

The REGULATOR

Newsletter of the Office of Utilities Regulation

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July - December 2004

Recommendations from the consultations

by: Garfield Bryan - Analyst Consumer policy

On March 31, 2004, the Jamaica Public Service Company (JPS) submitted a detailed Tariff Proposal, essentially seeking a 22.9% increase in base rates.

The OUR organized a number of consultations designed to canvass the views of a cross section of the company's customers. However before this, a supplement summarizing the JPS Tariff Proposal was published in the Observer on Thursday March 18, 2004 and the public asked to submit written comments. Fourteen (14) parish meetings/hearings were organized and promoted extensively in the print and electronic media, including, the Gleaner, Observer, North Coast Times, Western Mirror, RJR, Irie FM, Power 106 and Hot 102. The meetings were held between March 23, 2004 and April 16, 2004 attracting approximately three hundred (300) consumers.

The Office presided over these hearings. At each meeting JPS made a presentation of its case for a rate increase, after which consumers had the opportunity to respond and to offer counter arguments to the JPS case.

Consumers were generally strongly opposed to a tariff increase at this time citing a number of reasons, the most prevalent being the perceived inefficiency of JPS,

poor customer service, prevailing economic conditions, the current Memorandum of Understanding (MOU) and the cost implications for commercial customers.

Guaranteed Standards

As a result of the consultative process, five (5) new guaranteed standards will be added while the compensatory payment will be increased to \$1,000 for residential customers and four (4) times the applicable service charge for non-residential customers. Customers will be required to claim for compensation if they believe the company has breached a standard. Additionally, under the new tariff regime the company is expected to promote the standards extensively. The five (5) new guaranteed standards are as follows:

- **EGS 7 - Frequency of Meter Reading** - JPS shall not render more than three (3) consecutive estimated bills (where it has access to the meter). JPS has committed to phase out estimated bills within two years. Effective September 2006 this Standard will be changed to not more than two (2) consecutive estimated bills.
- **EGS 8 - Estimation of Consumption** - An estimated bill must be based on the average of the last three (3) actual readings (first 6 bills of a new account excepted).
- **EGS 9 - Meter Replacement** - JPS shall replace a meter found to be faulty within 20 working days.
- **EGS 10 - Billing Adjustments** - JPS shall adjust a customer's account within one (1) billing period of identification of an error.
- **EGS 11 - Street Lighting Maintenance** - JPS shall repair each reported street light failure (as reported by the responsible local authority) within 14 days of receiving the report. [This standard will be implemented on September 1, 2004 on condition that the Office is satisfied that JPS and the local authorities have agreed on a protocol that will govern the arrangements between the parties. If asked, the Office would agree to broker the terms of such a protocol].

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OUR's Objectives

- 🔦 To ensure that consumers of utility services enjoy an acceptable quality of service at reasonable cost.
- 🔦 To establish and maintain transparent, consistent and objective rules for the regulation of utility service providers.
- 🔦 To promote the long-term efficient provision of utility services for national development consistent with Government policy.
- 🔦 To provide an avenue of appeal for consumers who have grievances with the utility service providers.
- 🔦 To work with other related agencies in the promotion of a sustainable environment.
- 🔦 To act independently and impartially.

Recommendations from the consultations contd. from pg. 1

Equipment Damage

JPS has to develop a more customer friendly policy which allows customers an objective consideration for any damage suffered due to operational incidents over which the company should reasonably be expected to have control. This policy must state the nature and scope of the investigations the company conducts to arrive at its decision. The company must also give commitments regarding the time within which it will complete its investigations and communicate its decision to the customer. There is also the need for the company to have information available in its offices to consumers about exactly what they need to do in order to make a claim (e.g. a fact sheet showing date/time of incident, equipment damaged, electrician's report, repair estimates etc).

Summary of Universal Service/Access Recommendation

By David Sullivan - Economist

Four years ago the Office of Utilities Regulation (OUR) embarked on an extensive consultation programme in an effort to gather information about the requirements for universal service/access in telecommunications on the Island. During this time, the OUR published two consultation documents. These were the objectives :

- 1) Ensure that every household across the Island has access to single line voice telephony services irrespective of location;
- 2) Ensure citizens have reasonable and affordable access to public payphones;
- 3) Ensure citizens have access to free calls to emergency services and;
- 4) Ensure public institutions (schools, libraries and post offices) have access to the Internet.

The responses and comments obtained from the consultation documents were used to produce the recommendation that was issued in May 2004 to the Minister with responsibility for telecommunication services.

These are some of the recommendations that were sent to the Minister:

Internet Access for Public Institutions

The OUR recommended that priority should be given to schools at the primary and secondary levels; the level of Internet connection to public institutions should be broadband at minimum download speed of 1.5Mbps and upload speed of 384Kps; the universal service/access fund should be used to purchase computer and other equipment necessary for the provision of the service, when and where, necessary; the Fund should cover the monthly internet charges for all schools, however, post offices and libraries should cover their expenses from user fees.

Other Recommendations

The selection of potential universal service/access providers should be done by competitive bidding. In addition, a physical funding agency should be established by statute and administered by an administrator. This agency will be responsible for collecting revenues from the industry and undertake the necessary steps to ensure that the objectives of the programme are met.

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Summary of Universal Service/Access Recommendation

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Also, the OUR recommended a maximum of five percent (5%) revenue intake from the industry for the first two years. This should be used to cover capital infrastructure and equipment costs. However, if the universal service/access fund will not be used to cover equipment costs then the five percent (5%) would only be applicable to the first year. Additionally, assuming the fund will cover equipment costs, a maximum of three percent (3%) of industry revenue would be appropriate from year three (3) onwards. On the other hand, if equipment costs are excluded a maximum of 2% would be required.

Office of Utilities Regulation Information Centre

By Lesia Gregory - Information Officer

In April 2000 we began to organize the documents and books that had accumulated in the various offices and departments at the Office of Utilities Regulation. This was the genesis of the Office of Utilities Regulation Information Centre (OURIC).

The official launch of OURIC took place October 16, 2003. The launch, as well as improvements in OURIC's facilities, were made possible through assistance from the United Nations Development Programme and the Government of Japan. In attendance at the launch were the Japanese Ambassador, His Excellency Hiroshi Sakurai, who gave an address on "The Institutional Strengthening of the Office of Utilities Regulation" and Mr. Bartholomew Nyarko Mensah, the former Deputy Resident Representative of UNDP as well as other friends of the OUR.

OURIC is in the process of establishing procedures to ensure compliance with the currently promulgated Access to Information Act. As it is anticipated that there will be increased customer queries, it is planned to conduct a User Survey, which it is hoped will assist in providing a more efficient and user-friendly information centre.

Services Offered

- Loan of Materials (staff only)
- Reference
- Research
- Photocopying
- Current Awareness
- Selective Dissemination of Information
- Web/Internet Searches
- Reference Queries via telephone, mail, or in person
- Readers Advisory
- Information on public consultations and consultative document

Lesia Gregory - Information Officer
His Excellency Hiroshi Sakurai - Japanese Ambassador
Mr. Bartholomew Nyarko Mensah - former Deputy Resident Representative of UNDP

Energy Saving Tips



* **I**roning everyday wastes a lot of energy, it is much more efficient to iron once per week.



* **I**f you cook with an electric stove, turn it off several minutes before completing the allotted cooking time.

OUR's Role

The Office of Utilities Regulation Act of 1995 established the Office of Utilities Regulation (the Office/OUR) as a body corporate. Under the Act, the OUR is charged with the responsibility of regulating the provision of utility services in the following sectors:

Electricity
Telecommunications
Water
Sewerage
Public transportation by road, rail and ferry.

The second schedule of the Act defines the constitution of the Office as follows:

"The Office shall consist of the Director General and such number of Deputy Directors General as may be appointed pursuant to this schedule".

The OUR receives and reviews applications for licenses and rate increases from the utility providers and investigates possible breaches, taking enforcement action where appropriate.

The OUR investigates complaints against utility companies, after they have been raised with the respective company. This is done at no charge to the consumer.

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Guaranteed Standards

By Marsha Minott - Case Officer / Denise McCalla - Public Relations Assistant

Guaranteed Standards are minimum service levels agreed between the utility companies and the Office of Utilities Regulation (OUR) to ensure value to the customer. If a utility service provider fails to deliver on a particular standard, the affected consumer(s) is entitled to the relevant compensation.

Below are examples of Guaranteed Standards:

UTILITY Guaranteed Standard

NWC To repair or replace faulty meters within forty (40) days of being detected

To read customer's meter at least once every two months as long as the meter is accessible

To reconnect within 24 or 48 hours (urban & rural respectively) after all outstanding debt has been settled.

JPS To produce and dispatch a customer's first bill with in 30 working days after service connection.

To respond and take appropriate action within 6 hours after the Company receives an emergency call from a customer. Emergency includes broken or defective service lines, low or high voltage conditions, etc.

An estimated bill should be based on the average of the last three (3) actual readings.

Utility companies are required to keep copies of the Guaranteed Standards which are to be made available to the public through their Customer Service Departments.

The OUR's National Consumer Survey which was conducted between February and March 2003, by Market Research Services Ltd, revealed the following:

- Of the 970 households from which data was collected;
 - * 58% were aware that there were basic standards. Of these persons,
 - * 65% were aware that they could claim for breaches, and
 - * 8% of these persons had actually made a claim.
- Of the 82 commercial entities that were polled;
 - * 48% were aware that there were basic Standards. Of these entities,
 - * 78% were aware that they could claim for breaches, and
 - * 4% had actually claimed.

For the current regulatory regime for both JPS and NWC, the OUR has mandated that these companies promote the Guaranteed Standards periodically, through the use of advertisements, bill inserts, etc.

The NWC and JPS are presently the only utilities that are guided by the existing standards. However, the OUR will be developing quality of service standards for the telecommunications sector for the fiscal year 2004/2005.

The OUR is of the view that if guided by these standards, the utilities will work more efficiently and by doing so, ensure the delivery of quality service to consumers.

If you have received unsatisfactory service from a utility company (electricity, water, telephone), you may be entitled to a compensatory payment from the respective company. Contact the Consumer Affairs Department of the OUR or fill out a complaint form available at post offices islandwide.

Contact

3rd floor PCJ Resource Centre
36 Trafalgar Road, Kingston 10,
Tel: (876) 968-6053
Toll free 1888-Call-OUR (2255-687)
Fax: 929-3635.
E-mail: consumer@our.org.jm
Website address: www.our.org.jm

If you have questions about the role of The OUR or would like us to speak at any Community, Church or Citizens Association meetings,

**Contact: David Geddes, Communication Services Manager. Email: dgeddes@our.org.jm
3rd Floor PCJ Resource Centre, 36 Trafalgar Road Kingston 10**

OUR + Utility Providers + Informed Consumers = Quality Service