

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL No. 9367



Introduced by Hon. Alfredo A. Garbin, Jr.

AN ACT GRANTING MAYNILAD WATER SERVICES, INC. A FRANCHISE TO ESTABLISH, OPERATE, AND MAINTAIN, FOR COMMERCIAL PURPOSES AND IN THE PUBLIC INTEREST, A WATER SUPPLY AND DISTRIBUTION SYSTEM AND SEWERAGE AND/OR SANITATION SERVICES IN THE SERVICE AREA WEST

EXPLANATORY NOTE

This bill seeks to grant MAYNILAD WATER SERVICES, INC. (Maynilad) a franchise to establish, operate, and maintain, for commercial purposes and in the public interest, a water supply and distribution system and sewerage and/or sanitation services in the Service Area West and, subject to applicable laws, other areas.

In 1995, Congress passed Republic Act No. 8041 (the "National Water Crisis Act of 1995") to allow the privatization of water services to address the nationwide water crisis which adversely affected the health and well-being of the population, food production and industrialization process.

Consequently, on 21 February 1997, Maynilad was granted a 25-year exclusive concession by the government to operate, maintain and invest in the water and sewerage systems in 17 cities and municipalities that comprise the West Zone of the Metropolitan Manila area. Maynilad was then managed and controlled by the consortium of Benpres Holdings Corporation (Benpres) and Suez Lyonnaise de Eaux (Suez).

In 2003, Maynilad went under corporate rehabilitation and in 2005, Benpres and Suez ceded management and control of Maynilad to Metropolitan Waterworks and Sewerage System (MWSS). The following year, a competitive bidding was done by the Philippine Government to re-privatize Maynilad.

DMCI-MPIC Water Company, Inc. a joint venture between Metro Pacific Investments Corporation (MPIC) and DMCI Holdings, Inc. (DMCI), won the competitive bidding and acquired 83.96 percent of Maynilad's shares.

In 2007, the new owners took over Maynilad and launched an aggressive five-year investment program to rehabilitate the company and its operations.

In 2010, the 25-year exclusive concession was extended by additional 15 years, or up to May 2037.

In 2013, Marubeni Corporation of Japan acquired a 21.54 percent stake in DMCI-MPIC Water Company, Inc. (renamed Maynilad Water Holding Company, Inc.) and became a strategic partner of the Metro Pacific-DMCI consortium.

In April 2021, in compliance with President Rodrigo R. Duterte's policy of ensuring the protection of the interest of Filipino consumers and the national government, Maynilad and MWSS renegotiated the terms and conditions of the exclusive concession. On 18 May 2021, Maynilad and MWSS signed a Revised Concession Agreement (RCA) which contains the following features:

1. The RCA confirms the continuation of the concession until 31 July 2037. The RCA largely adopts the provision of the New Clark City – Joint Venture Agreement (NCC-JVA) for the development of water and wastewater infrastructure in New Clark City.

2. Consistent with the NCC-JVA, the RCA removes recovery of Corporate Income Taxes and adjustment for foreign currency differential (FCDA). To mitigate the impact of tariff increases on customers, the RCA lowers the inflation factor to 2/3 of the Consumer Price Index adjustment and imposes caps on increases in standard rates for water (1.3x the previous standard rate) and wastewater (1.5x the previous standard rate). Instead of a market-driven appropriate discount rate, Maynilad shall now be limited to a 12% fixed nominal discount rate.
3. The rate rebasing mechanism under the original CA is retained. Thus, the rates for water and sewerage services provided by Maynilad shall be set at a level that will permit it to recover over the term of the concession expenditures efficiently and prudently incurred and to earn a reasonable rate of return.
4. To align with the government's program to assist the disadvantaged sector and to contribute to the recovery of the economy post-COVID 19, the RCA includes a tariff freeze until 31 December 2022.
5. Finally, the Undertaking Letter of the Republic is retained but has been amended to exclude the non-interference clause. It now applies only to existing loan obligations at the time of execution of the RCA (including the undrawn amount under the loan agreement with Japan International Cooperation Agency).

The grant of franchise to Maynilad will secure the continuing obligation of Maynilad to provide reliable and adequate supply and distribution of potable water for domestic, commercial and other purposes, and to provide necessary sewerage and/or sanitation services in the West Zone even after the expiration of the RCA. It will also lay down the preparatory groundwork necessary to prepare Maynilad for the change in the regulatory framework for water services proposed in the pending bills for the creation of the Department of Water Resources. The grant of franchise also gives Congress oversight power over Maynilad and the services that it renders in the West Zone.

As at 31 December 2020, Maynilad's network consisted of around 7,729 kilometers of pipeline. It also has 35 pumping stations, 32 water reservoirs, and 28 in-line boosters across its service area. Its reservoirs have a total holding capacity of over 700 million liters of potable water.

Maynilad's water distribution system is the longest ISO-certified facility of its kind in the Philippines. It stretches from North Caloocan to Cavite Province and delivers over 2,000 million liters of potable water per day to over 1,400,000 million customers.

Similarly, Maynilad maintains and operates four world-class water treatment plants. The La Mesa Treatment Plant 1, the La Mesa Treatment Plant 2, the Putatan Water Treatment Plant 1, and the Putatan Water Treatment Plant 2 (PWTP2) all produce water that meets the Philippine National Standards for Drinking Water (PNSDW) of the Department of Health (DOH).

On the wastewater front, Maynilad maintains and operates 19 sewage treatment plants, two combined sewage and septage treatment plants, and one septage treatment plant that process wastewater and sludge collected from customers to prevent pollution of waterways and bodies of water.

20 out of 22 facilities are certified in three standards, namely, the ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environment Management System), and OSHA 18001:2007 (Health and Safety Management System). Aside from the three ISO certifications, the Tondo Sewage Pumping Plant is also certified under ISO 50001:2011 (Energy Management System).

Since the re-privatization of Maynilad in 2007, water coverage has increased by nearly one-third, reaching 9.8 million people, while 17 kilometers of new pipes have been laid. Average non-revenue water at the district metered area level was at 26% as at December 2020, down from 68% 14 years ago, saving one billion liters of water every day.

In January 2021, PWTP2 was conferred an award of distinction under the "Water Project of the Year" category of the Global Water Awards 2020. The Global Water Awards recognize the most important achievements in the international water industry. PWTP2, Maynilad's second facility to tap Laguna Lake as raw water source, gained recognition for its crucial role in addressing water security in Metro Manila.

In the coming years, Maynilad is expected to ramp up its spending in capital expenditures, not only to open up new sources of water supply to respond to the growing needs of the people and businesses in its service area, but to ensure the reliability and robustness of its existing facilities to respond to the challenges of climate change. In addition, it will need to increase investments in wastewater treatment and other measures to improve the quality and sustainability of its surrounding environment and the well-being of the population it serves.

Given all of the foregoing and considering that Maynilad possesses all the required capabilities, it is proper for Congress to grant Maynilad the franchise to establish, operate and maintain, for commercial purposes and in the public interest, a water supply and distribution system and sewerage and/or sanitation services in the Service Area West, and, subject to applicable laws, other areas.

The support of the Members of Congress for the prompt and timely passage of this measure is earnestly requested.

A handwritten signature in black ink, consisting of a series of loops and horizontal strokes, positioned above a horizontal line.

HON. ALFREDO A. GARBIN, JR.
Representative

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

SECTION 1. Nature and Scope of Franchise. — Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to Maynilad Water Services, Inc., hereunder referred to as the grantee, its successors or assigns, a franchise to establish, operate, and maintain, for commercial purposes and in the public interest, a water supply and distribution system and sewerage and/or sanitation services for the purpose of providing water and wastewater services to the inhabitants of its franchise area covered by Service Area West, and, subject to applicable laws, other areas.

SECTION 2. Definition of Terms. — Whenever used in this Act, the following terms shall have the respective meanings hereafter set forth:

a. *Concession Agreement* means the agreement entered into between Maynilad Water Services, Inc. (formerly Benpres-Lyonnaise Waterworks, Inc.) and MWSS on 21 February 1997, including its *Amendment*, dated 5 October 2001, and the Memorandum of Agreement and Confirmation entered into between the grantee and MWSS on 22 April 2010, as amended by the Revised Concession Agreement dated 18 May 2021.

b. *CPCN* means Certificate of Public Convenience and Necessity.

c. *Franchise Area* means the Service Area West as defined and delineated under the Concession Agreement, and, subject to applicable laws, other areas.

d. *MWSS* means the Metropolitan Waterworks and Sewerage System.

e. *Regulatory Office* means: (i) the Regulatory Office established under the Concession Agreement (the “MWSS Regulatory Office”) or its legal successor-in interest, as may be created or reorganized by Executive Order or by law, or (ii) the Water Regulatory Agency as defined in Section 2(f), as applicable.

f. *Water Regulatory Agency* means the regulatory agency which may be created by law, which will have primary jurisdiction over waterworks and sewerage systems, including the grantee, with power to issue CPCN, permits or licenses over such waterworks and sewerage systems, and which will assume the regulatory authority of the MWSS Regulatory Office.

SECTION 3. Rights and Privileges. — The grantee, as franchisee, shall have the sole right to establish, manage, operate, repair, rehabilitate, expand and improve the waterworks and sewerage system in the Franchise Area, including the right to bill and collect fees from end-users for water supply and sewerage services provided in the Franchise Area.

The grantee shall also have the rights and privileges to:

- (a) develop, finance, construct, install, maintain, and operate, as applicable, water sources, which include deep wells, dams, aqueducts, tunnels, treatment plants, reservoirs, pump stations, transmission, conveyance

and distribution pipes, fire hydrants, machineries and other waterworks for the purpose of supplying water to the inhabitants of its Franchise Area, for domestic, commercial, industrial, and other purposes;

- (b) supply, distribute and sell treated and/or grey water, whether in bulk or retail, to any natural or juridical person, whether public or private concern, within its Franchise Area for domestic, commercial and/or industrial uses and to charge and collect a schedule of prices and conventional rates therefor;
- (c) finance, construct, install, maintain, and operate sewerage systems, whether separate or combined, as may be necessary for the proper sanitation and other uses of residential and non-residential customers within the Franchise Area and to charge and collect a schedule of fees therefor; *provided*, that the grantee may only offer services to non-residential customers for industrial effluents compatible with available treatment processes;
- (d) purify the sources of the water supply, the reservoirs and the dams subject to the approval of the Department of Health and/or any other government agency concerned therewith, and to regulate the control and use, and prevent the waste of water;
- (e) construct works across, over, through and/or alongside, any stream, water-course, canal, ditch, flume, street, avenue, highway or railway, whether public or private, as the location of said works may require; *provided*, that such works be constructed in such manner as to afford security to life and property and so as not to obstruct traffic; *provided*, further, that the stream, water-course, canal, ditch, flume, street, avenue, highway or railway so crossed or intersected be restored without unnecessary delay to its former state; *provided*, furthermore, that any person or entity whose right may be prejudiced by said works shall not obstruct the same, subject to reasonable notice before construction and payment of just compensation; locate, construct and maintain such works on, over and/or through any street, avenue, or highway and land and/or real rights of the Republic of the Philippines or any of its branches, agencies and political subdivisions upon due notice to the office or entity concerned, subject solely to the condition that the street, avenue, or highway in which said works are constructed be restored without unnecessary delay to its former state unless otherwise agreed upon by the grantee and the office or entity concerned; and
- (f) disconnect water supply and/or discontinue provision of wastewater services to a customer if such customer defaults in the payment of fees due to the grantee for the services provided or for acts of pilferage pursuant to Sections 8, 9, 10, and 11 of Republic Act No. 8041, otherwise known as the *Water Crisis Act of 1995*.

SECTION 4. Manner of Operation of Facilities. — All water supply and sewerage systems for water services owned, maintained, operated, or managed by the grantee, its successors or assignees shall be operated and maintained at all times in accordance with industry standards and as specified in the Concession Agreement or CPCN, license, or permit which may be issued to the grantee. It shall be the duty of the grantee, its successors or assignees, whenever required to do so by the Regulatory Office, to modify, improve, and change such system or facilities in such manner and to such extent as the progress in science and improvements in water supply and sewerage systems may reasonably require.

SECTION 5. Certificate of Public Convenience and Necessity, License or Permit – For purposes of this Act and in the interest of ensuring reliable services to the consumers within the Franchise Area, the Concession Agreement shall serve as the CPCN, license or permit for the continued operation of water supply and sewerage services by the grantee until a CPCN, license or permit is issued to the grantee by the Regulatory Office or the Water Regulatory Agency, as applicable, which CPCN, license or permit shall be issued not later than the expiration of the term of the Concession Agreement, and which shall not be inconsistent with the terms of this Act. All orders and issuances of the Regulatory Office made pursuant to the Concession Agreement, insofar as they may be relevant or applicable and not inconsistent with the provisions of this Act, shall continue to be operative, unless subsequently amended, revised or revoked in accordance with law.

Upon the establishment of a Water Regulatory Agency, the grantee may apply with such Water Regulatory Agency for a CPCN or appropriate license or permit. The CPCN shall supersede the Concession Agreement and the operation and maintenance of the water supply and sewerage system by the grantee shall, after the issuance of such CPCN, be governed by the terms and conditions thereof.

The regulatory structure under the Concession Agreement shall continue during the term of the Concession Agreement until a CPCN or the appropriate license or permit is issued to the grantee by the Regulatory Office or the Water Regulatory Agency, as the case may be, *provided*, that the Water Regulatory Agency, in the exercise of its regulatory authority under the law and to promote efficiency and better service, may modify or amend the regulatory structure and require an amendment of the Concession Agreement, *provided*, further, that the expiration of the Concession Agreement shall not terminate the right of the grantee to operate in the Service Area West under a CPCN or license or permit from the Regulatory Office or the Water Regulatory Agency, as the case may be.

SECTION 6. Excavation and Restoration Works. — For the purpose of constructing and maintaining a water supply and sewerage system, which includes, but not limited to, a piped distribution network, and any system or network of pipelines, ditches, channels or conduits including pumping stations, lift stations and force mains, service connections and other constructions, devices or appliances appurtenant thereto, the grantee (and its successors or assignees) is authorized to make excavations or lay conduits in any of the public places, roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of said province, cities and/or municipalities, subject to prior approval of the Department of Public Works and Highways (“**DPWH**”), Metropolitan Manila Development Authority (“**MMDA**”), or the local government units (“**LGU**”) concerned, *provided*, however, that any public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered, or changed by reason of constructing pipelines or other supports, shall be repaired or replaced in workmanlike manner at the expense of the grantee, its successors or assignees, in accordance with the standards set by the DPWH, MMDA or the LGU concerned; *provided*, further, that costs arising from any installation or re-alignment of pipelines and/or other supports and/or construction of other facilities by reason of any project of the national government or LGU shall be for the account of the national government or LGU concerned. Should the grantee, its successors or assignees, having been required by the relevant authority to repair any part of a public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge that has been disturbed, altered, or changed by the said grantee, its successors or assignees, fails to commence the repair within a period of twenty (20) days from notice from the DPWH, MMDA or the LGU concerned, then the DPWH, MMDA or the LGU concerned shall have the right to have the same repaired or replaced in good order and condition and charge the grantee, its successors or assignees the amount of the costs and expenses for such repair or replacement.

SECTION 7. Responsibility to the Public. — The grantee shall supply and distribute water to its captive market in the Franchise Area in a prudent and efficient manner. In the interest of the public good, as far as feasible and whenever required by the Regulatory Office, the grantee shall improve, rehabilitate or change its facilities, pipes, systems, and equipment for the purpose of providing efficient and reliable service and reasonable water and sewerage service costs.

The grantee shall charge reasonable and just fees for its services to all types of consumers and water users within its Franchise Area.

SECTION 8. Setting of Tariffs, Rates, and Other Charges. — The Regulatory Office shall establish tariffs, rates and other charges which are fair and reasonable, and ensure economic viability and a fair return on investments. Tariffs, rates and charges shall be based on and consistent with a rate-setting methodology that is recognized internationally, and which the Regulatory Office shall, after due consultation, define and publish, taking into account the following, among others:

1. reasonable and prudent capital and recurrent costs of providing the service including a reasonable rate of return on capital;
2. efficiency of the service;
3. incentives for enhancement of efficiency;
4. willingness to pay of the customers/consumers;
5. equity considerations; and
6. administrative simplicity.

Tariffs, rates and charges set by the Regulatory Office shall be presumed valid and reasonable unless proven otherwise in a proper proceeding.

During the franchise period, the grantee shall be entitled to recover reasonable and prudent capital and recurrent costs of providing water and wastewater services, including any and all concession fee payments to the MWSS, with a reasonable rate of return thereon.

SECTION 9. Protection of Consumer Interests. — The grantee shall act with dispatch on all complaints brought before it.

SECTION 10. Election of Independent Directors. — The Board of Directors of the grantee shall have independent directors as may be required by law applicable to the grantee. These directors must be elected by a majority of the total number of outstanding shares entitled to vote.

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

SECTION 11. Right of the Government. — A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the water supply and sewerage system of the grantee, to temporarily suspend the operation of any facility in the interest of public safety, security and public welfare; or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee for the use of said water supply and sewerage system during the period when they shall be so operated.

SECTION 12. Right of Eminent Domain. — Subject to the limitations and procedures prescribed by law, the grantee is authorized to exercise the power of eminent domain, insofar as it may be reasonably necessary for the efficient establishment, improvement, upgrading, rehabilitation, maintenance and operation of its water and wastewater facilities. The grantee is authorized to install and maintain its pipes, and other facilities over, under, and across public property, including streets, highways, parks, and other similar property of the Government of the Philippines, its branches, agencies or any of its instrumentalities.

The grantee may acquire such private property as is actually necessary for the realization of the purposes for which this franchise is granted, including, but not limited to, pipes, buildings, infrastructure, machineries and equipment previously, currently or actually used, or intended to be used, or have been abandoned, unused or underutilized, or which obstructs its facilities, for the operation of a water supply and distribution system and sewerage system in the Franchise Area; *provided*, that proper expropriation proceedings shall have been instituted and just compensation paid; *provided*, further, that upon the filing of the petition for expropriation, or at any time thereafter, and after due notice to the owner of the property to be expropriated and the deposit in a bank located in the jurisdiction of the full amount of the assessed value of the property or properties, the grantee shall be entitled to immediate possession, operation, control, use and disposition of the properties sought to be expropriated, including the power of demolition, if necessary, notwithstanding the pendency of other issues before the court, including the final determination of the amount of just compensation to be paid. The court may appoint a representative from the Regulatory Office as a trial commissioner in determining the amount of just compensation. The court may consider the tax declarations, current audited financial statements, and rate setting applications of the owner or owners of the property or properties being expropriated in order to determine their assessed value.

SECTION 13. Term of Franchise. — This franchise shall be for a term of fifty (50) years from the date of effectivity of this Act, unless sooner cancelled or revoked.

SECTION 14. Acceptance and Compliance. — Acceptance of this franchise shall be given in writing by the grantee within sixty (60) days after the effectivity of this Act.

SECTION 15. Renewal, Extension, or Revocation of Franchise. — The grantee shall apply for the renewal or extension of its franchise five (5) years before its expiration date (which shall be reckoned from the effectivity of this Act, which is fifteen (15) days after the publication of the franchise in the Official Gazette or in a newspaper of general circulation, whichever comes earlier).

This franchise may be revoked by Congress when the public interest so requires or when the grantee fails to reasonably comply with regulatory standards.

SECTION 16. Warranty in Favor of the National and Local Governments. — The grantee shall hold the national, provincial, city, and municipal governments of the Philippines free from all claims, liabilities, demands, or actions arising out of accidents that cause injury to persons and damage to properties during the construction, installation, rehabilitation, operation, and maintenance of the water supply and distribution and sewerage system of the grantee.

SECTION 17. Liability for Damages. — The grantee shall be liable for any injury to persons and damage to property arising from or caused by any accident arising from any defective construction of any infrastructure built pursuant to the operation of its business under this franchise or by any neglect or failure to keep its pipeline distribution system in safe condition.

SECTION 18. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise. — The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor transfer the controlling interest of the grantee, whether as a whole or in part, and whether simultaneously or contemporaneously, to any person, firm, company, corporation, or entity without the prior approval of the Congress of the Philippines and compliance with legal requirements stipulated in other statutes; *provided*, that the foregoing limitations shall not apply to any: (1) transfer or issuance of shares of stock in the implementation of requirements for the dispersal of the grantee's ownership pursuant to Section 19 of this Act; (2) transfer or sale of shares of stock to an investor or investors; (3) issuance of shares of stock to any investor out of the unissued authorized capital stock of the grantee or pursuant to or in connection with any increase in the grantee's authorized capital stock which shall result in the dilution of the stockholdings of the grantee's then existing stockholders; (4) combination thereof where such transfer, sale or issuance is effected in order to enable the grantee to raise the necessary capital or financing for the provision of any of the services authorized by this Act and/or carry out any of the purposes for which the grantee has been incorporated or organized; (5) sale, transfer or assignment by the stockholders of the grantee in favor of a holding company, the controlling stockholders of which are the same controlling stockholders of the grantee; *provided*, further, that any such transfer, sale or issuance is in accordance with any applicable constitutional limitation; and *provided*, finally, that Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the controlling interest of the grantee, within sixty (60) days after the completion of the said transaction. The failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

SECTION 19. Dispersal of Ownership. — In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall, within five (5) years from the date of this legislative franchise, offer to the public, specifically Filipino citizens, at least twenty percent (20%) or such other percentage that may hereafter be required by law of its outstanding capital stock. The public offer of shares shall be through any securities exchange in the Philippines or by other methods of encouraging public participation as may be allowed by law.

In the event the required dispersal of ownership is not implemented within five (5) years, the holdings of persons, natural or juridical, including directors, officers, stockholders, and related interests in the grantee and its respective holding company, if any, shall not exceed twenty-five percent (25%) of the voting shares of stock unless the grantee or the company holding the shares of the grantee or its controlling stockholders (direct or indirect) are already listed in the Philippine Stock Exchange. Non-compliance therewith shall render the franchise *ipso facto* revoked.

SECTION 20. Reportorial Requirement. — The grantee shall submit an annual report to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of the succeeding year.

The annual report shall include an update on the development and/or operation of the grantee's business; audited financial statements; latest General Information Sheet officially submitted to the Securities and Exchange Commission (SEC) (if applicable); and an update on the dispersal of ownership undertaking, if applicable.

A reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the Regulatory Office.

SECTION 21. Fine. — Failure of the grantee to submit the requisite annual report to Congress shall be penalized by a fine of Five Hundred Pesos (P500.00) per working day of noncompliance. The fine shall be collected by the Regulatory Office from the grantee separate from the reportorial penalties imposed by the Regulatory Office and the same shall be remitted to the National Treasury.

SECTION 22. Equality Clause. — Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted to water supply and distribution system and sewerage system franchises, upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee; *provided*, that the foregoing shall neither apply to nor affect provisions of water supply and sewerage franchises pertaining to the term, the type of service, or the territorial coverage of the franchise.

SECTION 23. Waterworks and Sewerage System Assets. — To ensure the realization of the purposes for which this franchise is granted, the grantee shall have the right to use any of the MWSS assets used in the Service Area West (the "MWSS Assets"). The termination or expiration of the Concession Agreement shall not terminate the right of the grantee to operate in the Service Area West under a CPCN or appropriate license or permit issued by the Regulatory Office (as may be allowed by law) or the Water Regulatory Agency. Upon such termination or expiry of the Concession Agreement, the grantee shall continue to have the right to use the MWSS Assets, subject to agreement with MWSS (or its successor-in-interest) on the term and compensation for such continued use; *provided*, however, that if the public service function of MWSS is privatized (including through a public bidding of the right to manage or operate the MWSS Assets), the grantee shall have a right of first refusal to acquire ownership of the MWSS Assets or to undertake the management or operation of such MWSS Assets, as applicable.

SECTION 24. Common Purpose Facility – In the public interest and to ensure reliable supply of water, the grantee shall continue to have the right to operate and maintain the Common Purpose Facilities through the existing joint venture, as provided in the Concession Agreement, subject to the terms and conditions of the CPCN or appropriate license or permit which may be issued to the grantee and of this franchise.

SECTION 25. Applicability of Existing Laws. — The grantee shall comply with and be subject to the provisions of Commonwealth Act No. 146, or the "Public Service Act", as amended, and other applicable laws.

SECTION 26. Repealability Clause. — This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires.

SECTION 27. Separability Clause. — If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SECTION 28. Repealing Clause. — All laws, decrees, orders, resolutions, instructions and rules and regulations or parts thereof which are inconsistent with this Act are hereby deemed repealed or modified accordingly.

SECTION 29. Effectivity. — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.