



National Association of Electricity Consumers for Reforms
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HON. EDITA S. BUENO
Administrator
National Electrification Administration
Diliman, Quezon City

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Dear Administrator Bueno:

Warm greetings!

Thank you for furnishing us a fax copy of NEA's letter to the LEYECO II Board of Directors dated January 18, 2007 signed by Deputy Administrator Pablo Pan III which we received on January 31, 2007. We take note of NEA's denial of Leyeco II's request for the approval of its Board Resolution No. 110, S 2006 "Resolution Approving the Appropriation of the Amount of PhP2,797,190.50 to Cover Cost of the Productivity Incentive Bonus for the Year 2005 of Leyeco II Officers and Regular Employees."

You may recall that we brought this matter to the attention of Honorable Administrator in our letter dated September 15, 2006 where we cited our reasons why the said Leyeco II Board Resolution should not be approved by NEA. The said letter partly reads:

"In view of our 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 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 commend the decision of NEA's since it is not only affirms our position but also manifests NEA's steadfast commitment to protect the member-consumers from abusive management of electric cooperatives (ECs). It is quite surprising, that the Leyeco II Board, through an affidavit by its Treasurer, was able to establish that they, too, were misled and deceived by their general manager into believing that NEA had already approved their Board Resolution No. 110,S 2006.

However, simple denial of the said Board Resolution without the necessary restitution will be meaningless and futile. Atty. Conde's act reveals his utter lack of concern and disregard for the member-owners-consumers' interest. Also, such act has further aggravated the deteriorating financial capacity of LEYECO II. While his act may have endeared him with the Board of Directors, officers, and employees, for unwarranted benefits, nonetheless, it is malfeasance or grave abuse which contravenes what an officer of his rank should responsibly and conscientiously do.

In view of NEA's denial of the said request and the LEYECO II Board Resolution No. 002 series of 2007, "A Resolution Terminating the General Manager Atty. Jerry Gwen L. Conde of Leyte II Electric Cooperative, dated 9 January 2007", we see very strong and justifiable reason for NEA to act swiftly in the disposition of justice by supporting and affirming the Resolution termination Atty. Jerry Gwen L. Conde - finding GM Conde as stated in the Resolution, "*to have deliberately disbursed the amount of P2,797,190.50 for the payment of the 2005 14th month pay/productivity incentive bonus, despite having personal knowledge that it was not approved by NEA which is an utter disregard and defiance of existing NEA policies and guidelines, and utter disrespect of the Leyeco II Board Resolution No. 110, series of 2006, and even going to the extent of deceiving the Secretary/Treasurer of Leyeco II, into signing the voucher and the check thereof with his personal assurance that the same is already approved when in fact it was not.*"

In addition, we ask NEA, in the interest of justice, to direct the LEYECO II general manager, Atty. Jerry Gwen L. Conde, to return the amount of Two Million Seven Hundred Ninety-Seven One Hundred Ninety Pesos and Fifty Centavos (P2,797,190.50) to the financially-strapped LEYECO II within thirty (30) days from receipt of NEA order and to forfeit all benefits and entitlements due Mr. Gerry Gwen L. Conde who incidentally is a lawyer.

In this regard, we hope that NEA will find resolved in implementing its avowed mission of protecting electric cooperative consumers from these abusive and corrupt

practices in order for NEA to show its competence and integrity in policing the electric cooperatives.

We look forward to NEA's immediate reply.

Very truly yours,

signed

PETE L. ILAGAN

President

Cc: Hon. Raphael P.M. Lotilla, DOE Secretary and NEA Chairman
Hon. Francisco P. Silva, Presidential Adviser on Rural Electrification
Leyte II Electric Cooperative Board
Mr. Wilfred Billena, President, PHILRECA