

MUNICIPALITY OF NAGUILIAN, PLAINTIFF AND APPELLEE, VS. THE NATIONAL WATERWORK AND SEWERAGE AUTHORITY, DEFENDANT AND APPELLANT.

G.R. No. L-18540. November 29, 1963

Ponente: BENGZON, C.J.

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BENGZON, C.J.:

This is an appeal from the decision of the Court of First Instance of La Union holding Republic Act No. 1383 to be unconstitutional in so far as it transfers ownership of appellee's water system to the appellant NAWASA without just compensation. It further declared the appellee municipality to be the owner of said system.

In August 1956, pursuant to Republic Act No. 1383, creating it, appellant NAWASA took over the control and administration of the NAGUILIAN WATERWORKS SYSTEM. Delivery of the said waterworks (to the appellant) having been made involuntarily, appellee filed this special civil action for declaratory relief in the Court of First Instance of La Union, claiming that the said Act is unconstitutional and void, and should not include appellee's waterworks. The issues involved only a question of law, the parties having agreed to submit the case on the following stipulation of facts.

* * * * *

"2. That the plaintiff has created and acquired out of its own funds, and has maintained a waterworks system for the use and benefit of the residents of the municipality of Naguilian, Province of La Union, known as the Naguilian Waterworks System;

* * * * *

"5. The Naguilian Waterworks System belongs to and falls under the category of "all existing government-owned waterworks and sewerage systems in cities, municipalities and municipal districts turned over and transferred to the defendant corporation by the provision of Republic Act No. 1383;

"6. There was no voluntary delivery or transfer of the said Naguilian Waterworks System by the plaintiff to defendant inspite of the provision of Republic Act No. 1383 providing for the transfer of all waterworks system of cities, municipalities and municipal districts, including the said Naguilian Waterworks System, upon the effectivity of the said Act, and in notwithstanding an implementing order issued by the President of the Philippines, and as a consequence thereof, the question of who should properly administer, maintain and operate the said waterworks system has been raised by plaintiff.

* * * * *

In view of the stipulation, judgment was rendered, as above stated.

In the case of City of Baguiovs. NAWASA[1]; City of Cebuvs. NAWASA[2] and Municipality of Lucbanvs. NAWASA[3]; this court has held that Republic Act No. 1383 is unconstitutional in so far as it transfers to the

NAWASA ownership of the waterworks belonging to said municipal corporation without payment of just compensation. These waterworks are patrimonial property of the cities and municipality concerned, of which they could not be deprived without first being paid their market value. The said Act does not provide for an effective payment of this compensation. Thus, it is violative of the provisions of the Constitution.

Similarly situated as the above waterworks system is the Naguilian Waterworks, a patrimonial property of appellee. It provides comfort and convenience to those living within its territorial boundaries who pay the proper charges. Hence, a similar declaration is in order.

It is now appellant's contention that it may exercise jurisdiction, supervision and control over the said waterworks system without necessarily acquiring ownership thereof. It urges that the system being a public utility impressed with public interest, affecting public health and sanitation, it may take over its control and supervision under the state's police power.

This Court has already overruled appellant's proposition that Republic Act No. 1383, constitutes a valid exercise of police power. As we have said^[4] the Act does not seek to merely transfer administration of the property of a municipal corporation from one agency to another for purposes of supervision or control; ownership and beneficial interest are also conveyed. It carries out a real transfer of dominion over the waterworks to the new agency, the NAWASA.

Premises considered, the decision appealed from is affirmed.

Padilla, Bautista Angelo, Labrador, Concepción, Barrera, Paredes and Makalintal, JJ., concur.

[1] 106 Phil., 144.

[2] 107 Phil., 1112.

[3] L-15525, Oct. 11, 1961.

[4] In the aforementioned three cases, the issue raised by instant appellant has been repeatedly decided by this Court.

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