

AN ACT CREATING A PUBLIC CORPORATION TO BE KNOWN AS THE NATIONAL WATERWORKS AND SEWERAGE AUTHORITY.

REPUBLIC ACT NO. 1383, June 18, 1955

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

SECTION 1. Creation of the National Waterworks and Sewerage Authority; its general purposes; zone and extent of jurisdiction comprised by it; domicile and place of business of the corporation.—For the purpose of consolidating and centralizing all waterworks, sewerage and drainage systems in the Philippines under one control, direction and general supervision, there is hereby created a public corporation to be known as the National Waterworks and Sewerage Authority, which shall be organized within one month after the approval of this Act.

The National Waterworks and Sewerage Authority shall own and/or have jurisdiction, supervision and control over all territory now embraced by the Metropolitan Water District as well as all areas now served by existing government-owned waterworks and sewerage and drainage systems within the boundaries of cities, municipalities, and municipal districts in the Philippines, including those served by the Waterworks and Wells and Drills Sections of the Bureau of Public Works: Provided, That the Board of Directors of the National Waterworks and Sewerage Authority, in the interest of the public service, may from time to time extend its territory by the admission or inclusion of any areas served by such works located in any other city, municipality or municipal district in the Philippines.

The jurisdiction of the National Waterworks and Sewerage Authority shall extend to the construction, maintenance, operation and control of non-self-supporting and/or non-revenue producing water systems and sanitary works, whether undertaken at the expense of the Authority or through subsidy of the National Government as proved in section ten of this Act.

The domicile and place of business of the Authority shall be in the City of Manila.

SEC. 2. Powers and general functions of the Authority.— The powers, functions, and activities of the National Waterworks and Sewerage Authority shall be the following:

- To have continuous succession under its corporate name until otherwise provided by law;
- To prescribe its by-laws;
- To adopt and use a seal and alter it at its pleasure;
- To sue and be sued in any court;
- To construct, maintain, and operate mains, pipes, water reservoirs, machinery, and other waterworks for the purpose of supplying water to the inhabitants of its zone, both for domestic and other purposes; to purify the source of supply, regulate the control and use, and prevent the waste of water; and to fix water rates and provide for the collection of rents therefor;

- To construct, maintain, and operate such systems of sanitary sewers as may be necessary for the proper sanitation of the cities and towns comprising the Authority, and to charge and collect such sums for construction and rates for this service as may be determined by the Board to be equitable and just;
- To construct, maintain and operate such storm drains, artesian wells and springs as may be needed and requested by any city or municipality, and to take control of and administer all such storm drains, artesian wells and springs as may now be in actual operation, the respective city, municipality or municipal district concerned to appropriate sufficient funds for the purpose;
- To acquire, purchase, hold, transfer, sell, lease, mortgage, encumber, and otherwise dispose of real personal property, including rights and franchises, within the Philippines, as authorized by the purposes for the Authority was created and reasonably and necessarily required for the transaction of the lawful business of the same, unless otherwise provided in this Act;
- To construct works across, or otherwise, any stream watercourse, canal, ditch, flume, street, avenue, highway, or railway, as the location of said works may require Provided, That such works be constructed in such manner as to afford security for life and property; And, Provided further, That the stream, watercourse, canal, ditch, flume' street, avenue, highway, or railway so crossed or intersected be restored to their former state as near as may be, or in a manner not to impair unnecessarily their usefulness. Every person or entity whose right of way is crossed or intersected by said works shall not obstruct the forming of such crossing or intersection and shall grant the Authority the proper authority, upon payment of just compensation, for the execution of such work. The Authority is hereby given the right of way to locate, construct, and maintain such works over and through any of the lands which are now or may be the property of the Government of the Republic of the Philippines or any of its branches and political sub-divisions;
- To exercise the right of eminent domain for the purpose for which the Authority was created, in the manner provided by law for condemnation proceedings by the national, provincial, and municipal governments;
- To issue such regulations as may be necessary for the sanitary protection of watersheds, reservoirs, water mains, springs, and other water sources for the of the water and sewer service, as soon as established, proper operation of sanitary sewers, and for the protection any violation of which shall be punished by a fine of not more than five hundred pesos or by imprisonment for not more than six months, or both such fine and imprisonment in the discretion of the court;
- When essential to the proper administration c its corporate affairs or when necessary for the proper transaction of its business or for carrying out the purpose for which it was organized, to contract indebtedness an issue bonds, subject to the approval of the Secretary of Finance. The bonded indebtedness of the Authority, of all classes, shall not at any time exceed one hundred fifty illlon pesos, and the issue thereof shall be subject to the conditions set forth in section five of .this Act; and
- To transact the business for which it was organized and exercise such powers and do such things as may be reasonably necessary to carry out the purposes for which it was established.

SEC. 3. Board of Directors; its members, reports to the President and Congress of the Philippines.—Unless otherwise provided by law, all corporate powers of the National Waterworks and Sewerage Authority shall be exercised, its business managed, and its properties kept and preserved, by a Board of Directors to be composed of five members: a chairman, three other members, and the general manager of the Authority who will be an ex officio member. Two of them must possess knowledge of waterworks, public works and/or sanitary engineering; one, knowledge of public health; and one, knowledge of business management and finance. The chairman and the

three other members of the Board shall be appointed for a term of six years by the President of the Philippines with the consent of the Commission on Appointments.

The Board shall render annual reports to the President and the Congress of the Philippines.

SEC. 4. First meeting of the Board; quorum; votes necessary, in general, for adopting resolutions; appeal; per diems of the members; secretary of the Board and his salary.—The chairman of the Board shall, immediately after the formation thereof, fix a time and place for the first meeting, at which the Board shall adopt rules of Procedure and fix a time and place for holding regular meetings.

Not less than three members of the Board shall constitute a quorum for the transaction of business, and two affirmative votes shall be necessary for the adoption of any resolution or motion, except as herein otherwise provided.

For actual attendance at meetings, the chairman the Board shall receive a per diem of thirty pesos, and each member of the Board of Directors, except the general manager of the Authority, shall receive a per diem of twenty-five pesos.

The Board shall appoint its secretary and fix his salary.

SEC. 5. Resolution to incur indebtedness and issue bonds; their conditions, privileges, and exemptions; sinking funds; guaranty.—Whenever the Board may deem it necessary for the Authority to incur indebtedness or issue bonds it shall by resolution so declare and state the purpose for which the proposed debt is to be incurred and the conditions of the bonds. In order that such resolution be valid, it shall be passed by the affirmative vote of at least three members of the Board and approved by the Secretary of Finance.

The bonds shall not be sold at less than par; shall be redeemable at the pleasure of the Board after ten years from date of issue, and payable forty years after date of issue; shall bear interest at an annual rate as determined by the Secretary of Finance; and shall be in registered form and transferable at the office of the National Treasurer. The said bonds are hereby declared exempt from taxation by the Government of the Republic of the Philippines, or by any authority, branch, division or political subdivision thereof, which fact shall be stated upon the face of said bonds. The bonds shall be receivable as security in any transaction with the Government of the Republic of the Philippines in which such security is required.

A sinking fund shall be created for the payment of the bonds issued under the provisions of this Act in such a manner that the total amount thereof on each annu&I due date of the bonds issued shall be equal to the total of annuity of such a sum for each million pesos of the bonds outstanding that, together with interest at a rate to be determined by the Secretary of Finance, shall b sufficient to retire the bonds at maturity. The sinking fund shall be under the custody of the Central Bank of the Philippines, which shall invest the same in such manner the Monetary Board and the Secretary of Finance may approve in accordance with Act Numbered Three thousand fourteen, and shall credit to the same the interest on investment and other incomes accruing to it. The Government of the Republic of the Philippines hereby guarantees the payment by the National Waterworks and Sewerage Authority of both the principal and the interest of the bonds issued by said Authority by virtue of this Act, and shall pay such principal and interest in case the said Authority fails to do so, and there are hereby authorized to be appropriated, out of any funds in the National Treasury not otherwise appropriated, the sums necessary to make the payments guaranteed by this Act: Provided, That the sums so paid by the Government of the Republic of the Philippines shall be refunded by the National Waterworks and Sewerage Authority, and if said Authority fails to refund the same within thirty days after such payment has been made by the Government of the Republic of the Philippines, the National Treasurer is hereby authorized and directed to retain out of the revenues of the City of

Manila and the cities, municipalities and municipal districts included in the Authority, that may come into his possession as belonging to said cities, municipalities and municipal district, the sums necessary to refund the payments made by the Government of the Republic of the Philippines in any proportion which the Auditor General may approve and which will insure their collection.

SEC. 6. Conduct of affairs and current business; officers and employees of the Authority.—The affairs and current business of the National Waterworks and Sewerage Authority shall be conducted under the direction of the Board, by a general manager, an assistant general manager, a chief engineer, an auditor, a treasurer, and such additional officers and employees as the Board may provide.

The duties and powers as well as the compensation of officers and employees shall be such as may be defined and prescribed or fixed by the Board which shall not be inconsistent with the provisions of this Act and other existing laws.

The general manager, assistant general manager, chief engineer and treasurer shall be appointed by the President of the Philippines with the consent of the Commission on Appointments, and may be removed for cause by the President of the Philippines.

All other officers and employees of the Authority shall be subject to the Civil Service Law, rules and regulations except those whose positions may, upon recommendation of the Board of Directors, be declared by the President of the Philippines as policy-determining, primarily confidential, or highly technical in nature.

The Auditor shall be appointed by the Auditor General with the approval of the President of the Philippines, and may be removed for cause in like manner.

SEC. 7. General Manager, Assistant General Manager, Chief Engineer, Treasurer, and Auditor of the Authority; their functions; salaries.—The general manager, assistant general manager, chief engineer, treasurer and auditor of the National Waterworks and Sewerage Authority shall each receive an annual salary which shall be fixed by the Board with the approval of the Secretary of Finance. The general manager shall represent the Authority in all its business matters; shall submit to the Board an annual report and such partial reports as he may be required by it or he may see fit to render from time to time, regarding the condition of the business, or of any part of the business of the National Waterworks and Sewerage Authority; and shall perform such other executive duties as may be prescribed by law or may be required of him by resolution of the Board. The assistant general manager shall perform such duties as may be required of them by the Board or the general manager. He shall as general manager in case of the temporary absence or disability of the general manager. The chief engineer treasurer shall perform such duties as may be required of them by the Board or the general manager.

The Auditor shall be the representative of the Auditor General who is hereby designated ex officio auditor of the National Waterworks and Sewerage Authority.

The Auditor shall be the chief of its auditing and accounting department. He shall audit, examine and settle all accounts of the National Waterworks and Sewerage Authority according to existing law and regulations, and shall perform such other duties as the Auditor General, the General Manager or the Board may require of him from time to time. The employees of the Auditor's office shall be appointed by the Auditor General, who, with the approval of the Board, shall fix the number and salaries of the said employees.

SEC. 8. Dissolution of the Metropolitan Water District; transfer to the Authority of its records, assets and liabilities; transfer to the Authority of entities, waterworks and sewerage systems in the cities, municipalities, municipal districts, and other government waterworks, and sewerage systems.—The present Metropolitan Water District created under Act Numbered Two thousand eight hundred thirty-two, as amended, is hereby dissolved,

and its records, assets and liabilities are transferred to the Authority. All existing government-owned waterworks and sewerage systems in cities, municipalities, and municipal districts, including springs and other water sources, as well as the waterworks and sewerage bonds, sinking funds, and all indebtedness in general of the said Metropolitan Water District, and government-owned water-works and sewerage systems, are transferred to the National Waterworks and Sewerage Authority, and the Board is hereby authorized and directed to receive and assume all such assets and liabilities on behalf of the said Authority and in turn to pledge such assets as security for the payment of the waterworks and sewerage bonded debt.

The net book value of the properties and assets of the Metropolitan Water District and of government-owned waterworks and sewerage systems in cities, municipalities, municipal districts, and other government-owned water-works and sewerage systems shall be received by Authority in payment for an equal value of the assets of the National Waterworks and Sewerage Authority.

Any reference made to the Metropolitan Water District or to any existing government-owned waterwork and sewerage systems in any city, municipality or municipal district and any waterworks and sewerage system under the Bureau of Public Works, in any Act or Executive Order or Proclamation of the President of the Philippines or in any city or municipal ordinance which is still in force, shall be deemed to be a reference to the National Waterworks and Sewerage Authority created by this Act.

SEC. 9. Possession by the Authority of all water and sewer systems within its territory; charging and collection of uniform rates.—The National Waterworks and Sewerage Authority shall own and control all the water and sewer distributing systems of the City of Manila and the nearby municipalities comprising the Metropolitan Water District, as well as the water and sewer distributing systems of all other cities, municipalities and municipal districts in the Philippines, and shall charge and collect a uniform rate for all services rendered in each city, municipality, or municipal district, whether to any person, corporation, firm, government body, municipal entity or religious or charitable institutions: Provided, That the Public Service Commission shall exercise no control, supervision or jurisdiction whatsoever over the National Waterworks and Sewerage Authority in the fixing of rates or over its properties.

The Authority shall exist as an independent agency of the Government under the Department of Public Works and Communications for administrative purposes.

SEC. 10. National Subsidy for Non-Revenue Product Water Systems and Sanitary Works.—Non-self-supporting and/or non-revenue producing water systems and sanitary works, such as springs, artesian wells, and drainage systems, shall receive from the National Government a subsidy to be provided in the Annual Appropriation Acts for the construction, operation, maintenance, and control those works once completed. The amount of the subsidy shall be determined by the Budget Commissioner who shall base such determination upon recommendation of National Waterworks and Sewerage Authority. The accounting and disbursing of funds for this particular item of expense shall be undertaken separately in the account books of the Authority.

SEC. 11. Letting of contracts for public works of the Authority.—All construction and repair works authorized by the Authority, involving an estimated cost of ten thousand pesos or more, shall be let by the General Manager with the approval of the Board of Directors to contract under the usual bidding procedure of the Government, except in the case of construction or repair of water, sewer, and pipe lines or storm drains, and such other projects which, in the discretion of the Board, due to its urgent nature, should be undertaken by the Authority by administration.

SEC. 12. Repeal or modification.—All Acts, executive orders, administrative orders and proclamations or parts thereof inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.

SEC. 13. Effective date of this Act.—This Act shall take effect upon its approval.

Approved, June 18, 1955.

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