

GOVERNING THE IMPORTATION, PRODUCTION, MARKETING, HANDLING STORAGE, SALE, BUSINESS AND TRADE OF LIQUEFIED PETROLEUM GAS (LPG)

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Pursuant to the authority vested upon it by Section 2(b), 6(a) and 8(c) and (f) of Republic Act No. 6173, as amended, otherwise known as the Oil Industry Commission Act, the Oil Industry Commission hereby adopts and promulgates the following rules and regulations governing the importation, production, marketing, handling, storage, sale and other similar activities connected with the business and trade of Liquefied Petroleum Gas (LPG) for the information and guidance of all.

Rule I

General Provisions

SECTION 1. Title — These rules shall be known and cited as the rules and regulations governing the business and trade of Liquefied Petroleum Gas (LPG).

SECTION 2. Scope and Coverage — The provisions of these rules and regulations shall apply to the importation, production, marketing, handling, storage, sale and other similar activities connected with the business and trade of Liquefied Petroleum Gas (LPG).

SECTION 3. Definition of Terms — For the purposes of these rules and regulations:

- a. Commission shall mean the Oil Industry Commission.
- b. Act shall refer to Republic Act No. 6173, as amended.
- c. Liquefied Petroleum Gas (LPG) shall mean commercial propane gas or commercial butane gas or a mixture of the two gases as defined by the Philippine Trade Standard (PTS) No. 314-02-00.
- d. Marketer shall mean an LPG importer, oil company LPG marketing company and independent marketer.
- e. Consumer shall mean one who consumes or uses LPG for his own needs.
- f. LPG Cylinder shall refer to any portable pressure-vessel or container of a minimum capacity of 2-kilogram net content LPG and maximum capacity of 100-kilogram net content LPG, conforming to the specification set by either the US Department of Transportation (DOT, formerly the ICC), British Standard (BS), Japan Industrial Standard (JIS), Indian Standard (IS), or the Deutsche Industrie Norme (DIN), and refillable only at authorized or licensed refilling plants.
- g. Person shall mean any being, natural or juridical, that engages or is capable of engaging in the production, importation, marketing, handling, storage, sale and other similar activities connected with the business and trade of LPG.
- h. Filipino Citizen shall include a partnership, association, company or corporation wholly owned and controlled by citizens of the Philippines.

- i. Dealership Agreement shall refer to the contract governing the marketer-dealer, dealer-sub-dealer, dealer-retail outlet or subdealer-retail outlet relationships.
- j. Filling Plant shall refer to installations that have LPG bulk storage and filling facilities expressly for resale of LPG.
- k. Qualified Serviceman shall refer to an individual who has been jointly certified by the association of LPG producers/importers/marketers and the dealers' confederation, or by a training school recognized by the government to have successfully completed an approved training course for LPG servicemen.

SECTION 4. No person or entity shall engage in the business of importing, producing, marketing, refilling, storing subdealing or retailing LPG unless an application is filed with and a license or authority issued by the Commission in the manner provided for in these rules and regulations: Provided, however, that in cases of marketers, dealers, sub-dealers, and retail outlets existing and operating at the time of the effectivity of these rules and regulations payment of the corresponding annual license fee shall be sufficient basis for the issuance/renewal of the corresponding license or authority to operate.

In cases of retail outlets, the appointing dealer or sub-dealer shall be responsible for obtaining the required license or authority by filing with the Commission the necessary application. The Commission may grant the license or authority on the basis of documents at hand.

SECTION 5. No person shall install equipment, facilities or other fixed-type installations for the use in the LPG industry unless properly licensed by the Commission in the manner provided for in these rules and regulations.

SECTION 6. Dealership agreements may be transferred from one person to another provided that the transferee possesses all the qualifications prescribed by these rules and regulations and the transfer is with the consent of the supplying marketer, dealer or sub-dealer as the case may be.

No change or substitution of a dealer, sub-dealer or retail outlet shall be made except for cause which shall be determined by the Commission. However, in the event that a dealer, sub-dealer or retail outlet voluntarily withdraws from operation, notice of such intent to withdraw, copy furnished the Commission, shall be given the marketer, dealer or sub-dealer concerned which shall immediately take measures towards the protection of the consumers served by said dealer, sub-dealer or retail outlet.

In no case shall the transfer change or substitution be made effective unless approved by the Commission.

Rule II

Producer

SECTION 1. Producer defined — A producer shall mean an LPG importer or petroleum refinery which produces LPG as a regular product stream. It shall include any of the following existing petroleum refineries and such petroleum refinery or LPG importer that may hereafter be authorized to produce or import LPG and other petroleum products:

- a. Bataan Refining Corporation
- b. Caltex Philippines, Inc.
- c. Filoil Refinery Corporation
- d. Pilipinas Shell Petroleum Corporation

SECTION 2. LPG Product Quality — No Liquefied Petroleum Gas (LPG) shall be marketed, sold or offered for

sale to the public unless the same conforms to the specifications prescribed by the Philippine Bureau of Standards.

SECTION 3. Producer to Guarantee Production — All persons engaged in the manufacture or importation of LPG shall guarantee, subject to the availability of raw materials and normal operating conditions, the continuous production or importation of the said petroleum product viz-a-viz the production of other petroleum products at a level sufficient to meet its domestic consumption requirements.

SECTION 4. Exports — No exportation of LPG shall be allowed unless with the consent of, and approval by, the Commission and it is shown that the following elements exists:

- a. There is a surplus production of LPG;
- b. It is shown that the allowance thereof shall not reduce the supply level of LPG to meet current demand in the local market; and
- c. The export price thereof is competitive, as determined by the Commission.

Rule III

Marketer

SECTION 1. Classification — For the purpose of these rules and regulations, LPG marketers are classified as follows:

- a. LPG importer
- b. Oil Company
- c. LPG marketing company
- d. Independent marketer

SECTION 2. (a) LPG Importer defined — An LPG importer is one which imports and/or refills, sells LPG under its own brand name and sells in bulk to LPG marketing companies and independent marketers.

b. All LPG importers shall have the necessary resources including adequate qualified and duly licensed personnel, equipment and facilities to effectively conduct the operation of the business and to carry out the responsibility of rendering efficient service to their clientele.

SECTION 3. (a) Oil Company defined — An oil company is one which produces and/or refills, sells LPG under its own brand name to dealers and sells in bulk to LPG marketing companies and independent marketers. It shall refer to any of the following companies and such other companies that may be organized to market LPG and other petroleum products:

- Caltex Philippines, Inc.
- PetroPhil Corporation
- Mobil Oil Philippines, Inc.
- Pilipinas Shell Petroleum Corporation

b. All oil companies shall have the necessary resources, including adequate qualified and duly licensed personnel, equipment and facilities to effectively conduct the operation of the business and to carry out the responsibility of rendering efficient service to their clientele.

SECTION 4. (a) LPG Marketing Company defined — An LPG marketing company is one which buys and sells

LPG in bulk from a producer, importer and/or oil company, refills own cylinders and/or cylinders of independent marketers and sells LPG under its own brand name.

b. Qualifications. An LPG marketing company shall have at least the following qualifications:

- Filipino citizen or person/entity authorized by law;
- Minimum paid-up capitalization of P2,000,000.00;
- Supply agreement with a producer(s), importer(s) or oil company (companies) duly registered with the Commission.

c. Personnel, facilities, and equipment. To effectively carry out its responsibility of rendering efficient service to its clientele, an LPG marketing company shall have at least the following:

- Office, plant and storage facilities capable of storing a minimum aggregate total of 50,000 kilograms of LPG;
- One (1) bulk transport;
- Sufficient number of qualified men duly licensed in accordance with existing laws, proportionate to the size of its operation but should be more than the requirement of an independent marketer.

SECTION 5. (a) Independent Marketer defined — An independent marketer is one which sells LPG under its own brand name or a brand name duly authorized by the owner, but does not refill its own cylinders which is being performed by an oil company, LPG importer, LPG marketing company or refiller.

b. Qualifications. All persons desiring to be an independent marketer shall possess at least the following qualifications:

- Filipino citizen or person/entity authorized by law;
- Minimum paid-up capitalization of P200,000.00;
- Supply agreement with an oil company, LPG importer, or LPG marketing company duly registered with the Commission.

c. Employment of Qualified Personnel; Facilities and Equipment. To effectively carry out its responsibility of rendering efficient service to its clientele, an independent marketer shall have in its employ at least five (5) qualified servicemen and shall have at least the following:

- A fixed store space and storage facilities adequate to store a minimum of 15,000 kilograms of LPG in conformity with the safety standards prescribed by these rules and regulations;
- At least four (4) delivery trucks/pick-ups/jeeps used on a full-time basis for its LPG business.

SECTION 6. All marketers shall procure LPG cylinders only from duly licensed and reputable manufacturers and shall keep and maintain an updated record of LPG cylinder procurements.

Rule IV

Refiller

SECTION 1. Refiller Defined — A refiller shall mean any of the following:

a. Any person or entity owning a filling plant(s) and performing solely the function of refilling cylinders for others;

b. Any person or entity possessing a contract with a marketer for the operation of a filling plant designed for bottling LPG.

SECTION 2. Qualifications, Facilities and Equipment — A refiller shall be a Filipino citizen and shall possess at least the following:

- a. Filling plant or contract with a marketer for the operation of a filling plant;
- b. Weighing devices duly inspected and sealed;
- c. One (1) licensed engineer in its employ.

SECTION 3. Responsibilities — A refiller shall have the following responsibilities:

- a. Fill LPG cylinders accurately;
- b. Fill cylinders that conform to the safety standards prescribed by these rules and regulations;
- c. Test-weigh and leak test every cylinder before the same leaves the premises;
- d. Fill cylinders only when authorized by the brand owner.

SECTION 4. Any person or entity who, in addition to refilling or bottling LPG, also markets the same under the brand name of a marketer shall be licensed both as a refiller and as a dealer.

Rule V

Dealer

SECTION 1. Dealer Defined — A dealer is one who is duly authorized to sell the LPG brand of an LPG importer, oil company, LPG marketing company or independent marketer. The dealers shall be classified into two (2) categories:

- a. Class A dealers - dealers without limitation on the monthly volumes of business.
- b. Class B dealers - dealers authorized to sell not more than 4,000 kilograms of LPG per month.

SECTION 2. Who may be a Dealer; Qualifications — No person shall engage in business as dealer in LPG unless duly licensed by the Commission and possessing the following qualifications:

a. Class A dealers:

- Filipino citizen;
- A minimum paid-up capitalization of P50,000;
- Supply agreement with a marketer.

b. Class B dealers:

- Filipino citizen;
- A minimum paid-up capitalization of P20,000;
- Supply agreement with a marketer.

SECTION 3. Personnel, Facilities and Equipment — To effectively discharge his responsibility of rendering efficient service to his customers, sub-dealers and retail outlets, if any:

a. Class "A" dealer shall have at least the following:

- Fixed store space and storage facilities adequate to store a minimum of 3,000 kilograms of LPG in conformity with the safety standards of these rules and regulations;
- Two (2) delivery trucks pick-ups jeeps used on a full-time basis for the LPG business;
- Three (3) qualified service men in his employ.

b. Class "B" dealer shall have at least the following:

- Fixed store space and storage facilities adequate to store a minimum of 1,500 kilograms of LPG in conformity with the safety standards of these rules and regulations;
- One (1) delivery vehicle or conveyance used on a full-time basis for the LPG business;
- Two (2) qualified service men in his employ.

SECTION 4. No dealer shall carry more than one brand of LPG nor shall he operate outside of the area specified in the contract between him and his marketer. His storage facilities shall be within his area of operation, unless exempted for cause to be determined by the Commission.

Rule VI

Sub-dealer

SECTION 1. Sub-Dealer Defined — A sub-dealer is one who buys LPG from a dealer and sells to retail outlets and/or consumers.

SECTION 2. Who May Be a Sub-Dealer; Qualifications — No person shall engage in the business of sub-dealing in LPG unless duly authorized by the Commission and possessing the following qualifications:

- a. Filipino citizen;
- b. Minimum paid-up capitalization of P10,000;
- c. Fixed store space and storage facilities adequate to store a minimum of 1,000 kilograms of LPG in accordance with the safety standards of these rules and regulations;
- d. Delivery equipment used on a full-time basis for the LPG business; and
- e. Supply agreement with the dealer in the area.

SECTION 3. All sub-dealers shall render efficient service to their customers and retail outlets, if any, and to accomplish this purpose, he shall have in his employ, on a full-time basis, at least one (1) qualified serviceman.

SECTION 4. All sub-dealers shall carry only one (1) brand of LPG and shall operate only within the area specified in the contract between him and his dealer which in no case shall be beyond the area of operation of the appointing dealer himself.

Rule VII

Retail Outlet

SECTION 1. Retail Outlet Defined — A retail outlet is one which sells directly to the end-user or consumer but does not assume the responsibility of servicing or delivering which is performed by the supplying dealer or sub-dealer.

SECTION 2. Qualifications — Any person desiring to operate a retail outlet shall be a Filipino citizen, shall have a minimum capitalization of at least P500.00 or in lieu thereof, shall possess a license as a retailer; PROVIDED, however, that no license shall be issued unless the applicant can show proof that he is capable of performing basic safety measures required in the conduct of his business.

SECTION 3. Maximum Allowable Inventory that a Retail Outlet shall Carry — Retail outlets shall carry, at any one time, a maximum total inventory of 150 kilograms of LPG contained in cylinders the capacity of which shall not exceed fifteen (15) kilograms.

SECTION 4. Requests for Refund of Deposit; Where to Refer the Same — All requests for refund of deposit for cylinders shall be referred to the sub-dealer or dealer who initially installed the LPG system and for this purpose, retail outlet operators shall divulge to their customers the identity of their dealers or sub-dealers.

SECTION 5. Display of License or Authority — All retail outlet operators shall, at all times, display in a conspicuous place in their establishments the license or authority granted by the Commission.

SECTION 6. Prohibition — No retail outlet shall transport nor deliver LPG, nor perform service requiring the skill of a qualified serviceman. Under no circumstance shall a retail outlet be allowed to carry more than one brand of LPG.

Rule VIII

Application

SECTION 1. Who may Apply — Unless otherwise disqualified by law, any person seeking authority or license to engage in the LPG industry either as producer, importer, marketer, refiller, dealer or sub-dealer of LPG may do so by filing an application with the Commission in the manner provided for in these rules and regulations.

This rule shall not apply to retail outlets, the procedure for licensing of which is provided elsewhere in the rules.

SECTION 2. Contents of the Application — All applications shall be made in writing, verified, and must show, among other things, the following:

- a. The jurisdictional facts;
- b. Name and address of the applicant;
- c. Type of activity which the applicant desires to engage in (i.e. whether as producer, importer, marketer, refiller, dealer or sub-dealer);
- d. Place where the applicant proposes to establish his business;
- e. Name under which the applicant desires to do business;
- f. If the applicant desires to be a dealer/sub-dealer, the name of the marketer or dealer for which he desires to be a dealer or sub-dealer.

SECTION 3. Documents to Accompany Application — All applications shall be accompanied by such documents as would reasonably establish prima facie the truth of the factual allegations thereof, including but not limited to the following:

- a. Complete project study showing that the project covered by the application is technically feasible and economically viable;
- b. Lot, location, and trading area plans;

- c. List of facilities and equipment;
- d. If the applicant is a corporation, copies of the articles of incorporation and its by-laws;
- e. Copies of the dealership agreement and other related documents, if applicable;
- f. Such other papers and documents as may be required by the Commission.

SECTION 4. Defective Application — When an application is filed and it is found to be defective either in form or in substance or incomplete as to certain data, the Commission shall inform the applicant of such fact in writing, with notice that the correction or deficiency must be supplied within thirty (30) days from receipt of such notice.

If the applicant fails to supply the required correction within the said period, the application shall be deemed to have been abandoned and forthwith, the same shall be returned to the applicant together with all the documents attached thereto. However, for good cause shown, the period may be extended by the Commission upon written request made before the expiration of the period sought to be extended.

SECTION 5. Commission to Require Posting and, in the Proper Case, Publication of Notice of Filing of the Application — When the Commission finds an application in order, it shall issue a notice of filing and require the applicant to cause said notice of filing to be posted in the following manner:

- a. In cases of applications to be a producer, importer and/or marketer or refiller — a notice of filing and a copy of the application shall be posted in the bulletin board of the City Hall/Municipal Building of the locality where the business is to be conducted and copies thereof shall be furnished, at their principal offices, all producers, importers, marketers, or refillers doing business in the Philippines as appearing in the records of the Commission. In addition to the foregoing, the Commission shall cause the notice of such filing to be published, at the expense of the applicant, once a week for three (3) successive weeks in a newspaper of general circulation, at least one (1) week after the date of filing.
- b. In cases of application to be dealers/sub-dealers — the applicant shall cause a copy of the application and notice of filing thereof to be posted in a conspicuous place of the City Hall/Municipal Building of the locality where he intends to conduct his business, and to furnish all dealers/sub-dealers within the trading area with copies of the application and notice of such filing.

SECTION 6. Contents of Notice of Filing — The notice of filing of the application shall, among other things, contain the following:

- a. Name and address of the applicant;
- b. Date and time of filing of application;
- c. Type of activity in which the applicant desires to engage in;
- d. Place where the applicant proposes to, establish his business;
- e. Name under which the applicant desires to do business;
- f. If the applicant desires to be a dealer/sub-dealer, the name of the marketer or dealer for which he desires to be a dealer or sub-dealer of;
- g. Period within which any interested party may file an opposition thereto, which shall not be more than thirty (30) days from the date of the notice.

SECTION 7. Commission to Set Time for Hearing; All Interested Parties to be Notified Personally or by Mail —

Within a reasonable time after the expiration of the period for the filing of an opposition, the Commission shall set the date and time of hearing of the application when all interested parties may appear to contest the allowance thereof. A copy of the notice of hearing shall be posted on the Bulletin Board of the Commission at least fifteen (15) days prior to the date of hearing, and copies of said notice shall be served either by registered mail or personally to:

- a. All producers, importers, marketers or refillers of LPG doing business in the Philippines in cases where the application is to engage either as a producer, importer and/or marketer or refiller.
- b. All marketers and dealers/sub-dealers within the trading area, in cases where the applicant desires to be a dealer/sub-dealer of LPG.

SECTION 8. Proof at Hearing; What Sufficient in the Absence of Opposition — At the hearing, compliance with the provisions of Section 6 must be shown before the introduction of testimony shall be reduced to writing and taken under oath. If no person appears to contest the application, the Commission may grant allowance thereof on the basis of documents at hand and issue the authority prayed for.

SECTION 9. Opposition — Any person whose right may substantially be affected by the allowance of the application may contest the grant thereof by filing with the Commission a written opposition under oath within the period provided for in these rules and regulations and serving a copy of the opposition to the applicant.

SECTION 10. Manner of Conducting Hearing — Hearing of all applications shall be conducted in accordance with the Rules of Practice and Procedure governing hearings before the Oil Industry Commission.

Rule IX

Authority or License

SECTION 1. Issuance of Authority or License — If the Commission approves an application, it shall issue a certificate of authority or license to the applicant or to the person in whose name the application was made.

SECTION 2. Effectivity — Unless sooner revoked for cause, the authority or license shall be co-terminous with the term of the dealership agreement, or in the absence of such agreement, shall be valid and remain in force for a period of five (5) years from the date of issuance thereof as appearing on the certificate. The authority or license may be renewed thereafter the filing with the Commission an application for renewal. All applications for renewal shall be made not later than fifteen (15) days before the date of expiration thereof.

SECTION 3. Grounds for Revocation — Any of the following, among other things, may constitute a ground for the revocation or cancellation of the authority or license:

- a. Failure of the holder or licensee to comply with the conditions and requirements under which the authority or license was issued;
- b. If the licensee is found to have obtained his supply of LPG from sources other than his contracted supplier who shall likewise be a possessor of a license duly issued by the Commission;
- c. If the licensee violates any of the provisions of Republic Act No. 6173, as amended, or of these rules and regulations or of any order or decision of the Oil Industry Commission.

However, in the event that a licensee withdraws from or ceases to be engaged in the LPG business, such withdrawal or cessation from business shall carry with it the automatic cancellation or revocation of his authority or license.

SECTION 4. Reinstatement — The Commission may, for good cause shown, reinstate the authority or license

previously revoked.

Rule X

Registration

SECTION 1. What Shall Be Registered — The following shall be registered with the Commission within thirty (30) days from the date of effectivity of these rules and regulations:

a. All contracts and agreements governing the relationships between persons engaged in the LPG business;

b. Facilities and equipment used by such persons in the conduct of their business:

- Filling plants;
- Bulk storage tanks;
- Coastal tankers;
- Hauling/delivery vehicles;
- LPG cylinders;
- Cylinder storage spaces/warehouses; and
- Such other equipment and facilities that may hereafter be required to be registered by the Commission.

Provided, however, that contracts and agreements including their amendments, made and entered into, and equipment and facilities acquired after the effectivity of these rules and regulations shall be registered with the Commission not later than fifteen (15) days from the date of execution or acquisition of such agreements or equipment and facilities as the case may be.

Subsequent agreements changing or substituting a dealer, sub-dealer or retail outlet shall likewise be registered with the Commission within the period prescribed in the preceding paragraph.

SECTION 2. Who Shall Register — (a) All contracts and agreements shall be registered by the following:

- Producer and/or importer with respect to contracts entered into with marketers;
- Oil company with respect to contracts entered into with dealers, LPG marketing companies, independent marketers and refillers;
- LPG marketing company with respect to contracts entered into with dealers;
- Independent marketer with respect to contracts entered into with dealers;
- Refiller with respect to contracts entered into for the refilling of LPG cylinders;
- Dealer with respect to contracts entered into with sub-dealers and retail outlets; and
- Sub-dealer with respect to contracts entered into with retail outlets.

(b) All equipment and facilities shall be registered by the owner thereof.

SECTION 3. Registration of Product Brand Names and Business Styles — All producers, importers and marketers shall register with the Bureau of Domestic Trade their respective business names or styles and with the Philippine Patent Office the brand names under which they offer their products to the public within a reasonable period after the effectivity of these rules and regulations.

All refillers, dealers and sub-dealers shall likewise register with the aforesaid government agencies their respective business names and styles within the period prescribed in the preceding paragraph.

In all such cases, a copy of the certificate of registration, or if not yet so registered, a copy of the application for registration shall be furnished the Commission.

Rule XI

Safety

SECTION 1. With the exception of retail outlets, all persons engaged in the sale and distribution of LPG shall provide free inspection and technical assistance to their customers, retail outlets, sub-dealers, and dealers, as the case may be, to ensure conformity to safety standards in accordance with the provisions of these rules and regulations and shall respond to all emergency calls affecting safety at any time.

SECTION 2. Any person making the initial installation of an LPG system shall be responsible for providing his customer with adequate instructions for the proper and safe handling, use and maintenance of the system installed.

SECTION 3. All installations for the filling, use and storage of LPG and/or LPG containers and their necessary appurtenances shall conform to local zoning ordinances.

SECTION 4. All marketers shall keep their cylinders in a safe clean and serviceable condition and shall maintain them in a manner consistent with the provisions of the safety codes now observed within the industry.

SECTION 5. All marketers shall use only LPG cylinders, facilities and equipment that comply with the specification, design, fabrication, inspection, marking and requalification provision of the safety codes now observed within the industry.

SECTION 6. Vehicles used in transporting LPG cylinders shall have substantially flat floors and equipped with suitable racks for holding the cylinders which shall be securely fastened in a position that shall minimize the possibility of movement, tipping over or physical damage.

SECTION 7. All other matters affecting the safe and proper handling, transport, storage and use of, and the standards and specifications of equipment and facilities used in the LPG industry shall be provisionally governed by the pertinent provisions of the different international safety codes now observed in the industry, among which are those issued by the National Fire Protection Association, National Board of Fire Underwriters, US Department of Transportation, British Standard, Deutsche Industrie Norme, Japan Industrial Standard and Indian Standard until such time that the Philippine Bureau of Standards shall have formulated its own set of standards and specifications.

Rule XII

Inspection

SECTION 1. All places of business, plants, equipment and facilities of persons engaged in the business and trade of LPG shall be subject to periodic inspection for the purpose of determining compliance with the provisions of these rules and regulations.

SECTION 2. The inspection team shall be composed of representatives to be designated one each by the Commission, the association of LPG producers/importers marketers and the confederation of dealers. The team shall be under the supervision and control of the Commission whose representative shall head the same.

SECTION 3. The inspection shall be conducted in the most expeditious and orderly manner always considering the rights of the person inspected. A report to the Commission shall be rendered within fifteen (15) days of the

inspection date.

Rule XIII

Miscellaneous Provisions

SECTION 1. All cylinders that shall be sold or offered for sale to the public shall filled only at licensed filling plants.

SECTION 2. All persons engaged in refilling cylinders in accordance with their authority or license shall:

- a. Set aside unsafe or dirty empty cylinders for repair, cleaning or painting prior to filling;
- b. Insure that the empty cylinder is free of condensate or water.

SECTION 3. Any person who accepts deposits for cylinders shall refund the same upon demand by his customers, if upon verification, the claim is found to be in due course. To this end, he shall maintain an up-dated list of his customers showing, among other things, the date and place of installation, the type and number of cylinders installed, and the amount of the deposit for each cylinder.

SECTION 4. LPG cylinders loaned to customers may be covered with a cylinder loan agreement irrespective of whether or not a deposit has been made therefor.

SECTION 5. To ensure maximum protection to the consuming public and to further discourage the so-called "colorum" operators, all persons engaged in the manufacture, business and trade of LPG shall:

- a. Display the authority or license issued by the Commission in all his places of business;
- b. Provide all personnel with proper indentifications and to show the same upon demand;
- c. Have all delivery vehicles and/or transport system marked with the LPG brand name carried and the registered name of the company, which names shall also be displayed at a conspicuous place in all stores, offices, plants and/or storage sites.

SECTION 6. All persons engaged in any phase of the business and trade of LPG who sell directly to end-users or consumers, may carry a product liability insurance for consumers to answer for whatever damage or liability that may result from the unsafe LPG installation and equipment.

SECTION 7. It shall be unlawful for any person to require his customers to make a deposit for the use of the LPG cylinder the amount of which is more than ninety per centum (90%) of the cost thereof. For the purpose of determining the amount of the deposit, the acquisition cost of the cylinder and valve shall be considered.

SECTION 8. In cases of flood, typhoon and other natural calamity or in times of emergency, all marketers operating in the area where the calamity or emergency occurs, shall cooperate among themselves so as to avoid or at least minimize the shortage of LPG.

SECTION 9. To afford consumers greater flexibility in switching from one brand of LPG to another, no person dealing in the LPG business shall refuse the request by any consumer to have his cylinder(s) exchanged with the cylinder(s) of the brand which that person is selling, at no added cost to the customer. The industry is hereby enjoined to formulate the steps toward the implementation of these cylinder exchanges and submit the same to the Commission within thirty (30) days from the date of effectivity of these rules and regulations.

The provisions of this section shall take effect thirty (30) days after the date of effectivity of these rules and regulations.

SECTION 10. All persons engaged in any phase of the business and trade of LPG who sell directly to end-users or consumers, except retail outlets and sub-dealers, shall install at least one (1) weighing scale in all their business establishments.

SECTION 11. The Philippine Bureau of Standards, being the proper regulating body may, upon consultation with the industry, formulate such standardization measures as are necessary that shall be observed within the LPG industry.

SECTION 12. All disputes between parties to a dealership agreements, except those arising out of the relationship as debtor and creditor, shall be under the jurisdiction of the Commission.

SECTION 13. A dealership agreement may contain and provide such terms and conditions as may be agreed upon between the parties of the contract provided such terms and conditions:

- a. Do not contravene any provision of Republic Act No. 6173;
- b. Do not violate any rule and/or regulation of the Commission;
- c. Do not impose a minimum volume or value of LPG to be bought by dealer/sub-dealer;
- d. Do not limit the term for less than five (5) years;
- e. Do not grant any benefit, advantage or privilege to any dealer or sub-dealer which is not given to other dealers or sub-dealers similarly situated;
- f. Do not allow overlapping of respective territories of dealers of the same company, provisions of existing contracts to the contrary notwithstanding.

SECTION 14. Re-Negotiation of Contracts — Any party to a dealership agreement in force at the time of the promulgation of these rules may seek a re-negotiation of the same by informing the other party in writing of such desire and furnishing the Commission a copy thereof. Such notice shall insofar as practicable specify the particular provisions desired to be re-negotiated.

The party so notified shall within seven (7) days from the receipt of such notice reply in writing naming thereon the representative to represent him in said re-negotiation and suggest the available days for said negotiation which in no case shall be less than thirty (30) days from receipt of the notice. The negotiation shall proceed without unnecessary delay.

If the parties cannot agree within thirty (30) days from the start of the negotiation, the aggrieved party shall notify the Commission in writing of such failure of the negotiation. Within seven (7) days after the receipt by the Commission of such notice, it shall designate a Commissioner to preside over the negotiation and shall summon the parties for a final conference in an effort to bring the parties to arrive at a satisfactory agreement.

If within fifteen (15) days after the first conference called by the Commission no satisfactory agreement shall have been arrived at by the parties, the Commissioner shall submit his recommendation as to what he believes the terms should be for approval to the Commission en banc; the decision of the Commission en banc shall determine the rights and obligations of the parties on the questioned provisions of the dealership agreement and shall take effect immediately.

SECTION 15. Assistance to Dealers — Dealers may request the assistance of oil companies, LPG marketing companies and independent marketers with whom they have dealership agreements in compliance with the requirements prescribed in these rules.

Rule XIV

Fees

SECTION 1. The following fees shall be paid to the Commission:

A. Application Fees:

1. For authority to engage in the LPG business as:

a) LPG importer

P1,000.00

b) Oil company

1,000.00

c) LPG marketing company

500.00

d) Refiller

250.00

e) Independent marketer

150.00

f) Class A dealer

75.00

g) Class B dealer

50.00

h) Sub-dealer

25.00

i) Retail outlet

5.00

2. For authority to install facilities and/or equipment:

- a) Filling plant with a rated capacity of 1,000 kilograms per hour

P300.00

- b) Filling plant with a higher rated capacity (additional fee for every 1,000 kgs. per hour capacity in excess of 1,000 kgs. per hour)

30.00

- c) Bulk storage with a water capacity of:

- 1) less than 10,000 ltrs.

10.00

- 2) from 10,000 ltrs. to 50,000 ltrs.

25.00

- 3) from 50,001 to 100,000 ltrs.

50.00

- 4) from 100,001 to 200,000 ltrs.

100.00

- 5) over 200,000 ltrs.

200.00

d) Cylinder storage space/warehouse with a capacity of:

1) less than 1,000 kgs.

P5.00

2) 1,001 to 1,500 kgs.

10.00

3) 1,501 to 3,000 kgs.

15.00

4) 3,001 to 15,000 kgs.

30.00

5) over 15,000 kgs.

50.00

B. Registration Fees:

1. Dealership agreement between:

a) marketer and dealer

P25.00

b) dealer and sub-dealer

10.00

c) dealer/sub-dealer and retail outlet

5.00

2. All other contracts by and between producers, marketers and refillers 50.00

3. Equipment and facilities:

a)

Filling plant, bulk storage, or cylinder storage space/warehouse — the registration fees shall be the same as the application fees prescribed for authority to install facilities and/or equipment

b) Coastal tanker 50.00

c) Tank trailer/tractor or truck with a water capacity of:

less than 4,000 liters 10.00

from 4,000 to 6,000 liters 25.00

from 6,001 to 10,000 liters 35.00

over 10,000 liters 50.00

d) delivery vehicle 10.00

e) LPG cylinder with a capacity of:

1) not more than 15 kgs. 0.10

2) more than 15 kgs. 0.20

C. License Fees:

1. Producers

P500.00

2. Oil Company

300.00

3. LPG marketing company

200.00

4. Refiller

150.00

5. Independent marketer

100.00

6. Class “A” dealer

75.00

7. Class “B” dealer

50.00

8. Sub-dealer

25.00

9. Retail outlet

5.00

SECTION 2. The fees hereinabove prescribed shall be paid as follows:

a. Application fee — upon filing of the application.

b. Registration fee — upon registration of the contract or agreement, facilities and equipment.

c. License fee:

- For licenses issued under the authority of these rules and regulations — within fifteen (15) days after the approval of the application.

- For licenses issued to establishments existing and operating at the time of the effectivity of these rules and regulations — within fifteen (15) days from effectivity hereof.

- The license fees herein prescribed shall thereafter be paid annually on or before the 20th day of July of each year.

Rule XV

Effectivity

SECTION 1. These rules and regulations shall take effect fifteen (15) days after publication in the Official Gazette.

SECTION 2. These rules shall be amended by a vote of at least three (3) Commissioners at a meeting called for the purpose. Such amendments shall be effective fifteen (15) days after publication in the Official Gazette.

Adopted: 21 June 1974

(SGD.) PONCIANO G.A. MATHAY

Chairman Associate

(SGD.) ARSENIO F. SOLIDUM
Commissioner

(SGD.) LUIS P. VERA
Associate Commissioner

(SGD.) JAIME S. MEJIA
Associate Commissioner

Re-issued: 19 Mar. 1990

By: Energy Regulatory Board

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