

22. It is proposed that the Total Revenue Requirement for domestic (as set out in an Attachments) of \$181.4 million be met as follows:

	\$M
Domestic Service Revenues at existing rates	127.6
Revenues arising from new Domestic Service Rates	24.7
Revised Share of International Revenues (subsidy)	29.1
Total Revenue Requirement	181.4

23. This Application therefore proposes adjusted Revenues of \$24.7 million, representing the Deficit on the Domestic Calling and Access Services referred to in the *Memorandum on Subsidy from the International to Domestic Telecommunications Services*. The source of these additional domestic service revenues is set out in the *Memorandum on Tariff Structure and Rate Proposals*.
24. *The General Memorandum* of this Application notes that the revenue sharing arrangement under the Statutory Instrument 54 of 1989 remains in force under Section 114(3) of the Telecommunications Act. In the MOU, it was agreed that this ratio in favour of the domestic service (presently 55%) would be reduced over time with the introduction of cost oriented pricing.

ATTACHMENT 1

CABLE AND WIRELESS (BARBADOS) LTD.

RESULTS OF CWBARTEL
REVENUE REQUIREMENT COMPUTATION
FOR THE TEST YEAR APRIL 1, 2001 TO MARCH 31, 2002

EXPRESSED IN \$'000S

		2001/02 ACTUALS	KNOWN AND MEASURABLE	ADJUSTED 2001/02
	Reference Attachment			
TOTAL ALLOWABLE COSTS				
OPERATING AND MAINTENANCE EXPENSES	2	102,282		102,282
DEPRECIATION ON REGULATORY BASIS		30,067		30,067
DEPRECIATION RESERVE ADJUSTMENT		609		609
TAXES	3	15,060		15,060
OPERATING REVENUE DEDUCTIONS		148,018	-	148,018
INTEREST AND FINANCING CHARGES	4	6,412		6,412
LONG-TERM LOANS				-
INTEREST ON OVERDRAFT				-
INTEREST OTHER				-
INTEREST EARNED		(699)		(699)
DEFERRED FINANCE CHARGES		198		198
TOTAL		5,911	-	5,911
LOSS ON DISPOSAL OF FIXED ASSETS		1,214		1,214
SHARE OF (GAIN)/LOSS OF ASSOCIATED COMPANY				-
(GAIN)/LOSS ON EXCHANGE		(62)		(62)
TOTAL (GAINS)/LOSSES		1,152		1,152
SALARY INCREASES			944	944
TOTAL ALLOWABLE COSTS		155,081		156,025
RETURN ON EQUITY @ 12.14%	5	25,404		25,404
REVENUE REQUIREMENT		180,485		181,429
REVENUE RECOVERY				
REVENUE REQUIREMENT		180,485		181,429
SOURCES				
NATIONAL TELEPHONE REVENUES		(127,573)		(127,573)
SHORTFALL		52,912		53,856
REVENUES FROM NEW RATES				
ADDITIONAL DOMESTIC REVENUES (See Table 7 of Schedule 6 of the Application)		(24,700)		(24,700)
REVENUE TO BE RECOVERED THROUGH REVISED REVENUE SHARING ARRANGEMENT		28,212		29,156