

PUBLIC UTILITIES COMMISSION

83 GUYANA

APPLICATION BY THE GUYANA TELEPHONE AND TELEGRAPH COMPANY
LIMITED FOR ADJUSTMENT OF THE COLLECTION CHARGES FOR CALLS
TO FOREIGN DESTINATIONS OTHER THAN ANTIGUA, CANADA, THE
U.K AND THE U.S.A

DECISION

INTRODUCTION

On 15th April, 1991 GT&T submitted an application to the Public Utilities Commission for an increase in rates to compensate GT&T for the effects of the devaluation of the Guyana dollar. In a subsequent letter dated 16th April, 1991 GT&T submitted an Appendix (Appendix 1) in which they listed 88 countries against which was shown inter alia the per minute rate payable to foreign correspondents (the accounting rate) before devaluation.

During the hearing in 1991 which was held to decide on GT&T's application it was determined and agreed that the rates which should form the base on which any adjustments should be made would be the rates in effect at 30th September, 1990. The information submitted by GT&T in Appendix 1 did not clearly state that the rates indicated were those in effect at 30th September, 1990 and in addition the Commission could not properly verify the rates. As a result the Commission at paragraph 18(1) of its Order dated 23rd December, 1991 approved adjustments of 168.86% of the accounting rates in respect of Antigua, Canada the U.K and the U.S.A. At paragraph 18(2) of the same Order the Commission denied adjustments for all other countries.

The approved rates were effective from 20th May, 1991.

In a letter dated August 20, 1993 GT&T requested a review of the Commission's decision denying the rates and submitted additional information for the Commission's consideration.

HEARING

In keeping with a Notice of Public Hearing issued on December 10, 1993, a hearing was held on December 17, 1993, at Bidco Training Centre, Anira and Peter Rose Streets, Georgetown. The purpose of the hearing was to fix temporary rate adjustments of the collection charges for calls to foreign destinations other than the four countries for which adjustments had already been approved, pending final determination by the Commission.

PARTIES PRESENT

GT&T was represented by Mr Clarence Hordatt, General Manager, Mr Godfrey Statia, Manager for Revenue, Mr Lawerence Fucella, Finance Controller, Miss Sonita Jagan, Assistant Finance Controller, Mr Joseph Saunders and Mr Raphael Trotman, Attorneys-at-Law, Legal Advisers.

Officials of the Guyana Consumers' Association were present at the hearing, but the Association did not request intervenor status in response to the invitation issued in the Notice of Public Hearing. There was no request from other persons or individuals to participate in the proceedings.

EVIDENCE

The evidence considered at the hearing comprised mainly four schedules which listed 170 countries and gave information including the accounting and

collection rates in respect of those countries and accounting rates information for the countries as per zone. In addition the documentation submitted by GT&T when the rate adjustment was first requested and in relation to the hearing held in 1991 in that regard formed part of the evidence to be taken into account.

One aspect of the evidence needs to be further discussed. As previously stated on April 16th GT&T submitted a list with 88 countries (Appendix 1) and on August 20, 1993 submitted a new list with 170 countries (Schedule A). A decision had to be taken on whether the additional countries should be allowed. After very careful consideration the Commission concluded that a very liberal interpretation of a review might allow new evidence to support acceptance of rates which could not have been properly verified in respect of countries already listed in the original application. It was felt however that this discretion could not be extended to allow the inclusion of additional countries which did not form part of the original application. Accordingly it was decided that the only countries to be considered would be those which were listed on Appendix 1.

One of the major concerns of the Commission is to ensure that when the rates are finally approved the collection charges and the accounting rates components therefrom which form the basis on which the increased rates are to be calculated were in force at 30th September, 1990 and that this is verifiable by acceptable objective evidence.

The hearing was held on the understanding that there would be a "fast track" approach by which the rates supplied by the Company would be accepted without verification to allow the Commission to set a temporary rate adjustment for a limited time during which the Commission would seek to

verify the rates that were in effect as at 30th September, 1990.

During the course of the hearings in December 1993 it was observed that the accounting rates as at 30th September, 1990 had not been included in any of the documents supplied in August. It was stated by the Company that no accounting rates would be found in the documentation supplied " ... at the exact date of 30th September, 1990. What you will find is that some of them are dated prior to 1990 and some are dated after 1990." It has already been noted that information showing the rates in force as at 30th September, 1990 was not supplied during the first hearing in 1991.

Notwithstanding the "fast track" approach it was considered that some checking of the data would be in order and the Commission's consultants were therefore requested to compare the list of accounting rates and collection charges submitted by the Company in 1991 for the 88 countries on Appendix 1 with those listed on Schedule A supplied in 1993.

The consultant reported a high rate of discrepancies and inconsistencies inter alia as set out below:

"FINDINGS"

Two major documents were used during the Review (i) Appendix 1 of Section C of the Utility's letter dated 16th April, 1991 (hereinafter referred to as Appendix 1) and (ii) Schedule A of the Utility's letter dated 20th August, 1993 (hereinafter referred to as Schedule A).

3.1 Appendix 1 incorporates rates for eighty-eight (88) destinations including the four (4) for which rates have already been approved.

In addition to which one destination - the Netherlands - was listed twice.

- 3.2 Schedule A incorporates one hundred and seventy (170) destinations inclusive of the four (4) referred to in 3.1.
- 3.3 In comparing the rates used in Appendix 1 with those in Schedule A for 83 destinations (88 less 4 already approved and 1 duplicated) the following were observed.

	<u>Collection Charges</u>	<u>Accounting Rates</u>
i) In agreement	74	12
ii) Appendix 1 <u>lower</u> than Schedule A	6	56
iii) Appendix 1 <u>higher</u> than Schedule A	2	15
iv) No rate quoted in Appendix 1	1 (Saudi Arabia)	-
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	83	83
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- 3.4 There are anomalies in respect of 33 of the 83 destinations dealt with in Appendix 1, in that the Accounting Rate exceeds the Collection Charge - indicating that the Utility has to pay the foreign correspondent a higher accounting rate than that collected from the local subscriber.
- 3.5 Appendix 1 also provides rates for alternative routes for 62 of the 83 destinations while Schedule A provides similar information for only 6 destinations. The Collection Charges for alternative routes

remain unchanged for each of the 62 destinations, while in the case of the 6 they varied for one destination - ANGUILLA.

- 3.6 No explanations are provided as to how the rates in Appendix 1 are arrived at."

The Commission accepts the findings of the Consultants which indicate major disparities and anomalies in the two lists and underscore the need for more detailed examination in order for the Commission to satisfy itself as to the correctness of the rates being used which will form the basis of the increase. In the circumstances having regard to the unverified nature of the information at this point of time on which the decision is to be based, the many discrepancies in Appendix 1 and Schedule A both of which were supplied by the Company, and other factors already mentioned the Commission decided to set temporary rates using the following guidelines which were determined in a situation where no verification of the data contained in Appendix 1 and Schedule A has been attempted. Verification would have delayed a decision on the temporary rate increase.

1. Only countries included in the original submission i.e Appendix 1 are to be considered in the Review. This resulted in 83 destinations being considered, since rates for four of the countries listed had been previously approved and one of the countries - Netherlands - had been duplicated.
2. Whilst Collection Charges and Accounting Rates to be used for final determination of the rates should be those verified as being in effect at 30th September, 1990 the unverified rates supplied by GT&T would be used for the purpose of a temporary rate adjustment.

3. When more than one Collection Charge/Accounting Rate are notified by the GT&T the lower or lowest is to be used except in relation to Saudi Arabia where only one Collection Charge was provided (on Schedule A).
 4. The temporary increase in the Accounting Rate will be 70% of the full increase of 168.86% and is to be computed as follows:-

(Accounting Rate X 1.6886 X 0.70) = Temporary Increase
submitted by GT&T) in Accounting Rate

5. With regard to 4 above it should be noted that 30 of the 83 destinations under consideration have accounting rates that are higher than the collection charges. In these cases in arriving at the temporary increase in the accounting rates the collection charges are to be used in place of the accounting rates.
 6. The temporary collection charges is to be arrived at as follows:

Temporary increase in Accounting Rate + Collection Charge submitted by GT&T = Temporary Collection Charge

The Commission considered that the guidelines set out above formed a reasonable basis on which to allow the increase, pending final determination of the matter, as it would allow the Company to improve its cash flow position and give the Commission sufficient time to finalize its deliberations on an informed basis.

ORDER

Accordingly, the Commission orders as follows:

- (a) Pending final determination of GT&T's request, the utility is hereby authorised to implement with effect from February 1, 1994, temporary adjustments of the collection charges for calls to foreign destinations in respect of the 83 countries as set out in Annex 1 hereof. The new collection charges are set out in column (vi) of the Annex.
- (b) These temporary rate adjustments shall remain in effect up to April 30, 1994, unless the Commission reaches a final determination before that date, in which case the rates now authorised shall cease to have effect from such date as the Commission may decide and shall be replaced by the rates finally determined. This time limitation may be extended at the discretion of the Commission.
- (c) GT&T shall publish an amended schedule of rates to give effect to the temporary rate adjustments.
- (d) GT&T shall maintain its records in such form as to enable it to refund or credit its customers in full, as the Commission may direct, in the event that the temporary rates charged during the period exceed the rates as finally determined by the Commission.

(e) Arrangements for the recovery of arrears due to GT&T in respect of the increases now approved will be dealt with after final determination of the rates to be charged.

Signed at Georgetown, Guyana, this 13th day of January, 1994.

JOSEPH A TYNDALL, A.A., C.C.H - CHAIRMAN, PUBLIC UTILITIES COMMISSION

Hugh K. George

HUGH GEORGE - MEMBER - DO -

K. St. H. Murray

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JOEL WILLIAMS, A.A. - MEMBER - DO -

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