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PUBLIC UTILITIES COMMISSION

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ANNUAL REPORT 2000

Existing In The Interest Of The People Of Guyana

PUBLIC UTILITIES COMMISSION

Annual Report 2000

Report on the Commission's Operations for the Year Ended December 31, 2000.

Establishment of the Commission

The Public Utilities Commission is a body corporate established under the Public Utilities Commission (PUC) Act No. 26 of 1990, which Act came into effect on the 1st October 1990. The Act was subsequently amended by Act No. 10 of 1991, and Act No. 14 of 1994, which came into effect on the 22nd April 1991 and 19th September 1994 respectively.

On 1st October 1999 a new PUC Act came into effect. This Act, No. 10 of 1999, repealed and replaced the 1990 Act and its amendments.

Composition of the Commission

Pursuant to section 5 (10) of the PUC Act of 1990 as amended, "The Public Utilities Commission.....consists of a chairman and four other members.....appointed by the Minister from among persons appearing to the Minister to be qualified having had experience of, and shown capacity in, matters pertaining to the functions of the Commission"

By the powers conferred upon him by section 5 (1) and (3) of the Act, the Minister of Trade, Tourism and Industry, Mr. Michael Shree Chan appointed the following persons to serve on the Commission, for a three (3) years term, effective from March 14, 1997.

Mr. Pamadath J. Menon, A.A.	- Chairman
Mr. John Willems, A.A.	- Member

Mr. Hugh George	- Member
Mr. Chandraballi Bisheswar	- Member
Mr. Badrie Persaud	- Member

Section 90 (1) of the PUC Act No. 10 of 1999 states ‘ Notwithstanding the repeal of the Public Utilities Commission Act 1990 by section 89, the Public Utilities Commission as constituted under section 5 of the said Act shall, for such time as the Minister deems necessary, continue to function as such on and after the coming into operation of this Act, as though the chairman and other members were appointed under section 5 of this Act.....”

Thus the members of the Commission appointed on March 14, 1997 continued to serve under the PUC Act No. 10 of 1999.

At the beginning of the year, the Ministry with responsibility for the Commission was changed from the Ministry of Trade, Tourism and Industry to the Office of the Prime Minister.

On March 13, 2000 the term of the Chairman and all the Commissioners came to an end, but was extended for various lengths of time until June 30, 2000.

A new Commission was appointed by the Prime Minister, The Honourable Samuel Hinds, effective from July 01, 2000. The new Commission comprised of :

Mr. Justice Prem Persaud C.C.H.	- Chairman
Mr. Hugh George	- Commissioner
Mr. John Willems A.A.	- Commissioner
Mr. Chandraballi Bisheswar	- Commissioner
Mr. Badrie Persaud	- Commissioner

In accordance with the PUC Act 1999, No.10 of 1999, the terms of the Commissioners were staggered, the Chairman - three (3) years, Mr. Willems and Mr. George, two (2) years, Mr. Bisheswar and Mr. Persaud, one (1) year.

The Functions and Responsibilities of the Commission

Quality and Cost of Service 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, advisory 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 provisions of this Act relating to the burden of proof, based on the evidence presented to the Commission.'

Returns to the Utilities

While protecting the public's interest, the Commission needs to ensure that the utilities earn a sufficient level of profit to guarantee its continuance as a viable entity. This level of profit is usually agreed before hand between the Government and the Utility.

Utilities Affected by the PUC's Regulatory Powers

The PUC Act applies to every utility engaged in:

- (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 oral, written, digital or any other form of messages or communications by telephone, telegraph 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.

(c) Any other services specified by the Minister, by order, being any of the following services:-

- (1) carriage of passengers, in motor buses or hire cars;
- (2) airport or airlines services;
- (3) carriage of goods for hire or reward by goods vehicles;
- (4) lighterage or cargo handling;
- (5) dockage, wharfage, or related cargo services; and
- (6) water supply services, except retail deliveries.

In summary, the functions of the PUC, in keeping with the provisions of the Act are as follows:-

- (a) to determine and fix the rates which the public is entitled to pay;
- (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.

Administrative Organisation of the Commission

During the year the full-time staff of the Commission were as follows:-

Secretary of the Commission

- 1 Financial Analyst
- 1 Law Officer
- 1 Administrative Officer
- 1 Assistant Accountant
- 2 Confidential Secretaries
- 2 Computer Operators/Typists
- 2 Office Assistants
- 2 Cleaners
- 1 Driver

Utilities Under the Authority of the PUC in 2000

The Utilities which fell under the regulatory umbrella of the Public Utilities Commission (PUC) during the year were the Guyana Telephone and Telegraph Company Ltd. (GT&T), the Caribbean Telecommunications Ltd. (CTL), the Guyana Power and Light (GPL), and Internet Service Providers.

However, with respect to GPL, the powers of the Commission under the Act No. 10 of 1999 are circumscribed by the Agreement between the Government of Guyana and GPL, which Agreement takes precedence over the Laws of Guyana.

There is another utility, the Caribbean Wireless Telecommunications Inc., which has been granted a licence to operate a Cellular Service in April of this year, but has not started operations or applied to the Commission to provide any service.

The Commission continued to hear matters relating to the Guyana Electricity Corporation (GEC).

Operation During 2000**GT&T**

There were nine (9) public hearings during the year concerning matters relevant to the Guyana Telephone and Telegraph Company Ltd. (GT&T).

Notices were issued by the Secretary of the PUC for hearings on the following matters:-

1. The non-compliance by GT&T of Order (x) in paragraph 41 of the decision of the Commission dated October 29, 1997. That decision being ' In the matter of settling a new Expansion Plan for Telecommunications in Guyana, to be implemented by GT&T'. It was ordered inter alia that:

“(x) GT&T shall submit to this Commission quarterly reports regarding the progress made by it on implementing the directions given by Orders (i) to (vi) above.”

2. To consider the application by GT&T for review and rescission of the Order made by the PUC on November 30, 1999, in the matter of the proposal to change the Cellular Charging Principle.
3. To hear the matter of the outstanding amounts due to the PUC from GT&T for the periods January 01, 1998 to December 31, 1998 and January 01, 1999 to September 30, 1999.
4. To hear the matter of the proposal to block access to Websites by the GT&T thereby discontinuing the service provided to the Internet Users by way of Voice Over Internet Protocol (VOIP).
5. To hear the following matters:-
 - (a) Complaints about the deterioration in the service provided by GT&T
 - (b) To consider the letter dated January 10, 2000 to the PUC from GT&T, advising the Commission of the termination of the Service Agreement between AT&T and GT&T.
 - (c) To address issues relating to accounting rates for international telephone calls.
6. To hear the following:-
 - (a) The application date November 02, 1994, to the PUC by GT&T for increase in tariffs in respect of an additional 82 countries on grounds of substantial devaluation of the Guyana dollar, with effect from May 20. 1991, having regard to the date of devaluation.

- (b) The matter of a Contract for providing telephone answering services between the US Embassy and the GT&T at a per minute charge to callers of G\$153.00 for calls within Guyana.
- 7. To consider the validity of certain promissory notes executed by GT&T in favour of Atlantic Tele-Network Inc. (ATN).

This matter was rescheduled in order to implement the decision of the High Court dated July 28, 1999, in case # 1391 of 97, arising from the Order of the PUC dated March 13, 1997, in light of the dismissal by the Court of Appeal of the Civil Appeal # 61 of 99 made by GT&T against the aforesaid decision of the High Court.

- 8. To consider the matter of the Refund of the Surcharge and Increase of Rates wrongfully collected by GT&T, as decided by the decision of the High Court of Judicature, dated November 03, 1999, in case # 1855 of 97 (Demerara) between the Consumers Advisory Bureau Ltd. (Plaintiff) and GT&T and the PUC (Defendants jointly and severally).

9. To hear:-

- (a) the application by GT&T for temporary change of rates for Mobile Cellular Services
- (b) application by GT&T for introduction of "Calling Party Pays (CPP)", in respect of Mobile Cellular Service.
- (c) Application by GT&T for the introduction of Pre paid Call Cards.
- (d) A complaint by Swansea Industrial Associates against the GT&T, that GT&T has refused to activate cellular phones without charge, for those customers who did not purchase their equipment from GT&T.
- 10. To notify the concerned parties about the recommencement of adjourned and postponed public hearings in respect of two matters:
 - (a) Tariff Notice # 1/97 filed on December 31, 1997 and amended on October 27, 1998.
 - (b) Complaints about the deterioration in service provided by GT&T and more particularly the difficulties the public is experiencing in making international telephone calls to and from Guyana.

11. To hear:-

- (a) The complaint made to the PUC by Ms. Lily Ferdinand against the GT&T.
- (b) The complaint made by the Guyana Consumers' Association (GCA) and the Consumers' Advisory Bureau (CAB) to the PUC on issues relating to GT&T's Phone Cards.
- (c) The complaint made to the PUC by the GCA and CAB on the issue of the Immigrant Visa Call Center Service being provided by GT&T to the U.S. Embassy in Georgetown.

12. To hear and determine:-

- (a) CTL's Mobile Cellular Network in Georgetown, and
- (b) Interconnection issues of concern to CTL and GT&T in the conduct of their Mobile Cellular Telephone Operations.

Notices nos. 1 to 8 were issued by the old Commission, and Notice no.9 to 12 were issued by the new Commission.

Although many hearings were scheduled by the old Commission, most had to be postponed because of objections raised by GT&T. Some of the objections were:

- 1. The Commission was not properly constituted.
- 2. GT&T interpreted the Decision by Justice Carl Singh to make an absolute writ of Prohibition against Mr. Menon, in respect of participation in further PUC Hearings related to GT&T's rate increase application, to mean that Mr. Menon was prevented from sitting in any matter relating to GT&T.

Hearings were held on February 17th, March 7th, July 24th, September 26th, October 10th, November 14th and 30th, and December 6th and 14th, 2000.

GEC

The Commission continued to hear the matters related to Toolsie Persaud Ltd. and Republic Soda Factory, against GEC. As at the end of the year, these matters were still not completed.

Hearings on these matters were heard on June 22 and 28 and on December 12, 2000.

GPL

The Commission did not have any Public Hearings during the year on matters related to GPL.

Consultancies & Advisers

1. The Georgetown Consulting Group Inc. of Connecticut, USA, continued to assist the Commission with its review of GT&T's tariff filing, and any other regulatory matters referred to it by the Commission.
2. Mr. Aston Chase, S.C., and his Associates entered appearances in the High Court and the Court of Appeal in matters involving the PUC and the Utilities.

Consumers Complaints

As in previous years, the Commission continued to receive complaints from consumers about their telephone and electricity services.

Most of the complaints against the GT&T were in respect of the non-provision of telephone service, transfer of service and billing queries.

There was a reduction in complaints about blackouts and damage to equipment caused by faulty supply of electricity. However, most of the complaints this year were about GPL were billing, the miscellaneous charges on the bills, sudden unexplained increases in consumers' bills, change in the multiplier factor, and billing for past period.

All complaints were sent to the relevant Utility, asking that they remedy the complaint or give an explanation for their actions.

The Commission has tried unsuccessfully to resuscitate the Small Claims Committee that was in place to look into customers' complaints against GEC. We had hoped that GPL would continue with this Committee, as it had been successful in the past. However, the management of GPL did not think that this Committee would serve any useful purpose.

Training Seminars and Conferences

Despite, the many obstacles the Commission faced in executing its functions, it kept abreast with developments in utility regulation. Commissioners as well as senior staff members attended seminars and courses to update their skills and knowledge.

Conclusion

The first half of the year was particularly trying for the Commission. The main reason being that the life of the Commission was up for renewal on March 13, 2000. No new Commission was named at that date, but instead the Commission was given several extensions for short periods of time, until July of the year, when a new Commission was named.

In the interim period GT&T refused to attend hearings for reasons already stated. This of course hampered the work of the Commission. However, this was not the only reason, the other main reason being the number of matters before the Court that have not yet been heard and decided. The Commission still awaits the Court's Decisions.

With the appointment of a new Chairman in July, GT&T and the other Utilities showed a renewed willingness to cooperate with the Commission, and hearings were again scheduled. However, most matters could not be concluded because of opposition by the Caribbean Telecommunications Ltd., Caribbean Wireless Telecommunications and the Consumer Groups. These organisations have gone to the Courts to prevent the Commission hearing some matters.

Towards the end of the year, Consultants working on a Water Sector Reform Project visited the Commission to update us on the Project and of the

possibility of the Commission being given some regulatory role in the Water Sector, sometime in the near future.

Some of the constraints of the Commission are the lack of funds and proper and adequate accommodation. The new PUC Act of 1999 prescribes differing amounts to be paid by the Telecommunication Companies and the Electricity Company. GT&T viewed this treatment as unfair and has moved to Courts to seek a remedy. The Commission is in need of more staff to carry out its present functions as well as its anticipated increase role in the Water as well as the Electricity Sectors.

As in the past, the Commission has and will continue to be impartial in its rulings, taking into consideration the rights of the utilities and interests of consumers. It is hoped that the Commission can enjoy the cooperation of all interested parties to ensure the adequate and safe provision of utility services to all Guyana.

PUBLIC UTILITIES COMMISSION
INCOME EXPENDITURE STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2000

INCOME

Assessment received from Utilities:	G\$88,951,862.00
Subvention from Government :	G\$48,017,000.00
Sale of Vehicle:	G\$ 1,050,000.00
TOTAL:	G\$138,018,862.00

Expenditure (see attachment for details):	G\$108,148,000.00
Retained Income:	G\$ 29,870,862.00

PUBLIC UTILITIES COMMISSION
EXPENDITURE PAID FROM
PUBLIC UTILITIES COMMISSION
AND MINISTRY OF FINANCE FUNDS
DURING 2001

SUB -HEAD		TOTAL
STATUTARY EXPENSES		36,076
011 STATUTARY WAGES & SALARIES		19524
012 STATUTARY BENEFITS & ALLOWENCES		16552
TOTAL EMPLOYMENT COSTS		20865
WAGES & SALARIES		171107
101 ADMINSTRATIVE		233
102 SENIOR TECHNICAL		292
103 OTHER TECHNICAL& CRAFT SKILLED		703
104 CLERICAL & OFFICE SUPPORT		1967
105 SEMI SKILLED OPERATIVE & UNSKILLED		1215
106 CONTRACTED EMPLOYEES		7927
OVERHEAD EXPENSES		3758
201 OTHER DIRET LABOUR COSTS		684
203 BENEFITS&ALLOWENCES		2394
204 N.I.S		680
OTHER CHARGES		44865
121 DRUGS & MEDICAL SUPPLIES		87
123 OFFICE MATERIAL&SUPPLIES		3599
124 PRINT&NON PRINT		662
131 FUEL & LUBRICANTS		508
141 RENTAL OF BUILDING		354
142 MAINTENANCE OF BUILING		1364
143 JANITROIAL & CLEANING SUPPLIES		201
161 LOCAL TRAVEL & SUBSISTENCE		3016
162 OVERSEAS CONFERENCE		12772
163 POSTAGE, TELEX & CABLEGRAM		70
164 VEHICLE SPARES & SERVICE		1188
171 TELEPHONE CHARGE		1903

182 EQUIPMENT & MAINTENANCE		1277
183 CLEANING & EXTERMINATION SERVICE		674
184 OTHER		13563
193 REFRESHMENTS & MEALS		3202
194 OTHER		31
212 TRAINING		394
TOTAL APPORPRITION & STATUTARY CAPITAL		108148
505-25006 OFFICE EQUIPMENT		1295
MOTOR CAR		5047
TOTAL EXPENDITURE		108148