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# NASECORE

National Association of Electricity Consumers for Reforms  
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May 26, 2011

**ATTY. JERRY GWEN L. CONDE**  
General Manager, LEYECO II  
Real St., Tacloban City

Dear GM Conde,

Greetings!

This is a follow up letter to our letter of December 28, 2010 which, disappointingly, up to now has remained unanswered. (Letter attached)

The documents we requested in the said letter are very important to us because it will help establish whether LEYECO II's investment of an initial Php One Million (P1,000,000.00) in the Rural Electrification Financing Corporation (REFC) was authorized by its Board and approved by the National Electrification Administration.

The Notes to Financial Statement No. 9 under Property, Plant, and Equipment of the 2006 LEYECO II annual report shows an investment of Php One Million (P1,000,000.00) in associated organization (REFC). But the Notes to Financial Statement No.6, Investment in Associated Organizations of the 2010 LEYECO II annual report reveals that LEYECO II has a fully paid up capital of Php Two Million (P2,000,000.00).

We understand that LEYECO II is non-stock, non-profit and regulated electric cooperative whose source of revenues comes from the rates approved by the Energy Regulatory Commission (ERC) and charged to its captive market that provides all the funds that LEYECO II needs to ensure its viable operations that will be to the benefit of the member-consumers. We also understand from the Electric Power Industry Reform Act (EPIRA) that rates are meant to allow the electric cooperatives full recovery of prudent and reasonable economic costs of service incurred to ensure its viable operations.

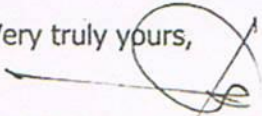
Thus, we are disturbed by this investment because if this comes from the consumers' rate payments, then it shows that LEYECO II has realized a profit that it should have refunded to its member-consumers because it is a non-profit cooperative.

This is also the reason we want to know by what authority did LEYECO II invest this fund at REFC and if such authority was confirmed by NEA which has direct control and supervision of electric cooperatives under it. We also understand that investments of LEYECO II or any distribution utility must benefit its consumers.

May we know if LEYECO II has availed of loans already from REFC? And if so, how much and may we be furnished copy of the loan contract with REFC?

In the spirit of transparency and accountability and in light of the funds provided for by the member-consumers as joint owners of the cooperative, we hope you will grant us our request the soonest possible time.

Very truly yours,

  
**RODOLFO "BUTCH" FORTICH CELESTIAL**  
NASECORE 8 Regional Coordinator

cc: Hon. Jose Rene D. Almendras, Secretary, Department of Energy  
Hon. Zenaida C. Ducut, ERC Chairperson  
Hon. Edita S. Bueno, NEA Administrator  
✓ Hon. Ferdinand Martin Romualdez, Representative, 1st District Leyte  
Hon. Florencio G. Noel, Sectoral Representative, An Waray Party List  
Hon. Ponciano D. Payuyo, Sectoral Representative, APEC Party List  
Hon. Michael Angelo C. Rivera, Sectoral Representative, 1 Care Party List  
✓ Hon. Jericho L. Petilla, Governor, Leyte  
✓ Hon. Alfred S. Romualdez, Mayor, Tacloban City  
Hon. Remedios L. Petilla, Mayor, Municipality of Palo  
Hon. Charita M. Chan, Mayor, Municipality of Babatngon  
✓ Sanggunian Panglunsod, Tacloban City  
Sanggunian Bayan, Municipality of Palo  
Sanggunian Bayan, Municipality of Babatngon  
Regional Trial Court Judges  
Regional Prosecutor's Office  
Integrated Bar of the Philippines, Tacloban Chapter  
• Philippine Institute of Certified Public Accountants  
Region Eight Administrators' League (REAL)  
Rotary Club of Tacloban  
Rotary Club of San Juanico  
Rotary Club of Kandaya-Tacloban  
Rotary Club of Leyte Gulf  
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Tacloban Bankers' Association  
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