

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES
EIGHTEENTH CONGRESS
Second Regular Session

}

HOUSE OF REPRESENTATIVES

H. No. 9423

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

AN ACT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6
7 The grantee shall comply with the resolutions, issuances, and standards set by
8 the Regulatory Office and other concerned government agencies.

9
10 The La Mesa Dam and Reservoir which was designed to be a complementary
11 facility to the Balara Water Treatment Plants operated by the grantee shall continue to
12 be managed by the grantee with the approval of the [~~Regulatory Office~~] MWSS.

13
14 It shall be the duty of the grantee, its successors or assignees, whenever
15 required to do so by the Regulatory Office, or any authorized government agency, to
16 modify, improve, and change the waterworks and sewerage system or facilities in a
17 manner and extent as the technological improvements in the water supply and
18 sewerage services shall render beneficial to consumers, and shall promote efficiency
19 and environmental sustainability.

20
21 The grantee shall promote water conservation and avoid water wastage. With
22 the approval of the Regulatory Office and considering cost efficiencies, the grantee
23 shall establish water impounding facilities, consider and undertake the recovery and
24 appropriate reuse of wastewater, grey water, industrial water, and reclaimed water.
25 The grantee may adopt waste-to-energy or similar technology utilizing sludge waste
26 from its wastewater facilities to promote energy efficiency in its operations.

27
28 **SEC. 5. Certificate of Public Convenience and Necessity, License or**
29 **Permit.** – For purposes of this Act, EXCEPT WITH RESPECT TO THE PROVISION
30 ON EXCLUSIVITY OF RIGHTS STATED IN ARTICLE XII, SECTION 11 OF THE
31 1987 PHILIPPINE CONSTITUTION, the Concession Agreement shall serve as the
32 certificate of public convenience and necessity, license, or permit of the grantee for
33 the operation of its waterworks and sewerage system.

34
35 The Concession Agreement between the MWSS and the grantee shall remain
36 valid unless otherwise terminated, after due notice and hearing for reasons provided
37 in the Concession Agreement, or invalidated by a court of competent jurisdiction or by
38 a government agency authorized by law to do so when national security, national
39 emergency, or public interest so requires, or unless modified or amended under this
40 Act or any subsequent law.

41
42 WHEN PUBLIC INTEREST FOR AFFORDABLE WATER SECURITY SO
43 REQUIRES AND UPON APPLICATION OF THE GRANTEE, MWSS SHALL BE
44 AUTHORIZED TO APPROVE THE AMENDMENT OF THE CONCESSION
45 AGREEMENT TO EXTEND ITS TERM UP TO THE TERM OF THE FRANCHISE,
46 AFTER THE APPROPRIATE NOTICE AND HEARING.

47
48 The grantee, its successors or assignees, shall apply for a certificate of public
49 convenience and necessity, license, or permit when a new regulatory framework for
50 water service providers is established by law or when required by the Regulatory
51 Office, which will supersede the terms and conditions of the Concession Agreement:
52 *Provided*, That if the public service function and the recovered and retained assets of
53 the MWSS, as defined in the Concession Agreement, are privatized by law, the

1 grantee shall have the right to match the highest compliant bid after a public bidding
2 for MWSS owned assets in the waterworks and sewerage system in the Franchise
3 Area. The right to match shall be exercised within thirty (30) days from receipt of written
4 notice of the amount of the highest compliant bid, and the grantee shall have a period
5 of ninety (90) days to pay the bid price: *Provided, further*, That the bidding process
6 shall be in accordance with the Commission on Audit Circular No. 89-296 or the “Audit
7 Guidelines on the Divestment or Disposal of Property and Other Assets of National
8 Government Agencies and Instrumentalities, Local Government Units and
9 Government-Owned or Controlled Corporations and their Subsidiaries”, AS MAY BE
10 AMENDED, and other related laws or issuances.

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

31
32 **SEC. 7. *Responsibility to the Public***. – The grantee, its successors or
33 assignees shall conform to the ethics of honest enterprise and shall provide water
34 supply and sewerage services to the Franchise Area in a prudent, efficient, and
35 satisfactory manner.

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

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

47
48 THE GRANTEE SHALL COMPLY WITH ALL ITS OBLIGATIONS AS
49 PROVIDED UNDER THIS FRANCHISE, PERTINENT LAWS AND
50 REGULATIONS, INCLUDING REPUBLIC ACT NO. 8371 OR “THE
51 INDIGENOUS PEOPLES’ RIGHTS ACT OF 1997”, REQUIRING IN THE
52 APPROPRIATE CASES FREE AND PRIOR INFORMED CONSENT (FPIC) AND

1 OTHER RELATED PROCESSES, RELEVANT JURISPRUDENCE AND THE
2 CONCESSION AGREEMENT. THE GRANTEE SHALL LIKEWISE INSTITUTE
3 MECHANISMS THAT WILL FACILITATE CONSULTATION WITH THE
4 STAKEHOLDERS ON THE FORMER'S SERVICES.
5

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

11 Tariffs, rates and charges shall be based on and consistent with a rate-setting
12 methodology that the Regulatory Office shall, after due consultation with stakeholders,
13 define and publish, taking into account the following, AMONG OTHERS:
14

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

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

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

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

42 **SEC. 10. *Election of Independent Directors*** – The Board of Directors of the
43 grantee shall have independent directors constituting at least twenty percent (20%) of
44 its total membership. These independent directors must be elected [~~by a majority of~~
45 ~~all the holders of outstanding shares entitled to vote.~~] IN ACCORDANCE WITH AND
46 SHALL BE SUBJECT TO THE PROVISIONS OF THE REVISED CORPORATION
47 CODE, AS WELL AS OTHER PERTINENT RULES AND REGULATIONS.
48

1 An independent director is a person who, apart from shareholdings and fees
2 received from the corporation, is independent of management and free from any
3 business or other relationship which could, or could reasonably be perceived to,
4 materially interfere with the exercise of independent judgment in carrying out the
5 responsibilities as a director.

6
7 THE GRANTEE'S INDEPENDENT DIRECTORS SHALL HAVE AT LEAST
8 THREE (3) YEARS OF MANAGEMENT OR SUPERVISORY EXPERIENCE IN
9 THE PROFESSIONAL FIELDS OF WATER SECURITY, WATER SCIENCE
10 POLICY AND MANAGEMENT, ENVIRONMENTAL SCIENCE, OR ANY
11 SIMILAR FIELD.

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

21
22 **SEC. 12. *Right of Eminent Domain.*** – Subject to the limitations and
23 procedures prescribed by law, the grantee, its successors or assignees, is authorized
24 to exercise the power of eminent domain insofar as it may be reasonably necessary
25 for the efficient establishment, improvement, upgrading, rehabilitation, maintenance,
26 and operation of services. The grantee is authorized to install and maintain its water
27 pipelines and other facilities over, under, and across public property, including streets,
28 highways, parks, and other similar property of the Government of the Philippines, its
29 branches, or any of its instrumentalities. The grantee may acquire private property as
30 is actually necessary for the realization of the purposes for which this franchise is
31 granted, including pipelines, buildings, infrastructure, machineries, and equipment
32 previously, currently, or actually used, or intended to be used, or have been
33 abandoned, unused, or underutilized, or which obstructs its facilities, for the operation
34 of a waterworks and sewerage system for the conveyance of water supply and
35 sewerage services to end-users in the Franchise Area: *Provided*, That expropriation
36 proceedings before the proper court shall have been instituted and just compensation
37 paid.

38
39 **SEC. 13. *Term of the Franchise.*** – This franchise shall be for a term of twenty-
40 five (25) years from the effectivity of this Act, unless sooner cancelled or revoked by
41 Congress when the public interest so requires or when the grantee fails to reasonably
42 comply with regulatory standards. THIS FRANCHISE SHALL BE DEEMED *IPSO*
43 *FACTO* REVOKED IN THE EVENT THE GRANTEE FAILS TO OPERATE
44 CONTINUOUSLY FOR TWO (2) YEARS, OR IN CASE OF DEFAULT, AS
45 PROVIDED FOR IN THE GRANTEE'S CONCESSION AGREEMENT.

46
47 **SEC. 14. *Acceptance and Compliance.*** – Acceptance of this franchise shall
48 be given in writing to the Congress of the Philippines, through the Committee on

1 Legislative Franchises of the House of Representatives and the Committee on Public
2 Services of the Senate, within sixty (60) days from the effectivity of this Act. Upon
3 giving such acceptance, the grantee, its successors or assignees, shall exercise the
4 privileges granted under this Act. Nonacceptance shall render this franchise void.
5

6 **SEC. 15. Warranty in Favor of the National and Local Governments.** – The
7 grantee shall hold the national, provincial, city, and municipal governments of the
8 Philippines free from all claims, liabilities, demands, or actions arising from accidents
9 causing injury to persons or damage to properties, during the construction or operation
10 of the waterworks and sewerage system facilities of the grantee.
11

12 **SEC. 16. COMMITMENT TO PROVIDE AND PROMOTE THE CREATION OF**
13 **EMPLOYMENT OPPORTUNITIES.** – THE GRANTEE SHALL CREATE
14 EMPLOYMENT OPPORTUNITIES AND ACCEPT ON-THE-JOB TRAINEES IN
15 ITS FRANCHISE OPERATIONS: *PROVIDED*, THAT PRIORITY SHALL BE
16 ACCORDED TO THE RESIDENTS OF THE PLACE WHERE THE GRANTEE
17 HOLDS OFFICE OR OPERATES: *PROVIDED FURTHER*, THAT THE GRANTEE
18 SHALL COMPLY WITH THE APPLICABLE LABOR STANDARDS AND
19 ALLOWANCE ENTITLEMENT UNDER EXISTING LABOR LAWS, RULES AND
20 REGULATIONS, AND SIMILAR ISSUANCES.

21 THE EMPLOYMENT OPPORTUNITIES OR JOBS CREATED SHALL BE
22 REFLECTED IN THE GENERAL INFORMATION SHEET (GIS) TO BE
23 SUBMITTED TO THE SECURITIES AND EXCHANGE COMMISSION (SEC)
24 ANNUALLY.
25

26 **SEC. [16] 17. Liability for Damages.** – The grantee shall be liable for any
27 injury to persons and damage to property caused by any accident arising from
28 defective construction of infrastructure built pursuant to the operation of its business
29 under this franchise, or by neglect or failure to keep its pipelines and other related
30 facilities in safe condition.
31

32 **SEC. [17] 18. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**
33 **Franchise.** – The grantee shall not sell, lease, transfer, grant the usufruct of, nor
34 assign this franchise or the rights and privileges acquired thereunder to any person,
35 firm, company, corporation, or other commercial or legal entity, nor merge with any
36 other corporation or entity, nor shall the controlling interest of the grantee be
37 transferred, simultaneously or contemporaneously, to any person, firm, company,
38 corporation, or entity without the prior approval of Congress: *Provided*, That the
39 foregoing limitations shall not apply to any [~~transfer, sale, or issuance of shares of~~
40 ~~stock at the level of corporate stockholders of the grantee: *Provided, further*, That the~~
41 ~~foregoing limitations shall not apply in case of assignment or transfer of the operation~~
42 ~~of any of its related business: *Provided, furthermore*, That any transfer, sale, or~~
43 ~~issuance at the level of the corporate stockholders of the grantee is in accordance with~~
44 ~~applicable constitutional limitations.~~] : (1) TRANSFER OR ISSUANCE OF SHARES
45 OF STOCK IN THE IMPLEMENTATION OF REQUIREMENTS FOR THE
46 DISPERSAL OF THE GRANTEE'S OWNERSHIP PURSUANT TO SECTION 19
47 OF THIS ACT; (2) TRANSFER OR SALE OF SHARES OF STOCK TO AN
48 INVESTOR OR INVESTORS; (3) ISSUANCE OF SHARES OF STOCK TO ANY
49 INVESTOR OUT OF THE UNISSUED AUTHORIZED CAPITAL STOCK OF THE
50 GRANTEE OR PURSUANT TO OR IN CONNECTION WITH ANY INCREASE IN

1 THE GRANTEE’S AUTHORIZED CAPITAL STOCK WHICH SHALL RESULT IN
2 THE DILUTION OF THE STOCKHOLDINGS OF THE GRANTEE’S THEN
3 EXISTING STOCKHOLDERS; (4) COMBINATION THEREOF WHERE SUCH
4 TRANSFER, SALE OR ISSUANCE IS EFFECTED IN ORDER TO ENABLE THE
5 GRANTEE TO RAISE THE NECESSARY CAPITAL OR FINANCING FOR THE
6 PROVISION OF ANY OF THE SERVICES AUTHORIZED BY THIS ACT OR
7 CARRY OUT ANY OF THE PURPOSES FOR WHICH THE GRANTEE HAS BEEN
8 INCORPORATED OR ORGANIZED; (5) SALE, TRANSFER OR ASSIGNMENT
9 BY THE STOCKHOLDERS OF THE GRANTEE IN FAVOR OF A HOLDING
10 COMPANY, THE CONTROLLING STOCKHOLDERS OF WHICH ARE THE
11 SAME CONTROLLING STOCKHOLDERS OF THE GRANTEE: *PROVIDED*
12 *FURTHER*, THAT ANY SUCH TRANSFER, SALE OR ISSUANCE IS IN
13 ACCORDANCE WITH ANY APPLICABLE CONSTITUTIONAL LIMITATION.
14

15 The grantee shall inform Congress, through the Office of the Speaker of the
16 House of Representatives and the Office of the Senate President, of any sale, lease,
17 transfer, grant of usufruct, or assignment of franchise or the rights and privileges
18 acquired thereunder, or of the merger or transfer of the controlling interest of the
19 grantee, within sixty (60) days after the completion of the said transaction. Failure to
20 report to Congress such change of ownership shall render the franchise *ipso facto*
21 revoked. Any person or entity to which this franchise is sold, transferred, or assigned
22 shall be subject to the same conditions, terms, restrictions, and limitations of this Act.
23

24 **SEC. [18] 19. *Dispersal of ownership.*** – In accordance with the constitutional
25 provision to encourage public participation in public utilities, the grantee, a publicly
26 listed corporation in the Philippine Stock Exchange, shall maintain its listing therein
27 and comply with its minimum public float requirement during the term of the franchise.
28 Noncompliance therewith shall render the franchise *ipso facto* revoked.
29

30 **SEC. [19] 20. *Information Dissemination.*** – An information dissemination
31 campaign regarding public services and operations of the grantee, as well as the
32 general provisions of the franchise including its term, shall be made known to all end-
33 users in the Franchise Area.
34

35 **SEC. [20] 21. *Reportorial Requirement.*** – The grantee shall submit an annual
36 report on its compliance with the terms and conditions of the franchise and on its
37 operations to the Congress of the Philippines, through the Committee on Legislative
38 Franchises of the House of Representatives and the Committee on Public Services of
39 the Senate, on or before April 30 of every year during the term of its franchise.
40

41 The annual report shall include an update on the development, operation, and
42 expansion of business; audited financial statements; latest GIS officially submitted to
43 the SEC, if applicable; certification of the Regulatory Office on the status of its permits
44 and operations; and an update on its minimum public float required under Section 18.
45

46 THE GRANTEE SHALL SUBMIT TO THE MWSS REGULATORY OFFICE
47 A COMPLETION PLAN FOR THE ESTABLISHMENT AND OPERATION OF
48 WATER, SEWERAGE AND SANITATION PROJECTS COVERING A PERIOD
49 UNTIL 2037, WHICH SHALL INCLUDE PERIODIC FIVE-YEAR COMPLETION
50 TARGETS WITH THE END GOAL OF ACHIEVING ONE HUNDRED PERCENT
51 (100%) WATER AND COMBINED SEWERAGE AND SANITATION COVERAGE

1 BY 2037. THE GRANTEE SHALL SUBMIT AN ANNUAL PROGRESS REPORT
2 OF ITS COMPLIANCE WITH SUCH TARGETS TO THE MWSS REGULATORY
3 OFFICE AND TO CONGRESS.
4

5 The Regulatory Office shall, one (1) year from the grant of this franchise, and
6 every five (5) years thereafter, conduct a comprehensive assessment of the grantee's
7 operations and compliance with the conditions imposed hereunder and submit a report
8 thereof to Congress. The grantee shall transmit to the Regulatory Office all information
9 and documents necessary to complete such assessment.
10

11 **SEC. [21] 22. *Fine.*** – Failure of the grantee to submit the requisite annual
12 report to Congress shall be penalized by a fine of [~~Five hundred pesos (P500.00)~~]
13 ONE MILLION PESOS (P1,000,000.00) for each working day of noncompliance. The
14 fine shall be collected separately from the reportorial penalties imposed by the
15 Regulatory Office and it shall be remitted to the Bureau of the Treasury.
16

17 **SEC. 23. *TAX PROVISION.*** – THE GRANTEE, ITS SUCCESSORS OR
18 ASSIGNEES SHALL BE LIABLE TO PAY THE SAME TAXES ON THEIR REAL
19 ESTATE BUILDINGS AND PERSONAL PROPERTY, AS OTHER PERSONS OR
20 CORPORATIONS WHICH ARE NOW OR HEREAFTER MAY BE REQUIRED BY
21 LAW TO PAY. THE GRANTEE, ITS SUCCESSORS, OR ASSIGNEES SHALL
22 CONTINUE TO BE LIABLE FOR INCOME TAXES PAYABLE UNDER TITLE II
23 OF THE NATIONAL INTERNAL REVENUE CODE. IN NO CASE SHALL THE
24 INCOME TAXES DUE FROM THE GRANTEE, ITS SUCCESSORS AND
25 ASSIGNEES, BE PASSED ON TO ITS CONSUMERS.
26

27 THE GRANTEE SHALL FILE THE RETURN WITH AND PAY THE TAX
28 DUE THEREON TO THE COMMISSIONER OF INTERNAL REVENUE OR HIS
29 DULY AUTHORIZED REPRESENTATIVE IN ACCORDANCE WITH THE
30 NATIONAL INTERNAL REVENUE CODE, AND THE RETURN SHALL BE
31 SUBJECT TO AUDIT BY THE BUREAU OF INTERNAL REVENUE.
32

33 **SEC. [22] 24. *Equality Clause.*** – Any advantage, favor, privilege, exemption,
34 or immunity granted under existing franchises, or which may hereafter be granted for
35 water distribution utility, upon prior review and approval of Congress, shall become
36 part of this franchise and shall be accorded immediately and unconditionally to the
37 herein grantee: *Provided*, That the foregoing shall neither apply to nor affect provisions
38 of waterworks and sewerage system franchises concerning territorial coverage, the
39 term, or the type of service authorized by the franchise.
40

41 **SEC. [23] 25. *Applicability of Existing Laws.*** – The grantee shall comply with
42 and be subject to the provisions of Commonwealth Act No. 146, or the “Public Service
43 Act,” as amended, and other pertinent laws relating to the operation of its business.
44

45 **SEC. [24] 26. *Repealability and Nonexclusivity Clause.*** – This franchise
46 shall be subject to amendment, alteration, or repeal by Congress when public interest
47 so requires and shall not be interpreted as an exclusive grant of the privileges herein
48 provided for.
49

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

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

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

Approved,