

BEFORE THE PUBLIC UTILITIES COMMISSION

In the matter of the Public Utilities Commission Act 1990 (No. 26 of 1990).

- and -

In the matter of the Notice dated 19th April, 1995, issued by the Public Utilities Commission under section 43(3) of the Public Utilities Commission Act, 1990 (No. 26 of 1990).

- and -

In the matter of Tariff Notice No. 1/1995 dated 15th May, 1995, submitted by Guyana Telephone and Telegraph Company Limited under section 41(1) of the Public Utilities Commission Act 1990 (No. 26 of 1990).

- and -

In the matter of the recovery of arrears in respect of 83 countries under section 46(1) of the Public Utilities Commission Act 1990 (No. 26 of 1990) pursuant to the decision of the Commission dated 31st October, 1994.

- and -

In the matter of tariffs in respect

of mobile cellular radio-telephone services submitted by the Guyana Telephone and Telegraph Company Limited on 28th December, 1994.

- and -

In the matter of complaints about non-provision or inadequate provision of telephone service by the Guyana Telephone and Telegraph Company Limited.

PAMADATH J. MENON, A.A.	-	CHAIRMAN
HUGH GEORGE	-	MEMBER
JOHN WILLEMS, A.A.	-	MEMBER
ERROL HANOMAN	-	MEMBER
A.M.B. SANKIES	-	MEMBER

The above matters were heard by the Public Utilities Commission on 12th May, 1995, 13th June, 1995, 20th June, 1995, 27th July, 1995 and 6th September, 1995.

REPRESENTATION -

The Guyana Telephone and Telegraph Company Limited.	-	By Mr. Joseph Sanders, Attorney-at-Law
The Guyana Consumer's Association	-	By Mr. Dennison Smith in the early part of the proceedings and subsequently by Mrs. L. Ferdinand, Attorney-at-Law.
The Consumers' Advisory Bureau of Guyana.	-	By Mr. Dennison Smith

Some of the members of the public personally presented their complaints.

Mr Peter Britton, Senior Counsel, was in attendance to assist the Public Utilities Commission.

D E C I S I O N

This Order seeks to deal with the following matters -

- (i) Fixing temporary rates under section 43(3) of the Public Utilities Commission Act 1990 (No. 26 of 1990) ("the Act"), pursuant to notice issued by the Public Utilities Commission ("the Commission") on 19th April 1995;
- (ii) Tariff Notice No. 1/1995 by the Guyana Telephone and Telegraph Company Limited ("GT&T") to increase existing rates, as well as to fix rates for certain new services;
- (iii) Recovery of arrears consequent on decisions of the Commission dated 31st October, 1994, in respect of 83 countries; and
- (iv) Complaints by certain prospective subscribers regarding non-provision or inadequate provision of service.

2. Section 43(3) of the Act reads as follows -

"(3) Where the Commission, upon examination of any annual or other report or of any papers, records, books or other documents or on the appraisal of the property of any public utility, is of the opinion that having regard to the criteria set forth in

section 32 (2) or, as the case may be, the terms of any agreement referred to in section 33, any rate or rates charged by such public utility are producing a return in excess of a fair return upon the fair value of the property of such public utility, used or useful in the service provided by it, the Commission may, by order, fix for a trial period not exceeding six months such temporary rate or rates to be observed by such public utility as, in the opinion of the Commission, will produce a fair return upon such fair value, and the rate or rates so fixed shall be effective from a date specified in the order of the Commission and shall become permanent at the end of such trial period, unless modified or terminated at any time during such trial period by the Commission".

3. Pursuant to the above provision, on 19th April, 1995, the Commission issued a notice to GT&T because the Commission prima facie was of the view that temporary rates to be observed by GT&T for services rendered by it were required to be fixed.

4. Temporary rates when fixed under section 43(3) of the Act are fixed for a trial period not exceeding six months, will be effective from a date specified in the Order of the Commission and shall become permanent at the end of the trial period, unless modified or terminated at any time during the trial period by the Commission.

5. GT&T never filed any written statement, nor produced any evidence, in this matter. Two consumers groups, the Guyana Consumers' Association and the Consumers' Advisory Bureau, appeared in the matter, but they also did not submit any written statement or produce any evidence.

6. The Commission employed the services of the Georgetown Consulting Group of Connecticut, United States of America, "(Consultants)" to examine the matter and submit a report.

7. The Consultants have considerable experience in this field, including examining the operations of VITELCO, sister concern of GT&T and submitting reports relating to the same. The report of the Consultants dated August, 1995, in regard to this matter is marked Exhibit C - I.

8. Copies of the above report were furnished to GT&T, the Guyana Consumers' Association and the Consumers' Advisory Bureau of Guyana. No objections were filed in respect of the report by the two consumers organisations. The response from GT&T is referred to in paragraph 13 below.

9. No objections were filed by GT&T or any other person or association of persons, including the consumers' organisations, to the notice under section 43(3) of the Act in respect of fixing of temporary rates. However, after the above notice was issued to it on 15th May, 1995, GT&T filed Tariff Notice No. 1/1995 seeking an increase in rates charged in respect of 207 countries. The increased rates were proposed to be effective from 15th June, 1995.

10. Tariff Notice 1/1995 by GT&T will be dealt with later in this Order. Meanwhile by Order dated 1st June, 1995, made under section 42 of the Act, the new rates filed by GT&T by the above Tariff Notice were suspended for a period of two months from 15th June, 1995, and the suspension was extended for a further period of two months by a subsequent Order dated 10th August, 1995. The suspension will come to an end on 14th October, 1995.

11. At the sitting of the Commission on 6th September, 1995, the Chairman of the Commission pointed out that there is a time limit within which the Commission has to take decisions in regard to the new rates and indicated the intention of the Commission to fix temporary rates. He pointed out that the Commission's view that on the basis of the existing rates GT&T was receiving more than the 15% rate of return on investment, GT&T is entitled to by the Agreement dated 18th June, 1990, entered into between the Government and Atlantic Tele-Network, Inc. ("Acquisition Agreement") has been confirmed by Exhibit C - I, report of the Consultants.

12. The Chairman assured the parties that all that they have to say will be considered and the rates suitably adjusted, if found necessary, within the six months period allowed by section 43(3) of the Act.

13. On 14th September, 1995, the Commission received a letter from the General Manager of GT&T enclosing a preliminary response to the more important questions raised by the Consultants. The letter is marked Exhibit C-II and the preliminary response is marked Exhibit C-II(a). The letter of the General Manager stated that GT&T's final and definite statement on Exhibit C-I report of the Consultants will be provided not later than 15th October, 1995, and requested that fixing of the interim rates be postponed until the Commission had an opportunity to consider GT&T's objections.

14. In making this Order the Commission has taken into account the arguments raised in the preliminary response of GT&T, which are relevant for the present purpose. Any additional material or argument which GT&T furnishes in the promised final and definite statement, if furnished in time will be considered while deciding whether the temporary rates fixed under section 43(3) of the Act require modification or termination.

15. The main objections raised by GT&T, and relevant for the present purposes, relate to -

- (i) the rate of return on investment GT&T is entitled to;
- (ii) whether revenues from audiotext services provided by GT&T are to be taken into account for the purpose of computing the return on investment; and
- (iii) whether there is justification for the payment of advisory fees to Atlantic Tele-Network, Inc. at the rate of 6% of the gross annual revenues of GT&T.

16. The position of GT&T in regard to these matters has been taken into account in making this Order. It may also be pointed out at this stage that the Commission is acting on the basis of an

independent assessment of all the material placed before it and submissions made to it. In the process while we have agreed to some of the conclusions in the report of the Consultants, we have not accepted some others.

FIXATION OF TEMPORARY RATES

17. The Commission is presently seeking to fix temporary rates under section 43(3) of the Act, which will be valid for a maximum period of six months and could be modified by the Commission on the production of further evidence by GT&T and other interested parties. Before we proceed further it is necessary to refer to the following matters:

18. PROVISIONS OF ACQUISITION AGREEMENT BINDING ON GT&T -

This Commission has all along proceeded on the basis that the Agreement dated 18th June, 1990, between the Government of Guyana and Atlantic Tele-Network, Inc. ("the Acquisition Agreement") is binding and enforceable by and against GT&T. In the past GT&T had applied for and obtained reliefs from the Commission on the basis of the Acquisition Agreement. Though in another pending proceeding GT&T recently raised the question that the Acquisition Agreement is not binding on GT&T and cannot be enforced against it, GT&T subsequently gave up that contention. Having regard to all the facts and circumstances of the case, the Commission has no doubt that the Acquisition Agreement is binding on and enforceable by and against GT&T and holds accordingly. (References in this Order to "ATN" are references to Atlantic Tele-Network, Inc.).

19. RATE OF RETURN

Paragraph 6.9 of the Acquisition Agreement provides as follows -

"6.9 Rates of Return - In determining the rates to be charged the subscribers, the Authority shall take into account -

- (a) in regard to the rates to be charged from subscribers during the first period of three years from Closing the covenant and undertaking of ATN in Section 5.9;

- (b) subject to sub-paragraph (a), GT&T shall be entitled to a minimum rate of return of 15% on capital dedicated to public use. The revenue requirement shall be calculated on a rate of return methodology to be mutually agreed to by Government and ATN prior to the establishment of a Regulatory Body or any other agency charged with the responsibility of regulating the rate of return for GT&T. Unless and until such mutual agreement is reached between the Government and ATN, the revenue requirement shall be calculated on the basis of GT&T's entire property, plant and equipment pursuant to a rate of return methodology consistent with the practices and procedures of the United States of America Federal Communication Commission."

The above provision is an agreement of the nature referred to in sections 33 and 43(3) of the Act. Consequent on the establishment of the Commission, references in the above provision of the Acquisition Agreement to "Authority" and "Regulatory Body" have to be deemed to be references to the Commission. As no agreement on a rate of return methodology has been reached between the Government and ATN, the applicable methodology is as stated in the last sentence of the provision of the Acquisition Agreement quoted above.

20. ADVISORY FEES -

Paragraph 6.10 of the Acquisition Agreement states as follows -

"6.10

Management Services - Where GT&T has engaged ATN or any of its subsidiaries to render any management services, GT&T shall pay fees in foreign currency in such amounts as the Board of Directors of GT&T shall approve and the repatriation of such fees to the United States of America shall not be subject to currency restrictions, withholding taxes, or any other taxation by the Government."

21. Purporting to act under the above provision, on 8th January, 1991, GT&T and ATN entered into an advisory contract under which GT&T agreed to pay ATN a monthly Advisory Fees of six percent of total operating revenues and, in addition to reimburse ATN, or its associate, where appropriate, for the salaries and expenses of any of its employees (including the usual overheads chargeable in such cases) and for any materials used by such employees, in cases where such employees are supplied to GT&T and where it is necessary to send or maintain employees of ATN either in Guyana or elsewhere, outside of the location where they are habitually employed. (See page 38 of the decision of the Commission dated 12th November, 1991, on an application for rate increases made by GT&T). The Commission held in the above decision -

"The Commission can find little justification for the six percent advisory fees." (Page 42 of the Decision).

Paragraphs 9, 10 and 12 of the Summary of the Commission's Findings at page 53 of the above Decision states as follows -

- "9. GT&T has entered into an advisory contract with ATN under which GT&T pays a fee of six percent of gross revenues per month to ATN regardless of the amount of service provided during the month or whether any service whatever has been provided. This fee is in addition to full reimbursement of all expenses (including the cost of overheads) for personnel provided and materials used in connection with such service.
10. The Commission has been unable to find any satisfactory justification for the six percent advisory fee in terms of benefit to GT&T.
12. It was also stated in evidence that the objective of the six percent fee was to improve the cash flow of the Company. GT&T cannot be this company since the arrangements will have the opposite effect on it. This therefore leads to the conclusion that the real objective is to increase the cash flow of ATN, for which the Commission can find no justification."

22. Under para 6.10 of the Acquisition Agreement three conditions have to be satisfied before payment of Advisory Fees by GT&T to ATN can be justified. They are -

- (i) GT&T should have engaged ATN or any of its subsidiaries to render any management services;
- (ii) The services have to be management services;
- (iii) The Board of Directors of GT&T has to approve the fees.

The Commission had earlier held that it has not been able to find any justification for the payment of six per cent advisory fees to ATN. No fresh evidence has been produced before the Commission to justify the payment. However, in case satisfactory evidence is produced before the Commission, before the expiry of the statutory period of six months from the date of this Order justifying the payment of Advisory Fees, it will be taken into account, to the extent to which it is justified, in fixing permanent rates.

23. In this connection attention is drawn to section 35 (1) of the Act which reads as follows -

"35(1) For the purpose of determining the cost of providing any service by a public utility, so as to determine the rate a public utility is entitled to demand and receive, the Commission shall have the power and authority to investigate and decide whether any expenditure incurred by the public utility is justified or reasonable."

24. INCOME FROM AUDIOTEXT SERVICES -

It has been contended by GT&T that its income from audiotext services should not be included in its revenues for the purpose of ascertaining whether GT&T is receiving a rate of return in excess of 15% on its investment. There is no substance in this contention. The definition of a public utility in section 4(1) of the Act states -

"In this Act "public utility" means any person (including the lessee, trustee, receiver or liquidator of such person) who or which owns or provides the following services -

.....

- (b) the conveyance or transmission of messages or communications by telephone, telegraphy or wireless telegraphy."

25. The expression "service" is defined in section 3(1) (i) of the Act. This is an inclusive definition. It includes "accommodation afforded consumers by a public utility."

26. In view of the above provisions, we are of the view that the transmission of audiotext messages through the telecommunications facilities of GT&T in Guyana is covered by the provisions of the Act. It, therefore, follows that income and expenditures from those operations are to be taken into account for the purpose of determining whether GT&T is receiving a rate of return in excess of 15% on its investment; and the restriction in section 30 of the Act applies to GT&T.

27. We reject the contention that we should take into account only income received from consumers in Guyana. Such limitation is not justified either by sections 3(1)(i) or 4(b) of the Act.

28. The above discussions would also indicate that -

- (i) approval of the Commission is required for the rates charged from persons for making use of GT&T's facilities for the provision of audiotext services and for any change in such rates;
- (ii) GT&T cannot stop providing the facilities for audiotext services without obtaining the permission of the Commission.

29. VALUE OF PROPERTY, PLANT AND EQUIPMENT -

An incidental matter arising from paragraphs 6.9 of the Acquisition Agreement is that the revenue requirement of GT&T is to be calculated on the basis of GT&T's entire "property, plant and equipment."

We are of the view that what is referred as "franchise rights" in GT&T's documents is not covered by the above expression. That expression is supposed to mean the difference in the investment ATN is supposed to have made in GT&T and the value of its net assets. The value of property, plant and equipment of GT&T, referred to in paragraph 6.9 of the Acquisition Agreement, has to be the book value, which cannot be allowed to be inflated by speculative investors, with the intention of passing on the cost of it to the consumers, by adding an item under the head "franchise rights". The Consultants state in Exhibit C-I report -

"While this issue will certainly be argued in the determination of the permanent rates of this proceeding, there is substantial precedent in the United States to disallow such acquisition adjustments. It is our recommendation that this adjustment be made in the determination of the interim rate in this proceeding." (See page 24).

We accept the above recommendation.

RATE FIXATION AND NATIONAL ECONOMIC CONSEQUENCES -

30. In Exhibit C-II (a) GT&T contends that serious economic consequences to Guyana will follow if the rates for outgoing calls are reduced. These contentions have not been substantiated by supporting evidence and, besides, are not relevant under the Act for the purpose of determining, for the purposes of section 43(3) of the Act, whether the rates currently charged by GT&T is producing a return in excess of a fair return upon the fair value of the property of GT&T used or useful in the service provided by GT&T. We are dealing in this order only with the rates charged for outgoing

telecommunications traffic. As shown in Schedule 3, page 1, of Exhibit C-I report, out of the projected revenues of GT&T for the test year adopted by GT&T for the present rate fixation, in-bound international services and audiotext services account for 92% of its income and out-bound international services and local calls account for only 8% of its revenues. Additionally, the effect of other events, like the 10% consumption tax imposed by the Government this year on telephone calls made from Guyana, on GT&T's income could be taken into account when the temporary rates are reviewed within a period of six months from the date of this Order.

31. In the light of the above discussions we now proceed to determine, under section 43(3) of the Act, the temporary rates for 207 countries mentioned in Schedule V.b of Tariff Notice No. 1/1995, submitted by GT&T.

32. TEST YEAR - GT&T has proposed in Tariff Notice 1/1995 that 1st July, 1995 to 30th June, 1996 should be accepted as Test Year. We accept this.

33. RATE BASE - GT&T has proposed a rate base of G\$15,228,909,000.00 as given in section VI, Schedule 2, of Tariff Notice 1/1995.

34. One of the items that make up the above amount, as given in section VI, Schedule 2, line 1 is -

Telecommunications Plant - G\$15,258,305,000.00.

Included in the above amount is, as may be seen from Section VI, Schedule 2.1, G\$938,338,000.00, which is stated to be franchise rights.

35. As pointed out in paragraph 29 above, this amount cannot be included in the computation of the rate base, either under section 43(3) of the Act or paragraph 6.9 of the Acquisition Agreement. So disregarding the above sum, we determine the rate base to be G\$14,290,571,000.00.

36. **RATE OF RETURN** - We have to give effect to the rate of return agreed to in the Acquisition Agreement, that is, a minimum rate of return of 15% on the value of the property used or useful in the telecommunications business of GT&T.

37. **OPERATING REVENUES** - According to GT&T, as stated in Section VI, Schedule 3, of Tariff Notice 1/1995, the operating revenues of GT&T during the test year is projected to be G\$9,036,293,000. This assumes that the increases in rates sought by GT&T will be granted by this Commission. But, this does not take into account income from audiotext services provided by GT&T. In our view, as held above, this income should be included in the operating revenues of GT&T.

38. At the request of this Commission GT&T had provided us information regarding its revenues from audiotext services for 1993, 1994 and 1995 (January to April). This information has been extracted as Schedule 3, page 2, in Exhibit C-I report of the Consultants. The figures in the Schedule indicate a steady growth of the GT&T's income from audiotext service, from G\$49,691,000.00 in January, 1993 to G\$952,974,000.00 in April, 1995. In the publication "The Development of Telecoms in Guyana since GT&T", A Memorandum from Atlantic Tele-Network Inc., published in May, 1995, it is stated that the audiotext contribution to revenues of GT&T projected for 1995 is approximately 52% of its revenues. That publication is marked as Exhibit C-III.

39. From the figures provided by GT&T, and reproduced in Schedule 3, page 2, of Exhibit C-I report, it can be seen that audiotext revenues of GT&T have grown at a rate of approximately 400%. Using a growth rate for audiotext revenues that is one half of the growth rate that GT&T has historically experienced the audiotext revenues of GT&T for the test year has been projected by the Consultants at G\$15.99 billion. We are of the view that this is a very conservative estimate and accept the same for the purposes of this Order.

40. If the increases in rates sought by GT&T are not granted, and excluding revenues from audiotext services, the revenues projected by GT&T for the test year is G\$5,449,662,000.00 (See Section VI, Schedule 3, of Tariff Notice 1/1995). If the projected revenues from audiotext services is added to it, GT&T's operating revenues for the test year will be G\$21,056,739,000.00.

41. **OPERATING EXPENSES** - As stated in Section VI, Schedule 3, of Tariff Notice 1/1995, according to GT&T, the projected operating expenses for the test year is expected to be G\$5,728,507,000.00. This includes the Advisory Fees of G\$542,178,000.00. As stated earlier in paragraph 22 GT&T is not entitled to the same. This, therefore, has to be excluded. The operating expenses estimated by GT&T do not include operating expenses relating to audiotext services. Exhibit C-I report by the Consultant has estimated the expenses relating to audiotext services for the test year is approximately G\$8.806 billion. The figure has been projected on the basis of the historical experience of GT&T and we accept the same. (See page 27 of Exhibit C-I report).

42. Disallowing the Advisory Fees and adding the Operating Expenses relating to audiotext services, Exhibit C-I report of the Consultants estimated the projected operating expenses of GT&T for the test year as G\$13,272,018,000.00. (See Schedule 3, page 1 of Exhibit C-I report). We accept the same.

43. **NET OPERATING REVENUE** - From the above it can be seen that the net operating revenue of GT&T for the test year will be -

OPERATING INCOME	-	G\$21,056,739,000
LESS OPERATING EXPENSES	-	G\$13,272,018,000

		7,784,721,000

Revenue requirement for
15% rate of return -

15% of rate base - G\$14,290,571,000 - G\$2,143,585,650.

44. **PROVISION FOR TAXATION** - The Consultants have made provision for G\$917,431,000 for the test year. (See Exhibit C-I report, Schedule 1). However, paragraph 47 below may also be seen as regards tax liability of GT&T.

45. **EXCESS REVENUE** - From the above discussions it is seen that if the existing rates are continued, without any increases, GT&T will receive an excess revenue of approximately G\$4.7 billion, over and above the 15% rate of return, on the value of its property, it is entitled to. (See Schedule 1 of Exhibit C-I report).

46. There is, therefore, sufficient justification for reducing the rates currently in existence for the services provided by GT&T in exercise of the powers conferred on this Commission by section 43(3) of the Act.

47. However, it may be pointed out that the above mentioned figure of G\$4.7 billion of excess revenues is based on the projected tax liability of G\$917,431,000 for the test year and that amount has been arrived at by the Consultants on the assumption that the above mentioned excess revenues are not taxable in the hands of GT&T. (See page 12 of Exhibit C-I report). If the Commissioner of Inland Revenue holds that the said excess revenues are taxable in the hands of GT&T, the net excess revenues available will be reduced to that extent. The rate of corporation tax applicable to GT&T under the Corporation Tax Act, Cap.81:03, is 45% of the chargeable profits.

48. The Consultants have recommended that the excess revenues earned by GT&T be deposited in an escrow account and utilised for the following purposes -

- (i) to pay to GT&T, the arrears it had become entitled to receive consequent on the increases in rates in respect of 87 countries granted by the Commission by Orders dated 12th November, 1991 and 31st October 1994;
- (ii) to pay to GT&T the cost of granting discounted rates during off-peak periods, and weekends and public holidays;
- (iii) to meet the cost of meeting an expansion and development programme.

49. Under these proposals the existing rates are to continue in operation during the test year subject to the discounted rates

during off-peak periods, weekends and public holidays. This Commission was initially inclined to go along this course as may be seen from the remarks made by the Chairman of the Commission during the Commission's sitting on 1995-09-06.

50. However, subsequently, in Exhibit C-II document filed by GT&T, on 14th September, 1995, it was contended that -

"We believe that the Commission has no authority to implement Consultant's recommendation to use Audiotext revenues to make up the deficiencies in GT&T's past revenue arising from devaluation, and respectfully request that GT&T be given an opportunity to present testimony and arguments in opposition to this recommendation prior to any Commission action on this matter."

51. Section 46(1) of the Act reads as follows -

"46. (1) Where any rate as finally determined by the Commission is in excess of the rate existing prior to the filing with the Commission by a public utility of a tariff stating a new rate under section 41(1), or of the rate fixed temporarily under section 43, then the public utility shall be permitted by the Commission to amortize and recover, by means of a temporary increase in the rate as finally determined, the sum which represents the difference between the gross income actually received by the public utility during the period commencing with the date on which, under the notice given by it to the Commission, the new rates finally determined by the Commission became effective, and the gross income which would have been received by the public utility during the same period if the rate as finally determined by the Commission had been in effect."

(The expression "rate" in the singular in the above provision includes "rates" in view of section 6(1)(b) of the Interpretation and General Clauses Act, Cap. 2:01).

52. In view of the above provision we hold that the arrears GT&T became entitled to on account of increases in rates granted in respect of 87 countries referred to earlier, cannot be met from the escrow account proposed to be set up. Hence, the Consultants' recommendation (i) is not accepted by us. We also do not accept that when the rates are reduced or discounted rates allowed, GT&T should be compensated. Hence, we also do not accept recommendation (ii) of the Consultants referred to above.

53. We are, however, of the view that there is full justification for reducing the rates, as well as allowing discounted rates during off-peak periods, weekends and public holidays, having regard to the excess revenues which GT&T is receiving and projected to receive during the test year.

54. The existing basic collection charge, the surcharge imposed under section 46(1) of the Act and the collection charge which is the aggregate of the first two items for the countries mentioned in Part I of the First Schedule, namely; Antigua, Canada, U.K. and U.S.A., are as shown in that Part of the First Schedule. We reduce the basic collection charge by 10% and retain the surcharge at the existing rate until the uncollected revenue GT&T is entitled to recover, in respect of those four countries, as stated in the Order of this Commission dated 31st October, 1994 (Docket No. 94-01-PH), is recovered.

55. As regards the 83 countries mentioned in Part II of the First Schedule, the rates were increased by the Order of this Commission dated 31st October, 1994 (Docket No. 1994-01-PH). The increased collection charges, which is now existing, is given in Part II of that Schedule. In view of the excess revenues GT&T is receiving, we reduce these collection charges by 10%.

56. SURCHARGES TO COLLECT ARREARS PURSUANT TO ORDERS DATED 12TH NOVEMBER, 1991 AND 31ST OCTOBER, 1994 -

As pointed out earlier, out of the 87 countries in respect of which rate increases were granted by this Commission earlier, surcharges for collecting the arrears in respect of four countries, namely, Antigua, Canada, U.K., and U.S.A., were granted by the

Commission by its Order dated 31st October, 1994. In regard to these four countries GT&T will be entitled to continue to recover the surcharges granted by the above Order until the uncollected revenue GT&T is entitled to recover pursuant to the Order of this Commission dated 12th November, 1991, is fully recovered. In regard to these four countries GT&T will continue to submit to the Commission monthly returns regarding the recovery of uncollected revenues in the Form given in the Second Schedule which is substantially the same as the Form given in Appendix II to the Order dated 31st October, 1994.

57. Consequent on the increase in rates granted to GT&T, in respect of 83 countries by the Order dated 31st October, 1994, GT&T became entitled to collect some arrears from the subscribers. The increases in rates, though given by Order dated 31st October, 1994, were effective from 3rd May, 1991. The delay in the determination of the increased rates for the 83 countries was, as may be seen from the above Order, for reasons attributable to GT&T. According to GT&T, the total arrears due to it in respect of the 83 countries on account of the increase in rates, come to G\$630,808,190.00. At paragraph (3) on pages 21 to 23 of the above mentioned Order the Commission held -

"The implementation of a temporary increase in the new rates for the recovery of the sum, determined in accordance with section 46(1) of the Public Utilities Commission Act, 1990, as amended and in pursuance of the Order No. 4 of the Order dated November 12, 1991, shall be deferred until such time as proposals satisfactory to the Commission are submitted by the Company."

58. GT&T submitted its proposals for the collection of the arrears on 19th December, 1994. The Commission appointed Lynch Associates Limited as consultants to advise it on the quantum of arrears. For reasons mainly relating to the inadequacies in the record keeping of GT&T, Lynch Associates Limited, have not yet been able to submit their final report in the matter.

59. Subsequently, on 14th July, 1995, GT&T has requested that a temporary surcharge may be granted to it for the recovery of the arrears. As the delay in the matter has resulted in the accumulation of a heavy burden on the consumers by way of arrears, we are inclined in granting a temporary surcharge to GT&T.

60. GT&T's application dated 19th December, 1994, proposed that -

"Unlike the four countries where the surcharge was calculated on a 'minutes-per-country' basis, GT&T is recommending that the surcharge be calculated on a 'minute-across-the-board' basis for 87 approved countries."

61. We are not inclined to alter the surcharges allowed in respect of the four countries mentioned in Part I of the First Schedule. The arrears in respect of these four countries were not for the same period as the arrears in respect of the 83 countries. Besides, a substantial part of the arrears in respect of the four countries have already been recovered.

62. In respect of the 83 countries mentioned in Part II of the First Schedule we are agreeable to accept a minute-across-the-board basis for granting surcharge.

63. We are of the view that this is permitted by section 46(1) of the Act. Schedule 2 to the application for surcharge submitted by GT&T proceeds on the above basis. GT&T claimed a surcharge of 19.37% for the first 15 months and 11.59% for the next 15 months. GT&T also proposed that the temporary surcharge should be 70% of the surcharge it had proposed. On a consideration of all the circumstances we grant to GT&T a temporary surcharge to collect the arrears at the rate of 11% calculated on a minute-across-the-board basis for the 83 countries mentioned in Part II of the First Schedule to this Order.

64. Regarding the recovery of arrears in respect of the 83 countries, GT&T shall submit monthly reports to the Commission in the form set out in the Second Schedule, furnishing inter alia, information on the number of call minutes and the amount of arrears recovered for calls, other than those made by GT&T, during the reporting month and the accumulated recoveries to the end of that month. The reports shall be submitted not later than 15 days after the end of each month. GT&T shall cease to collect the surcharges in respect of the 83 countries as soon as all the arrears due to it as determined by the Commission, pursuant to its Orders dated 12th November, 1991 and 31st October, 1994 have been collected by it.

65. GT&T shall maintain its records in such form as to enable it to effect refunds in cases where subscribers cease to be customers or credit its customers in full, as the Commission may direct, in the unlikely event that the revenues recovered during that period, exceed the uncollected revenues in respect of the 87 countries as determined by the Commission.

66. EFFECTIVE DATES FOR RATE CHANGES FOR 87 COUNTRIES AND TEMPORARY SURCHARGE FOR 83 COUNTRIES.

The changes in rates in respect of the 87 countries mentioned in Parts I and II of the First Schedule effected by this Order, and the temporary surcharge granted by this Order in respect of the 83 countries mentioned in Part II of the First Schedule, shall become effective with effect from 22nd October, 1995.

67. ESTIMATED REVENUE LOSS DUE TO RATE REDUCTION IN RESPECT OF 87 COUNTRIES -

The projected revenue loss for the test year, from out-bound international calls to the 87 countries mentioned in Parts I and II of the First Schedule, consequent on a ten per cent reduction in the existing rates for international calls to those countries is likely to be approximately G\$160 million out of the total revenues of G\$21,056,739,000, projected for the test year by Schedule 3 of Exhibit C-I.

68. RATES FOR REMAINING COUNTRIES -

There are 207 countries in respect of which GT&T is seeking approval for higher rates by Tariff Notice No. 1/1995. Out of these rates in respect of 87 countries have been dealt with above. Of the remaining 120 countries to which Tariff Notice 1/1995 relates, an application was presented by GT&T on 2nd November, 1994 to increase the rates in respect of 78 countries included in Tariff Notice No. 1/1995 and four other countries not included in that Tariff Notice. The application was made under section 38(2)(a) of the Act. That section had expired on 30th September, 1993. Hence, the application was rejected. The Commission, as expressly stated by it, was willing to entertain a proper application for increase in rates if it was presented. But, GT&T preferred to appeal against the decision of the Commission instead of filing a proper application.

69. No application for increasing the rates in respect of the remaining 42 countries was submitted to the Commission before Tariff Notice No. 1/1995.

70. The lack of interest on the part of GT&T in pursuing rate increases in respect of the above-mentioned 120 countries could possibly be because in most of these cases, the volume of telecommunications traffic from Guyana to those countries is nil or negligible. However, we are of the view that there is no justification not to increase the rates in respect of the above-mentioned 120 countries to the same levels, as the rates in respect of the 87 countries were increased by the Commission by Orders dated 12th November, 1991, and 31st October, 1994 and further modified by this Order. This could be done only if the accounting rates in respect of these countries and other relevant information are received and the information verified.

71. Accounting rates in respect of some of these countries were furnished by GT&T only on 20th September, 1995.

72. We want to make it clear that the increases in rates to be granted in respect of the above-mentioned 120 countries will be only prospective in operation with effect from a date to be specified by the Commission. This is mainly because of the unsatisfactory experience the Commission had in the past about obtaining reliable information from GT&T and verification of information furnished by that utility and the absence of any application made in time for increasing the rates under section 38(2)(a) of the Act. In regard to the 120 countries mentioned above, until any rate increases are granted the existing rates shall continue in force as temporary rates fixed under section 43(3) of the Act, subject to paragraph 74 below.

73. DISCOUNT RATES DURING OFF-PEAK HOURS, WEEKENDS AND HOLIDAYS -

The Consultants have recommended in Exhibit C-I report that -

- (i) the regular rate for outbound international calls should apply only during peak hours on week days;
- (ii) that the peak hours should be 8 A.M. to 6 P.M.;

- (iii) that during the off-peak period of week days and all day during weekends and public holidays there should be discount rates for outbound international calls which should be 50% of the regular rates;
- (iv) for usage sensitive services within Guyana also discount rates as stated above should apply. (Page 35 of Exhibit C-I report).

74. We have carefully considered the above suggestions. We accept the recommendations at items (i) to (iii) of the preceding paragraph with one modification. While determining the temporary rates for mobile cellular services we had accepted 7 A.M. to 6 P.M. as peak hours and 6 P.M. to 7 A.M. as off-peak hours. We accept the same definition of peak and off-peak hours for the purpose of rates for international outbound traffic also. Weekend means Saturday and Sunday.

75. No statistics is available with the Commission presently as to volume of traffic by time of day. On the basis of peak hour periods 8 A.M. to 6 P.M., the Consultants have estimated that the revenue loss on account of discounted rates for international outbound calls will approximately be G\$161 million. (See page 35 of Exhibit C-I report).

76. RATES FOR LOCAL TELEPHONE SERVICES -

In view of the present low rates for local telephone services in Guyana, we do not accept the recommendation of the Consultants for implementing discounted rates for usage sensitive services within Guyana. For all local telephone services the existing rates will continue.

77. TEMPORARY RATES FOR CELLULAR RADIO-TELEPHONE SERVICE -

By Order dated 24th June, 1995, the Commission had determined temporary rates for mobile cellular radio-telephone service. Those rates will continue as temporary rates fixed under section 43(3) of the Act with one modification. The lower or discount rates which are now available only during the off-peak periods (that is, 6 P.M. to 7 A.M.) on Monday to Saturday and all day Sunday will now be available on all day Saturday and public holidays also.

78. EFFECTIVE DATE FOR CHANGE IN RATES FOR MOBILE CELLULAR RADIO TELEPHONE SERVICE AND FOR DISCOUNT RATES -

All the changes in rates referred to in paragraphs 73 to 75 and 77 will come into operation with effect from 12 midnight between 21st and 22nd October, 1995. GT&T will publish notice indicating the new tariffs in accordance with law.

79. TARIFF NOTICE NO. 1/1995 -

Tariff Notice No. 1/1995 presented by GT&T on 15th May, 1995, seeks to prescribe the rates for certain new services and to increase the rates for existing services.

80. Mr Joseph Sanders, the Legal Counsel of GT&T, submitted to the Commission on 13th June, 1995, that the new services have not been initiated and that the money is not there. Under section 41(1) of the Act a tariff notice for a new service can be filed by a public utility only when it "initiates a new service for which rates will be charged." Section 41(1) of the Act reads -

"41 (1) Where a public utility initiates a new service for which rates will be charged or, is desirous of changing any rate or rates being charged by it for any service provided by it, the public utility shall give thirty days notice to the Commission and file with that notice a tariff stating the rate for the new service or the new rates or rates."

81. In view of the above, Tariff Notice 1/1995 is not maintainable in respect of new services.

82. In respect of the request for increase in rates for existing services, we find that it has been clearly established in these proceedings that GT&T will receive a rate of return in excess of the agreed 15% rate of return without any such increases in rates. No convincing case has been made out for an increase in existing rates. Tariff Notice No. 1/1995 is, therefore, rejected.

83. UNIT OF TIME FOR BILLING -

We are of the view that the minimum unit of time for billing purposes should be one second instead of one minute as at present. This is to reduce overcharging of the consumer as far as possible. This change will come into operation from 15th November, 1995.

84. NEW EXPANSION AND DEVELOPMENT PROGRAMME AND ITS FUNDING FROM AN ESCROW ACCOUNT -

We have no intention of expropriating any property of GT&T in contravention of article 142 of the Constitution as contended by GT&T in Exhibit C-II(a). But the Commission has to ensure that GT&T fulfills its statutory and contractual obligations in respect of the expansion and development of telecommunications services in Guyana.

85. We may, in particular, draw attention to sections 26(1), 27 and 28(1) of the Act. These provisions are extracted below.

"26 (1) Every public utility shall maintain its property and equipment in such condition as to enable it to provide, and shall make every reasonable effort to provide service to the public in all respects safe, adequate, efficient, reasonable and non-discriminatory and shall make all such repairs, changes, alterations, substitutions, extensions and improvements in or to such service as shall be necessary or proper for the accommodation and convenience of the public or as shall be necessary to incorporate, from time to time, advances in technology".

"27. (1) Where the Commission, after a hearing upon its own motion or upon a complaint, finds that the service provided by a public utility is not in accordance, with section 26, the Commission shall by order determine and prescribe the adequate or reasonable service to be provided by the public utility, including all such repairs, changes, alterations, extensions,

substitutions or improvements and facilities as shall be reasonably necessary and proper for the accommodation and convenience of the public; and may also direct the public utility to pay to any consumer compensation for loss or damage suffered by the consumer on account of the failure of the public utility to comply with section 26."

- (2) Where the technology employed is out of date or where any advance in technology, which could result in an improvement in the service or in reducing its cost, has not been incorporated in the service provided by a public utility in a timely manner, the Commission shall have power to issue, by an order under subsection (1), directions to the public utility to take such measures as the Commission deems appropriate to remedy the inadequacy of the service provided."
- (3) An order under subsection (1) shall specify reasonable time to comply with the same or, where the compliance is to be in stages different times may be specified to comply with each stage."

"28.(1) Where the Commission, after hearing upon its own motion or upon a complaint, finds that an extension by any public utility of its existing service would in the opinion of the Commission provide sufficient business to justify the construction and maintenance of such extension, the Commission may order the public utility to make such extension to its service as the Commission may deem reasonable and expedient."

86. Condition I in Part 2 of the Licence granted to GT&T under section 7 of the Telecommunications Act, 1990 (No. 28 of 1990) states -

"CONDITION 1: Universal Provision of Telecommunication Services

- 1.1 The Licensee shall provide to every person who requests the provision of such services at any place in Guyana -
- (a) voice telephony services;
 - (b) telegram services; and
 - (c) other telecommunication services, consisting in the conveyance of Messages, agreed or required to be provided by the Licensee under the Agreement, by means of the Applicable Systems, except to the extent that the Director is satisfied that any reasonable demand is or is to be met by other means and that accordingly it would not be reasonable in the circumstances to require the Licensee to provide the services requested; and the Licensee shall ensure that Applicable Systems are installed, kept installed and run for those purposes."

87. Under section 5.1 of the Acquisition Agreement GT&T was to have implemented the Expansion and Service Improvement Plan referred to in that paragraph. The agreed time frame for the implementation of all the elements of that plan was three years from the date of the Acquisition Agreement, that is, 18th June, 1990. GT&T did not complete the implementation of the Expansion and Service Improvement Plan within the agreed three year period. The period for the completion of the agreed Expansion and Service Improvement Plan was extended twice and the last extension ended on 28th February, 1995. Still the Plan was not fully implemented. Consequent on the non-implementation of the Expansion and Service Improvement Plan even within the extended period, the Senior Minister of Trade, Tourism and Industry has made to the Commission a complaint under section 29 of the Act and it is pending.

88. Even if the above-mentioned Expansion and Service Improvement Plan had been fully implemented it would not have satisfied even a substantial part of the demand for telecommunication services in Guyana.

89. According to Tariff Notice 1 of 1995, submitted on 15th May, 1995, the number of access lines in May 1995, was only 42,000. (See page 3). This is grossly inadequate to meet the needs of the people of Guyana.

90. Condition 26 in the Licence granted to GT&T under the Telecommunications Act 1990 (No. 28 of 1990) states as follows -

"CONDITION 26: EXPANSION AND SERVICE IMPROVEMENT PLAN

26.1 The Licensee shall implement fully, and within the time frame established therein, the Expansion and Service Improvement Plan referred to in the Agreement.

26.2 With respect to the period of the Licence after the expiry of the period covered by the Expansion and Service Improvement Plan referred to in paragraph 26.1; the Licensee shall, in order to comply with the obligations of the Licensee under this Licence, the Agreement, the Telecommunications Act 1990 and the Public Utilities Commission Act 1990, at such intervals as may be specified by the Director, prepare and submit to the Public Utilities Commission, for approval, expansion and service improvement plans covering such periods as may be specified by the Director."

91. It appears that in the past GT&T has been concentrating on the development of its audiotext business. As pointed out earlier, according to the document "The Development of Telecoms in Guyana since GT&T", 52% of the revenues of GT&T in 1995 will be from audiotext services.

92. There have been widespread complaints, not only from residents of thickly populated areas of Georgetown, but from all over Guyana, of the inability to receive telephone connections. Persons who applied for telephone connections and have waited for several years are yet to receive telephone connections.

93. GT&T's response to these complaints uniformly has been that lines are not available so that telephone connections can be given. Besides, there is the question of upgrading the telecommunications system, and providing to the people of Guyana services which a modern telecommunications system should provide.

Apart from saying that facilities were not available to give telephone connections to applicants, the representatives of GT&T had nothing to add. Some of the complainants had been waiting for years for telephone connection. But GT&T was not willing to make any commitment as to when telephone connections will be granted to these applicants.

94. We were struck by the lack of concern displayed by GT&T in regard to the inconvenience and financial loss caused as a result of the failure of GT&T to provide telephone connections to applicants. We deplore the attitude of GT&T in this regard.

95. During the hearing into these complaints, on 20th June, 1995, the Chairman of the Commission raised the question of a new expansion and development programme. At the hearing on 31st July, 1995, Mr. Paul Singer, Deputy General Manager of GT&T, stated that a new expansion and development plan is ready and as soon as it is approved by the Board of Directors of GT&T, it will be submitted to the Commission. So far the Expansion and Development Plan has not been submitted by GT&T to the Commission.

96. In view of the failure of GT&T to submit an Expansion and Development Plan the Commission will have to develop one. This will be justified in view of the widespread complaints about the absence of adequate and satisfactory telecommunications services in Guyana, the obligation of GT&T, under the licence granted to it, to provide universal telecommunication service to persons in Guyana and the powers of the Commission under the Act.

97. In developing an Expansion and Development Programme, the Commission will consider any expansion and development programme submitted by GT&T within fifteen days from the date of this order.

98. Both under sections 47 and 47A of the Act, the Commission has a role to play in regard to the financing of any Expansion and Development Programme. The Commission has to approve the financing arrangements for the Expansion and Development Programme. The Commission is empowered to say that instead of borrowing money to fund the Expansion and Development Programme, the surplus revenues of GT&T, after meeting the agreed 15% rate of return and other statutory obligations like the payment of taxes, be utilised to fund that programme, because then the cost of borrowing can be avoided.

99. In view of the above, the Commission directs that within fifteen days of this Order an Escrow Account be established by GT&T in a commercial bank in Georgetown, agreed to by the Commission, and 15% of the gross revenues of GT&T for each month be paid into the Escrow Account within seven days of the commencement of the following month. The arrangements relating to the Escrow Account will be such that monies from it shall not be withdrawn without the signature of, besides the nominee or nominees of GT&T, one nominee of this Commission.

100. On the basis of projected revenues of G\$21 billion, the amount likely to be available for deposit in the Escrow Account will approximately be G\$3.15 billion. If consequent on this Order during 1995, or any subsequent year the rate of return GT&T receives is less than the agreed 15%, the deficiency will be paid to GT&T from deposits made in the Escrow Account in that year. The balance of the amounts in the Escrow Account will be utilised to fund any expansion and development programme approved or developed by this Commission. In the past the average amount spent by GT&T for the expansion and development of telecommunications in Guyana was approximately G\$2 billion per year.

101. In this connection it may be pointed out that Exhibit C-II (a), GT&T's preliminary response to Exhibit C-I report, states -

"ATN was forced to introduce audiotext services to GT&T to permit GT&T to earn revenues needed to support its expansion and service improvement programme."

We have taken note of the intended use of the income from audiotext services of GT&T.

102. The Expansion and Development Programme approved or developed by the Commission pursuant to this Order shall be implemented by GT&T, subject to the provisions of this Order. There will be a Committee to monitor the implementation of the Expansion and Development Programme and to advise the Commission in regard to the same. The Committee, to be constituted by the Chairman of the Commission, will consist of not more than seven members, including

- (i) one person to be nominated by GT&T;
- (ii) one person to represent consumers;
- (iii) one person to represent private sector business.

103. The Chairman of the Commission will appoint one member of the Committee as its Chairman and another as its Secretary. The above Committee will report to the Chairman of the Commission. The functions of the Committee will be decided by the Commission. Subject to the directions of the Commission, the Committee will regulate its own procedure and the expenses of the Committee will be met from the Escrow Account.

104. Following the acceptance, for the purposes of this Order, the test-year beginning with 1st July, 1995 to 30th June, 1996, as proposed by GT&T, the figures we have used, as in the Tariff Notice No. 1/1995 filed by GT&T, have necessarily to be projected figures. This was the choice of GT&T and we do not think that there is anything objectionable in this. According to the Consultants certain States in the United States of America use forecasted test years.

105. We may, however, point out that the Consultants were not happy about this because of available evidence of the existence of billing errors in GT&T's system and the unreliability of this billing data brings into question GT&T's ability to forecast. According to the Consultants, not only is the forecast somewhat suspect, but also historical information may not be accurate.

However, the Consultants stated -

"Given these observations, for the sole purpose of the interim revenue requirement, we have used the data provided by GT&T for the projected test year: 12 months ending June 30, 1996. While we have used this information for interim rate purposes, we have requested data for both a historical test-year as well as the future test-year in our discovery and will make the appropriate recommendation to the PUC upon receipt of GT&T's response." (See pages 21 and 22 of Exhibit C-I report).

106. It is not necessary to decide in these proceedings whether the investments made for expansion and development of telecommunications facilities in Guyana from the Escrow Account should be taken into account for determining the rate base for the purpose of estimating the revenue requirement for assuring a 15% rate of return. Hence, we do not propose to decide this question in these proceedings. However, it may be pointed out that in deciding this matter article 142 of the Constitution will have to be taken into account and the treatment of revenues of GT&T from Audiotext services for the purposes of taxation under the Corporation Tax Act, Cap. 81:03, will be relevant.

CONCLUSION -

107. In the result, as held above, the Commission hereby directs -

(1) Pursuant to section 43(3) of the Act, we fix the following temporary rates -

(i) We reduce the existing basic collection charges in respect of the countries mentioned in Part I of the First Schedule to this Order, namely, Antigua, Canada, U.K. and U.S.A., by 10% and retain at the current rate surcharges at present being levied in respect of calls to these countries to collect the arrears due pursuant to the Order of this Commission

dated 12th November, 1991, until the uncollected revenue GT&T is entitled to recover as stated in the Order of this Commission dated 31st October, 1994, is recovered;

- (ii) the existing collection charges in respect of the 83 countries mentioned in Part II of the First Schedule are reduced by 10% and GT&T is, further, granted a temporary surcharge to collect the arrears at the rate of 11% calculated on a minute-across-the-board basis for the above-mentioned 83 countries, which shall cease as soon as all the arrears due to GT&T, as determined by the Commission, pursuant to its Orders dated 12th November, 1991, and 31st October, 1994, have been collected by GT&T;
- (iii) the reduction in rates in respect of the 87 countries mentioned in Parts I and II of the First Schedule to this Order and the temporary surcharge granted by this Order in respect of calls to the 83 countries mentioned in Part II of the First Schedule to this Order shall become effective with effect from 22nd October, 1995;
- (iv) out of the 207 countries in respect of which GT&T sought approval for higher rates by Tariff Notice No. 1/1995, the existing rates will continue as temporary rates in respect of the remaining 120 countries, that is, countries other than the countries mentioned in Parts I and II of the First Schedule;
- (v) the rates mentioned above will apply only for peak hours, that is 7 A.M. to 6 P.M., on Monday to Friday (other than public holidays), and during the off-peak hours during the above-mentioned days and all day Saturday and Sunday and on public holidays there will be a discount rate which will be 50% of the regular rate;

- (vi) the rates fixed for mobile cellular radio-telephone service by the Order of this Commission dated 20th June, 1995, will continue as temporary rates fixed under section 43(3) of the Act with one modification, namely, that the lower discount rates which are now available only during the off-peak periods (that is, 6 P.M. to 7 A.M.) on Monday to Saturday and all day Sunday will now be available on all day Saturday and public holidays also;
 - (vii) the discount rates referred to at items (v) and (vi) above and paragraphs 73 to 75 and 77 of this Order will come into operation with effect from 12 midnight between 21st and 22nd October, 1995;
 - (viii) for local telephone services, the existing rates will continue as temporary rates;
 - (ix) the trial period under section 43(3) of the Act for the above-mentioned temporary rates will expire on 21st April, 1996.
- (2) GT&T is directed to publish notice indicating the new tariffs in accordance with law.
 - (3) Tariff Notice No. 1/1995 presented by GT&T on 15th May, 1995, is hereby rejected with immediate effect.
 - (4) With effect from 15th November, 1995, the minimum unit of time for billing purposes shall be one second instead of one minute as at present.
 - (5) In view of the failure of GT&T to submit a new Expansion and Development Plan to the Commission, widespread complaints about the absence of adequate and satisfactory telecommunications services in Guyana and the obligations of GT&T under the licence granted to it, the Commission proposes to develop a new expansion and development plan. In developing a new expansion and development programme, the Commission will consider any expansion and development programme submitted by GT&T within fifteen days from the date of this Order.

- (6) GT&T is directed to establish, within fifteen days from the date of this Order, an Escrow Account in a commercial bank in Georgetown, agreed to by the Commission, and to pay into it 15% of the gross revenues of GT&T for each month, within seven days of the commencement of the following month. The arrangements relating to the Escrow Account will be such that monies from it shall not be withdrawn without the signature of, besides the nominee or nominees of GT&T, one nominee of the Commission.
- (7) The Expansion and Development Programme approved or developed by the Commission pursuant to this Order shall be implemented by GT&T, subject to the provisions of this Order. There will be a committee to monitor the implementation of the Expansion and Development Programme and to advise the Commission in regard to the same. The Committee will be constituted by the Chairman of the Commission and will consist of not more than seven members, including representatives of GT&T, consumers and private sector business. The Chairman and the Secretary of the Committee will be appointed by the Chairman of the Commission from its members. The functions of the Committee will be decided by the Commission and its expenses will be met from the Escrow Account.

108. ADDITIONAL DIRECTIONS -

We give the following further directions -

- (i) GT&T shall submit to the Commission, besides the returns mentioned in paragraphs 56 and 64 above, a return in the form set out in the Third Schedule, before the expiry of fifteen days of every month, showing the particulars of revenues received by it, including audiotext revenues, during the preceding month and the amount deposited in the Escrow Account;
- (ii) The matter is posted to 15th January, 1996, to consider documents and other information produced by GT&T and other concerned parties and to hear arguments to decide whether any changes are required in the temporary rates determined by this Order;

- (iii) The matter is posted to 15th January, 1996, for receipt of report by Lynch Associates Limited on the verification of accounting rates for countries other than the 87 countries mentioned in Parts I and II of the First Schedule; and
- (iv) The matter is posted to 23rd October, 1995, to hear arguments on procedure to establish a new Expansion and Development Programme.
- (v) GT&T is directed to furnish to the Commission particulars regarding the arrangements under which it is providing audiotext services including all contracts relating to it, on or before 23rd October, 1995.

109. Nothing in this Order shall be deemed to affect in any way the proceedings arising from the complaint made by the Senior Minister of Trade, Tourism and Industry under section 29 of the Act, referred to above. Individual complaints regarding non-provision or inadequate provision of service will be dealt with separately.

110. The Guyana Consumers' Association is awarded G\$500,000/= as costs in the proceeding which will be paid to it by GT&T within 30 days from the date of this Order. In view of the fact that the Consumers' Advisory Bureau of Guyana was represented by the same

person who in the earlier part of the proceedings was also representing the Guyana Consumers' Association and since no reason has been advanced for the multiplicity in the representation of consumers, we award only G\$50,000/=, as costs to the Consumers Advisory Bureau of Guyana, which shall be paid by GT&T within 30 days from the date of this Order.

Dated at Georgetown, Guyana, this ^{11th} day of
October, 1995

..... PAMADATH J. MENON, A.A.	-	CHAIRMAN
..... HUGH GEORGE	-	MEMBER
..... JOHN WILLEMS, A.A.	-	MEMBER
..... ERROL HANOMAN	-	MEMBER
..... A.M.B. SANKIES	-	MEMBER

FIRST SCHEDULEPART 1

NO.	DESTINATION	EXISTING BASIC COLLECTION CHARGE	NEW BASIC COLLECTION CHARGE 90% OF A	SURCHARGE TO COLLECT ARREARS OF REVENUE PURSUANT TO DECISION OF COMMISSION DATED: 1991-11-12	NEW COLLECTION CHARGE
		A \$	B \$	C \$	B+C \$
1.	ANTIGUA	45.15	40.64	4.13	44.77
2.	CANADA	84.06	75.65	3.81	79.46
3.	U.K.	117.24	105.52	11.23	116.74
4.	U.S.A.	104.42	93.98	9.89	103.87

313.06
31.31
281.75

NO	DESTINATIONS	EXISTING BASIC COLLECTION CHARGE	NEW BASIC COLLECTION CHARGE 90% of A	TEMPORARY SURCHARGE TO COLLECT ARREARS OF REVENUE PURSUANT TO DECISION OF COMMISSION DATED - 1994-10-31 11% of B	NEW COLLECTION CHARGE
		A \$	B \$	C \$	B + C \$
1.	Afghanistan	313.06	281.75	30.99	312.74
2.	Alaska	167.31	150.58	16.56	167.14
3.	Algeria	275.83	248.25	27.31	275.56
4.	Anguilla	57.30	51.57	5.67	57.24
5.	Angola	226.97	204.27	22.47	226.74
6.	Argentina	215.37	193.83	21.32	215.15
7.	Australia	176.08	158.47	17.43	175.90
8.	Bahamas	215.83	194.25	21.37	215.62
9.	Barbados	45.15	40.64	4.47	45.11
10.	Belgium	231.09	207.98	22.88	230.86
11.	Belize	205.11	184.60	20.31	204.91
12.	Bermuda	63.38	57.04	6.27	63.31
13.	Bolivia	260.95	234.86	25.83	260.69
14.	Brazil	169.80	152.82	16.81	169.63
15.	Cayman Is.	63.96	57.56	6.33	63.89
16.	Chile	190.01	171.01	18.81	189.82
17.	Columbia	191.40	172.26	18.95	191.21
	Congo	274.69	247.22	27.19	274.41

NO.	DESTINATIONS	EXISTING BASIC COLLECTION CHARGE	NEW BASIC COLLECTION CHARGE 90% OF A	TEMPORARY SUR- CHARGE TO COLLECT ARREARS OF REVENUE PURSUANT TO DECISION OF COMM- MISSION DATED - 1994-10-31 11% of B	NEW COLLECTION CHARGE
		A \$	B \$	C \$	B + C \$
19.	Costa Rica	166.86	150.17	16.52	166.69
20.	Cuba	229.04	206.14	22.67	228.81
21.	Czechoslovakia	241.26	217.13	23.88	241.01
22.	Denmark	236.74	213.07	23.44	236.51
23.	Ecuador	206.06	185.45	20.40	205.85
24.	Egypt	313.10	281.79	31.00	312.79
25.	El Salvador	284.38	255.94	28.15	284.09
26.	Ethiopia	345.93	311.34	34.25	345.59
27.	France	213.90	192.51	21.18	213.69
28.	Germany	205.86	185.27	20.38	205.65
29.	Ghana	257.53	231.78	25.50	257.28
30.	Grenada	57.30	51.57	5.67	57.24
31.	Greece	267.10	240.39	26.44	266.83
32.	Guatemala	267.80	241.02	26.51	267.53
33.	Haiti	213.66	192.29	21.15	213.44
34.	Hawaii	141.47	127.32	14.01	141.33
35.	Honduras	232.65	209.39	23.03	232.42
36.	Hong Kong	180.28	162.25	17.85	180.10
37.	India	198.31	178.48	19.63	198.11
38.	Indonesia	265.96	239.36	26.33	265.69
39.	Ireland	261.74	235.57	25.91	261.48
40.	Israel	257.21	231.49	25.46	256.95

NO.	DESTINATIONS	EXISTING BASIC COLLECTION CHARGE	NEW BASIC COLLECTION CHARGE 90% OF A	TEMPORARY SUR- CHARGE TO COLLECT ARREARS OF REVENUE PURSUANT TO DECISION OF COMM- MISSION DATED - 1994-10-31 11% OF B	NEW COLLECTION CHARGE B + C
41.	Italy	263.21	236.89	26.06	262.95
42.	Ivory Coast	289.52	260.57	28.66	289.23
43.	Jamaica	81.62	73.46	8.08	81.54
44.	Japan	276.60	248.94	27.38	276.32
45.	Kenya	189.05	170.15	18.72	188.87
46.	Lebanon	285.66	257.09	28.28	285.37
47.	Malaysia	198.14	178.33	19.62	197.95
48.	Mexico	216.70	195.03	21.45	216.48
49.	Monsterrat	63.38	57.04	6.27	63.31
50.	Netherlands	251.40	226.26	24.89	251.15
51.	Neth/Antilles	165.45	148.91	16.38	165.29
52.	New Zealand	183.41	165.07	18.16	183.23
53.	Nicaragua	197.36	177.62	19.54	197.16
54.	Nigeria	190.87	171.78	18.90	190.68
55.	Pakistan	263.29	236.96	26.07	263.03
56.	Panama	230.19	207.17	22.79	229.96
57.	Pa. New Guinea	253.17	227.85	25.06	252.91
58.	Paraguay	227.60	204.84	22.53	227.37
59.	Peru	217.48	195.73	21.53	217.26
60.	Portugal	262.11	235.90	25.95	261.85
61.	Puerto Rico	141.39	127.25	14.00	141.25
62.	Saudi Arabia	341.36	307.22	33.79	341.01
63.	Senegal	265.20	238.68	26.25	264.93

NO.	DESTINATIONS	EXISTING BASIC COLLECTION CHARGE	NEW BASIC COLLECTION CHARGE 90% OF A	TEMPORARY SUR- CHARGE TO COLLECT ARREARS OF REVENUE PURSUANT TO DECISION OF COMM- MISSION DATED - 1994-10-31	NEW COLLECTION CHARGE
		A \$	B \$	C \$	B + C \$
64.	Sierra Leone	267.23	240.51	26.46	266.97
65.	Singapore	193.70	174.33	19.18	193.51
66.	South Africa	249.81	224.83	24.73	249.56
67.	Spain	264.40	237.96	26.18	264.14
68.	St. Kitts/Nevis	57.30	51.57	5.67	57.24
69.	St. Lucia	57.30	51.57	5.67	57.24
70.	St. Vincent	57.30	51.57	5.67	57.24
71.	Sudan	237.06	213.35	23.47	236.82
72.	Surinam	87.40	78.66	8.65	87.31
73.	Switzerland	264.32	237.89	26.17	264.06
74.	Taiwan	341.36	307.22	33.79	341.01
75.	Thailand	286.01	257.41	28.31	285.72
76.	Turkey	228.72	205.85	22.64	228.49
77.	Trinidad & Tobago	45.15	40.64	4.47	45.11
78.	Uruguay	195.61	176.05	19.37	195.42
79.	U.S.S.R.	214.47	193.02	21.23	214.25
80.	Uganda	182.56	164.30	18.07	182.37
81.	Venezuela	214.61	193.15	21.25	214.40
82.	Zaire	302.14	271.93	29.91	301.84
83.	Zimbabwe	232.90	209.61	23.06	232.67
	TOTAL:	17,420.94	15,678.85	1,724.67	17,403.52

PUBLIC UTILITIES COMMISSION

RECOVERY OF UNCOLLECTED REVENUES

DATE OF REPORT -----

REPORT FOR MONTH OF -----

DESTINATION	COLLECTION CHARGE	SURCHARGE TO RECOVER ARREARS	TOTAL CALL MINUTES DURING REPORTING MONTH	TOTAL RECOVERIES DURING REPORTING MONTH \$	CUMMULATIVE TO DATE	
					CALL MINUTES	REVENUES RECOVERED \$

LIST OF EXHIBITS

1. Exhibit C-I - Report of Georgetown Consulting Group, Inc., dated August, 1995.
2. Exhibit C-II - Letter from Mr. Clarence Hordatt, General Manager, GT&T, dated 14th September, 1995.
3. Exhibit C-II(a) - Preliminary response enclosed with Exhibit C-II.
4. Exhibit C-II - The Development of Telecoms in Guyana since GT&T, A Memorandum from Atlantic Tele-Network Inc., May, 1995.