



Office of Utility Regulation

Publication of Cable & Wireless Guernsey's Regulatory Accounts

Consultation Document

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1 Introduction

Cable & Wireless Guernsey (“C&WG”) is required to submit Regulatory Accounts to the OUR in accordance with condition 27 of its Fixed Telecoms Licence. In March 2002 the OUR published Regulatory Accounting Guidelines¹ (“RAGs”) for C&WG (Guernsey Telecoms, as it then was), setting out *inter alia*, an overview of the OUR’s requirements for accounting separation and a detailed specification of the format of the returns that C&WG was required to make. The main text was supported by a number of annexes providing additional information and guidance to C&WG based on international best practice to assist the company in preparing the Regulatory Accounts.

The RAGs also set out a timetable for the production of the company’s Regulatory Accounts which included the submission of the company’s 2001 Accounts by 1st October 2002. In the event C&WG did not meet this deadline. OUR accepted a number of revised deadlines submitted by C&WG in the context of a project plan, but the company also missed these deadlines so that at the current time, the OUR is still awaiting the submission of the 2001 Regulatory Accounts. In July 2003 the Director General found C&WG in breach of its licence and issued a Direction² in accordance with section 27 of the Telecommunications (Bailiwick of Guernsey) Law, 2001, to C&WG requiring the following actions to address that breach:

- submission of C&WG’s Regulatory Accounts for 2001 by 22nd August 2003.
- submission of C&WG’s Regulatory Accounts for 2002/03 by 31st October 2003.
- Submission by 31st October 2003 of:
 - a comprehensive statement setting out in detail the assumptions used in the preparation of the Separated Accounts for 2002/03;
 - a comprehensive statement of any changes in the assumptions used in the Separated Accounts for 2002/03 compared tot those adopted in the 2001 Separated Accounts; and
 - a comprehensive statement explaining and justifying any such changes,
- publication on its website, and the provision of hard copies on request, of its 2002/03 Regulatory Accounts by 31st October 2003;
- issuing a notice in the Gazette Officielle on 3rd November 2003 informing the market of the publication of its Regulatory Accounts for 2002/03; and
- provision of a copy of its 2002/03 Regulatory Accounts model in an Excel format.

The March 2002 RAG allowed for the first set of C&WG’s Regulatory Accounts to be submitted in confidence to the OUR. The RAG stated that the Director General would consider whether it would be in accordance with her duties to publish future Regulatory Accounts and indicated that the OUR would consult with interested parties before making a final decision on what level of information should be in the public domain in future years.

¹ Document OUR 02/12 Accounting Separation: Regulatory Accounting Guidelines to Guernsey Telecoms, March 2002 available at [www.regutil .gg](http://www.regutil.gg)

² Document OUR 03/20 Cable & Wireless Guernsey: Separated Accounts Notice of a Direction to Cable & Wireless Guernsey Limited in accordance with Section 27 of the Telecommunications (Bailiwick of Guernsey) Law, 2001 available at www.regutil.gg

The OUR has had regard to international best practice and notes that the publication of Regulatory Accounts contributes to overall market certainty and transparency. The OUR considers that the Regulatory Accounts should be made publicly available to achieve this benefit in Guernsey. Therefore the purpose of this consultation paper is to consider what level of information from the Regulatory Accounts should be released into the public domain. The OUR is interested in views of interested parties as to the balance of any commercial impact of the revelation of such information as compared to the benefits to be gained from its publication.

2 Structure of the Paper

This paper is structured as follows:

Section 3 - outlines the consultation procedure and timetable for the submission of responses to the consultation;

Section 4 - provides background information on the purpose of Regulatory Accounts in general and the overall format of C&WG's Regulatory Accounts together with best practice in other jurisdictions in order to assist interested parties in responding to the issues under consideration;

Section 5 – sets out the issues being consulted and presents the Director General's proposals on these issues.

This consultation paper should be read in conjunction with the current RAGs (Document OUR 02/12) issued to C&WG and published by the OUR in March 2002 which is available at www.regutil.gg.

This consultative document does not constitute legal, commercial or technical advice. The Director General is not bound by it. The consultation is without prejudice to the legal position of the Director General or her rights and duties to regulate the market generally.

3 Consultation Procedure and Timetable

The consultation is scheduled to run from Wednesday 20th August 2003 and the closing date for the submission of comments to the OUR is 5pm on Thursday 18th September 2003. Comments should be submitted in writing to:

Office of Utility Regulation
Suite B1 & B2,
Hirzel Court,
St. Peter Port,
Guernsey GY1 2NH.

Email: info@regutil.gg

All copies of comments should be clearly marked "Comments on Publication of C&WG's Regulatory Accounts".

In line with the policy set out in Document OUR01/01 – “Regulation in Guernsey; the OUR Approach and Consultation Procedures”, the Director General intends to make responses to the consultation available for inspection. Any material that is confidential should be put in a separate Annex and clearly marked so that it can be kept confidential.

The Director General regrets that she is not in a position to respond individually to the responses to this consultation, but she will publish a report on the consultation after all comments have been considered.

4 The Rationale for Regulatory Accounts

Regulatory, or Separated, Accounts are a fundamental part of a regulator’s tool kit and are prepared in order to provide financial information about regulated businesses for use by the regulator, the industry, other stakeholders and interested parties. This regulatory tool requires that the regulated operator’s activities are split for accounting purposes into separate businesses and specifies how financial accounting information should be collected and reported.

Consequently Regulatory Accounts differ markedly from traditional financial statements (“Statutory Accounts”) in that they are focused on the costs and the revenues that accrue from the provision of regulated businesses or activities. Regulatory Accounts also provide accounting information at a greater level of granularity in order to address questions concerning the pricing of individual products and services. Statutory Accounts on the other hand relate to the company as a whole (i.e. including regulated and non-regulated trading activities) and are more focused on the requirements of investors only.

For these reasons accounting separation and the preparation of Regulatory Accounts has a proven track record and is the most common tool used worldwide by regulators to address concerns about potential abuses of dominant positions and market power. For example Regulatory Accounts may assist a regulator in a variety of ways, depending on the market structure and regulatory emphasis, including inter alia:

- Monitoring performance against the assumptions underlying a current price control for retail and wholesale services;
- Informing future price controls for both retail and wholesale services;
- Informing decisions regarding the level of interconnection rates; and
- Assisting in the detection (or verification of the absence) of various types of anti-competitive behaviour.

5 Publication of Regulatory Accounts

This section of the paper sets out the contents of C&WG’s Regulatory Accounts that it will submit to the OUR on 31st October 2003 and in future years (section 5.1)³. To help to consider the degree of disclosure of C&WG’s Regulatory Accounts, international best practice and EC Recommendations and Guidelines on the publication of accounts are presented in section 5.2. This section concludes with the

³ C&WG is also required to submit its 2001 Regulatory Accounts in a similar format and these are to be submitted to OUR on 22nd August 2003.

Director General's proposal for the degree of disclosure of C&WG's Regulatory Accounts.

5.1 Format and Contents of C&WG's Regulatory Accounts

This section summarises the format and contents of C&WG's Regulatory Accounts. The published RAGs provide additional, more detailed information on the content and format of the accounts.

In the RAG, the Director General required C&WG to prepare separate accounting information for the following main business areas⁴:

- Core Network,
- Local Access Network,
- Retail, Mobile, and
- Other Activities.

C&WG is required to prepare a Profit and Loss statement and Balance Sheet information in a form that is consistent with the measure of capital employed used for price-setting purposes for each set of accounts for each regulated activity (as specified⁵ in Section 4.1 of Document 02/12).

In line with best practice and the European Commission's Recommendation⁶ on Accounting Separation, C&WG has been required to provide reconciliations between the company's Regulatory Accounts and its Statutory Accounts. C&WG must also consolidate the accounts of the main business areas into a summarised set of accounts (the Consolidated Separated Accounts) and to submit reconciliation statements in conjunction with the accounts. Reconciliations must be prepared between:

- C&WG's statutory accounts and the Consolidated Separated Accounts of the main business areas;
- the Consolidated Separated Accounts and the Accounts of the main business areas (i.e. Core Network, Local Access Network, Retail, Mobile and other activities); and
- the Accounts of the main business areas and their disaggregated activities where applicable.

Proforma financial statements, including profit and loss accounts and balance sheets for Core Network, Local Access, Retail, Mobile and other activities are shown in Annex 1 to illustrate the format in which this information will be made available by C&WG to OUR.

⁴ Definitions of each of these business areas are provided in Section 4.2 of Document 02/12 Accounting Separation – Regulatory Accounting Guidelines. These definitions are based on those set out in the EU Commission Recommendation of 8th April 1998 on interconnection in a liberalised telecommunications market Part 2 – Accounting separation and cost accounting.

⁵ For example Retail is disaggregated to include accounts for – Exchange line rental and connection ,Local calls, Local internet calls, National internet calls, Jersey calls, National calls, International Calls, Calls to Guernsey Mobiles, Non-geographic calls free to calling customer, Non-geographic calls charged at local rate, Non-geographic calls charged at national rate, Non-geographic calls charged at Premium Rate, Internet, Directory Enquiry, Public Payphones, Leased lines (private circuits) and Remaining activities

⁶ The EU Commission Recommendation of 8th April 1998 on interconnection in a liberalised telecommunications market Part 2 – Accounting separation and cost accounting.

C&WG must provide the OUR with additional detailed information on the costs incurred by C&WG and its relationship with its own retail arm in order to deliver the required transparency to demonstrate non-discrimination between C&WG's retail arm and its competitors. The additional information C&WG is required to submit to the OUR includes:

- a) a statement of the accounting policies used in the preparation of the Accounts;
- b) a matrix summarising the total transfer charges between the different Accounts;
- c) a statement describing the basis on which un-attributable costs have been allocated between different accounts;
- d) information about the cost allocation methodologies employed in order to prepare the separated Regulatory Accounts. This should be at a level of detail that makes clear the relationship between costs and interconnection and access charges; and
- e) a statement showing the average cost of network components.

C&WG's Regulatory Accounts must be independently audited in accordance with the relevant rules of Guernsey's legislation and in accordance with international best practice.

5.2 Best Practice and International Benchmarks

Under Article 11 of Directive 2002/19/EC⁷ the European Commission ensures that national regulatory authorities ("NRAs") have the power to require that accounting records, including data on revenues received from third parties, are provided on request. The Commission states that NRAs may publish such information as would contribute to an open and competitive market, while respecting national and Community rules on commercial confidentiality.

The Commission has also recommended⁸ that NRAs make relevant accounting information from notified operators available on request to interested parties at a sufficient level of detail to ensure that there has been no undue discrimination between the provision of services internally and those provided externally, and to enable the average costs of unbundled interconnection services to be identified.

In this respect, the publication by the notified operator of sufficiently detailed cost statements showing the average cost of network components will, in the Commission's view, increase transparency and raise confidence on the part of competitors, that there are no anti-competitive practices.

The Commission also issued a set of Guidelines on implementing accounting separation which accompanied its Recommendation. In section 7.6 of those Guidelines the Commission noted that publication of information required in the Interconnection Directive serves a number of purposes including:

⁷ Directive 2002/19/EC of the European Parliament and of the Council of 7 March 2002 on access to, and interconnection of, electronic communications networks and associated facilities (Access Directive). Official Journal L108/7 199, 24.4.2002

⁸ Commission Recommendation of 8 April 1998 on interconnection in a liberalized telecommunications market Part 2 - Accounting separation and cost accounting

- making transparent the relationship between interconnection charges and costs;
- providing transparency about the interconnection charges paid by the operator's own Retail activities and assurance that there was no undue discrimination between internal and external provision of interconnection services; and
- helping to establish confidence in the interconnection regime.

Consequently the Commission believed that NRAs should encourage publication of as much of the above information as possible with the proviso that information that is proven to be commercially confidential should not be published. The Commission believed however that the cost allocation methodologies employed by operators should be published immediately.

A study⁹ prepared by Andersen Business Consulting for the European Commission DG Information Society reviewed the implementation of cost accounting methodologies across the EU and revealed that the transparency principle has not been strongly enforced across Member States and that only Ireland and the UK publish the actual costs or the separated accounts. The Andersen report comments that:

“Finally, worst of all, the process of tariff determination is unclear to most parties outside the SMP-operator and the NRA”

The European Commission's 8th Report on the Implementation of the Telecommunications Regulatory Package¹⁰ states that:

“The implementation of cost accounting and accounting separation in Ireland and in the United Kingdom can be regarded as best practice in the EU as regards the approach and methodology used, the detail of the verification carried out by the regulators and the availability of information to third parties. All these elements result in greater transparency of the tariff determination process and contribute to establishing confidence in the cost accounting systems of the notified operators and indirectly in the cost orientation of tariffs.”

In the UK Oftel requires that BT publishes its Regulatory Financial Statements together with underlying assumptions set out in its Accounting Documents, as well as full details of the company's Detailed Attribution Methodology which comprises three volumes. Copies of all these documents are available to download from www.btplc.com¹¹. Furthermore, Kingston Communications is required by Oftel to make its Regulatory Accounts and its Attribution Document available to third parties on request.

⁹ Andersen Business Consulting – Study on the implementation of cost accounting methodologies and accounting separation by telecommunication operators with significant market power, 3rd July 2002.

¹⁰ Eighth Report from the Commission on the Implementation of the Telecommunications Regulatory Package European telecoms regulation and markets 2002 Brussels, 3.12.2002 COM(2002) 695 final.

¹¹ Under “Corporate Information”, “Regulatory” and “Financial Statements”

In Ireland eircom is required by Comreg to publish a number of documents on its website including its Regulatory Financial Statements on CCA (Current Cost Accounting), LRIC (Long Run Incremental Cost) and HCA (Historic Cost Accounting) terms. For each of these accounting bases eircom is required to publish its supporting Accounting Documents and a Supplementary Document. eircom's Regulatory Accounts and the supporting documentation are available to download at www.eircom.ie¹².

Whilst the approaches adopted by the NRAs in the UK and Ireland are recognised by the Commission as “best in class” within the EU as regards the approach and methodology used, the detail of the verification carried out by the regulators and the availability of information to third parties, other NRAs outside Europe also require the disclosure of Regulatory Accounts.

In New Zealand, NZ Telecom is required to publish separate financial statements for its principal operating subsidiary, Telecom New Zealand. In June 2001 the Australian Competition and Consumer Commission (“ACCA”) notified a number of operators of their requirement to report under the Telecommunications Industry Regulatory Accounting Framework. In June 2003 the Minister for Communications, Information Technology and the Arts issued a Direction to the ACCA concerning Telstra Corporations Separated Accounts. Under that Direction, the ACCA must, within one month of receiving their receipt, make available to the public copies of the reports provided by Telstra.

In the US the Federal Communications Commission (“FCC”) has developed the publicly accessible ARMIS database that contains key financial and operational information from the largest incumbent local exchange carriers. ARMIS was initiated in 1987 for collecting financial and operational data from the largest carriers with additional ARMIS reports added in 1991 to collect service quality and network infrastructure information from local exchange carriers subject to price cap regulations. At the current time ARMIS consists of ten public reports.

The Office of Utilities Regulation in Jamaica has recently issued a Notice of Proposed Rule Making for the preparation and publication of regulatory financial statements which would be applicable to dominant carriers or service providers. This would include C&W Jamaica. The Jamaican NRA is proposing that a carrier or service provider should publish comparative Accounts for the current financial period and the preceding period comprising a number of financial statements and supporting information. To comply with this requirement the carrier or service provider must provide the Office with hard copies of the documents as well as posting these documents on the carrier or service provider's website.

5.3 Director General's Proposals

The purpose of accounting separation and the preparation of Regulatory Accounts is to provide an analysis of information derived from financial records to reflect as closely as possible the performance of parts of a business as if they were operating as separate business units. The information in turn is a valuable tool in demonstrating that there is no undue discrimination between the dominant operators' own

¹² Under “About Us”, “Company Information”, “Regulatory Information”.

downstream arm and competing operators or between one competitor and another when providing similar services. The Director General believes that making these accounts publicly available will assist in the detection (or verification of the absence) of anti-competitive behaviour at levels of disaggregation appropriate to the relevant retail and wholesale markets, thus supporting and promoting the development of a competitive regime.

The Director General considers that making C&WG's Regulatory Accounts publicly available is in line with international best practice and will assist in ensuring that C&WG's charges are cost based, transparent and non-discriminatory. Consequently publication of this information will help to introduce, maintain and promote effective and sustainable competition in the Bailiwick's telecommunications market in a number of ways, including;

- helping other operators to understand how the dominant operator's revenues relate to costs,
- building confidence that the interconnection and access arrangements are equitable and that there is no over or under recovery of the dominant operator's network costs, and
- providing supporting evidence that there is no unfair anti-competitive practices taking place.

In summary the Director General considers that publication of financial information at a sufficiently detailed level would increase the confidence of operators that there is no undue discrimination between the internal and external provision of services by the dominant operator, and would make transparent the relationship between interconnection charges and costs. This in general is considered to contribute to a competitive telecommunications environment, thus enabling the Director General to meet the general duties set out in Law.

The Director General is conscious that commercially confidential information should in general not be made available unless this is necessary for the Director General to carry out her functions. As can be seen from the comparisons elsewhere, Regulatory Accounting information has been published in other markets and the Director General is not aware of how the situation with regard to commercial confidentiality in Guernsey would differ from those situations.

In conclusion therefore, the Director General considers C&WG's annual Regulatory Accounts and supporting documentation should be made publicly available in their entirety.

- Q.1. Do you agree with the Director General's proposal to require C&WG to publish Regulatory Accounts and the supporting documentation in their entirety?*
- Q.2. If not, then please specify what parts of the Regulatory Accounts and supporting documentation should remain commercially confidential and explain your reasons why?*

Annex 1: Proforma Reporting Formats for Publication

Figure 1.1 –Proforma reporting formats for the Core Network business

(a) Profit and Loss

	Current Year	Prior Year	
Turnover			
From Retail			
From other operators			
Total turnover			①
Operating costs			
CCA adjustments			
Total operating costs			②
Return			③ = ① - ②

The calculation of the return must be consistent with the basis on which the cost of capital is calculated. Therefore, if - as envisaged in the main body of the guidelines - a pre-tax and pre-interest WACC is used, the return shown in the accounts should be equivalent to profit before interest and tax.

Figure 1.1 (cont.) – Proforma reporting formats for the Core Network business

(b) Balance sheet information

	Current Year	Prior Year	
Fixed assets			
Tangible fixed assets			
Intangible fixed assets			
Investments			
	_____	_____	
Total fixed assets			①
Current assets			
Stocks			
Debtors			
Investments			
Cash at bank & in hand			
	_____	_____	
Total current assets			②
Creditors			③
Provisions for liabilities and charges			④
	_____	_____	
Mean capital employed			⑤ = ①+② - ③ - ④

All entries in the “balance sheet” should be prepared on a current cost basis. They should be average values for the year to which they relate. Where possible and material the average values shown should be weighted averages. If information is not available, a simple average of opening and closing balances may initially be used.

(c) Return on capital employed

	Current Year	Prior Year	
Return			①
Mean capital employed			②
Return on mean capital employed (%)			③ = ①/②

Figure 1.2 – Proforma reporting formats for the Local Access-Network business

(a) Profit and Loss

	Current Year	Prior Year	
Turnover			
Transfer charges to Retail			
From other operators (if any)			
Total turnover	_____	_____	①
Operating costs			
CCA adjustments			
Total operating costs	_____	_____	②
Return	_____	_____	③ = ① - ②

(b) Balance sheet information

As for Core Network.

(c) Return on capital employed

As for Core Network.

Figure 1.3 – Proforma reporting formats for the Retail business

(a) Profit and Loss

	Current Year	Prior Year	
Turnover:			
Connection charges			
Rental charges			
Call charges			
Other turnover			
	_____	_____	
Total turnover			①
Operating costs:			
Operating costs specific to Retail			
Transfer charges from Core Network			
Transfer charge from Local Access- Network			
CCA adjustments			
	_____	_____	
Total operating costs			②
	_____	_____	
Return			③ = ① - ②

The same formats would apply to separate regulated activities within Retail.

(b) Balance sheet information

As for Core Network.

(c) Return on capital employed

As for Core Network.

	_____	_____
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Figure 1.4 – Proforma reporting formats for the Mobile business

(a) Profit and Loss

	Current Year	Prior Year	
Turnover:			
	_____	_____	
Total turnover			①
Operating costs:			
Operating costs specific to Mobile			
Transfer charges from Core Network			
Transfer charge from Local Access- Network			
CCA adjustments			
	_____	_____	
Total operating costs			②
	_____	_____	
Return			③ = ① - ②

(b) Balance sheet information

As for Core Network.

(c) Return on capital employed

As for Core Network.

	_____	_____
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Figure 1.5 – Proforma reporting formats for “Other activities”

(a) Profit and Loss

	Current Year	Prior Year	
Turnover			①
Operating costs			②
	_____	_____	
Return			③ = ① - ②

As discussed in the main body of the guidelines there may be a case for disaggregating “Other activities” in order to provide greater transparency of the performance of specific activities. It will be up the OUR to specify the extent to which separate accounts for these activities will be prepared.

(b) Balance sheet information

As for Core Network.

(c) Return on capital employed

As for Core Network.

Additional financial statements for specific retail products described in section 5.1.

Statement of Costs of Network Services

The Statement of Costs of Network Services presented here is an example of the table that C&WG might use for the purpose of fulfilling the requirements set out in the Regulatory Accounting Guidelines.

This should be interpreted as an illustrative example and should be modified in accordance with the particular characteristics of C&WG's network and its components.

Both eircom and British Telecom have their regulatory financial statements published on their respective web-sites, and these might also be used as a reference for these statements of costs of network services.

Table 1.6 (GT to amend and supply a completed table that reflects the GT network, the table below is illustrative)

STATEMENT OF COSTS OF NETWORK SERVICES

	TRAFFIC SENSITIVE			NON-LENGTH DEPENDANT				LENGTH DEPENDANT			
	Subscriber unit	Primary Switch	Secondary Switch	RSU to Primary/ Secondary Link	Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link	RSU to Primary/ Secondary Link	Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link
Average costs (pence/min.)	x	x	x	x	x	x	x	x	x	x	x
Total costs	x	x	x	x	x	x	x	x	x	x	x
Usage Factors (routing or percentages)											
Retail Services											
Local calls	x	x	x	x	x	x	x	x	x	x	x
Local internet calls	x	x	x	x	x	x	x	x	x	x	x
Jersey calls	x	x	x	x	x	x	x	x	x	x	x
National calls	x	x	x	x	x	x	x	x	x	x	x
...	x	x	x	x	x	x	x	x	x	x	x
...	x	x	x	x	x	x	x	x	x	x	x
RIO services											
Call termination	x	x	x	x	x	x	x	x	x	x	x
Call origination	x	x	x	x	x	x	x	x	x	x	x
...	x	x	x	x	x	x	x	x	x	x	x
...	x	x	x	x	x	x	x	x	x	x	x

Table 1.6 cont STATEMENT OF COSTS OF NETWORK SERVICES (conveyance element)
(C&WG to amend and supply a completed table that reflects the C&WG network, the table below is illustrative)

	TRAFFIC SENSITIVE			NON-LENGTH DEPENDANT				LENGTH DEPENDANT								
	Subscriber unit	Primary Switch	Secondary Switch	RSU to Primary/ Secondary Link	Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link	RSU to Primary/ Secondary Link	Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link	Gradient - Peak	Gradient - Off-Peak	Gradient - Weekend	Call conveyance cost per minute - peak	Call conveyance cost per minute - off-peak
Average costs (cent/min.)	X	x	x	x	x	x	x	x	x	x	x					
Average cost per minute ⁽¹⁾																
Retail Services																
Local calls	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Local internet calls	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Jersey calls	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
National calls	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
...	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
...	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
RIO services																
Call termination	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Call origination	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
...	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
...	X	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

(1) Those costs are obtained from multiplying the average cost per minute by the usage factors, both of which are shown in the table of previous page. These costs reflect the conveyance element of the service only

Table 1.7 Transfer Charge Statement (£)

Services / Costs	Network	Local Access	Other Operating	Total Transfer Charges
Exchange Line rental and connection				
Local calls				
Local internet calls				
National internet calls				
Jersey calls				
National calls				
International calls				
Calls to Guernsey mobiles				
Non-geographic calls free to calling customer				
Non-geographic calls charged at local call rate				
Non-geographic calls charged at national call rate				
Non-geographic calls charged at premium rate				
Internet				
Directory Enquiry				
Public payphones				
Lease lines				
Remaining Activities				

Table 1.8 Inter Business Costs Summary (£)

	TO	Access	Network	Retail	Mobile	Other	Total
FROM							
Access			X	X	X	X	X
Network		X		X	X	X	X
Retail		X	X		X	X	X
Mobile		X	X	X		X	X
Other		X	X	X	X		X
Total		X	X	X	X	X	X

/ENDS