

REGULATION

ADOPTION OF EMERGENCY REGULATION AND PROPOSED PERMANENT REGULATION  
IMPLEMENTING PUBLIC LAW NO. 22-139

REGARDING FUEL SUBSIDY

This Regulation is issued by the Department of Finance as an emergency regulation and as a proposed permanent regulation to implement the Pohnpei State's Share of 20% of Net Taxes for the Purpose of Providing a Fuel Subsidy to Pohnpei Residents pursuant to Public Law No. 22-139.

Extra copies of the proposed regulation can be obtained from the Department of Finance & Administration. Any person interested in commenting may do so by written submission to:

FSM Department of Finance & Administration  
Palikir, Pohnpei  
Federated States of Micronesia

This Regulation shall take effect on the date of the President's signature.

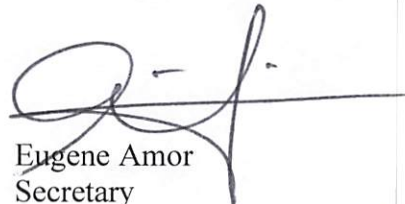
Approved:

Date: 11/28/22



H.E. David W. Panuelo  
President  
Federated States of Micronesia

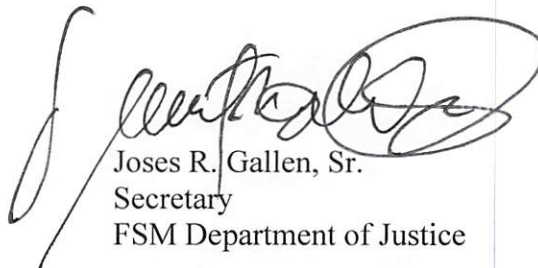
Date: 11/25/22



Eugene Amor  
Secretary  
FSM Department of Finance &  
Administration

Approved as to legal sufficiency:

Date: 11/25/22



José R. Gallen, Sr.  
Secretary  
FSM Department of Justice

**Section 1.1 Purpose and Authority**

- (1) The purpose of this Regulation is to carry into effect and to facilitate the implementation of Section 805 of Title 54 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 22-139.
- (2) This Regulation is promulgated as an emergency regulation that takes effect upon signature by the President of the Federated States of Micronesia (Annotated) and at the same time proposed to be promulgated as a permanent regulation according to the Administrative Procedures Act (Title 17, FSM Code).

**Section 1.2 Definition of terms**

- (1) The following terms shall have the following definitions:
  - (a) “FSM Petroleum Corporation” refers to a national company established by national law called the Federated States of Micronesia Petroleum Corporation Act of 2007 under title 27 of the FSM Code. It is also referred to by its trade name, ‘Vital’.”
  - (b) “Pohnpei Resident” means a citizen of the Federated States of Micronesia for whom Pohnpei State is his or her principal residence or any noncitizen who has established an ongoing physical presence in Pohnpei State and whose presence is sanctioned by law and is not merely transitory in nature.
  - (c) “Pohnpei Utilities Corporation” refers to the state utility company established and existing under Pohnpei State law.
  - (d) “Residential customers” are those customers designated as such by the Pohnpei Utilities Corporation, which do not include commercial customers.
  - (e) “Subsidy fund” refers to the subsidy provided under Public Law No. 22-139.

Section 1.3 **Subsidies to the Pohnpei Utilities Corporation through the FSM Petroleum Corporation**

- (1) Subject to this Regulation, 100% of the subsidy fund shall be allocated to Pohnpei Utilities Corporation with the intention of passing the subsidy fully to residential consumers. In implementing this subsidy, the subsidy fund set aside by Public Law No. 22-139 shall be paid to the FSM Petroleum Corporation (or Vital) for the benefit of Pohnpei residents. For the purpose this Regulation, the residential customers are the beneficiaries of the subsidy fund.
- (2) The FSM Petroleum Corporation shall apply the subsidy fund to discount the fuel purchases of the Pohnpei Utilities Corporation following the effective date of this Regulation, and the Pohnpei Utilities Corporation shall in turn pass the subsidy on to its residential customers in the form of discounted cash power (or electricity bill for those under postpaid account) to its residential customers.
- (3) The Department of Resources and Development, Department of Finance, in coordination with the FSM Petroleum Corporation, shall calculate the indicative discounts of the applicable price of kilowatt per hour of cash power (or electricity bill for those under postpaid account) as a result of this subsidy, and consult with the Pohnpei Utilities Corporation towards an effective, transparent and immediate implementation of the discount.

Section 1.4 **Monitoring, Enforcement & Reporting**

- (1) The Pohnpei Utilities Corporation shall make available its records of sale of cash powers (or electricity bill for those under postpaid account) demonstrating the subsidy provided under this Regulation.

- (2) The FSM Department of Resources and Development and FSM Department of Finance & Administration shall monitor the implementation of these regulations. The Department of Resources & Development shall conduct spot check to ensure that this regulation is observed. The Department of Justice may assist in conducting spot check to ensure the orderly implementation of this regulation.
- (3) In monitoring the implementation of this regulation, the Secretary shall require that quarterly reports on the activities and remaining balances of the subsidy be provided by the FSM Petroleum Corporation and the Pohnpei Utilities Corporation to the FSM Department of Finance & Administration.
- (4) If upon findings that a recipient of the subsidy violates or fails to comply with this regulation and other conditions attached hereunto, the subsidy shall be withdrawn. Appropriate fines and penalties under existing law shall be enforced if warranted.



Department of Justice  
Federated States of Micronesia



Joses R. Gallen, Sr., Secretary

(691) 320-2608

November 24, 2022

MEMORANDUM

TO: President  
Secretary of Finance  
Secretary of R&D

FROM: Chief of Law

THROUGH: DOJ Secretary Joses R. Gallen, Sr. 

SUBJECT: Revised Regulation on Fuel Subsidy

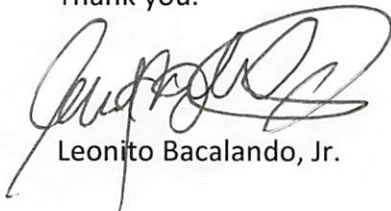


We are transmitting a revised regulation for fuel subsidy.

As instructed by the President at our last meeting on this subject, the fuel subsidy will be 100% to PUC through Vital. The Regulation is revised to reflect this instruction.

Under this revised regulation, there is no more provision on qualification and IDs. The subsidy will be paid to Vital, and will be applied to fuel purchases of PUC. PUC will pass the subsidy to its residential customers (both cash power and postpaid accounts). The indicative discounts are those being worked out by R&D, Finance and Vital, which will need to consult with PUC as to their implementation.

Thank you.

  
Leonito Bacalando, Jr.

