



Public Utilities Commission Annual Report



2014

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



It gives me pleasure once again, to present our twenty-fourth Annual Report for the year 2014.

The Commission's functions and duties are principally concerned with overseeing the operations of the three public utility services provided by four operators in Guyana. These are telecommunications provided by both Guyana Telephone & Telegraph Co. Ltd. and U-Mobile (Cellular) Inc. trading as Digicel, water and sewerage services provided by the Guyana Water Inc. , and electricity provided by the Guyana Power and Light Inc.

The Commission is bound by statute to perform regulatory, investigatory, enforcement and such other functions conferred on it by legislation. We are an independent body corporate, and our deliberations and decisions are not subject to the direction or control of anyone. Notwithstanding however, if we operate outside the scope of our authority or are influenced by factors inconsistent with our mandate, we will be subject to the authority of the Supreme Court of Judicature via the Court of Appeal.

It does not appear to be generally known that the finances to carry out our several duties including the payment of salary and wages are not provided by the government through any of its agencies. Our income is obtained by assessment of the utility companies under our purview. Our finances are audited annually and at the present time auditors are conducting their audit of our Commission for year 2014.

We have over the years safeguarded and are continuing to protect the interests of all consumers, ensuring the efficient and safe provision of the services to which they are entitled, at reasonable rates. At the same time we have to hold the balance to ensure the financial integrity of the utility providers.

The Commission fixes the rates for water and telecommunication sectors. We monitor the standard of service provided by each utility company to ensure that an acceptable standard is received, and may impose penalties for non compliance. Each year consumers are credited with various sums of money for breaches, and the annual amount is hundreds of thousand dollars.

Our duties are not restricted to the complaints we receive, but certain provisions of the recently promulgated Competition Commission fall under our authority. We also receive and deal with complaints from the Consumer Department within the Ministry of Tourism, Industry and Commerce.

We identify human resources and operational operatives, and we offer in-house, external and overseas training on a regular basis for staff. We hold regular outreach programmes where staff meet with and liaise with members of the public at market places and shopping centres listening to and dealing with their complaints. Staff also visit schools and interact with teachers and students. We also prepare and print brochures and pamphlets which are freely distributed to members of the public as part of our monthly public relations exercises.

Radio and television stations do offer time, which we gratefully accept, when staff attend and deliver talks and advice to the public.

Our Commission is a member of the Organisation of Caribbean Utility Regulators Inc. (OOCUR) which has, at the moment, twelve Caribbean Regulatory Commissions, as members. OOCUR is a company registered in Guyana where we enjoy certain privileges from the Ministry of Finance – and is headquartered here and housed in the premises of the Guyana Public Utilities Commission. It may be of interest to note that the purpose and objectives of OOCUR are to assist in the improvement of utility regulation in the Caribbean, to undertake research, training and development, to facilitate understanding of regulatory issues and to share information and experience.

I wish to commend the members of staff for their loyalty and devotion to duty, and particularly our complaints officers who take pride and pleasure in offering service, advice and assistance to

consumers, and this includes the members of our hard working Berbice Branch Office, located in Port Mourant.

In 2015 the PUC will continue to fulfill our mandate to consumers and to utility operators and to work with all parties to achieve an efficient service that is acceptable by all at a reasonable cost, and towards creating an environment for universal access.

INTRODUCTION

The Public Utilities Commission is pleased to present its twenty-fourth Annual Report, in accordance with section 85 of the PUC Act, No. 10 of 1999, as amended.

This report is intended to inform of the PUC's activities during the year 2014 and our resolve to maintain a balance between the consumers and the interests of the regulated utilities.

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.

The Act provides for a Chairman and four Commissioners. The Commission presently consists of a Chairman, who is a full time official, and two Commissioners, who are part-time functionaries. The current members are as follows:

- | | | |
|----------------------------|---|----------|
| • 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 an acceptable quality of service, which is cost effective and beneficial to all stakeholders.

Objectives

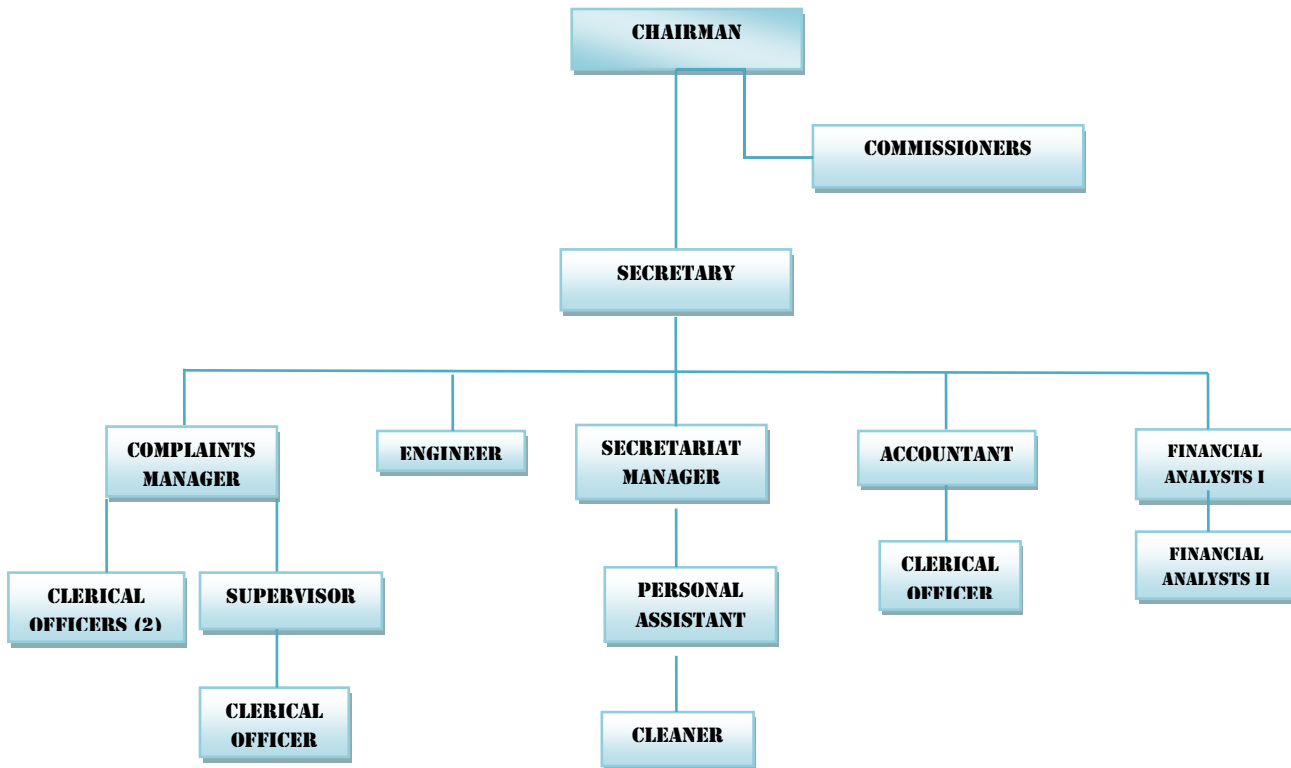
- To establish and enforce rules and procedures for the regulation of public utilities, commensurate with internationally accepted regulatory standards.

- To promote and regulate the efficient long-term provision of utility services for national development that are consistent with Government policies.
- To provide an environment conducive to investments in the public utilities sector.
- Safeguard the interests of consumers.
- To investigate and seek to resolve in a timely manner complaints filed with the Commission against any public utility.
- To carry out our 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.

**ORGANISATIONAL CHART
2014**



PUBLIC UTILITIES

The Act defines a 'Public Utility' as any person who or which owns facilities used to provide the following service:

- (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, and shall not be subject to the jurisdiction of the Public Utilities Commission.

- (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
- U-Mobile (Cellular) Inc. (Digicel) – From 2007
- Guyana Power & Light Inc. - From 1999
- Guyana Water Inc. - From 2003

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 then be sought through the PUC.

Complaints can be submitted to:

GEORGETOWN OFFICE:

POST/VISIT: 106 New Garden Street, Queenstown, Georgetown
TEL/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:

POST/VISIT: Public Utilities Commission, 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 2014. The Complaints' Procedure, Rules for Determining Consumers' Complaints, Notices and Documents pertaining to Public Hearings, Complaints' Monthly Reports, Annual Reports and all 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.

STAFF DEVELOPMENT

In 2014 staff members were trained in several areas of interest regarding the work of the Commission. These training sessions gave the staff an opportunity for personal and professional

development. The following in-house training sessions were conducted during the year by Mr. Nikita Somwaru – PUC Engineer

- *Use of the Fire Extinguisher*
- *Potable Water Treatment Standard*
- *The use of the Private Branch Exchange (PBX) Telephone System*

NEW RECRUITS

During the year Mr. Elroy Halley, Ms. Anuradha Mohabir and Ms. Seema Sookram joined the PUC in the Accounts, Complaints and Finance Divisions, respectively.

NEW PREMISES

During the year the Commission also acquired its own premises at Lot 106, New Garden Street, Queenstown, Georgetown. We began occupation of the new office on December 01, 2014.

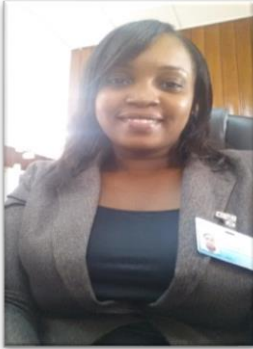


New Office

GEORGETOWN COMPLAINTS DIVISION REPORT

Destra Bourne –Complaints Manager

OVERVIEW



The Complaints' Division continued with its programme in 2014 to assist in the resolution of disputes between consumers and the utility service providers in the Electricity, Telecommunication and Water and Sewerage sectors operated by the Guyana Power & Light Inc. (GPL), Guyana Telephone & Telegraph Co. (GT&T), U-mobile (Cellular) Inc. trading as Digicel and Guyana Water Inc. (GWI) respectively.

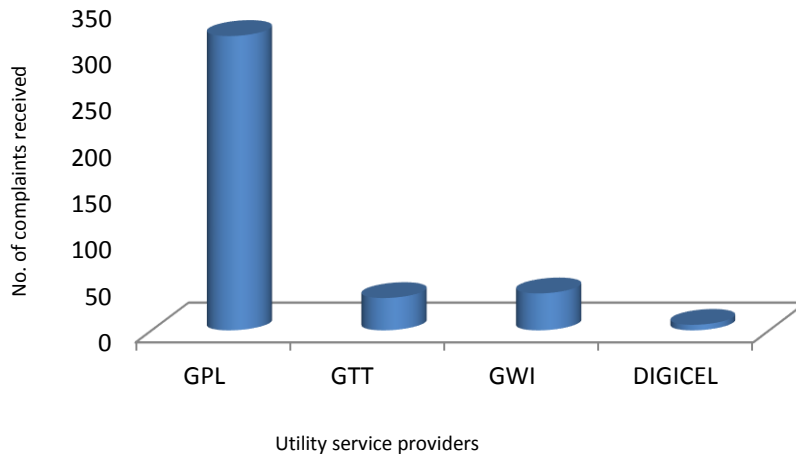
The Division's public relations drive to improve the visibility of the Commission in its effort to encourage more persons to utilize the services offered has been reasonably successful, and the Division has had favourable responses from consumers.

COMPLAINTS RECEIVED

Three hundred and ninety-eight (398) complaints were received at the Georgetown office for the year 2014 against the four regulated utilities as set out in the table and chart hereunder.

Utility	Amount
GPL	317
GT&T	35
GWI	40
DIGICEL	6
TOTAL	398

Graph showing the number of complaints received by the utility companies for the year 2014.



At December 31, 2014 two hundred and fifty-eight (258) of the three hundred and ninety-eight (398) complaints received at the Georgetown Office (64.8%) were resolved. Some of the resolutions resulted in credits to consumers amounting to two million five hundred and eighty-five thousand eleven dollars (\$2,585,011) and are as follows:

GPL	\$2,349,739.00
GWI	\$136,429.00
GT&T	\$94,843.48
DIGICEL	\$4,000.00

COMPLAINTS RESOLVED BY UTILITY

Of the three hundred and seventeen (317) complaints received against GPL, one hundred and seventy-seven (177) were resolved, nine (9) were withdrawn and one hundred and thirty-one (131) remain pending.

Thirty-one (31) of the 35 complaints against GT&T were resolved and four (4) remained unresolved at December 31, 2014.

Thirty-four (34) of the 40 complaints against GWI were resolved, one was rejected as it did not fall within Commission’s mandate and five (5) remained unresolved at the end of the year.

All six (6) complaints received against Digicel were resolved at the end of December 2014.

The table below shows complaints resolved by utilities:

	GPL	GT&T	GWI	DIGICEL	Total
In favor of consumer	61	25	17	3	106
In favor of utility	116	6	17	3	142
Complaints rejected	0	0	1	0	1
Complaints withdrawn	9	0	0	0	9
Unresolved at Dec 31, 2014	131	4	5	0	140
Total	317	35	40	6	398

COMPLAINTS RECEIVED

Similar to the previous year, complaints received against GPL with respect to the allegations of tampering were the majority. However, this year saw an increase in the complaints received for this category by 43% as compared to the previous year. There was a noticeable increase in complaints received against GPL by applicants for new services and an increase in claims of wrongful disconnection. Complaints received for the remaining categories were relatively the same except for billing issues which saw a reduction of the complaints received by 18% when compared to the previous year.

Complaints received against GT&T have reduced by 6% while complaints received against GWI have reduced by 5%. However, complaints received against GWI s for the claims of wrongful disconnection have increased. This may be as a result of the disconnection campaign conducted by the Utility during the later part of the year.

Generally, there have not been many complaints filed with the Commission with respect to the mobile service in the telecommunication sector. This may be as a result of the competitive nature of the service.

Categories of Complaints:

Issues	GPL	GT&T	GWI	DIGICEL	Total
Application for New Service	37	4	3	0	44
Billing Issues	57	3	21	4	85
Change of Tenancy	04	0	0	0	4
Claims for Compensation	08	0	0	1	9
Claims of Wrongful Disconnection	42	1	12	0	55
Allegations of Tampering	142	0	0	0	142
Tariff Issues	2	0	0	0	2
Technical Issues	25	27	4	1	57
Transfer of Service	0	0	0	0	0
Total	317	35	40	6	398

Complaints by Region:

Issues	Reg 2	Reg 3	Reg 4	Reg 5	Reg 6	Reg 7	Reg 10	Total
Application for New Service	0	9	34	0	1	0	0	44
Billing Issues	1	9	69	0	4	2	0	85
Change of Tenancy	0	1	3	0	0	0	0	4
Claims for Compensation	0	1	7	0	1	0	0	9
Claims of wrongful Disconnection	1	7	43	1	1	0	2	55
Allegations of Tampering	2	18	117	0	3	2	0	142
Tariff Issues	0	0	0	0	2	0	0	2
Technical Issue	1	7	43	0	2	3	1	57
Transfer of Service	0	0	0	0	0	0	0	0
Total	5	52	316	1	14	7	3	398

The Division noted that the further the Regions are from the Commission's main operating centre the fewer complaints received.

Receiving Medium for Complaints:

Utility	Visit	Telephone	Email/Website	Fax	Letter	Total
GPL	260	10	6	0	12	317
GTT	7	10	4	0	14	35
GWI	23	5	3	0	9	40
DIGICEL	1	2	1	0	2	6
Total	291	36	14	0	57	398

General Matters

During the year the Commission conducted public hearings with respect to complaints filed with the Commission by Mr. Leonard Craig and Mr. Haris Chandra Balkaran.

Complaint filed by Mr. Craig

Mr. Leonard Craig filed a complaint with the Commission against Digicel on February 11, 2013 seeking just and reasonable compensation from, and cessation of an allegedly deceptive trading practice by U-Mobile (Cellular) Inc. (Digicel).

Mr. Craig claimed that he was the holder of a cellular phone since October 2011 and whenever he made calls to another Digicel number, if the called party does not answer, his calls are routed to a voice prompt notifying him that the called party is not available or that his call is about to be transferred to a voice mail service for which he is being charged \$1.20 or more on each occasion.

It was further stated that this practice by Digicel is unfair, deceptive and calculated to profit by cheating customers. Also, that the voice prompt indicating the state of the called party's telephone cannot be a legitimate part of the charge for the termination of a call.

Public hearings on the matter were held and Order No. 3 of 2014 was issued on May 9, 2014. This order can be found on the PUC's website www.puc.org.gy. The following is a brief of the Commission's Order in favour of Mr. Craig:

- I. To provide the mobile voicemail service for free to subscribers.
- II. Allow a calling party to a mobile number a minimum of eight (8) rings.
- III. Where a call to mobile number is not answered after eight (8) rings the following shall apply:
 - a. The calling party shall hear the operator pre-recorded notification that the call will be transferred to the voicemail facility of the called party. No billing shall take place between the initiation of the call and the completion of the pre-recorded notification.
 - b. If the caller does not terminate the call by the end of the notification referred to in (a) above, the call shall be directed to the voicemail facility maintained by the called party, and billing shall commence. Billing shall commence whether or not the called party maintains a personal voicemail greeting.
 - c. The charges incurred by the calling party under (b) above shall be the applicable retail calling rate prevailing at the time.

Complaint filed by Mr. Balkaran

Mr. Haris Chandra Balkaran of Lot 17 North Goed Fortuin, West Bank Demerara filed a complaint with the Commission against GPL on June 2, 2014 seeking an investigation by the Commission into the electrocution of his son (Satyanand Balkaran).

Mr. Balkaran claimed that his son (Satyanand Balkaran) was electrocuted, by coming in contact with a zinc fence energized by an exposed electric wire, property of GPL and died as a result. He stated that there are three houses in a row and his family occupied the middle house. He indicated that GPL planted a pole in front of his residence and activated a service to the third house from the pole. The electric wires that supplied power to both homes were attached to the pole in front of his residence. The electric wire that supplied electricity to the third house fell and rested on his zinc shed and remained there for a period of over five (5) months.

Mr. Balkaran claimed that he had made several reports to the GPL with respect to the unsafe nature of the fallen wire and the consequence of someone coming into contact with it.

After exchanges of letters between the Commission and GPL, the Commission held a hearing with respect to Mr. Balkaran's complaint. By Order No. 4 of 2014 the Commission found that GPL was directly responsible for the incident that triggered the death of the child. The Commission awarded the sum of \$5.2 million for damages for pain and suffering, loss of expectation of life and special damages, to the complainant.

PUBLIC AWARENESS EXERCISES

The Commission conducted several public awareness activities - via radio and visits to various communities - in Regions 3 and 4. The objective of these activities was to sensitize the public of the roles and functions of the PUC, to advise consumers of ongoing matters they may have with the service providers and to obtain feedback from consumers regarding issues they are facing with respect to the services provided by the utilities.



Complaints Manager –
Ms. Bourne on radio



Ms. Bourne at
C.C.S. on Regent Street

Brochures were distributed during visits to communities. 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



CONCLUSION

2014 was a fair year for the Complaints' Division (Georgetown office) with sixty-five percent (65%) of all complaints received against the utilities resolved and thirty-five percent (35%) pending. For 2015 the Commission will be actively pursuing the unresolved complaints and hope to achieve a higher resolution rate with respect to complaints in 2015. There are, however, external constraints that challenge the Division's quest for a greater resolution rate.

Timely responses from GPL continue to be a challenge to the Complaints' Division. This leads to frustration of the resolution process by both consumers and staff of the Division. Often Staff are faced with derogatory comments from complainants when the resolution process is delayed.

There is a fixed time frame within which GPL is mandated to respond to the PUC's complaints – 90% of complaints that are sent to GPL should be responded to by twenty-one (21) days and 100% by forty (40) days of receipt of the original complaint where no site visit is required and forty-seven (47) days where a site visit is required.

Of the three hundred and seventeen (317) complaints received against GPL approximately 50% were not responded to within the timeframe stipulated in the Customer Service Standards.

The GPL's initial response to tampering issues are received within 21 days, however these matters tend to drag on because GPL sends the "other supporting evidence" promised in these letters months later. Also, when queries are raised on matters after a response is received GPL is tardy in responding to the queries raised, and consumers are frustrated by the delays.

GPL is required to credit consumers account for breach of their Customer Service Standards within 30 days. This provides a challenge to the Commission as GPL are crediting the accounts months after the breach has been recognised. This contributes to the lengthy delay of resolving matters.

The Commission will continue its awareness activities throughout 2015 to ensure that consumers obtain redress and have the opportunity to voice their dissatisfaction with the services provided by the utilities.

The Division will continue to receive and investigate consumers' complaints to ensure that regulated utilities offer an efficient service to consumers at a reasonable cost.

BERBICE COMPLAINTS DIVISION REPORT

Monique Welch – Supervisor

OVERVIEW



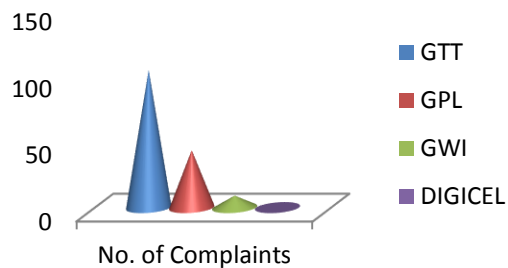
The Complaints' Division – Berbice Branch of the Public Utilities Commission continued with its program in 2014, to assist in the resolution of disputes between consumers and the utility companies under the purview of the Public Utilities Commission.

During the year the public relation 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 fifty -five (155) complaints for the year 2014 against the regulated utilities. Complaints received against each utility are as follows:

Utility	No. of Complaints
GTT	103
GPL	43
GWI	9
DIGICEL	0
TOTAL	155



The Berbice Branch secured a total of seven hundred and sixty three thousand seven hundred and eighty-seven dollars (\$763,787.00) in credits/rebates as at December 2014 on behalf of consumers from the regulated utilities. This was garnered from the 109 or 70 percent of the 155 complaints received that were resolved.

Following is a break-down of the credits as per utility.

GPL	\$401,872.00
GWI	\$413,119.00
GTT	\$71,983.00

COMPLAINTS RESOLVED BY UTILITY

Of the one hundred and three (103) complaints received against GTT, ninety-one (91) were resolved, and twelve (12) are at varying stages of investigation. Seventeen (17) of the Forty-three (43) complaints against GPL were resolved while twenty-six (26) remained unresolved. Eight (8) of the nine (9) complaints against GWI were resolved and one remained unresolved.

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 the 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
GTT	9	52	28	2	91	0
GPL	0	2	2	6	10	16
GWI	0	5	3	0	8	0
Total	9	59	33	8	109	16

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

	GTT	GPL	GWI	Total
In Favour of consumers	87	6	7	100
In favour of utility	4	4	1	9
Complaints rejected	0	0	0	0
Complaints withdrawn	0	0	0	0
Total	91	10	8	109

GUYANA TELEPHONE & TELEGRAPH CO. LTD

The majority of complaints for 2014 were from the Guyana Telephone & Telegraph Company. The 103 complaints lodged with respect to this utility are categorized below.

Complaint Category	No.
Technical Issue	84
Application of Service	11
Transfer of Service	5
Disconnection	3
Total	103

GUYANA POWER & LIGHT INC

A total of 43 complaints were received against the Guyana Power & Light Inc. The table below defines the category of complaints received.

Complaint Category	No.
Tampering	17
Billing	8
Technical Issue	8
Disconnection	5
Application of Service	3
Compensation	2
TOTAL	43

GUYANA WATER INC

Nine (9) complaints were received against the Guyana Water Inc. as at December 2014. The table below shows the breakdown according to categories of complaints received.

Complaint Category	No.
Billing	7
Disconnection	1
Transfer of Service	1
Total	9

COMPLAINTS BY REGIONS

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

Regions	GPL	GT&T	GWI	Total
No. 5	1	5	0	6
No. 6	42	98	9	149

The Division believes that additional work needs to be done in Region 5 to make consumers more aware of the Commission and the services it offers. This will be done in 2015.

Mode of filing complaints

Utility	Visit	Telephone	Letter
GTT	60	43	0
GPL	38	5	0
GWI	7	1	1
TOTAL	105	49	1

PUC 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 sensitized to the problems facing consumers.

The pictures show Ms. Monique Welch, Ms. Sindamanie Veerasammy and Ms. Stacy Parke (temporary staff) of the Berbice Office sensitizing citizens about the role of the PUC.



The following areas were visited by Staff during 2014

- | | | |
|--|---|-----------|
| 1. Vryhied Village, West Canje | - | February |
| 2. Savannah Park, New Amsterdam | - | March |
| 3. Gangaram Settlement, East Canje | - | April |
| 4. Bath Settlement Village, West Coast | - | May |
| 5. Fyrish Village, Corentyne | - | June |
| 6. Nigg Settlement, Corentyne | - | July |
| 7. Hopetown Village, West Coast | - | August |
| 8. Miss Phoebe, Port Mourant | - | September |
| 9. Bangdalesh Village, Corentyne | - | October |
| 10. Letter Kenny Village, Corentyne | - | November |

DEVELOPMENT

Staff members of the Berbice office were trained in understanding the use of the Fire Extinguisher that was installed. This training was conducted by Mr. Nikita Somawaru, PUC's Engineer.

FINANCE DIVISION
Moosalene Sankar – Financial Analyst

GUYANA POWER & LIGHT INC

Financial Results



The price of oil is a significant factor that determines GPL’s operating results. Steep reduction in oil prices in the latter half of 2014 offered a measure of respite to the company. The Company is projected to make a smaller loss in 2014 when compared to 2013. We believe that a resurgence of oil prices is unlikely to hit the heights it once did and may settle at around US\$80 per barrel in the long term. At this price, GPL should still be able to operate at a profit until the advent of the hydro IPP that is expected to come on stream in a few years time. The Commission would suggest that whatever cash surplus the company generates from its operations during this period be spent on the transmission system with the aim of reducing technical losses.

Non -current liabilities

At the end of 2014 GPL’s non-current liabilities were recorded at approximately GYD41B. Of this amount approximately GYD31B is non-current related party—that is a debt owed by GPL to the Government and to Government related agencies. Given the financial constraints that characterized GPL’s operations, it is unlikely that GPL would be able to service this debt.

From an investor’s perspective this debt may create a doubt on whether the company is a going concern. It is the Commission’s suggestion that the shareholders review this debt and make a decision on it going forward.

Operating Standards and Performance Targets (OSPTs)

On October 4, 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 in accordance with the licence and applicable law. The Commission is mandated to publicly report on GPL's performance not later than April 30 in each calendar year on the previous year's performance. In April 2014 the Commission held a public hearing and GPL reported on its performance for 2013. The order is posted on the PUC's website and can be accessed on www.puc.org.gy

The Commission concluded its report that GPL's execution of the operating standards were generally at an acceptable level and there was no need for implementing a penalty.

Installation of Power Stations at Vreed en Hoop

The inordinately long time it is taking the GPL to commission the new Wartsilla power stations at Vreed en Hoop is noted. A negative feature is the failure on the part of management to have had the site completed so as to coincide with the arrival of the power stations. Had this been done, the stations would have already been installed and the company would have enjoyed economies in fuel mix as well as providing a better quality of service to consumers. The Commission finds disquieting the flooding of the construction site as a result of the heavy rain falls in November. Hopefully this was not as a result of inadequate attention to emerging trends in the weather pattern.

Interest on Consumers' Deposit

On November 15, 2013 the GPL wrote to the Commission requesting that interest paid on consumer deposits be reduced from its current 2.4% to 1%. The GPL in its rationalization posited that the suggested rate should be consistent with prevailing rates currently paid by the commercial banks on customers' deposit. The Commission after considering presentations made by the company and the consumer body issued Order No. 1 of 2014 re-fixing the rate at 2.4% for a period of two years effective from the 1st November 2014. This Order is also available on the PUC's website.

System losses

System losses continue to be a bane of the Company's financial losses and seem set to continue at unacceptable levels into the foreseeable future. The Commission has recognized that a solution to this problem requires significant cash inflows to the company's funds that the company cannot generate from its operations (unless oil prices continue at its current level). 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 ameliorated. It is worth noting that since the incorporation of GPL in 1999, the cost to the company and by extension to the nation is in excess of GYD70B. This cost had to be borne and financed by the nation. In the final analysis more resources would have to be made available to the company to come to terms with this problem. The earlier it is done, the better for all concerned.

TELECOMMUNICATIONS

On July 01, 2014 the Guyana Telephone & Telegraph Co. Ltd. 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 result showed that the profit earned in the financial year was below the 15% threshold on capital dedicated to public use. The 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 15% on its capital dedicated to public use. In 2014 the Commission held three public hearings on the tariff filing. At the end of December the matter remained pending.

Telecom Reform Bill

The Telecoms Reform Bill that was to be passed during the life of the tenth Parliament is expected to lapse following the proroguing and subsequent dissolution of Parliament. The Bill if passed into law is expected to end the monopoly on GT&T's landline and international services and open the telecoms market to competition. The inordinately long time it is taking to bring the Bill 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 will become law in the not too distant future.

Government Landline cable

It was disquieting to note the problems that have beset the laying of the landline cable and the fact that its activation may be some time away. This will obviously be a setback to the Government's E- Network programme and by extension the ambitious programs the project was targeted to achieve.

Investments in the Telecoms Sector

Investments in the telecoms sector continue to grow and this is reflected in an improved quality of service to consumers. The sector is moving closer to universal coverage with estimates from both of the major service providers indicating that their services are reaching in excess of 90% of the population. 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 facilitating this development.

Services

Mobile

At the end of 2014 the number of active mobile services was 568,665, an increase of 13,630 services over the previous year. The teledensity based on a population of 750,000 is 76%. Mobile minutes of use that also include promotional minutes, have surpassed landline minutes although the latter are significantly cheaper than mobile rates.

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 holders to access a number of services that includes the internet among others.

Landline

At the end of 2014 the number of active landline services was 159,729. (156,805 in 2013) This gives a penetration rate of 21% assuming a population of 750,000. Minutes of use in 2014 were 853 million compared to 944 million in 2013. The average annual minute of use per line in 2014 was 5,340 and in 2013 the average was 6,023.

The fall in landline minutes, even though the number of service lines has increased year on year, may be attributable to consumers' preferred choice for the short messaging service (SMS). The GT&T has reported that although it continues to invest in the landline segment there has not been commensurate growth in minutes to justify future investments in the sector. Other concerns of GT&T are the vandalizing of its landline infrastructure by person(s) unknown and the financial losses associated with the operation of the landline service.

Inbound calls

Inbound international traffic originating from foreign countries to Guyana fell in 2014 by 9% when compared to the previous year. In 2014 inbound minutes were approximately 65 million and in 2013 approximately 72 million. The reduction in minutes is not indicative of a decline in international traffic, rather it is possibly due in part to new technologies that allow for the bypass of GT&T's international gateway. The reduction in international traffic continues to impact negatively on GT&T's profits and by extension results in a loss of taxes to the Guyana Revenue Authority.

Outbound Calls

Outbound international traffic originating from Guyana to overseas destinations, have increased by approximately 9 million minutes over 2013 to 46.3 million, or by 25 % over the previous year. The reason for the upsurge in minutes is as a result of a GT&T's voluntary promotion that involved cuts in PUC tariff rates and which ran for the entire year.

GUYANA WATER INC

Failure by the company to implement PUC approved rates effective 1st July, 2013

The Guyana Water Inc. (GWI) had applied to the Commission in 2012 for a harmonization of tariffs, which would have significantly increased the revenue flows to the company. Following public hearings 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. The effective date for implementation of the Order was July 01, 2013.

The 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 within the stipulated time frame set by the Commission. It was on this assurance that approval was finally granted.

On an enquiry from the company for the non implementation of the tariffs, the company by letter dated November 28, 2013 explained that the billing system providers who were tasked with the responsibility of reconfiguring the software to accommodate the new rates and who are based in the United Kingdom had re-scheduled their arrival to Guyana. This resulted in the company being unable to meet the agreed timeline. At the end of 2014 the PUC approved rates are yet to be implemented. The Commission wishes to express its disappointment over the company'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 dependency on state funds to manage its operations. It is to be hoped that the company would work assiduously in overcoming remaining obstacles and have the approved rates implemented.

Operating results

In spite of Government's intervention in settling the greater part of GWI's indebtedness to GPL., indications are that the company's operations for 2014 will record a substantial deficit. In our opinion there are two reasons that contribute to the loss. The first is the unacceptable level of the company's non-revenue water and the second, the inability of the company to implement the Commission's approved tariffs that should have been in effect on the July 01, 2013.

Reviewing the company's operations, we note that sales have increased by approximately 8% over the previous year. Concomitantly the rate of abstraction fell by 4.2%; from 130.4 million cubic meters in 2013 to 124.9 cubic meters in 2014. This suggests that the company's program with respect to the reduction of non revenue water is having a measure of success.

Billings and collections

The company has achieved two landmarks in 2014. It had completed in 2014 a data verification exercise which ensured that each customer receiving a service is accurately reflected on the consumer's data base. During the year the company changed the duration of its billing cycle from quarterly to monthly and did so in a seamless manner. These two positives suggest that sales may be accurately reflected in the financial statements going forward; and the rate of collections improved. In 2014 there was an improvement in collections. However, the company still needs to do more to bring its collections into the high nineties.

Non Revenue Water

Non revenue water is water produced for which no revenue is earned. This has been the company's nemesis for more than a decade. While the loss cannot be definitively measured it is generally thought to be about 50% of production. This means that 50% of the company's production yields no revenues to the company. Previous attempts by the company in reducing this loss had little success. The Commission believes that the time is now for the stakeholders to make a concerted effort and seek a resolution to this problem.

Capital Expansion Program 2014

The GWI's approved capital expenditure for 2014 was GYD2.975B. During the year the company completed capital works in the value of GYD2.975B or 100 % of the approved value of its capital program. The GWI's capital works are not limited to the coastal belt, but include several projects in the hinterland and Linden areas. In 2014 GWI drilled two new wells and there are currently four wells being sunk that are 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 2014 GWI estimates that approximately 50% of its consumers are metered and that 50% of its service connections receive treated water. In 2014 GWI has embarked on a five year program to construct three new water treatment plants. The plants when completed would increase the number of consumers receiving treated water to 60%. The company is also projecting that 75% of its consumer base would be metered at the end of the program.

General

Since 2003, GWI, in addition to subventions received from the Government for operational activities, has been the recipient of funding from the Government of Guyana and other International External Agencies for its capital expansion programs. The sum of these funding during this period is approximately GYD26B. 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 GYD26B, GWI needs to begin to earn a return on its investment so as to maintain the integrity of its capital infrastructure going forward. The GWI currently produces annually approximately 120 million cubic meters of water and at the end of 2014 its non revenue water program is hoping to further reduce this production while still satisfying the demand of its consumer base. At this revised production level and with a reduction of non revenue water consistent with its program and the implementation of the PUC Order No. 2 of 2013, GWI has the potential of being profitable. A concerted effort is required by the stakeholders to make this a reality.

CONCLUSION

Over the years there have been significant investments in each of the utilities that have resulted in expansion of services, improvements in the quality of services and incremental growth in human development. However, the GPL and GWI, in spite of the heavy investments that were funded mainly by the Government of Guyana and foreign donor agencies continue to incur substantial operating financial losses. The losses are attributable mainly to the perennial unacceptable system losses at the GPL and the high non revenue water at the GWI. These losses translate to billions of dollars annually and are ultimately borne by the consumers. It impacts negatively on the national economy and impairs the quality of life of the consumers.

FINANCIAL REVIEW - 2014

Gaithre Ramkissoon -Accountant

Financial Operation



For the reporting year the Commission recorded a surplus of thirty-nine million, one hundred and sixty-seven thousand seven hundred and sixty-eight dollars (\$39,167,768). This represents an increase of twenty-seven million, one hundred and thirty-eight thousand one hundred and eighty-nine dollars (\$27,138,189) over the previous year. The contributing reason for this increase is because Digicel had commenced payments of assessment fees from July, 2014 and for the year had paid thirty-seven million, four hundred and eighty-four thousand and forty-nine dollars (\$37,484,049). No payment was received for the previous year as Digidel had determined that it had overpaid in previous years and deferred payments until it was satisfied that the overpayment were fully exhausted against future assessment fees before recommencing payments.

The Commission does not share Digicel's position that an overpayment was made and has based this determination on the PUC Act.

During the financial year the Commission acquired its own building for which it will carry out its Georgetown operations.

Audit of Financial Statement

The audited financial statements for 2012 and 2013 remain outstanding. The main reason for the non-issuance of the Financial Statements appears to revolve around a difference in opinion between the Commission and Digicel with respect to assessment fees. A resolution to this matter is expected in the near future and hopefully the Audited Financial Statements will be approved by the Audit Office.

Unaudited Final Statement – 2014

Attached to this report is the Unaudited Financial Statements for 2014.