

[REPUBLIC ACT NO. 1383, June 18, 1955]

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

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:

- a. To have continuous succession under its corporate name until otherwise provided by law;
- b. To prescribe its by-laws;
- c. To adopt and use a seal and alter it at its pleasure;
- d. To sue and be sued in any court;
- e. 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;

- f. 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;
- g. 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;
- h. 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;
- i. 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;
- j. 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;
- k. 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;
- l. 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
- m. 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