



National Association of Electricity Consumers for Reforms
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15 January 2007

HON. EDITA S. BUENO

Administrator
National Electrification Administration
Diliman, Quezon City

Dear Administrator Bueno:

Greetings!

This has reference to our letter dated 11 December 2006 requesting for a copy of NEA's decision disapproving the request of Atty. Gerry Gwen Conde, General Manager of the Leyte II Electric Cooperative (Leyeco II) for approval of its Board Resolution No. 110, s 2006 granting its employees a 14th month pay incentive for year 2005. It is worth noting that the appointment of Atty. Conde, as general manager of Leyeco II was confirmed by NEA only on May 8, 2006 based on the endorsement of the Leyeco II Board through its Resolution No. 002, Series of 2006.

In our letter of September 15, 2006, we cited both the losses incurred by Leyeco II from 2001-2005 and its glaring failure in complying with the two (2) requirements of the PIB, namely: (a) has sufficient funds in excess of due and necessary expenditures to cover the amount required by this bonus; and (b) has posted a 5% cumulative net margin for a ten-month period ending 31 October of the current-year grounds by which an electric cooperative can grant the productive incentive bonus (PIB) to its officers and employees. It was for these reasons that we expressed our confidence that NEA had already made the decision disapproving the Leyeco II Board Resolution No. 110, series of 2006.

However, up to this date, we have not received a reply from your office on the said request and the continued delay in favoring us for a copy of NEA's disapproval of Leyeco II's assailed Board Resolution which inevitably leads us to strongly suspect that NEA is trying to cover up a grave irregularity committed by the general manager of

Leyeco II for violation of NEA's Revised Guidelines on Benefits, Allowances and Other Incentives to EC officers and Employee and deceit committed against its Board of Directors.

If such is the case, and we hope it is not so, this will put NEA in a very bad light as this involves the interests not only of Leyeco II's member-owners but the 6 million member-owners of the 108 electric cooperatives which it fails to protect. NEA's failure to disapprove such grave irregularity will set a very bad precedent in the special role electric cooperatives movement play in the total rural electrification of the country.

Further, NEA's failure to disapprove the assailed Leyeco II resolution will send the negative message that NEA condones and even encourages the practice of unscrupulous EC managers in treating electric cooperatives as "milking cows".

And lastly, NEA's failure to immediately respond favorably to our request in our letter of December 10, 2006 will only bolster Nasecore's position that NEA must be abolished owing to its continued failure to protect the interests of the 6 million member-owners of the electric cooperatives in the country.

Thank you very much.

Very truly yours,

PETE L. ILAGAN

President

Cc: JCPC Members

Hon: Raphael P.M. Lotilla, DOE Secretary and NEA Chairman

Hon. Francisco P. Silva, Presidential Adviser on Rural Electrification