

# The Public Utilities Commission

The Public Utilities Commission (PUC) was born out of an ill-conceived shortsighted political promise. The 1998 PUP manifesto declared, "We will form a Commission with broad based community participation to regulate public utilities and protect users from abuse by the monopoly utility companies. Ensure cheaper water, light and telephone rates."

About a year later, on the 24th August 1999, the Public Utilities Commission Act was passed into law. In a nutshell, it is preoccupied with rates, but leaves the actual methodology of rates to bylaws that would be enacted by the PUC with the consent of the minister. The preoccupation with rates is to the detriment of consumers. This is born out in a number of ways.

While utility rates in Belize are high, they are for the most part acceptable. What is unacceptable are the ridiculous charges utility companies demand for other services. In the case of BEL, there is a \$4.00 administration charge that defies all logic. At BTL it is the ridiculously high reconnection fee, the \$100 down payment for reconnection, a \$100 the consumer has no control over, and the \$8.00 rental charge that works out to over \$10 million in profits annually for BTL.

In the case of WASA, it is the introduction of higher water and sewer connection rates by the Minister smack in the face of the Commission. None of these issues is addressed in the legislation. Given the generality of legislations, no one expects any particular issue to make it to a piece of legislation, but the whole spirit of the legislation is of rates and rates alone.

The power and respect afforded to the PUC by the utility companies is another vexing question. Section 11 - (1) of the PUC Act states, "every rate made, demanded or received by any public utility provider shall be fair and reasonable and in any case shall be in conformity with and shall use the rate setting methodologies specified in any regulations, by laws, orders, directions or other subsidiary legislations or administrative orders made under the Electricity Act, the Telecommunications Act, or the Water Industry Act, or by license authorizing the provision of such services."

Of course there are no rate setting methodologies in the Electricity Act, the Telecommunications Act, or the Water Industry Act. Until the PUC sets up such methodologies then, these companies continue to gouge at an insatiably ravenous rate.

The WASA prospectus perhaps came closest to a rate structure. The prospectus outlines required revenues for the new company under the RPI-X price cap approach, the rate setting method proposed by the PUC. Required revenues according to the prospectus are comprised of operating expenditure, depreciation charge and allowed profits. Allowed profits are of course as ambiguous as it gets; but in the case of WASA, the prospectus boldly declares that all gains derived from improvements in operational efficiencies during the first three years of the new company will be retained by the company.

Perhaps the light at the end of the tunnel for consumers is that the spirit of the PUC Act is that while it addresses complaints made against utility compa-

nies by the public, it is the responsibility of the PUC to protect consumers. It is logical to assume then that barring frivolous and vexatious complaints, by the time complaints come in to the PUC, in its diligence to protect consumers it should have already been aware of the problem and began to do something about it. Its first challenge in this regard has arrived.

The unconscionable increase of water connections and sewer connections in new and expanding areas (some 300 per cent increase in the case of the former, and over 3000 per cent in the case of the latter) demands action by the PUC. These increases are simply too high, and particularly discriminatory to poor Belizeans who live in outlying areas in both urban and rural communities and who are now faced with this increase. It will be interesting to see if the PUC will wait for a complaint from the public regarding this increase, or address it in its own deliberate judgment, according to the law.

The challenge for the PUC is to gain the confidence of the public as quickly as possible. If at the outset they are unable to accomplish this, then all

future actions, no matter how well intentioned, will be viewed with suspicion. Furthermore, the utility companies' regard for the authority of the PUC will be directly hinged on their perception of the respect of the general public for the PUC. The very life of the Public Utilities Commission, then, is up to the public. Fail this challenge and the Commission will become only another highly paid government bureaucracy preoccupied with collecting remuneration/honorarium, and producing nothing.

It would seem that already the government is usurping the authority of the Commission. Apart from ministerial intervention in the new water and sewer connection rates, the whole introduction of competition in the telecommunications industry (a responsibility of the PUC) seemingly is being handled outside of the PUC.

The Commission is mandated by law to introduce competition in the Water, Electricity and Telecommunications industries. With regards to telecommunications, it is the government, not the PUC, which has gone on record saying that they will end the BTL

monopoly. Glen Godfrey, a principal in both DataPro and ITL, two businesses in the telecom industry, publicly declared at a recent information technology conference that telecommunications services must be cheap, not affordable, to stimulate development. "God and Cabinet willing," he promised, "we'll be able to do it by 2003."

This is another serious blow to the PUC. A private individual seems to be usurping the authority again of the PUC, and supposedly with the backing of the Cabinet. To say that the PUC has failed even at the starting gates may be doing them an injustice. The challenges are huge and the track ahead is rough, with many curves.

From this perspective, the PUC's job is as daunting as it is challenging. Three utility companies regulated by a Commission appointed by a government that has a vested interest in one of the companies, BTL, and that has literally given away most of our water resources to the other, Belize Water Services Limited, must make regulations in the name of and for the good of consumers.

Good luck, but we will not hold our breaths.