

AN ACT ESTABLISHING THE PETROLEUM PRICE STANDBY FUND TO SUPPORT THE OIL PRICE STABILIZATION FUND (OPSF), AND APPROPRIATING FUNDS THEREFOR

REPUBLIC ACT NO. 6952, May 17, 1990

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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. The Petroleum Price Standby Fund is hereby established to support the Oil Price Stabilization Fund (OPSF) to cover claims arising from transactions up to November 30, 1989 and, whenever feasible, to maintain oil prices at December 1, 1989 retail/pump price level. The Fund shall be deposited in the National Treasury and administered by the Office of the President. The administration, utilization, and disposition of the Petroleum Price Standby Fund herein established shall be subject to the audit jurisdiction of the Commission on Audit (COA) which shall promulgate the necessary accounting and auditing rules and regulations to carry out the provisions of this Act.

SEC. 2. Application of the Fund shall Be subject to the following conditions:

- That the Fund shall be used to reimburse the oil companies for (a) cost increases of imported crude oil and finished petroleum products resulting from foreign exchange rate adjustments and/or increases in world market prices of crude oil; (b) cost underrecovery incurred as a result of fuel oil sales to the National Power Corporation (NPC); and (c) other cost underrecoveries incurred as may be finally decided by the Supreme Court;
- That the return on investment of the oil companies does not exceed twelve percent (12%); and
- That no amount of the Petroleum Price Standby Fund shall be used to pay any oil company which has an outstanding obligation to the Government without said obligation being offset first, subject to the requirements of compensation or offset under the Civil Code.

SEC. 3. The amount of Five billion pesos (P5,000,000,000.00) is hereby appropriated for this purpose which shall be sourced from excess revenues from ad valorem tax and/or import duty on crude oil and finished petroleum products, incremental dividends and receipts from government corporations and overall savings of the National Government. Any claims against the Fund in excess of Five billion pesos (P5,000,000,000.00) shall be sourced from the 1991 budget.

SEC. 4. The Department of Finance and Department of Budget and Management shall prescribe the necessary rules and regulations to implement this Act.

SEC. 5. The Department of Budget and Management shall, within ten (10) days after the end of each month, submit to Congress a monthly report on the releases to each oil company an outstanding balance of the Fund.

SEC. 6. This Act shall take effect upon its publication in at least two (2) newspapers of general circulation.

Approved,

(Sgd.) JOVITO R. SALONGA (Sgd.) RAMON V. MITRA

President of the Senate Speaker of the House of Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on May 9, 1990 and May 8, 1990, respectively.

(Sgd.) EDWIN P. ACOBA (Sgd.) QUIRINO D. ABAD SANTOS, JR.

Secretary of the Senate Secretary of the House of Representatives

Approved: May 17, 1990

(Sgd.) CORAZON C. AQUINO President of the Philippines

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