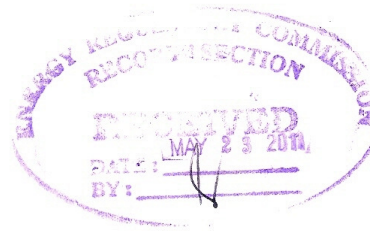




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23 May 2011

HON. Chairperson Zenaida Cruz-Ducut
Energy Regulatory Commission
16th Floor, Pacific Center Building
San Miguel Avenue, Pasig City



Dear Chairwoman Ducut:

Greetings!

This refers to the letter of Mr. Romeo L. Lavilla, Sr. dated May 11, 2011 informing the Honorable Commission of the Power Supply Contract between the Central Negros Electric Cooperative, Inc. (CENECO) and the Panay Energy Development Corporation (PEDC) which is already enforced as evidenced by the PEDC billing to CENECO which they attached to their letter, and therefore, a violation of the Commission's regulatory policy.

The information is very alarming because if this is true this is a glaring violation of Section 25. (Retail Rate) of the Electric Power Industry Reform Act which states:

“ The retail rates charged by distribution utilities for the supply of electricity in their captive market shall be subject to regulation by the ERC based on the principle of full recovery of prudent and reasonable costs incurred, or such other principles that will promote efficiency as may be determined by the ERC”.

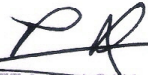
The PEDC billing to CENECO attached in the letter of Mr. Lavilla is a very strong evidence in support of Mr. Lavilla's allegation and the Commission's immediate response is the least it can do to show its appreciation for consumer initiatives, such as what Mr. Lavilla did. ERC's immediate response will also show the Commission's unwavering commitment to protect and advance consumers welfare and interests that will serve as encouragement to other consumers to emulate the efforts of Mr. Lavilla.

In support of Mr. Lavilla's request, may we also request the Honorable Commission to use its regulatory powers by immediately directing the CENECO Board to submit its certified minutes of the Board meeting when it approved the said Power Supply Contract with PEDC and copy of its transmittal to the National Electrification Administration (NEA) and copy of NEA's confirmation of the CENECO Resolution?

And if proven true, NASECORE would like to manifest that it is joining Mr. Lavilla in his request that ERC impose the appropriate sanctions and penalties on the directors and general manager responsible for the said violation in their individual capacity. We look forward to the swift resolution of the violation committed by CENECO and PEDC.

Thank you so much.

Very truly yours,


PETE L. ILAGAN
President

Cc: Hon. Gwendolin Garcia, Governor of Cebu
Hon. Michael P. Bell, Mayor-Toledo City
Hon. Pablo John Garcia, Representative-3rd District, Cebu
Hon. Jose Rene Almendras, DOE secretary
Hon. Sergio R. Osmena III, Chair-Committee on Energy, Senate of the Philippines
Hon. Henedina R. Abad, Chair-Committee on Energy, House of Representatives
Hon. Jose R. Ping-ay, Chair, Committee on Cooperative Development
Hon. Ponciano D Payuyo, APEC Partylist Representative
Hon. Benjo Benaldo, Vice-Chair, Committee on Energy, House of Representatives
Hon. Isidro Q. Lico, Ating Koop Party List