



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
OFFICE OF THE SECRETARY  
MANILA

(P)  
OFF 13 DPWH  
2-21-91

18 February 1991

DEPARTMENT ORDER)

No. 43 ) Subject: Guidelines in the implementation  
Series of 1991 ) of Contract Price Adjustments

To operationalize Department Memorandum Circular No. 30, Series of 1991 circularizing the letter of the Executive Secretary approving the adjustment of contract unit prices for DPWH projects, the following Guidelines are hereby issued for the guidance of, and strict compliance by, all concerned:

1. The Contract Price Escalation Committee (CPEC) shall calculate the adjusted unit prices of all contracts existing or already awarded as of 1 January 1991. In this connection, all project implementing offices shall submit to the CPEC in addition to the requirements in calculating price escalations prescribed under MO No. 43, series of 1984, the following:

- (a) Project Name and Location;
- (b) Contractor; Original Contract Amount;
- (c) Contract Effectivity Date (or Bidding/Award Date for bid/negotiated projects, respectively, if contract is not yet approved as of 1 January 1991);
- (d) Items of Work in the contract (including those authorized by approved Variation Orders) as of 1 January 1991 and their respective contract unit costs;
- (e) Remaining quantities of each item of work not yet accomplished as of 1 January 1991 as per approved (original or revised) Construction Schedule;
- (f) Copy of original S-curve and latest approved revision. The latter should have the original curve superimposed indicating reasons for revision and attaching approval(s) of the reason(s) therefor.

2. The adjusted unit prices shall be used to compensate contractor for works accomplished beginning 1 January 1991 but only on the balance of quantities as of said date per approved (original or revised) Construction Schedule. Work quantities which should have been completed before 1 January 1991 as per approved Construction Schedule shall be paid at the original contract unit prices, with applicable escalation, if any.

3. In order to assist some more the contractor in successfully completing his project, and for purposes of uniformity, the following example is given which shall be similarly followed in applying para 2 above:

(a) original/revised (approved) quantity= 100,000 cuM

(b) original contract unit price =P10.00/cuM

(c) balance of work on this quantity per approved (original/revised) schedule as of 1 January 1991 = 60,000 cuM

(d) actual balance of work on this quantity as of 1 January 1991 = 80,000 cuM

(Note: this means that work is behind schedule on this quantity by 20,000 cuM)

(e) adjusted unit price as of 1 January 1991 =P15.00/cuM

(f) work accomplished on this pay item during the period January 1-31, 1991= 15,000 cuM

(g) 50% of all works accomplished on said item beginning 1 January 1991 shall be paid at the original contract unit prices (plus separate allowable escalation, if any) until after the backlog of 20,000 cuM is completed after which all works on this item shall be paid at the adjusted unit prices (plus separate allowable escalation, if any).

Therefore, following this payment procedure, payment on the 15,000 cuM done from January 1-31, 1991 will be as follows:

50% of 15,000 cuM at P10.00/cuM=  
7,500 cuM at P10.00/cuM =P75,000

50% of 15,000 cuM at P15.00/cuM=  
7,500 cuM at P15.00/cuM =P37,500

Total payment for the 5,000 cuM =P187,500

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(h) work accomplished on this pay item during the period February 1-28, 1991 = 20,000 cuM

(i) payment on this 20,000 cuM shall be as follows:

50% of 20,000 cuM=10,000 cuM	
at P10.00/cuM	=P100,000
50% of 20,000 cuM=10,000 cuM	
at P15.00/cuM	=P150,000
Total payment for the 20,000 cuM	=P250,000

(j) work accomplished on this pay item during the period March 1-31, 1991 =25,000 cuM

(k) payment on this 25,000 cuM shall be as follows:

Remaining balance on the backlog on this item=20,000 - (7,500 + 10,000)= 2,500 cuM	
2,500 cuM at P10.00/cuM	=P25,000
22,500 cuM at P15.00/cuM	=P337,000
Total payment for the 25,000 cuM	=P362,500

(l) work accomplished on this pay item during the period April 1-31, 1991 =20,000 cuM  
(item completed)

(m) payment on this 20,000 cuM shall be as follows:

Since all of the 20,000 cuM backlog (80,000-60,000) has already been accomplished and paid at the original prices (7,500 + 10,000 + 2,500), the ensuing accomplishment shall now be totally paid at the adjusted unit prices as follows:  
20,000 cuM at P15.00/cuM =P300,000.00

4. The Statement of Work Accomplished shall be prepared/submitted in accordance with the attached format.

5. All revisions of Construction Schedules for reasons/events occurring before 1 January 1991 which will affect the balance of quantities as of said date shall be subject to the approval of the Undersecretary concerned.

  
JOSE P. DE JESUS  
Secretary