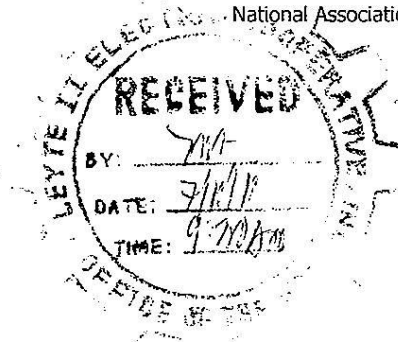


July 11, 2011

**ATTY. JERRY GWEN CONDE, CPA**  
General Manager, LEYECO II, Inc.  
Real St., Sagkahan, Tacloban City



Dear Atty. Conde,

This refers to the banner story in the June 22-28, 2011 issue of the Eastern Visayas Examiner entitled **"COOPERATIVE DEVELOPMENT AUTHORITY (CDA) REGISTRATION DOES NOT MEAN RATE REDUCTION SAYS LEYECO II MANAGER"**.

In that news article you were quoted: **"CDA registration does not mean reduction of rates, in fact it will translate into increase of rates."** We still have to hear you prove this point. We have explained that through tax exemption and transparency which LEYECO II does not have.

You were further quoted as saying that, **"if LEYECO II will be registered to CDA it will eventually lead to bankruptcy of the electric company since it will be transformed into stock and profit-oriented electric cooperative"**.

Your statements are very alarming because we have not heard of any electric cooperative (EC) registered with the CDA that went bankrupt. Your statement would have been credible had you cited, as lawyers usually do, even just one EC registered with the CDA that went bankrupt.

In the cooperative sector, it is generally known that Negros Occidental EC (NOCECO), registered with CDA in the mid 90's is operating very well and in fact have been distributing patronage capital refund since the year 2000. The nine (9) other ECs registered with the CDA are likewise doing very good. It is unfortunate that you do not check your facts before you make such statements.

It is, therefore, very disappointing that LEYECO II with all its boastings of National Electrification Administration (NEA) awards of having the "BEST GENERAL MANAGER" and being the "BEST ELECTRIC COOPERATIVE", as ostentatiously bannered in front of the LEYECO II building, have not even recognized in its book of accounts the member-consumers' patronage capital contributions in the hundreds of millions. Isn't there fraud here? Nor has it started implementing the METER DEPOSIT REFUND Order of the Energy Regulatory Commission (ERC) also in millions of pesos. Isn't LEYECO II's non compliance with the ERC-Refund Order tantamount to a gross violation and contempt of the Energy Regulatory Commission (ERC) Order?

As the general manager of LEYECO II, you did not even bother to inform the more than 50,000 member-consumers of LEYECO II that you have introduced in your monthly electric bill last year the new charge called "members contribution for capital expenditures (MCC)" in the amount of P0.1518 per kilowatt-hour so that LEYECO II will be able to pay its debts and be able to purchase new equipments that it needs so it can continue to pursue its obligation under the Electric Power Industry Reform Act (EPIRA) to improve, maintain and rehabilitate its distribution system and to provide electricity to those areas that need electricity.

As the general manager with a monthly salary of almost One Hundred Thousand Pesos (P100,000.00) per month, excluding the benefits and other incentives, we find it difficult to understand why you continue to ignore answering letters from consumers wanting to establish

transparency and accountability on LEYECO II management's expenses, particularly on representation and travel expenses. But you have finally provided us the answer with your so aggressive disinformation campaign that fail to substantiate that CDA registration will not result in rate reduction and will eventually lead to bankruptcy. This smacks of a desperate attempt to hide all the perceived anomalies in the management of LEYECO II.

While we agree that CDA registration in accordance with Section 57 of the Electric Power Industry Reform Act (EPIRA) will convert non-stock electric cooperative into stock electric cooperative, conversion into a profit oriented cooperative, as you claim, is just a product of your **wild imagination** as this cannot be found anywhere in the said provision.

Article 133 of the New Cooperative Code of 2008, explains the conversion into a stock cooperative:

**"The electric cooperative shall issue and distribute share certificates under the name of their members, taking into consideration their previous equity contributions, the amortization component through the payments made, capital build-up and other capital contributions."**

As we do not have the resources to have our side assured of a space even in the inside pages of the Eastern Visayas Examiner, we will just have this letter reproduced as consumers lend their hand of support to bringing out the truth in LEYECO II and in a CDA registration.

Finally, we really hope you will sound and think more like a lawyer as you boastfully and fondly introduce yourself in every opportunity and start behaving like one and in accordance with your NEA-given award of being the "BEST GENERAL MANAGER".

Very truly yours,



**ERLINDA L. BUTALID**

President, NASECORE Leyeco II Chapter

cc: Hon. Paquito Ochoa, Executive Secretary  
Hon. Jose Rene D. Almendras, Secretary, Department of Energy  
Hon. Zenaida C. Ducut, ERC Chairperson  
Hon. Edita S. Bueno, NEA Administrator  
Hon. Sergio Osmena III, Chair-Senate Committee on Energy  
Hon. Henedina Abad, Chair-House Committee on Energy  
Hon. Jose R. Ping-ay, Chair-House Committee on Cooperative development  
Hon. Isidro Lico, Representative, Ating Koop Part list  
Hon. Ponciano Payuyo, Representative, APEC Party List  
Hon. Ferdinand Martin Romualdez, Representative 1<sup>st</sup> District Leyte  
Hon. Florencio G. Noel, Representative, An Waray Party List  
Hon. Jericho L. Petilla, Governor, Leyte  
Hon. Ma. Mimietta S. Bagulaya, Vice-Governor, Leyte  
Hon. Members of the Sangguniang Panlalawigan, Province of Leyte  
Hon. Vincent Emnas, Leyte Provincial Administrator  
Hon. Alfred S. Romualdez, Tacloban City Mayor  
Hon. Arvin Antoni, Tacloban City Vice-Mayor  
Hon. Members of the Sangguniang Panglungsod, Tacloban City  
Hon. Remedios L. Petilla, Mayor Municipality of Palo  
Hon. Members of the Sangguniang Bayan, Municipality of Palo  
Hon. Charita M. Chan, Mayor Municipality of Babatngon  
Hon. Members of the Sangguniang Bayan, Municipality of Babatngon  
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