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MAYNILAD-MWSS ARBITRATION:

MWSS borrows P780 million to finance maturing obligations

November 13, 2003, Manila Times, Arnold S. Tenorio

METROPOLITAN Waterworks and Sewerage System (MWSS) is selling some P780 million in bonds to pay for its maturing obligations. The debt papers enjoy full government guarantee in case the state water agency fails to pay for these IOUs, which would mature in a year's time.

First Metro Investment Corp. is the sole underwriter of the MWSS bond issue. As sole underwriter, First Metro would have to put up the balance, if not the whole P780 million, in case no one buys the MWSS bonds.

MWSS finance manager Estrellito A. Polloso said the bond issue came on the heels of a failed attempt by the state water firm to borrow in dollars. He said MWSS earlier sent out requests for proposals, but no one was interested.

MWSS requires foreign exchange to pay for the concession fees, which West-zone operator Maynilad Water Services Inc. stopped paying more than two years ago. MWSS has since assumed payment of the fees owed to its creditors, and in the process incurred debts, including a $30-million loan from Keppel Bank.

Polloso said MWSS has accumulated P7.02 billion in receivables from Maynilad.

Of that amount, P6.2 billion pertains to the principal amount representing concession fees due the MWSS' creditors from March 2001 until October this year.

The P800 million represents interest and other expenses incurred by MWSS after it assumed payment of Maynilad's dues.

Polloso said the proceeds of the bond issue would be enough to cover obligations maturing from now until March next year.

MWSS administrator Orlando C. Hondrade said the state water agency had to borrow since it cannot draw on Maynilad's P780-million performance bond immediately.

MWSS however plans to draw on the performance bond to offset Maynilad's debts to the state water agency.

Hondrade said MWSS would draw on the bond 15 days after the three-man arbitration panel handed down its decision preventing Maynilad from surrendering the West-zone water concession to government.

The arbitration panel earlier decided against the return of the concession, and ruled that there was no basis for the termination of the concession.

Consequently, the panel didn't award any of the two parties.

Had the panel ruled that a termination of the concession was justified, it could have made an award in favor of any of the two parties. If government were held responsible for the termination, MWSS would have paid Maynilad P21 billion in compensation. If the other way around, Maynilad would have compensated government some P4 billion.◆

Hike in water rate looms

Nov. 13, 2003, By Christine Gaylican , Inquirer News Service

A VICTORY for the government, a defeat for water consumers.

The Metropolitan Waterworks and Sewerage System admitted Thursday that higher water rates may be slapped on customers of the Maynilad Water Services Inc. after an international arbitration panel ordered the water firm to pay the government 6.77 billion pesos in concession fees.

MWSS Administrator Orlando Hondrade said in a phone interview that "higher tariffs for Maynilad customers are possible" as a consequence of the decision of the Paris-based ICC International Court of Arbitration.

"Part of the consequence is that the MWSS may honor the rate rebasing figures earlier approved by the MWSS-Regulatory Office (MWSS-RO). But we are still waiting word from Maynilad," said Hondrade.

In a published news report, Benpres Holdings chief operating officer Angel Ong said the arbitration panel's decision "suggests a higher tariff will result."

Prior to the result of arbitration, the MWSS board was set to allow Maynilad to increase its rates from the current 19 pesos per cubic meter to 26 pesos.

The hike to 26 pesos per cubic meter is expected to generate revenues for water firm that would allow it to finance major expenses over the next five years.

The rate hike may also prompt the Maynilad to pay the 6.77 billion pesos in fees which it has reportedly refused to pay the government since 2001.

Hondrade, however, said the Maynilad had no choice but to remit the unpaid concession fees within the next 15 days.

In his earlier statement, Ong said there was no basis for a refund to Maynilad customers.

Benpres is the major stockholder of Maynilad.

The Freedom from Debt Coalition has been pressing the Maynilad to return 2.43 billion pesos (not 6 billion pesos as earlier reported) in supposed fees which Maynilad illegally collected.

Meanwhile, a grouping of civil society groups and party-list representatives warned the Macapagal administration not to give in to the demands of the Maynilad for exhorbitant water rates.

The Philippine Water Vigilance Action Network or Bantay-Tubig said the Maynilad would only be looking for a bailout from government and consumers.

"Maynilad's shareholders have no plans to put in additional investments and they may

insist on higher water rates to achieve [financial viability]," said Bantay-Tubig spokesperson Jude Esguerra in a statement.

Maynilad seeks court protection against creditors
Nov. 14, 2003, Doris C. Dumlao, Inquirer News Service

THE LOPEZES' Maynilad Water Services Inc. has sought court protection from its creditors after an international arbitrator ordered it to pay more than 6.77 billion pesos in concession fees to the government.

The suit, filed with the Quezon City Regional Trial Court on Nov. 13, seeks to allow Maynilad to avoid liquidation and pursue a rehabilitation plan.

"Maynilad filed a petition for corporate rehabilitation because it now foresees the difficulty of meeting its debts when they fall due as a result of the international arbitration panel's decision," Maynilad's parent firm Benpres Holdings Corp. said in a disclosure to the Philippine Stock Exchange.

It was the International Arbitration Court that last week ordered Maynilad to pay 6.77 billion in dues to the government and to maintain its 25-year water concession agreement.

Maynilad had notified the government last year it would give up the franchise after failing to win regulatory approval to raise water rates. It alleged that the government failed to comply with the terms of the concession agreement.

After President Gloria Macapagal-Arroyo's administration disputed the allegations, Maynilad took the case to arbitration.

The arbitrators also allowed the state regulator, Metropolitan Waterworks and Sewerage System, to draw on a 120-million-dollar performance bond put up by Maynilad when it bid for the franchise.

Benpres guarantees 60 percent of the Maynilad performance bond, while the balance of 40 percent is guaranteed by Benpres' Maynilad joint venture partner, the Ondeo-Degremont Group of France.

Benpres said Maynilad's recourse to the courts "will enable Maynilad to ensure continuous delivery of water services to its consumers."

Benpres said that Maynilad would also seek a clarification of the arbitrator's decision.

The terms and conditions of the continuation of the concession agreement, it stressed, had failed to take into account the financial impact of such a decision.

"In particular, Maynilad is seeking the arbitration panel's guidance on the rate rebasing exercise conducted by the MWSS-Regulatory Office that has a negative effect on the economic viability of the concession," it explained.

"Furthermore, Maynilad is also asking the arbitration panel to consider the impact of authorizing MWSS to draw on the performance bond in the light of the recommendation of the arbitration panel for the parties to seek extra-judicial solutions," it noted.

Maynilad is saddled with about 350 million dollars in debts, including those owed to foreign lenders like Citibank NA, Credit Lyonnais, Chase Manhattan, Credit Industriel et Commercial, Fortis Bank and KBC Bank NV.

Maynilad is 59-percent owned by Benpres, while about 20 percent is owned by Ondeo, a French utility firm formerly known as Suez Lyonnaise des Eaux of France. It covers the west zone consisting of Manila, Pasay, Las Piñas, Malabon, Muntinlupa, Valenzuela, Navotas, Parañaque, Bacoor, Kawit, Imus, Cavite City, Noveleta, Rosario and parts of Taguig and Quezon City.

Debt-laden Maynilad seeks help from court

November 15, 2003, Manila Times, Honey Madrilejos-Reyes

THE Maynilad Water Services Inc. (Maynilad) has filed a petition for corporate rehabilitation before the Quezon City Regional Trial Court so it could stagger payment of its huge debts.

The utility firm said the petition was inevitable as it foresees the difficulty of settling its debts when they fall due as a result of a recent decision of an international arbitration panel allowing the Metropolitan Waterworks and Sewerage System (MWSS) to draw on a $120-million performance bond.

If the court approves the plan, Maynilad would be able to stagger its debt servicing. “This course of action will enable Maynilad to ensure the continuous delivery of water to its consumers,” said Enrique I. Quiason, corporate secretary of Benpres Holdings Corp. (BHC), in a report to the Philippine Stock Exchange (PSE) submitted on Friday. Benpres is the holding firm of Maynilad.

Contacted for comment on Maynilad’s petition, Macra Cruz, MWSS deputy administrator, said they were not aware of the application for rehabilitation, adding they only learned about it when The Manila Times asked for an interview on the matter.

Quiason also said Maynilad was seeking explanation from the arbitration panel regarding issues on its dispute with the state-owned MWSS.

“Maynilad is seeking clarification on the terms and conditions of the continuation which, in their view, fails to take into account the Maynilad wants the arbitration panel’s

guidance on the rate-rebasing scheme carried out by the MWSS-Regulatory Office that has a negative effect on the economic viability of the concession.

"Maynilad is also asking the arbitration panel to consider the impact of authorizing the MWSS to draw on the performance bond in the light of the recommendation of the arbitration panel for the parties to continue to seek extrajudicial solutions," Quiason added.

The MWSS has said Maynilad owes it some P7 billion.

Maynilad only has until November 22 to settle its obligations, unless the court approves its petition for corporate rehabilitation.

Maynilad is 59-percent owned by Benpres, the flagship company of the Lopez family, and 40 percent by Ondeo Philippines, which is affiliated with the French firm Suez Lyonnaise des Eaux. With the privatization of the MWSS in 1997, Maynilad won a 25-year concession contract to supply potable water to the western half of Metro Manila.

The Ayala Group's Manila Water Co. has the concession to service the eastern part.

Maynilad announced in December it was terminating its contract with the MWSS as it accused the government-owned corporation of failing to help in the recovery of losses.

Under the original contract, Maynilad was supposed to assume the $800-million loans obtained by the MWSS from the Asian Development Bank and the World Bank.

Records showed, however, that Maynilad's woes stemmed from its inability to trim down its nonrevenue water rate, which stood at 68.1 percent as of July this year. Of the 2,343 million liters a day (mld) that Maynilad supplied in July, it was able to bill only 748.4 mld.

The dispute was eventually elevated to the Paris-based International Arbitration Court, which is expected to make a ruling within three months. ◆

Maynilad files for corporate rehab due to debt payment problems

By Zinnia B. Dela Peña, The Philippine Star 11/15/2003

Hobbled by its inability to service debt obligations on time, Maynilad Water Services Inc. was forced to file a petition for corporate rehabilitation before the Quezon City Regional Trial Court last Thursday.

This was disclosed by Maynilad majority shareholder Benpres Holdings Corp. to the Philippine Stock Exchange.

A Filipino-French joint venture, Maynilad is about 59 percent-owned by Benpres, the

local flagship of the Lopez family while about 20 percent is owned by Ondeo, a French multinational affiliated with Suez Lyonnaise des Eaux. Another 20 percent is held by Lyonnaise Asia Water Ltd.

Benpres corporate secretary Enrique Quiason said Maynilad filed the petition because "it now foresees the difficulty of meeting its debts when they fall due as a result of the international arbitration panel's decision to allow the Metropolitan Waterworks and Sewerage System to draw on the performance bond."

This course of action will enable Maynilad to ensure continuous delivery of water services to its consumers, Quiason said.

The International Appeals Committee, an internationally recognized arbitration panel, ruled that Maynilad would have to maintain its 25-year water utility concession for the western part of Metro Manila, covering about six million people.

The panel also ordered Maynilad to settle the P6.77 billion in unpaid concession fees and allowed the government to draw on the $120-million performance bond that is primarily guaranteed by Benpres to ensure payment.

Benpres said the payment of the performance bond is part of the debt restructuring plan it is now working out with its creditors. It has guaranteed up to 60 percent of the performance bond.

The panel also ruled that neither Maynilad nor MWSS has grounds to terminate the concession and ordered both parties to continue from where they left off prior to the arbitration.

Quiason also said Maynilad has sought clarification on the terms and conditions of the continuation of the concession agreement which in their view failed to take into account the financial impact of such a decision.

In particular, Maynilad sought the arbitration panel's guidance on the rate rebasing exercise conducted by the MWSS-Regulatory Office that has a negative effect on the economic viability of the concession.

Furthermore, Maynilad asked the arbitration panel to consider the impact of authorizing MWSS to draw on the performance bond in the light of the recommendation of the arbitration panel for the parties to continue to seek extra-judicial solutions.

In Dec. 2002, Maynilad filed a notice of termination of its concession agreement with the Philippine government and sought the return of at least $303 million it allegedly invested in the privatized water utility.

The decision to return the concession agreement was actually made by Benpres. Benpres, which also has interests in broadcasting, telecommunications and property, has around

$600-million worth of debt that it is seeking to restructure.

Benpres' financial stability was shaken late last year when a Supreme Court division ruled that subsidiary company Manila Electric Co. should refund its customers for allegedly overbilling them since 1994.

The pretermination move by Maynilad was opposed by MWSS as it cited violations by the water concessionaire of its own contract.

MWSS said Maynilad is liable for its failure to reconstruct and rehabilitate the Balara-Novaliches aquaduct, among other violations.

When it took over, Maynilad's concession was hailed as a landmark in the Philippines' efforts to privatize more of its utilities and improve vital services.

Maynilad offered to lower tariff rates when it took over the west zone in 1997. It also promised other supposed benefits which include the following: 100 percent water cover coverage within 10 years, no real increase in water rates within the first 10 years, $7.5 billion in new investments over 25 years, uninterrupted 24 hours per day water service that meet Department of Health standards, waste water program to dramatically improve public health and environmental conditions with 80 percent coverage within 25 years; and some $4 billion in income tax revenues over 25 years.

Maynilad files for corporate rehab

BusinessWorld, November 15, 2003

Lopez-led Maynilad Water Services Inc. is seeking corporate rehabilitation, saying it may not be able to pay its loans after the international arbitration committee ordered it to pay PhP6 billion in concession fees for its water distribution operations.

In a disclosure to the Philippine Stock Exchange (PSE), Maynilad's parent firm, Benpres Holdings Corp., assured that the water concessionaire will be able to continue providing consumers its water services if it undergoes rehabilitation.

"Maynilad filed a petition for corporate rehabilitation because it now foresees the difficulty of meeting its debts when they fall due as a result of the international arbitration panel's decision to allow MWSS (Metropolitan Waterworks and Sewerage System) to draw on the performance bond. This course of action will enable Maynilad to ensure continuous delivery of water services to its consumers," the disclosure quoted Enrique I. Quiason, Benpres corporate secretary, as saying.

The petition for corporate rehabilitation, filed last Nov. 13, was assigned to Branch 90 of the Quezon City Regional Trial Court.

Mr. Quiason also said Maynilad is asking for clarification on the terms and conditions on the continuation of its concession with MWSS.

Maynilad returned its water concession contract to MWSS in December 2002, saying that the government refused to help make it viable. The company then brought the case to the arbitration committee.

Reasons cited by Maynilad for calling the contract termination were MWSS's violation of the concession agreement and noncompliance with obligations under the agreement, as well as non-implementation of rate adjustment.

However, the arbitration committee last week ruled that there was no ground to terminate the concession agreement. It also required Maynilad to pay concession fees for the past 32 months, estimated at approximately PhP6.77 billion.

The international panel decided that MWSS could draw on Maynilad's performance bond to assure that the fees will be paid. This bond was guaranteed by Benpres, which owns 59% of Maynilad, and Ondeo Services, and Lyonnaise Asia Water Ltd., each holding a 20% stake in the water company.

The water distributor is now seeking reconsideration of the panel's decision to allow MWSS to draw on this performance bond.

Mr. Quiason added that "Maynilad is seeking the arbitration panel's guidance on the rate rebasing exercise conducted by the MWSS-Regulatory Office that has a negative effect on the economic viability of the concession." -- **Anna Barbara L. Lorenzo**

Benpres ends quarter with P1.14-B loss

November 15, 2003, Manila Times. Honey Madrilejos-Reyes

BENPRES Holdings Corp., the flagship company of the Lopez family, ended the first nine months with a loss of P1.145 billion, much higher than the loss of P459 million it recorded in the same period last year.

The loss was mainly due to the consolidation of the Maynilad Water Services Inc. account, which led to similar increases in general and administrative expenses (from P241 million to P1.866 billion) and costs of sales and services (from P164 million to P2.873 billion). Interest and other expenses increased by 148 percent to P3.194 billion, inclusive of a P1.50-billion provision for additional liabilities resulting from guarantees and commitments.

The company, meanwhile, posted revenues of P6.32 billion from January to September compared to P1.478 billion in the same period last year.

Net sales and services grew from P304 million to P3.977 billion due to Benpres's consolidation of the account of Maynilad. As earlier reported, the Maynilad account was treated as preoperating in prior periods.

On Friday, Maynilad filed a petition for corporate rehabilitation before the Quezon City Regional Trial Court.

Maynilad foresees difficulties in meeting its debts when they fall due as a result of the recent decision of the international arbitration panel allowing the Metropolitan Waterworks and Sewerage System (MWSS) to draw on its $120-million performance bond.

Maynilad owes MWSS about P7 billion, which will fall due on November 22.

Meanwhile, Benpres's equity in net earnings of investees increased 130 percent to P1.710 billion on the strong performance of First Philippine Holdings Corp. (FPHC).

Benpres also logged in a P126-million gain on the sale of Customer Contact Center, Inc.

Its core investments ABS-CBN Broadcasting Corp. and FPHC performed to expectation during the nine-month period. Consolidated gross revenues of ABS-CBN grew 24 percent to P9.67-billion, while net income was up to P888.8 million. For its part, FPHC booked profits of P3.269 billion, 136 percent higher than the previous year. Revenues increased 84 percent to P28.94 billion year-on-year, on the strength of contributions from its power generating assets. (See related story on B8).

THE Lopez-controlled Maynilad Water Services Inc. (Maynilad) has filed a petition for corporate rehabilitation before the Quezon City Regional Trial Court (QCRTC).

It said the petition was inevitable as it now foresees the difficulty of meeting its debts when they fall due as a result of the recent decision of the international arbitration panel allowing the Metropolitan Waterworks and Sewerage System (MWSS) to draw in the US$120-million performance bond.

Once the court approves the corporate rehab, Maynilad would be able to phase all its obligations in an orderly manner.

"This course of action [corporate rehabilitation] will enable Maynilad to ensure continuous delivery of water services to its consumers," said Enrique I. Quiason, corporate secretary of Benpres Holdings Corporation (BHC), in a disclosure to the Philippine Stock Exchange (PSE) on Friday. BHC is the parent firm of Maynilad.

Quiason also said Maynilad is seeking explanation from the arbitration panel regarding issues relating to its dispute with the state-controlled MWSS.

"Maynilad is seeking clarification on the terms and conditions of the continuation which in their view fails to take into account the financial impact of such a decision," he explained.

In particular, Maynilad wants the arbitration panel's guidance on the rate rebasing exercise conducted by the MWSS-Regulatory Office that has a negative effect on the economic viability of the concession.

"Furthermore, Maynilad is also asking the arbitration panel to consider the impact of authorizing MWSS to draw on the performance bond in the light of the recommendation of the arbitration panel for the parties to continue to seek extra-judicial solutions," added Quiason.

MWSS earlier said Maynilad owes the water regulator some P7 billion.

Maynilad only has until November 22 to settle its obligation, unless the court approves its petition for corporate rehabilitation.

Maynilad is 59-percent owned by Benpres, the flagship project of the Lopez family, and 40 percent by Ondeo Philippines, which is affiliated with French firm Suez Lyonnaise des Eaux.

Benpres incurs PhP1.145-billion loss in 9 months

BusinessWorld, November 15, 2003

Lopez-led Benpres Holdings Corp. reported a net loss of PhP1.145 billion from January to September, more than double the P459 million loss it posted in the same period in 2002.

Although revenues for the period rose more than four times to PhP6.323 billion against PhP1.478 billion last year, this was not enough to make up for the higher costs and expenses which amounted to PhP8.012 billion.

In a statement, Benpres attributed the increase in revenues to bigger net sales and services which totaled PhP3.977 billion following the consolidation of the account of Maynilad Water Services, Inc. into the company.

Unaudited financial statements showed that Benpres' total assets as of Sept. 30 stood at PhP41.342 billion, with cash and cash equivalents at PhP2.022 billion.

Benpres subsidiaries earlier reported favorable growth in their respective industries.

ABS-CBN Broadcasting Corp., the media arm of Benpres, reported a 24% climb in its nine-month earnings to PhP9.76 billion.

First Philippine Holdings Corp., the power generating unit of the Lopezes, closed the January-September period with a 136% hike in net income to PhP3.269 billion. -- **Anna Barbara L. Lorenzo**

CHOLERA OUTBREAK

'No cholera in Camanava'

By Jerry Botial, The Philippine Star 11/14/2003

Caloocan, Malabon and Navotas health officials said yesterday there is no cause for alarm as there are no reported cases of cholera in their respective areas.

The statement belies reports attributed to an urban poor group claiming some 10 children and adults have been afflicted. They said that simple diarrhea and gastro-intestinal cases of lower severity in their area could have simply been mistaken for the potentially fatal water-borne disease. They said that, in any case, the gastro figures they have on records are, more or less, normal.

Dr. Alex Cruz, speaking for Dr. Erlinda Mauricio of the Caloocan City Health Office, told **The STAR** that as far as their records show, there are no cholera cases in their jurisdiction.

"What we have are simple cases of diarrhea and we assure the public that the number of cases are "regular" and not alarming. The number of cases are not increasing and we are monitoring on a daily basis," Cruz said.

Dr. Isauro Garcia, Malabon assistant city health officer, said that records from September to November this year showed no reported cases of cholera, a deadly water-borne disease that could kill a patient within 24 hours. "People are probably mistaking cholera from simple diarrhea. *Ito lang huli siguro ang sinasabi nila.* Both diseases lead to dehydration and to death in its severest state," Garcia said. The official said he has tried reaching Rey Baltazar of the Kongreso ng Pagkakaisa ng Maralitang Lunsod (KPML) and Longos barangay official Arceli Binondo, sources of the news accounts, for confirmation but failed. He said they are now monitoring the health centers and reported cases in the local hospitals.

Meanwhile, Malabon Acting Mayor Mark Allan Jay Yambao said they are conducting an investigation to verify the news reports adding that the local health office reported no such cases.

Navotas Mayor Toby Tiangco, for his part, said that although his waterlogged town, like Malabon, was not included in the cholera hit list, he is not taking things for granted and has mobilized the local government's resources to prevent the disease from breaking out in his town. "Prevention is the best and most powerful defennse against sickness. I enjoin the people of Navotas to make sure we maintain a clean and healthy environment within

our homes and in our community."

Ma. Nita Gionson of the Navotas Health Office said they recorded only one death caused by gastroenteritis in October this year. Some 300 cases were reported in all 14 barangays but she said this was normal and this was not cholera.

Meanwhile, Maynilad Water Services Inc. assured customers in Caloocan and Malabon that the water supply in their areas is safe, as confirmed by the daily sampling conducted by the water concessionaire's central laboratory.

Engr. Ireneo Gonzales, manager of the northwest business area which has jurisdiction over Camanava, said the samplings have been intensified in the wake of reports that there had been cholera cases reported due to contaminated water in Caloocan and Malabon.

"Samplings conducted at Barangays 25 and 38, where the contamination on reportedly occurred, showed normal levels of chlorine," Gonzales said. ***– With Katherine Adraneda, Pete Laude***

DOH: No outbreak in Camanava areas

Nov. 13, 2003, By Blanche S. Rivera, Inquirer News Service

THERE was no evidence of gastroenteritis outbreak in Caloocan, Malabon, Navotas and Valenzuela, the Department of Health said Thursday.

But Health Secretary Manuel Dayrit assured the public that the government was checking the water systems in the area.

Dayrit admitted that Camanava, whose water is also being supplied by Maynilad Water Services Inc., was a high-risk area due to the congestion and unsanitary environment.

He said the DOH would visit hospitals in the Camanava area to verify reports on alleged 10 cases of cholera in the place, which sits next to Tondo where 759 people had been downed by gastroenteritis.

"It has the same conditions (as Tondo) ... If it is an early sign of infection, we have to identify where it's coming from," Dayrit said.

He said it was possible that infection was already starting but was not yet manifesting in the number of cases. The urban poor group Kongreso ng Pagkakaisa ng Maralitang Lungsod recently reported the cholera cases in Camanava.

The DOH, however, said that even if the 10 cases were verified, the figures were still within the baseline level set by the DOH.

Dengue, not gastroenteritis, bugging Valenzuela residents

Nov 15, 2003, By Edson Tandoc Jr., Inquirer News Service

THE THREAT of gastroenteritis and cholera hitting northern Metro Manila is of little concern to Valenzuela City, which is more worried about the rising cases of dengue fever.

As of Friday, reported dengue cases in the city this year reached 424.

The city remains under a month-long, City Council-declared state of calamity over the "dengue outbreak."

Thirteen new cases were recorded in the first week of November, city health officer Antonio Olegario has told the Inquirer. In October, 74 cases were reported.

However, Olegario said the spread of the mosquito-borne disease appeared to be slowing down.

According to him, the declaration of a state of calamity has allowed barangay officials to buy fumigation machines to combat the insects.

But Olegario said their battle against dengue was far from over. On Friday, city doctors met with city Mayor Bobbit Carlos to plan their next move.

UP study: Malabon water unsafe

Nov. 15, 2003, By Tina Santos, Inquirer News Service

DRINKING water in the Caloocan-Malabon-Navotas-Valenzuela area has been found to contain more than 16 fecal coliform bacteria per 100 ml., about 14 times more than the national standard of less than 2.2 coliform bacteria per 100 ml. of water.

This was the result of a test conducted on drinking water in areas north of Metro Manila affected by the recent upsurge of cholera cases, particularly in Barangay Longos, Malabon, according to the University of the Philippines Natural Sciences Research Institute.

The presence of fecal coliform bacteria in drinking water is "cause for concern as many diseases can be spread through fecal transmission," said a statement from the Freedom from Debt Coalition.

The militant nongovernment organization also belied a Department of Health report that there was no evidence of an outbreak of gastroenteritis in the Caloocan, Malabon, Navotas and Valenzuela (Camanava) areas.

The urban poor group Kongreso ng Pagkakaisa ng Maralitang Lungsod had earlier reported the outbreak of cholera cases in Camanava.

But the DoH said that even if the 10 cases were verified, the figures were still within the baseline level set by the health department.

The FDC, however, accused the DoH of being irresponsible when it downplayed the threat of water-borne diseases.

It also said Maynilad Water Services Inc., which supplies water in Camanava, should also be held accountable for the disease outbreak.

"They (Maynilad) were very quick in washing their hands off by passing on the blame to illegal connections, and passing on the responsibilities to housing authorities, even without the benefit of an investigation into the cause and circumstances of the incidents," said the FDC in a statement.

The FDC said most of the pipes in Malabon were made of asbestos and galvanized iron (GI), which have already been weakened by old age, constant flooding and salty water.

"Maynilad obligated itself to replace the existing old pipes but didn't," the FDC statement said, adding that the water firm failed to maintain enough water pressure to prevent the ingress of contaminated water into their pipe networks.

The group also accused Maynilad of overcharging its clients of about 2.4 billion pesos since January.

In spite of the alleged overcharge and six water rate increases, Maynilad has failed to improve their networks and services, the militants claimed.

On Saturday, Maynilad officials filed a petition before a Quezon City Regional Trial Court for corporate rehabilitation so they can reschedule the payment of its huge debts.

In a petition, the FDC also asked the government to conduct a thorough and impartial investigation of the problem, ensure compensation and medical assistance for the victims, grant no more extensions to Maynilad regarding the payment of its concession fees, and initiate steps to restore ownership and management of water utility services to the public