



INDEPENDENT CONSUMER & COMPETITION COMMISSION

PUBLIC NOTICE

REVIEW OF THE CURRENT PRICING ARRANGEMENT FOR EDA RANU NOTICE PURSUANT TO SECTION 25B (1) OF THE PRICES REGULATION ACT CHAPTER 320(AMMENDED)

Introduction

The Independent Consumer & Competition Commission ("Commission") has received an application from the Minister for Treasury on the 03rd July 2007 requesting the Commission to review the current pricing arrangements applicable to Eda Ranu pursuant to Section 25A(2) of the Prices Regulation Act (PRA).

Having considered the relevant provisions of the PRA, the Commission is required to conduct this Review in accordance with the procedures set out under Section 25B&C of PRA.

Background

In 2004, the Commission undertook a comprehensive review into the pricing arrangements relating to water and sewerage services provided by Eda Ranu. In its final determination, the Commission structured a price path for Eda Ranu which allows Eda Ranu to recover its efficient costs to meet the cost of capital and the cost of depreciation.

Built into the price path was a forward capital expenditure requirement of K200 million which Eda Ranu anticipated incurring for the purposes of upgrading its sewerage infrastructure within the period of the price path (2004 to 2009). Since the release of the Commission's final report, Eda Ranu has not incurred this capital expenditure to justify its tariffs.

Accordingly, the Minister is seeking a review of that pricing arrangement with a view towards a downward adjustment of the maximum average revenues allowance for Eda Ranu to reflect Eda Ranu's failure to undertake the capital works which has been factored into its price path.

Purpose of the Review

The principal objective of the Review is to review and assess the existing capital expenditure requirements which Eda Ranu committed to undertake under the current price path that applies to Eda Ranu in the provision of its water & sewerage services. The Commission will then decide whether to continue, amend or terminate the current pricing arrangements under the price path including the subsequent effects on the applicable tariffs to be charged by Eda Ranu.

Timeframe and deliverables

Pursuant to section 25C of the PRA, the Commission is allowed a period of 90 days from the date of the receipt of the application to complete the Review. However the Commission may seek extension if considered necessary.

The timeframe for the review is as follows:

Deliverables	Timeframe
Release of Issues Paper	6th August 2007
Submission to the Issues Paper	27th August 2007
Release of Draft Report	17th September 2007
Submission to the Draft Report	8th October 2007
Release of Final Report	2nd November 2007

The Commission will conduct the Review in an open and transparent manner in which all industry stakeholders and the general public will be invited to participate throughout the Review process.

Copies of the application by the Minister requesting for the Review are available at Commission's Office. Electronic copies can be obtained through the Commission's website on www.iccc.gov.pg or by emailing salphonse@iccc.gov.pg or contacting Mr. Stanley Alphonse on phone 325 2144.

Authorised by:

Mr. Thomas Abe
Commissioner & CEO