

****Title:** Edgewater Realty Development, Inc. vs. Metropolitan Waterworks and Sewerage System, and Manila Water Company, Inc. (G.R. No. 135727)**

****Facts:****

1. Edgewater Realty Development, Inc. (ERDI) owned several parcels of land in Tumana, Concepcion, Marikina City, occupied by approximately 200 informal settlers. ERDI obtained a court decision evicting the settlers, but they refused to leave.
2. To address the issue, ERDI and the Municipality of Marikina signed a Memorandum of Agreement (MOA) on April 14, 1994, designating ERDI's property as an emergency relocation site for the settlers, who would eventually purchase the land from ERDI.
3. Due to the Municipality's inability to control the influx of settlers, and various breaches of the MOA, ERDI rescinded the agreement and filed an action in the Marikina Regional Trial Court (RTC).
4. On August 5, 1997, the RTC confirmed the rescission of the MOA and ordered the Municipality to remove all constructions on ERDI's property and pay damages. This decision was affirmed by the Court of Appeals (CA) and later by the Supreme Court.
5. Meanwhile, ERDI noticed that the settlers had unauthorized water connections on its property. ERDI wrote to the Metropolitan Waterworks and Sewerage System (MWSS) on September 13, 1995, asking to formalize the water system but delay implementation until an agreement was signed.
6. Upon discovering that some settlers had water connections and others were applying for connections, ERDI filed a complaint for injunction with prayer for a temporary restraining order (TRO) and preliminary injunction against MWSS at the RTC of Quezon City. ERDI prayed that MWSS disconnect these connections and cease further installations without ERDI's consent.
7. The RTC issued a TRO and then a writ of preliminary injunction against MWSS.
8. MWSS counterclaimed, asserting that they provided water services via clearances from the Marikina Settlement Office and ceased new applications upon ERDI's 1995 letter.
9. ERDI amended the complaint to include Manila Water Company, Inc. (MWCI), which managed MWSS facilities under a concession agreement. MWCI denied installing the water

system but admitted allowing settlers to register illegal connections upon clearance from the Marikina government.

10. On January 15, 2001, the RTC ruled in favor of ERDI, declaring water connections illegal and permanently enjoining MWSS and MWCI from installing connections without ERDI's consent. The RTC allowed MWCI to collect water bill payments for existing connections predating the writ of preliminary injunction.

11. Dissatisfied, ERDI appealed to the CA, arguing that MWSS and MWCI were authorized under Republic Act 8041 to remove illegal connections. On June 27, 2005, the CA affirmed the RTC decision, prompting ERDI to petition for review in the Supreme Court.

****Issues:****

1. Did the CA err in failing to rule that MWSS and MWCI can be compelled to dismantle existing water connections on ERDI's land occupied by informal settlers?
2. Can MWCI collect payment of bills for water services provided to those settlers?

****Court's Decision:****

1. ****Dismantling Water Connections:****

The Supreme Court stated that ERDI's raised issues under Republic Act 8041 were not presented at the trial court level and thus could not be entertained on appeal. Furthermore, the water connections were not "illegal" under R.A. 8041, as they were installed by MWSS/MWCI or initially unauthorized but subsequently regularized. The charter of MWSS does not provide ERDI the right to demand removal of such connections; such remedies belong to the utility companies.

****Conclusion:**** The existing connections were lawful when installed under the MOA. Additionally, any obligation to remove them fell upon the Marikina government, not MWSS or MWCI, which were not parties to the original MOA rescission case. Thus, ERDI should execute judgments for the eviction and the removal of structures through proper enforcement mechanisms.

2. ****Collection of Payment for Water Services:****

Given the lawful establishment and continuation of water services during the MOA's

validity, MWCI is justified in collecting payments for water services until formal eviction procedures are completed.

Conclusion: MWCI's right to collect payments was affirmed since the water services were legally provided before the preliminary injunction.

Doctrines:

- Issues not raised at the trial court level cannot be introduced on appeal.
- Water connections lawful at the time of installation remain lawful, even after the subsequent rescission of agreements unless proven otherwise.
- The removal of structures or utilities resulting from rescinded agreements falls upon entities involved in the agreements, in this case, the Marikina government.

Class Notes:

- **Element of Legal Issue:** Only issues raised in the lower courts can be appealed.
- **Principles of R.A. 8041:** Defines "illegal connections" as unauthorized by the utility company.
- **Statutory Provisions:** Republic Act No. 8041 (An Act to Address the National Water Crisis).
- **Application:** Courts refrain from using utility disconnection as punitive measures against informal settlers where services were legally connected under prior agreements.

Historical Background:

The case reflects the challenges faced in urban areas of the Philippines, where informal settlers often occupy private lands, leading to disputes over utilities and services. Agreements between private landowners and local governments to manage resettlement and regularization of such services have legal and social implications, reflecting the balance of property rights and humanitarian considerations in the Philippine legal landscape.