests;

7 (f) Deputize any official or agency of the government to assist in the
8 performance of any of the powers and functions of the Department;

9 (g) Appoint, hire, and maintain adequate staff and personnel, advisers
10 or consultants with suitable qualifications and experience, as
11 necessary, in accordance with relevant civil service laws, rules, and
12 regulations.

13 V. Coordination

14 (a) Coordinate and rationalize the efforts of relevant government
15 agencies and instrumentalities to ensure a whole-of-government
16 approach to attaining water security;

17 (b) Coordinate and integrate water resources development activities of
18 the country within the context of national plans and policies for social
19 and economic development;

20 (c) Coordinate with other government agencies, universities, academe,
21 and private professional groups in all aspects of data gathering, the
22 conduct of special studies and research on all related aspects of
23 water resources management and development such as climate
24 change, environmental quality, desalination, and the development of
25 operating strategies, procedures, and protocols with accompanying
26 computerized decision tools for major water facilities;

27 (d) Coordinate with the concerned and relevant agencies engaged in
28 flood control, flood risk management, and drought risk management;
29 and;

30 (e) Coordinate proactively with LGUs to ensure the integration of water
31 resources development plans into their comprehensive land use

1 plans, Comprehensive Development Plans, or Provincial Physical
2 Framework and Development Plan.

3 VI. Other Functions

- 4 (a) Create, when necessary, water resource subsidiaries,
5 instrumentalities, and entities to engage in water transmission, water
6 distribution, waste water treatment and management, and sanitation
7 in accordance with existing relevant laws, without prejudice to private
8 entities capable of and willing to engage in the aforementioned
9 activities through concession agreements, joint venture agreements,
10 bulk water agreements, or service agreements or contracts. For this
11 purpose, the Department shall ensure compliance with existing
12 frameworks, rules, regulations and guidelines for private sector
13 participation in water transmission, water distribution, waste water
14 treatment and management, storm water management, and
15 sanitation;
- 16 (b) Enter into contracts, joint venture agreements, public-private
17 partnerships, and memorandum of agreements or understanding,
18 either domestic or foreign relating to investment and financing water-
19 related projects, under such terms and conditions as the Department
20 may deem proper and reasonable subject to existing laws;
- 21 (c) Review existing guidelines appropriate for private sector participation
22 in the water sector and submit recommendations to the Public-
23 Private Partnership (PPP) Center and other concerned agencies to
24 promote and enable more PPPs in the sector; and
- 25 (d) Exercise such other powers and functions necessary or incidental to
26 the effective administration and management of the country's water
27 resources.

28 **Sec. 7. Offices, Functions, and Personnel to be Completely Absorbed by the**
29 *Department.* –The following offices are hereby abolished, and their respective powers
30 and functions, and the corresponding personnel, funds and appropriations, records,
31 equipment, and property shall be absorbed by the Department:

- 1 (a) National Water Resources Board, whose mandate, powers, and functions
2 are provided in Presidential Decree No. 424 creating the National Water
3 Resources Council, now NWRB, as amended: *Provided*, That its water
4 utility regulation units and functions vested under Commonwealth Act No.
5 146, also known as the "Public Service Act", as amended, shall be
6 absorbed by the Water Regulatory Commission created under this Act:
7 *Provided, further*, That its resource allocation or regulation units vested
8 under Presidential Decree No. 1067 shall be absorbed by the Department
9 under the National Water Resources Adjudication Board and the Resource
10 Allocation Office, also created under this Act;
- 11 (b) Local Water Utilities Administration (LWUA) with its services, departments
12 and divisions, whose mandate, powers and functions are provided for in
13 Title III of Presidential Decree No. 198, as amended, otherwise known as
14 the "Local Water Utilities Administration Law": *Provided*, That its economic
15 regulatory functions over local water districts shall be fully absorbed by
16 the Water Regulatory Commission created under this Act: *Provided*,
17 *further*, That its function to provide technical assistance to local water
18 service providers shall be absorbed by the Department under the Local
19 Water Service Providers Bureau, also created under this Act;
- 20 (c) River Basin Control Office (RBCO) of the DENR whose mandate, powers
21 and functions are found in Executive Order No. 510, series of 2006, and
22 Executive Order No. 816, series of 2009, as amended: *Provided*, That the
23 DENR shall continue to have primary authority and responsibility for
24 protecting the environment and managing the country's watersheds and
25 reforestation activities: *Provided, further*, That the targeting of priority
26 watershed areas shall be coordinated with the Department;
- 27 (d) Manila Bay Coordinating Office (MBCO) of the DENR which was
28 strengthened by virtue of DENR Administrative Order 2011-01, to
29 coordinate the efforts of the fourteen (14) national agencies covered by
30 the Mandamus Order of the Supreme Court to rehabilitate Manila Bay;
- 31 (e) Water Supply and Sanitation Unit of the Department of the Interior and
32 Local Government; and

- 1 (f) Water Resource Management Office of the DENR whose mandate, powers,
2 and functions are provided in Executive Order No. 22, series of 2023.

3 **Sec. 8. *Powers and Functions to be Transferred to the Department.*** – The
4 powers and functions of the following agencies, bureaus, and units and the
5 corresponding personnel, funds and appropriations, records, equipment, and property
6 are also hereby transferred to the Department:

7 (a) The powers and functions of the DPWH with regard to the planning,
8 programming, administration, monitoring, and management of the
9 National Sewerage and Septage Management Program (NSSMP); and

10 (b) The following functions of the dissolved Pasig River Rehabilitation
11 Commission and transferred to the Manila Bay Task Force per Executive
12 Order No. 93, series of 2019:

13 (i) Updating and leading in the overall implementation of the Pasig
14 River Rehabilitation Master Plan; and

15 (ii) Ensuring that the easements provided for in the Civil Code and other
16 relevant laws are enforced, especially in all the esteros and
17 waterways as well as abating the dumping of untreated wastewater
18 and sewage into water systems, including all acts and omissions in
19 violation of Presidential Decree No. 984, as amended, and other
20 related laws.

21 **Sec. 9. *Attached Agencies.*** – The Department shall exercise administrative
22 supervision over the following agencies for purposes of policy and program
23 coordination, monitoring, and evaluation:

24 (a) The Metropolitan Waterworks and Sewerage System (MWSS), whose
25 mandate, powers, and functions are defined under Republic Act No. 6234,
26 as amended entitled, "An Act Creating the Metropolitan Waterworks and
27 Sewerage System and Dissolving the National Waterworks and Sewerage
28 Authority, and For Other Purposes," shall be transferred from the DENR
29 and attached to the Department: *Provided, That* the MWSS shall continue
30 to facilitate the exercise by the concessionaires of their responsibility;
31 carry out accounting and notification functions; monitor, report, and
32 administer loans; perform related functions in connection with existing

1 projects; manage, operate, and dispose its retained assets: *Provided,*
2 *further,* That its regulatory arm, the MWSS–Regulatory Office, shall be
3 fully absorbed by the Water Regulatory Commission created under this
4 Act;

5 (b) The Laguna Lake Development Authority (LLDA), whose mandate,
6 powers and functions are defined under Republic Act No. 4850 otherwise
7 known as "An Act Creating the Laguna Lake Development Authority,
8 Prescribing Its Powers, Functions and Duties, Providing Funds Therefor,
9 and for Other Purposes", as amended, shall be transferred from DENR
10 and attached to the Department: *Provided,* That the power to set rates
11 and fees for the use of the lake waters and its tributaries for all beneficial
12 purposes under Section 4-B of Republic Act No. 4850, and the
13 corresponding personnel, funds and appropriations, records, equipment,
14 and property thereof shall be transferred to the Water Regulatory
15 Commission: *Provided, further:* That the rates fees set by the WRC shall
16 no longer be subject to the approval of the President of the Philippines.
17 The LLDA shall continue to serve as the lake management and
18 development authority similar to a multi-stakeholder river basin
19 organization and shall ensure the implementation of the Laguna Lake
20 Master Plan which shall be updated by the Department to ensure
21 alignment with the NWRMFP;

22 (c) The National Irrigation Administration (NIA), whose mandates, powers
23 and functions are defined under Republic Act No. 3601, otherwise known
24 as "An Act Granting the National Irrigation Administration", as amended,
25 is hereby transferred to the Department; and

26 (d) Any other agency performing water resources management,
27 conservation, and protection functions may be transferred to the
28 Department as the President deems necessary.

29 The Secretary shall be the ex-officio Chairperson of the Governing Boards of
30 the aforementioned government-owned and controlled corporations to be attached
31 under the Department. In case existing laws, rules and regulations provide for a

1 specific process in appointing the agency's Chairperson, the Secretary of Water
2 Resources shall serve as Co-Chairperson.

3 **Sec. 10. Organization.** – The Department shall be composed of the Office of
4 the Secretary, and the various bureaus and services, and regional offices. The Office
5 of the Secretary shall house the Office of the Department Secretary, the Office of
6 the Undersecretaries, the Office of the Assistant Secretaries, and their immediate
7 support staff.

8 **Sec. 11. Secretary of the Department of Water Resources.** – The authority and
9 responsibility for the exercise of the mandate of the Department and for the discharge
10 of its powers and functions shall be vested in the Secretary of the Department,
11 hereinafter referred to as the Secretary, who shall be appointed by the President,
12 subject to confirmation by the Commission on Appointments. The Secretary shall:

- 13 (a) Provide executive direction, supervision, and control over the entire
14 operations of the Department and exercise supervision over its attached
15 agency for program and policy coordination;
- 16 (b) Advise the President on the promulgation of executive or administrative
17 orders, and other issuances and on the formulation of necessary
18 regulatory or legislative proposals on matters pertaining to the
19 management of water resources, water supply, sanitation, and septage
20 services;
- 21 (c) Establish the policies and standards for the effective, efficient, and
22 economical operation of the Department pursuant to the President's
23 guidelines;
- 24 (d) Advise the President on the status of water management and supply,
25 recommend to the President the declaration of a state calamity in areas
26 affected by water supply, and submit proposals to restore normalcy in the
27 affected areas;
- 28 (e) Promulgate rules and regulations necessary to carry out the objectives,
29 policies and functions of the Department;
- 30 (f) Designate and appoint officers and employees of the Department,
31 excluding the Undersecretaries, Assistant Secretaries, and Regional and

- 1 Assistant Regional Directors, in accordance with the civil service laws,
2 rules and regulations;
- 3 (g) Exercise control, supervision, and disciplinary powers, in accordance with
4 law, over all officers and employees of the Department, including their
5 investigation and the designation of a committee or officer to conduct such
6 investigation, in accordance with the civil service laws, rules and
7 regulations;
- 8 (h) Create regional offices and such other service units, bureaus, and divisions
9 as may be necessary;
- 10 (i) Call upon and deputize any official, agent, employee, agency, or
11 instrumentality of the national and local government for any assistance
12 that it may deem necessary to carry out the purposes of this Chapter,
13 subject to existing laws;
- 14 (j) Delegate authority for the performance of any power or function, as
15 defined herein to officials and employees under his direction as deemed
16 appropriate, in accordance with existing laws;
- 17 (k) Act as the ex-officio Chairperson of the governing board of the agencies
18 attached to the Department; and
- 19 (l) Perform such other duties and responsibilities as may be provided by law.

20 **Sec. 12.** *The Offices of the Secretary and Undersecretaries.* – The Office of the
21 Secretary shall be composed of the Secretary and immediate staff. The Secretary shall
22 be assisted by not more than three (3) Undersecretaries and three (3) Assistant
23 Secretaries, who shall all be appointed by the President upon the recommendation of
24 the Secretary.

25 The Secretary is hereby authorized to delineate and assign the respective
26 functional areas of responsibility of the Undersecretaries and Assistant Secretaries:
27 *Provided*, That such responsibility shall be with respect to the mandate and objectives
28 of the Department: *Provided further*, That no Undersecretary shall be assigned
29 primarily to administrative responsibilities.

30 **Sec. 13.** *Qualifications of the Department Secretary, Undersecretaries, and*
31 *Assistant Secretaries.* –

1 (a) No person shall be appointed Secretary, Undersecretary, or Assistant
2 Secretary unless he or she is of good moral character, of proven integrity
3 and competence in public administration, and has a minimum of seven (7)
4 years of experience in the administration of water, sewerage, sanitation,
5 irrigation, flood control, or drainage programs, preferably in a public
6 agency;

7 (b) At least one (1) of the Undersecretaries and at least one (1) of the
8 Assistant Secretaries shall be career officers;

9 (c) No officer, external auditor, accountant, or legal counsel of any private
10 company or enterprises primarily engaged in the water industry shall be
11 eligible for appointment as Secretary within two (2) years from retirement,
12 resignation, or separation therefrom.

13 **Sec. 14. *The Water Resources Adjudication Board.*** – There is hereby created
14 a Water Resources Adjudication Board, hereafter referred to as the Board, under the
15 Office of the Secretary. The water resources allocation and regulation functions of the
16 National Water Resources Board are hereby transferred to the Board which shall
17 supervise the effective appropriation and regulation of the water resources in the
18 country in accordance with Presidential Decree No. 1067. The Board shall exercise
19 quasi-judicial powers granted to it under this Act.

20 **Sec. 15. *Composition.*** – The Board shall be composed of a Department
21 Undersecretary as Chairperson and three (3) representatives from stakeholders as
22 members, who shall all be designated by the Secretary.

23 There is hereby created a Resource Allocation Office, hereinafter referred to as
24 the Office, which shall serve as Secretariat to the Board and shall exercise the following
25 functions in order to provide technical support to the Board towards the effective
26 regulation of the country's water resources.

27 **Sec. 16. *Functions of the Board.*** – The Board shall perform the following
28 functions:

29 (a) Promulgate rules and regulations for the exploitation and optimum
30 utilization of water resources, in accordance with Presidential Decree No.

1067 and other existing laws, including the imposition on water appropriators of such fees or charges by the Department;

(b) Approve the guidelines and processes pertaining to water regulation, as recommended by the Research All;

(c) Review and decide on requests for permits to extract or utilize the country's water resources and grant the corresponding water rights, upon recommendation of the Office in accordance with Presidential Decree No. 1067: *Provided*, That the water rights are exercised within five (5) years of granting of such rights: *Provided, further*, That applicants for water permits shall submit proof of land ownership of, or right to use the property where the water source is located: *Provided, finally*, That, if the applicant is currently using the water source being applied for domestic or municipal purposes upon the effectivity of this Act, such applicant may submit such proof of prior use of possession of said property in lieu of ownership or right to use;

(d) Exercise original jurisdiction over decisions in cases involving the following:

(i) All disputes relating to the appropriation, utilization, exploitation, development, control, conservation, and protection of waters;

(ii) Violations and disputes on raw water fees; and

(iii) Violations and disputes involving water permits, administrative allocation of water resources, and transfer of water rights;

(e) Issue *subpoena duces tecum* and *subpoena ad testificandum*;

(f) Cite any person or party in contempt for refusal to appear, testify or comply with the lawful orders of the Board in relation to any matter subject to its investigation;

(g) Hear, receive evidence, and decide on cases falling within its jurisdiction;

- 1 (h) Impose the appropriate sanctions, including revocation of water permits,
2 over violations committed by appropriators after due notice and hearing
3 in accordance with Presidential Decree No. 1067 and other existing laws,
4 rules and regulations as well as future rules and regulations which the
5 Board shall promulgate;
- 6 (i) Review, update, and revise all fees, charges, and penalties imposed on all
7 water appropriators as stated under Chapter VII and VIII of Presidential
8 Decree No. 1067, upon recommendation by the Secretariat, and based on
9 scientific and evidence-based studies;
- 10 (j) Promulgate its own rules and procedures; and
- 11 (k) Exercise such other powers as may be necessary to carry out its duties
12 and responsibilities under this law.

13 **Sec. 17. Resource Allocation Office.** – The Office shall perform the following
14 functions:

- 15 (a) Advise the Board on all matters relating to resource allocation and
16 regulations;
- 17 (b) Formulate rules and regulation for the exploitation and optimum utilization
18 of surface water, groundwater, and seawater extraction and use, for the
19 approval of the Board, and for implementation by the Resource Allocation
20 Office, including the processes for the application of water permits, in
21 accordance with Presidential Decree No. 1067 and other existing laws;
- 22 (c) Process applications of rights to utilize water resources for the appropriate,
23 optimal and sustainable use of surface and ground water, for the approval
24 of the Board or its Executive Director, as may be delegated by the Board;
- 25 (d) Upon approval by the Board, issue water permits granted to water
26 appropriators;

- 1 (e) Monitor performance and conduct audits on water rights grantees
2 including, among others, review of compliance by grantees with the terms
3 of the permits granted;
- 4 (f) Investigate, *motu proprio* or upon complaint, violations of the water rights
5 and Presidential Decree No. 1067;
- 6 (g) In the case of violations and conflicts between and among users, file the
7 necessary cases for the decision of the Board;
- 8 (h) Enforce the decisions promulgated by the Board, and as may be delegated
9 by the Board;
- 10 (i) Coordinate with other relevant units of the Department regarding the
11 generation, updating, managing, and sharing of water data;
- 12 (j) Respond to consumer complaints, and ensure the adequate promotion of
13 consumer interests; and
- 14 (k) Perform such other related functions and activities which are necessary
15 for the effective regulation of water-related services.

16 The Office shall be headed by an Executive Director and shall be assisted by
17 one (1) Deputy Executive Director.

18 **Sec. 18. Orders and Decisions.** – Every order or decision rendered by the Board
19 shall be in writing and shall state clearly and distinctly the facts and the law on which
20 it is based. The Board shall decide each case or application within thirty (30) days
21 following its formal submission for resolution. All decisions and final orders in the
22 adjudication of contested cases or applications shall be published and made available
23 for public inspection.

24 **Sec. 19. Appeals Procedure and Prohibition Against Injunction.** –

- 25 (a) The orders, rulings, and decisions of the Board shall become final and
26 executory after fifteen (15) days from receipt of such order, ruling, or
27 decision, unless, prior to the lapse of this period, an appeal was made with
28 the Secretary of Water Resources;

1 (b) All decisions where the penalty imposed is a fine shall be immediately
2 executory, except upon the filing of a bond equivalent to the fine imposed
3 or as may be fixed by the Board;

4 (c) Except for the Supreme Court, no temporary restraining order, preliminary
5 injunction, or preliminary mandatory injunction may be issued by any
6 court to restrain any proceeding before, or the implementation or
7 execution of any order, ruling, or decision of the Board.

8 **Sec. 20. Bureaus and Services.** – The Department shall establish, operate, and
9 maintain the Bureaus and Services under it such as, but not limited to:

10 (a) The Local Water Service Providers Bureau shall provide technical
11 assistance and personnel training for the creation, application for the
12 socialized credit program, and operation of local water service providers,
13 and shall effect system integration, joint investment and operation, district
14 annexation and de-annexation, whenever economically warranted, in
15 accordance with Section 50 of Presidential Decree No. 198, as amended
16 by Section 22 of Presidential Decree No. 768;

17 (b) The Bureau of Flood Control and Drainage shall plan and design, in
18 coordination with the DPWH and other relevant government agencies,
19 flood control and drainage structures and facilities in accordance with
20 technical standards, guidelines and manuals, and provide technical
21 assistance to other agencies, LGUs, and other stakeholders;

22 (c) The Planning and Policy Service shall formulate strategies and priorities
23 for water resources management and provide the Department with the
24 capability to undertake water infrastructure development planning and
25 programming;

26 (d) The Data Management Service shall develop, manage and maintain the
27 management information system and knowledge systems of the
28 Department, including the processing of water-related data;

1 (e) The Administrative and Human Resource Service shall provide the
2 Department with services relating to human resources development,
3 personnel, records, facilities maintenance, medical and dental, security
4 and property and procurement services, in accordance with civil service
5 laws, rules, and regulations;

6 (f) The Legal and Legislative Service shall provide the Department with
7 services on legal affairs such as, but not limited to, contract preparation
8 and review, legal and legislative research, complaints and investigation on
9 employees, legal counselling and other matters of law;

10 (g) The Comptrollership and Financial Management Service shall provide the
11 Department with coordinated services relating to financial systems and
12 procedures, budget, cash, accounting and all financial housekeeping
13 matters;

14 (h) Internal Audit Service shall regularly conduct a comprehensive audit of
15 various Department activities;

16 (i) The Public Affairs Service shall enhance government relations with all
17 stakeholders including the media and shall ensure that stakeholders and
18 marginalized sectors shall be consulted and can take active part in all
19 aspects of water resources development and management activities.

20 The Bureaus and Services of the Department shall be headed by a Director who
21 shall be responsible for efficiently and effectively carrying out the functions of the
22 Bureau concerned. Each Director shall be assisted by one (1) Assistant Director.

23 **Sec. 21.** *The Water Resources Regional Offices.* – Water Resources Regional
24 Offices, herein after referred to as the Regional Offices, shall be organized per water
25 resources region and shall be responsible for implementing the mandates, powers,
26 and duties of the Department at the field level, except for policymaking which will be
27 vested solely in the Department.

1 The Department shall establish the water resources regions which shall be
2 grouped together according to the hydrological boundaries, physiographic features,
3 and homogeneity in climate, whether or not they straddle different LGUs.

4 The Regional Offices shall have, within their respective water resources region,
5 the following functions:

- 6 (a) Formulate or update and coordinate the river basin master plans for river
7 basins within its jurisdictions consistent with the NWRMP;
- 8 (b) Advocate and strongly support the creation and functioning of multi-
9 stakeholder River Basin Organizations (RBOs) and serve as the secretariat
10 of the said RBOs;
- 11 (c) Undertake and evaluate the planning, design, and work supervision
12 functions of the Department for the water infrastructures within the
13 region, and recommend the necessary water infrastructures therein;
- 14 (d) Ensure the implementation of laws, policies, programs, rules, and
15 regulations regarding the abovementioned infrastructure as well as public
16 and private physical structures;
- 17 (e) Provide technical assistance related to the water-related functions of
18 other agencies within the region, especially the local government;
- 19 (f) Coordinate with other departments, LGUs, agencies, institutions and
20 organizations within the region in the planning and implementation of the
21 river basin master plans;
- 22 (g) Conduct continuing consultations with the local communities, take
23 appropriate measures to make the services of the Department responsive
24 to the Central Office, and recommend such appropriate actions as may
25 be necessary; and
- 26 (h) Perform such functions and activities, as may be mandated by law, which
27 are necessary for the effective performance of the abovementioned
28 objectives.

29 Each regional office shall be headed by a Regional Director who shall be
30 responsible for efficiently and effectively carrying out the duties and responsibilities of
31 the office. The Regional Director shall be assisted by one (1) Assistant Regional

1 Director. The Regional Directors and Assistant Regional Directors shall be appointed
2 by the President.

3 The Department shall retain existing Project Management Offices as may be
4 required, which shall be under the supervision and control of the appropriate Regional
5 Director, unless otherwise determined by the Secretary for reasons of supra-regional
6 scope, magnitude, and multi-functional coverage.

7 **Sec. 22. *Structure and Staffing Pattern.*** – Subject to the approval of the
8 Department of Budget and Management (DBM), the Secretary shall determine the
9 organizational structure and create new divisions or units as may be necessary, and
10 appoint officers and employees of the Department in accordance with the civil service
11 laws, rules and regulations. The remuneration structure of the position in the staffing
12 pattern shall strictly conform to Republic Act No. 11466, otherwise known as the
13 "Salary Standardization Law of 2019", as amended.

15 **CHAPTER III**

16 **SOCIALIZED CREDIT FOR LOCAL WATER SERVICE PROVIDERS**

17 **Sec. 23. *Socialized Credit Program.*** – Socialized credit shall be made available,
18 through the Land Bank of the Philippines (LBP), for capital expenditures necessary for
19 the maintenance, addition, expansion, or improvement of the services of the water
20 service providers, such as but not limited to, capital expenditure for water distribution,
21 water conservation, water treatment, water sanitation, water testing, and other
22 related activities and ancillary services: *Provided,* That the loans shall be available to
23 water service providers duly registered with the Department: *Provided, further,* That
24 no loan shall be granted for the purpose of funding operational costs or expenses.

25 **Sec. 24. *Committee on the Socialized Credit Program.*** – The Committee on the
26 Socialized Credit Program (SCP), hereinafter referred to as the Committee, is hereby
27 created. The Committee shall be composed of a representative of LBP as Chairperson
28 and a representative of the Department as Vice-Chairperson, both of which should
29 hold at least a director position, and four (4) additional members which shall be equally
30 shared between the Department and LBP, who shall possess the necessary training

1 and experience necessary for the Committee. The Committee shall directly report to
2 the Secretary of the Department.

3 The Committee shall exercise the following functions:

- 4 (a) Recommend the lending policies such as, but not limited to, the criteria
5 of eligible borrowers, eligible loan purpose, interest rate, fees and
6 charges, collateral, guarantee, insurance, and other forms of security,
7 and other terms and conditions of the credit facility;
- 8 (b) Review the policies, and procedures, and formulate policies for the SCP;
- 9 (c) Monitor the process and performance of the SCP;
- 10 (d) Monitor the fund disbursements;
- 11 (e) Act on issues or concerns relative to the implementation of SCP;
- 12 (f) Conduct SCP performance evaluation; and
- 13 (g) Exchange credit information with LBP, LWUA, and other relevant
14 agencies.

15 The SCP shall prioritize the following target beneficiaries:

- 16 (a) Water Districts and LGU-run utilities in the Missionary Water Area;
- 17 (b) Water Districts with low credit rating; and
- 18 (c) Other priority Water Districts or eligible projects of the Water District to
19 be identified by the Committee.

20 Generally, local water service providers with existing Public-Private Partnership
21 Projects including joint venture arrangements are not eligible to the SCP.

22 All recommendations of the Committee shall be jointly approved by the
23 Secretary and the Board of the LBP: *Provided*, That the existing rules, regulations, and
24 policies of LBP shall govern all implementation activities of the SCP, such as but not

1 limited to, credit and background investigation and loan documentation, evaluation,
2 award, negotiation, collection, and restructuring: *Provided, further,* That the LBP and
3 the Department shall exchange relevant information to assess the eligibility of the
4 water service providers to be a recipient of a grant or subsidy. Relevant information
5 may include, but is not limited to, credit standing, existing loan obligations, and
6 compliance with previous or existing loan covenants.

7 The IRR shall provide other functions of the Committee that are necessary for
8 the effective implementation of the SCP, including the creation of sub-committees,
9 their composition and delegated functions.

10 Other Government Financial Institutions, such as, but not limited to,
11 Development Bank of the Philippines, may provide a similar SCP for water service
12 providers: *Provided,* That these other GFIs shall submit monitoring reports to the
13 Department thru the Committee.

14 **Sec. 25.** *Support Program for Local Water Service Providers.* – The
15 Department, the Department of Finance, and the Department of Budget and
16 Management shall issue guidelines in the disbursement of any grant, from any
17 sources, and subsidy from the National Government: *Provided,* That the Department
18 shall be the implementing agency for this purpose. *Provided, further,* That all income
19 derived from the lending activities shall be recorded as LBP's income.

20 **CHAPTER IV**

21 **THE NATIONAL WATER SECTOR POLICY COUNCIL**

22 **Sec. 26.** *Creation of the National Water Sector Policy Council.* – There is hereby
23 established a National Water Sector Policy Council (NWSPC), hereinafter referred to
24 as the Council, which shall exercise policymaking, coordination, harmonization,
25 integration, supervision, monitoring and evaluation functions with regard to water,
26 land, subsurface, air, and other natural resources. The Council shall be composed of
27 the following members:

- 28 (a) Secretary of the Department of Water Resources as Chairperson;
29 (b) Director-General of the National Economic and Development Authority as
30 the Vice-Chairperson;

- (c) Secretary of the Department of Health (DOH);
- (d) Secretary of the Department of the Interior and Local Government (DILG);
- (e) Secretary of the Department of Energy (DOE);
- (f) Secretary of the Department of Agriculture (DA),
- (g) Secretary of the Department of Social Welfare and Development (DSWD);
- (h) Secretary of the Department of Public Works and Highways (DPWH);
- (i) Secretary of the Department of Budget and Management (DBM);
- (j) Secretary of the Department of Environment and Natural Resources (DENR);
- (k) Representative from the Office of the President (OP); and
- (l) Chairperson of the National Commission on Indigenous Peoples (NCIP) as members.

The Staff of the Department shall serve as Secretariat to the Council.

Sec. 27. Powers and Functions. – The powers and functions of the Council shall be as follows:

- (a) Ensure harmonization of all policies involving water, land, subsurface, air and other resources which are connected to the water sector;
- (b) Ensure a multi-stakeholder participation in the development, updating, and sharing of information system as policy, planning and decision-making tools; and
- (c) Recommend the integration of harmonized policies and priority programs in the National Water Resources Management Plan and the National and Regional Septage Management Plan.

CHAPTER V

INTERDEPARTMENTAL RELATIONS

AND INSTITUTIONAL ARRANGEMENTS OF THE DWR

Sec. 28. Interface And Institutional Arrangements With Other Agencies. –

- (a) The Department of Environment and Natural Resources (DENR) shall continue to have primary authority and responsibility for protecting the environment and managing the country's watersheds. The Pollution

- 1 Adjudication Board shall remain to have jurisdiction with respect to
2 adjudication of pollution cases based on exceedance of the DENR Effluent
3 Standards and other acts defined as prohibited under Section 27 of R.A.
4 No. 9275: *Provided*, That the Department shall coordinate with the DENR
5 regarding the establishment of protocols for management of all water-
6 related data being collected by the DENR;
- 7 (b) The Department of Health (DOH) shall continue to have primary authority
8 and responsibility for setting and enforcing drinking water quality
9 standards: *Provided*, That the Department and the Water Regulatory
10 Commission shall coordinate with the DOH in this aspect, and shall ensure
11 consistency of standards and targets, as well as the compliance of
12 licensees with mandated standards;
- 13 (c) The Department of Energy (DOE) and the National Power Corporation
14 (NPC) shall continue to have primary authority and responsibility for
15 setting up and running hydropower plants: *Provided*, That all hydropower
16 plant development plans shall be consistent with the NWRMP;
- 17 (d) The Department shall coordinate with the Department of Agriculture (DA)
18 to promote agricultural development that reduces sources of long-term
19 pollution for surface water and groundwater, and agricultural and
20 industrial economic development that employs water efficiency, water
21 recycling or reuse and the appropriate treatment of wastewater: *Provided*,
22 That the Department shall coordinate with the DA and its Bureau of Soils
23 and Water Management (BSWM) regarding the establishment of protocols
24 for management of all water-related data being collected by the DA, as
25 well as the outputs of research and studies by BSWM which may serve as
26 input to policy formulation by the Department;
- 27 (e) The Department shall coordinate with the Department of Public Works and
28 Highways (DPWH) in setting the policies and preparing the master plans
29 for bulk water transmission, pipe networks, and related water delivery
30 infrastructures as well as flood control and drainage management, and
31 other related projects under the DPWH: *Provided*, That the DPWH shall
32 continue to have primary responsibility in the construction and

- 1 implementation of water delivery infrastructures and flood control
2 projects: *Provided, further,* That flood management plans are aligned with
3 the NWRMP and flood waters be considered and harnessed as potential
4 water source: *Provided, finally,* That the Department shall coordinate with
5 the DPWH regarding the establishment of protocols for management of all
6 water-related data being collected by the DPWH and its Bureaus;
- 7 (f) The Department shall coordinate with the National Disaster Risk Reduction
8 Management Council (NDRRMC) to ensure that its plans and designs for
9 flood control, flood risk management and drought risk management are
10 aligned with the objectives and plans of the Department;
- 11 (g) The Department shall coordinate with Philippine Atmospheric,
12 Geophysical, and Astronomical Services Administration (PAGASA), Climate
13 Change Commission (CCC), and National Mapping and Resource
14 Information Authority (NAMRIA) on scientific studies, integrated surveys,
15 mapping, charting and decision support systems;
- 16 (h) The Department shall coordinate with the Department of Tourism (DOT)
17 on recreational use of water resources;
- 18 (i) The Department shall coordinate with the Tourism Infrastructure and
19 Enterprise Zone Authority (TIEZA), Philippine Reclamation Authority
20 (PRA), and economic zone authorities on water resources development
21 and water requirements within tourist zones, reclamation areas and
22 economic zones, respectively;
- 23 (j) The Department shall coordinate with the Bangsamoro Autonomous
24 Region in Muslim Mindanao (BARMM), specifically its Economic and
25 Development Council, Disaster Risk Reduction and Management Council,
26 and Ministry of Environment, Natural Resources and Energy, regarding the
27 preparation of master plans of river basins that overlap with the inland
28 waters within the BARMM's jurisdiction, and ensure the alignment of these
29 plans with the NWRMP, Bangsamoro Development Plan, and other related
30 regional plans of BARMM;
- 31 (k) The Department shall coordinate with the Department of Human
32 Settlements and Urban Development in planning, monitoring and

1 enforcing integrated land use and water resources management in the
2 Comprehensive Land Use Development Plans and Zoning Ordinances of
3 the LGUs to ensure, among others, the protection of water sources and
4 that water availability is factored in proposed land use development plans
5 and projects; and

- 6 (I) The Department shall coordinate with relevant government agencies,
7 including LGUs, with respect to development projects and to ensure cross-
8 cutting collaboration between and among all water subsectors and
9 facilitate inter-agency subsector coordination, strategic development,
10 planning, monitoring and provision of technical, institutional and financial
11 capacity building support to their different stakeholders at the water
12 subsector level.

13 CHAPTER VI

14 WATER REGULATORY COMMISSION

15 **Sec. 29. *Establishment.*** – There is hereby created and established an
16 independent, quasi-judicial regulatory body to be known as the Water Regulatory
17 Commission, hereinafter referred to as the Commission. The Commission shall have a
18 Board of Commissioners, and shall be vested with powers and functions, as conferred
19 and set forth hereunder.

20 **Sec. 30. *The Central and Regulatory Units.*** – The Regulatory Units of the
21 Commission shall be composed of the Regional Regulatory Units and the Central
22 Regulatory Unit.

23 The economic regulatory units and functions of the MWSS, NWRB, and LWUA
24 are hereby transferred to the Commission, and shall collectively comprise its Central
25 Regulatory Unit for Water Supply, Sanitation and Sewerage Services that: (a) provide
26 services to more than one province; and (b) are owned, operated, or maintained by
27 Metro Manila concessionaires.

28 The Regional Regulatory Units shall be established by the Commission in
29 accordance with the rules, regulations, guidelines, and standards that the
30 Commission shall issue, and as provided in this Act.

31 **Sec. 31. *Powers and Functions of the Commission.*** – The overall authority and
32 powers of the Commission shall cover and apply to all service providers, whether

1 private or public, providing or intending to provide water supply, including suppliers
2 to subdivisions, bulk water suppliers, and other providers for sewerage, and septage
3 treatment and disposal services for domestic, residential, institutional, industrial or
4 commercial use.

5 The Commission shall exercise the following powers and functions:

6 (a) Issue and promulgate rules, regulations and guidelines as may be
7 necessary to implement and enforce its powers and functions under this
8 Act;

9 (b) Issue licenses authorizing the operation of water supply, sanitation, and
10 sewerage services in any specified area or areas within the Philippines;

11 (c) Issue rules and regulations on terms and conditions prescribing minimum
12 and mandatory terms for concession agreements, joint venture
13 agreements, management agreements, service contracts or other
14 contractual arrangements that may be entered into by government
15 entities including local water utilities, LGUs, private sector entities, or
16 other water service providers for the provision of water, sanitation, or
17 sewerage services, such as, but not limited to the (i) the term, scope and
18 total cost of the activity, which may be subdivided into phases; (ii)
19 committed contributions and corresponding performance security
20 requirements in accordance with any agreed phased implementation of
21 the activity; and (iii) cost recovery schemes and percentage of the parties'
22 share in the profits and losses, among others;

23 (d) Require the review or approval of contracts or agreements that may
24 impact on the tariff and rates of service provision entered into by service
25 providers upon petition or *motu proprio* when public interest so dictates;

26 (e) Set, regulate, review, and monitor the tariffs, rates, charges, and fees for
27 the use of water resources in the Philippines, including irrigation service
28 fees, bulk water rates, and septage rates, which may be delegated to the
29 Regulatory Units;

30 (f) Amend, modify, suspend, or revoke any license issued by them, after due
31 notice and hearing, on any of the following grounds:

- 1 (i) When the facts and circumstances on the strength of which the
2 license was issued have been materially misrepresented or have
3 materially changed;
- 4 (ii) Where the licensee has failed to meet or comply with terms,
5 conditions, and performance targets, including but not limited to
6 service expansion, that may have targets, including but not
7 limited to service expansions, that may have been set in the
8 license;
- 9 (iii) Where the licensee is found to be manifestly inefficient in the
10 operation of or provision of water supply, sanitation, and
11 sewerage services in its area; or
- 12 (iv) When the licensee thereof has violated or willfully refused to
13 comply with any order, rule or regulation of the Commission or
14 any provision of this Act;
- 15 (g) Promulgate and enforce just and reasonable technical standards,
16 classifications and measurements of service;
- 17 (h) Enforce technical, financial, and other performance standards set by the
18 Commission for licensees or utilities;
- 19 (i) Conduct benchmarking and monitor the performance of licensees or
20 utilities under their jurisdiction, and publish reports detailing the results
21 thereof;
- 22 (j) Coordinate with the Philippine Competition Commission (PCC) by
23 providing technical support in the PCC's exercise of authority and
24 jurisdiction to establish rules and enforce regulations to monitor,
25 investigate, provide remedies for, and deliberate on cases involving any
26 market power abuse or anti-competitive or discriminatory act or behavior
27 by or against any participant in the water supply, sanitation, and
28 sewerage sector. Without prejudice to the actions that the Philippine
29 Competition Commission, pursuant to Republic Act No. 10667, may
30 undertake on its own, the Water Regulatory Commission may be directed
31 by the Philippine Competition Commission, upon finding that a market
32 participant has engaged in, or fell victim to such act or behavior, to stop

- 1 or redress the same within the functions and powers granted to the Water
2 Regulatory Commission under this Act;
- 3 (k) Adopt and require that books, records, and accounts be kept and
4 maintained in accordance with the prescribed uniform accounting
5 system;
- 6 (l) Require the submission of plans, reports on finances and operations,
7 performance targets, and accomplishments verified under oaths by the
8 owner or president and secretary of the licensee;
- 9 (m) Determine and require the monitoring and submission of such data,
10 statistics, and other information from any or all licensees as may be
11 necessary for the effective and efficient exercise of its duties, functions,
12 powers and responsibilities: *Provided*, That such data, statistics, and
13 other information shall also be submitted to the Department for
14 integration in the centralized database on water resources;
- 15 (n) Fix and determine proper and adequate rates of depreciation of
16 properties and equipment used in water supply, sanitation, and sewerage
17 services;
- 18 (o) Impose and collect annual levies and reasonable fees and surcharges as
19 may be necessary for achieving the purposes, powers, and functions of
20 the Commission: *Provided*, That the rate of annual levies and fees shall
21 be determined strictly on a cost recovery basis for the reasonable and
22 actual cost of regulation in accordance with applicable rules and
23 regulations on the imposition and increase of charges;
- 24 (p) Investigate, *motu proprio* or upon complaint in writing, any matter
25 concerning the operation of the service and violations of this Act;
- 26 (q) Respond to consumer complaints and ensure the adequate promotion of
27 consumer interests and investigate *motu proprio* violations;
- 28 (r) Investigate accidents directly or indirectly arising from or connected with
29 the maintenance or operation of the service, and make such order or
30 recommendation as the public interest may warrant;
- 31 (s) Impose penalties and fines, which may include, but is not limited to,
32 rebates, refunds, and credits to affected consumers, against any licensee

- 1 or against its owners, directors, officers, agents or representatives for
2 any violation of this Act or of the license, order, rule regulation or
3 requirement issued by the Commission;
- 4 (t) Require any licensee to pay the actual expenses incurred by the
5 Commission in any investigation if it shall be found that a licensee violated
6 any provision of this Act or of the license, order, rule regulation or
7 requirement issued by the Commission;
- 8 (u) Appoint an interim or temporary management committee upon appeal
9 and after due hearing, to ensure continuity of service in cases a licensee
10 fails to meet conditions of the license;
- 11 (v) Advise, apprise, and coordinate with the Department, the National Water
12 Sector Policy Council, and other relevant agencies of the national or local
13 government on any matter relating to water supply, sanitation, and
14 sewerage services;
- 15 (w) Deputize any official or agency of the government to assist in the
16 performance of any of the powers and functions of the Commission;
- 17 (x) Appoint, hire, and maintain the Central and Regional Regulators,
18 adequate staff and personnel, advisers, and consultants, with suitable
19 qualifications and experience, as necessary, subject to existing civil
20 service laws, rules, and regulations;
- 21 (y) Exercise original and exclusive jurisdiction over all cases contesting rates,
22 fees, fines and penalties imposed by the Regulatory Units in the exercise
23 of their powers, functions and responsibilities, as provided under this Act,
24 and over all cases involving disputes between and among participants or
25 stakeholders in the water supply, sanitation, and sewerage services; and
- 26 (z) Such other incidental powers and functions as may be necessary to attain
27 the objectives of this Act.

28 **Sec. 32. *Composition of the Water Regulatory Commission.* –**

- 29 (a) The Commission shall be a collegial body composed of five (5) full-time
30 members consisting of a Chairperson and four (4) members, who shall
31 all be appointed by the President of the Philippines. All members of the
32 Commission must be citizens and residents of the Philippines, at least

thirty five (35) years of age, and of good moral character, recognized integrity and competence in the field of law, business, commerce, finance, accounting or public administration, water or utility economics, management, physical or engineering services, hydrology and other related services, with at least three (3) years of actual and distinguished experience in their respective fields of expertise: *Provided*, That out of the four members of the Commission, at least one (1) shall be a member of the Philippine Bar with at least ten (10) years of experience in the active practice of law, at least one (1) shall be a certified public accountant with at least ten (10) years of experience in active practice; and at least one (1) shall be a licensed engineer with at least ten (10) years of experience in the water supply, sewerage, or septage management sector;

(b) The term of office of each member of the Commission shall be seven (7) years: *Provided*, That among the members first appointed, the Chairperson shall serve for a period of seven (7) years, two (2) members shall serve for five (5) years and the other two (2) members shall serve for three (3) years: *Provided, further*, That any member whose term has expired as specified herein shall serve as such until his successor shall have been appointed and qualified: *Provided, furthermore*, That any appointment to fill a vacancy in the Commission arising from death, removal, retirement or resignation shall be made only for the unexpired term: *Provided, finally*, That in no case shall any member serve for more than seven (7) years in the Commission.

(c) The Commission shall meet as often as may be necessary on such day or days as the Chairperson may fix. The presence of at least three (3) members of the Commission shall constitute a quorum, which shall be necessary for the transaction of any business. The affirmative vote of majority of the members of the Commission where a quorum is present shall be necessary for the adoption of any order, resolution, decisions, or other act of the Commission in the exercise of its quasi-judicial functions: *Provided*, That in promulgating rules, regulations, guidelines and in the

1 exercise of its quasi-legislative functions, an affirmative vote of three (3)
2 members shall be required.

3 (d) The Chairperson of the Commission shall exercise general executive
4 control and supervision of the Commission and its members, staff and
5 personnel, agents, and representatives. Within three (3) months from the
6 creation of the Commission and the appointment of all members of the
7 Commission, the Chairperson shall submit for the approval by the
8 President of the Philippines the new organizational structure and
9 personnel positions necessary to carry out the powers and functions of
10 the Commission, subject to the review and approval of the DBM. The
11 personnel positions of the Commission shall be filled by regular
12 appointments in accordance with civil service laws, rules, and regulations.

13 (e) Members of the Commission shall enjoy security of tenure and shall not
14 be suspended or removed from office except for just cause as specified
15 by law.

16 (f) The Chairperson and members of the Commission or any of their relatives
17 within the fourth civil degree of consanguinity or affinity, legitimate or
18 common law, shall be prohibited from holding any interest whatsoever,
19 either as investor, stockholder, officer or director, in any company or
20 entity engaged in provision of water supply and distribution, septage
21 management and sewerage services and must, therefore, divest through
22 sale or legal disposition of any and all interests in the water sector upon
23 assumption to office.

24 **Sec. 33. Secretariat of the Commission.** – The Commission shall establish a
25 Secretariat which shall provide the Commission with technical and support services
26 such as, but not limited to the following:

27 (a) Provide the necessary technical inputs and secretariat support to the
28 Commission to facilitate the conduct of its functions;

29 (b) Coordinate with, monitor, and assess the activities of the Regulatory Units
30 to ensure proper implementation of the rules, regulations, and guidelines
31 promulgated by the Commission;

1 (c) Maintain a database on the water supply, sanitation, and sewerage
2 subsector; and

3 (d) Coordinate with other relevant agencies of the national or local
4 government on any matter relating to water supply, sanitation, and
5 sewerage.

6 **Sec. 34. *The Commission Secretariat.*** – The Executive Director shall head the
7 Commission Secretariat, keep and maintain the official records, and report of the
8 proceedings of the Commission, and administer oaths in all matters falling within the
9 jurisdiction of the Commission.

10 The Commission shall appoint, fix the compensation, and determine the status,
11 qualifications, and duties of the Executive Director and the Secretariat staff subject to
12 civil service laws, rules, and regulations. The Executive Director shall have at least ten
13 (10) years of experience in the field of law, business, commerce, finance, accounting
14 or public administration, water or utility economics, management, physical or
15 engineering services, hydrology and other related services. The members of the
16 technical staff, except those performing purely clerical functions, shall possess at least
17 a Bachelor's Degree in any of the following lines of specialization: law, public
18 administration, economics, finance, engineering, accounting, or management.

19 The Executive Director shall be responsible for the effective implementation of
20 the policies, plans, programs, rules, regulations, and directives of the Commission;
21 coordinate and supervise the activities of the different operating units under the
22 Commission; and perform such functions as may be assigned by the Chairperson and
23 other members of the Commission.

24 **Sec. 35. *Enhancement of Technical Competence.*** – The Commission shall
25 establish rigorous training programs for its staff for the purpose of enhancing the
26 technical competence of the Commission in the following areas: evaluation of technical
27 performance and monitoring compliance with service and performance standards,
28 performance-based rate-setting reform, environmental standards, and such other
29 areas as will enable the Commission to adequately perform its duties and functions.

30 **Sec. 36. *Compensation and Other Emoluments.*** – The compensation of the
31 members of the Commission and its staff shall be exempted from the coverage of
32 Republic Act. No. 11466, otherwise known as the "Salary Standardization Law of

2019", as amended. For this purpose, the schedule of compensation of the Commission shall be submitted for approval of the President of the Philippines. The compensation schedule of the Commission shall be implemented within six (6) months from the effectivity of this Act and maybe upgraded by the President of the Philippines as the need arises: *Provided*, That in no case shall the compensation of the Commission and its staff be upgraded more than once a year: *Provided, further*, That pertinent civil service laws, rules, and regulations shall be applicable to the Commission.

The Chairperson and members of the Commission shall initially be entitled to the same salaries, allowances and benefits as those of the Presiding Justice and Associate Justices of the Court of Appeals, respectively.

CHAPTER VII

REGISTRATION AND LICENSING

Sec. 37. *Registration and Licensing of All Water Supply, Sanitation, and Sewerage Services.* – All water supply, sanitation, and sewerage service providers, including bulk water suppliers and those providing services to subdivisions and other service providers, shall register with the Commission and, subject to its rules, guidelines, procedures and other issuances of the Commission, obtain a license to operate from the appropriate regulatory units: *Provided*, That the Commission shall act on the application for the issuance or the conversion of such licenses and renewals thereof within the maximum period of one (1) year as provided under this Act or by Republic Act No. 11032, otherwise known as the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018".

The Commission shall also ensure that the grant and revocation of licenses are carried out fairly, transparently, and without discrimination. Issuances of the Commission shall specify, among others, the qualifications, requirements and procedure for the grant and revocation of licenses including the standards and performance targets that shall continuously be complied with to keep the licenses valid.

The Commission shall specify the requirements and procedure for existing holders of a Certificate of Public Convenience (CPC), Certificates of Public

1 Convenience and Necessity (CPCN) issued by NWRB, or Certificate of Conformance
2 (CoC) issued by LWUA, to convert their existing certificates into licenses to operate.

3 All local water utilities, existing water service providers, or holders of CPCN or
4 CoC shall be duly prioritized in the issuance of the licenses to operate over the areas
5 where they currently operate or as may be covered by their franchises. The submission
6 of the CPC, CPCN, provisional authority, or the CoC shall be sufficient basis for the
7 issuance of the new and converted or updated licenses to operate required and
8 contemplated under this Act. To ensure continuity of service, the Commission shall
9 complete the issuance of such converted or updated licenses not later than six (6)
10 months from the effectivity of the implementing rules and regulations issued by the
11 Commission pursuant to this Act.

12 Unless otherwise provided in this Act or by the Commission, no public water
13 supply, sanitation, and sewerage service provider shall commence or conduct the
14 business of providing water supply, sewerage, and sanitation services without first
15 obtaining a license.

16 Concession agreements and other contracts for water supply provision and
17 water sanitation and treatment services currently existing shall remain valid and
18 enforceable unless otherwise terminated, after due notice and hearing for reasons
19 provided in the existing terms and conditions under the concession or service
20 agreement or contract, or invalidated by the Commission, after due notice and
21 hearing, where national security, national emergency, or public interest so dictates.

22 **Sec. 38. Conditions of License.** – The Commission may impose such conditions
23 in the issued license, as it may deem necessary, such as, but not limited to:

- 24 (a) Tariffs, rates, and charges that may be imposed from its customers or
25 consumers;
- 26 (b) Term fixing the duration of the privilege;
- 27 (c) Grounds for modification, suspension, or cancellation of the license;
- 28 (d) Minimum technical performance and service level standards, such as but
29 not limited to: (i) water pressure; (ii) minimum flow rates; (iii)
30 connections; (iv) sewerage discharge, billing, and metering requirements,
31 and (v) sanctions for failure to comply with the standards set;
- 32 (e) Expansion targets and service level improvements over time;

- (f) Restrictions or conditions for transferability of the business or controlling interest in the business;
- (g) Reportorial requirements and obligations of the grantee; and
- (h) Submission to annual performance audit by the Commission or its duly authorized representative.

Sec. 39. *Rights and Duties of Licensees.* –

- (a) Any person granted a license under this Act or with existing rights under concession agreements and related agreements shall have the obligation to ensure that licensed activities are conducted to further public interest and, in particular:
 - (i) Foster the maintenance and development of efficient, coordinated, and viable operation of their licensed activities;
 - (ii) Ensure that their water supply, sanitation, and sewerage services are provided in a diligent, conscientious and workman like manner, in accordance with applicable laws rules and regulations issued by the Commission and the generally accepted standards and practices in the water supply, sanitation, and sewerage industry;
 - (iii) Comply with drinking water quality requirements and standards that may be established by the Commission, Department, and DOH; and
 - (iv) Ensure that provision of services shall not be discontinued without notice to, and approval by, the Commission.
- (b) Any person granted a license under this Act shall, to the extent allowed by law and specified in the license, has the right to acquire or lease land, lay or repair water or sanitation mains, and other relevant facilities in public ways to fulfill the terms and conditions under the license;
- (c) Subject to any condition or limitation laid down in the license, a licensee may discontinue water supply, sanitation, and sewerage services to a customer if such customer defaults in the payment of fees due to the licensee for the water supplied or sanitation services provided, or for acts

1 of pilferage pursuant to Sections 8, 9, 10, and 11 of Republic Act No.
2 8041, otherwise known as the "Water Crisis Act of 1995";

3 (d) Any license issued under this Act shall contain provisions designed to
4 ensure that licensees:

5 (i) Publish the Tariff and other charges approved by and the terms
6 and conditions imposed by the Commission for the provision of
7 water supply, sanitation, and sewerage services;

8 (ii) Prepare, within three (3) months from the issuance of a license,
9 in consultation with its customers, a customer service code
10 specifying the manner and procedure for:

11 (a) Metering, billing, and collection of the licensee's approved
12 tariff and other charges;

13 (b) Disconnection or suspension of service in case of non-
14 payment of tariffs and other charges, or acts of pilferage; and

15 (c) Recommendation and recovery of arrears in tariffs and other
16 charges.

17 (iii) Maintain financial accounts in accordance with the manner and
18 procedure specified in the license and as may be required by the
19 Commission; and

20 (iv) Maintain and, upon request by anyone during regular office
21 hours, promptly make available for scrutiny and inspection such
22 data, statistics and other information, as may be required by the
23 Commission.

24 **Sec. 40. *Setting Tariffs, Rates and Other Charges.*** – The Commission shall
25 establish tariffs, rates and other charges which are fair and reasonable, and ensure
26 environmental sustainability, economic viability, and a fair return on investments.

27 Service providers may apply for the setting of tariffs, rates, and charges based
28 on and consistent with a scientific and evidence-based rate-setting methodology that
29 the Commission shall, after due consultation, define and publish, taking into account
30 the following, among others:

31 (a) Reasonable and prudent capital and recurrent costs of providing the
32 service including a reasonable rate of return on capital;

- (b) Efficiency of the service;
- (c) Incentives for enhancement of efficiency;
- (d) Capacity to pay of consumers;
- (e) Equity considerations;
- (f) Environmental sustainability;
- (g) Administrative simplicity;
- (h) In cases involving valid and subsisting concession agreements prior to the enactment of this Act, the methodology provided under the concession agreement;
- (i) To the fullest extent practicable, the terms and conditions of the tariffs, rates or other price-setting mechanisms set forth in any concession agreement, joint venture agreement or other similar agreement for the provision of water or sanitation services by an existing service provider.

Tariffs, rates, and charges set by the Regulatory Units shall be presumed valid and reasonable unless invalidated by the Commission, after due notice and hearing, acting on a protest or contest duly filed with the Commission to ensure continuity of service, application for setting of tariffs, rates and other charges shall be decided within a non-extendible period of ninety (90) days from the date of filing thereof, and the failure of the Commission to act on any such applications shall result in a provisional approval: *Provided*, That in no case shall proceedings on any applications for the setting of tariffs, rates and other charges exceed to a total period of one hundred twenty (120) days reckoned from the date of filing of the application.

Sec. 41. Direct Access. – Fifty-one percent (51%) of the registered water consumers in a service area, municipality, city or province may petition for direct access to water from any water service provider subject to concurrence by and reasonable compensation to the service provider and approval by the Commission. If the petition for direct access from any water service provider is approved by the Commission, the new water service provider shall reimburse the existing service provider for, as applicable, either the book value or the market value as determined by an independent appraiser accredited by the Commission, whichever is higher, of the water source, water supply, or water distribution or transmission facilities, pipelines and other equipment which shall be transferred to or utilized by the new

1 water service provider. The Commission shall promulgate the implementing rules and
2 procedures for this mode of service, which shall include, among others, financial and
3 technical capability of the new service provider.

4 **Sec. 42. *Innovative Schemes to Improve Efficiency and Management of***
5 ***Systems.*** – The Commission shall promote innovative schemes such as the
6 consolidation or integration of water supply, sanitation, and sewerage services, or
7 providers in the same service area, where it shall result in improved efficiency, service
8 expansion and lower costs.

9 To this end, the Commission shall establish and issue such rules and guidelines
10 as may be necessary to (a) create performance-based and time-bound incentives to
11 encourage efficiency and service expansion; (b) establish the standards and targets
12 that service providers are required to meet; and (c) define the fines and penalties that
13 shall be imposed for failure to meet such standards and targets.

14 **CHAPTER VIII**

15 **PROCEEDINGS BEFORE THE COMMISSION**

16 **Sec. 43. *Proceedings Before the Commission.*** – For the purpose of any
17 investigation, inquiry, or proceeding, the Commission shall:

- 18 (a) Issue *subpoena duces tecum* and *subpoena ad testificandum*;
19 (b) Appoint hearing officers to hear and receive evidence on behalf of the
20 Commission;
21 (c) Cite any person or party for contempt for refusal to appear, testify or
22 comply with an order of the Commission on any matter that is the subject
23 of investigation, inquiry or proceeding before the Commission.

24 **Sec. 44. *Orders and Decisions of the Commission.*** – Any order, resolution, or
25 decision of the Commission shall be promulgated promptly, expeditiously, reasonably,
26 and in writing, and shall state clearly and distinctly the facts and law on which it is
27 based. The Commission shall publish and make available for public inspection, all
28 decisions and final orders in the adjudication of contested cases or applications.

29 **Sec. 45. *Appeals Procedure.*** – The orders, rulings, and decisions of the
30 Commission are final and executory unless appealed to the Court of Appeals within
31 fifteen (15) days from receipt of notice of such order, ruling or decision: *Provided,*
32 That orders, rulings, and decisions of the Commission approving tariffs, shall be

1 immediately executory and may be suspended only upon appeal and filing of a bond,
2 in an amount to be fixed by the Commission, to answer for damages occasioned by
3 the suspension or stay of execution of such orders, rulings, and decisions.

4 **Sec. 46. *Prohibition Against Injunctions.*** – Except for the Supreme Court, no
5 temporary restraining order, preliminary injunction, or preliminary mandatory
6 injunction may be issued by any court to restrain any proceeding before, or the
7 implementation or execution of any order, ruling, or decision of the Commission.

8 **CHAPTER IX**

9 **TRANSITORY PROVISIONS**

10 **Sec. 47. *Transition Period.***– The Department shall, by virtue of this Act be
11 subrogated to all the rights and assume all the functions of the government agencies
12 and units whose powers and functions have been subsumed, absorbed, transferred or
13 attached to the Department. The Commission shall also, by virtue of this Act, be
14 subrogated to all the rights, and assume all the functions, of the Water Utilities Division
15 of the NWRB, the regulatory offices of MWSS and LWUA, and all other government
16 agencies and units whose powers and functions have been transferred to the
17 Commission in accordance with the civil service laws, rules, and regulations.

18 The transfer of powers and functions to the Department or the Commission of
19 the concerned agencies as herein provided for, shall be deemed completed within six
20 (6) months after the effectivity of this Act.

21 All agencies transferred, subsumed and attached to the Department or the
22 Commission, shall continue to function under their present mandates until the six-
23 month transition period mandated under this Act shall have lapsed. The transfer of
24 powers and functions shall include all applicable funds, personnel, records, property
25 and equipment, as may be necessary. The heads of the affected agencies shall
26 continue to serve until replaced.

27 All rights and functions of the affected agencies are hereby transferred to and
28 assumed by the Department or the Commission, and shall be acted upon in
29 accordance with the rules and regulations of the Commission on Audit and other
30 pertinent laws, rules, and regulations.

Sec. 48. *Absorption or Separation from Service of Employees of the Subrogated Agencies.* – The current employees of all government agencies and units whose powers and functions have been transferred to, absorbed or subsumed by the Department or Commission shall enjoy security of tenure, in accordance with their staffing pattern and the selection process as prescribed under Republic Act No. 6656 or the "Government Reorganization Law".

Employees opting to be separated from the service as a consequence of the consolidation and reconstitution under the provisions of this Act, shall, within one (1) month from their separation or phase out from the service, receive separation benefits in accordance with existing laws and those who are qualified to retire shall be allowed to retire and be entitled to all benefits under existing retirement laws, subject to existing rules and regulations of the Commission on Audit.

CHAPTER X

FINAL PROVISIONS

Sec. 49. *Applicability of Ease of Doing Business Law.* – The prescribed processing time provided under Section 9(b) of Republic Act No. 11032 shall be applicable to all agencies and LGUs covered under this Act particularly on accessing government services.

Sec. 50. Appropriations. – The amount necessary for the initial implementation of this Act shall be charged against the current year’s appropriations of the agencies, entities, divisions, sections or units subsumed or transferred to the Department. Thereafter, such amount shall be included in the annual General Appropriations Act.

Sec. 51. *Implementing Rules and Regulations.* – Upon the effectivity of this Act, the Department and the Commission, as may be applicable, as well as NEDA, DBM, DENR, CSC, and the National Commission on Indigenous Peoples in consultation with concerned government agencies shall promulgate the implementing rules and regulations (IRR) of the Department and the Commission necessary for the effective implementation of this Act within one hundred eighty (180) days after its effectivity.

Sec. 52. *Separability Clause.* – If any reason, any portion or provision of this Act shall be held unconstitutional or invalid, the remaining provisions not affected thereby shall continue to be in full force and effect.

Sec. 53. *Repealing Clause.*—

1 (a) The following provisions are hereby repealed:

2 (i) Section 3 (h) and Section 12 on the fixing of water rates and
3 sanitation service fees, Section 3 (n) on regulation of waterworks
4 and deep wells, and Section 3 (p) on the regulation of waterworks
5 and sanitation systems in privately owned subdivisions of
6 Republic Act No. 6234;

7 (ii) Section 62 on regulation and Section 63 on rate review of
8 Presidential Decree No. 198 otherwise known as the "Provincial
9 Water Utilities Act of 1973", as amended by Letter of Instruction
10 No. 700 – "Providing Measures To Control And Regulate Increase
11 In Water Rates", Letter of Instruction No. 744 – "Relative To
12 Reliable Water Supply At Reasonable Rates In The Countryside",
13 Executive Order No. 124-A, series of 1987 - "Reorganization Act
14 of the Ministry of Public Works and Highways", and Executive
15 Order No. 123, 30 January 1987 - "Reorganization Act of Ministry
16 of Social Services and Development"; and

17 (iii) Executive Order No. 22, series of 2023, creating the Water
18 Resources Management Office of the DENR; and

19 (iv) Section 154, Article V, Chapter I, Title One, Book II of Republic
20 Act No. 7160 otherwise known as the "Local Government Code of
21 1991", as amended, and its implementing rules and regulations
22 on the power of the LGUs to fix the rates of water utilities owned,
23 operated and maintained by them within their jurisdiction.

24 (b) All other laws, presidential decrees, executive orders, presidential
25 proclamations, rules and regulations, or parts thereof which are
26 inconsistent with the provisions of this Act are hereby repealed or
27 amended accordingly.

28 **Sec. 54. Effectivity.** – This Act shall take effect fifteen (15) days after its
29 publication in the Official Gazette or in a newspaper of general circulation.

Approved,