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NASECORE

National Association of Electricity Consumers for Reforms
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March 29, 2011

Mr. ROLAND HIDALGO

President and Director, Leyte 2 Electric Cooperative, Inc. (LEYECO II)
Real St., Sagkahan, Tacloban City

Attention: Atty. Jerry Gwen L. Conde, CPA
General Manager (GM)

Dear Mr. Hidalgo,

OFFICE OF THE MAYOR
DISTRICT OFFICE
RECEIVED BY: JENNY
DATE/TIME: 3/30/11

OFFICE OF THE GOVERNOR
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DATE/TIME: 4/7/11 10:16 AM

LEYTE II ELECTRIC COOPERATIVE, INC.
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BY: JMM
DATE: 3/30/11
TIME: 4:05 PM
OFFICE OF THE GM

This is to inform you that together with more than 50 members of NASECORE who are all member-consumer of good standing of Leyeco II, we attended the Coop's Annual General Membership Assembly (AGMA) held in Babatngon last Sunday, March 27, 2011 so that we will know the facts and figures that will show the true financial, technical, and management condition of our cooperative.

But, after witnessing the whole proceedings, we can only say that the conduct of the AGMA was a great disappointment as it deprived all of us the opportunity to know how our cooperative was operating in accordance with the efficiency performance standards set by the Energy Regulatory Commission under the Electric Power Industry Reform Act (EPIRA), Distribution Code, and the Rules for Setting Electric Cooperatives-Wheeling Rates (RSEC-WR) which granted LEYECO II a rate increase in the amount of P0.03/kWh starting January 2010.

In short, we were disappointed because, as the president of our cooperative, you miserably failed in ensuring that the LEYECO II members-consumers will be afforded the opportunity to know how our cooperative is being managed through the presentation of facts and figures that will show that LEYECO II is financially and technically sound which will show that it is efficiently managed.

Worse, what we witnessed was the lavish, excessive, and imprudent spending of cooperative funds which were not cost of service related, like the give-away raffle items.

As promised by the management, we expected the President's "Comprehensive Report" to be presented during the assembly but you did not give this report for very obvious reasons.

We also would like to point out that the report of the GM in the assembly was very irresponsible as it was misleading and meant to deceive the member-consumers. Take for example his statement that LEYECO II's rates is 'lowest' compared with CDA-registered ECs and the Manila Electric Company (MERALCO) and Visayan Electric Company (VECO). Obviously, he wants to take credit for LEYECO II's lowest rates but denying the fact that these rates were set by the Energy Regulatory Commission (ERC) through ERC Resolution 20 under the Rules for Setting the Electric Cooperatives' Wheeling Rates (RSEC-WR) and that LEYCO II is not the only electric cooperative which has these "lowest" rates because these are the rates granted to those ECs classified by the ERC as "Group G" in the

Electric Cooperatives' Classification being the ECs which are most economically viable in the whole Philippines. And the basis for this classification was mainly because they are cooperatives in a small compact area that are densely populated.

We find it very inappropriate for a lawyer like our general manager or for any officer of LEYECO II to take credit for the growing population of the City of Tacloban and the Municipalities of Palo and Babatngon which are responsible for the continued growth in LEYECO II's annual sales and revenues.

The comparison given by general manager between the rates of LEYECO II and that of MERALCO and that of VECO are both misleading because LEYECO II's rate does not have the component of return on capital while the MERALCO and VECO's rates, which are both private distribution utilities, have the component for return on capital.

Such deception was very evident in the over-all conduct of the LEYECO II annual general membership assembly which gives us now the reason why LEYECO II did not answer our letter requesting for copy of the minutes of the Board Resolution authorizing the holding of the AGMA, its budget, and the agenda. We even wanted to know whether such Board Resolution was confirmed by the National Electrification Administration.










In summary, we would like you to know that the LEYECO II management headed by yourself as the president miserably failed in ensuring the adequate promotion and protection of member-consumers' interest and for such failure we are of the position that you don't deserve to be a director and president of LEYECO II who enjoys handsome remunerations from the cooperative.

We hope you and the rest of the directors and the general manager will seriously consider resigning from LEYECO II.

Rest assured of our heightened vigilance in protecting LEYECO II from irresponsible officers of LEYECO II.

In the Service of the LEYECO II Consumers,


RODOLFO "BUTCH" F. 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. 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
Pete Ilagan, Nasecore President
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