

PUBLIC UTILITIES REGULATORY COMMISSION



REPORT ON STAKEHOLDER CONSULTATIONS ON TARIFF PROPOSALS FOR THE 2022 – 2027 MULTI YEAR TARIFF REVIEW PERIOD

PART THREE: PUBLIC HEARINGS

JULY 2022

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1.0 INTRODUCTION

This report narrates proceedings of the third part of the stakeholder engagements (public hearings) by the Public Utilities Regulatory Commission with the regulated utilities and the general public. The public hearings were carried out in accordance with Sections 3(a) and 3(b) of the PURC Act 538.

The report highlights key issues arising from the public hearings between 16th May to 14th June 2022. The public hearings were carried out in the Greater Accra Region, Volta Region, Western Region, Ashanti Region, and Northern Region.

2.0 OBJECTIVES/PURPOSE OF THE PUBLIC HEARINGS

The purpose of the public hearings was to provide a platform for the regulated companies to present their tariff proposals for the 2022 to 2027 Multi Year Tariff Review period to all customers and the general public.

This platform provided the opportunity for the companies to recount their present investments, project their investments over the five-year period, enumerate their challenges and mitigation strategies, as well as highlight their intended strategies of improving reliability and quality of service to customers.

The public was in turn expected to interrogate the proposals presented, seek clarifications where necessary, and express their expectations on the tariff regime.

3.0 PARTICIPANTS: UTILITIES, CUSTOMERS, THE PUBLIC

The following utilities presented their tariff proposals to stakeholders during the public hearings for the 2022 – 2027 Multi-Year Tariff Review period:

- Northern Electricity Distribution Company (NEDCO)
- Electricity Company of Ghana (ECG)
- Ghana Water Company Limited (GWCL)

The Commission, together with the utilities, engaged customers of the utilities and the public in the regions indicated below between 16th May to 14th June 2022.

Region	Date	Venue
Greater Accra	16 th May, 2022	Cedi Conference Center, Department of Economics, University of Ghana
Volta/Oti/Eastern Regions	3 rd June, 2022	G.M Afeti Auditorium, Ho Technical University
Western/Western North/Central Regions	7 th June, 2022	TTU Auditorium, Takoradi Technical University
Ashanti/Brong Ahafo Regions	10 th June, 2022	Prempeh Assembly Hall Kumasi
Northern Regions	14 th June, 2022	Multipurpose Conference Facility University of Development Studies Tamale

4.0 NATURE OF ENGAGEMENTS/METHODOLOGY

The methodology adopted for the public hearings commenced with invitations sent to stakeholders, requesting for their presence at a particular venue, date, and time. Stakeholders were directed to the Commission's website and the website of the utilities for the published proposals. This was to help them prepare before the public hearings. Stakeholders were given the opportunity to listen to presentations of tariff proposal submissions from the utilities, both physically and livestreamed/online, and to engage in discussions afterwards.

Several engagement techniques were adopted during these consultations. These techniques principally involved the use of PowerPoint presentations which enabled the utilities to present a detailed tariff proposal to stakeholders present. The presentations were followed by question-and-answer sessions, as well as open discussions by all.

The key issues arising from the public hearings are summarized in Section 7 of this report.

5.0 SUMMARY OF OPENING REMARKS

5.1 Opening Remarks by Dr. Ishmael Ackah, Executive Secretary, PURC

The Executive Secretary, Dr. Ishmael Ackah, expressed his thanks to all stakeholders present at the public hearings. He informed stakeholders of the mandate of the Commission which is to balance the interests of both utilities and consumers. Thus, the Commission ensures utilities are financially viable and efficient, and consumers receive the best services at competitive prices. One of the means of achieving this mandate is for the Commission to create a platform for utilities to engage with the public, who would in turn interrogate the utilities and make recommendations. This ensures fairness to both parties.

Dr. Ackah informed participants that, summarized versions of the proposals of the utilities including infographics have been published on the Commission's website as well as in the print media. In addition, a customer expectations survey has been undertaken to determine what customers expect from the tariff regime. According to him, preliminary findings show that customers would only pay for adjustment in prices if there are improvements in the quality of service.

The Executive Secretary further indicated the need for the utilities to be responsible to customer needs, and for customers to pay their bills on time, and desist from illegal connections.

According to the Executive Secretary, the 2022 – 2027 Major Tariff Review is expected to achieve the following three objectives:

- To ensure that investments of the utilities are efficient enough, and would enhance reliability of service, and serve customers better,
- Tariffs that would result in innovations on the part of utilities. For instance, the use of technology and digitization to cut cost, and
- To ensure the tariffs are fair enough for customers, to encourage them to pay their bills on time.

Dr. Ackah entreated stakeholders present to contribute to make the process more participatory, inclusive, and transparent. He concluded by indicating that this platform provides consumers the opportunity to ask questions and make recommendations which can influence the regulatory regime and the tariff process.

5.2 Opening Remarks by Mr. Patrick Nyarko, Ag. Chairperson, Board Research and Stakeholder Management Committee

The Ag. Chairperson of the Research and Stakeholder Committee Management of the Commission, Mr. Patrick Nyarko, reiterated that the engagements were platforms created by the Commission, as the arbiter, to allow for utility service providers to present their tariff proposals to the general public.

Mr. Nyarko further appealed to stakeholders present to desist from galamsey, which is polluting the water bodies. In addition, galamsey increases the cost of water production, which in turn translates to high end-user prices for customers.

He explained that the Commission would balance the interest of consumers with that of utility service providers, and hoped for fruitful deliberations.

5.3 Opening Remarks by Torgbui Tokoku XI, Paramount Chief of Kpenoe Traditional Area during the Volta/Oti/Eastern Public Hearing

The Chairperson and Guest of Honour for the Volta/Oti/Eastern Region Public Hearing was the Paramount Chief of Kpenoe Traditional Area, Torgbui Tokoku XI. The Paramount Chief extended special greetings from Torgbui Afede, President of the Asogli Traditional Council and State, as well as greetings from the Regional House of Chiefs.

In his opening remarks, Torgbui Tokoku acknowledged that it is in place for utility service providers to periodically inform customers about what goes into their operations, and if there will be need for adjustments. He also indicated customers have a right to demand for quality services once they are paying for the services.

Torgbui Tokoku emphasised the importance of the public hearing indicating that it would inform all customers on what goes into production of the various services enjoyed. He also mentioned the gathering would provide all the opportunity to ask relevant questions. He therefore craved the indulgence of the public to support the Commission and the utilities in this endeavour.

5.4 Opening Remarks by Nana Kobina Nketsiah, Paramount Chief of the Essikado Traditional Area during the Western/Central/Western North Public Hearing

Nana Kobina Nketsiah was the Chairperson and Guest of Honour for the Western/Central/Western North Region Public Hearing. In his opening remarks, Nana Nketsiah emphasised the importance of utility service provision irrespective of one's political affiliation.

According to him, the public hearing forum has been created for stakeholders to understand what goes into utility service provision, and justifications for proposed tariff rates. The Chairperson also sympathized with consumers with regards to escalating prices of goods and services, and sought for a common ground between consumers and the utilities.

5.5 Opening Remarks by Nana Baffour Owusu Bediako, Paramount Chief of Asante Akim Domeabra during the Ashanti Regional Public Hearing

In Kumasi, the Guest of Honor, Nana Baffour Owusu Bediako, Paramount Chief of Asante Akim Domeabra, thanked the Commission for the invitation. He also thanked the other Chiefs, Queen Mothers and all participants for making time to attend the event.

Nana commended the PURC for the good initiative of creating a platform for the utilities to engage with consumers on their proposals for tariff increases. The Guest of Honor was hopeful that the engagement would be fruitful and encouraged participants to make good use of the opportunity to address all their concerns with regards to the tariff proposals.

The Paramount Chief further expressed his confidence in the Commission to approve the best rates to ensure that the interest of both utilities and consumers are well served.

5.6 Opening Remarks by Sagner' Naa Yakubu Abdulai, Paramount Chief of the Sagnerigu Traditional Area during the Northern Sector Public Hearing

In Tamale, the Guest of Honor, Sagner' Naa Yakubu Abdulai, Paramount Chief of the Sagnerigu Traditional Area, expressed gratitude to the Commission for the invitation. The Guest of Honor, welcomed the PURC and utilities to the Northern Regional traditional area and wished participants fruitful deliberations. The Paramount Chief indicated that the meeting was to allow for the public to listen to tariff proposals from the NEDCo and GWCL.

He commended the Commission for organizing this delicate exercise amidst high polarity between utility service providers and consumers in view of media reports that rates requested by the utility service providers in their submitted proposals were too high. Sagner' Naa expressed his confidence in the Commission not to allow utility service providers to have their way at the peril of consumers.

The Paramount Chief noted that, increased tariffs could be justified as a result of exchange rate hikes, rising cost of fuel, power theft and illegal mining activities as factors that impact the cost of service for electricity and water service provision. The Chief also noted the poor customer service delivery by some utility service providers and indicated that, consumers are calling for a more efficient service delivery.

The Guest of Honor further mentioned instances of inefficiencies in service delivery on the part of utility service providers and hoped for proposed interventions during the presentations to address some of them. He called on consumers to desist from power and water theft to prevent losses and entreated consumers to let their religious creeds control their behaviour in this regard.

6.0 SUMMARY OF PRESENTATIONS

6.1 Presentation of Tariff Proposal by NEDCo

Presentation by NEDCO to stakeholders centered on the tariff structure and current tariff, initiatives and projects undertaken, major issues on the tariff submission, company financial performance, challenges and proposed recommendations, and the proposed tariff rates. NEDCO enumerated the reasons for the increase in cost of electricity supply as due to low customer density, exchange rate depreciation, high proportion of residential customers, and a larger proportion of lifeline customers. Proposed and completed projects of NEDCO are targeted at reducing losses, improving reliability, and quality of service. The utility's financial performance between 2017 and 2021 has been saddled with losses. The overall tariff requested by NEDCO for 2022 is GHp/kWh 66.81 which represents a 111.9% increase over the prevailing tariff.

6.2 Presentation of Tariff Proposal by ECG

The ECG's tariff proposal presentation focused on the utility's regulatory period performance, assumptions underlying the tariff proposal, current, ongoing, and planned investment projects, renegotiation of PPAs, and the proposed tariff rate. ECG enumerated the major challenges impacting their tariff proposal as inflation, exchange rate depreciation, cost of reserve margin or idle capacity, unrecovered pass-through generation costs, re-structure of the prevailing tariff structure, recovery of the cost of only 30% of the street light tariff, recovery of investment cost and inadequate distribution service charge. The overall tariff requested by ECG in 2022 is GHp/kWh 39.95 which represents an increase of 148% over the prevailing tariff.

6.3 Presentation of Tariff Proposal by GWCL

The water utility presented a summary of their current operational and technical situation and challenges, initiatives undertaken since 2019, the rationale for adjustment in tariff, planned initiatives and revenue requirement. In a bid to increase requests for new service connections whilst reducing the cost, GWCL proposed the meter cost for new service connections as an operations cost to be captured in the tariff. GWCL also proposed reclassification of the tariff bands, to reduce cost and improve cost recovery. GWCL presented three proposals for recovery of cost. The tariff requested by GWCL for full cost recovery in 2022 is GHC28.20/m³ which represents an increase of 300% over the prevailing tariff.

7.0 HIGHLIGHTS OF KEY ISSUES

This section provides a summary of the key issues arising from the public hearings and consultations held between 16th May and 14th June 2022.

7.1 Greater Accra Public Hearing: Key Issues Arising

7.1.1 Issues Arising from Presentations by VRA and GRIDCO

1. Questions/Comments/Recommendations

- GRIDCo has enumerated key investments it plans to undertake between 2022 to 2027, concluding that in 2027, its forecasted tariff will reduce. VRA has also indicted that because of prudent management practices the company has been sustainable. The proposal of the utilities is not in sync with government of Ghana's policy on tariff reduction strategies. Rather, the utilities are influencing tariffs for IPP's to be increased.
- The CEO of VRA announced the company made profit last year. The mandate of VRA is to produce electricity at least cost to consumers. So how was the profit achieved? This means VRA's efficiency level has been achieved. This should motivate VRA to propose lower tariffs.
- What proportion of the reactive power is VRA expecting to pay this year? How much does this affect the over 12,000GWh of power VRA has indicated it will produce this year?
- VRA's operational expenses have reduced. Why are the windfalls and profits not ploughed back to improve services? The SIGA report states that aside operational revenues, government provides some subventions to the state-owned enterprises. Why is an increase in tariff needed then?
- GRIDCo's call for tariff increment is not supported. GRIDCo also receives subventions from government. GRIDCo is also operating relatively well based on the SIGA report, although operational expenses have increased. The windfalls and returns should be ploughed back to improve services.
- What guarantee can GRIDCo provide, that for those years projected, efficiency indicators would improve?
- One of the reasons why VRA is requesting for a tariff increment is because of forex differentials and depreciating currency. Why has VRA then resorted to using lower exchange rate in its computations and incurring forex losses?
- Is there a need for tariff increments amidst the current precarious economic situation? Are the utilities not looking out for the interest of consumers and industry? Industries are not getting realistic tariffs for operations. For instance, tariffs for industries are expensive than tariffs for residential consumers. The reverse should rather be the case. This makes Ghana's tariffs

uncompetitive relative to that of neighboring countries. Utilities cannot recoup their investments overnight. It is recommended the proposed tariffs are spread over a period, for a realistic percentage to be considered.

- There was a component of reactive power both VRA and GRIDCo requires compensation for. Will VRA not eventually be compensated by GRIDCo for their reactive power?

Responses

- PURC has provided the framework for regulation. In so doing the Commission is mandated to balance the interest of utilities and consumers. The utilities are on the other hand, expected to make submissions to PURC for assessment and analysis.
- The issue of industries paying higher tariffs are as a result of the tariff structure, and not based on the proposals of the utilities. It is however good for the public to be interested in the cross-subsidization issue. PURC needs to re-consider it.
- VRA was established by an Act, and expected to make returns on its assets. VRA is therefore expected to make profits. The Public Financial Management Act mandates utilities to make returns and not losses.
- A comparative analysis of VRA's tariffs with the IPP's show that VRA's prices are more competitive.
- VRA's tariffs relative to reactive power compensation is between VRA and GRIDCo. VRA charges GRIDCo, who in turn charges its customers. What has been proposed is the framework based on the value chain.
- Once GRIDCo goes beyond the reactive power required by the grid, compensation is needed because this increases cost of maintenance and operations. This is the reason for the compensation.
- As a regulated utility, GRIDCo is expected to make reasonable returns on its investments. These returns are ploughed back to enable the company maintain its assets.
- GRIDCo's costs are fixed. As a result, unit cost remains the same irrespective of the level of power transferred.
- Some of the efficiency gains GRIDCo made over the years were provided in the proposals. For instance, over 74 substations have been constructed. The company's staff strength has also been reduced. These translates into reducing direct cost.
- GRIDCo is requesting for tariff increments because of shortfalls in its tariff requests approved by PURC. The PURC in line with consultations with stakeholders determines the revenue requirements of the utilities. Based on that GRIDCo has over the years not received the sustainable level of revenue requirements.

7.1.2 Issues Arising from Presentation by ECG

1. Questions/Comments/Recommendations

- Practically, consumers do not experience all the initiatives ECG has presented. Service delivery is poor, and ECG has been unable to recollect its revenues and check the leakages and illegal connections in the system. Why should these inefficiencies be passed on to consumers?
- ECG should consider efficiency in its revenue collections and how to resolve illegal connections in the system if it wants an increment. This would help the company recover a lot in revenues. The prosecution system should also be strengthened to send signals to consumers engaged in illegal connections.
- ECG has a lot of uncollectable debts amidst poor customer service. Most consumers have also not received their bills for about 2 years. Collection of these debts can help reduce the tariffs being requested for.
- ECG's mission statement is to provide quality, safe, and reliable electricity to consumers. ECG however, does not provide quality and reliable services. Consumers are looking for value for money, while the company also seeks to maximize profit. Consumers should not struggle to pay for increments when they receive value for money. Why would consumers have the urge to pay more when ECG has clearly been inefficient?
- There are claims by the government that ECG is debt ridden due to high capacity charges and take or pay contracts. As at March 2022, ECG's debt to the IPPs was \$900m. ECG should be able to address this debt. Consumers cannot be responsible for ECGs inefficiencies.
- Cost of meters have escalated. Consumers cannot also top up their credits, when their phones get missing. ECG should address this.
- What are the rewards for whistle blowers?
- How much is ECG paying for excess capacity charges?
- How much does the government owe ECG?
- Judging from the feedback from the public, ECGs plea is unacceptable. ECG needs to work on its inefficiencies.

Responses

- ECG encourages all customers to call the whistle blower line on suspected illegal connection cases.
- The government currently does not owe ECG. Government rather pays the IPPs on behalf of ECG. Those payments have been used to defray the costs of governments owing.
- Excess capacity charges were not factored in the tariff. Government has been supporting ECG with payments of excess capacity.
- ECG does not have information on bad debts write off.

- ECG is doing its best no matter how inefficient its operations and services are. The company will continue to do its best to satisfy customers. ECG would focus on making the less efficient districts efficient.
- ECG is currently embarking on boundary metering (distribution transformer metering) to help narrow down on areas where there are high power thefts.

2. Question

- What is the status of implementation of the customer charter book?

Response:

- The customer charter book is available in ECG's offices.

3. Comment

- In all the feedback from the public, emotions, pain, and anger have been expressed. There has however been no apology from ECG. Empathy is very crucial in customer service.

Response

- ECG apologizes for all the inconveniences its services and actions have caused customers. ECG promises to enhance its customer service delivery.

7.1.3 Issues Arising from Presentation by GWCL

1. Questions/Comments/Recommendations

- There are certain payments to be made to the Desalination Plant to defray costs. These costs have been incorporated in the tariff. Why should consumers pay for a contract that has eventually resulted in losses to GWCL?
- There was an element of new service connection charges where customers requesting for new meters would be subsidized. Why should current customers be made to subsidize customers applying for new meters?
- Constant water flow has become a challenge for residents of Spintex and Lashibi. There has been no communication from GWCL on this current situation. Consumers need to know what is happening.
- GWCL has a lot of issues and inefficiencies especially with respect to leakages. Sometimes when calls are made to report issues of pipe bursts and leakages, there is no response on the part of GWCL. The costs resulting from these are eventually passed on to consumers. What systems is GWCL putting in place to mitigate these leakages?
- What is the rationale for the water rationing by GWCL?
- GWCL's presentation highlighted water pollution. What is the company doing to address water pollution?

Response:

- Some staff of GWCL have become irresponsible to calls on pipe bursts and leakages. Recently, the company has dealt severely with such staff.
- Unsatisfactory service of GWCL has been attributed to population increase. The rural-urban drift has also contributed to this. GWCL's systems and facilities have been overstretched as a result of that. GWCL encourages customers and all stakeholders to store more water.
- The company currently does not have the capacity to supply water to all customers on a regular basis (24hour/7days a week basis).
- The Desalination Plant is a Government of Ghana project which was approved by Parliament. It does not behoove on GWCL to wish it away. GWCL is however mandated to ensure the plant operates. The challenges with respect to operating the plant have been highlighted.
- Chemical cost is a major component of GWCL's operations.
- GWCL has a call center where all issues of pipe bursts and leakages can be reported. Installation of the smart meters will address the issue of leakages.
- About 40% of GWCL's investments are to address non-revenue water. GWCL is progressing steadily with this, although much resources are needed to address the issue comprehensively and replace aged pipes.
- The government provides GWCL with funds to establish treatment plants. These treatments plants are however few across the country.
- The rapid population growth, and demand and supply gap has necessitated the water rationing.
- GWCL is currently collaborating with the district assembly in Weija to address the encroachment on the water bodies in the area.

Remarks by PURC

- The intention of today's public hearing is to create awareness to all consumers of electricity and water of the tariff proposals submitted by the utilities.
- The public hearing rather became a compliant session due to consumers' experiences with the utilities. These complaints have been heard, and the necessary steps would be taken to address them.
- There are a lot of operational decisions and actions needed to be undertaken by the utilities to satisfy customers.
- PURC has a toll-free number and regional offices across Ghana where all customers can lodge their complaints.

7.2 Volta/Oti/Eastern Regional Public Hearing: Key Issues Arising

7.2.1 Issues Arising from Presentation by ECG and GWCL

1. Questions/Comments/Suggestions

- Citizens are making efforts to pay their bills. However, there are some top government officials who do not pay bills. This places a lot of burden on consumers.
- The presentations should be simplified and printed on flyers for easy accessibility.
- What is the multi-tariff year review about and what is the essence of the AAF? What are the implications of these on the consumer?
- Do the revenues collected by the government go to the accounts of the utilities, or it goes to the central government?
- Consumers are experiencing hardships. The utilities must be considerate.

Responses:

- GWCL has meters in all government institutions and government bungalows. All government institutions and officials occupying these buildings are expected to pay their bills. GWCL sends bills periodically and follows up on payments, when there are delays. Politicians across the country have meters in their homes. There are instances where some government institutions have been disconnected for non-payment of water bills. The only institution sometimes considered are the hospitals because of the essential services they provide.
- When there is the need to disconnect politicians, doctors and nurses occupying government bungalows, GWCL does not hesitate.
- Residents of compound houses who require separate meters can apply to GWCL, for the meters to be provided subsequently. If the house however has only a shared standpipe, the water bill is likely to go up.
- A simplified version of the presentations was published in the newspapers. The presentations are also available on the website of GWCL. The presentations have further been simplified and available on GWCL's social media platforms.
- The revenues accrued from GWCL's tariffs are used to purchase chemicals for water treatment. These revenues do not go to government, but rather collected by GWCL. The government supports the company with respect to constructions of treatment plants and other major infrastructure.
- Bills payment to GWCL through electronic platforms such as mobile money does not attract e-levy.
- PURC has created a platform for engagements between utilities and consumers. PURC needs to ensure consumers pay a little more in tariffs for delivery of better services by GWCL.

2. Questions/Comments/Suggestions

- Increments in tariffs are not the solutions to the problems of the utilities. Recently, non-tariff charges were approved. What is the guarantee that the increments requested would ensure efficiency in the operations of the utilities? The utilities should rather focus on addressing their losses using robust internal checks so that all costs are not transferred to consumers.
- Is it true there are some fake meters in the system?
- ECG operates nationwide, but GWCL only operates in the urban centers. How can GWCL extend its services to other areas of the country?
- Does GWCL constantly monitor its pipelines to check if there are faults on the lines? This is important to ensure losses are minimized.

Response by GWCL:

- GWCL and ECG are regulated utilities selling products to customers. The companies do not have control over prices charged for their products. PURC determines prices chargeable by the utilities based on projections of the cost of production and revenues by the utilities.
- For every cubic meter of water produced since 2018, GWCL losses Ghc8. This loss is as a result of the inadequate tariff approved in the last major tariff review.
- If GWCL's proposed tariff is approved, there would be 100% access to water in urban areas in the next 5 years.
- GWCL is now at a threshold where customers need to pay a little more for better services. For instance, chemical prices have increased, cost of production is now Ghc28, and the cedi has depreciated. All production inputs for water treatment is imported.
- Per the law, GWCL is mandated to serve only the urban areas. Community Water and Sanitation Agency (CWSA) serves the rural areas. There are a lot of engagements between CWSA and GWCL to serve the rural areas better.
- GWCL is deploying technology to detect illegal connections. This has been piloted in Accra, after which the technology would be deployed in the major cities. These require a lot of funds. A call center has also been set up for consumers to report illegal connections.
- There are no fake meters in the industry. Consumers are encouraged to report any evidence of a fake meter to GWCL, for further investigation.

Response by ECG:

- There have been improvements in power supply in the Volta Region.
- With respect to the fake meters, there were reports that people were bringing them from Togo. Many of them have been arrested and prosecuted. ECG staff who were also involved have been suspended. These meters can cause fire outbreak. For now, ECG has smoked them out of the system.
- ECG has a maintenance unit who go round to identify faults and work to improve the system.

3. Questions/Comments/Suggestions

- ECG has improved on its SAIDI and CAIDI indicators. It is important for the company to improve its SAIFI indicator as required by the regulator.
- Is it true that MPs and Ministers of State do not pay electricity bills?
- How fast does ECG detect faulty meters? Does ECG investigate why consumers are unable to pay reconnection fees?
- The old/current tariffs should have been presented for easy comparison with the proposed tariff. It is also recommended that the utilities spread their cost over the multiyear, instead of the outright astronomical increase requested.
- Who bears the cost if a stolen meter is to be replaced?
- What are the findings of the research units of the utilities with respect to the impact of inflation and exchange rate on operations? It is recommended that the utilities partner with the technical universities to invest in local technologies and systems that would help reduce cost of production. This would help reduce importation and resultant effect of exchange rate volatilities.
- GWCL should collaborate with the security agencies to explore ways of protecting the water bodies, which is their main input source. This would help reduce cost.
- It is suggested PURC assists the utilities to extend their services to new and developing areas where such utility services are not available.

Responses by GWCL:

- GWCL has meter readers who visit the premises of customers twice every month. Customers are encouraged to report issues of faulty meters and other water issues to the meter readers.
- With introduction of the smart meters, the system can be able to detect faulty meters and illegal connections or meter by-passes.
- The current tariffs based on 2018 approved prices have been indicated in the proposals. If the proposed tariffs are approved, tariffs for subsequent years would be reduced. If consumers fail to pay, this affects GWCL's operations.
- Pollution of the water bodies has necessitated the use of more chemicals in treatment. Chemical costs alone have increased by about 60%. This has made water production expensive. People need to pay more, if they require better services.
- GWCL has over the years supported local industries with feasible research initiatives and innovations. If GWCL can acquire its productions inputs locally and cheaper, that would be adopted.
- Other ancillary inputs such as pipes used in connections are not produced by GWCL. These are purchased by GWCL with company funds. As such this is the only amount charged to customers for cost-of-service connection. The cost of materials used in connections needs to be considered.
- PURC needs to consider a line item to absorb the cost of the new meters. This will reduce the cost of service.

- Customers have a responsibility to protect meters installed on their premises, to prevent people from stealing them. Customers bear the cost of payment for stolen meters.
- Pollution of the water bodies upstream, eventually pollutes the water downstream where GWCL's production intake starts. Pollution needs to be addressed holistically as a country.

Responses by GWCL:

- ECG encourages all customers to pay their bills on time to avoid disconnections and other inconveniences.
- ECG would explore the services of local manufactures in acquiring some production inputs.
- Customers are not required to pay for replacement of stolen or faulty meters. Replacement of the meters are provided free of charge by ECG. Customers are however required to report cases of stolen meters to the police station, and present a report to ECG. Customers who tamper with meters and destroy them, are made to pay for them.

7.3 Western and Central Regional Public Hearing: Key Issues Arising

7.3.1 Issues Arising from Presentation by ECG and GWCL

1. Questions/Comments/Suggestions

- The utilities have failed to capitalize on their operating capital, hence these proposed tariffs. They are also slow in responding to complaints and requests for repairs on time. For instance, response to leakage reports is not timely. These contributes to operational losses. The utilities respond quickly to only prominent citizens. These need to change.
- Consumers need to be informed of the revenues and expenditures of the utilities during the last year to inform the proposed tariffs.
- Why is GWCL not taking drastic measures against the galamsey menace in the villages. These villages operate under districts with security services and chiefs.
- Under what policy is GWCL requesting for its tariff increments? There should be company policies guiding such tariff increments. For instance, a company should be able to request for tariff increments if it is able to provide reliable water supply to its customers.
- Some companies are providing boreholes to citizens who do not have access to water. This creates competition in the system. Why is GWCL not providing boreholes to offer competitive prices?
- Utilities usually portray improvements in services to customers so as to justify their tariff increments. There should be forums where utilities would present proposals for tariff reductions, instead of the usual proposed tariff increments. So far, the proposals by the utilities are not convincing.
- ECG asserts its key inputs and materials are imported using the dollar, which has resulted in forex losses. As a sovereign nation, most items have been dollarized and citizens are bearing the brunt of its consequences.
- Water pollution increases cost of production. Culprits responsible for polluting the water bodies must be held accountable instead of passing on such costs to all customers. This is unfair. Why should other poor households be made to pay for the irresponsibility of others?

- Individuals have taken the initiative to provide their own poles and street lights because ECG has failed to provide street lights. It is ECG's responsibility to provide such poles and street lights.
- ECG charges customers for the provision of meters, but has not provided meters to some customers who have applied and paid for over 6 months. This is highly unacceptable from ECG.
- Water only flows when the meter readers visit one's premises to take the readings.
- About 45% of water produced by GWCL go waste most of the time. People have also become unconcerned about pipe bursts and leakages so far as it does not pass through their meters. Does GWCL have policies to surcharge individuals who do not report pipe bursts and leakages? What efficiency measures have GWCL adopted to check pipe bursts and leakages?
- Collaboration between the utilities and the MMDA's is expected. This would ensure the MMDA's address part of the challenges of the utilities.
- The macroeconomic indicators are beyond the control of the utilities.
- At times, water flowing through the pipes are filled with silt when the water is stored overnight. Why should customers pay high prices for poor quality service?
- What measures is GWCL adopting to ensure the issue of water pollution is addressed? GWCL must take the issue of water pollution more seriously, and involve government in addressing the issue.
- The lights are not stable and the voltage keeps fluctuating. No notice is given by ECG. This has resulted in damages to our appliances.
- Does PURC follow up on the proposed investments and initiatives of the utilities to ensure quality service is rendered to customers?
- Galamsey has been a menace for years now. Why is GWCL emphasizing galamsey as the basis of its issues?
- The services of ECG have improved, although communication to the public is poor. ECG has vans and pickups it can use to communicate to the public. ECG also needs to inform the District Assemblies and the public of planned power outages, to enable people plan accordingly.
- The utilities deserve an increment of only 10% due to the marginal improvements in services. Their services however leave much to be desired.

Responses by GWCL:

- PURC determines prices chargeable by the utilities. These prices are reviewed every two years during major tariff reviews, as well as reviewed quarterly due to changes in economic conditions.
- GWCL presented its forex losses because exchange rate volatilities generally affect the prices of goods and services.
- Galamsey is a national problem. GWCL is doing its best and making efforts in some areas. For instance, drones were deployed to some mining communities to assess the situation. The drones were however shot down. Individuals and government need to fight galamsey together.

- There is no water to treat in some areas because of galamsey. The water treatment plants have become idle as a result. All citizens have a role to play in the fight against galamsey. There is evidence that when galamsey activities are reduced, the water bodies improve, less chemicals are used in treatment, and more water is processed.
- Two years ago, GWCL cut sod for the construction of a new water treatment plant in Takoradi. The treatment plant is expected to be completed by 2025.
- GWCL is making efforts to respond to complaints on time. People who report however do not provide proper directions to the locations of pipe bursts and leakages. The public is encouraged to provide proper directions to reduce waste.
- The dirty water that flows through the taps sometimes are as a result of regular servicing of the pumps. Stones get stuck in the pumps which destroys the blades. Frequent servicing (every 2 days) is therefore needed, during which the pumps and plants are shut down. This results in interruptions in the water supply.
- The last time GWCL had a tariff increment was in December 2018. Cost of producing a cubic meter of water was Ghc15. PURC only approved Ghc6.9. There is a difference of Ghc8. Chemical cost has increased by 60%. Foreign exchange is needed to import the chemicals. Volatilities with the exchange rate is beyond the control of GWCL.
- Utilities require investments to improve systems and to meet demand.
- GWCL is making efforts on galamsey. However, GWCL has no authority over the water bodies. GWCL is required to consult the Water Resources Commission before it is able to extract raw water from the water bodies.
- From September 2021, turbidity figures of raw water extracted from the water bodies have exceeded 8000NTU. The acceptable limit is 5. This requires a lot of chemicals to treat the water.
- The Sekondi-Takoradi Metropolitan Area requires about 18 – 22 million gallons of water a day. The plants, which are over 100 years old, produces 6 million gallons on a good day. Investments in infrastructure is thus required to change these plants. Due to galamsey however, the plants only produce 4 million gallons of water per day.
- GWCL needs to pump water to reservoirs at certain pressure levels. The company is however unable to pump water to the required levels to serve all of its customers.

Responses by ECG:

- ECG recently caught people stealing cables for scraps.
- People who interfere on ECG's right of way can be prosecuted.
- Burning of poles becomes an additional cost to ECG since those poles have to be replaced. The public is encouraged to report all who engage in such acts in their communities.
- ECG currently has a WhatsApp platform for every district to make information easily accessible. Information is often shared on the platforms. All Assembly Members are on those platforms to enable them communicate information from ECG to their members.

- Customers are encouraged to visit the offices of ECG when there are delays on the part of ECG in responding to requests for new service connections.
- ECG is taking steps to ensure that between 5 to 14 days, meters are made available to consumers.
- Street light charges are always indicated on the bills. These are collected for the government.
- There are arrangements for replacements of faulty prepaid cards.

2. Questions/Comments/Suggestions

- Are customers expected to pay for relocating their electricity lines?
- Does GWCL has a policy for refunding customers (like the District Assemblies) who take the initiative of providing materials for repairing works on pipe bursts and leakages?
- There are currently no post-paid meters available. There are however accredited shops in Accra where one can purchase a post-paid meter.
- Why do some customers receive water while others do not? The fire service for instance receives water constantly which they in turn sell to the public. The tariff increments are unacceptable.
- ECG and GWCL have annual budgets which includes repairs, maintenance, and renovations. Why are these not factored into the annual budgets of the utilities?
- Utility bills are already high. Customers should reject the proposed increment in tariffs.
- What security is guaranteed for whistle blowers? The 6% compensation seem inadequate.
- Can provisions be made for separate meters for individuals in compound households?
- Is GWCL not on government subvention? Why should consumers bear all costs associated with their operations?
- PURC should not approve a tariff increment of over 50%.

Responses by GWCL:

- Ghanaians need to be realistic and face the issues as they are. The purpose of the gathering is that there is a mismatch between the incomes and expenditure of GWCL.
- GWCL has no power to fight galamsey. The government is expected to take that leadership role in the fight against galamsey, with support from citizens.
- GWCL is currently embarking on an expansion project that would provide 27million gallons of water to customers in STMA.
- GWCL surcharges customers who cause damage to the meters.

Responses by ECG:

- Going forward, ECG is committed to improving its services to all customers

- ECG's proposal is based on actual distribution cost. Thus, what has been factored in the tariff is how much it costs ECG to serve its customers.
- PURC usually probes and verifies information presented in the proposals. The 148% tariff increment proposed is due to backlog over the period.
- ECG does not sell poles to customers. The poles are provided by ECG.
- ECG has invested in its systems which has resulted in a reduction of outages. Funds are needed to be channeled into such investments. This justifies the tariff increments.

7.4 Ashanti and Northern Regional Public Hearings: Key Issues Arising

7.4.1 Issues Arising from Presentations by ECG, NEDCO and GWCL

A. Question: A participant queried the Utilities on why they do not go after the MMDAs and bigger institutions who default on their huge bills payment, but rather go after households (residential customers) who default on their bills.

Response: The Utilities responded that they ensure that everybody pays their bills, irrespective of how big or small their bills may be or whether it is an MMDA or a private individual. ECG also informed the public that they have established task forces to disconnect big institutions and MMDAS who have defaulted on their bills.

B. Question: A participant complained about the difficulty in acquiring meters from the Utilities. She asked why it was easier to get a meter through a third party than from the utilities' official sources.

Response: The utilities acknowledged that sometimes it takes a longer time to get meters because of shortages, however, they would like to seriously warn the public from obtaining meters from unofficial sources as the meters could either be stolen meters or pose other challenges to the consumer(s).

C. Comment: The Paramount Queen Mother of Asante Bekwai Traditional Area expressed her empathy with GWCL in respect of the damages that small-scale illegal mining (galamsey) is causing the water bodies and its cost implications for the supply of water. She called for a national effort and individual support for the fight against galamsey.

D. Question: A participant noted that in most shared-compound homes in Kumasi, there are multiple meters. In cases where one person (meter) may not be paying his/her bill, all the other meters get disconnected because the defaulting meter is referred to as the mother meter. The consumer noted that, this is unfair and wants ECG to explain why they resort to that.

Response: ECG explained that they appreciate the concern of the consumer. However, this happens only when the other meters in the house are not directly connected by ECG but the power is tapped from the original meter (mother meter). The ECG representative, took the opportunity to advise the public to contact ECG for direct connection to power rather than to connect from unapproved sources.

E. Comment: A participant recommended that there should be competition in the distribution activities to allow for efficiency.

F. Comment: A representative of the hairdresser's association in Kumasi expressed her disagreement with the proposal for tariff increases on the basis that generally, the economy is very tough and standards of living are so high that increases in tariff will worsen the situation.

G. Comment: A participant advised ECG to do a lot of in-house work to sanitize the institution as their staff contribute much to their losses.

H. Comment: A member of the general public expressed issues of inefficiencies from both utilities. He mentioned that there is a lot of wastage from GWCL since they are unavailable to fix broken pipes on time to stop the leakages. He added that the same issue is also experienced with ECG/NEDCo. He therefore complained that the inefficiencies which account for increased costs is the fault of the utilities.

The consumer stated that, the proposed increments were too high with expectations that the increments would be commensurate with increases in salaries by the government. The consumer noted the constant issues of poor customer service and mentioned that it is difficult to secure a meter without payment of bribes to ECG/NEDCo officials.

Response: GWCL requested for support to be able to handle all the aforementioned issues. The utility service provider noted that, there has been improvements in the response to some of these customer complaints. GWCL indicated that, measures will be put in place to discourage members from taking bribes and to tackle their activities in a professional manner.

I. Comment: Another member of the audience lamented a marginal increase in salary of about 4% in 2021, and no success with the realization of the cost-of-living allowance (COLA) in 2022. He then cited the worldwide economic hardships and requested for postponement of tariff review until after the situation improves.

J. Question: On behalf of the Zongo youth, a representative requested for the contribution of PURC to the declaration of free water by the government and the Commission's expectations after the period. He mentioned that people are currently facing financial challenges and requested for deferment in the process. He also alleged that the Commission had already approved the tariffs and hence there was no need to have this engagement.

Response: The Commission mentioned that the engagement was to take inputs from the general public to be factored into the tariffs. The audience was therefore made aware that the analysis is yet to commence following completion of public hearing engagements nationwide.

K. Comment: A representation from North Star Radio, noted the need for utilities to have enough diversification in linguistics to aid the hearing process. This comment was in response to the presenter from NEDCo speaking Twi in a room full of Dagomba-speaking people.

He mentioned that the NEDCo staff are prejudiced with the mindset to arrest consumers during their activities rather than to educate and provide the service. He noted that the service provider, sometimes involves security personnel during these visits.

Response: NEDCo acknowledged the comment and indicated that diversification in the language would be considered in future engagements. NEDCo agreed to educating staff to execute their duties in a professional and more cooperative manner.

L. Comment: The Assemblyman for Lamashegu lamented the inefficiencies in the operation of the two utilities (NEDCo & GWCL) in Tamale. He mentioned that every household in Tamale has connection to water supply network, however, in the past four years, water does not regularly flow, although bills are submitted on a regular basis. He indicated that water sometimes flows during the rainy season, when consumers have little or no need for pipe borne water.

M. Comment: A member of the public suggested the need for NEDCo to have a research center to aid in the investigation and resolution of complaints between consumers and utilities. He added that public

engagements may be required to educate consumers on the new meters and to teach them the importance of having such meters installed. He emphasized the need for utilities to engage assemblymen to inform the chiefs who would then send information to the people in advance to avoid disruptions and resistances to their operational and maintenance activities.

Response: NEDCo indicated having a unit responsible for carrying out these research activities. NEDCo also explained that engagements with the assemblymen and chiefs are already being done even though there is still room for improvement.

N. Comment: A participant from the Gushegu Municipal Assembly noted from NEDCo's presentation that their consumers are predominantly in the residential lifeline category. He mentioned that in view of this, increment in tariff should not be considered since these consumers are poor and cannot pay for the cost of increased electricity bills. He, however, proposed for the increase to be applied to consumers with the means to pay higher tariffs. He threatened that an increase in electricity cost would only encourage illegal connections or cause agitations which will result in burning of utility infrastructure.

O. Comment: A member of the public expressed disagreement with any tariff increases. He indicated that the increased costs are as a result of inefficiencies in operations of the utility service providers. He cited instances of bills being submitted as service charges to be paid without any water flow. He also added that meter readers do not read the meters and end up submitting figures that are made up. In view of these enumerated issues, he proposed that the tariff increment should be suspended.

Response: NEDCo clarified that the service charges are fixed fees for maintenance of the assets used in the provision of the service. Hence these are paid whether there is water supply or not.

P. Question: In referencing an earlier comment made on the prejudiced mindset of NEDCo employees, a member of the public inquired from NEDCo & GWCL if they have ever implemented any corporate social responsibility (CSR) project(s) within the area.

Response: NEDCo mentioned some CSR projects executed in the past which include school buildings.

Q. Comment: A consumer noted that the relationship between GWCL and consumers is very cordial however, same cannot be said of NEDCo and its customers.

Response: NEDCo reiterated that there would be discussions with members of their staff to ensure increased professionalism in the execution of their duties.

R. Comment: A consumer noted that, the proposals submitted are mainly to fix network inefficiencies on the part of the utilities and that it does not seem right for such costs to be passed on to consumers.

Response: NEDCo answered that the rates proposed do not include any costs inefficiencies for consumers to bear. Instead, NEDCo explained that, the costs being recovered are operations, capital recovery costs and depreciation. NEDCo added that the other costs added for project executions and expansions are included since the tariff review is for a 5-year period and some projects expected to be executed within the period must be considered.

S. Comment: A consumer proposed that NEDCo charges a flat rate monthly fee of about Ghs50, which he indicated would be a good target that would be easily paid by all consumers in the area.

Response: NEDCo noted that this would simply not be possible.

8.0 CLOSING REMARKS

The Chairperson of the Technical Committee of the Commission, delivered the closing remarks. He noted that, consumers have lots of issues which were evident in all the comments made and questions asked. He appealed to the utilities to make themselves more available to address issues of consumers. The Technical Committee Chairperson also urged consumers to contact the Commission when all attempts to get solutions from the utilities fail.

He reiterated that no decision has been taken by the Commission on the tariffs, until after the engagements. He thanked the Guest of Honors and participants for their warm reception and contributions.

In Tamale, The Sagner' Naa's closing remark was in response to some comments made by consumers about burning utility offices. He explained that consumers would be burdened with the cost of replacement of those burnt assets. In addition, engaging in illegal connections would only lead to losses. Thus, he encouraged consumers to desist from such acts. He indicated that illegal connection is a crime which could lead to prosecution. He remarked that there seems to be lots of grievances against the GWCL and encouraged them to improve on their customer service.