

[ERB RESOLUTION NO. 96-21, August 13, 1996]

WHOLESALE POSTED PRICES (WPP) OF THE DIFFERENT PETROLEUM PRODUCTS

WHEREAS, pursuant to Republic Act No. 8180, otherwise known as the "Downstream Oil Industry Deregulation Act of 1996," this Board rendered a Decision dated July 26, 1996, in ERB Case No. 96-62 approving an Automatic Pricing Mechanism (APM) for petroleum products, as follows:

$$WPP = DOCT + SP + ST + OPSF$$

Where:

| | |
|--------|--|
| WPP = | Wholesale Posted Price |
| DOCT = | Direct Oil Company Take as of the Effectivity of the APM |
| SP = | The difference between the average Singapore Postings during the 30-day period immediately preceding the date of the Order fixing the WPP pursuant to the approved APM and the average Singapore Postings during the previous 30-day period, each converted to equivalent Peso per liter using the average exchange rates during those periods based on reported BSP rates |
| OPSF = | Oil Price Stabilization Fund |

WHEREAS, under the same law this Board is tasked to review and reset the domestic prices of petroleum products up or down as necessary on or before the third Monday of each month to reflect their new wholesale posted prices (WPP) based on the APM;

WHEREAS, in the aforementioned Decision this Board opined that in the initial implementation of the APM product cross-subsidies will be removed so that the OPSF will be placed in flow equilibrium (no contributions to/claims from the fund) at once, except that any price increase beyond FIFTY CENTAVOS (P0.50) per liter shall be charged to the OPSF for changes in the WPP in the course of the monthly price review;

WHEREFORE, considering all the foregoing, and pursuant to the approved Automatic Pricing Mechanism (APM) for petroleum products, this Board hereby authorizes the following adjustments to, and accordingly prescribes, the Wholesale Posted Prices

(WPP) of the different petroleum products, ex Pandacan, as follows:

| | <u>In Peso Per Liter</u> | |
|--------------------|----------------------------|----------------|
| | <i>Increase/(Decrease)</i> | <i>New WPP</i> |
| Premium Gasoline | 0.5000 | 9.3234 |
| Unleaded Premium | 0.5000 | 9.3234 |
| Regular Gasoline | 0.5000 | 8.8404 |
| Avturbo | (1.8190) | 8.5938 |
| Kerosene | (0.9226) | 5.5700 |
| Diesel Oil | 0.0431 | 6.5197 |
| Fuel Oil/Feedstock | (0.3242) | 3.4976 |
| LPG | (0.4200) | 5.8551 |
| Thinners | (8.4234) | 4.6105 |

Consistent with the provisions of Republic Act No. 8180, the oil companies are authorized to recover from the OPSF the following amounts representing the additional increase in the WPP of gasoline which they are unable to charge the consumers due to the fifty-centavo limit prescribed by the said law, to wit:

| | In Peso Per Liter |
|------------------|-------------------|
| Premium Gasoline | 0.8164 |
| Unleaded Premium | 0.4133 |
| Regular Gasoline | 0.0136 |

The foregoing adjustments shall be reflected as an increase/decrease in the WPP of the different petroleum products sold in all depots nationwide as shown in Annex "A"

* hereto attached and made an integral part of this Resolution.

The existing authorized hauling charge for, and dealers' margin on, petroleum products shall, until further orders from this Board, remain the same.

The pump/retail price per product for every locality in the country shall be computed by adding the applicable WPP, hauling charge, dealer's mark-up, Company Transshipment Differential (CTD), Posted Price Differential (PPD), and Rounding-off Differential (RD) which should be greater than one centavo (P0.01) with a fraction of a centavo being dropped. Thereafter, the resultant pump/retail price shall be rounded-off to the nearest centavo.

WHEREAS, this Board takes note that Republic Act No. 8134, which restructures the excise tax on petroleum products effective upon the initial implementation of the APM, makes socialized pricing workable by giving low or zero tax rates per liter of products used by the wider section of society (e.g., LPG, zero; fuel oil, P0.30; Kerosene, P0.60; and diesel oil, P1.63) while imposing higher taxes on petroleum products used primarily by the more affluent sectors (e.g., premium gasoline, P5.35; unleaded premium, P4.35; regular gasoline, P4.80; and aviation fuel, P3.67);

WHEREAS, the Board likewise takes administrative notice of the fact that the One Peso (P1.00) per liter special duty heretofore imposed and implemented under Executive Order No. 478 dated August 23, 1991 has been effectively removed in the