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# **Public Utilities Commission**

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## **Annual Report 1995**

**Existing In the Interest of the People Of Guyana.**

## **REPORT ON THE COMMISSION'S OPERATIONS** **FOR THE YEAR ENDING DECEMBER 31, 1995**

### **Establishment of the Commission**

The Public Utilities Commission (PUC) is a body corporate established under the PUBLIC UTILITIES COMMISSION ACT 1990 (No. 26 of 1990), which came into effect on 1<sup>st</sup> October, 1990.

### **Composition of the Commission**

Under section 5 (1) of the Act the Commission is to “consist of a chairman and four other members to be appointed by the Minister from among persons appearing to the Minister to be qualified as having had experience of, and shown capacity in, matters pertaining to the functions of the Commission.”

In keeping with the powers conferred on him under section 5(2) of the Act the Minister, the then Deputy Prime Minister ( Public Utilities) R.H.O. Corbin, appointed the following persons to be the first commissioners with effect from 14<sup>th</sup> March, 1991:

- |                              |   |          |
|------------------------------|---|----------|
| • Mr. Joseph A. Tyndall, CCH | - | Chairman |
| • Mr. John Willems, AA       | - | Member   |
| • Mr. Hugh K. George         | - | Member   |
| • Mr. Errol Hanoman          | - | Member   |
| • Mr. A.M.B. Sankies         | - | Member   |

for a term of three years as stipulated by section 6 of the Act.

The term of appointment of the first Commissioners came to an end in March, 1994. All the commissioners other than the Chairman were re-appointed with effect from March 14, 1994 by the Honourable Minister of Trade, Industry and Tourism, Mr. Shree Chan and Mr. Pamadath J. Menon, A.A. was appointed as the new Chairman to replace Mr. Joseph Tyndall, C.C.H.

The re-constituted Commission, therefore, comprised of the following members

- Mr. Pamadath J. Menon, A.A. - Chairman
- Mr. John Willems, A.A. - Member
- Mr. Hugh K. George - Member
- Mr. Errol Hanoman - Member
- Mr. A.M.B. Sankies - Member

Mr. Menon was sworn in on September 12, 1994 by Chief Magistrate, Mr. K. Juman-Yassin and assumed actual duties immediately. Mr. Hugh K. George acted as Chairman during the period March to September 1994. The Chairman is a full-time position while the other members are part-time.

Mr. Kenneth Narain who was the Secretary of the Commission since its inception continued as Secretary in 1995 also.

### **THE FUNCTIONS AND RESPONSIBILITIES OF THE COMMISSION**

#### **Quality and Costs of Services Offered by the Utilities**

The Public Utilities Commission is a regulatory body, the functions of which include ensuring a satisfactory quality of service from public utilities to consumers, as well as monitoring the provision of that service to ensure it is provided at a reasonable cost. To be able to do this, the Act confers on the Commission regulatory, investigatory and enforcement powers and stipulates that the decisions and orders of the Commission "shall be fair, in accordance with the Act and other applicable laws in operation in Guyana and, subject to any rule of law or provision of this Act relating to the burden of proof, based on the evidence presented to the Commission." the Act also confers on the Commission a responsibility to advise the Government in specific areas.

#### **Returns to the Utilities**

The two public utilities that were regulated by the Public Utilities Commission during the year under review were the Guyana Telephone and Telegraph Company Limited (GT&T) and the Guyana Electricity Corporation (G.E.C).

#### **GT&T**

The Guyana Telephone and Telegraph Company Limited (GT&T) has by agreement with the Government of Guyana, been guaranteed a 15% rate of return on its investment. The Commission, during the period under review, sought to ensure that the utility received this guaranteed level of return.

## **G.E.C.**

During the period under review, the fixing of rates to be charged for its service by the Guyana Electricity Corporation was not a matter to be determined by the Public Utilities Commission, as it temporarily fell outside of the Commission's purview.

## **Utilities covered by the PUC's Regulatory Powers**

In accordance with the provisions of the Public Utilities Commission Act, from its commencement, the Act covers every public utility engaged in any of the following activities:

- (a) the production, generation, storage, transmission, sale, delivery, furnishing or supplying, directly or indirectly to or for the public of electricity;
- (b) the conveyance or transmission of messages or communications by telephone, telegraphy or wireless telegraphy; and
- (c) any other service specified by the Minister, by orders, being any of the following services:-
  - (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; and
  - (vi) water supply service, except retail deliveries.

During the period in review, 1995, the provisions of the Public Utilities Commission Act 1990, (No. 26 of 1990), as amended, extended / applied only to the Guyana Telephone and Telegraph company Limited (GT&T) and the Guyana Electricity Corporation (GEC).

In summary, the functions of the PUC, in relation to a public utility in keeping with the provisions of the Act No. 26/1990, are as follows:-

- (a) to determine and fix the rates which the public is required to pay; (except in the case of GEC);
- (b) to monitor, scrutinise and approve of the public utility's investment programme;
- (c) to ensure that the utility provides and maintains a safe, adequate and efficient standard and quality of service at a reasonable cost to consumers;
- (d) to support the financial viability of the utility, with regard to both the ability of the company to earn reasonable, agreed profits and the avoidance of the utility and its customers from carrying too great a burden of debt.

All other detailed functions and responsibilities flow from the above-mentioned four areas with the Commission having the power to initiate and conduct investigations into the operations and standards of service of any public utility.

### **ADMINISTRATIVE ORGANISATION OF THE COMMISSION**

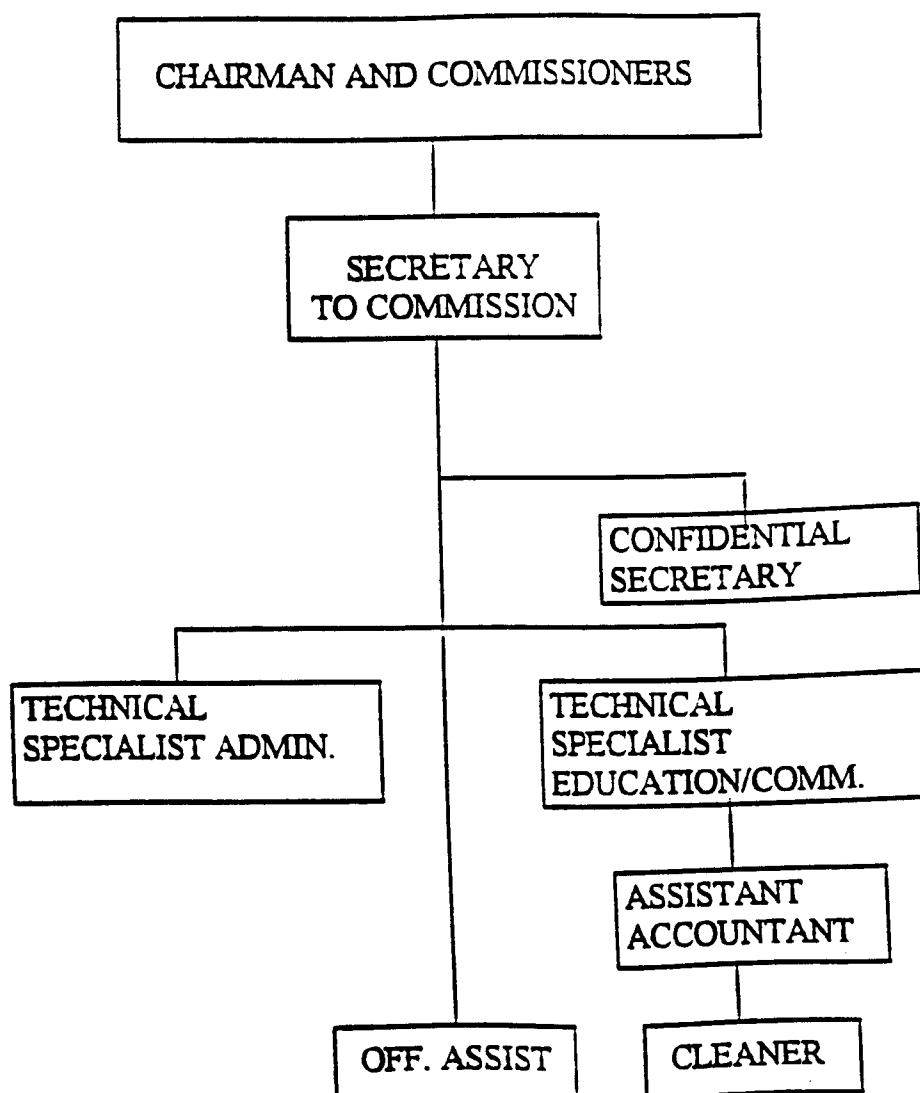
During the year the staff of the Commission continued to be the following persons:-

- 2 Technical Specialists.
- 2 Confidential Secretaries.
- 1 Assistant Accountant.
- 2 Office Assistants, and
- 1 Cleaner.

The staff were made available from the former Ministry of Public Utilities.

## The Structure of the Organisation

The structure of the organisation is represented graphically in the following chart:



## **UTILITIES UNDER THE AUTHORITY OF THE PUC IN 1995.**

In 1995 the utilities which fell under the regulatory umbrella of the PUC were the Guyana Electricity Corporation (GEC) and the Guyana Telephone and Telegraph Company Limited (GT&T).

### **OPERATIONS DURING 1995**

#### **Guyana Telephone and Telegraph Company Ltd.**

##### **Applications**

The year saw two (2) applications from the GT&T as follows:-

1. By submission dated November 2, 1994, GT&T sought verification of the accounting rates as at September 30, 1990 to 82 destinations to which calls were routed to and from Guyana and not included in the PUC's previous decisions.
2. By correspondence dated December 28, 1994 and accompanying memorandum of explanation, GT&T applied for approval of mobile cellular radio telephone tariffs in compliance with subsection 41(1) and clause 4 (2) of Act No. 26 of 1990.

#### **Guyana Electricity Corporation**

There was no application from the GEC for the year.

##### **HEARINGS**

#### **Guyana Telephone and Telegraph Company Ltd.**

Notices were issued by the Acting Secretary of the PUC for hearings. These were conducted as follows:-

1. Hearing on Tuesday January 24, 1995 relating to (a) Zonal Charges (b) Recovery of arrears in respect of 83 countries for which collection charges were already approved by the Commission on October 31, 1994, (c) The correspondence dated November 2, 1994 from GT&T for increased rates to 82 countries (which was a continued hearing) and (d) GT&T's licence to operate a cellular telephone service and the National Frequency Management Unit.

2. Hearing on Tuesday February 14, 1995 in respect of (a) the continuation of hearings on the recovery of arrears for the 83 countries (b) continuation of hearings in regard to increased rates for the 82 countries, (c) Review of the Commission's decision No. 19 of 1991 issued on November 12, 1991 but which is now being contested by the Consumer' Associations and (d) Continuation of the hearings on Zonal Charges.
3. On Tuesday February 21, 1995 hearings were held to make Orders on the application by GT&T for increased rates for the 82 countries and the complaint by the two consumer organisations for a review of the decision No. 19 of 1991.
4. Hearings of February 28, 1995 on the Zonal Charges and an application dated December 28, 1994 from GT&T for charges for Cellular Mobile Radio Telephone Services.
5. Hearings of Wednesday, March 15, 1995 concerning (a) Zonal Charges and (b) progress on the granting of the licence to GT&T by the National Frequency Management Unit to operate a cellular telephone service.
6. Hearings held on Tuesday April 11, 1995 in respect of (a) the Zonal Charges, (b) the recovery of arrears in respect of 83 countries and (c) Cellular Telephone matters.
7. On Friday May 12, 1995 the Commission heard matters relating to (a) an Order for Zonal Charges (b) the recovery of arrears in respect of 83 countries for which collection charges have been approved by the Commission on October 31, 1994, (c) Cellular Telephone Charges, (d) the granting to GT&T of a licence to operate a Cellular Mobile Telephone Service and (d) Complaint by the Minister of Trade, Tourism and Industry on the non-completion by GT&T of the Expansion and Service Improvement Plan by February 28, 1995.
8. Hearing of May 15, 1995 dealt with (a) Complaint by members of the public against GT&T that their request for service had not been complied with or adequately complied with and (b) Proposal to fix temporary rates to be observed by the GT&T under section 43(3) of the Public Utilities Commission Act 1990.
9. On Tuesday June 13, 1995 the Commission heard the following matter; GT&T's application for approval of a new tariff.



10. Hearings on Wednesday, June 14, 1995 dealt with (a) the request for temporary rates for the Mobile Cellular Radio Telephone Service (b) temporary rates for the Cellular Telephone Service and (c) the Minister's complaint.
11. The hearing of this day, Wednesday, July 26, 1995, was dedicated to the complaint by the Minister of Trade, Tourism and Industry on the non-completion by GT&T of the Expansion and Improvement Plan by February 28, 1995.
12. Hearings of Thursday, July 27, 1995, took evidence on (a) The proposal to fix temporary rates to be observed by the GT&T under section 43(3) of the Public Utilities Commission Act, 1990, (b) GT&T's application for approval of a tariff establishing a change of rates in some instances and new rates in others, (c) Application dated December 28, 1994 from GT&T for charges for Cellular Mobile Radio Telephone Service, (d) Recovery of arrears in respect of 83 countries for which collection charges have already been approved by the Commission on October 31, 1994 and (e) The proposal from GT&T for refunding the Zonal Charges set out in the Order dated May 12, 1995.
13. On Monday July 31, 1995 hearings were held to deal with the following issues: (a) to the complaint by the Minister of Trade, Tourism and Industry on the non-completion by GT&T of the Expansion and Improvement Plan by February 28, 1995. (b) Recovery of arrears in respect of 83 countries for which collection charges have already been approved by the Commission on October 31, 1994.
14. On Wednesday, September 6, 1995 hearings were held by the Commission and the following matters were heard: (a) Complaints from the public (b) PUC's notice to GT&T under section 41(3) proposing to adjust the tariff since GT&T was receiving a rate of return greater than 15% and (c) Recovery of arrears in respect of 83 countries for which collection charges have already been approved by the Commission on October 31, 1994.
15. Hearings on Thursday, September 7, 1995 took evidence on the complaint by the Minister of Trade, Tourism and Industry on the non-completion by GT&T of the Expansion and Improvement Plan by February 28, 1995.

16. Hearings on Thursday, October 12, 1995 were held on the complaint by the Minister of Trade, Tourism and Industry on the non-completion by GT&T of the Expansion and Improvement Plan by February 28, 1995.
17. Hearings on Tuesday, October 24, 1995 were held on GT&T's New Expansion and Development Programme, which they were given two weeks to submit under the Order of October, 1995.
18. Hearings on Monday, November 6, 1995 on the complaint by the Minister of Trade, Tourism and Industry on the non-completion by GT&T of the Expansion and Improvement Plan by February 28, 1995.
19. Hearings on Tuesday, November 7, 1995 on the complaint by the Minister of Trade, Tourism and Industry on the non-completion by GT&T of the Expansion and Improvement Plan by February 28, 1995.

### **Guyana Electricity Corporation**

1. Hearing on Tuesday September 5, 1995 inquired into the quality of service provided by the GEC in the light of complaints from consumers of electricity.
2. Hearing on Tuesday, September 12, 1995, examined evidence relating to the quality of service rendered by the GEC to consumers.
3. Hearing on Tuesday, October 24, 1995, following<sup>ed</sup> up on the quality of service provided by the GEC.

### **Decisions and Orders Issued by the Commission during 1995**

This was an extremely busy year for the Commission and it consequently issued a number of Orders. They are as follows:-

1. Order No.1 of 1995 issued on February 21, 1995 rejected the application made by GT&T for increased rates for overseas calls in respect of an additional 82 countries other than Antigua, the UK, the USA and Canada and the other 83 countries which were already approved as having been made under section 38(2) which was irrelevant in the circumstances.

2. Order dated February 21, 1995 rejected the application made by the Consumers Advisory Bureau and the Guyana Consumers Association in respect of the application made by GT&T under section 38(2) of the Public Utilities Commission Act 1990 for increases in rates for an additional 82 countries and their request to review the decision of the Commission dated November 12, 1994.
3. Order dated May 12, 1995 GT&T was ordered to refund the zonal charges collected from consumers before a reasonable period expires and after verification of the amounts owing to each customer. A monthly progress report was to have been submitted to the Commission until the full refund is made to all customers.
4. Decision dated June 1, 1995 suspended the tariff notice No. 1 of 1995 given to the Commission by GT&T for two months.
5. Order dated June 20, 1995 granted temporary rates to GT&T for its Mobile Cellular Radio Telephone Service. These rates were to stand until modified or terminated by the Commission, whichever is earliest.
6. Decision dated August 10, 1995 further suspended the tariff notice No. 1 of 1995 for a further period of two months.
7. Order dated August 14, 1995 rejected GT&T's request to have the Commission review its earlier decisions given in its Order of May 12, 1995.
8. Order dated October 12, 1995 reducing the collection charges collectible by GT&T, introducing peak and off-peak periods for all telephone service, the establishment of an escrow account into which all funds in excess of that which was needed to produce the minimum rate of return of 15% should be deposited for expenditure on the New Development Plan developed by the Commission and which GT&T was ordered to implement by this Order.

## **Consultants / Advisers**

- i. Lynch Associates Limited continued its assignments on behalf of the Commission throughout the year. These included verification and/or confirmation of arrears of uncollected revenues and of accounting rates to destinations other than Antigua, Canada, UK and the USA, etc.
- ii. The Georgetown Consulting Group Inc. of Connecticut U.S.A, at the request of the PUC, assisted the Commission with a review of GT&T's tariff filing and advised it on how to proceed with the matter of setting temporary rates.
- iii. The Georgetown Consulting Group Inc. was also requested to assist the Commission with other specific regulatory matters including (a) a Complete Investigation and Review of the Organisations of GT&T; (b) a Chart of Accounts for GT&T and (c) Filing requirements for GT&T. These assignments, were brought forward from the previous year, but still were not commenced.
- iv. Mr. Peter Britton, SC, the PUC Legal Advisor, executed his functions throughout the year, giving advice and entering appearance in court on matter involving the PUC and GT&T.

Mr. Britton was also present at all Hearings conducted by the Commission.

## **Consumer Complaints**

1. 130 complaints were made by member of the public against the GT&T. Of these 95% related to appeals for the provision of telephone services to which GT&T's response have been very lukewarm.
2. A number of complaints were also received by the Commission on the quality of service provided by the GEC. 35 of these related directly to demands for compensation for losses suffered by blackouts and the general instability of the power supply.

## **Consumers / Consumer Representation**

- i. Telephone subscribers and other consumers continued to heighten their interest in the work of the PUC and in regulation. They continued to demonstrate this by numerous letters to the press as well as participation in relevant radio programmes and an increased number of complaints and requests to the PUC itself.
- ii. The PUC continued to grant recognition to the two consumer organisations in matters before it and to award costs to them in appropriate cases.

## **CONCLUSION**

During the year under review the public perception of the organisation improved as the Commission, under the Chairman, Mr. P.J. Menon, circulated information briefs and press releases and quietly addressed issues raised by the telephone utility. The Guyana Consumers Association and the Consumers Advisory Bureau regarded the Commission, more and more, as the agency vested, by legislation, to ensure justice and fair play for consumers whilst guaranteeing fair, reasonable and just returns for the utility, which must itself adhere to the agreements and undertakings it made to provide satisfactory and continuous service to the public.