



National Association of Electricity Consumers for Reforms
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HON. EDITA S. BUENO

Administrator

National Electrification Administration
Diliman, Quezon City

ATTN: NORA O. RIVERA
Manager, OMDD

Dear Administrator Bueno:

We would like to thank you for NEA's immediate reply to our request for a copy of Leyeco II's Board Resolution No. 110, series of 2006 entitled "Resolution Approving the Appropriation of the Amount of P2,797,190.50 to Cover the Cost of Productivity Incentive Bonus (PIB) for the Year 2005 of LEYECO II Officers and Regular Employees."

In view of our new findings that Leyeco II registered a net loss of PhP3.570-million in 2005, we believe there is no justifiable reason for Leyeco II to grant their officers and regular employees the productivity incentive bonus (PIB) for 2005. The losses of Leyeco II is not only limited to 2005 but also to 2001 (PhP4.9-million), 2002 (PhP24.06-million), 2003 (PhP3.07-million) and 2004 (PhP9.47-million), respectively, as mentioned in our letter dated 12 September 2006. It is our understanding that PIB may be granted by an EC to its officials and employees only on the following grounds: (1) it is current in its loan amortization payment to NEA; (2) is current in its NPC power accounts; (3) has sufficient funds in excess of due and necessary expenditures to cover the amount required by this bonus; and (5) has posted a 5% cumulative net margin for a ten-month period ending 31 October of the current-year.

Perusal of Leyeco II's 2005 Financial and Statistical Report shows that it has a net loss of PhP5.678-million. Therefore, Leyeco II's failure to comply with the requirements of the Revised Guidelines on Benefits, Allowances and Other Incentives to EC Officers and Employees, disqualifies it from granting the said PIB.

We hope that NEA will act on Leyeco II's Board Resolution No. 110, series of 2006 in accordance with its issued guidelines. Thank you and God bless.

Very truly yours,

PETE L. ILAGAN
President