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12 March 2026



THE HONORABLE BOARD MEMBERS

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HON. CATHERINE A. BONAVIDACOLA

Board Director

HON. EVELYN G. GRANADOS

Board Director

HON. ARRA CHARMAINE DEL CASTILLO

Board Director

Thru: MR. RONNIE CORNICO

General Manager

Subject: Request for Decisive Action on the Notice of Intention to Pre-Terminate the Joint Venture Agreement with PrimeWater Infrastructure Corporation and Clarification of LMWD's Position on the Reported Transfer of Ownership of the Concessionaire

Dear Honorable Members of the Board:

Greetings.

This refers to your reply dated **3 March 2026** to our letter dated 18 February 2026, confirming that the Leyte Metropolitan Water District (LMWD) issued a **Notice of Material Breach** to PrimeWater Infrastructure Corporation on **5 May 2025** and subsequently issued a **Notice of Intention to Pre-Terminate the Joint Venture Agreement (JVA)** on **17 July 2025**.

From our standpoint, the issuance of the Notice of Intention to Pre-Terminate reflects the determination of the contracting authority that the concessionaire had **failed to deliver the service commitments required under the Joint Venture Agreement**, including the obligation to provide reliable and continuous water supply to consumers within the LMWD service area. The issuance of the notice therefore signified that the failures in performance were sufficiently serious to warrant the initiation of the pre-termination process under the concession arrangement.

For this reason, the Notice of Intention to Pre-Terminate issued on 17 July 2025 constitutes a critical step in ensuring accountability under the concession arrangement and in protecting the interests of water consumers served by the water district.

However, approximately **eight (8) months** have now elapsed since the issuance of the said notice, and the matter appears to remain unresolved. The continued lack of closure understandably raises concerns among consumers who continue to experience intermittent water supply conditions, including situations where water is available primarily during nighttime hours and **not consistently on a 24-hour basis as provided for under the Joint Venture Agreement (JVA)**.

Stakeholders likewise note that, despite the passage of several years since the commencement of the concession arrangement, many consumers continue to report that the expected improvements in water supply services have not been fully realized in several areas within the LMWD service area. These reports include limited supply hours, weak water pressure, and situations where water supply remains unreliable for households and certain public institutions.

In light of these circumstances, stakeholders believe that the pre-termination process initiated by the Notice of Intention to Pre-Terminate should now be pursued toward a clear and decisive resolution so that the issues that gave rise to the notice may be addressed with transparency and finality.

The importance of resolving the pre-termination process has become even more pronounced in view of subsequent developments. As indicated in your reply, LMWD was formally notified on **26 January 2026** of the reported acquisition or transfer of ownership involving the concessionaire.

Considering that the Notice of Intention to Pre-Terminate had already been issued several months earlier on 17 July 2025 due to the concessionaire's failure to deliver its service commitments under the Joint Venture Agreement, stakeholders respectfully submit that the matter now calls for a clear and decisive response from the contracting authority.

The reported transfer of ownership involving the concessionaire raises legitimate questions regarding the continuing authority of the water district over the concession arrangement. As the contracting authority under the Joint Venture Agreement, the Leyte Metropolitan Water District retains the responsibility to determine the appropriate course of action affecting the concession, particularly where the concessionaire has already been placed under a pre-termination process.

Stakeholders therefore respectfully submit that the water district **should not automatically be bound by any transfer of ownership or control initiated by the concessionaire, particularly where such development occurs while the Notice of Intention to Pre-Terminate remains unresolved.** Any such transaction should not have the effect of obscuring, diminishing, or circumventing the failures in performance, liabilities, and contractual responsibilities that gave rise to the issuance of the Notice of Material Breach and the Notice of Intention to Pre-Terminate.

From the perspective of consumers and stakeholders, the situation raises an important question of accountability. The concession arrangement between LMWD and PrimeWater was intended to significantly improve the reliability and continuity of water supply services for consumers. The issuance of the Notice of Material Breach and the Notice of Intention to Pre-Terminate reflected the determination of the water district that these service commitments had not been adequately fulfilled.

For this reason, stakeholders believe that the issues that gave rise to the pre-termination process should first be properly resolved before any change in corporate ownership or control of the concessionaire is allowed to affect the concession arrangement.

In this regard, stakeholders respectfully urge the Board of the Leyte Metropolitan Water District to take the necessary steps to ensure that the authority of the water district as the contracting authority under the Joint Venture Agreement is preserved, and that the interests of consumers remain fully protected.

In particular, stakeholders respectfully request that the Board take appropriate action to bring the pre-termination process to a clear and decisive resolution, and to formally determine the position of the water district regarding the reported transfer of ownership involving the concessionaire.

The Joint Venture Agreement concerns the delivery of an essential public utility service that directly affects the health, welfare, and economic activities of the communities served by the water district. For this reason, the timely and decisive resolution of the pre-termination process is essential to ensuring accountability, restoring public confidence, and securing reliable water services for the consumers of the Leyte Metropolitan Water District.

We trust that the Board will give this matter the serious attention it deserves in light of its importance to the welfare of the consumers served by the water district.

We look forward to your clarification.

Thank you.

Very truly yours,



PETRONILO "PETE" L. ILAGAN

Chairman and CEO

Copy furnished:

Hon. Joy Salonga, Administrator LWUA
Hon. Michael G. Aguinaldo, Chairperson Philippine Competition Commission
Hon. Arturo N. Salazar, OIC RED DENR VIII
Hon. Alfred S. Romualdez, City Mayor of Tacloban
Hon. Raymund Romualdez, Vice Mayor of Tacloban
Hon. Carlos Jericho Petilla, Governor of Province of Leyte
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