

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES
EIGHTEENTH CONGRESS
Second Regular Session

}

HOUSE OF REPRESENTATIVES

H. No. 9422

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

AN ACT

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

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

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

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

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

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

1 Kawit, Noveleta and Rosario in the Province of Cavite, and subject to
2 applicable laws.

- 3 (c) *Regulatory Office* refers to the Regulatory Office established under the
4 Concession Agreement (the “MWSS Regulatory Office”) or its legal
5 successor, as may be created or reorganized by Executive Order or by
6 law.
7

8 **SEC. 3. *Rights and Privileges.*** — Without limiting the scope of authority of
9 the grantee provided under Section 1, the grantee shall establish, manage, operate,
10 repair, rehabilitate, expand, and improve the waterworks and sewerage system in the
11 Franchise Area, including the right to bill and collect fees from end-users for water
12 supply and sewerage services.
13

14 The grantee shall also have the rights and privileges to:

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

- 1 (f) disconnect water supply and discontinue provision of water or
2 wastewater services if customer defaults in the payment of fees for the
3 services provided, or for acts of pilferage pursuant to Republic Act No.
4 8041 or the “National Water Crisis Act of 1995”.

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

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

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

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

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

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

45
46 WHEN PUBLIC INTEREST FOR AFFORDABLE WATER SECURITY SO
47 REQUIRES AND UPON APPLICATION OF THE GRANTEE, MWSS SHALL
48 BE AUTHORIZED TO APPROVE THE AMENDMENT OF THE CONCESSION
49 AGREEMENT TO EXTEND ITS TERM UP TO THE TERM OF THE
50 FRANCHISE AFTER THE APPROPRIATE NOTICE AND HEARING.

1 The grantee, its successors or assignees, shall apply for a certificate of public
2 convenience and necessity, license, or permit when a new regulatory framework for
3 water service providers is established by law or when required by the Regulatory
4 Office, which will supersede the terms and conditions of the Concession Agreement:
5 *Provided*, That if the public service function and the recovered and retained assets of
6 the MWSS, as defined in the Concession Agreement, are privatized by law, the
7 grantee shall have the right to match the highest compliant bid after a public bidding
8 for MWSS owned assets in the waterworks and sewerage system in the Franchise
9 Area. The right to match shall be exercised within thirty (30) days from receipt of
10 written notice of the amount of the highest compliant bid, and the grantee shall have
11 a period of ninety (90) days to pay the bid price: *Provided, further*, That the bidding
12 process shall be in accordance with the Commission on Audit Circular No. 89-296 or
13 the “Audit Guidelines on the Divestment or Disposal of Property and Other Assets of
14 National Government Agencies and Instrumentalities, Local Government Units and
15 Government-Owned or Controlled Corporations and their Subsidiaries” OR ANY
16 AMENDMENTS THERETO, and other related laws or issuances.

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

37
38 **SEC. 7. *Responsibility to the Public***. – The grantee, its successors or
39 assignees shall conform to the ethics of honest enterprise and shall provide water
40 supply and sewerage services to its service area in a prudent, efficient, and
41 satisfactory manner.

42
43 For the public interest, as far as feasible and whenever required by the
44 Regulatory Office, the grantee shall modify, improve, or change its facilities,
45 pipelines, systems, and equipment for the purpose of providing efficient and reliable
46 service at reasonable costs. The grantee shall charge reasonable and just fees for its
47 services to all types of consumers and water users within its franchise area in
48 accordance with Section 8 of this Act.

49
50 The grantee, its successors or assignees, shall comply with environmental
51 and sustainability standards, and shall work with the local government units to
52 ensure safe and inclusive development.

1 THE GRANTEE SHALL COMPLY WITH ALL ITS OBLIGATIONS AS
2 PROVIDED UNDER THIS FRANCHISE, PERTINENT LAWS AND
3 REGULATIONS, INCLUDING REPUBLIC ACT NO. 8371 OR THE
4 INDIGENOUS PEOPLES RIGHTS ACT OF 1997” REQUIRING IN THE
5 APPROPRIATE CASES, FREE AND PRIOR INFORMED CONSENT (FPIC)
6 AND OTHER RELATED PROCESSES, RELEVANT JURISPRUDENCE, AND
7 THE CONCESSION AGREEMENT. THE GRANTEE SHALL LIKEWISE
8 INSTITUTE MECHANISMS THAT WILL FACILITATE CONSULTATION
9 WITH THE STAKEHOLDERS ON THE FORMER’S SERVICES.

10
11 **SEC. 8. Setting Tariffs, Rates and Other Charges.** – The Regulatory Office,
12 with the approval of MWSS Board of Trustees under the Concession Agreement,
13 shall establish tariffs, rates and other charges which are fair and reasonable, and
14 ensure economic viability and a fair return on investments.

15
16 Tariffs, rates and charges shall be based on and consistent with a rate-setting
17 methodology that the Regulatory Office shall, after due consultation with
18 stakeholders, define and publish, taking into account the following, AMONG
19 OTHERS:

- 20
21 (a) reasonable and prudent capital and recurrent, EFFICIENT AND PRUDENT
22 costs of providing the service including a reasonable rate of return on capital;
23 (b) efficiency of the service;
24 (c) incentives for enhancement of efficiency which shall not exceed the limitations
25 applicable to public utilities;
26 (d) willingness to pay of the customers/consumers;
27 (e) equity considerations; [and]
28 (f) administrative simplicity;
29 (G) METHODOLOGY PROVIDED UNDER THE CONCESSION
30 AGREEMENT; AND
31 (H) COMPLIANCE WITH OBLIGATIONS AS SET OUT UNDER
32 PERTINENT LAWS, JURISPRUDENCE, AND THE CONCESSION
33 AGREEMENT.

34
35 Tariffs, rates, and charges set by the Regulatory Office, as approved by the
36 MWSS Board of Trustees under the Concession Agreement, shall be presumed valid
37 and reasonable, unless declared otherwise in a proper administrative or judicial
38 proceeding.

39
40 **SEC. 9. Protection of Consumer Interests.** – The grantee shall establish a
41 consumer desk that will handle consumer complaints and ensure adequate
42 protection of consumer interests. The grantee shall act with dispatch on all
43 complaints brought before it.

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

46
47 **SEC. 10. Election of Independent Directors** – The Board of Directors of the
48 grantee shall have independent directors constituting at least twenty percent (20%)

1 of its total membership. These independent directors must be elected [by a majority
2 of all holders of the outstanding shares who are entitled to vote.] IN ACCORDANCE
3 WITH AND SHALL BE SUBJECT TO THE PROVISIONS OF THE REVISED
4 CORPORATION CODE, AS WELL AS OTHER PERTINENT RULES AND
5 REGULATIONS.

6
7 An independent director is a person who, apart from shareholdings and fees
8 received from the corporation, is independent of management and free from any
9 business or other relationship which could, or could reasonably be perceived to,
10 materially interfere with the exercise of independent judgment in carrying out the
11 responsibilities as a director.

12
13 THE GRANTEE'S INDEPENDENT DIRECTORS SHALL HAVE AT
14 LEAST THREE (3) YEARS OF MANAGEMENT OR SUPERVISORY
15 EXPERIENCE IN THE PROFESSIONAL FIELDS OF WATER SECURITY,
16 WATER SCIENCE POLICY AND MANAGEMENT, ENVIRONMENTAL
17 SCIENCE, OR ANY SIMILAR FIELD.

18
19 **SEC. 11. Right of the Government.** – A special right is hereby reserved to
20 the President of the Philippines, in times of war, rebellion, public peril, calamity,
21 emergency, disaster, or disturbance of peace and order, to temporarily take over and
22 operate the waterworks and sewerage system of the grantee; to temporarily suspend
23 the operation of any portion thereof in the interest of public safety, security, and
24 public welfare; or to authorize the temporary use and operation thereof by any
25 agency of the government, upon due compensation to the grantee, for the use of
26 said waterworks and sewerage system during the period when they shall be so
27 operated.

28
29 **SEC. 12. Right of Eminent Domain.** – Subject to the limitations and
30 procedures prescribed by law, the grantee, its successors or assignees, is
31 authorized to exercise the power of eminent domain insofar as it may be reasonably
32 necessary for the efficient establishment, improvement, upgrading, rehabilitation,
33 maintenance, and operation of services. The grantee is authorized to install and
34 maintain its water pipelines and other facilities over, under, and across public
35 property, including streets, highways, parks, and other similar property of the
36 Government of the Philippines, its branches, or any of its instrumentalities. The
37 grantee may acquire private property as is actually necessary for the realization of
38 the purposes for which this franchise is granted, including pipelines, buildings,
39 infrastructure, machineries, and equipment previously, currently, or actually used, or
40 intended to be used, or have been abandoned, unused, or underutilized, or which
41 obstructs its facilities, for the operation of a waterworks and sewerage system for the
42 conveyance of water supply and sewerage services to end-users in its service
43 area: *Provided*, That expropriation proceedings before the proper court shall have
44 been instituted and just compensation paid.

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

9
10 **SEC. 14. *Acceptance and Compliance.*** — Acceptance of this franchise shall
11 be given in writing to the Congress of the Philippines, through the Committee on
12 Legislative Franchises of the House of Representatives and the Committee on Public
13 Services of the Senate, within sixty (60) days from the effectivity of this Act. Upon
14 giving such acceptance, the grantee, its successors or assignees, shall exercise the
15 privileges granted under this Act. Nonacceptance shall render this franchise void.

16
17 **SEC. 15. *Warranty in Favor of the National and Local Governments.*** —
18 The grantee shall hold the national, provincial, city, and municipal governments of
19 the Philippines free from all claims, liabilities, demands, or actions arising from
20 accidents causing injury to persons or damage to properties, during the construction
21 or operation of the waterworks and sewerage system facilities of the grantee.

22
23 **SEC. 16. *COMMITMENT TO PROVIDE AND PROMOTE THE***
24 ***CREATION OF EMPLOYMENT OPPORTUNITIES.*** — THE GRANTEE SHALL
25 CREATE EMPLOYMENT OPPORTUNITIES AND ACCEPT ON-THE-JOB
26 TRAINEES IN ITS FRANCHISE OPERATIONS: *PROVIDED*, THAT PRIORITY
27 SHALL BE ACCORDED TO THE RESIDENTS OF THE PLACE WHERE THE
28 GRANTEE HOLDS OFFICE OR OPERATES: *PROVIDED, FURTHER*, THAT
29 THE GRANTEE SHALL COMPLY WITH THE APPLICABLE LABOR
30 STANDARDS AND ALLOWANCE ENTITLEMENT UNDER EXISTING LABOR
31 LAWS, RULES AND REGULATIONS, AND SIMILAR ISSUANCES.

32
33 THE EMPLOYMENT OPPORTUNITIES OR JOBS CREATED SHALL
34 BE REFLECTED IN THE GENERAL INFORMATION SHEET (GIS) TO BE
35 SUBMITTED TO THE SECURITIES AND EXCHANGE COMMISSION (SEC)
36 ANNUALLY.

37
38 **SEC. [16] 17. *Liability for Damages.*** — The grantee shall be liable for any
39 injury to persons and damage to property caused by any accident arising from
40 defective construction of infrastructure built pursuant to the operation of its business
41 under this franchise, or by neglect or failure to keep its pipelines and other related
42 facilities in safe condition.

43
44 **SEC. [17] 18. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of***
45 ***Franchise.*** — The grantee shall not sell, lease, transfer, grant the usufruct of, nor
46 assign this franchise or the rights and privileges acquired thereunder to any person,
47 firm, company, corporation or other commercial or legal entity, nor merge with any
48 other corporation or entity, nor transfer the controlling interest of the grantee,

1 whether simultaneously or contemporaneously, to any person, firm, company,
2 corporation, or entity without the prior approval of the Congress of the Philippines
3 and compliance with legal requirements stipulated in other statutes: *Provided*, that
4 the foregoing limitations shall not apply to any: (1) transfer or issuance of shares of
5 stock in the implementation of requirements for the dispersal of the grantee's
6 ownership pursuant to Section 19 of this Act; (2) transfer or sale of shares of stock to
7 an investor or investors; (3) issuance of shares of stock to any investor out of the
8 unissued authorized capital stock of the grantee or pursuant to or in connection with
9 any increase in the grantee's authorized capital stock which shall result in the dilution
10 of the stockholdings of the grantee's then existing stockholders; (4) combination
11 thereof where such transfer, sale, or issuance is effected in order to enable the
12 grantee to raise the necessary capital or financing for the provision of any of the
13 services authorized by this Act or carry out any of the purposes for which the grantee
14 has been incorporated or organized; (5) sale, transfer or assignment by the
15 stockholders of the grantee in favor of a holding company, the controlling
16 stockholders of which are the same controlling stockholders of the grantee: *Provided*,
17 *further*, that any such transfer, sale, or issuance is in accordance with any applicable
18 constitutional limitation: *Provided, finally*, that Congress shall be informed of any
19 sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and
20 privileges acquired thereunder, or of the merger or transfer of the controlling interest
21 of the grantee, within sixty (60) days after the completion of the said transaction. The
22 failure to report to Congress such change of ownership shall render the franchise
23 *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or
24 assigned shall be subject to the same conditions, terms, restrictions, and limitations
25 of this Act.

26
27 **SEC. [18] 19. *Dispersal of ownership.*** – In accordance with the
28 constitutional provision to encourage public participation in public utilities, the
29 grantee shall, offer to Filipino citizens at least [twenty percent (20%)] THIRTY
30 PERCENT (30%) of its outstanding capital stock, or such other percentage that may
31 hereafter be required by law, in any securities exchange in the Philippines within five
32 (5) years from the effectivity of this Act.

33
34 [In the event the required dispersal of ownership is not implemented within
35 five (5) years, the holdings of persons, natural or juridical, including directors,
36 officers, stockholders, and related interests in the grantee and its respective holding
37 company, if any, shall not exceed twenty-five percent (25%) of the voting shares of
38 stock unless the grantee or the company holding the shares of the grantee or its
39 controlling stockholders (direct or indirect) are already listed in the Philippine Stock
40 Exchange.] Non-compliance therewith shall render the franchise *ipso facto* revoked.

41
42 **SEC. [19] 20. *Information Dissemination.*** — An information dissemination
43 campaign regarding public services and operations of the grantee, as well as the
44 general provisions of the franchise including its term, shall be made known to all end-
45 users in the Franchise Area.

46
47 **SEC. [20] 21. *Reportorial Requirement.*** — The grantee shall submit an
48 annual report on its compliance with the terms and conditions of the franchise and on
49 its operations to the Congress of the Philippines, through the Committee on
50 Legislative Franchises of the House of Representatives and the Committee on Public
51 Services of the Senate, on or before April 30 of every year during the term of its
52 franchise.

1
2 The annual report shall include an update on the development, operation, and
3 expansion of business; audited financial statements; latest GIS officially submitted to
4 the SEC, if applicable; certification of the Regulatory Office on the status of its
5 permits and operations; and an update on its dispersal of ownership required under
6 Section 18.

7
8 THE GRANTEE SHALL SUBMIT TO THE MWSS REGULATORY
9 OFFICE A COMPLETION PLAN FOR THE ESTABLISHMENT AND
10 OPERATION OF WATER, SEWERAGE AND SANITATION PROJECTS
11 COVERING A PERIOD UNTIL 2037 WHICH SHALL INCLUDE PERIODIC
12 FIVE (5)-YEAR COMPLETION TARGETS WITH THE END GOAL OF
13 ACHIEVING ONE HUNDRED PERCENT (100%) WATER, SEWERAGE AND
14 SANITATION COVERAGE BY 2037. THE GRANTEE SHALL SUBMIT AN
15 ANNUAL PROGRESS REPORT OF ITS COMPLIANCE WITH SUCH
16 TARGETS TO THE MWSS REGULATORY OFFICE AND TO CONGRESS.

17
18 The Regulatory Office shall, one (1) year from the grant of this franchise, and
19 every five (5) years thereafter, conduct a comprehensive assessment of the
20 grantee's operations and compliance with the conditions imposed hereunder and
21 submit a report thereof to Congress. The grantee shall transmit to the Regulatory
22 Office all information and documents necessary to complete such assessment.

23
24 **SEC. [21] 22. *Fine.*** — Failure of the grantee to submit the requisite annual
25 report to Congress shall be penalized by a fine of [Five hundred pesos (P500.00)]
26 ONE MILLION PESOS (P1,000,000.00) for each working day of noncompliance.
27 The fine shall be collected separately from the reportorial penalties imposed by the
28 Regulatory Office and it shall be remitted to the Bureau of the Treasury.

29
30 **SEC. 23. *TAX PROVISION.*** — THE GRANTEE, ITS SUCCESSORS OR
31 ASSIGNEES, SHALL BE LIABLE TO PAY THE SAME TAXES ON THEIR
32 REAL ESTATE, BUILDINGS AND PERSONAL PROPERTY, AS OTHER
33 PERSONS OR CORPORATIONS WHICH ARE NOW OR HEREAFTER MAY
34 BE REQUIRED BY LAW TO PAY. THE GRANTEE, ITS SUCCESSORS OR
35 ASSIGNEES, SHALL CONTINUE TO BE LIABLE FOR INCOME TAXES
36 PAYABLE UNDER TITLE II OF THE NATIONAL INTERNAL REVENUE
37 CODE. IN NO CASE SHALL THE INCOME TAXES DUE FROM THE
38 GRANTEE, ITS SUCCESSORS AND ASSIGNEES BE PASSED ON TO ITS
39 CONSUMERS.

40
41 THE GRANTEE SHALL FILE THE RETURN WITH AND PAY THE TAX
42 DUE THEREON TO THE COMMISSIONER OF INTERNAL REVENUE OR
43 HIS DULY AUTHORIZED REPRESENTATIVE IN ACCORDANCE WITH THE
44 NATIONAL INTERNAL REVENUE CODE, AND THE RETURN SHALL BE
45 SUBJECT TO AUDIT BY THE BUREAU OF INTERNAL REVENUE.

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

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

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

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

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

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

30 Approved,