

[**PRESIDENTIAL DECREE NO. 1406, June 07, 1978**]

FURTHER AMENDING REPUBLIC ACT 6234, ENTITLED "AN ACT CREATING THE METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM AND FOR OTHER PURPOSES," AS AMENDED.

WHEREAS, under Presidential Decree No. 1269, the territorial jurisdiction of the Metropolitan Waterworks and Sewerage System has been extended to Lungsod Silangan, Muntinlupa, and other areas that may come within the development path of the expanding Metropolitan Manila;

WHEREAS, the continuous growth in terms of population, economic activity, and geographical extent of Metropolitan Manila demands a massive program for the expansion and improvement of its public water supply and sewerage services;

WHEREAS, there is a consequent need for the Metropolitan Waterworks and Sewerage System to enhance its focus on the premier metropolis of the country and to expand its financial base;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby amend certain sections of the Revised Charter of the Metropolitan Waterworks and Sewerage Authority under Republic Act No. 6234, as amended by Presidential Decrees No. 425 and 1269, and do hereby decree as part of the law of the land the following:

SECTION 1. Section 2, paragraphs (c) and (d) of R.A. No. 6234 as amended, are hereby amended to read as follows:

"(c) The System shall own and/or have jurisdiction, supervision and control over all waterworks and sewerage systems in the territory comprising the cities of Manila, Pasay, Quezon, Cavite and Caloocan, the municipalities of Las Piñas, Makati, Malabon, Mandaluyong, Marikina, Navotas, Parañaque, Pasig, Pateros, San Juan, Taguig, Valenzuela, all of Metropolitan Manila, the municipalities of Antipolo, San Mateo, Taytay, Cainta, Montalban, all of Rizal Province, and the municipalities of Bacoor, Imus, Kawit, Noveleta, Rosario, all of Cavite Province. The System shall also own and/or have jurisdiction, supervision and control all waterworks and sewerage systems in Lungsod Silangan, Muntinlupa and, subject to the approval of the President, other areas that may come within the development path of the expanding Metropolitan Manila Area, which areas the Board of Metropolitan Waterworks and Sewerage System may, from time to time, determine and declare as contiguous to its service area and requiring immediate attention by the System, under such terms and conditions as may be agreed upon by the parties concerned. All other waterworks and sewerage systems now under the supervision and control of the Metropolitan Waterworks and Sewerage System (MWSS), are hereby returned, ceded, transferred and turned over to the provinces, cities and municipalities for their supervision, control and administration, until such time that they qualify within the program of development under the local Water Utilities Administration (LWUA). The transfer and turn-over to the local governments concerned shall be

completed within the period of ninety (90) days from the promulgation of this decree.

(d) Any provision of law to the contrary notwithstanding, all existing waterworks systems or any system that may hereafter be established by provinces, cities and municipalities shall have priority in the use and supervision over all sources of water supply for domestic purposes in their respective jurisdictions, and any water right now being enjoyed by the Metropolitan Waterworks and Sewerage System (MWSS) in such provinces, cities and municipalities shall likewise be turned over to the said provinces, cities and municipalities concerned."

SEC. 2. Section 2-A of the same law is hereby amended to read as follows:

"SEC. 2-A. *Capital Stock of the System.*—The System is hereby authorized a capital stock of Three Billion Pesos (P3,000,000,000) divided into thirty million shares at a par value of One Hundred Pesos (P100.00) each, which shares shall not be transferred, negotiated, pledged, mortgaged or otherwise given as security for the payment of any obligation. The sum of Four Hundred ninety-One Million, Six Hundred Twelve Thousand, Six Hundred Sixty Seven Pesos and Ten Centavos (P491,612,667.10) which as of June 30, 1977 has already been subscribed and fully paid for by the Government of the Republic of the Philippines in accordance with the provision of Presidential Decree No. 425, shall be the initial paid-in capital of the authorized capital stock provided herein.

The remaining Two Billion Five Hundred Eight Million, Three Hundred Eighty-Seven Thousand, Three Hundred Thirty-Two Pesos and Ninety Centavos (P2,508,387,332.90) shall be subscribed by the Government of the Republic of the Philippines and paid as follows:

- a. The sum of Fifty Million, Eight Hundred Twenty-Four Thousand Pesos (P50,824,000.00) representing the remaining unpaid amount of the System to the National Treasury for advances for the payment of amortization and interest on the System's loan to the World Bank, shall be additional paid-in subscription of the Government of the Republic of the Philippines for five hundred eight thousand, two hundred forty shares of stock of said capital stock.
- b. Whatever balance remaining of said subscription shall be paid from a continuing appropriation which is hereby made out of any funds in the National Treasury not otherwise appropriated by the collections from any or all taxes accruing to the General Fund or proceeds from loans, the issuance of bonds, treasury bills or notes which are hereby authorized to be incurred or to be issued by the Secretary of Finance for the purpose, such annual appropriation to be programmed and released in accordance with pertinent budget laws: *Provided*, That, this continuing appropriation shall remain in force until the balance of the unpaid subscription of the government to the capital stock of the System have been paid in full."

SEC. 3. Section 9 (a), paragraph 6 of the same law is hereby amended to read as follows: