

December 27, 2007

EXECUTIVE ORDER NO. 688

**STRENGTHENING AND EXPANDING THE COVERAGE OF
IMPLEMENTATION AND PRESCRIBING THE RULES AND REGULATIONS
OF PRESIDENTIAL DECREE NO. 1345 ISSUED ON APRIL 2, 1978**

WHEREAS, under Republic Act No. 6234, the State adheres to the policy of undertaking a comprehensive and continuing water program and the management of waterworks systems must be supervised and controlled by the State to insure continuous supply of clean water for domestic uses which are essential public services that are vital to public health and safety;

WHEREAS, pursuant to the commitment of the national government and in line with the 10-point Agenda of the Arroyo Administration of ensuring the potable water supply requirements of the local government units, the Metropolitan Waterworks and Sewerage System (MWSS) shall implement a program of construction and improvement of the present water distribution system, including the complete take-over and control of the water systems of the subdivision housing projects in Metro Manila and nearby towns and cities in its service area;

WHEREAS, there is an urgent need to strengthen and expand the implementation of Presidential Decree (PD) No. 1345 as part of the strategy of the MWSS to improve the efficiency and viability of the water systems of subdivision housing projects and clarify the responsibilities of other critical support agencies particularly the Housing and Land Use Regulatory Board (HLURB), in the implementation of the said Presidential Decree to bring down operating cost and make it affordable to the end-consumers;

WHEREAS, Section 1 and 2 of Presidential Decree 1345 mandated the MWSS to ". . . upon petition of the Homeowners Association and upon recommendation of the National Housing Authority, take over the operation and maintenance of centralized water systems of residential subdivisions within its territorial jurisdiction. Upon takeover, . . . the MWSS shall cause the system to operate at the desired level to provide adequate potable water supply. The cost to render the system operable shall be chargeable to the subdivision owner/developer provided that the provision of adequate water supply has been specified or implied in the contract of sale or other forms used in offering the housing units within the

project for sale. Otherwise, the cost to make the system operational shall be chargeable to the homeowners of the subdivision."

WHEREAS, pursuant to its corporate mandate under Section 3 of Republic Act 6234, the MWSS or its agents can construct works across, over, through, and/or alongside any stream, watercourse, canal, ditch, street, avenue, highway or railway, whether public or private, to rehabilitate the water system inside or outside the subdivision housing projects;

WHEREAS, the primary scheme envisioned in the implementation and development of water distribution and upgrading of water system of subdivision housing project is the arrangement with the private sector which shall require no direct government funding or appropriation;

WHEREAS, the MWSS, in consultation with the HLURB was tasked, among others, to issue the necessary implementing rules and guidelines to implement the provisions of PD 1345;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Philippines, do hereby order:

SECTION 1. The MWSS is hereby directed to be the lead agency in the implementation of Presidential Decree 1345 and, either by itself or through its private concessionaires, shall perform the following:

1. Upon petition of the homeowners' association or the owner/developer, oversee the development and upgrading of the water distribution system directly to housing subdivision projects, including the take over of the centralized water system. Upon take over, the two private concessionaires are enjoined to provide water services that are at par if not better than the acceptable performance standards set in the concession agreement;
2. Review the plans and issue the necessary certification for the putting up of water systems of new subdivision housing projects, including those implemented by the shelter agencies and the local government units to ensure that their water reticulation system conforms with acceptable standard requirements, prior to issuance of housing permits and licenses;
3. Extend its water connection to flagship housing projects and resettlement including nearby towns of Metro Manila within its jurisdiction;

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4. Conduct compliance monitoring and inventory of subdivision housing projects whose water systems should have been turned over to MWSS pursuant to its mandate under PD 1345;
 5. Conduct investigation and initiate filing of cases on the reported charging of exorbitant water fees in subdivision housing projects and refusal of some private developers to comply with the intent of PD 1345; and
 6. Issue summons and direct the housing developers with the assistance of the HLURB to allow the MWSS and its concessionaires/agents (pursuant to Section 3 of RA 6234) to construct or perform rehabilitation works of the water systems on existing roads, streets, avenue, highway whether inside or outside the subdivision housing projects, in order to efficiently and effectively implement this Order.

SECTION 2. As a regulatory agency of the housing sector having oversight function over private developers engaged in housing development, the HLURB is hereby directed to perform the following:

1. Recommend the compliance by the owner/developer of housing subdivision projects of Section 2 of Presidential Decree 1216 (which amended PD 957), that upon issuance of certification from the HLURB regarding the completion of roads, alleys, sidewalks, the same should be donated to the local government (LGUs);
2. Give the favorable recommendation before MWSS can take over water systems and provide assistants to effect the take over by the MWSS or its concessionaires/agents; and
3. Secure the approval of the HLURB Board for the inclusion of the requirements of Section 1 of PD 1345 in the operating guidelines of BP 220 and PD 957.

SECTION 3. An Executive Committee is hereby created, which shall act as the overall coordinating body with oversight functions over the implementation of PD 1345. The said committee shall be composed of the following:

Chairman : Administrator, MWSS

Members : Chairman, National Water Resources Board
Chief Executive Officer, HLURB

Representative of Concerned LGU
Representatives of the two Private Concessionaires

The Executive Committee, with MWSS as secretariat, shall have the following functions:

1. Formulate policies, general rules and guidelines needed for the uniform and effective implementation of water connection services at all level, including the valuation criteria to be used for existing water supply systems in residential subdivisions which may be turned over to MWSS for administration pursuant to this Order;
2. Ensure the participation of various agencies, local government units and private sector organizations;
3. Monitor the overall implementation of the program and where necessary assist the local government units and shelter agencies in the resolution of problems and issues relative to the water requirements of their housing projects;
4. Formulate systems and procedures for the turn-over of existing water system to MWSS; and
5. Submit quarterly reports on the progress of implementation of the program to the Office of the President.

SECTION 4. The MWSS may call upon other government departments or agencies for support and assistance in the implementation of this Executive Order, such as the Department of Interior and Local Government, the Metro Manila Development Authority, and the National Housing Authority.

SECTION 5. The members of the Executive Committee shall provide the necessary funds to carry out their roles and tasks relative to this Order. Additional funding requirements for operations shall be incorporated in the regular budgets of the member agencies as part of their regular programs as mandated by pertinent laws.

SECTION 6. The attached "Rules and Regulations Implementing the provisions of Presidential Decree 1345 dated April 2, 1978" which shall form an integral part of this Executive Order, are hereby approved and adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the Republic of the Philippines to be affixed.

DONE in the City of Manila, this 27th day of December, in the year of Our Lord, Two Thousand and Seven.

**RULES AND REGULATIONS IMPLEMENTING THE PROVISIONS OF
PRESIDENTIAL DECREE NO. 1345 ENTITLED "EMPOWERING THE
METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM TO TAKE
OVER THE CENTRALIZED WATER SUPPLY SYSTEMS IN RESIDENTIAL
SUBDIVISIONS WITHIN ITS TERRITORIAL JURISDICTION"**

WHEREAS, Section 3 of Republic Act (RA) No. 6234, provides that the mandate of the Metropolitan Waterworks and Sewerage System (MWSS), among others, is to operate water and sewerage works within its territory;

WHEREAS, pursuant to Section 3 of Presidential Decree (PD) 1345 granting authority to the MWSS to formulate and adopt the necessary implementing rules and guidelines to implement the provisions of PD No. 1345;

WHEREAS, Section 3 of PD 1345 provides that the MWSS, in consultation with the National Housing Authority (NHA), shall issue the necessary rules for the implementation of said law;

WHEREAS, the regulatory functions of the NHA pursuant to PD Nos. 957, 1216, 1344 and other related laws have been transferred to the Housing and Land Use Regulatory Board (HLURB) pursuant to Executive Order (EO) No. 648 dated February 7, 1981, as amended by EO 90 dated December 17, 1986;

WHEREFORE, the following rules and regulations are hereby promulgated and issued for the guidance of all concerned:

RULE I

Preliminary Provisions

SECTION 1. *Title.* — These Rules shall be known as the "Rules and Regulations Implementing the provisions of Presidential Decree No. 1345 dated April 2, 1978".

SECTION 2. *Objective.* — These rules and regulations are formulated to prescribe the guidelines and procedures for the implementation of the provisions of PD No. 1345, issued on April 2, 1978 which empowers the MWSS to take-over the centralized water supply systems in residential subdivisions within its territorial

jurisdiction. The objectives of these guidelines are:

- 2.1. To allow the MWSS and its agents (Private Concessionaires) to take-over the water system of subdivision housing projects as contemplated by PD No. 1345;
- 2.2. To enhance institutional arrangements for the effective implementation of providing adequate and potable supply of water to subdivision housing projects;
- 2.3. To provide operational guidelines for the take-over of central water system by the MWSS or its concessionaires;
- 2.4. To provide a mechanism to ensure that the water system to be installed by housing developers conforms with acceptable standard requirements;
- 2.5. To create an Executive Committee to oversee and approve policies, general rules and guidelines needed for the uniform and effective implementation of PD 1345.

SECTION 3. *Coverage.* — These guidelines shall be applied to all existing and new subdivision housing projects which will include the takeover and acceptance by the MWSS, through its water concessionaires, of water supply system of subdivision housing projects.

SECTION 4. *Definition of Terms.* — For the purpose of these guidelines, the terms or words used herein shall, unless the context indicates otherwise, mean or be understood as follows:

- 4.1 *Water System* — refers to the water distribution network of the subdivision.
- 4.2 *Adequate Water Supply* — at least 150 liters per capita per day for any eight-hour period for household consumption including fire reserve.
- 4.3 *Potable Water Supply* — water that is free of micro-organism or disease-producing bacteria (pathogens). The water should not possess undesirable taste, odor, color, levels of radioactivity, turbidity or chemicals and it should pass the standards of the Philippine National Standards for Drinking Water.
- 4.4 *Centralized Water Supply System* — a system consisting of water

supply pipelines (including pumping station, reservoir and treatment facilities, if necessary) where the water being distributed to the respective household service connections comes from one (1) or a combination of two (2) sources.

- 4.5 *Interconnection* — a waterline connecting the water system of the subdivision to the MWSS water mains as its source of water supply.
- 4.6 *Turn-over* — an activity requested by the Owner/Developer/Contractor/Homeowners Association whereby the MWSS/Concessionaires assumes the responsibility of maintaining and operating the subdivision's water system.
- 4.7 *Take-over* — to get control of the subdivision's centralized water supply system.
- 4.8 *Consent of Homeowners Association* — approval of or agreement with what is done or suggested by another person.
- 4.9 *Operation and Maintenance of Centralized Water Supply System* — includes the operation and maintenance of water mains, pipes, fire hydrants, pumping stations, machineries and other waterworks for the purpose of supplying water to the inhabitants of its territory, for domestic and other purposes; and to purify, regulate and control the use, as well as prevent the wastage of water.
- 4.10 *Master Meter* — a large water meter which registers the total water consumption of subdivision and is used as basis for billing the water consumption of subdivision on pro-rata scheme.
- 4.11 *Private Meters* — those used for computing the actual and differential water consumption of each household within a subdivision wherein a master meter is installed.
- 4.12 *Check Meters* — is similar to a master meter but is used only for measuring/monitoring the non-revenue water (NRW) of subdivision. Each household in a subdivision covered by a check meter is billed based on its official meter.
- 4.13 *Bulk Meter* — is similar to a master meter but is used for billing the water consumption of subdivision on bulk-selling scheme. Each household in the subdivision is not billed individually by MWSS.
- 4.14 *Memorandum of Agreement* — the contract document used when the

reticulation system of subdivision is interconnected to the Concessionaires.

- 4.15 *Deed of Donation and Acceptance* — is the contract document used when the reticulation system of subdivision is turned-over to the Concessionaires.
- 4.16 *Sound Value* — of each property/item is determined by deducting the estimated depreciation from the item/s replacement cost.
- 4.17 *Concessionaires* — refers to the Concessionaires in the Concession Agreement executed by MWSS in August 1997, i.e., Manila Water Company, Inc. for the East Zone and Maynilad Water Services, Inc. for the West Zone.

SECTION 5. *Related Laws and Issuances.* —

- 5.1. Republic Act No. 6234 an act creating the Metropolitan Waterworks and Sewerage System which mandated the MWSS to construct or perform rehabilitation works of the water system on existing roads, streets, avenue, highway whether inside or outside the subdivision housing projects.
- 5.2. Presidential Decree No. 1345 empowering the MWSS to take over the operation and control of central water system from subdivision housing developers.
- 5.3. Presidential Decree No. 1216 (which amended PD 957) requiring the local government units to accept the completed roads, alleys, sidewalks from the owners/housing developers.
- 5.4. Memorandum Circular No. 005-92 dated 12 January 1992 providing policies/guidelines for rehabilitation/interconnection of reticulation system of housing subdivision under foreign assisted project.
- 5.5. Memorandum Circular No. 645-A dated 24 June 1993 providing policy on reticulation/water distribution systems of residential subdivisions.
- 5.6. Memorandum Circular No. 876 dated 13 June 1989, providing turn-over of subdivision water distribution system, designed and installed under MWSS supervision.

RULE II

General Information

SECTION 6. *Implementing Agencies.* — MWSS shall be the lead agency in the implementation of PD 1345. The HLURB shall be the agency that will give the favorable recommendation before MWSS can take over the water systems and provide assistance to effect the take-over.

RULE III

Application Procedures

SECTION 7. *Issuance of Certification by the MWSS in the Construction of Water/Sewer System.* — For new subdivisions, the request for Certification in the construction of reticulation/sewerage system shall be accepted subject to but not limited to the following conditions:

- 7.1 The plans, technical and materials specifications of the water/sewer system shall conform with the MWSS/Concessionaires' current specifications and standards, and shall be subject to the approval of the Concessionaires.
- 7.2 The reticulation system shall be subjected to preliminary and final Pressure and Leakage P/L Test. Sewer system shall likewise be subjected to any applicable tests being conducted by the Concessionaires.
- 7.3 The subdivision's owner/developer and/or the Homeowners Association (HOA/residents shall agree to shoulder not only the cost of the reticulation and sewer system but also all the costs of checking/approval fees, co-supervision and testing fees.

SECTION 8. *Interconnection of Water System for Existing Subdivisions.* — Request for interconnection of water system shall only be accepted subject to the following conditions:

- 8.1 The plans, technical and materials specifications of the water/sewer system shall conform with the MWSS/Concessionaires' current specifications and standards, and shall be subject to the approval of the Concessionaires.
- 8.2 The reticulation system shall be subjected to preliminary and final Pressure and Leakage P/L Test. Sewer system shall likewise be subjected to any applicable tests being conducted by the

Concessionaires.

- 8.3 The construction of reticulation system shall conform with the MWSS/Concessionaires' standards and specifications and if not, shall be brought to a level acceptable to the Concessionaires, the cost of which shall be borne by the subdivision owner/developer and/or the HOA/residents.
- 8.4 The reticulation system shall be subjected to Pressures and Leakage (P/L) Test at the expense of the subdivision/owner/developer contractor/HOA.
- 8.5 The Concessionaires shall prepare and process the contract documents, Memorandum of Agreement (MOA) or Deed of Donation and Acceptance (DODA) subject to the review of the MWSS Regulatory Office. It is suggested that the MOA or DODA be based on the original documents used by MWSS since this proposed policy necessitates revision of the MOA/DODA currently being used by both Concessionaires.

Additional Conditions/Requirements Prior to Interconnection:

- 8.6 The subdivision is adjacent to MWSS water main line.
- 8.7 The provision of water supply to subdivision will not adversely affect the present customers within the surrounding/adjoining areas.
- 8.8 The subdivision passes the required Pressure and Water Availability Test (PWAT).
- 8.9 An interconnection line shall be constructed per MWSS/Concessionaires' approved plans, specifications and supervision, the cost of which shall be shouldered by the subdivision owner/developer and/or the HOA/residents.
- 8.10 Execution of corresponding Memorandum of Agreement (MOA) between the Owner/Developer and the HOA with the Concessionaire on the terms and conditions of the construction or rehabilitation of the water/sewerage system, the eventual turn-over thereof to the MWSS/Concessionaire and the aforementioned interconnection to the MWSS water mainline, consistent with this Guidelines/IRR.
- 8.11 All payables from each homeowner/resident in connection with previous/current water bills and his share in the cost of rehabilitation

of the water system, if any, shall be settled with the HOA prior to interconnection. A clearance to this effect is required from the HOA.

Additional Conditions/Requirements Upon Interconnection:

- 8.12 A Master Meter shall be installed to measure the volume of water flowing into the subdivisions.
- 8.13 Existing household meter (if any) must conform with the MWSS Concessionaires' specifications and shall be tested and replaced/repared if found defective subject to the guidelines developed by the Concessionaires.
- 8.14 All costs to be incurred in connection with the installation of master/check meter, official/private meters, interconnection line and upgrading of reticulation system shall be shouldered by the subdivision owner/developer/contractor/homeowners association.

Furthermore, subject to reasonable charges, the Concessionaires shall provide administrative and technical assistance as follows:

- 8.15 Perform meter readings of private meters to serve as basis for the association's billing of its members.
- 8.16 Conduct hydro testing, leak repair/detection, meter calibration, regular water quality test and engineering advice on network efficiency requirements.
- 8.17 Subject to appropriate board resolution of the HOA, the Concessionaires or their respective representatives may disconnect individual private meters which are delinquent in the payment of water bills to the HOA.

RULE IV

Request for Turn-Over/Donation of Water System

SECTION 9. *Procedures for Petition for Take-Over.* —

9.1 Who will file:

- 9.1.1 If petitioner is a duly registered HOA, a Board Resolution is needed authorizing the petition with concurrence of majority in a general assembly meeting.

9.1.2 If the petitioner is the Developer/Owner, a Board Resolution from the HOA is needed with concurrence of majority of the homeowners.

9.2 Where to file: MWSS

9.3 The following are the grounds to consider when filing for petition to take over:

9.3.1 Inadequate water supply;

9.3.2 Inefficient centralized water supply;

9.3.3 No potable water supply

9.4 Further, the following requirements must be observed:

Prior to turn-over:

9.4.1 Consistent with the provision of MC 876, the turn-over/donation of reticulation system to MWSS/Concessionaires shall only be done if the subdivision is at least 50% occupied.

9.4.2 Should the road network of the subject subdivision is yet to be donated to the city/municipal government, the owner/developer/homeowners' association should grant the Concessionaires a right of way to allow the performance of the necessary installation, repair and maintenance works.

9.4.3 Completion of the corresponding Deed of Donation and Acceptance (DODA).

Upon Turn-over:

9.4.4 The master meter of subdivision shall be converted into check meter, and all private meters to official meters (subject to guidelines on repair/calibration/change of water meter at the expense of the owner/developer/contractor/homeowners association).

9.4.5 The subdivisions' right of exclusivity over the water system shall be transferred to MWSS/Concessionaires.

9.4.6 Reticulation system already donated to Concessionaires/MWSS shall be taken up in the books of account at its sound value.

Already Turn-Over/Donated Water System:

- 9.4.7 Private meters shall be converted to official meters and thus, billed individually.
- 9.4.8 For completely turned-over subdivisions with their respective water systems having been donated to the MWSS/Concessionaires, the maintenance/rehabilitation of the water reticulation system shall now be the responsibility of the MWSS/Concessionaires. Operation of the donated deepwells and cisterns shall be at the sole discretion of the MWSS/Concessionaires. Moreover, the MWSS/Concessionaires shall have the exclusive right and sole discretion to make use of the said reticulation system for its/their expansion of network coverage in the adjacent areas of the subdivision and/or outside/beyond the subdivision.

RULE V

Billing of Water Consumption

SECTION 10. Water consumption of subdivisions awaiting turn-over shall be billed in accordance with the following:

- 10.1 For Subdivisions with MWSS Contracts, provisions (i.e., Billing Scheme/Computation) thereof shall remain effective.
- 10.2 Subdivisions with master meter/s (bulk meters) installed and covered by MWCI/MWS MOA shall be billed Average Semi-Business and in accordance with the provisions of the New Billing Scheme for subdivisions.
- 10.3 All dwellings in subdivisions whose water systems have been turned-over/donated to MWSS/Concessionaires shall be installed with individual official meters, and shall accordingly be billed individually.

RULE VI

Creation of Executive Committee

SECTION 11. There shall be an Inter-Agency Executive Committee created which shall act as the overall coordinating body with oversight function over the implementation of Presidential Decree 1345. The said committee shall be

composed of the following:

Chairman : Administrator, MWSS
Members : Chairman, NWRB
Chief Executive Officer, HLURB
Representative of Concerned Local Government Unit
Representatives of Maynilad Water Services and
Manila Water Company, Inc.

SECTION 12. The Executive Committee shall have the following functions:

- 12.1 Formulate policies, general rules and guidelines needed for the uniform and effective implementation of water connection services at all levels, including the valuation criteria to be used for existing water supply system in residential subdivisions which may be turned over to MWSS or the concessionaires for administration and control.
- 12.2 Ensure the participation of various agencies, local government units and private sector organizations.
- 12.3 Monitor the overall implementation of the program and where necessary assist the local government units and shelter agencies in the resolution of problems and issues relative to the water requirements of their housing projects.
- 12.4 Formulate systems and procedures for the turn-over.
- 12.5 MWSS shall act as the Secretariat of the Executive Committee.

RULE VII

Amendment Clause

SECTION 13. The MWSS in consultation with HLURB may issue additional/amendatory guidelines to supplement this Implementing Rules and Regulations.

RULE VIII

Separability Clause

SECTION 14. The provisions of this Implementing Rules and Regulations are declared as separable and in the event that any such provisions are declared null and void, the validity of other provisions shall not be affected

thereby.

RULE IX

Effectivity

SECTION 15. The Implementing Rules and Regulations shall take effect fifteen (15) days after its complete publication in any two (2) national newspapers of general circulation and filed with the Administrative Registrar, University of the Philippines Law Center, as required under the Administrative Code of 1987.

APPROVED, this 27th day of December in the year of Our Lord, Two Thousand and Seven.

Published in The Philippine Star on February 7, 2008.