



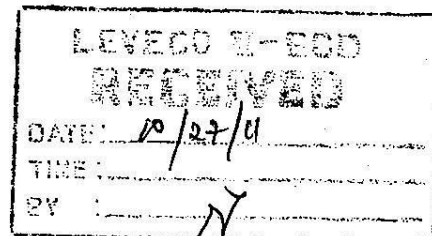
National Association of Electricity Consumers for Reforms

Leyeco II Chapter
208-F Real St., Brgy 53, Tacloban City

October 26, 2011

The BOARD OF DIRECTORS

Leyte II Electric Cooperative, Inc. (LEYECO II)
Real St., Sagkahan, Tacloban City



Attn: **Mr. Roland Hidalgo**, President and **Atty. Jerry Gwen Conde**, GM

Re: Members' Capital Contribution

Gentlemen:

Greetings!

This refers to the ERC decision under ERC Case No. 2001-934 entitled **"IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE UNBUNDLED RATES PURSUANT TO THE PROVISION OF REPUBLIC ACT NO. 9136"** dated Feb. 4, 2004 where LEYECO II was granted an annual Reinvestment Fund in the amount of P23,794,337. This amount represents five percent (5%) of LEYECO II's total annual gross revenue in the amount of P475,886,738.00 as approved by ERC in the same application.

The decision explains that the Reinvestment Fund is for financing expansion and rehabilitation/upgrading of LEYECO II's existing electric power system in accordance with its submitted System Rehabilitation/Upgrading and/or System Loss Reduction Plan.

Further, the decision requires LEYECO II to:

". . . . to submit a progress report no later than one (1) year after the date of this Decision and every year thereafter using the format prescribed by the Commission. The progress report shall include detailed accounting itemizing total collections, the actual use of all disbursements, and actual current system losses;"

Moreover, the decision also explains:

"One of the main purposes of providing the 5% Reinvestment is for the end-users of LEYECO II to shoulder part of their increasing capitalization requirements, as outside sources of funding are getting scarce."

This confirms that the LEYECO II member-consumers provide the capital requirements of the Cooperative for its expansion, rehabilitation and upgrading of its distribution system in compliance with the provision of the Electric Power Industry Reform Act (EPIRA), R.A. 9136 and this is collected on a per kilowatt hour basis. Needless to say, that the bigger the consumption, the more capital the consumer contributes.

Records show that prior to the said decision, LEYECO II was charging its consumers an amount of P0.5180 per kilowatt hour for its capital requirement. This was however reduced to P0.1518 per kilowatt hour starting January 2010 up to the present under a new charge called "Members Contribution for Capital Expenditures (MCC)".

In this regard, may we be furnished copy of LEYECO II's submission of its annual progress report as described above?

Further, may we also be furnished LEYECO II's collection of the P0.5180/kWh from its customer representing their capital contribution from all the years prior to the passage of EPIRA?

These requests are anchored on the provision of Section 3, (n) of P.D. 269 which states:

"Non-profit shall mean that a cooperative shall not engage in business for the purpose of making a profit for itself or its patrons, but it shall not mean that a cooperative may not account on a patronage basis to its patrons for any receipts in excess of its expenses in relation to its operations in serving such patrons or in relation to investment of any of its surplus funds pending their use by the cooperative or their refund to patrons; nor shall it mean that such excess receipts may not be refunded to its patrons, or may not be converted into patron-furnished capital subject to later redemption and retirement by the cooperative."

In light of the above and in the spirit of transparency and accountability, we look forward to your immediate, favorable and professional response.

Thank you and May God bless you.

Very truly yours,



ERLINDA L. BUTALID

President, NASECORE Leyeco II Chapter

cc: Hon. Jose Rene D. Almendras, Secretary, Department of Energy
Hon. Zenaída C. Ducut, ERC Chairperson
Hon. Edita S. Bueno, NEA Administrator
Hon. Ferdinand Martin Romualdez, Representative 1st District Leyte
Hon. Florencio G. Noel, Representative, An Waray Party List
Hon. Jericho L. Petilla, Governor, Leyte
Sangguniang Panlalawigan, Province of Leyte
Hon. Alfred S. Romualdez, Tacloban City Mayor
Sangguniang Panglunsod, Tacloban City
Hon. Remedios L. Petilla, Mayor Municipality of Palo
Sangguniang Bayan, Municipality of Palo
Hon. Charita M. Chan, Mayor Municipality of Babatngon
Sangguniang Bayan, Municipality of Babatngon
Pete Ilagan, Nasecore President
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