

BEFORE THE PUBLIC UTILITIES COMMISSION.

In the matter of the public Utilities Commission Act No 10 of
1999

-and-

IN THE MATTER OF RATES

PRESENT WERE:

Mr Prem Persaud, CCH.	Chairman
Mr Badrie Persaud	Member
Mr John Caesar	Member.
Mr Maurice Solomon	Member.

APPEARANCES:

Guyana Telephone & Telegraph Co Ltd.

Mr M.G. Fitzpatrick, SC.....	Attorney-at-Law.
Mr Gene Evelyne.....	Director of Rates.

U-Mobile (Cellular) Inc.

Mr Tim Baharani.....	Chief Executive Officer.
Mr Donald Conner.....	Legal Officer.

CONSUMERS:

Ms E. Cox, AA,
:Mr R. Eleazer.
Mr Geo Seales.
Mr P. Dyal.

JUDGMENT

The Public utilities Commission had on the 1st December, 2004 fixed rates to be charged by Cel*Star Guyana for its cellular service, and we also allowed rates for post-paid and pre-paid services. We also made an order for Peak and Off-Peak periods, and different rates applied. Our Order also provided that international rates will be at the same rate as GT&T's fixed retail landline rates plus Cel*Star's airtime charges. (PUC Order No 2/2004). We wish to note that Cel*Star Guyana has since duly changed its name to U-Mobile (Cellular) Inc.

On the 29th March 2001 we had fixed rates for GT&T's cellular services, prepaid cards and other services. The rates we applied were with respect to four plans, A, B, C and D. We had also set rates for peak and off peak periods. (PUC Order No1 /2001).

As times progressed we noted that both Utility Companies have had voluminous increases in consumer participation in their respective services, and because of the different and divergent services which each has provided and will provide in the future, we expect competition between them, and we are supporting such competition which will accrue to the advantage of the consumers.

We have carefully studied the market and are of the belief that we must fix rates with which the companies can live, and at the same time give each a free hand to determine the best options for the consumer.

Under the provisions of Section 24 of the Public Utilities commission Act, No. 10 of 1999, we initiated and conducted an investigation in this matter and canvassed the views of the Utility Companies, the Consumer groups and members of the public. The Utility companies welcomed the idea and felt that floor and ceiling rates should be fixed by the Commission. It means, in effect, that once floor and ceiling rates are fixed neither utility may charge rates below the floor level or above the ceiling rate. It means also that each company will be free to charge what it wants within the specified price range.

One of the Consumers Associations vehemently protested any move by the Commission to set rates, and opined that the establishment of a minimum rate is an anti-competition practice which will militate against the interests of consumers "in that rates fall with competition and in addition to U-Moblle (Cellular) Inc there are other competitors in the offing."

The Commission is a statutory body functioning within the parameters of legislation passed by the Parliament. We pointed out that by virtue of Section 32(2) of the Public Utilities Commission Act the Commission shall have regard to consumer interest and investor interest, the provision of safe and adequate service at reasonable costs, and to ensuring the financial integrity of the enterprises.

If ceiling and floor rates are set for the mobile sector we will have to ensure that GT&T have full separate accounting for its mobile service and that there is no cross-subsidization from or to its landline operations. The international business should be accounted for in the books of the landline operations as these are services in which GT&T enjoys a monopoly. We will also consider the quality of services provided by the mobile operators. Would consumers be interested to pay a low price for poor services?

If a floor is not set the companies may seek to reduce tariffs to a point where it may not be economically viable. They may be tempted to gain market share and reduce prices to shut out any competitor and then seek to increase the rates to consumers when there will be no competition. The Commission cannot lose sight of the fact that GT&T is also the

be no competition. The Commission cannot lose sight of the fact that GT&T is also the incumbent landline operator carrying on business as a monopoly. They own essential facilities that were built and paid for under a guaranteed rate-of-return regulation.

We have taken into consideration all we have heard and after mature deliberation decided to fix floor and ceiling rates for the cellular service within which the utilities will operate. In Orders Nos 2/2004 and 1/2001 (heretofore referred to in the first and second paragraphs), in fixing rates for post-paid services we allowed 5 packages A – E for Cel*Star and four plans A – D for GT&T. We had also fixed rates for the prepaid services for both utilities. It will be of interest to note that Cel*Star's rates virtually mirrored the rates of GT&T. Indeed when Cel*Star applied for rates their request was for the rates to be similar to GT&T's since they said they will compete with GT&T not on rates but on quality of service. We had also fixed rates for Peak and Off-Peak periods. An examination of the rates set out in the various plans and packages offered by GT&T and Cel*Star shows the following:

For GT&T: Post-paid: The lowest rate is \$17.00 (plan D) and the highest \$32.00 (plan A) for the Peak hours: And for the Off-Peak hours the rates are between \$14.00 (Plan D) and \$27.00 (Plan A): The Pre-Paid rates are between \$29.00 and \$37.00 per minute. There is also an airtime charge for a call from a fixed line to a mobile cellular customer at a flat rate of \$10.00 per minute regardless of time of day.

For U-Mobile (Inc). Post-paid rates effectively vary between \$15.00 (package E) and \$38.00 (package B). And the Off-Peak rates vary between \$22.00 (package C) and \$30.00 (package B). The pre-paid rates are set out in three separate voucher values of \$40.00, \$38.00), and \$36.00 per minute. When we strike an average it comes out to \$38.00 per minute.

We have requested further information from one of the Utility Companies which unfortunately were not submitted. This information was central for a determination of fixing the rates consistent with our responsibility to the Utilities and the Consumers. In the circumstances we are left with no alternative but to fix the rates on the information available to us within our data base. The information, when submitted, will be reviewed, and if in the considered opinion of the Commission any adjustments are required, we shall certainly review our Order to accommodate this.

We take into consideration the existing rates and accordingly fix the following rates for both ceiling and floor as follows hereunder, considering them reasonable and just. As will be observed the Commission had fixed post and pre-paid, and peak and off-peak rates. The ceiling and floor rates we now fix will take into account all those previous varying rates, and it is left to the utilities to set their charges within these specific ranges. For the purpose of clarification the peak periods are between 6 am and 6 pm Mondays to Fridays, and the off-peak hours are from 6pm to 6am Mondays to Fridays, and all day Saturdays, Sundays, and public holidays. These periods shall remain.

We hereby fix the following:

FLOOR: \$ 7.00 (seven dollars) per minute.

CEILING: \$32.00 (thirty two dollars) per minute.

The off-peak ceiling rate shall be not less than twelve per centum (12%) of the peak ceiling rates.

The Utility Companies are at liberty to offer such packages, plans or group rates as the consumers may require, or which they think appropriate in all the circumstances: But for clarification or guidance we wish, with respect, to explain as follows: Both GT&T and U-Mobile (Cellular) Inc. have prepaid plans offered to consumers. One of the plans call for a deposit of \$1800.00 per minute for 50 minutes. In effect it means that a consumer who purchases such a plan will get 50 "free" minutes. This translates to thirty six (\$36.00) dollars per minute. In view of our Order now the Companies will have to so configure their various plans, etc. that the price per minute does not exceed the ceiling we fix in this Order.

The question of billing for calls per minute vis-a-vis calls per second arose during discussion and neither GT&T nor U-Mobile (Cellular) Inc. offered any objection. We accordingly order that the utility companies implement a per second billing, that is to say the minimum unit of time for billing purposes shall be one second instead of one minute as at present.

We take into account that these rates have effectively reduced the cost to the consumers but it is expected that there will be an increase in the number of calls to off-set whatever reduction in income there may appear to be at first blush.

Both U-Mobile (Cellular) Inc. and GT&T are ordered to submit monthly information, including the number of subscribers and details of any packages, plans or group rates, in order that the commission may assess the impact of these new rates. These information must be submitted within 45 (forty five) days after the end of each callender month.

Each utility company is directed that it makes public the new rates for the information of consumers and the general public, and to give due and adequate public notification of all matters touching this Order.

This Order shall take effect as from February, 16, 2007.

This 15th day of January, 2007.

Prem Persaud:  Chairman

Badrie Persaud: Member




John Caesar: Member.

Maurice Solomon: Member.



