

***Presentation to Visiting Delegates from
National Association of Regulatory
Utility Commissioners (NARUC)
and
Ohio Public Utilities Commission (PUCO)***

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Public Utilities Regulatory Commission (PURC)

Introduction of PURC - Overview



1. PURC - Background to Establishment
2. The Commission - Act 538
3. Functions
4. Vision and Mission
5. Organisational Chart
6. Department and Bureaux
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PURC – Background to establishment




- **Chronic lack of investment in Energy Sector**
 - ✓ Poor Quality of Service
 - ✓ Low Tariffs
 - ✓ Poor Financial Performance by Utilities
- **Recommendation by the World Bank to Reform Sector**
 - ✓ Power Sector Reform Committee (PSRC) - 1994
- **Recommendations by PSRC**
 - ✓ Unbundling of System
 - ✓ Establish Regulatory Framework
 - ✓ Restructure the Distribution System
 - ✓ Attract private Investment

PURC – Background to establishment - Contd

Goals of Power Sector Reform

-  Increase access to electricity to all sectors of the economy
-  Ensure efficiency in delivery of power to consumers

Specific Objectives

-  Enhance the management and accountability of the public utilities
-  Promote private sector participation in the Generation and Distribution Sectors
-  Ensure an effective regulatory environment

PURC - The Commission

- **Independent regulatory institution**
 - ✓ Established by an Act of Parliament (Act 538), Oct, 1997
 - ✓ To regulate and oversee the provision of utility services
- **Commissioners**
 - ✓ Appointed by the President in consultation with Council of State
 - ✓ Appointed for 5 year term
 - ✓ Comprises of 9 commissioners
 - ✓ Chairman
 - ✓ Institutional Representation
 - ✓ Labour - TUC
 - ✓ Industries - AGI
 - ✓ Domestic Consumers
 - ✓ 4 Experts
 - ✓ Executive Secretary

Scope of authority

- ✓ Regulate and oversee the provision of utility service to consumers
- ✓ * for time being electricity and water
- ✓ Responsible for Economic Regulation
- ✓ Responsible for Quality of Services Regulation

PURC - The Commission Act 538

Functions

- ➡ Provide guidelines for rates to be charged by utilities.
- ➡ Examine and approve rates to be charged by utilities for services provided
- ➡ Monitor standards of performance for provision of utility services
- ➡ Protect interest of both consumers and providers of utility services
- ➡ Promote fair competition among public utilities

Functions Contd

- ✍ to conduct studies relating to economy and efficiency of public utilities;
- ✍ to make such valuation of property of public utilities as it considers necessary for the purposes of the Commission;
- ✍ to collect and compile such data on public utilities as it considers necessary for the performance of its functions;
- ✍ to advise any person or authority in respect of any public utility;
- ✍ to maintain a register of public utilities; and
- ✍ to perform such other functions as are incidental to the foregoing.

Vision and Mission

Vision

- To become a model institution that ensures the delivery of the highest quality utility services to all consumers at fair prices.

Mission

- PURC is committed to the development and delivery of the highest quality of utility services to all consumers and potential customers, while building a credible regulatory regime that will respond adequately to stakeholders concerns and also ensure fairness, transparency, reliability and equity in the provision of utility services.

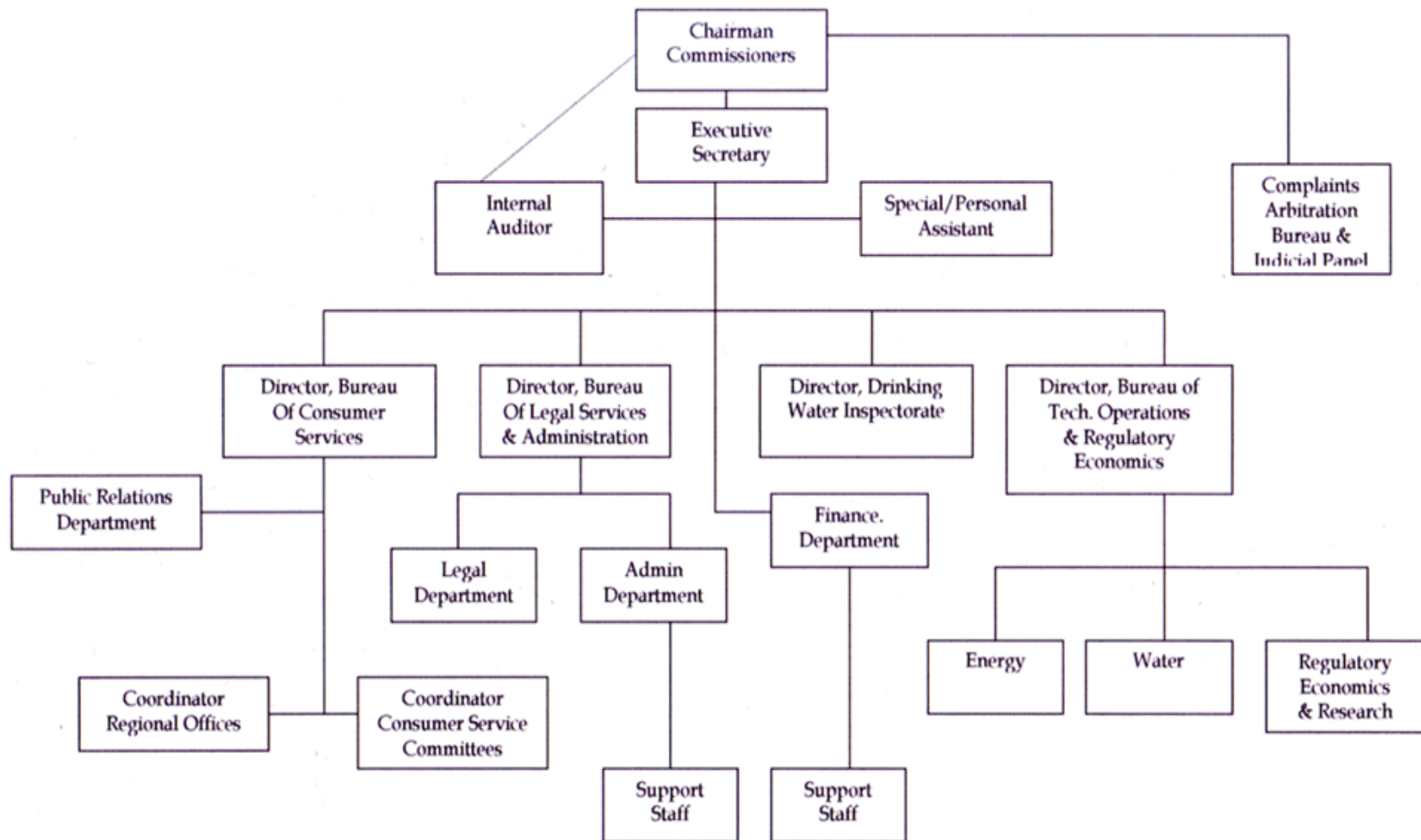
Regulatory Philosophy

- Consultation with **Key Stakeholders** on major decisions
 - ☞ Government
 - ☞ Consumers
 - ☞ Utility Companies
- Enhance **Public Awareness/Education**
 - ☞ Public Hearing
 - ☞ Workshops
 - ☞ Seminars

Regulatory Philosophy - Contd

- Performance Based and Incentive Regulation
 - ☞ Performance benchmarks set for utilities to achieve
 - ☞ Encourage efficiency improvements and cost reduction
- Policy Objectives to protect consumers in the following key areas
 - ☞ Accessibility
 - ☞ Affordability
 - ☞ Quality

PURC - Organisational Chart



PURC - Departments and Bureaux

- Bureau of Technical Operations & Rate Economics (BTOR)
- Bureau of Consumer Services (BCS)
- Bureau of Legal Services (BLS)
- Bureau of Drinking Water Inspectorate (BDWI)
- Department of Administration
- Department of Finance

PURC - Committees

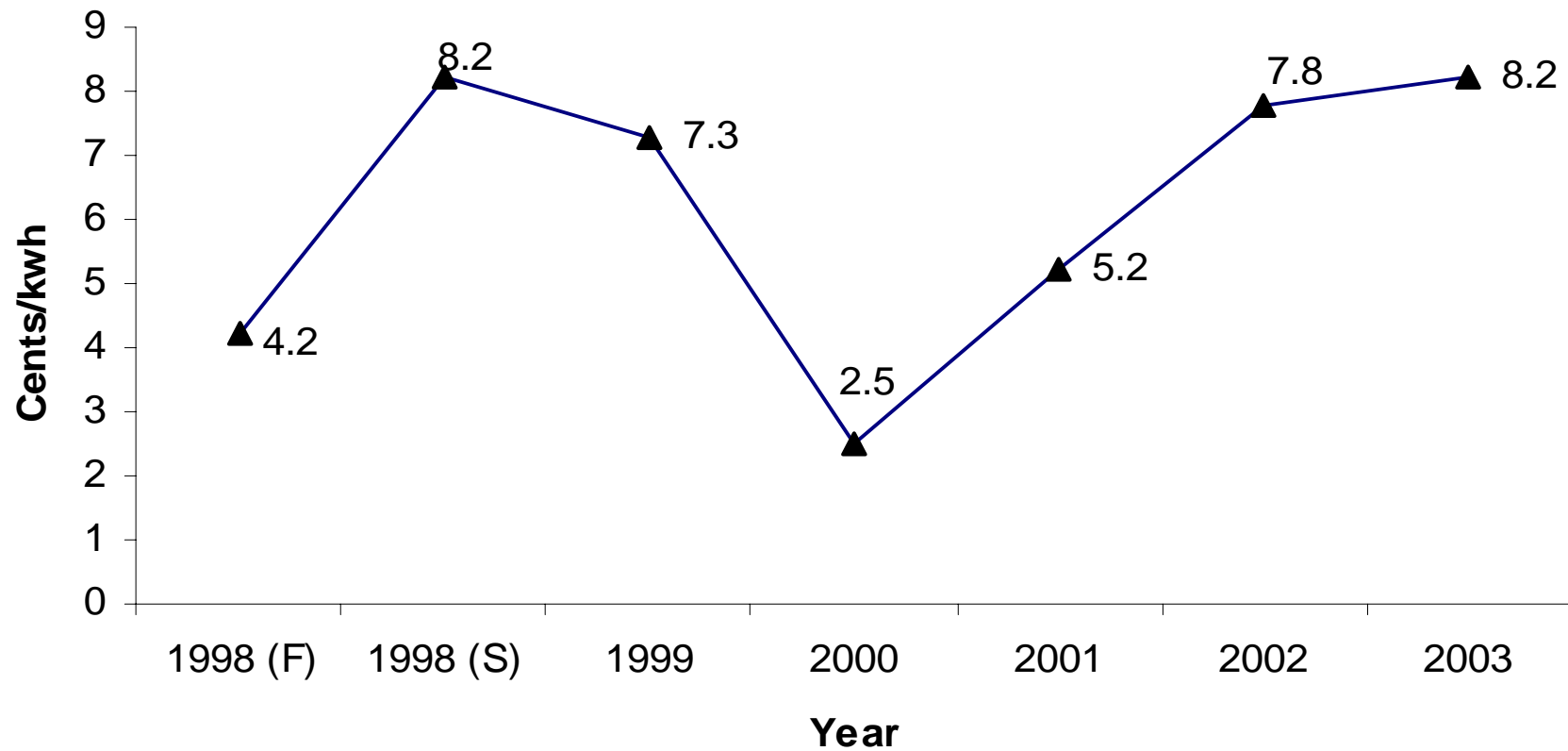
- Finance Committee
- Technical Committee
- Tariffs Committee
- Administration Committee
- Consumer Affairs and Public Relations Committee
- Legal Committee
- Water Issues Committee

Achievements

- Tariffs
 - ✓ Developed Tariff Guidelines
 - ✓ Developed Transitional Plan for reaching economic tariffs with improvement in quality of service
 - ✓ 4 Major Tariff adjustments from 1998 - 2003 to reach efficient cost recovery levels
 - ✓ Developed an Automatic Tariff Adjustment Formula to correct movements in exogenous factors

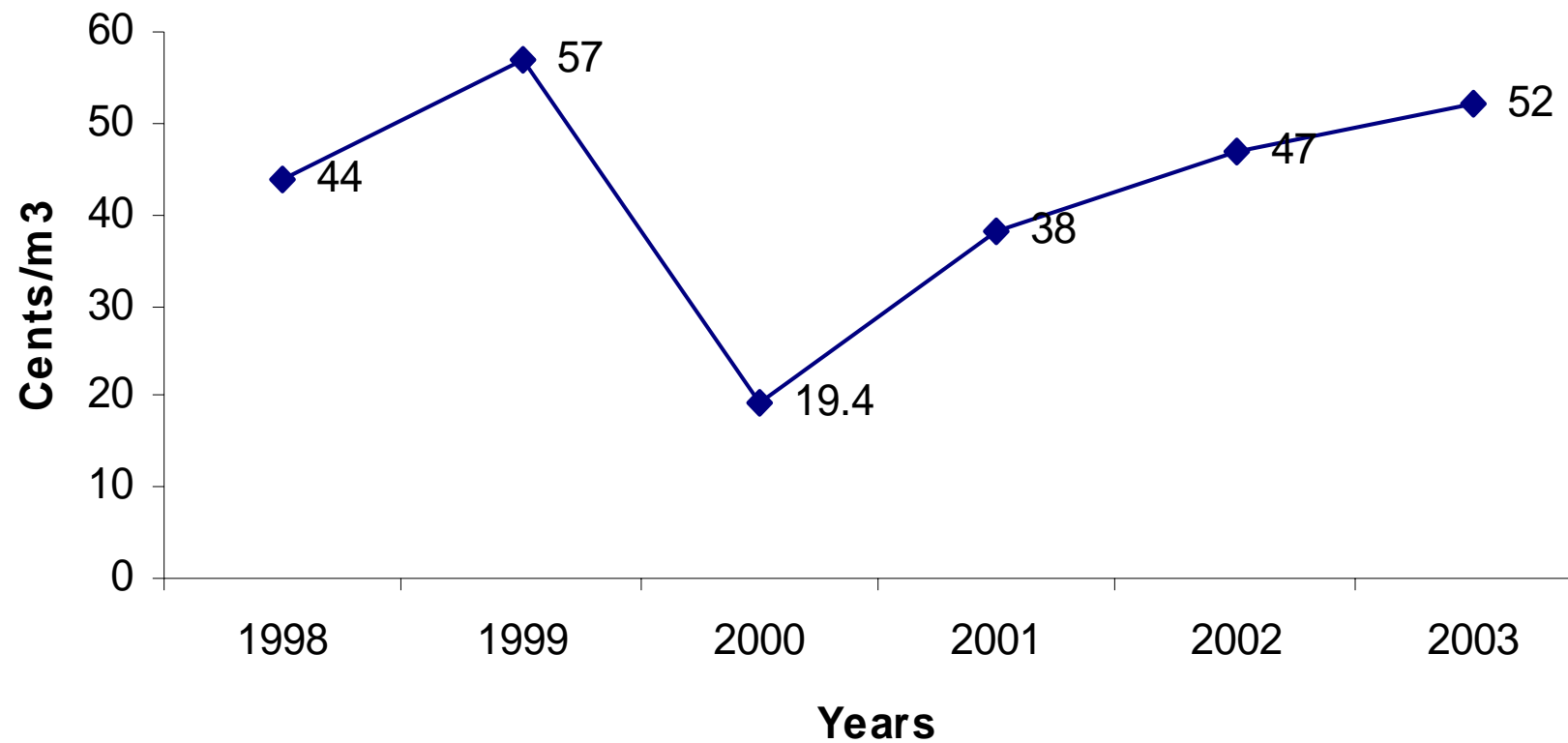
Achievements, Contd

Average Electricity Tariff Trends 1998-2003



Achievements, Contd

Water Tariff Trend since 1998-2003



Achievements, Contd

Regulations

- ✓ Regulation on Termination of Services
- ✓ Regulation on Complaints Procedures

Utility Reporting Formats

- ✓ For monitoring purposes

Next Steps and Future

✓Regulatory Tasks under PSR

⇒Develop fair and transparent open-access transmission pricing framework, necessary to create fair competition in the generation sector.

⇒Develop appropriate framework for commercial market rules for the new electricity market.

⇒Develop guidelines for Natural Gas Regulation

PUBLIC UTILITIES REGULATORY
COMMISSION (PURC), GHANA

THANK YOU