

PUBLIC UTILITIES COMMISSION

ORDERINVESTIGATIONS INTO THE OPERATIONS OF
THE GUYANA TELEPHONE AND TELEGRAPH LTD.

The Public Utilities Commission has decided to conduct a number of investigations into the operation of the Guyana Telephone and Telegraph Ltd. (GT&T) in order to obtain information necessary for the proper discharge of the Commission's functions.

The pivotal function of the Commission is to ensure that "every rate made, demanded or received by any public utility, from persons making use of the service provided by it shall be fair and reasonable" having regard, inter alia, "to consumer interest and investor interest and to the rate of return obtained in other enterprises having commensurate risk." In the case of GT&T, the Commission must give effect to the rate of return on the utility's "capital invested or dedicated for providing any service", as set out in the agreement for the purchase of GT&T (The Purchase Agreement).

The three year freeze in GT&T's tariffs (except for adjustments to compensate for the devaluation of the Guyana dollar) ended on January 27, 1994. The utility can therefore apply for tariff increases, if it considers it necessary to do so. At the same time, the Commission has the responsibility to ensure that tariffs demanded or maintained by the utility are fair to consumers, especially with regard to the rate of return being earned by the utility. The Commission has a duty to take such steps as are necessary to facilitate the effective discharge of this responsibility.

Of crucial importance for the discharge of the Commission's responsibilities is the availability of adequate information on the utility's operations and its cost of providing service. Of importance also, is the need for the utility to maintain an accounting system that will ensure accurate, consistent, and timely availability of the necessary information, in a form that will facilitate the discharge of the Commission's responsibilities.

Except for the purpose of adjusting rates in response to the utility's application, the Commission has been unable to carry out any systematic investigation into the operations of GT&T, as envisaged in section 25 of the PUC Act, since the entry into force of the Act, almost four years ago. Without the benefit of such investigations, the Commission has been, and will be unable to discharge its regulatory functions in an effective manner. Section 25 of the PUC Act provides that:

For the purposes of the exercise and discharge of the functions of the Commission under this Act, the Commission shall have power to initiate and conduct investigations into the operations and standards of service of any public utility.

In the light of the foregoing, the Commission has therefore decided to undertake the following investigations:

- 1) Review of the current tariffs of GT&T as a basis for determining their adequacy in terms of revenue receipts and the fairness and reasonableness of the tariff structure, having regard to the objectives of regulation.
(PUC Docket No. 30)
- 2) Review of the accounting system of GT&T relative to the requirements of effective regulation, as a basis for making such prescriptions as may be necessary in relation to the form of accounts to be kept by the utility, so as to facilitate the objectives of regulation. Under section 48 of the PUC Act, the Commission may prescribe the form of accounts to be maintained by the utility. (PUC Docket No. 73)

- 3) Review of the Expansion and Service Improvement Plan of the utility for the purpose of providing the Commission with information relevant to the evaluation of its rate base for rate making purposes. Under section 84 (1) of the PUC Act, the Commission, may from time to time, seek to ascertain the value of the utility's property and in this connection "may enquire into every fact which in its judgement has any bearing on that value, including the amount of money actually and reasonably expended in that undertaking in order to provide service reasonably adequate to the requirements of the public served by the public utility." (PUC Docket No. 97)
- 4) Review of the loan and other financing arrangements made by GT&T since January 1991 to enable the Commission to consider and determine whether the interests of the utility and its consumers have been reasonably and justly served and to evaluate the implications of these arrangements for rate making purposes. (PUC Docket No. 70)
- 5) Review of the audiotext operations of GT&T in relation to its service obligations under the PUC Act and the utility's operating licence, with a view to determining the impact of these operations on the costs and revenues of the utility and the implications of the operations for rate making purposes. (PUC Docket No. 92)
- 6) Review of the provision of advisory services to GT&T, to provide a basis for the Commission to consider and determine whether the interests of the utility and its customers have been reasonably and justly served and to determine the implications for rate determination. (PUC Docket No. 98/1)

- 7) Review the status of complaints made by subscribers, members of public and the Consumers Association to the Commission, and which complaints were transmitted to the Utility with respect to the failure by the Utility to provide service and/or adequate service and/or maintain the service already provided as required by Section 26 - Public Utilities Commission Act (No. 26/1990) as amended by Act No. 3 of 1994. (PUC Docket No. 5)

It should be emphasised that the Commission will not make any determinations on any matter arising out of any of these investigations, without giving the utility and all other interested parties an opportunity to be heard, at an appropriate time.

ACCORDINGLY, IT IS HEREBY ORDERED that investigation dockets/files in the above enumerated matters be opened and maintained by the Commission's staff in order to allow the Commission to reasonably fulfill its regulatory oversight functions; and

IT IS FURTHER ORDERED that GT&T shall provide the Commission with the following information outstanding from previous orders and/or requests:

- (a) All information outstanding in relation to its Order dated July 29, 1993 re: The financial operations of GT&T.
- (b) An update of information requested by Commission letter dated, December 12, 1993 re: audiotext services.
- (c) Certified copies of the approved minutes of all meetings of the Board of Directors of GT&T, outstanding in relation to Order No. 11 of Decision dated, November 12, 1991.

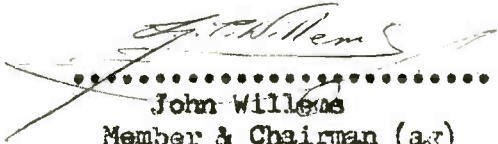
All the referenced information outstanding shall be delivered to the Commission within thirty (30) days from the date of this order. In addition, GT&T shall continue to furnish periodical information, in accordance with the above-mentioned Orders.

Further Orders will be issued in connection with the conduct of each of the seven investigations, including the provision of additional information.

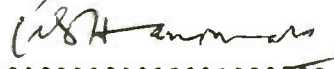
Dated 20th December, 1994

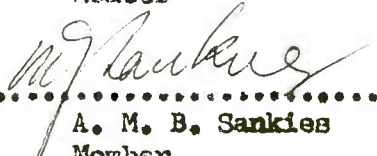
BY ORDER OF THE COMMISSION

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P. J. Menon (out of the country)
Chairman


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John Willens
Member & Chairman (a.g.)


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Hugh George
Member


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Errol Hanoman
Member


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A. M. B. Sankies
Member