



# Public Utilities Commission Annual Report



**2012**

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**FROM THE DESK OF THE CHAIRMAN**  
Justice Prem Persaud CCH (ret'd)



*Regulation performs a vital role in the operation of public utilities which provide essential and vital services to consumers, and here in Guyana the Public Utilities Commission has been given the role as the watch-dog, and to hold an even keel between the consumers and the utility Companies.*

*I have been intimately associated with Regulated bodies within the Caribbean in my capacity as a member/official of OOCUR, (ORGANISATION OF CARIBBEAN UTILITY REULATORS)—and regret to note that in the region, Governments have encountered problems with their approach to Utility Regulators. There are cases where bad relationships exist between the Regulators and Utility Companies, and in these small and fragile open economies there are always implications for social, economic and political developments within these countries. These elements sometimes influence regulatory practices and in most cases regulatory-provided efficiencies may be compromised.*

*I am pleased to note that here in Guyana the Public Utilities Commission (established by the Public Utilities Commission Act) performs its tasks in a quiet but fearless and independent manner. We are not influenced in our deliberations by anyone or any authority, but solely on the merits of any application before us. We are a body corporate and the members have been selected by the authority responsible in terms of the PUC Act, from among persons appearing to it to be of high character and integrity and to be qualified as having had extensive and relevant professional expertise in trade, finance, economics, law, accounting, engineering or business management, or extensive experience in matters relevant to the functions of the Commission.*

*We deal extensively with complaints filed by consumers, or from any complaint made by one utility service against another alleging breach of any existing regulation. We also*

*act in an advisory capacity to the Minister in such matters concerning public utilities as are referred to us by the Minister.*

*The functional head of each division has prepared a report for activities conducted during the year (2012) which I hope you will find interesting. Each has submitted in a simple but detailed manner from which anyone can easily understand how we carry out our duties and the results obtained.*

*During the year the Commission opened its Berbice Branch office after we recognized, through our outreach programmes, that consumers in outlying areas will benefit from our presence. Our effort has proved successful in view of the number of complaints channelled through that office, and we are encouraged to open another other branch office in the Essequibo region.*

*The **Competition Commission** was established by virtue of the Competition and Fair Trading Act 2006 which ACT applies to public utilities but before the Commission exercises its functions in relation to such activities it shall consult with our Public Utilities Commission: but neither Commission shall arrogate to itself and deal with matters which are within the domain and contemplation of the other, provided further (notwithstanding anything in the Competition and Fair Trading Act) that no function that is essentially a function of, or which has over the time, been discharged by the Public Utilities Commission shall be discharged by the Commission , ie, the Competition Commission.*

## INTRODUCTION

The Public Utilities Commission is pleased to present its Twenty-second Annual Report, in accordance with Section 85 of the PUC Act, Act No. 10 of 1999.

This Report is intended to inform of the PUC's activities during the year 2012, and our resolve at all times is to maintain a fair balance between the utilities and the interest of consumers.

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

The Commission consists of a Chairman, who is a full time official, and three Commissioners, who are appointed and serve on a part-time basis.

The present composition of the Commission is as follows:

- Justice Prem Persaud CCH - Chairman
- Mr. Badrie Persaud - Member
- Mr. John Caesar - Member
- Mr. Maurice Solomon - Member



*Mr. Badrie Persaud*



*Mr. John Caesar*



*Mr. Maurice Solomon*

## **THE PUBLIC UTILITIES COMMISSION**

### **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.

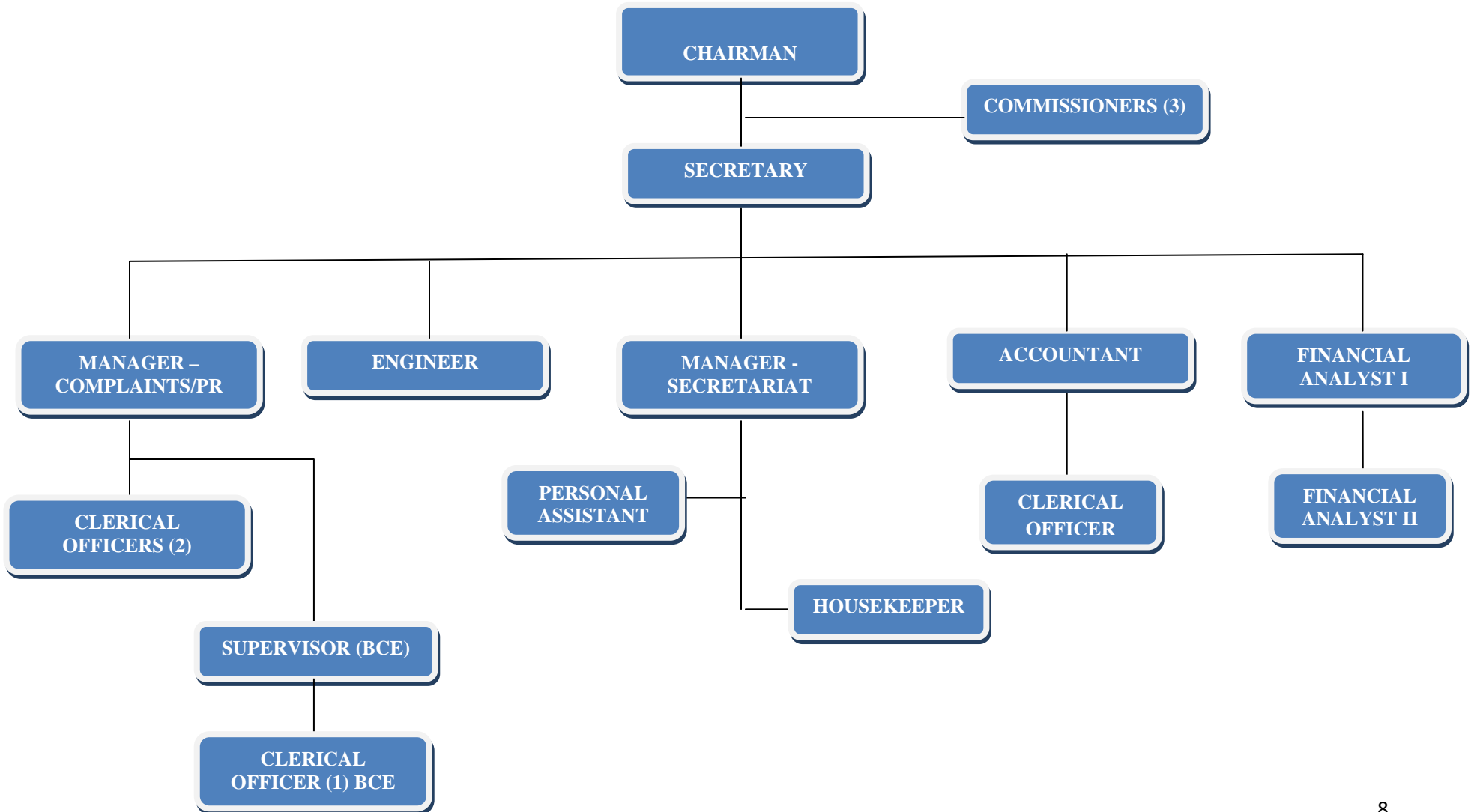
### **Functions**

- 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 on such matters as are referred to it by the relevant Ministers.

# PUBLIC UTILITIES COMMISSION

## Organisational Chart





## **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 the public, of electricity.

However, any person who 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 Minister may, by Order, place any of the following services under the purview of the Commission, that is to say:

- (i) carriage of passengers, in motor buses or hire cars;
- (ii) airport and airline services;
- (iii) carriage of goods for hire or reward by goods vehicles;
- (iv) lighterage or cargo handling;
- (v) dockage, wharfage or related cargo services;
- (vi) water supply services, except retail deliveries.

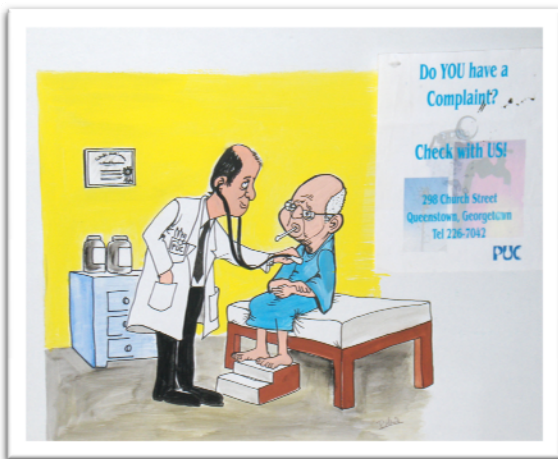
The public utilities under the purview of the Commission are:

- Telecommunication Services
- Electricity, since the inception of the PUC Act 1990; and
- In 2003 by Order No. 26/ 2003, Water and Sewerage Services.

### **Lodging a Complaint**

If a consumer has a complaint against any of the public utilities he/she should first of all utilise the complaint procedures of the Service Provider (GPL, GWI, GT&T or Digicel). However, if he/she is not satisfied with the outcome of the query with the Service Provider then that person may lodge a complaint with the PUC.

### **Complaints can be submitted to:**



#### GEORGETOWN OFFICE:

POST/VISIT - 298 Church Street,  
Queenstown, Georgetown

FAX - 592 - 227 - 3534/  
226 - 5130

TELEPHONE - 592 - 226 - 7042

WEBSITE - [www.puc.org.gy](http://www.puc.org.gy)

HELP DESK - Monday - Thursday:  
8:00 - 16:15 hrs.  
Friday: 8:00 - 15:30 hrs.

#### BERBICE OFFICE:

Public Utilities Commission, Lot AV, Free Yard, Port Mourant, Corentyne, Berbice

**Tel/Fax:** 592 - 336 - 6077

It is desirable that complainants provide all relevant information/documents in support of their complaints, including any response from the utility company when lodging a complaint with the PUC.

## **NEW BRANCH OFFICE**

In order to provide an improved service to consumers in East Berbice, the PUC opened a branch office on March 5, 2012 at Lot AV, Free Yard, Port Mourant, Corentyne, Berbice. This office was declared officially opened by the Hon. Prime Minister, Dr. Samuel Hinds on May 21, 2012. The staffing of this branch is comprised of a Supervisor and a Clerical Officer.

## **STAFF DEVELOPMENT**

In 2012 staff members were trained in several areas of interest to the Commission's work. These training sessions also gave the staff an opportunity for personal and professional development. The training programmes included:

### **INTERNAL (In-house) TRAINING**

- Auditing and the Expectation Gap by Mr. Orin Edghill – Accountant
- Preparation of Income Tax and NIS Returns by Mr. Orin Edghill – Accountant
- Cell Phones and Smart Phones by Mr. Shankar Singh – Engineer
- GPL's System Losses by Ms. Avita Singh – Financial Analyst I
- Matters relating to Consumers' Affairs by Mr. Patrick Dial – President of the Guyana Consumers' Association

### **EXTERNAL TRAINING**

- *Energy Management Training* sponsored by the Guyana Power & Light Inc. This training session was attended by PUC's Complaints' Manager, Mr. Raymon Cummings and Complaints Officer, Mr. Mark Gobin.
- Workshops on *Clean Energy Policy* and *Energy Audit* sponsored by the Guyana Energy Agency, was attended by PUC's Engineer, Mr. Shankar Singh.
- Mr. Vidiahar Persaud, Corporate Secretary of the PUC attended an advanced seminar at the Public Utility Research Centre (PURC) in Gainesville, Florida, USA. The theme of this seminar was *Telecom Policy and Regulation for Next Generation Networks*.

- Ms. Eslyn Herbert of the PUC's Complaints Department completed in June 2012 a one-year programme in Language and Communication. This programme was conducted by the Institute of Distance and Continuing Education.
- Ms. Devika Nandranie of the PUC's Secretariat also completed a one year programme in December 2012 in Human Resource Management offered by the Association of Business Executive (ABE).

**PUC WEBSITE - [www.puc.org.gy](http://www.puc.org.gy)**

The PUC's website was continuously updated during 2012. Press releases emanating from the Commission and news items, such as the opening of the PUC's Berbice branch and outreach programs, were uploaded to the website for the public's interest.

The PUC's Complaint Procedure, Rules for Determining Consumers' Complaints, Notices and documents pertaining to Public Hearings, Monthly Reports, Annual Reports and an inventory of PUC's Orders issued over the years can all be accessed at the website.

The website also features a fully functional webpage that can be used to file a complaint online as well as contact details for the PUC, links to the utilities under its purview, as well as links to other regulatory bodies.

**THE PASSING ON OF COMMISSIONER JOHN CAESAR**

It is with regret we mention the demise of Commissioner John Caesar, who passed away on November 17, 2012. Mr. Caesar had worked with the Public Utilities Commission for nine years (2003 – 2012) in the capacity of Commissioner, until his passing.

Mr. Caesar will be remembered for his rich discourses, insightful thoughts during the PUC's public hearings, his scientific analyses, and his input in the Orders made by the Commission. His involvement in and contributions to the work of the Commission will be missed.

## GEORGETOWN COMPLAINTS DIVISION REPORT

Raymon Cummings – Manager Complaints /PR

### OVERVIEW



The Complaints Division continued with its programme in 2012 to assist in the resolution of disputes between consumers and the utility service providers in the electricity, telecommunications and water and sewerage sectors operated by the Guyana Power & Light Inc. (GPL); Guyana Telephone & Telegraph Co (GTT); U-mobile (Cellular) Inc. trading as Digicel (Guyana) and Guyana Water Inc. (GWI)

respectively.

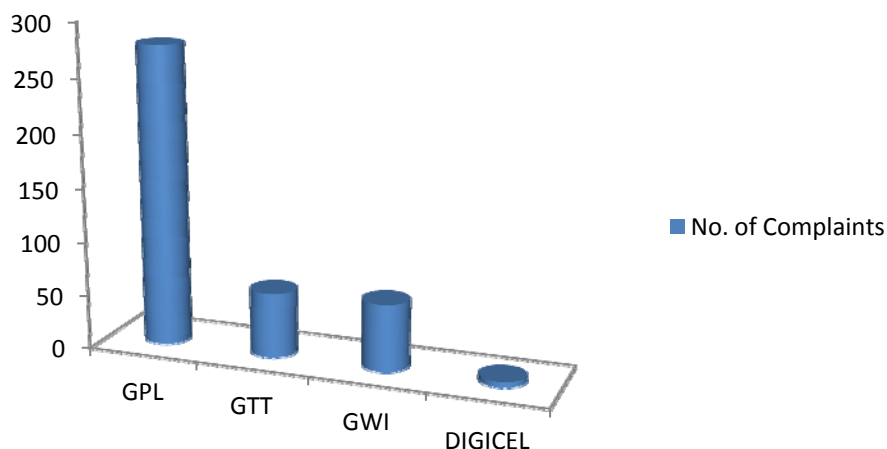
The Division's public relations drive to improve the visibility of the Commission in its effort to encourage more persons to utilize the services offered has been reasonably successful, and the Division has had favourable responses from consumers.

### COMPLAINTS RECEIVED

Four hundred and five (405) complaints were received at the Georgetown office for the year 2012 against the four regulated utilities as illustrated in the following table and chart:

Utility	No. of Complaints
<b>GPL</b>	278
<b>GTT</b>	60
<b>GWI</b>	62
<b>DIGICEL</b>	5
<b>TOTAL</b>	405

### Complaints Received



At December 31, 2012 three hundred and forty two (342) of the four hundred and five (405) complaints received at the Georgetown Office (84.4 percent) were resolved resulting in credits to consumers amounting to four million one hundred and fifty two thousand seven hundred and seventy one dollars and seventy two cents (**\$4,152,771.72**) as follows:

<b>GPL</b>	<b>\$3,107,162.00</b>
<b>GWI</b>	<b>\$1,032,962.00</b>
<b>GTT</b>	<b>\$10,947.72</b>
<b>DIGICEL</b>	<b>\$1,700.00.</b>

### COMPLAINTS RESOLVED BY UTILITY

Of the 278 complaints received against GPL, 213 were resolved, seven were withdrawn by the complainants before they were resolved and four were rejected as they did not fall within the scope of the Commission.

Fifty five of the 60 complaints against GTT were resolved; one was rejected while four remained unresolved at December 31, 2012.

Fifty seven (57) of the 62 complaints against GWI were resolved with five remaining unresolved at the end of the year.

All five complains against Digicel Guyana were resolved before the end of 2012.

	GPL	GTT	GWJ	DIGICEL	Total
<b>In favour of consumer</b>	<b>95</b>	<b>47</b>	<b>41</b>	<b>4</b>	<b>187</b>
<b>In favour of utility</b>	<b>118</b>	<b>8</b>	<b>16</b>	<b>1</b>	<b>143</b>
<b>Complaints rejected</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>Complaint withdrawn</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
<i>UNRESOLVED at Dec 31,2012</i>	<i>54</i>	<i>4</i>	<i>5</i>	<i>0</i>	<i>63</i>
<b>Total</b>	<b>278</b>	<b>60</b>	<b>62</b>	<b>5</b>	<b>405</b>

#### **GUYANA POWER & LIGHT INC**

Two hundred and seventy eight (278) complaints were lodged against the GPL. The table below shows a breakdown of the areas of complaint and the number of complaints received in each category. Billing queries remain the main complaint.

<b>Complaint Categories</b>	<b>2012</b>
<b>Allegations of Tampering</b>	20
<b>Applications for New Service</b>	34
<b>Billing Queries</b>	147
<b>Applications for Change of Tenancy</b>	01
<b>Claims for Compensation</b>	09
<b>Claims of Wrongful Disconnection</b>	27
<b>Tariff Issues</b>	06
<b>Technical Issues</b>	34
<b>TOTAL</b>	<b>278</b>

#### **GUYANA TELEPHONE & TELEGRAPH COMPANY CO. LTD.**

Sixty (60) complaints were lodged against the Guyana Telephone & Telegraph Co. Ltd. at the Georgetown office as shown in the table below:

<b>Complaint Categories</b>	<b>2012</b>
<b>Applications for New Service</b>	03
<b>Billing Queries</b>	10
<b>Technical Issues</b>	42
<b>Transfer of Service</b>	05
<b>TOTAL</b>	60

#### **GUYANA WATER INC**

A total of sixty two (62) complaints were received against the Guyana Water Inc. The table below shows the breakdown according to categories of complaints received.

<b>Complaint Categories</b>	<b>2012</b>
<b>Applications for New Service</b>	05
<b>Billing Queries</b>	35
<b>Claims of Wrongful Disconnection</b>	14
<b>Tariff Issues</b>	01
<b>Technical Issues</b>	07
<b>TOTAL</b>	62

#### **U-MOBILE (CELLULAR) INC**

Five complaints were lodged against this company as shown in the table below:

<b>Complaint Categories</b>	<b>2012</b>
<b>Technical Issues</b>	03
<b>Billing Issues</b>	02
<b>TOTAL</b>	05



Issues for which complaints were received were as follows:

Issues	GPL	GTT	GWI	DIGICEL	Total
Applications for New Service	34	3	5	0	42
Billing Issues	147	10	35	2	194
Change of Tenancy	1	0	0	0	1
Claims for compensation	9	0	0	0	9
Claims of Wrongful Disconnection	27	0	14	0	41
Allegations of Tampering	20	0	0	0	20
Tariff Issues	6	0	1	0	7
Technical Issues	34	42	7	3	86
Transfer of Service	0	5	0	0	5
<b>Total</b>	278	60	62	5	405

Complaints were received from six of the ten administrative regions as follows:

Issue	Region 2	Region 3	Region 4	Region 5	Region 6	Region 10	Total
Applications for New Service	2	06	33	0	1	0	42
Billing Issues	0	10	176	3	5	0	194
Change of Tenancy	0	00	1	0	0	0	1
Claims for Compensation	0	01	8	0	0	0	9
Claims of Wrongful Disconnection	0	07	32	0	2	0	41
Allegations of Tampering	0	03	14	1	2	0	20
Tariff Issues	0	0	7	0	0	0	7
Technical Issues	0	10	70	1	4	1	86
Transfer of Service	0	01	4	0	0	0	05
<b>Total</b>	2	38	345	5	14	01	405

## Method of Complaint

Utility	Visit	Telephone	Email	Fax	Letter	Total
GPL	223	22	7	2	24	278
GTT	25	17	9	0	9	60
GWI	48	6	3	0	5	62
DIGICEL	3	1	0	0	1	5
<b>Total</b>	299	46	19	2	39	405

### **PUBLIC AWARENESS EXERCISES**

The Commission continues to be featured once monthly on the National Communications Network (NCN) – Radio and Television. Every first Monday at 07:00h on the Guyana Today Show (TV) and Lets Gaff at 11:00h every second Thursday on VOG Radio. The PUC was also invited to do a presentation on TVG Channel 28 television programme “The Factoid”.

Additionally, visits were made to various communities and schools where staff interacted with members of the communities informing them on the role and functions of the Commission. Presentations were done with the Parent Teachers Associations at the St. Margret’s Primary and the Brickdam Secondary School, Court’s Georgetown, Diamond, the Ancient Order of Foresters Lodge and the Guyana Industrial Training Centre.

Three brochures were created and distributed by the PUC to sensitize the public on the functions and services offered by the Commission. These were tips on fire preventions and a factsheet on the new Customer Services Standards for the GPL.

### **CONCLUSION**

The year was relatively successful for the Division. The establishment of the Berbice office assisted in ensuring that more Guyanese were afforded the opportunity to access the service of the Commission.

## BERBICE COMPLAINTS DIVISION REPORT

Monique Welch – Supervisor

### OVERVIEW



The Complaints' Division – Berbice Branch of the Public Utilities Commission situate at Lot AV, Free Yard, Port Mourant, Corentyn, Berbice continues with its mandate in 2012, to resolve disputes between consumers and the regulated utility companies – namely the Guyana Power & Light Inc. (GPL); Guyana Water Inc. (GWI); Guyana Telephone & Telegraph Co (GTT) and U-mobile (Cellular) Inc. trading as Digicel (Guyana).

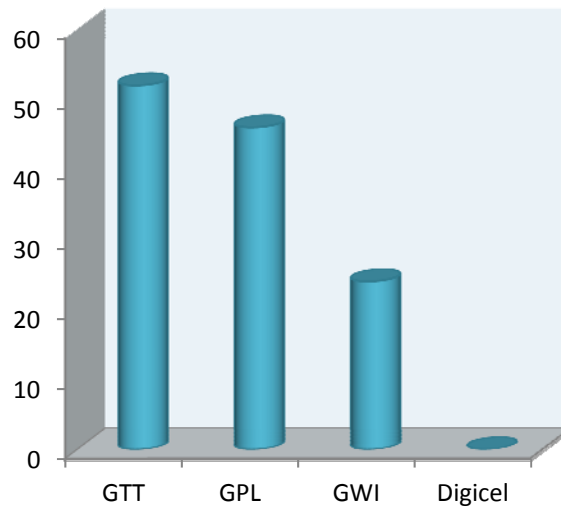
The branch was opened to the public on March 5, 2012; and the official opening was held on May 21, 2012. **The feature address was delivered by the Honourable Prime Minister – Dr. Samuel Hinds.** In addition to the Commissioners and staff members of the PUC Georgetown Office, also present at the opening were members of the business community, Head Teachers, representatives of the utility companies and members of the public. There were brief remarks given by the Corporate Secretary of the PUC – Mr. Vidiahar Persaud; the Chairman of the Commission – Mr. Prem Persaud and Regional Chairman for Region 6 - Mr. David Armogan.



*The Honourable Prime Minister – Dr. Samuel Hinds cutting the ribbon to declare the office officially opened. Looking on are the Chairman of the PUC and Director of the University of Guyana – Tain Campus.*

The Berbice Branch received a total of 121 complaints in 2012 against the regulated utilities. Complaints against each utility are detailed below.

<b>GTT</b>	<b>51</b>
<b>GPL</b>	<b>46</b>
<b>GWI</b>	<b>24</b>
<b>Digicel</b>	<b>0</b>



The Commission secured a total of six hundred and eighty two thousand two hundred and sixty four dollars (\$682,264) in credits/rebates as at December 2012 on behalf of customers from the utilities. A break down as per utility is shown below.

GPL	-	\$400,544.00
GWI	-	\$267,598.00
GTT	-	\$ 14,122.48

Of the 121 complaints received, 89 were resolved and 32 are at varying stages of investigation. Fifty-eight of the resolutions were in favour of consumers. Thirty-one were denied after investigations determined that the utilities were not in breach of their respective service standards and regulations.

As a result of the successful intervention of the PUC, a sum of \$682,264.00 was credited to consumers' accounts.

### **GUYANA TELEPHONE & TELEGRAPH CO. LTD**

Fifty one (51) complaints were lodged against the Guyana Telephone & Telegraph Company of which thirteen (13) are being actively pursued at the end of the year. Technical issues seem to be the prevailing complaint. The table below shows a breakdown of the areas of complaint and the number of complaints received in each category.

<b>Complaint Category</b>	<b>No.</b>
<b>Technical Issues</b>	<b>43</b>
<b>Applications for Service</b>	<b>6</b>
<b>Transfer of Service</b>	<b>1</b>
<b>Miscellaneous</b>	<b>1</b>
<b>Total</b>	<b>51</b>

### **GUYANA POWER & LIGHT INC**

There were forty six (46) complaints received against GPL. These complaints included debit adjustments to consumers' accounts following allegations of tampering by the company and billing queries. The following table illustrates the categories of complaints received against the power company.

There are thirteen (13) complaints being pursued by the Commission as at the end of the year 2012.

<b>Complaint Category</b>	<b>No.</b>
<b>Applications for Service</b>	6
<b>Billing Queries</b>	17
<b>Change of Tenancy</b>	1
<b>Compensation</b>	3
<b>Disconnections</b>	10
<b>Allegations of Tampering</b>	4
<b>Tariff Issues</b>	1
<b>Technical Issues</b>	4
<b>Total</b>	46

#### **GUYANA WATER INC**

Twenty four (24) complaints were received against the Guyana Water Inc. At the end of 2012 six (6) complaints were still being investigated. Billing queries formed the majority of complaints for the water sector.

<b>Complaint Category</b>	<b>No.</b>
<b>Applications for Service</b>	2
<b>Billing Queries</b>	8
<b>Compensation</b>	2
<b>Disconnections</b>	5
<b>Allegations of Tampering</b>	1
<b>Technical Issues</b>	6
<b>Total</b>	24

## COMPLAINTS BY REGIONS

Complaints received from Regions' Nos. 5 & 6 were as follows:

Regions	GPL	GT&T	GWI	TOTAL
No. 5	3	2	1	6
No. 6	43	49	23	115

Plans are in place to better monitor the utilities' performance in the Region 5 area for the new year.

It should be noted that consumers prefer to interact with staff on a personal basis while seeking resolution to their issues. Eighty (80) of the complaints received were through office visits, forty (40) via the telephone and one (1) by letter.

## PUBLIC AWARENESS CAMPAIGN

The Commission has had several public awareness campaigns sensitizing the public in Berbice of the PUC's role and functions; and at the same time interacting and obtaining feedback from the consumers with respect to problems being experienced in the different areas.

Listed below are the areas visited by the Berbice Branch in 2012 in aid of reaching out to the consumers.

### Consumer Awareness Campaign – 2012

1. Rose Hall Market & PTA Meeting at Ankerville Nursery School - March
2. Smythfield & Tucber Park, New Amsterdam - April
3. Bound Yard, Port Mourant & Angoy's Ave, New Amsterdam - May
4. Tain, Port Mourant & Bermine H/Scheme, New Amsterdam - July
5. Stanleytown, New Amsterdam & John's Village Corentyne - August
6. Islington, Greater N/A & Hampshire Village, Corentyne - September
7. Reliance Village, East Canje - October
8. Nigg Settlement, Corentyne - November



Monique Welch interacting with a resident in New Amsterdam



Ms. Veerasammy chatting with some residents of Bound Yard, Port Mourant, Corentyne.



## **STAFF TRAINING**

Being new recruits of the PUC, induction training sessions were held for the staff of the Berbice Office from the February 27 to March 2, 2012. These sessions were conducted at the PUC's Head Office in Georgetown.

Additionally, in September training sessions were conducted on location at the Berbice Office.

## **CONCLUSION**

The Public Utilities Commission is mandated *inter alia* to assist in the resolution of disputes between consumers and the regulated utilities. Based on the strategic location of the Berbice Office, the Commission will continue to reach out to communities of Regions' five (5) and six (6) to ensure that consumers' issues and grievances are addressed in a timely manner.

## ENGINEER'S REPORT

Shankar Singh - Engineer

### GPL'S 2012 OPERATING STANDARDS & PERFORMANCE TARGETS



#### **System Average Interruption Frequency Index (SAIFI)**

The 2012 target of this ratio for the *total number of customer interruptions* to the *total customers served* was 120. By the end of August 2012, the SAIFI had exceeded the target by 6.2.

#### **System Average Interruption Duration Index (SAIDI)**

The 2012 target of this ratio for the *total customer hours of interruptions* to the *total customers served* was 180 hrs. At the end of third quarter, the cumulative SAIDI total was 127.5 hours. At an average of 14.2 hours per month, GPL is expected to meet the SAIDI target for 2012.

The above SAIFI and SAIDI values indicated that while the number of customer interruptions did not meet the target, the duration of the interruptions should be within target.

#### **Voltage Regulation**

This standard requires GPL to maintain  $\pm 5\%$  of nominal voltage in stable conditions and  $\pm 10\%$  of nominal voltage after system disturbances. However, GPL claimed that it was difficult to monitor the voltage delivered to each customer and instead reported on the time taken to resolve voltage complaints due to network reconfiguration, vegetation, upgrade of lines, additional transformers, etc. GPL reported that it took less than the 60 days target to resolve such complaints.

It appears inconceivable that the intention of the standard would have been for GPL to monitor the voltage supplied to each customer, when it is not yet into the era of smart meters. As a start, the possibility of monitoring voltages at main transmission and distribution locations, for example feeders, can be explored.

## **Losses**

The 28.65 % losses target for 2012 was divided into 14.65 % for Technical and 14.00 % for Commercial. At the end of the third quarter, the monthly values provided by GPL indicated that the average Technical Losses amounted to 14.56 %, while the average Commercial Losses amounted to 17.39 %, resulting in an average total of 31.95 % losses.

Therefore, while the technical losses were kept within the 14.65 % target up to the end of the third quarter, at no time did the commercial losses reduce to the target level during the same period in 2012.

## **Average Availability**

With a target of 75 %, the average availability improved from 71 % in the first quarter to 74 % in the third quarter. It therefore appears that the available hours of the generating sets have been increasing.

## **GWIS WATER QUALITY STANDARDS**

The PUC has been collecting water quality and bacteriological data from GWI at the end of each quarter since December 2010. The results of the parameters tested by GWI are compared with those of the WHO Standards, as per the *Licence to Supply Water and Sewerage Services and Advisory Services for Public Purposes*.

At the end of the third quarter of 2012, data provided for 24 treatment facilities indicated that seven (Fellowship, Vergenoegen, Mon Repos, Sophia, Central Ruimveldt, Cotton Tree and Queenstown) were within the WHO recommended drinking water limits for pH/turbidity/iron/aluminium/colour/chlorine residual. Of the remaining 17 facilities, significant improvement was observed in pH from the facilities that process surface water in Bartica and Mackenzie for distribution. However, turbidity, aluminium and colour, which were previously within WHO limits at some of the facilities (Bartica, Lima, Better Hope, Friendship, West Watooka, Linden Power Company, Amelia's Ward, Wisroc and Port Mourant), went out of range. The data indicated that not only final water processed from

surface water failed colour, but final water processed from well water at Lima, Pouderoyen, Better Hope, Eccles and Port Mourant failed colour as well.

The bacteriological data provided for the third quarter also indicated that water from eight of the 24 treatment facilities at Lima, Vergenoegen, Better Hope, Friendship, Covent Garden, Golden Grove, Shelter Belt and №.56 contained total coliforms after the treatment process. Of the 8, water from Better Hope, Covent Garden, Golden Grove, Shelter Belt and №.56 contained chlorine residual in the third quarter of 2012. No chlorine residual was reported for Vergenoegen and Friendship plants in 2012 while a residual was reported for Lima plant in the second quarter only.

Similar data provided for 32 pump stations indicated that water (untreated) from 20 stations (Free and Easy, Noitgedacht, Goed Fortuin, Belle Vue, Parfait Harmony, West Minister, L'Oratoire, Wales, Industry, Timehri, Kingston, Turkeyen, Weldaad, Kingelly, Bushlot, Bath Settlement, №.7, Ithaca, №.57 and №.69) contained total coliforms, while faecal coliforms were present in the water from pump stations at Parfaith Harmony, Wales and №.69.

In 2012, limited bacteriological data was only provided for distribution networks at Bartica, Eccles, Covent Garden, Golden Grove and West Watooka.

## **FINANCE DIVISION REPORT**

Moorsalene Sankar – Financial Analyst I

### **GUYANA WATER INCORPORATED**



#### **GWI Five Year Strategic Plan 2012-2016**

During the year the Government of Guyana and the Multinational Lending Agencies agreed to a five year strategic plan (2012-2016) for the GWI. The objective of the plan is to significantly improve on performance indicators that would allow the company to return to profitability by 2016 and to grow exponentially thereafter.

Among the goals set out in the plan are:

- A reduction of non revenue water currently thought to be about 50% of production to 35% at the end of program. To realize this target, the plan envisages that 95% of consumers will be metered by the end of 2015.
- The replacement of 363 kilometers of transmission mains that would result in a reduction of real losses and at the same time improving the quality of potable water to consumers.
- An increase in tariff rates. In line with the recommendations of the strategic plan GWI has filed with the Public Utilities Commission a request for increase in tariffs.
- An incremental improvement in the collection of consumer debtors by five percent points annually to 2015.
- The rationalization of boreholes, which would result in a reduction of water production, energy cost and non revenue water.
- The plan envisages that 75% of consumers would be receiving treated water at the end of the program.

## **Application to the Commission for an increase in tariffs filed October 31, 2012**

On October 31, 2012 The Guyana Water Incorporated filed with the Commission, an application for an increase in tariff rates. Rates were last reviewed in 2005. The increase currently sought by GWI approximates to 30% and includes a number of new charges that are consistent with utility charges. The salient points of the tariff filing are that consumers may be required to pay a fixed charge and a security deposit charge. Consumers of the same class that receive treated and untreated water will pay differential rates. Generally unmetered consumers will be paying more for water than metered consumers. The rationale for being penal to unmetered consumers is to encourage them to accept a metered service and to reduce on water wastage. GWI has been reporting that unmetered consumers are resistant to being metered and as is often the case vandalize meters when installed. The filing also includes a review of sewerage rates.

The increase tariff rates, if approved, would not return the company to an immediate profit position. The increase, however, would allow for improved cash flows that would allow the company to invest in its non revenue water program, the rationalization of its borehole programmes and the restructuring of its Commercial Division. The savings from these programs together with prudent management should in time enable the company to earn a profit.

### **Public Hearing**

On the 13<sup>th</sup> November the Commission held a public hearing on GWI's tariff filing as is required under the PUC Act. The hearing was suspended to allow the company to submit further information that was received by the Commission in December 2012. There were ongoing consultations between the company and the Commission to the end of the calendar year. It is anticipated that this review would be concluded in the first quarter of 2013.

## **Financial Results**

Based on the un-audited financial statement for 2012 GWI is projecting a loss of approximately \$1.3 billion. The loss would have been much higher but for a substantial subvention received by GWI from the Government of Guyana.

## **Production**

During the year water production was 128 million cubic meters, approximately the same as in 2011. When the borehole rationalization and the metering of consumers are completed GWI anticipates that it may be able to lower water production by 20 million cubic meters and would still be able to satisfy the current demand.

## **Governance**

Based on performance indicators GWI continues to perform poorly in many segments of its operations. Debtors collection, provision for bad debts, stores accounting are areas where greater efforts are needed to bring the operations to an acceptable level of efficiency. The Commission would require that for the future:

- Meters would be read once per quarter and estimated billings would cease
- GWI by 2016 will maintain the level of at least 95% of services having functioning meters
- Consumer data base should be sanitized to reflect legitimate debtors
- Collection rates should increase incrementally each year to 2016; correspondingly bad debt provision should be reduced
- Non revenue water should be reduced by 3-4 percentage points annually to 2016
- All disconnected consumers that have not been legitimately reconnected should be revisited within 60-75 days of being disconnected, to ensure that these customers are not illegally reconnected and outstanding balances should be pursued to the full extent of the law

## **GWI's Capital Expenditure**

GWI's approved capital expenditure for 2012 was \$2.555 billion. During the year the company completed capital works to the value of \$2.3 billion or 88% of the approved

value of its capital programme. GWI's capital works are not only limited to the coastal belt, but includes several projects in the hinterland and Linden areas. In 2012 GWI completed the sinking of five new wells and there are another four wells at various stages of completion. There are also other ongoing capital works that include the expansion of the distribution system and transmission mains in several locations along the coastal belt. The capital works result in continuous improvements in the quality of service to consumers. At the end of 2012 GWI estimates that approximately 59,000 consumers are metered and that 86,000 service connections receive treated water.

### **Conclusion**

GWI's previous attempts to reduce its non revenue water have not been successful. The reasons for the failure have been a lack of liquidity and its inability to collect approximately 15% of its billings. The current 2012-2016 strategic plan offers the company a window of opportunity to come to terms with its non revenue water. The company stands at the crossroads and failure should not be an option.

## **GUYANA POWER AND LIGHT INC. (GPL)**

### **Operating results**

Based on the unaudited management statement GPL has submitted to the Commission the company made an operating loss of approximately \$4 billion before adjustment for taxation. Sales were recorded at \$28.9 billion an increase of 5% over 2011. GPL tariffs were last increased in 2007. Since then and except for financial year 2009, oil prices have been at record levels resulting in significant operating losses to the company during this period. GPL's license gives the company the option to review its tariffs on an annual basis and based on an approved formula to adjust its tariffs in accordance with its license. GPL, however, seldom exercises this option, preferring instead to absorb the losses and rely on Government subventions to sustain its operation. For 2012 the Government has injected \$6 billion as equity into the company.



## **System losses**

System losses continue to be the most disturbing feature of GPL's operations. Although the company has had a measure of success in reducing the losses it still remains at unacceptable levels. The losses are likely to continue to be high unless significant funding is made available to the company's loss reduction program. The company has identified the various components of its system losses and it would be in the interest of the stakeholders to begin to work on these components either singularly or in total to reduce losses to an acceptable level.

Reduction in system losses is an alternative to increased tariffs. Increasing tariffs from its current level may prove counterproductive; it may cause existing commercial consumers to consider the alternative of self generation. This is what GPL will not want. GPL's residential customers who are currently benefitting from a subsidized rate may also find tariff increases oppressive.

In 2012 the Government contributed \$6 billion to GPL as equity. Some of the equity capital was used to fund the operations of the company. Conventional wisdom suggests that equity and debt capital should be used in capital expansion works and not to finance the day to day operations of the company.

It is likely that the Government will continue to subsidize GPL as an alternative to increasing tariffs. The bottom line, however, is that while keeping tariffs in check is commendable, the underlying reason for the subsidies is the high system losses and failure to address this problem means that billions of dollars will continue to be lost annually which ironically are borne by GPL and the Government. In the meantime the system losses remain. The Commission's estimates that in the five year Development and Expansion Program (2012 -2016) system losses will cost the company in excess of forty billion dollars on the assumption that oil prices remain at its existing level. The solution to the problem is to begin to invest in reducing the losses and to enjoy the increased revenues that will eventually flow to GPL that in time may end Government's subventions to the company.

### **Operating Standards and Performance Targets: (OSPT)**

On the 4<sup>th</sup> 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 mandated 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 in accordance with the license and applicable law. The Commission is expected to publicly report on GPL's performance not later than April 30 in each calendar year on the previous year's performance. In April 2012 the Commission via a public hearing reported on GPL's performance for 2011. Based on the findings of the Commission the PUC issued Order 1 of 2012.

The Commission concluded its report by noting that GPL's execution of the operating standards were basically at an acceptable level but for the standard that measures system losses. The standard was not met in 2011. The Commission remains concerned that system losses currently at 32% drains the financial viability of the company and is the main contributor to high operating losses.

### **Customer Service Standards**

One of the objectives of the standard was for GPL to respond to consumer complaints within a specified time frame. Failure to respond within the specified time frame would result in a fine for non-compliance.

Our review for 2012 indicated that GPL credited consumers' accounts with approximately \$17 million. Had the service standard not limited the number of days and the maximum fines to a fixed amount, GPL would have been required to credit the said consumers' accounts with approximately \$83 million for the same period if the fines ran until the complaints were resolved. It begs the question whether the GPL has accepted the customer service standards in the spirit in which it was intended or whether it is business

as usual. Management needs to investigate the reasons for these long delays and to begin to hold its officers responsible for infractions.

### **Amalia Hydro Project**

Since 2006 GPL has been reporting in its rolling five year Development and Expansion plans the purchase of most of its power from an IPP that was anticipated to begin operations in 2010. Since then the anticipated purchase of power from this IPP has been rescheduled annually and in its 2012-2016 Development and Expansion plan GPL is projecting that the IPP will come to fruition in the fourth quarter of 2015. GPL has made a number of assumptions with respect to the purchase of power from the IPP which include:

- Anticipated price to be paid for a kilowatt hour
- Rebalancing of tariff rates
- Anticipated demand for power that includes Linden as a new service area
- A commitment to purchase all of the power from the IPP.

There is no certainty, however, that this project may be realized. As an alternative the Commission suggests that a feasibility study be conducted to determine whether Guyana with its myriad water ways can build a number of small hydro projects within strategic areas of the country.

### **Conclusion:**

GPL operations are not consistent with acceptable business practices. The tariff base that has been imposed on the company over the past thirty years, except for the period when the Electricity Supply Board of Ireland managed the company, has not only restricted the initiative of management but has been responsible for the high system losses that the company currently experiences. GPL funds most of its capital expansions by borrowing and the company's current long and short term liabilities are approximately \$38 billion at the end of 2012. On its current tariff base and with a rate of return no greater than 8% it will be difficult for GPL to service its loans and may have to rely on the Government for continued financial support.

## **TELECOMMUNICATIONS**

The telecommunication sector remains dynamic during the year under review as the two major companies demonstrate a positive outlook and confidence in the future. This was evident in the rush to expand networks and to employ a wide variety of innovative marketing strategies. Combined data for both fixed and mobile services at December 31<sup>st</sup> 2012 suggest that Guyana is moving closer to 100% teledensity; however, ownership of multiple lines and mobile sets mean that there are some areas that may not be adequately served.

The basic problems of access to voice service in certain geographic areas remain and while we can empathize with the Guyana Telephone and Telegraph Company given the many challenges they face in complying with the license a greater effort is needed by the telephone company in carrying the service to hitherto un-served areas.

### **Telecoms Reform Sector Act**

The Telecom Reform Sector Act that was tabled in Parliament in the 4<sup>th</sup> Quarter of 2011 and which was expected to become law in 2011 did not materialize. The bill has been reintroduced in the new parliament and has been the subject of on-going consultations among the Government, the Opposition parties and the two Telecoms companies.

### **Government land line cable**

In our previous report the Commission reported that the Government's landline cable would have been launched in 2012. This did not happen and the launching is now expected sometime in 2013. The Commission does not have a business plan for the Government's landline cable. Our information is that it will be used in the first instance to supply services to the Government and Government related agencies. Whether the Government will at some time thereafter expand the range of services to include the internet market.

## **Investments in the Telecoms Sector**

Investments in the telecoms industry continue to be strong. In 2012 GT&T invested \$4.2 million USD in the sector. Included in their capital program was the setting up of five new mobile cell sites that further increased the reach and quality of service to consumers. This brings the number of cell sites operated by GT&T to 111 at the end of 2012. GT&T estimates that its fixed and mobile network combined, reach approximately 90% of the population.

In 2012 Digicel had invested \$ 8.8 million USD in the sector. Digicel has posited that currently 94% of the population can avail their network in the areas that they live and work. In 2012 Digicel added three new mobile cell sites to their operations bringing the total number of cell sites to 124.

Should Universal Service become mandatory it can be envisaged that in time the entire country would be covered. This is a positive, especially at a time when the interior of the country is being opened up for the exploitation of its mineral resources; communication is a prerequisite in promoting this development.

## **Services**

### **Mobile**

At the end of 2012 the number of active mobile services was 557,234. The penetration rate based on a population of 775,000 is 72%. The combined mobile minutes made from both networks totaled approximately 1.5 billion minutes. However since it is the practice of service providers to offer promotional minutes not all of the recorded minutes are paid minutes. The promotional minutes for 2012 are approximately 650 million.

Based on data analyzed by the Commission mobile users seem to be switching to feature phones meaning that the handsets have General Packet Radio Services (GPRS) capacity. This service enables the mobile holder to access a number of services that include the internet among other services. In 2012 Digicel reported that 46% of its consumers had handsets with GPRS capabilities.

**Landline**

At the end of 2012 the number of active landline services was 154,039. (152,590 in 2011) This gives a penetration rate of 20% assuming a population of 775,000. Minutes of use in 2012 were 1.145 billion minutes compared to 1.199 billion in 2011. The average annual minutes of use per line in 2012 was 7,430 and in 2011 7,875.

GT&T has reported that although it continues to invest heavily in the landline segment of its business there has not been commensurate growth in minutes to justify future investments in this sector. Other concerns of GT&T are that the number of people surrendering their services and the vandalizing of its landline infrastructure by person(s) unknown. GT&T has complained that when a service is surrendered and providing that the service is not allocated to another customer the resources used in providing the service falls into disuse resulting in a waste of company's resources.

GT&T should recognize that landline services are in direct competition with cellular and more recently with short messaging services (SMS). The latter seems to be the preferred choice of communication especially among the younger generation and the volume of traffic significantly increases GT&T's revenues. Further, both companies advertise cellular and SMS to the point where they inculcate into the psyche of consumers the exclusive use of the two services to the detriment of the landline service.

**Inbound calls**

Inbound international traffic that are calls originating from overseas countries to Guyana fell in 2012 by 9% when compared to the previous year. In 2012 inbound minutes were approximately 79 million and in 2011 approximately 87 million. The reduction in minutes may not be indicative of a decline in international traffic; rather it may be due in part to advance technologies that allow for the by-pass of GT&T's international gateway. The reduction in international traffic continues to impact negatively on GT&T's profit and by extension results in a loss of taxes to the Guyana Revenue Authority.

### **Outbound Calls**

Outbound international traffic that are calls originating from Guyana to overseas destinations, have increased by 1.725 million minutes over 2011 to 38.2 million or by 4.7% over the previous period. This segment of GT&T's business has been severely challenged by the internet service providers that provide international outbound services at a fraction of GT&T's approved PUC rates. GT&T has responded to this challenge by significantly reducing the PUC approved international rates in a promotion that ran for the entire 2012 and looks set to continue into 2013. The Commission's analysis of the promotion suggests that the company has had only minimal success.

GT&T is obliged to route outbound calls originating from its network to overseas destination through its contracted carriers. The carriers charge a fee for this service varying from 19 US cents to 23 US cents. Conversely GT&T receives from these carriers a like amount for inbound calls that are terminated on its network. It is for this reason that the cost for outbound calls made through GT&T remain high. It is unlikely that GT&T will be able to compete successfully against the internet service providers and this segment of the company's business remains threatened.

### **Short Messaging Services (SMS)/Text Messages**

Text messaging is becoming a culture in the way mainly young people communicate. For 2012 the combined number of recorded text messages that originated from the two service providers was approximately 617 million. However not all of the text messages were paid texts; approximately 120 million texts were free as consumers took advantage of Digicel's promotional offer.

### **Internet Service**

In 2011 the Commission reported on the imminent launch of the Government cable which did not come to fruition and the ongoing distribution of the 90,000 laptops. When the laptops are fully distributed the potential is there for the continued growth of the internet market. The advent of smart phones and its myriad applications that include internet have expanded the reach of internet services to a wider area within the country.

Further cellular internet services are significantly cheaper than DSL and this offers a window of opportunity to consumers that cannot afford the relatively high cost of a DSL service. At the end of 2012 GT&T reported that the number of DSL services totaled 29,475 and LAN cards 3,514. The Commission is unable to report how many mobile subscribers enjoy an internet service and the number of internet services from other internet service providers.

### **Conclusion**

The Commission's analysis of the telecoms market is that it is at virtual saturation point. The launch of the Government cable together with the free distribution of laptops may change the dynamics of the internet market. The cable, we understand, will provide services to all Government institutions and particularly to the institutions of learning that in time will have significant benefits for the nation.



**FINANCIAL REVIEW**  
**Orin Edghill – Accountant**



In 2012 the Commission saw the launching of its Berbice Branch Office. This office had been in the pipeline for some years but out of financial prudence the Commission had to postpone this development for a number of years.

It is hoped that this office will greatly benefit the people of Regions 5 and 6, who for many years had to journey all the way to the Georgetown office to conduct business with the Commission. With this in mind the Commission chose to site this Branch in Port Mourant, which is somewhat central to the town of New Amsterdam and the upper Corentyne area; the two most populous parts of the region.

In line with the Commission's Strategic Plan we are now looking at establishment of an office in the Essequibo area. With a view to this some preliminary work has already been completed.

All of the developments mentioned above obviously have a cost attached to it, which the Commission is closely monitoring.

With the coming on stream of its Berbice Office and the possibility of an Essequibo office, the Commission's finances may be stretched. However, to be better able to deliver on its mandate, the commission cannot continue to postpone its expansion work.

Another area as identified in an earlier review is our concern as to the suitability of the building now housing our headquarters. As identified earlier, the acquisition of a suitable building will come at a significant cost and to this end a building fund has been established. In the interim the Commission anticipates considerable sums will be expended for remedial work to our current office.

It is anticipated that the years 2013 and beyond will be challenging with the Commission's decision to forge ahead with its planned expansion in to the Regions.

At the date this report was prepared, our financial statements were not yet audited by the Audit Office. The Commission hopes however, to have them audited in the near future.

The following is the unaudited statements for the year ending December 31, 2012.