



National Association of Electricity Consumers for Reforms

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30 March 2007

MR. PABLO M. PAN III

Deputy Administrator, Electric Distribution Utilities Services

National Electrification Administration

NIA Road Government Center

Quezon Avenue, Quezon City

Registry Receipt No. 913
Domestic Airport Post Office
March 30, 2007

Dear Deputy Administrator Pan:

Warm greetings!

Thank you for your reply acknowledging receipt of our letter to the Honorable Administrator, Edita S. Bueno, dated February 26, 2007, where we expressed our sincere commendation for 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 Php 2,797,190.50 to Cover Cost of the Productivity Incentive Bonus for the Year 2005 of Leyeco II Officers and Regular Employees*".

We appreciate the acknowledgement letters of the Honorable Deputy Administrator in behalf of NEA's Honorable Administrator, including the February 12, 2007 response making us understand that our Leyeco II concerns fall directly under the *Electric Distribution Utility Services* which the Honorable Deputy Administrator heads.

As much as we are grateful to the Deputy Administrator's generous acknowledgment, we would hold it in extreme appreciation if we be furnished a candid reply that will squarely address the position we expressed in our letter of February 26, 2007 considering that Leyeco II's request for the approval of the *Productivity Incentive Bonus for the year 2005* was transmitted to NEA almost a year ago which was April 6, 2006. Only a direct and outright response coming from NEA which upholds our position we shall find rest amid our inflating apprehension about the matter.

Clearly, in the interval of five (5) months, nothing happened to this request until our first letter dated September 12, 2006 made its way to NEA's office. Otherwise, we believe would have been advised of its action on the said Leyeco II request in its reply to our letter.

Only a few days away til April 5, 2007 and this will be a one (1) year old issue. Slack on NEA's indecisiveness regarding the matter is beginning to stir doubt on NEA's competence primarily prejudicing the Electric Distribution Utility Services in its failure to protect member-owner-consumers' interests from a general manager who gravely abused his authority by bleeding further the financially-ailing Leyeco II under the guise of recognizing the "hard-working officers and employees of the cooperative". Worse, his action is a brazen disregard of its member-owner-consumers' welfare who practically provide all the coop's needs.

Leyeco II GM's behavior is a result of his shameless basking in the autonomy of Leyeco II as an A+ cooperative on its financial management made permissible by NEA's liberalization scheme which frees category A and/or A+ cooperatives from NEA's scrutiny of its cash operations. However, the one founding weakness of this policy is that it makes EC member-consumers fall easy prey to grave misconduct of the ones in charge the instance NEA allows to let its guard down. The GM's arrogance despite the ethics expected of him as a lawyer and a financial manager allowed him to breed misdeed on this NEA incentive.

The insolence of the general manager is also a blatant inconsideration of NEA's mandate of rural electrification. His phony inclination to favor Leyeco II employees - illegally rewarding them an amount of *P2,797,190.50* in the pretext of sympathy - could have actually energized a rightful number of far-flung areas in dire need of electrification services. A decision that will finally terminate the general manager is a decision to favor the consumers whom NEA are legally bound to protect under the mandate of the EPIRA.

We are under the strong impression that the Honorable Deputy Administrator has carefully and judiciously studied this matter as we earnestly look forward to a bold yet necessary and straightforward NEA decision that shall support and accept our position as expressed in our February 26, 2007 letter to the Honorable Administrator.

Considering this issue has already become a laggard, it would be most appropriate if this aging issue finds prompt resolve and swift justice within the walls of NEA. In our prayer of an immediate NEA decision, we hope this letter warrants your preferential attention.

Thank you and God bless.

Very truly yours,

signed
PETE L. ILAGAN
President

Cc: Hon. Raphael Lotilla - DOE Secretary
Hon. Francisco Silva - NEA Chairman
Hon. Edita Bueno - NEA Administrator

Hon. Rodolfo B. Alabano, Jr. - Chairman -ERC
ERC Commissioners
Leyeco II - Board Of Directors