

[PRESIDENTIAL DECREE NO. 1479, June 11, 1978]

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 Section 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.

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(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 Section 8 of the same decree to read as follows:

"SEC. 8. *Number and Qualifications.* xxx *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 the 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. Section 25 of the same decree is hereby amended.

SEC. 4. Section 26 of the same decree is hereby amended to read as Section 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. Sections 27, 28, 29, 30 and 31 of the same decree are hereby amended to read as Sections 26, 27, 28, 29 and 30, respectively.

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

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

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(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 Sections 32, 33, 34, 35, 36, 37, 38, 39 and 40, respectively.

SEC. 8. A new section is hereby inserted to be known as Section 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. Section 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."

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

"SEC. 61. *Loans.*

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