

October 27, 2009

HON. MARIA LEA A. SALVORO  
Punong Barangay  
Puhagan, Valencia  
6215 Negros Oriental

Dear Punong Barangay Salvoro:

This has reference to your letter dated September 30, 2009, addressed to Atty. Carmela S. Fernan, Regional Director, Department of Budget and Management , Region 7, inquiring whether your barangay can use its share from the proceeds in the utilization and development of the national wealth for the maintenance of health related services, peace and order and social services program Your letter was referred to us for reply.

Please be advised that Section 294 of the Local Government Code of 1991 and Article 391 of the Rules and Regulations Implementing R.A. 7160 provide that the proceeds of the share of local government units from the development and utilization of national wealth shall be appropriated by their respective sanggunian to finance local development and livelihood projects, provided that at least eighty percent (80%) of the proceeds derived from the development and utilization of hydrothermal, geothermal and other sources of energy be applied to lower the cost of electricity in the local government unit where such source of energy is located. Your plan to allocate your barangay's share in the utilization of the national wealth (the operation of geothermal power plant) for the maintenance of health related services, peace and order and social services programs does not fall within what is provided by law, that such share shall be appropriated to finance local development and livelihood projects.

Truly yours,

PEDRO A. NOVAL, JR.  
Regional Director

.cc : Atty. Carmela S. Fernan  
Regional Director  
DBM Region 7

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