



Rural Waterworks and Sanitation Association (RWSA) Charter

Chapter 1

Applicability and definition of terms

Article 1. Applicability. - These rules and regulations shall apply to RWSA organized and registered by virtue of Executive Order No, 577, as amended.

Article 2. Definition of Terms - As used in these rules, the following words or terms shall have the following meanings, unless a different meaning appears from the text of these rules

- a. "LWUA" shall mean the Local Water Utilities Administration;
- b. "WD" shall mean a local Water District formed pursuant to PD 198, as amended;
- c. "RWSA" shall mean Rural Waterworks and Sanitation Association, a non-stock, non-profit cooperative association organized and/or registered with the LWUA;
- d. "Level III Service" shall mean a communal faucet water system operated by the RWSA. It includes a piped distribution system with each faucet serving four (4) to six (6) household member consumers;
- e. "Level III Service" shall mean an individual household connection water system. It includes a piped distribution network and at least a faucet for every household;
- f. "Dependable and adequate service" shall mean services that are consistent with the normal standards based upon good quality management and operating practices, sufficient in quantity, having regard for the demands for service currently existing and reasonably anticipated within the foreseeable future that is accessible on a constant and regular basis;
- g. "Member-consumer" shall mean any person or entity who is a registered member of the RWSA;
- h. "Investigator" shall mean a person deputized by the LWUA to inspect water supply service and investigate complaints for violation of any of these rules.

Chapter II

Registration of RWSA

Article 1. Who shall apply- all duly registered RWSAs shall continue as such and those to be organized shall register with LWUA in accordance with the provisions of Executive Order no. 577, as amended, in order to be entitled to the powers, rights and privileges accorded by the said Executive Order.

Article 2. Filing of Corporate Papers. - Articles of Incorporation, By laws and Amendments thereof, Articles of Merger, Dissolution and Changes in the Location of Principal Address shall be presented to LWUA for evaluation and processing and, if found to be in

conformance with the provisions of Section 5 (d) of Executive Order No. 577, as amended, shall be filed with the Office of the Corporate Secretary. Upon such filing, the articles of incorporation, by-laws, amendments, consolidation, merger, conversion, dissolution or certificate of change of location of principal office shall be in effect.

Article 3. Place of Filing. - Every application for registration or amendment or consolidation or dissolution shall be filed with LWUA, the nearest water district in the province or with any LWUA deputized agent. Where an application is filed with the water district or LWUA deputized agent, said application shall be duly forwarded to Local Water Utilities Administration, MWSS-LWUA Complex Katipunan Road, Balara, Quezon City.

Article 4. Forms Required. - Every application shall be filed in the forms prescribed by LWUA and signed by the incorporators or officers of the RWSA.

Article 5. Requirements -

a) For application for registration, the following documents shall be submitted in two (2) copies each:

1. Articles of Incorporation
2. By-laws
3. Minutes of Organizational Meeting
4. Minutes of First Board Meeting
5. Feasibility Study
6. Certificate of Availability of loan funds if funding is to be provided by other agencies.

b.) For amendment of articles of incorporation or by-laws, the following documents shall be required:

1. Articles of Amendments
2. General Assembly Resolution
3. Board Resolution

c.) For consolidation, the documents shall be required:

1. Articles of Consolidation
2. General Assembly Resolution
3. Board Resolution
4. Written consent of creditors, if any

d.) For merger, the following documents shall be required:

1. Articles of Merger
2. General Assembly Resolution
3. Board Resolution
4. Written consent of creditors, if any

e.) For dissolution, the following documents shall be required:

1. Articles of Dissolution
2. General Assembly Resolution
3. Board Resolution
4. Written consent of creditors, if any

Article 6. Name - The name of the association shall include the name of the community followed by the phrase "Rural Waterworks and Sanitation Association, Inc."

Article 7. Incorporators - At least five (5) but not more than fifteen (15) persons residing in the same community may organize an RWSA in the manner herein provided.

Article 8. Articles of Incorporation - The Articles of Incorporation shall be executed pursuant to Executive Order No. 577, as

amended, and shall state among others, the following:

- a. Name of Association
 - b. Address of principal office
 - c. Term of corporate existence
 - d. Names and address of the incorporators
 - e. Names and address of directors who shall constitute the initial board until their successors are elected qualified.
- Such articles shall be signed by all incorporators, witnessed by at least two witnesses and executed in due form.

Article 9. By-laws. - The power to adopt and thereafter to alter, amend or repeal the by-laws shall be vested in the members, but a decision for the purpose shall be carried out by the majority vote of all members. The by-laws shall state the rights and obligations of members define the duties of directors and officers of the RWSA and may contain other provisions for the regulation and management of the affairs of the RWSA, which are not inconsistent with its articles of incorporation and with Executive Order No. 577, as amended, and with other existing laws and regulations.

Article 10. Members. - Each incorporator shall become a member of RWSA but any person of voting age and who is the head of the household may become a member provided that such person agrees to avail of the services extended by the RWSA. Membership in the RWSA shall not be transferable. The by-laws shall prescribe additional qualifications and limitations with respect to such membership.

Article 11. General Assembly Meeting. -

- a) A regular general assembly meeting of the members of the RWSA shall be held every year on a date fixed in the by-laws;
- b) Special meeting of the members may also held at any time at the instance of the Board, or by ten percent (10%) of all members:
- c) Whenever for any cause, there is no person authorized to call a meeting the LWUA upon petition of at least ten percent (10%) of all members, may issue an order to its deputized agents to call a meeting of the RWSA by giving proper notice as required;
- d) Members must be notified personally or by mail of any meeting to be called not less than ten (10) days before the date of such meeting stating the purpose(s), place and time of such meeting.
- e) Each member shall be entitled to only one (1) vote. All questions shall be decided by a majority vote of the members present. Election of directors and committee members shall be by secret ballot to be administered by a committee on election. All other matters may be decided by raising of hands.

Article 12. Minutes of General Assembly Meeting and Reports of Officers and Elections of Directors. -

Within 30 days after a general meeting and election of directors of the RWSA, the chairman or any other officer of the RWSA shall submit to LWUA the minutes of said meeting and the results of the election duly certified by the RWSA Committee on election. The RWSA shall likewise submit the Chairman's report, the financial report and other committee reports.

Article 13. Board of Directors. The business and affairs of the RWSA shall be vested in its board of directors, subject to the regulatory supervision of LWUA. The function of the Board shall be to establish policy. The board shall not engage in the detailed management and operation of the water system of the RWSA.

Article 14. Number and Qualifications. - The board of directors of a RWSA shall be composed of five (5) persons who are of voting age and residents of the community (ies) covered by the RWSA. An individual holding an elective position in this government service is disqualified to serve as a director.

Article 15. - Compensation. - No member of the Board shall receive any compensation other than per diems for his services as a director or for his services rendered in any other capacity. The per diems shall be fixed by the Board of Directors subject to LWUA policies and guidelines. However, reimbursement of actual expenses incurred in the performance of the duties as a member of the RWSA Board may be allowed as specified in LWUA policies and guidelines.

Article 16. Election and Term of Board of Directors (BOD). - The general membership shall elect only the Board of Directors. The directors named in the Articles of Incorporation shall compose the interim board until the first annual meeting of its member or until there successors are elected and qualified. During the first annual assembly meeting, only five (5) board members shall be elected to office, two (2) of whom shall serve for a term of one (1) year, two (2) for two (2) years, and one (1) for a term of three

(3) years. Thereafter, the members of the Board shall be elected for a term of three (3) years. Any board members elected or appointed to fill vacancies in the Board occurring before the expiration of a particular term shall hold office only for unexpired term.

Article 17. Officers - The officers of the Board shall be the Chairman, Vice-Chairman, Secretary and Treasurer who shall be elected by and from among the Board of Directors at a board meeting held immediately after the annual meeting of the members. Any change in the Board composition due to resignation or other causes shall immediately be reported to LWUA.

Article 18. General Manager - The Board of Directors of the RWSA may appoint a General Manager and fix his compensation. Said appointment shall be forwarded to LWUA on a no-objection basis. No person shall be appointed to the position of General Manager unless he possesses the following minimum qualification:

- a. He must be a resident of the area covered by the RWSA;
- b. He must be familiar with waterworks business operations;
- c. He must not be a board member of the RWSA;
- d. He must possess adequate educational background.

The general Manager shall have the following duties and responsibilities, among others:

- a. Advises and assists the Board of Directors on the formulation of objectives, plans and policies in all areas of concern to the RWSA;
- b. Directs the management and business of the RWSA pursuant to the resolutions and policies of the Board of Directors;
- c. Prepares the budget of the RWSA and submits the same to the Board of Directors for approval;
- d. Submits a periodic report of the operations of the RWSA to the Board of Directors and LWUA or at any other time the board of LWUA may require;
- e. Appoints employees of the RWSA;
- f. Performs such other duties and responsibilities as the board Directors may, from time to time, prescribe.

Article 19. Liability of Directors and Officers of the RWSA. - A director may be held personally liable if:

- a. He willfully and knowingly votes for or assents to patently unlawful acts of the RWSA;
- b. He is guilty of gross negligence or bad faith in directing the affairs of the RWSA;
- c. He acquires and profits from any personal or pecuniary interest in conflict with his duty as director and/or officer.

Article 20. Amendments of Articles of Incorporation and By-laws. - A RWSA may amend its articles of Incorporation and By-laws by submitting the proposed amendments to a general assembly meeting of members. If the proposed amendments are approved by the majority of all the members, the Chairman and the Secretary shall accomplish the required documents as provided in Article 5 (b) herein. The amendment shall take effect upon its approval by the LWUA.

Article 21. Consolidation or Merger. - The consolidation or merger of two or more RWSAs may be effected in the event that LWUA shall have determined, after a review and evaluation, that such merger or consolidation shall be in the best interest of the RWSAs concerned and the communities they serve.

Article 22. Effect of Consolidation or Merger. -

- a.) In the case, of consolidation, the individual existence of the consolidating RWSAs shall cease and the articles of consolidation shall be deemed to be the articles of incorporation of the resulting RWSA; and in the case of merger, the articles of merger of the resulting RWSA shall be such that the existence of the merged RWSA shall be absorbed and carried on by the surviving RWSA.
- b.) All rights, properties, real or personal and privileges including application for membership, all debts due on whatever account of each of the consolidating or merging RWSAs shall be deemed to be transferred to and vested in the new or surviving RWSA.
- c.) The new or surviving RWSA shall be responsible and liable for all the obligation of each of the consolidating or merging RWSAs; and,
- d.) Neither the rights of creditors nor any liens upon the property of any such RWSA shall be impaired by such consolidation or merger.

Article 23. Dissolution. - RWSA may be dissolved by submitting to LWUA the required documents as provided for in Article 5 (e) herein.

Article 24. LWUA's Approval and Effectivity of Merger, Consolidation or Dissolution. - The Articles of Merger, or of Consolidation, or of Dissolution signed and certified as herein required, shall be submitted to LWUA for its approval. Where the LWUA is satisfied that the merger or consolidation or dissolution of the RWSAs concerned is not inconsistent with the provisions of Executive Order No. 577, as amended, and existing laws and regulations, it shall issue a Certificate of Merger, or of Consolidation, or of Dissolution shall be in effect.
If upon investigation, the LWUA has reason to believe that the proposed merger, or consolidation or dissolution is contrary to or inconsistent with the existing laws, it shall set a hearing at which the RWSAs concerned shall be given the opportunity to be heard.

Article 25. Non-liability of Member for Debt of Association. - No member shall be held liable or responsible for any debts incurred by the RWSA nor the property of any member be subject to any execution or court litigation.

Chapter III

Duties and Responsibilities of the RWSA

Article 1. Observance. - Every RWSA shall comply with all the terms and conditions in its Certificate of Franchise, and all existing laws, rules and regulations.

Article 2. Water Permit. - Every RWSA shall secure a water permit from the National Water Resources Board in accordance with the provisions of the Water code of the Philippines.

Article 3. Service. - Every RWSA shall operate, maintain and provide dependable and adequate water service.

Article 4. Information and Assistance. - Every RWSA shall, upon request give any member-consumer, all information and Assistance pertaining to its service in order that said member-consumer may secure safe, proper, adequate and efficient service.

Article 5. Investigation and Complaints. - Every RWSA shall, within a reasonable time, make a full and prompt investigation of complaints referred to it concerning the service it renders.

Article 6. Service Interruption. - In all cases where practicable, every RWSA shall give notice to its member-consumers in advance of any contemplated stoppage of water service and the probable duration thereof in the area(s) affected.

Article 7. Accounts. - Every RWSA shall keep such books of accounts and other records as may be necessary to afford an intelligent understanding of its business. If a uniform system of accounting is hereafter prescribed by the LWUA, said system shall be adopted and observed.

Article 8. Maintenance of Water Source and Related Facilities. - Every RWSA must properly maintain its water source and facilities at all times. Water samples should be collected annually or whenever necessary at the pump discharge or spring box for laboratory test with the nearest Water District or Provincial Health Office regarding the potability of the water supply.

Article 9. Installation of Meters. - Meters and auxiliary devices shall be furnished and installed by the RWSA to member-consumers with household connections.

Article 10. Location of Meters. - All meters shall be installed within the consumer's premises, in a clean and safe location, free from vibrations, and where it is easily accessible for reading and testing. Under no conditions should meters be located behind doors or where they can be easily broken or jarred by moving objects.

Article 11. Water Meters. - No meter shall be placed in service unless it has been tested and certified by the LWUA's accredited suppliers or any of its designated agents in the provinces. It must be readjusted and returned in service after being tested, certified and sealed by the LWUA.

Article 12. Meter Reader and Bill Collector. - Every RWSA shall employ in his service a meter and/or a bill collector, or designate one of his employees to collect payment of water bills from member-consumers.

Article 13. Payment of Bills. - The RWSA may require that a water bill be paid within the specified time after demand has been made. When the billing period covers a month or more, the maximum time allowed for payment shall be within fifteen (15) days after demand and upon expiration of the specified time, service may be disconnected for non-payment; provided, that two (2) days written notice of such disconnection is made and if the member-consumer tenders payment of the unpaid bill to the collector, said collector, agent or employee shall be obliged to accept payment and issue a temporary receipt for the amount and shall desist from disconnecting service.

Article 14. Water Bills. - Water Bills shall be sent to member-consumer at regular intervals, which shall allow the period covered, amount of bills, among others.

Article 15. Reconnection of Service. - In case of disconnection of service due to non-payment of bills, reconnection shall be made immediately after the settlement of previous unpaid bills including interest thereon. The RWSA may charge interest on unpaid bills, which shall not exceed nine percent (9%) per annum. A reconnection fee may be charged by the RWSA from the member-consumer in an amount not exceeding twenty pesos (P20.00).

Article 16. Non-profit, Non-discriminator, Operation and Services. - The RWSA shall be operated on a non-profit basis for the benefit of its members and shall, as to rates and services, make no preference to any member, or to subject him to unreasonable prejudice or disadvantage.

Article 17. Discrimination. - It shall be unlawful for the RWSA to give undue preference or make unjust discrimination in his service.

Article 18. Unauthorized Equipment. - No RWSA shall increase, substitute or withdraw machinery nor equipment in service without previous authority of the LWUA.

Article 19. Refusal, Obstruction to investigation, etc. - It shall be unlawful for any RWSA or any of his employees or agents to refuse, obstruct, hinder the conduct of an official investigation, inspection, examination of his service or test of any of his equipment by any official, deputy or agent of the LWUA.

Chapter IV

Duties and Responsibilities of the Member-Consumer

Article 1. Observance. - Every member-consumer shall comply with all policies, rules, bulletins issued or To be issued by the RWSA board.

Article 2. Payment of Bills. - Every member-consumer shall pay his bill not later than fifteen (15) days from its presentation and/or demand.

Article 3. Protection from loss of Damage, Payment of Lost/Damage Communal Faucet or Meter. - Every member-consumer shall see to it that the communal faucet or meter shall be protected from loss or damage. The loss or damage due to the fault or negligence of the member shall be borne by him.

Article 4. Entry to make Repairs. - Every member-consumer shall allow the authorized personnel of the RWSA at reasonable hours, to perform necessary repairs on the communal faucet, meters or piping.

Article 5. Conservation of Water/Waste Water Disposal. - Every member-consumer shall prevent the waste of water. He shall likewise see to it that waste water shall be disposed in such a manner that it will not be injure the health and safety of the community.

Article 6. Change location of meter or tapping. - It shall be unlawful for any member-consumer to dismount or change the location of a meter, or transfer the location of tapping at the water main without authority from the RWSA.

Article 7. Breaking of Meter seals. - No other person either than those authorized by the RWSA shall break the seal of a meter, nor shall a member-consumer permit such breaking of the seal, or the tampering of a meter by unauthorized person.

Article 8. Unauthorized tapping, addition, extension or sub connections. - It shall be unlawful to tap make or build any connection with the water supply system or to make any addition, extension or sub connection thereto without any written permission with the RWSA.

Chapter V

Application for Water Service

Article 1. Forms. - Every prospective member-consumer shall be entitled to the use of the level. If service upon signing and approval of an application for membership to be furnished by the RWSA. Other prospective member-consumers for level III water service shall likewise sign an application for water service in a form to be provided by the RWSA.

Article 2. Priority of Application. - Application for water service shall be processed on a first come-first served basis.

Article 3. Service Deposit. - Service deposit shall be required for commercial and industrial consumers of the RWSA in such amount to be fixed by the BOD. This cash-deposit shall answer for the unpaid bills.

Chapter VI

Water Tariff

Article 1. Water Rates and Charges. - Every RWSA shall strictly adhere to its authorized water rates and charges and all changes, modifications and adjustments thereof shall not become effective unless reviewed and approved by the LWUA.

Article 2. Filing of Application for Water Rates Adjustments. - Request for authority to increase/decrease rates shall be in the form of a board resolution to be filed with the LWUA.

Article 3. Approval and Effectivity of Rates. - All adjustments filed shall be reviewed and approved by the Board Trustees of LWUA and shall be enforceable fifteen (15) days after approval.

Chapter VII

Conflicts Between RWSAs

Article 1. Jurisdiction over Conflicts. - In case of conflict between two or more RWSAs, the LWUA shall have exclusive jurisdiction to settle such conflicts subject to such appropriate hearings, implementing rules and regulations and other action as the Board of Trustees may determine.

Article 2. Matters Supporting Claims. - In order to validate or support claims or counter claim, positions taken by conflicting RWSAs and to confirm directly the desire of the general assembly of the conflicting RWSAs with respect to such conflict, the LWUA Board may direct the conduct of a referendum, the result of which may be considered as evidence in the appropriate hearing, or take any remedial measure which the LWUA board may decide to help resolve such conflict.

Chapter VIII

Final Provisions

Article 1. Copy of Rules and Regulations. - Every RWSA shall keep a copy of these rules and regulations on file.

Article 2. Water System Expansion and Upgrading. - Every RWSA shall seek the prior approval of LWUA before taking up substantial expansion, improvement or upgrading of its water works systems.

Article 3. Violation of these Rules and Regulations. - Violation of any section of these rules shall be subject to the sanctions provided for by existing laws and regulation including but not limited to the exercise of the power under section 8 of Executive

Order No. 577, as amended.

Article 4. Separability of Provision. - Should any provision of these rules and regulations be declared invalid, no other provisions hereof shall be affected thereby.

Article 5. Repealing Clause. - All rules and regulation, which are inconsistent herewith are hereby repealed, amended or modified accordingly.

Article 6. Effectivity. - These rules and regulations shall take effect fifteen (15) days after their publication a newspaper or general circulation. Adopted at Quezon City on July 27, 1988.

Approved pursuant to resolution No. 108, series of 1988.

(SGD) TEODORO G. GENER
Chairman

(SGD) JUSTINO G. BERNAS
Vice-Chairman

(SGD) BENJAMIN G. DIOKNO
Member

(SGD) PORTHOS P. ALMA JOSE
Ex-Officio Member

ATTESTED BY:

(SGD) ARMANDO C. LIZASO
Corporate Secretary

Republic of the Philippines
LOCAL WATER UTILITIES ADMINISTRATION
Katipunan Road, Balara, Quezon City

REVISED RULES AND REGULATIONS GOVERNING THE GRANT OF FRANCHISE PURSUANT TO EXECUTIVE ORDER NO. 124 WHICH ABOLISHED THE RURAL WATER WORKS DEVELOPMENT CORPORATION. (RWDC) AND TRANSFERRED ITS FUNCTIONS TO THE LOCAL WATER UTILITIES ADMINISTRATION (LWUA), THE BOARD OF TRUSTEES HEREBY ADOPTS THE FOLLOWING RULES AND REGULATIONS IN ACCORDANCE WITH SECTION 36 OF EXECUTIVE ORDER NO. 577, AS AMENDED.

ARTICLE I

TITLE AND DEFINITION OF TERMS

Section 1. Title. - These rules and regulations shall be known and cited as the "Revised Rules and Regulations Governing the Grant of Franchise."

Section 2. Definition of Terms.

- a. Executive Order" means Executive Order No. 577, as amended by Executive Order No. 869 and Executive Order No. 124 dated 30 January 1987.
- b. "Commission" shall mean the Board of Trustees of LWUA, acting as a Commission, pursuant to Section 36 of

Executive Order No. 869.

c. "Commissioner" shall mean any member of the Board of Trustees.

d. "RWSA" shall mean any Rural Water works and Sanitation Association organized and registered under Executive Order No. 577 as, amended.

e. "Person or entity" shall mean any natural person, firm, association, cooperative, corporation, business trust, partnership, local government and privately-owned public service entity which operates and maintains a water works system.

f. "Franchise" shall mean the authority granted to any person of RWSA to supply water within its area of coverage.

ARTICLE III

PLACE OF FILING APPLICATION

Section 1. Place of Filing. - Any application for franchise shall be filed with the nearest Water Districts or other designated agency for proper endorsement to the Local Water Utilities Administration, Katipunan Road, Balara, Quezon City.

ARTICLE IV

FORM AND REQUIREMENTS

Section 1. Form. - All application shall be filed in the prescribed form and sworn to by the applicant.

Section 2. Requirements. - An application shall be supported by the following.

1. Application of Franchise]
2. Certificate of Registration
3. Certificate of Project Completion
4. Copy of Bacteriological Analysis of the water duly certified by the proper government agency.
5. Plan of the water system facilities (distribution system, reservoir pump house, etc.)
6. Copy of Schedule of Rates
7. Breakdown of Investments
8. Statement of Income and Expenses.

Section 3. Filing Fee. - There shall be imposed and collected a fee of One Hundred Fifty Pesos (P150.00) from the applicant.

ARTICLE V

PROCESSING APPLICATION

Section 1. Processing. - Upon receipt of an application of water franchise, the LWUA shall process the same to determine compliance with the requirements prescribed in Section 2. Article IV hereof.

Section 2. Posting of Application. - If found in order, copies of the application shall be sent to the applicant who is required to post the same in the following places for a period of thirty (30) days.

- a. Municipal hall and Barangay center of the community covered by the application;
- b. Place of business of the applicant;
- c. The Water District Office within the area.

Section 3. Grant of Franchise. - After the lapse of the posting period, and there being no opposition to the application, the Commission shall grant the Franchise.

ARTICLE VI

CONTESTED APPLICATION

Section 1. Notice. - In case an opposition to an application for franchise is filed. LWUA shall set the same for hearing and shall serve notice in writing of the date thereof.

Section 2. Petition for Reconsideration. - Any party aggrieved by the decision of the Commission may request for reconsideration thereof filing a petition for reconsideration with the Commission, within fifteen (15) days after receipt of the notice of the order, ruling or decision in question.

ARTICLE VII

ORDERS, RULLINGS AND DECISIONS

Section 1. Time to Render. - In all cases, the Commission shall render its orde, ruling or decision in writing within thirty (30)days after the case is submitted for resolution or decision.

Section 2. Promulgation and Service. - Every order, ruling or decision of the commission shall be promulgated and served upon the person or public service entity affected thereby within teen (1o) days from the time the same is entered and promulgated.

ARTICLE VIII

EFFECTIVITY

Section 1. Effectivity. - These implementing Rules and Regulations shall take effect fifteen (15) days after publication in a newspaper of general circulation. Adopted at Quezon City on July 27, 1988

Approved pursuant to Resolution No. 109, series of 1988.

(SGD) TEODORO G. GENER
Chairman

(SGD) JUSTINO G. BERNAS
Vice-Chairman

(SGD) BENJAMIN E. DIOKNO
Member

(SGD) PORTHOS P. ALMA JOSE
Ex-officio Member

ATTESTED BY:
(SGD) ARMANDO C. LIZASO
Corporate Secretary