

File

Order No. 1/2010

PUBLIC UTILITIES COMMISSION

In the matter of an Application
by the Guyana Power & Light
Inc. to the Public Utilities
Commission seeking a review of
PUC Order # 3/2002.

Public Utilities Commission

Justice Prem Persaud	=	Chairman
Mr. Badrie Persaud	-	Commissioner
Mr. John Caesar	=	Commissioner
Mr. Vidiayar Persaud	-	Secretary

Guyana Power & Light Inc

Mr. Bharat Dindial	-	Chief Executive Officer
Mr. Aishwar Deonarine	-	Deputy Chief Executive Officer

Consumers' Association

Mr. Patrick Dial	-	Guyana Consumers' Association
Mr. Patrick Dial	-	Guyana Consumers' Advisory Bureau

Ministry of Tourism, Industry & Commerce

Consumer Affairs Department

Mr. Norbertt Hamilton
Ms. Muriel Tinnis

On March 12, 2002 the Public Utilities Commission, on its own motion, held a public hearing to consider Guyana Power & Light Inc's: (a) maintenance of its property and equipment and its impact on consumers' services (b) the losses in the electrical system, and (c) the outages and load shedding occurring within the system.

Section 25 of the Public Utilities Commission Act No. 10 of 1999 (the Act) imposes a duty on the Utility to maintain its property and equipment in such a condition as to enable it to provide service to the public that is in all respects safe, adequate, efficient, reasonable and non-discriminatory and to provide such service as shall be necessary or proper for the accommodation and convenience of the public.

On July 23, 2002 the Commission made its order. It was contained in a comprehensive report dealing with several aspects of the duties and obligations of the utility, and the rights and quality of service to which consumers are entitled. We had found, from the totality of evidence, that GPL had not been providing an adequate and or reasonable and or efficient service as a consequence of which consumers suffer losses. In the circumstances we found that GPL were in breach of the provision of Section 25 of the Act and Section 26 was set in motion whereby the Commission made certain orders. GPL has filed an Appeal against our order and that matter is pending before the Court of Appeal.

GPL has applied to the Commission seeking a review of the Order No. 3/2002 which was made on 23rd July, 2002. The Commission found that GPL has caused loss to consumers in the sum of \$1,368,284,000.00 which was calculated at \$4.70 per kwh; and we ordered GPL to pay such compensation to each consumer at \$4.70 kwh for the number of kwh which each consumer consumes, with effect from the billing period 1st October, 2002 until the amount of \$1,368,284,000.00 is fully discharged. As explained earlier GPL appealed the order and they have not given any credit to consumers in terms of our order.

GPL has now approached the Commission in terms of Section 77 of the Public Utilities Commission Act No. 10 of 1999 seeking a review of the said order, and by virtue of Section 77 of the Act we invited them along with representatives of the consumers' bodies to hear their reasons for the request and the views and comments of the consumer representatives. Mr. Bharat Dindial, the Chief Executive Officer of GPL undertook to withdraw and discontinue the Appeal filed in 2002 if the Commission in its judgement will in any way vary the order.

Mr. Dindial explained that the utility company is experiencing extreme difficulties with the order pending against it:

- a) They are likely to benefit from a **Policy Based Loan** from the IDB to finance the improvements of the Utility. They have already received one of three tranches of the amount but the 2002 order in their books is causing a reluctance of the donor body to advance any further funding.
- b) **Amalia Falls Hydro Project**: This project is moving ahead and is slated to cost about US\$600M. The Chinese Development Bank will offer assistance and will contribute \$3.00 to each \$1.00 the IDB grants to the utility.

Both the Policy Based Loan and the Hydro Project are tied up and GPL has to eventually sign a PPA with Amalia Falls management for the purchase of the power generated by that project.

The Government of Guyana has not agreed to guarantee the loans.

Over the years from 2002, GPL has foregone increases in rates for electricity, to which they are entitled under its Licence, of approximately \$20B. (Twenty Billion dollars), and if it were to fund financing for the order of the Commission those rates would have had to be added to the tariff. When the price of fuel was sky-rocketing the government stepped in and offered \$3.7B in 2008 to ease or restrict any increase on consumers. If GPL had enforced its right to increase, the rates would have been about 70% over and above the current domestic tariff, or about \$80.00 per kwh.

The Hydro project will commence in the first quarter of 2011 and will be commissioned in 2014.

Mr. Patrick Dial of the Guyana Consumers Association and Guyana Consumers Advisory Bureau supported GPL's application. His view is that the company is having much difficulties and the Association is hoping this will assist them to better deal with consumers. It is expected that the variation of the order will not attract an increase in rates.

The Commission has given serious and mature consideration of the application. It has taken into account that since the Order of 2003 the electricity corporation is state owned, and the Government has been making substantial subventions to it, from which ultimately consumers benefitted.

Having regard to all that has been urged, including the representation of the consumer groups, we agree that the order made by us on July 23, 2002 No. 3/2002 be recalled and the sum of \$1,368,284,000.00 be set off against the revenue foregone account.

Dated this 2nd day of March 2010.

(Sgd) Prem Persaud

Prem Persaud

- Chairman

(Sgd) Badrie Persaud

Badrie Persaud

- Commissioner

(Sgd) John Caesar

John Caesar

- Commissioner

(Sgd) Maurice Solomon

Maurice Solomon

- Commissioner

