



**National Association of Electricity Consumers for Reforms**  
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**HON. EDITA BUENO**

*Administrator*

National Electrification Administration  
NIA Road, Government Center  
Diliman, Quezon City

**Dear Administrator Bueno:**

Greetings!

I understand that on 31 October 1991, NEA granted a Php10-million loan to the Philippine Rural Electric Cooperative Association (Philreca) payable for a period of 10 years. It is also my understanding that said loan was granted by NEA to Philreca in violation of Presidential Decree 269, as amended by PD 1645, as said laws only authorized NEA to grant loans to "*public service entities*" which is defined as "*a cooperative, the NPC, and local governments and privately-owned public service entities in operation which furnish and are empowered to furnish retail electric service.*"

We noticed in your 2004 Audited Annual Report as posted in the Commission on Audit website that said loan is not yet fully paid at that time together with its interests and surcharges. For convenience, we are quoting the said report:

*"PHILRECA Loan - NEA granted loan amounting to Ten Million Pesos to Philippine Rural Electrification Cooperative Association (PHILRECA) to finance the various projects of the association e.g. livelihood projects, trust fund management insurance and printing program for rural electric cooperatives. PHILRECA failed to pay its loan as of balance sheet date.*

*"NEA's Legal Department issued a final demand letter to PHILRECA as early as 26 October, 1999. To pursue collection of its receivables, NEA sent another demand letter to the Board of Directors of PHILRECA requiring settlement of the account, otherwise, NEA shall be compelled to immediately pursue judicial action.*

*“Wilfred L. Billena, PHILRECA President in his letter to NEA dated April 21, 2004 requested for the condonation of the interests and surcharges and the remaining unpaid principal to be amortized within the period of ten (10) years. NEA sent a letter to the PHILRECA President to settle first the principal amount of the loan before the condonation of interests and surcharges will be recommended to the NEA Board of Administrators.”*

In this connection, may we request official documents related to this loan showing how much was already paid by Philreca and the remaining amounts still to be paid including the interest and surcharges.

On the request of Philreca to condone the interests and surcharges and the amortization of the unpaid principal within a period of 10 years, we urged NEA to deny this request as to grant the same is scandalous - taking note of the fact that the loan was highly irregular to begin with. Instead, NEA should now file the appropriate collection case in judicial courts as the payment is long overdue.

We hope NEA will take immediate and positive action on our query and request.

Thank you so much and God bless.

Very truly yours,

**PETE L. ILAGAN**

*President*

cc: President, Republic of the Philippines  
JCPC Members  
Secretary, Department of Energy  
Office of the Ombudsman  
ERC Chair & Commissioners