



Public Utilities Commission
Annual Report



2015

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FROM THE DESK OF THE CHAIRMAN

Justice Prem Persaud (ret'd) CCH



The Commission has discharged its statutory regulatory duties touching on the services provided by the four utility companies under its purview and feels reasonably satisfied with the results achieved to the benefit of consumers.

The several reports set out in the following pages detailing the challenges and efforts by the staff to get the service providers to offer reasonable and satisfactory services explain the success of our performance and duties for the benefit of both the consumers and the companies involved.

We had been operating with the minimum of Commission members. Our quorum for meetings is three and we operated with that number for the first six months in the year. After the National general elections and with a new Government in place the situation was regularized and other members appointed to the Commission. This brought a full complement of five members (inclusive of the Chairman).

All the members were appointed within the provisions of Section 6 of the PUC Act of 1999, and are duly qualified for the positions entrusted to them. The Commission is a body corporate and subject to the provisions of the Act, in the exercise and discharge of its functions it shall not be subject to the direction or control of any person or authority.

At first blush it appears that the Commission is independent but members have been advised that no independence is absolute. They are governed by laws, political realities, public sentiments and budget and licence provisions. Trade-offs exist between certain features of regulation such as that between independence and accountability, between certainty and flexibility and between long term goals and short term viability.

The lack of absolute independence is considered desirable because it ensures that the regulator is not simply following a personal agenda.

We try to live up to the expectation by LAO-TZU when he highlights the challenge of man performing public duties.

A LEADER IS BEST WHEN PEOPLE BARELY KNOW THAT HE EXISTS.
OF A GOOD LEADER, WHEN HIS WORK IS DONE PEOPLE SAY, "WE DID THIS OURSELVES."

Our overriding duty must be to perform our duties diligently to achieve the desired results rather than ourselves. If we fail in our discharge of duties as independent regulators our position will be compromised.

I wish to place on record appreciation for the excellent performance of members of staff and their interest and understanding of consumers' concern.

INTRODUCTION

The Public Utilities Commission is pleased to present its Twenty-fifth Annual Report, in terms of Section 85 of the PUC Act, Act No. 10 of 1999, and it is intended to inform of our activities during the year 2015, and to continue to maintain a fair balance between consumers and the interests of the regulated utilities under our purview.

The Commission is a body corporate established by the Public Utilities Commission Act No. 26 of 1990 which came into effect on the 1st October, 1990. This Act was amended in 1991, 1994, 1999, 2003 and 2010 to give effect to evolving issues in regulation.

The PUC Act allows for a Chairman and four Commissioners, but for the year they were only a Chairman, who is full time and two Commissioners, who are part-time functionaries. They are:

- | | | |
|-----------------------------|---|----------|
| • Justice Prem Persaud, CCH | - | Chairman |
| • Mr. Badrie Persaud | - | Member |
| • Mr. Maurice Solomon | - | Member |

Mission

- To ensure that regulated utilities offer an efficient service to consumers at a reasonable cost.

Vision

- To create an environment in which there is universal access to services in the public sector, as well as a high quality of service which is cost effective and beneficial to all stakeholders.

Objectives

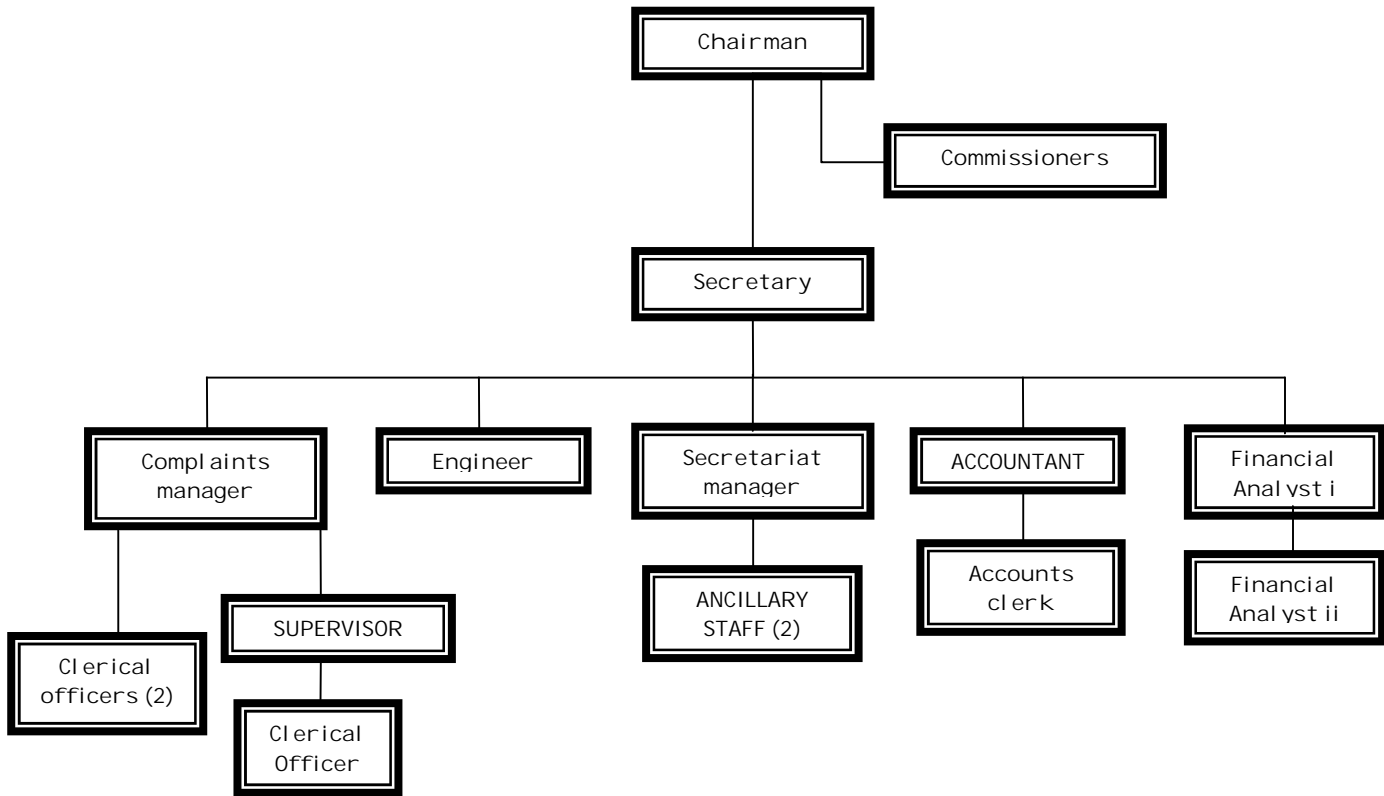
- To establish and enforce rules and procedures for the regulation of public utilities, commensurate with internationally accepted regulatory standards.
- To promote and regulate the efficient long-term provision of utility services for national development consistent with Government policies.

- To provide a fair environment conducive to business interest, investments in the public utilities sector, and the interest of consumers.
- To investigate and seek to resolve in a timely manner complaints filed with the Commission against any public utility.
- To carry out its functions in a fair, transparent and independent manner.

Functions

- The functions of the Commission are regulatory, investigatory, enforcement and such others as conferred on it by the Act. The Commission also has the power to initiate and conduct investigations into the operations and standards of service of any public utility under its purview.
- While the Commission is not involved in matters of policy, it may be called upon to act in an advisory capacity to the Minister responsible for utilities.

Organizational Chart - 2015



PUBLIC UTILITIES

The Act defines a ‘public utility’ as any person who or which owns facilities used to provide, or provides, the following services:-

- (a) The production, generation, storage, transmission, sale, delivery, furnishing or supplying, directly or indirectly, to or for the public, of electricity.

However, any person not otherwise a public utility, who or which provides a service only to himself or his employees or tenants, where such service is not resold to or used by others, shall not be deemed to be a public utility.

- (b) The conveyance or transmission of oral, written, digital or any other form of messages or communications by telephone, wireless telephony, telegraphy; or wireless telegraphy, satellites, cable television, telecom service providers, pay telephone service providers, telecom resellers, internet and other telecom network service providers, radio common carriers or cellular mobile providers or any other method of transmission, currently offered to the public or offered as common carriage in the future.

The public utilities currently under the purview of the Commission are:

- Guyana Telephone & Telegraph Co. Ltd. - From the inception of the PUC Act 1990
- Guyana Power & Light Inc. - From 1999
- Guyana Water Inc. - From 2003
- U-Mobile (Cellular) Inc. (Digicel) – From 2007

Filing a Complaint

If a consumer has a complaint against any of the public utilities, the complaint procedures of the service provider should first be utilized. If there is dissatisfaction with the response from the service provider, redress may be sought through the PUC.

Complaints can be submitted to:

GEORGETOWN OFFICE:

POST/VISIT	-	Lot 106, New Garden Street, Queenstown, Georgetown
FAX	-	592 – 227 – 3534
TELEPHONE	-	592 – 226 – 7042/227 2182
WEBSITE	-	www.puc.org.gy
HELP DESK	-	Monday – Thursday: 8:00 – 16:30 hrs. Friday: 8:00 – 15:30 hrs.

BERBICE OFFICE:

VISIT	-	Lot AV, Free Yard, Port Mourant, Corentyne, Berbice
Tel/Fax	-	592 – 336 – 6077
HELP DESK	-	Monday – Thursday: 8:00 – 16:30 hrs. Friday: 8:00 – 15:30 hrs.

PUC Website

The PUC's website was continuously updated during 2015. The PUC's Complaints Procedure, Rules for Determining Consumers' Complaints, Notices and Documents pertaining to Public Hearings, Complaints' Monthly Reports, Annual Reports and an inventory of PUC's Orders issued over the years can be accessed on the website.

The website can also be used to file a complaint, and has contact details for the PUC, links to the utilities under its purview, as well as links to other regulatory bodies throughout the Caribbean.

Complainants are advised to provide all relevant information/documents in support of their complaints, including any response from the utility company when filing a complaint with the PUC.

Staff Development

In 2015 staff members were trained in several areas of interest regarding the work of the Commission. These training sessions give the staff an opportunity for personal and professional development. The topics included:

Internal Training:

- April 22, 2015 *Mobile Number Portability (Telecoms Issue)*
Facilitated by the PUC's Engineer, Mr. Nikita Somwaru, BSc.
- April 24, 2015 *Teamwork and Empowerment*
Facilitated by the PUC's Financial Analyst II, Ms. Seema Sookram
- July 15, 2015 *An Overview of Rates*
Facilitated by the PUC's Financial Analyst II, Ms. Seema Sookram
- July 20, 2015 *Key Features of the New Telecommunications Act*
Facilitated by the PUC's Financial Analyst II, Ms. Seema Sookram
- Sept. 10, 2015 *Office Etiquette*
Facilitated by the PUC's Complaints Manager, Ms. Destra Bourne, BSc
- Sept. 10, 2015 *Office Attire*
Facilitated by the PUC's Accounts' Supervisor, Mr. Elroy Halley
- Sept. 11, 2015 *Strategic Planning Workshop*
Facilitated by the PUC's Secretary, Mr. Vidiyahar Persaud

External Training:

- Mar. 25, 2015 *Inside the Regulatory Arena*
A "Webinar" Hosted by the Organization of Caribbean Utility Regulators (OOCUR)
- Mar 23 – 25, 2015 *Mini-international Program for Development Evaluation Training*
Hosted by the Ministry of Finance
- Apr. 26 – 27, 2015 *GPL's Energy Management Training*
Hosted by the Guyana Power & Light Inc
- Apr. 28 – 30, 2015 *Number Portability Workshop*
Hosted by the International Telecommunications Union (ITU) in Paramaribo, Suriname

GEORGETOWN COMPLAINTS DIVISION

Destra Bourne – Complaints Manager

OVERVIEW



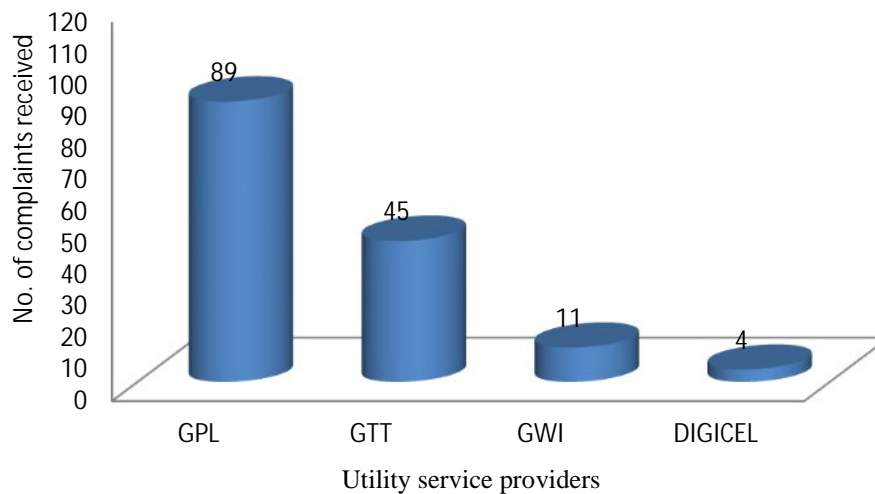
The Complaints' Division continued with its programme in 2015 to assist in the resolution of disputes between consumers and utility service providers of Electricity, Telecommunication and Water and Sewerage services.

The general thrust of the Division's public relations drive is to improve the geographic reach of the Commission in its efforts to encourage more persons to utilize the services offered. This has had reasonable success over the years.

Complaints Received

At the end of December 2015, the sum total of the complaints received at the Georgetown office was 149.

The chart below sets out the complaints received for each of the utilities



There has been a reduction in complaints received during the year from all of the utilities except the Guyana Telephone and Telegraph Company. The reduction may have been as a result of the companies resolving consumers' complaints in a professional manner which would negate consumers from seeking redress through the PUC. Another factor that may have influenced the

reduction is the reduction settlement of complaints by the Commission with the respective utilities as an alternative to filing.

A disquieting feature of the increase in GTT's complaints is that the circumstances that give rise to the complaint may not be the fault of GT&T. Rather it is as a result of the vandalism of GT&T's landline network. Repairs apart from being costly can also be time consuming as resources and manpower may not always be readily available. The nature of GT&T's complaints seems to be following a new trend. In 2015, 73% of the complaints were technical in nature. This is an increase of 31% over the previous year.

We also note that the Fixed Wireless Access System that provides a service (Essequibo, La Grange, and parts of West Coast Berbice among other areas) is becoming dysfunctional with the result that there is an impairment of service to these areas. This has been so for some time now and the Commission has made representation to the company as a matter of urgency to seek a resolution to this problem.

The majority of complaints against GPL involve tampering. There is no doubt that meter by-pass and tampering are widespread and it is estimated that 13% of GPL's net power is stolen by consumers. In dealing with this category of complaints we have classified tampering into three categories. Those who blatantly tamper and seek redress through the Commission. Those who obviously were not tampering but GPL's Loss Reduction officers hold an opposite view. Then there are the border line cases. Bringing a tampering case to a resolution takes time and the Division spends a significant amount of its time on these complaints.

Complaints received by GWI have reduced by 89% when compared with the previous period.

Generally complaints filed with the Commission with respect to mobile services for both companies are few.

Issues

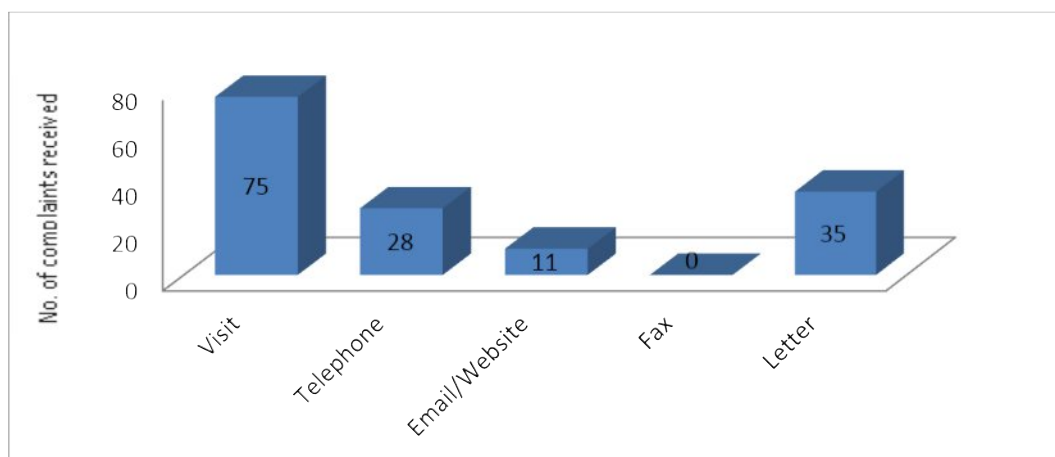
Issues	GPL 2014	GPL 2015	GTT 2014	GTT 2015	GW 2014	GW 2015	DIGICEL 2014	DIGICEL 2015	Total 2014	Total 2015
Application for New Service	37	6	4	4	3	1	0	0	44	11
Billing Issues	57	12	3	2	21	8	4	3	85	25
Change of Tenancy	4	4	0	0	0	0	0	0	4	4
Claims for Compensation	8	4	0	0	0	0	1	0	9	4
Claims for Wrongful Disconnection	42	8	1	0	12	1	0	0	55	9
Allegations of Tampering	142	43	0	0	0	0	0	0	142	43
Tariff Issues	2	0	0	0	0	0	0	0	2	0
Technical Issues	25	12	27	38	4	1	1	1	57	52
Transfer of Service	0	0	0	1	0	0	0	0	0	1
Total	317	89	35	45	40	11	6	4	398	149

Complaints by Regions

Issues	Reg. 2	Reg. 3	Reg. 4	Reg. 5	Reg. 6	Reg. 7	Reg. 10	Total
Application for New Service	0	2	9	0	0	0	0	11
Billing Issues	0	3	20	0	2	0	0	25
Change of Tenancy	0	1	3	0	0	0	0	4
Claims for Compensation	0	0	4	0	0	0	0	4
Claims for wrongful Disconnection	0	4	5	0	0	0	0	9
Allegation of Tampering	1	10	30	1	1	0	0	43
Tariff Issues	0	0	0	0	0	0	0	0
Technical Issue	0	5	42	1	1	2	1	52
Transfer of Service	0	0	1	0	0	0	0	1
Total	1	25	114	2	4	2	1	149

Generally, the further away the Regions are from the Commission's operating centre the fewer are the complaints received.

Channels of Communication



Complaints Resolved by Utility

The table below shows complaints resolved by utilities as at December 2015:

	GPL	GT&T	GWI	DIGICEL	Total
In favor of consumer	16	34	8	3	61
In favor of utility	36	6	1	1	44
Complaints rejected	3	0	0	0	3
Complaints withdrawn	0	0	0	0	0
Unresolved at Dec 31, 2015	34	5	2	0	41
Total	89	45	11	4	149

Credits Awarded

For 2015 the Commission seconded credits in the value of \$1,598,486.00 on the consumers' behalf. The credits seconded from the utilities are as follows:

GPL	\$1,261,397.00
GWI	\$235,258.00
GT&T	\$92,031.00
DIGICEL	\$9,800.00

However, a total of \$12,889,873.00 was awarded during the year which included settlements that were pending from the previous year.

Public Awareness Exercises

The Commission conducted a number of public awareness exercises in order to sensitize the public of its role. During the awareness exercises consumers were advised on issues they are having with their utility service providers. Brochures were distributed by the PUC during these exercises. These include GPL's Schedule of Customer Service Standards, tips on fire safety and prevention, information on the conservation of electricity, water and telecommunication services and advice on the rights and responsibilities of consumers using the services of GPL.

Staff of the Commission sensitizing the Public about the PUC



Mrs. Singh (Clerical officer)
speaking to a consumer.

Mr. Halley (Accountant) advising a
consumer about the PUC.



Ms. Bourne (Complaints Manager)
responding to queries from a consumer.



Conclusion

2015 was a fair year for the Complaints' Division (Georgetown office) with 72% of all complaints received against the utilities resolved and 28% unresolved when compared to 2014 where there were 65% of all complaints received against the utilities resolved and 35% unresolved.

For 2016 the Commission will be actively pursuing the unresolved complaints, together of course, with new applications, and hopes to achieve a higher resolution rate in 2016.

The Commission through its awareness activities in 2016 will continue to work ardently to ensure that consumers are aware of the opportunities to voice their dissatisfaction with the services provided and how to obtain redress. We are anticipating an increase in our public awareness programmes through the press, advertisements, and public outreaches.

BERBICE OFFICE COMPLAINTS DIVISION

Monique Welch – Supervisor

OVERVIEW



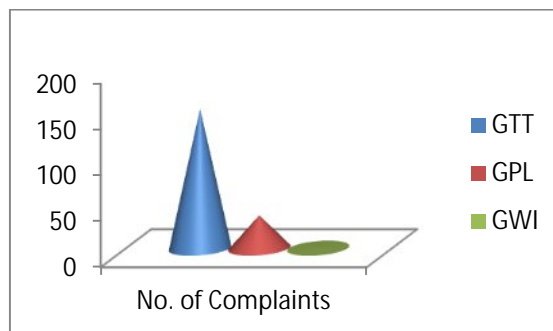
The Complaints' Division – Berbice Branch of the Public Utilities Commission continued with its program in 2015, to assist in the resolution of disputes between consumers and the utility companies under the purview of the Commission.

During the year the public relations drive has taken the Commission to various communities encouraging persons to utilize the services offered by the Commission and the response has been favourable.

Complaints Received

The office received a total of one hundred and eighty-nine (189) complaints for the year which are detailed below:

<u>Utility</u>	<u>No. of Complaints</u>
GTT	152
GPL	36
GWI	1
DIGICEL	0
TOTAL	189



This Division secured a total of five million and fifty thousand eight hundred and sixty-seven dollars (\$5,050,867.0) in credits/rebates as at December 2015 on behalf of consumers from the

regulated utilities. These credits were from the 153 (80 percent) of the 189 complaints received that were resolved.

Following is a break-down of credits as per utility:

GPL \$4,878,427.00

GTT \$133,704.00

GWI \$38,736.00

Complaints Resolved by Utility

Of the one hundred and fifty-two (152) complaints received against GT&T, one hundred and thirty-three (133) were resolved, and nineteen (19) are at varying stages of the investigation process. Nineteen (19) of the thirty-six (36) complaints against GPL were resolved while seventeen (17) remained unresolved. One complaint was received for GWI which has been resolved.

The table below illustrates the resolution rate of the complaints received for the specific utilities. It also illustrates the number of complaints that are pending outside of a given time frame.

Resolution Rate for Complaints

Utility	Resolved Within 21 Days	Resolved Within 50 Days	Resolved Within 120 Days	Resolved After 120 days	Total Resolved	Pending over 120 Days
GT&T	30	86	17	0	133	0
GPL	3	5	5	6	19	2
GWI	0	0	0	1	1	0
Total	33	91	22	7	153	2

The table below shows resolution in favour of consumers/utilities:

	GTT	GPL	GWI	Total
In Favour of consumers	130	8	1	139
In favour of utility	3	9	0	12
Complaints rejected	0	0	0	0
Complaints withdrawn	0	2	0	2
Total	133	19	1	153

Guyana Telephone & Telegraph Co. Ltd

The majority of complaints received for 2015 were from the Guyana Telephone & Telegraph Company.

The 152 complaints filed with respect to this utility are categorised below.

Complaint Category	Amount
Transfer of Service	6
Application of Service	5
Disconnection	1
Total	152

Guyana Power & Light Inc

A total of 36 complaints were received against the Guyana Power and Light. The table below shows the amount of complaints received for each category:

Complaint Category	Amount
Tampering	26
Technical Issue	4
Billing	3
Disconnection	3
TOTAL	36

Guyana Water Inc

One (1) complaint for billing query was received against the Guyana Water Inc.

Complaints by Region

Complaints received from Regions' Nos. 5 & 6 are listed below:

Regions	GPL	GT&T	GW I	Total
No. 5	2	2	0	4
No. 6	34	150	1	185
Total	36	152	1	189

Mode of filing complaints

Utility	Visit	Telephone	Letter
GTT	52	100	0
GPL	29	7	0
GWI	1	0	0
TOTAL	82	107	0

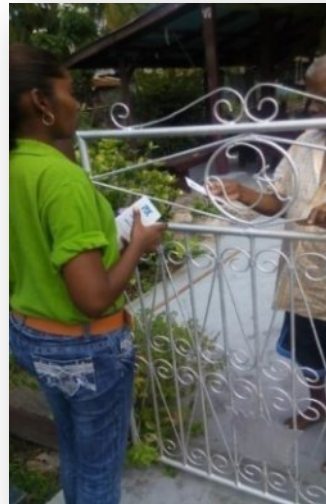
Public Awareness Campaign

During the year the office made a number of public relation visits to the communities listed below. The visits allow for interaction with the Commission and through these visits the office was made aware of the problems facing consumers while at the same time the consumers were sensitized of the work of the Commission.

The following areas were visited by Staff members during 2015

1. Reliance Village East Canje - February
2. Bush Lot Farm, Corentyne - March
3. #1 Village, Corentyne - April
4. Rosignol Market - May
5. Besty Ground East Canje - June
6. Crabwood Creek Corentyne - July
7. Palmyra Village - August
8. #50 Village Corentyne - September
9. #8 Village West Coast - October
10. Edinburgh Village East Bank - November

The pictures below show Ms. Monique Welch and Ms. Sindamanie Veerasammy of the Berbice Office conducting consumer awareness programmes in Regions 5 and 6.



Development

Staff members of the Berbice office participated in training sessions and workshops which were beneficial to staff enhancement. Listed below are the programs staff members were involved in:

- Strategic Planning Workshop
- Office Etiquette
- Work Attire

Conclusion

Overall this year was relatively good; the office has seen 80% of the complaints received against the utilities being resolved. The unresolved complaints will be pursued vigorously so as to bring closure.

The Division will also continue its public awareness drive in 2016 to ensure that consumers can ventilate the issues and concerns they have with respect to the services provided by the operators.

ENGINEERING DIVISION

Nikita Somwaru – Engineer



The year 2015 had its share of challenges and achievements. The Commission continues to engage the utilities to address issues that affect consumers and to establish systems in order to ensure that utilities deliver the quality of services which they are required to deliver consistent with their respective licences.

Telecommunications

Spectrum

Guyana mobile operators remain rooted in the second generation (2G) technology. Most of the world, including some of the Eastern Caribbean territories have migrated to the third (3G) and fourth (4G) generation wireless technologies. The reason for Guyana's stagnation appears to be the contentious issue of spectrum granting to the operators to facilitate upgrades. The Commission would appreciate a resolution to this problem in the not too distant future.

Fiber-To-The-Premises (FTTP)

The Commission is aware that the Guyana Telephone and Telegraph Company (GT&T) has acquired the “**Gigabit Passive Optical Network (GPON)**” technology to replace the outdated Fixed Wireless Access (FWA) network. It was anticipated that the network when installed would have serviced the West Bank of Demerara, and the Essequibo Coast and Islands.

The tentative date for the inauguration of the service was the third quarter of 2013. However, GT&T, for some reason did not meet this timeline and to date the network is yet to be commissioned. In the meanwhile, some consumers in those areas are without landline service and other telecommunication services that come with the landline.

The impact on the existing and potential consumers has been frustrating. Many consumers who enjoy the FWA service complain to the Commission about the poor quality of service they are receiving while many potential consumers have been waiting for a number of years for a service.

GT&T seems to be in breach of its obligations under its licence with respect to providing a landline network nationwide and should make every effort to comply with its obligations and remedy this issue that has been festering for an inordinate while.

Bandwidth (Internet Speed)

The Commission notes GT&T's upgrade of internet speeds from 1Mbps to 10Mbps and for customers who were previously enjoying a 1Mbps service an upgrade of 5Mbps at no extra cost. Those wishing not to be upgraded to the new internet speed have had their service cost reduced by half, and those in possession of a 512Kbps service were automatically upgraded to 1Mbps at no additional cost.

The Commission commends GT&T on the step it took in improving consumers' quality of service. However, the Commission has been in receipt of a number of complaints alleging that the Mbps is below that which GT&T had undertaken to supply. While the company has been remedying these complaints the Commission's view is that once GT&T has committed to provide a service with stated conditions it should ensure it has adequate infrastructure to meet its obligations.

Mobile Rates

The Commission regularly monitors the mobile rates for both telecommunication operators - Guyana Telephone and Telegraph (GT&T) and Digicel so as to ensure that they are compliant with the rates as set out in the PUC's Orders. Our checks indicate no infraction of the Orders.

The Commission has been approving mobile promotional rates to both service providers for fixed periods. The promotional rates are a win-win for the parties. The consumers enjoy a reduction in rates and the companies benefit from an increase in goodwill and business.

Guyana Water Incorporated (GWI)

Disconnections /Reconnections

In our ongoing research the Commission became aware of the "**Rye Ball Valve**" that is used by international utilities in effecting disconnections/reconnections of consumers.

Simply put, it is a right angle lockable ball valve that is attached to the consumers' main to effect a disconnection. It carries the added feature of a seal which when in place ensures that the consumer could only be illegally reconnected by breaking the seal. This acts as a deterrent to illegal reconnections which is a problem currently faced by GWI. The Commission has forwarded this information to GWI and hopes the Company may find it practical and useful.

Water Testing

The Guyana Water Incorporated submits to the Commission its monthly water quality test results. We randomly selected samples from twenty-four locations and compared the test results to the standard set by the World Health Organization (WHO). The company had committed to achieving the WHO bacteriological standards within six months for Coastal water supplies and within twelve months for Hinterland water supplies as stated in the GWI Licence which was issued on November 13, 2002. This Licence has since expired and the company and the stakeholder should make all efforts to ensure that the company is operating with a Licence.

The test results for pH, Iron, turbidity, aluminium, colour, chlorine residual, total coliform and faecal coliform were compared with the WHO standards. The results indicated that GWI was close to achieving all of the standards with the exception of faecal coliform. Faecal coliform by its very nature is hazardous to health and a greater effort is required by GWI to achieve compliance with this standard. The Commission is committed to monitoring the water quality standards.

Electricity

Consumer Appliance Index

When it has been ascertained that a customer is stealing electricity, GPL has the authority to act within its mandate that is spelt out in the Electricity Sector Reform Act (ESRA).

The ESRA empowers the company to back-bill customers for a determined period once they are caught stealing electricity. GPL has a chart that estimates the average monthly consumption per equipment used by a consumer and assumes this to be the level of consumption of each customer.

The Commission has been reviewing GPL's list of estimates being used by the company for some time and is of the opinion that the consumption levels used are heavily weighted in favor of the company. It has been suggested that these estimates have similar patterns to a North American utility. If this is the case, empirical evidence suggests that electricity consumption in an affluent society will be higher than in a developing country and therefore any methodology on this basis will be flawed from the inception.

Reviewing GPL's consumption index, there is an assumption that a consumer utilizes a microwave for 30 hours per month or 1 hour per day. The Commission research suggests otherwise. Based on its own research it has prepared a list of consumption per equipment on what it believes may be fair to both the service provider and the consumers. Further, the Commission has compared these estimates to those in use by the Regulated Industries Commission of Trinidad, (RIC) and has found that our estimates closely relate to theirs. The table below shows GPL's estimates, the Commission's estimates and the RIC's estimates.

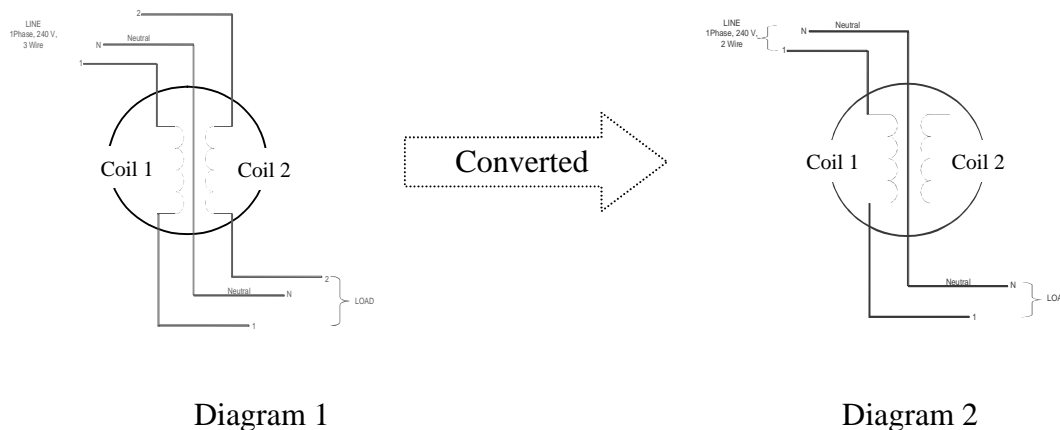
	GPL	Commission Test	Regulated Industries Commission
APPLIANCES	kWh	kWh	kWh
Blender	5	0.12	0.8
Cake Mixer	4	0.12	0.4
Computer system	30	6	4.5
Electric Fan	12	14.4	1.8
Electric Hair Dryer	4	1.2	2.0
Electric Iron	17	1.68	2.0
Electric Kettle	11	6.6	5.0
Electric Water Pump	30	16.4	11.9
Energy Saving Bulb	4	2.4	3.1
Fluorescent lamp 20w	4	4.2	4.8
Fluorescent lamp 40w	8	7.8	9.6
Incandescent lamp (100w)	12	11.7	24.0
Microwave Oven	30	0.12	4.0
Refrigerator	90	58.2	54.0
Television	30	7.2	18.0
Toaster	34	0.3	4.0
VCR/DVD	5	0.4	0.1
Washing Machine	19	0.52	2.0

The Commission intends to take up with GPL this matter with the aim of reviewing the estimates used by the Company.

Meter Configuration

The Guyana Power and Light has a surplus single phase three wire 240 volt meter that can be re-used by reconfiguring the connections in the meter box, so that the meter would be compatible with the residential single phase two wire 240 volt network that generally carries a multiplier of one. In this conversion, the actual meter will not be altered.

The way this works is that the single phase three wire meters are primarily used on the 120 V line to neutral, 240 V line to line (3 wire) 240 V network as shown in Diagram one (1). This is where current will flow through coils one (1) and two (2) respectively and the meter will record with an approximate one hundred percentage of accuracy. In Diagram two (2) showing the conversion; this is where current will flow through coil one (1) and not coil two (2). However when the conversion is completed, the meter will record an approximate fifty (50) percent of the consumers' usage. GPL therefore, will have to apply a multiplier of two to accurately record consumer usage.



The Commission has received complaints from consumers who have noted that there were changes in their billing. The Commission has investigated these complaints and found that the meters accurately recorded a consumer's usage. We have explained to consumers the reason for the change while at the same time reassuring them that their consumption was accurately recorded. However, more is required to be done by GPL to assuage consumers' fears that they

are not being over-billed. The Commission has written GPL in this regard to be advised on the procedures taken to advise consumers on the operation of these meters and to provide the Commission with a list of the meters issued and those in stock.

Inverter Appliances

Technological innovations that involve the efficient use of energy remain ongoing. The Commission wishes to focus on appliances using the inverter technology. Simply, because of its unique configuration of the inverter units, it uses less power than the non-inverter units, whilst giving the same energy output as the non-inverter units. Consider for example two air conditions rated at 8000 Btu, one the inverter and the other the non-inverter, the compressor motor of a non-inverter air conditioner only operates at a maximum capacity, or is switched off altogether. This leads to unnecessary electricity consumption and higher electricity bills.

The inverter air conditioning units have increased efficiency in contraction to non-inverter air conditioners, extended life of their parts and the sharp fluctuations in the load are eliminated. This makes the inverter air conditioners units quieter, and lower operating cost. The inverter air conditioners units might be more expensive than the non-inverter air conditioners, but this is compensated by lower energy bills. The payback time is approximately two years depending on the usage.

The Engineering Division will continue to monitor the technical components of the operators in 2016. This is with the view to ensure that consumers stand to benefit from the changes in technology and are being treated fairly by all public utilities under the Commission's jurisdiction.

FINANCE DIVISION
Moorsalene Sankar – Financial Analyst I

Guyana Power and Light (GPL)



The absence of a Board of Directors for over seven months resulted in non-receipt of information for 2015 that the company is mandated to send to the Commission on a quarterly basis. We are uncertain whether the company operated with an approved Development and Expansion Plan that is required under Section 38 of the Electricity Sector Reform Act. Reduction in oil prices that began in 2014 and continued throughout 2015 allowed for a reduction of tariffs by ten percent while still allowing the company to earn a profit in excess of its approved rate of return.

GPL'S Five Year Development and Expansion (D & E) Programme:

In 2015, GPL had not delivered to the Commission in accordance with Section 38 of the Electricity Sector Reform Act:

- An Annual Sustainability Program.
- A Five Year Sustainability Programme that is revised on an annual basis.
- A report by GPL on how it intends to meet the demand for power over the next fifteen years.

If there is no approved 2015-2019 Development and Expansion Plan the Commission would be unable to measure GPL's performance against set standards for 2015.

GPL's Financial Results

The price of oil is a significant factor that determines GPL's operating costs. Steep reduction in oil prices in the latter half of 2014 that continued throughout 2015 offered a measure of respite to the company. The company's earnings in 2015 were significantly above its approved rate of return. We believe that a resurgence of oil prices is unlikely to hit the heights it once did and may eventually settle at around US \$60 to \$70 a barrel in the long term. At this price, GPL should still be able to operate at a profit until the advent of hydro electricity or any other additional provider that is expected at some future time.

At the end of 2015, GPL's non-current related party debts stood at approximately \$31 billion. Related party debts are debts owed by GPL to the Government and Government related agencies. It is the Commission's suggestion that the shareholders review this debt and make a decision on it going forward. Restructuring of GPL's balance sheet is now worth considering as the company appears to have returned to sustained profitability.

Interim Fuel Rebate

On the 9th of February, 2015 the company filed an application with the Commission requesting a 10% interim fuel rebate across all tariff categories from the month of March 2015. The application was approved by the Commission.

Operating Standards and Performance Targets (OSPT)

On the 4th of October, 2010 GPL's license was expanded to include Operating Standards and Performance Targets.

There are eight service standards with predetermined targets that GPL is expected to achieve. If the Commission finds that the company has failed to meet its operating standards and performance targets as provided for in its Development and Expansion Plan it may impose monetary penalties upon the company in an amount not to exceed 25% of the total value of the dividends payable to the company's shareholder(s) for such calendar year. This is in accordance with the license and applicable law. The Commission is mandated to publicly report on GPL's performance not later than April 30th in each calendar year on the previous year's performance. In March 2015, the Commission held a public hearing and the company reported on its performance for 2014. Based on the findings of the Commission, the PUC issued Order 2 of 2015. The Order is posted on the PUC's website and may be accessed at www.puc.org.gy.

The Commission concluded its report by noting that GPL's execution of the Operating Standards were at an acceptable level and there was no need for implementing a penalty.

The Commission however, remains concerned with the high level of system losses. Although the standard was met, we have reservations on whether GPL was challenged to bring its entire

management efforts to bear in achieving this standard. In its 2012 – 2016 Development and Expansion program, GPL has projected that in 2014 system losses would be reduced to 24.85%. However, in its 2014 – 2018 Development and Expansion Program, it revised its 2014 system losses projection to 30.9%; an increase of approximately 6% on its earlier projection.

System losses

System losses continue to be a burden to the Company and seem set to continue at unacceptable levels in the foreseeable future. The Commission has recognized that a solution to this problem requires significant cash inflows that the company is unlikely to generate from its operations in the short term. It is therefore incumbent that a way be found to make the necessary resources available to the company so that this perennial problem can be addressed. It is worth noting that since the incorporation of GPL in 1999, system losses have been calculated to be in excess of seventy billion dollars and still counting.

After a period of inactivity GPL intends to recommence the issuing of prepaid meters to consumers applying for a service. The Commission has no problem with this. Some time ago we had written to the company pointing out that the average consumption of a Rate “A” prepaid consumer was significantly lower than a Rate “A” consumer using the electromagnetic meter. We invited a comment from the company with respect to our observation. None was forthcoming. We are uncertain what the present position is not having received any reports from the company during 2015. Significant by-pass of prepaid meters increases system losses.

GPL’s return to profitability has significantly improved its liquidity position. The Commission would suggest that as a matter of policy the company uses its excess liquidity to begin upgrades to its transmission system so as to reduce technical losses. We are of the opinion that the payback on this investment would be worthwhile.

Purchasing of Power from Independent Power Producers

The Commission is uncertain where the company stands with respect to independent power producers that may at future date supply power from either hydro or wind or both to the company. In previous reports we had cautioned that the commitment given by the company to

purchase all of the power provided by the Amaila Hydro Independent Power Producer may not be in the best interest of the company. Our caution was made on the premise that:

- a) The terms and conditions of the hydro independent power producer were likely to stipulate that the company would purchase all of the power produced from the hydro project (140MW).
- b) That the company may enter into a contract with a wind farm provider to purchase all of the power produced.

We based our concern on the following:

- a) The company's 24 hour power demand on week days
- b) The company's 24 hour power demand on weekends and holidays.

These suggest that the company, if it entered into contracts with the respective independent power producers may be paying significant sums for unproduced power.

Our concern is what happens if a hydro project comes on stream within the next 5 years? Would the company be able to use all of the power that will be generated from both Independent Power Producers?

Although no approach has been made to the Commission, press reports suggest that there may be tentative discussions with an Independent Power Producer to supply electricity from a wind farm.

The Commission suggests caution. The company needs to ascertain the power demand over a determined period and then craft a plan to acquire a supply of power at the lowest economic cost. It may then at that point enter into negotiations with potential suppliers.

Telecommunications

It was a fair year for telecommunications with investments continuing to be made in the sector. From statistics and analyses it appears that voice services are close to saturation after impressive growth from 2007 onwards. Room for growth in the data market is evident and it can be anticipated that emphasis would now be placed by the service providers in this sector. The

failure by the authorities to bring into law the Reform Sector Reform Bill tends to be a source of frustration to the industry.

Guyana Telephone and Telegraph's Tariff Application

On the 1st July, 2014 the Guyana Telephone and Telegraph Company Limited (GT&T) made an application to the Commission for tariff increases for a number of its landline services, a net reduction in outbound rates and the introduction of tariffs for directory services and E1 lines. In its application GT&T used the audited financial statement for the year ended 2011 as its test year. The test year showed that the profit earned in that year was below the 15% threshold on capital dedicated to public use. GT&T 's agreement entitles the company to a return of not less than 15% on capital dedicated to public use, hence the filing. The varying increases/decreases applied for in its filing were anticipated to take the company's earnings to the 15% threshold on the capital dedicated to public use. A number of hearings were held to determine the application. After a careful consideration of the facts presented by GT&T, the Commission rejected the tariff application in its entirety. GT&T has challenged the Commission's Order (Order 1 of 2015 which may be viewed on the Commission's website at www.puc.org.gy and has taken the matter to the Court of Appeal. A date is yet to be fixed for the determination of the matter.

Telecoms Reform Sector Bill

The Telecoms Reform Sector Bill that was expected to be passed during the life of the tenth Parliament lapsed, following the proroguing and subsequent dissolution of Parliament. It was anticipated that the Bill would have been passed into law during the latter half of the year following the inauguration of the eleventh Parliament. This has not happened. The Bill, when passed into law, is expected to end GT&T's monopoly on landline and international services and open the Telecoms market to competition. The length of time it is taking to have the Bill passed into law must be a source of frustration to the major service providers in that it creates uncertainty in planning. The Commission can only hope that the Bill becomes law in the not too distant future.

Investment in the Telecoms Sector

Investment in the Telecoms Sector continues to be positive. The result of this is that the operations of the two major service providers continue to extend outwards and currently

approximately 95% of citizens can acquire a service where they live and work. Both companies have now moved closer to achieving universal service.

Services:

Mobile:

At the end of 2015 the number of active mobile phones was 553,519 a decrease of 15,146 over the previous year. The penetration rate based on a population of 775,000 is 71%.

Presently Guyana's mobile service remains rooted in second generation technology while the rest of the world has moved on. The reason for this may be that telecom operators are unable to upgrade their services because of a lack of requisite spectrum. The Commission urges that the relevant stakeholders review spectrum allocation and resolve this matter in a timely manner.

The annual revenues generated from the mobile segment of the Telecoms operations, that are foreign owned are significant. We believe that at this point mobile usage and the cost that attends it may be a strain on many consumers' budgets. Moreover, with the anticipated coming into law of the Telecoms Reform Sector Bill and the anticipated upgrades to existing mobile services it is envisaged that the mobile market may continue to grow in dollar value. In the final analysis, it comes down to a matter of choice among the populace - whether to give up essentials in our daily lives so as to enjoy the use of mobile services and the satisfaction derived from its use.

Landline:

At the end of 2015 the number of active landline services was 154,057 (159,729 in 2014). This gives a penetration rate of approximately 20% assuming a population of 775,000. Minutes of use in 2015 were 791 million compared to 853 million in 2014. The average annual minute of use per line per consumer in 2015 was 5,134; in 2014 the average was 5,340. It is probably the first time in the history of the company that landline services fell year on year.

The growth of alternative voice and data services has led to a decline in the landline service worldwide. Since there appears to be no alternative plan to stop this decline, it is possible that in the fullness of time this service may be phased out worldwide.

The continual fall in landline minutes may be attributable to consumers' preferred choice for the short messaging (SMS) and mobile services. GT&T had reported that although it continues to invest in the landline segment of its business there had not been commensurate growth in minutes.

Inbound calls

Inbound international traffic originating from foreign countries to Guyana fell in 2015 by 3% when compared to the previous year. In 2015 inbound minutes were approximately 63 million and in 2014 approximately 65 million. The reduction in minutes is not indicative of a decline in international traffic but rather, may be due to a number of emerging technologies that allow for the by-pass of GT&T's international gateway.

Outbound International

Outbound international minutes (i.e. calls originating from Guyana to overseas destinations) decreased from approximately 46 million in 2014 to approximately 37 million in 2015. Over the years this segment of GT&T's operation has been challenged by calls made through Voice over Internet Protocol at a fraction of PUC's approved outbound rates. Outbound rates were last approved by the Commission in 2002 and these rates are simply no longer competitive given the emerging technologies that are now widely used throughout the country. As a result, GT&T was forced to review its rates in an attempt to retain market share. The review was done through GT&T's approved promotions that have reduced international rates significantly. The promotion has been in existence for over two years. This is an untidy arrangement and there is recognition that there needs to be a review of current outbound rates by the Commission.

A point of note is that internet cafes operate throughout this country unregulated. They pay no corporate or value added taxes to the Guyana Revenue Authority. GT&T and the country are therefore disadvantaged against this competition. We believe that steps should be taken to have internet cafes regulated.

Short Messaging Services (SMS)

Short messaging (text messages) has become very popular as a medium of communication nationwide. A feature of the SMS service is the “promotional” free daily texts that customers enjoy on both of the networks once a required amount of paid texts are made by the consumer.

For 2015 the number of paid and promotional text totaled in excess of 1.3 billion. On average, each mobile phone transmits daily 6.4 text messages to another party.

With the now popular usage of applications on smart phones which facilitate short messages, voice notes, instant carriage/transfer of videos and photographs, the SMS service may in time become less popular.

Data Services

There is evidence to suggest that the volume of data services is growing year by year. However the Commission does not currently have all the statistics at its disposal to measure this increase. Hopefully we would be in a better position to report positively in 2016.

Guyana Water Incorporated

The company continues to operate at unacceptable levels of inefficiency. Significant non-revenue losses, the failure to implement the PUC’s approved rates that should have been effective from the 1st July 2013, sustained annual financial deficits and the perennial problem of low collections relative to billings are major factors that characterized the company’s poor performance.

Non-Revenue Water

Non-revenue water has been the company’s nemesis for a number of years. While the loss cannot be definitively measured, it is generally thought to be about 50%. This means that 50% of the water produced yields no revenue to the company. Previous programs by the company to reduce non-revenue water have not met with much success.

A point of disquiet to the Commission is the average sum billed to consumers for each cubic meter of water produced. The table below sets out the billings, water produced and average sum billed for each cubic meter of water produced for 2015.

January to December 2015			Average billings per cubic meter of water produced for 2014
Billings (\$)	Water production (cubic meters)	Average billings per cubic meter of water produced	
3,742,737,337	123,191,521	\$30.38	\$ 27.20

GWI's current tariff rates range from \$60 to \$110 per cubic meter with a weighted average of approximately \$75 per cubic meter. The fact that GWI bills approximately \$30 per cubic meter of water shows the impact non-revenue water has on the company's operations. This statistic is damning. GWI needs to emerge from its inertia and get down to the task of operating the company in a manner consistent with acceptable modern business practices.

Failure by the company to implement PUC approved rates

In October 2012, The Guyana Water Incorporated (GWI) applied to the Commission for a harmonization of tariffs, with the objective being to significantly increase revenue flows to the company. Following a public hearing and an extensive review by the Commission thereafter, GWI's application was approved with minor changes. The approved rates are contained in Order No. 2 of 2013 and may be viewed on the PUC's website at www.puc.org.gy. As stated previously, the effective date for the implementation of the Order was 1st July, 2013.

GWI has failed to implement the increases approved by the PUC. During the review, the Commission sought and received an assurance in writing from GWI that systems were in place to make the transition from the current to the new billing regime in a seamless way and within the stipulated time frame set by the Commission. It was on this assurance that approval was granted.

The Commission wishes to express its disappointment over GWI's failure to implement the new rates. The company continues to be a charge on the state and the implementation of the rates would have considerably ameliorated the company's dependence on state funds to manage its operations. It is to be hoped that the company would work assiduously to overcome remaining obstacles and have the rates implemented. It must be noted that the tariffs charged by GWI are not the PUC's approved rates.

Operating Results

Based on GWI's Management Statement, GWI's billed sales and other income associated with its operations totalled approximately \$4.2 billion. Its operating expenses totalled approximately \$6.44 billion for 2015. Government's subvention for 2015 was approximately \$1.7 billion.

There are two major factors that contributed to the loss. The first is the level of the company's non-revenue water and the second the inability of the company to implement the Commission's approved tariff that should have been effective from the 1st July 2013. Significant sustained and protracted losses will in time result in the company being unable to maintain the integrity of its capital infrastructure that in turn will result in a progressive deterioration of the company's quality of service and a greater dependence on state funding to sustain its operations.

Collections

GWI fails to collect its billings in a timely manner. GWI started the beginning of the financial year with receivables stated at \$1.9 billion and billed a further \$ 3.7 billion to December 2015; yet collected only \$3 billion in 2015. It raises the question of whether the opening debtors at the 1st January 2015 were fairly stated since the collections during the year would have been a mix of opening debtors and its 2015 billings that are stated at \$3.7 billion. Further, the inability to collect monies due, limits liquidity and by extension constrains the company from effectively funding programs that are likely to improve quality of service to consumers.

As inadequate collections are a perennial problem, it is suggested that the company reviews the structure of its Commercial Division and ensures that the Division is competently staffed so as to improve general efficiency and increase the level of its collections going forward.

Impact of GWI's inefficiency on Stakeholders

Utilities, by their very nature, are integral to the development of a nation and play a key role in human development. It follows therefore, that utilities should be efficiently managed so that its unit cost per service is close to optimal.

Over the years the deterioration of the nation's water service and in particular the suspect nature of its potable water and the unreliability of its service have forced consumers to purchase bottled water and to erect overhead tanks to accumulate water for continuous use.

These expenditures have no doubt placed an added financial burden on consumers taking away some of their disposable income that could have been better spent on alternatives that would have realized an incremental improvement in their quality of life.

General

Since 2003, GWI, in addition to subventions received from the Government of Guyana for operational activities has also been the recipient of funding from the Government and other International Donor Agencies for its capital expansion programs. The sum of these funding during this period is approximately \$26 billion. To the company's credit there have been improvements in the expansion of services and the company's quality of service is gradually improving. However, with an asset base of \$26 billion, GWI needs to begin to earn a return on its investment so as to maintain the integrity of its capital infrastructure going forward. GWI currently produces approximately 120 million cubic meters of water annually and with a successful non-revenue water program, GWI should be able to reduce this production to 100 million cubic meters and still satisfy the demand of its present consumer base. At this production level, GWI has the potential of earning a fair return on its investment at the PUC approved rate that is detailed in Order 2 of 2013. A concerted effort is required by the stakeholders to bring the company's current development plan and the tariff rates approved by the PUC in 2013 to fruition.

ACCOUNTS DIVISION
Elroy Halley – Accounts Supervisor



In 2015 the Commission saw completion of remedial works on its building that was purchased in 2014. The building currently houses the Commission’s headquarters. This was a great accomplishment for the Commission since the acquisition of its own premises was the intention and plan for a long time.

The accountant migrated in 2015, leaving the Commission with a void to fill. Interviews were subsequently held by the Commission and it was decided that the Accounts Clerk be promoted to Accounts Supervisor.

In keeping with the Commission’s strategic plan, it is looking to establish an office in Essequibo. The Accounts Division will play a major role in ensuring that the Commission selects the most feasible route in accomplishing this. As it is known the Commission has a branch office in Berbice for some years now.

Members of staff were exposed to various training throughout the year – both internally and externally. The Commission plans to continue these training sessions in the future.

The following is the unaudited statement for the year ending December 31, 2015.