

PRESIDENTIAL DECREE No. 1479

FURTHER AMENDING PRESIDENTIAL DECREE NO. 198 OTHERWISE KNOWN AS THE "PROVINCIAL WATER UTILITIES ACT OF 1973", AS AMENDED BY PRESIDENTIAL DECREE NO. 768

WHEREAS, Presidential Decree No. 198, as amended by Presidential Decree No. 768, declares as a national policy the local operation and control of water system; authorizes the formation of local water districts; provides for the administration of such districts and charters a national administration to facilitate improvement of local water utilities.

WHEREAS, in order to accelerate the development and expansion of domestic water systems, there is a need to further amend certain provisions of Presidential Decree No. 198, as amended.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree the further amendment of Presidential Decree No. 198, as follows:

Section 1. The first paragraph of Sec. 6 of Presidential Decree No. 198, as amended, is hereby amended to read as follows:

"Sec. 6. Formation of District. This Act is the source of authorization and power to form and maintain a district. For purposes of this Act, a district shall be considered as a quasi-public corporation performing public service and supplying public wants. As such, a district shall exercise the powers, rights and privileges given to private corporations under existing laws, in addition to the powers granted in, and subject to such restrictions imposed, under this Act.

(c) A statement completely transferring any and all waterworks and/or sewerage facilities managed, operated by or under the control of such city, municipality or province to such district upon the filing of resolution forming the district.

Sec. 2. A new sentence is hereby added to Sec. 8 of the same decree to read as follows:

"Sec. 8. Number and Qualifications. . . . Provided, however, that if the district has availed of the financial assistance of the Administration, the Administration may appoint any of its personnel to sit in the board of directors with all rights and privileges appertaining to a regular member, for such period as the indebtedness remains unpaid, in which case the board shall be composed of six members."

Sec. 3. Sec. 25 of the same decree is hereby amended.

Sec. 4. Sec. 26 of the same decree is hereby amended to read as Sec. 25 as follows:

"Sec. 25. Authorization. The district may exercise all the powers which are expressly granted by this Title or which are necessarily implied from or incidental to the powers and purposes herein stated. For the purpose of carrying out the objectives of this Act, a district is hereby granted the power of eminent domain, the exercise thereof shall, however, be subject to review by the Administration."

Sec. 5. Sec. 27, 28, 29, 30 and 31 of the same decree are hereby amended to read as Sec. 26, 27, 28, 29 and 30, respectively.

Sec. 6. Sec. 32 of the same decree is hereby amended to read as Sec. 31.

"Sec. 31. Protection of Waters and Facilities of District. A district shall have the right to

(e) take over the management, administration, operation and maintenance of all watersheds within its territorial boundaries."

Sec. 7. Sections 33, 34, 35, 36, 37, 38, 39, 40 and 41 of the same decree are hereby amended to read as Sec. 32, 33, 34, 35, 36, 37, 38, 39 and 40, respectively.

Sec. 8. A new section is hereby inserted to be known as Sec. 41 which shall read as follows:

"Sec. 41. Disposition of Income. The income of the district shall be disposed of according to the following priorities:

"First to pay its contractual and statutory obligations and to meet its essential current operating expenses.

"Second, to allocate at least fifty percent (50%) of the balance exclusively as a reserve for debt service and operating and maintenance, to be used for such purposes only during periods of calamities force majeure or unforeseen events.

"Third, to allocate the residue as a reserve exclusively for expansion and improvement of its physical facilities."

Sec. 9. Sec. 47 of the same decree is hereby amended to read as follows:

"Sec. 47. Exclusive Franchise. No franchise shall be granted to any other person or agency for domestic, industrial or commercial water service within the district or any portion thereof unless and except to the extent that the board of directors of said district consents thereto by resolution duly adopted, such resolution, however, shall be subject to review by the Administration."

Section 10. Sec. 61 of the same decree is hereby amended to read as follows::

"Sec. 61. Loans.

(f) Funding of Loan. When a loan is made to local water utility, the necessary amount of such loan shall be programmed to assure completion of the project for which such loan was granted."

"Sec. 63. Rate Review.

Section 11. The last paragraph of Sec. 63 of the same decree is hereby amended to read as follows:

The rates or charges established by such local district, after hearing shall have been conducted for the purpose, shall be subject to review by the Administration to establish compliance with the abovestated provisions. Said review of rates or charges shall be executory and enforceable after the lapse of seven calendar days from posting thereof in a public place in the locality of the water district, without prejudice to an appeal being taken therefrom by a water concessionaire to the National Water Resources Council whose decision thereon shall be appealable to the Office of the President. An appeal to the Council shall be perfected within thirty days after the expiration of the seven-day period of posting. The Council shall decide on appeal within thirty days from perfection.

Section 12. Sec. 67 of the same decree is hereby amended to read as follows:

"Sec. 67. Capital Stock. The authorized capital of the Local Water Utilities Administration is Two Billion, Five Hundred Million Pesos divided into Twelve Million Five Hundred Thousand share of stock with a par value of Two Hundred Pesos per share which shall be subscribed by the National Government and opened to subscription by private investors or government financial institutions."

Section 13. Sec. 68 of the same decree is hereby amended to read as follows:

"Sec. 68. Payment for National Government Shares. All amounts . . . at par value. Whatever balance remaining of said subscription shall be paid from a continuing appropriation which is hereby made out of any funds in the National Treasury not otherwise appropriated, such annual appropriation to be programmed and released in accordance with pertinent budget laws: Provided, That this continuing appropriation shall remain in force until the balance of the unpaid subscription of the government to the capital stock of the administration have been paid in full."

Section 14. New sections are hereby inserted to be known as Sec. 76 and 77, respectively, which shall read as follows:

"Sec. 76. Government Assistance to Non-Viable Districts. There shall be included in the General Appropriations Act an outlay in the form of National Government aid or subsidy to meet the financial requirements in the development of water supply systems of water districts which are determined by

the Administration to be financially non-viable in such amount as the Administration may recommend, but not exceeding the cost of source development and main transmission line. Releases of such funds shall be made directly to the Administration. In the development of such water supply systems, the Administration shall exert all efforts to bring the levels of service within the cost repayment capacity of the beneficiaries."

"Sec. 77. Special Projects. Whenever required by the National Government to provide funding requirements for the development of waterworks and sewerage systems in municipalities, cities or provinces, or portions thereof not yet covered by a duly formed water district, an outlay shall be provided in the General Appropriations Act, upon the request of the Administration, separate from its capitalization, for the purposes of meeting the financial requirements of the project: Provided, however, That in the event that funds for the project have already been appropriated by the National Government, such funds shall be released directly to the Administration. Expenses incurred by the Administration for the service rendered may be drawn from such account as provided in Sec. 70 of this Title."

Section 15. Sections 76, 77, 78 and 79 of the same decree are hereby amended to read as Sections 78, 79, 80 and 81, respectively.

Section 16. This Decree shall take effect immediately.

Done in the City of Manila, this 11th day of June, in the year of Our Lord, nineteen hundred and seventy-eight.