



Fair Trading Commission

PRICE CAP MECHANISM

COMPLIANCE RULES AND PROCEDURES

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PART 1 - INTERPRETATION

1. Interpretation

"Actual Price Index" shall be defined as set out in Rule 6.2;

"Base year" means the initial year from which the quantities and rates for regulated retail services provided by the Service Provider are used for compliance purposes, namely the period set out in Rule 8.1;

"Bundle Offerings" may either include a combination of regulated services or a combination of regulated and unregulated services.

"Commission" means the Fair Trading Commission;

"Exogenous factor (Z-Factor)" is a correction factor included in the price cap formula to adjust the PCI in response to an unforeseen event outside the control of the Company that negatively affects its income.

"period" means a period during the Price Cap Plan as set out in Rule 8.4;

"Price Cap Index" shall be defined as set out in Rule 6.3;

"price cap period" means the period during which the initial Price Cap Plan shall apply as set out in Rule 8.4;

"rates" has the meaning assigned to it by Rule 2 of the Utilities Regulation Act CAP 282;

"Service Provider" means Cable & Wireless (Barbados) Limited.

2. These Rules apply to the implementation and operation of the Price Cap Plan applicable to Cable & Wireless (Barbados) Limited.

3. Where these Rules are silent on any matter of procedure in relation to Price Cap proceedings before the Commission, the procedure to be applied shall

be determined by the Commission. The Commission may consult with the Service Provider on such procedures to ensure that there are no conflicts with these Rules or the Utility Regulation Act Procedural Rules.

PART II - THE PRICE CAP PLAN

4. General

- 4.1 There shall be established, a Price Cap Plan which shall be applied by the Commission for a period of three (3) years and four (4) months in the regulation of retail telecommunications services provided by the Service Provider and which are deemed to be regulated services subject to the Price Cap Plan.
- 4.2 Changes in the rates for a regulated telecommunications retail service subject to the Price Cap Plan will be deemed to be approved where the proposed change complies with the Price Cap Plan.
- 4.3 It is not intended that the Price Cap Plan be amended. However, in exceptional circumstances where there is a need to amend the Price Cap Plan this shall be done pursuant to Rule 12 which sets out procedures for consultation between the Commission, the Service Provider and other interested parties including the general public.
- 4.4 Initial rates for the Price Cap Plan shall be the rates existing on the last day of the Base Year (i.e. November 30, 2004). The procedures for effecting and notifying price changes are set out in these Rules.

5. Services subject to price regulation under the Price Cap Plan

5.1 The services to be regulated under the price cap plan will only include those retail services specified as being subject to regulation in the Statutory Instrument (S.I.) No. 108 Telecommunications (Regulated Services) Order 2003¹ namely:

- (a) International telecommunications services;
- (b) Domestic voice telecommunications services; and
- (c) Leased circuits;

5.2 Subject to a revision of the above referenced Telecommunications (Regulated Services) Order the following categories of services will be regulated under the Price Cap Plan:

- (a) Residential fixed line access rental service ;
- (b) Non-residential fixed line access;
- (c) Non-residential and residential fixed line installation;
- (d) Domestic payphone service;
- (e) Value Added Services;
- (f) Fixed outgoing international service;
- (g) International payphone service;
- (h) International private leased circuits;
- (i) International cards;
- (j) International toll-free;
- (k) Domestic private leased circuits;
- (l) Call centre international calls;
- (m) Operator Assistance;

¹ Schedule 1 sets out the services to be regulated

- (n) Voicemail;
- (o) Business Voice Network Service e.g. Centrex;
- (p) Emergency;
- (q) Telegraph and telex.

5.3 The Minister responsible for telecommunications may conduct market reviews and determine that a particular service should no longer be regulated.

5.4 The list of categories of services set out at rule 5.2 shall be revised by the Commission on publication of a revised Telecommunications (Regulated Services) Order by the Minister. Where the Minister makes a determination that a telecommunications service included in the Price Cap Plan is an unregulated service, the Commission shall remove that telecommunications service from the Price Cap Plan and shall no longer require the service to be included in the Annual Compliance Filing for the next price cap period.

5.5 The following services shall not be subject to price-cap regulation:

- (a) wholesale telecommunications services (including):
 - (i) charges in respect of interconnection charges;
 - (ii) international simple resale.
- (b) bundled services as noted in rule 8.14
- (c) other retail services that are not identified as regulated in the *Telecommunications (Regulated Services) Order, 2003* or any revised Telecommunications Regulated Services Order that may be issued by the Minister responsible for telecommunications.

PART III - THE PRICE CAP FORMULA

6 The Price Cap Formula

6.1 There shall be a price cap formula established for the regulation of retail services provided by the Service Provider which are deemed to be subject to regulation under the price cap plan. The price cap formula specifies that an actual price index (API), calculated for the change in prices charged by the operator for a prescribed basket (k) of services, for a particular period (t), must be less than or equal to the Price cap Index (PCI).

$$API_t^k \leq PCI_t^k$$

6.2 The Actual Price Index for each Basket is calculated as follows:

$$API_t^k = API_{t-1}^k \alpha$$

and alpha α is defined as follows:

$$\alpha = \left[\sum_{i=1}^n \left(\frac{P_t^i}{P_{t-1}^i} \right) \frac{r_{t-1}^i}{R_{t-1}^k} \right]$$

Note a subscript of "0" indicates base year quantities and prices.

In the above equations

API_{t-1}^k means the Actual Price Index for basket k at time t-1

$\left[\sum_{i=1}^n \right]$ means Sum over all (n) services in basket k

P_t^i means the current or proposed price for service i at time t

- P_{t-1}^i means Average price of service i during time $t-1$
- r_{t-1}^i means revenue for service i (i.e. price of i times quantity of i) during time $t-1$
- R_{t-1}^k means revenue for basket k (sum of prices times quantities for all (n) services in basket k) during time $t-1$

6.3 Price Cap Index for each Basket is calculated as follows

$$PCI_{t-1}^k (1 + I_t - X_t^k) = PCI_t^k$$

Where "I" denotes "Inflation" as described in paragraph 7.2 below and "X" denotes the productivity factor described in paragraph 7.3

Where the Commission allows an exogenous factor within the Price Cap plan the Price Cap formula would have to be rewritten as:

$$PCI_{t-1}^k (1 + I_t - X_t^k \pm Z_t^k) = PCI_t^k$$

Where "Z" denotes the exogenous factor described in paragraph 7.4.

7. Components of the Price Cap Formula

7.1 The price cap index (PCI) is composed of two basic components. These are the inflation (I) index and productivity (X) factor.

7.2 **Inflation Index:** The annualised inflation rate for Barbados published by the National Statistical Office shall be used as the measure of inflation for the price cap indices. This inflation rate is derived from the monthly Retail Price Index for Barbados. When filing updates to the PCIs, the Commission shall use the most recently published annualized inflation rate.

7.3 **X-Factor:** This was derived on the basis of an analysis of expected

changes in the Service Provider's productivity and other developments in the telecommunications market and will be set to allow the Service Provider an opportunity to earn a reasonable rate of return on its regulated services over the duration of the Price Cap Plan.

- 7.4 The Service Provider may apply to the Commission for an exogenous (Z) factor to be included within the Price Cap formula in response to an unforeseen event which they consider may negatively affect its income. The Commission may allow this but only after conducting a public consultation on the issue.
- 7.5 The Commission will consider filings by the Service provider during the period only for wholly exogenous factors such as regulatory actions by the Commission or the government of Barbados, or other unforeseen circumstances which materially affect the Service Provider's profitability.
- 7.6 Without limiting the generality of 7.4 and 7.5, the Commission has determined that a Z-factor adjustment will be considered for inclusion in the PCI where the following conditions are satisfied:
- (a) The event is a legislative, judicial or administrative action which is beyond the control of the company;
 - (b) The event relates specifically to the telecommunications industry; and
 - (c) The event has a material impact on the regulated segment of the Service Provider which is subject to the Price cap Mechanism.
- 7.7 The Z-factor shall be set at zero for the calculation of the PCI until and unless a Z-factor adjustment is proposed to the Commission and accepted by the Commission in accordance with filing rules 9.8, 9.9 and 9.10 contained herein.

PART IV - BASKET STRUCTURE, PRICING CONSTRAINTS FOR INITIAL PRICE CAP PLAN

8.1 The Base Year for the initial Price Cap Plan shall be the period from December 2003 to November 2004

8.2 The initial Price Cap Plan shall be applied to four baskets of regulated services. A detailed list of services and basket assignments is provided in Schedule 1. An example of the assignment of some service categories is set out below:

Basket 1: Residential fixed line access rental service

Basket 2: Domestic voice telecommunication services - business access, installation, domestic payphone calls, and value added services

Basket 3: International telecommunications services - fixed outgoing, international payphone calls.

Basket 4: Other retail telecommunications services – Centrex, voicemail, domestic leased circuits, telegraph and telex and other services for which there is already substantive competitive pressure, or where there is decreasing demand due to advances in technology (e.g. telegraph) or which there is currently no tariff applied.

8.3 The rate elements in the Price Cap Plan as of the implementation date of the Price Cap Plan are identified in Schedule 1.

8.4 The initial Price Cap Plan shall apply for 3 years and 4 months commencing 1 April 2005. The first period, $t=1$, of the initial Price Cap Plan shall correspond to the first four months of the 2005 financial year of the Service Provider, i.e. April 01, 2005 to July 31, 2005.

Subsequent periods t=2 t=3 and t=4 shall correspond to the periods 1 August 2005 to 31 July 2006, 1 August 2006 to 31 July 2007 and 1 August 2007 to 31 July 2008 respectively.

8.5 The formulae set out in rules 6.1 and 6.2 will apply to Basket 2 and Basket 3.

8.6 For Basket 2 and Basket 3 the formula in rule 6.3 will apply for periods t=2, t=3 and t=4. For the first period, t=1, the price cap index set out in Rule 6, will be modified to:

$$\text{For}^2 \quad PCI_t^k = 1 + 1/3 (I_t - X_t^k)$$

8.7 For Basket 1, (domestic residential fixed line rental) a maximum annual increase of 7% is permitted, starting from period t=2 of the Price Cap Plan.

8.8 The X factors for Baskets 2 and Basket 3 are as follows:

- (i) Basket 2: 4.19%
- (ii) Basket 3: 11.57%

8.9 The average price changes in Basket 4 will not be constrained by a price cap index. The Commission will require only the requisite notification for any adjustment in the prices of these services consistent with the periods set out in the rules 10.1 and 10.2.

8.10 **Services currently not charged** - In order to establish a price for a service which is currently provided without any charge, the Service Provider

² Typographical error in formula corrected on 2009-04-23

shall give justification for the proposed application of a tariff to this service. The notice of establishment of a charge must be submitted to the Commission 20 business days before the proposed effective date. The Commission will review the information submitted and may require the Service Provider to modify its proposal in the event that the Commission considers that the rate or associated terms are not fair or reasonable.

- 8.11 **New Services** - Where a new retail service not previously supplied to the public by the Service Provider, is introduced by the Service Provider during the Price Cap Period, that service shall not be included in the Price Cap Plan unless deemed by the Minister responsible for telecommunications to be a regulated service in accordance with the Telecommunications (Regulated Services) Order.
- 8.12 Where the new service is deemed to be regulated, it will be included in Basket 4. The price of the new service shall not be included in the calculation of the compliance filing at the start of the next period of the Price Cap Plan, but may be included in a subsequent period. Nothing in this Rule shall prevent the Service Provider from supplying a new regulated service to the public and charging a rate for this service prior to its inclusion in the calculation of the Annual Compliance Filing.
- 8.13 **Promotions** - Promotional rates including promotional discounts for services subject to the Price Cap Plan may be included in the calculation of the API, except where such discounts apply only to a specific category of consumers.

8.14 **Bundled Services** – When the Service Provider introduces any new bundled offering after the start of the price cap plan, such offering shall not count towards compliance of the API. However, the individual rate elements and quantities (excluding new regulated services) of the bundled offering, as provided on a stand-alone basis, shall continue to count towards compliance of the API.

PART V - FILING AND REPORTING REQUIREMENTS

9. Compliance Filing

- 9.1 **Initial filing:** At the commencement of the Price Cap Plan the Service Provider shall file with the Commission an initial filing consisting of an API^k, derived from Base Year rates and quantities, for each relevant basket k. This filing shall be in the format of Schedule 2, and shall be lodged with the Commission by June 30, 2005.
- 9.2 **Annual compliance filing:** On July 1st of each period of the price cap plan, that is, one month before the start of each new period, the Service Provider shall file with the Commission, the API for the relevant service baskets. This filing will be recorded as the Annual Compliance Filing (ACF).
- 9.3 Annual compliance filing allows the Commission to measure the degree of compliance by the Company in each year. The Commission will recalculate the price cap index at the start of each year (August 1st), and will use the annual filing to determine the extent to which the Service Provider has accumulated head room.
- 9.4 The Annual Compliance Filing shall be in the format set out in Schedule 2.
- 9.5 **Rate Increase Compliance Filing (RICF)** Subject to price cap rules the Company may increase or decrease its rates for regulated services at any time during the price cap plan based on the following procedure.
- 9.6 For any price increases, the Service Provider must file a Rate Increase Compliance Filing (“RICF”) with the Commission. A RICE must contain the proposed rate changes, a recalculation of the relevant Basket’s API

reflecting any proposed rate changes, and a demonstration that the new API is less than or equal to the corresponding PCI.

9.7 Supporting documentation for API calculations in an RICF must include all service price elements by Basket, and the associated revenues established in the most recent Annual Compliance Filing. The Company must also provide documentation for pricing changes involving special treatment, including, but not limited to, the introduction of volume or contract term discounts. The Rate Increase Compliance Filing shall be in the format set out in Schedule 2.

9.8 **Exogenous Factor Filing** - Should the Service Provider consider that an exogenous event has occurred consistent with Rule 7.4, the Service Provider shall file the proposed Z-factor adjustment to the PCI. Using actual data, the Service Provider shall demonstrate the financial impact of the event, and provide evidence to prove that the event was outside of its control. At the time of filing the Service Provider shall propose the value of the Z-factor necessary to mitigate the impact of the exogenous event.

9.9 The exogenous factor filing should be submitted at least four months before the end of any period.

9.10 The Commission will consider the filing and if accepted, the proposed Z-factor will be included in the calculation of the PCI for the following period.

10. Notifications

10.1 **Rate Decreases** - The Service Provider shall not be required to seek approval from the Commission for any proposed decrease in rates for any regulated service. The Service Provider shall notify the Commission and the public of any proposed rate decreases for regulated services subject to the Price Cap Plan, in writing, no later than 2 business days before the rate decrease takes effect.

10.2 **Rate Increases** – With the exception of services referred to in the rule 8.10, the Service Provider shall not be required to seek approval from the Commission for any proposed increase in rate for any regulated service subject to the Price Cap Plan. The Service Provider shall notify the Commission of any proposed increase in rate for any regulated service subject to the Price Cap Plan no later than 20 business days before such rate increase takes effect. With such a proposed increase, the Service Provider must file a Rate Increase Compliance Filing with the Commission, consistent with the filing and reporting requirements set out at rule 9.6 and 9.7.

10.3 The Commission requires that for every rate increase, the Service Provider shall advise the public by way of advertisement published in at least two editions of both daily newspapers

11. Regulatory Reporting

11.1 For the duration of the Price Cap Plan the Service Provider will be required to provide:

(a) Semi-annual regulatory financial statements. The statements shall include but are not limited to the following: gross turnover, net revenue, profit/loss, capital employed and return on capital employed; and

(b) Annual updated versions of the Enhanced Allocation Model or any other costing model used by the Service Provider and approved by the Commission.

11.2 With effect from April 01, 2005, the date of implementation of the Price Cap Plan, the following reporting requirements are no longer required for services within the Price Cap Plan:

- (a) The Maximum Rates Order issued by the Commission dated 7th July 2003 which referred to the notice period and process for decreasing rates for regulated services.
- (b) Information previously required to be filed with the Commission under rules 60 and 63 of the Utilities Regulation (Procedural) Rules, 2003.

12. Proceedings conducted during the Price Cap Plan

- 12.1 Where any matter in these Rules is required to be determined by the Commission it shall be determined by consultation on the basis of the written documentation filed by the parties, and in accordance with the procedures set out in this Rule 12.
- 12.2 Except as set out in Rule 9, the conduct of any review under these Rules, whether on application from the Service Provider or upon initiation by the Commission, shall be by consultation. The Commission shall notify the public of receipt of an application or initiation of a review. It shall issue a public notice inviting the public to collect the application or consultation paper from the offices of the Commission if they wish to comment. Information submitted by the Service Provider or any other interested party with a claim for confidentiality and which the Commission rules to be confidential information will not be made available to the public or to other parties.
- 12.3 Persons participating in the consultation in accordance with Rule 12.2 shall submit comments in respect of the consultation in writing to the Commission.
- 12.4 The Service Provider may be provided with copies of the comments submitted by interested persons under Rule 12.3 and the Service Provider may be permitted to reply to the comments subject to claims for confidentiality as set out at Rule 12.2.

- 12.5 The Commission shall consider the application, responses to the consultation paper and replies to such responses. The Commission may convene a conference of the parties to clarify the application or any comments submitted by the parties.
- 12.6 The Commission may convene a conference in the absence of the public or other interested parties with the Service Provider to hear the Service Provider on any commercially sensitive matter related to the application or consultation, Where the Service Provider requests that any information submitted in the application or consultation should be treated as confidential, the Commission shall not disclose it. Claims for confidentiality should be made in accordance with the Utility Regulation Procedural Rules.
- 12.7 The Commission shall publish its Decision in writing giving reasons for the decision.

PART VI - END OF TERM PRICE CAP REVIEW

13.1 At least nine months prior to the expiry of the initial Price Cap Plan the Commission shall conduct a consultation to review whether a renewal of the Price Cap Plan is required. This review will include:

(a) an assessment of the Company's regulatory and financial performance; and

(b) a public consultation.

13.2 The Commission in its review will take into consideration the perceived level of competition and the liberalisation of the industry and will determine whether there is a need to:

a) modify the principles, indices or rules of the price cap regime; or

b) consider alternative forms of incentive regulation.

13.3 The Commission will be guided by any revision of policy issued by the Ministry responsible for Telecommunications with respect to the services to be regulated.

Assessment of the Service Provider's regulatory and financial performance

13.4 Nine months prior to the scheduled end of a price cap plan the Company shall file the following information:

(a) A report outlining the extent to which specific competition related, general economic and social developments in the industry have had an impact on its performance during the

price cap period, and are likely to continue to do so. The report shall, include quantifiable data, disaggregated into separate services, and where applicable compare measures of the above factors under price cap regulation to those existing before price cap regulation.

- (b) Financial results in summary form, showing revenues, expenses, net investment rate base, capital structure, and rate of return on utility common equity.

Public Consultation

- 13.5 The Commission will issue a public consultation document inviting persons to submit their comments on the principles of the price cap regime.
- 13.6 The Commission shall publish its determination at least 6 months before the end of the initial Price Cap Plan.
- 13.7 In the event that the Commission concludes that a renewal of the price cap is justified, the Commission will consult with all interested parties including the Service Provider regarding possible revisions to the structure of the Price Cap Plan.
- 13.8 In the event that the Commission concludes that the Price Cap Mechanism is not the appropriate form of regulation, the Commission shall announce that the initial price cap shall end on the 31 July 2008 and give notice of the form of incentive regulation, if relevant and appropriate, that should be applied. The Commission will then consult with the Service Provider and interested parties regarding the appropriate form of regulation to be used thereafter.

14. Filing of Documents

- 14.1 All documents should wherever possible also be submitted to the Commission in electronic format on diskette or compact disc.

15. Issuance of Rules

- 15.1 These Compliance Rules and Procedures are issued under the provisions of section 39(1) of the Utilities Regulation Act, Cap. 282 and are supplemental to the Price Cap Mechanism issued on 15th day of April 2005.

Dated this 15th day of June 2005

Neville V. Nicholls
Chairman

Floyd H. Phillips
Commissioner

Trevor T. Welch
Commissioner

SCHEDULE 1

List of Services Elements

NRC - Non Recurring Cost

MRC - Monthly Recurring Cost

Basket	Price Cap Service Name	Service Description	Rate Element
1	Residential fixed-line access	Residence Exchange Line	MRC

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
2	Non-residential fixed-line access	Business Exch. Line	MRC NRC
2	Non-residential fixed-line access	Business Exch. Only	MRC NRC
2	Non-residential fixed-line access	Business Exch. Stepping	MRC NRC
2	Non-residential fixed-line access	DEL Line (Direct Exchange Line)	MRC NRC
2	Non-residential fixed-line access	DEL Line (Direct Exchange Line) (Business)	MRC NRC
2	Non-residential fixed-line access	Business Automatic Universal Line	MRC NRC
2	Non-residential fixed-line access	112 Emergency Lines	MRC NRC
2	Non-residential fixed-line access	Smart Ring Line Only-Business	MRC NRC
2	Non-residential fixed-line access	Smart Ring Line Only-Residence	MRC NRC
2	Non-residential fixed-line access	800 Service Line	MRC NRC
2	Non-residential fixed-line access	800 Service Pilot	MRC NRC
2	Non-residential fixed-line access	800 Service Stepping	MRC NRC
2	Non-residential fixed-line access	Charity Exchange Line	MRC NRC
2	Non-residential fixed-line access	Directory Number Hunt Exchange Line	MRC NRC
2	Non-residential fixed-line access	Direct Inward Dialing Channel via T1	MRC NRC
2	Non-residential fixed-line access	Voice Channel Stepping via T1	MRC NRC
2	Non-residential fixed-line access	Voice Channel via T1	MRC NRC
2	Non-residential fixed-line access	Line Residence Exchange (Installation)	NRC
2	Non-residential fixed-line access	Line Residence Stepping (Installation)	NRC
2	Non-residential fixed-line access	Public Pay Station (Sub-owned)	MRC
2	Non-residential fixed-line access	Business Extension	MRC
2			NRC
2	Non-residential fixed-line access	Direct Exchange Line Company	MRC
2	Non-residential fixed-line access	Facsimile Line	MRC
2			NRC
2	Non-residential fixed-line access	Facsimile Line Stepping	MRC
2			NRC
2	Non-residential fixed-line access	Change Number Advisory (Business)	MRC
2		Change Number Advisory (Business)	NRC
2	Non-residential fixed-line access	Change Number Advisory (Residence)	MRC
2		Change Number Advisory (Residence)	NRC
2	Non-residential fixed-line access	Additional Directory Listing	MRC

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
2	Non-residential fixed-line access	Change of Address	MRC
			NRC
2	Non-residential fixed-line access	Unlisted Number	MRC
2	Non-residential fixed-line access	Fixed Call forwarding (Business)	MRC
2			NRC
	Non-residential fixed-line access	Fixed Call forwarding (Residence)	MRC
2			NRC
2	Non-residential fixed-line access	Change Unlisted to Listed	NRC
2	Non-residential fixed-line access	Callback Service Overseas per Line	MRC
			NRC
2	Non-residential fixed-line access	Debar Overseas Calls per Line	MRC
2	Non-residential fixed-line access	Tracing Nuisance Calls	NRC
2	Non-residential and residential fixed line installation	Other Telecoms -Reconnection	NRC
2	Non-residential and residential fixed line installation	Temporary Disconnection	MRC
2			
2	Domestic payphone	Coin Phone Calls	Per minute
2			
2	Domestic payphone	Pay and Card Phones Calls	Per minute
2	Value Added Services	Micro Telemax (Business)	MRC
			NRC
2	Value Added Services	Micro Telemax (Residence)	MRC
			NRC
	Value Added Services	Call Name, Number (Business)	MRC
2			NRC
2	Value Added Services	Call Name, Number (Residence)	MRC
			NRC
	Value Added Services	Magic Touch Silver Max (Business/Residence)	MRC
			NRC
2	Value Added Services	Magic Touch Platinum Max (Business/Residence)	MRC
2			NRC
2	Value Added Services	Magic Touch Gold Max (Business/ Residence)	MRC
2			NRC
2	Value Added Services	Anonymous Call Rejection (Business)	MRC
2			NRC
2	Value Added Services	Anonymous Call Rejection (Residence)	MRC
2			NRC
2	Value Added Services	Distinctive Ring Call Waiting (Business)	MRC
2			NRC
2	Value Added Services	Distinctive Ring Call Waiting (Residential)	MRC
2			NRC
2	Value Added Services	Selective Call Acceptance (Business)	MRC
2	Value added services		NRC
2	Value Added Services	Selective Call Acceptance (Residence)	MRC
			NRC
2	Value Added Services	Selective Call Rejection (Business)	MRC
			NRC
2	Value Added Services	Selective Call Rejection (Residence)	MRC
			NRC
2	Value Added Services	Auto Busy Call Back (Business)	MRC
2	Value Added Services	Auto Busy Call Back (Residence)	MRC
			NRC

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
2	Value Added Services	Auto Recall (Business)	MRC
			NRC
2	Value Added Services	Auto Recall (Residence)	MRC
			NRC
2	Value Added Services	Selective Call Forwarding (Business)	MRC
			NRC
2	Value Added Services	Selective Call Forwarding (Residential)	MRC
			NRC
2	Value Added Services	Vanity Name (Business)	MRC
			NRC
2	Value Added Services	Vanity Name (Residential)	MRC
			NRC
2	Value Added Services	Call Wait,Forward,3way,Speed,3Smart Ring	MRC
			NRC
2	Value Added Services	Call Wait,Forward,3way,Speed,2Smart Ring	MRC
			NRC
2	Value Added Services	Call Wait,Forward,3way,Speed,1Smart Ring	MRC
			NRC
2	Value Added Services	Call Wait, Forward, 3-Way, 3 Smart Ring	MRC
			NRC
2	Value Added Services	Call Wait, Forward, 3-Way, 2 smart Ring	MRC
			NRC
2	Value Added Services	Call Wait, Speed Call, 1 Smart Ring	MRC
			NRC
2	Value Added Services	Call Wait, Forward, 3 Smart Ring	MRC
			NRC
2	Value Added Services	Call Wait, Forward, 2 Smart Ring	MRC
2			NRC
2	Value Added Services	Call Wait, Forward 1 smart Ring	MRC
2			NRC
2	Value Added Services	Call Wait, 3-Way, 3 Smart Ring	MRC
2			NRC
2	Value Added Services	Call Wait, 3-Way, 2 Smart Ring	MRC
2			NRC
2	Value Added Services	Call Wait, 3-Way, 1 Smart Ring	MRC
2			NRC
2	Value Added Services	Call Forward, 1 Smart Ring	MRC
2			NRC
2	Value Added Services	3-Way Calling, 1 Smart Ring	MRC
			NRC
2	Value Added Services	Call Wait, 3 Smart Ring	MRC
			NRC
2	Value Added Services	Call Wait, 2 Smart Ring	MRC
2	Value Added Services	Call Wait, 1 Smart Ring	MRC
			NRC
2	Value Added Services	Smart Ring 3	MRC
			NRC
2	Value Added Services	Smart Ring 2	MRC
			NRC
2	Value Added Services	Smart Ring	MRC

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
2	Value Added Services	Call Wait, Forward, 3-Way, Speed Call	NRC
			MRC
			NRC
2	Value Added Services	Call Wait, Call Forwarding	MRC
			NRC
2	Value Added Services	Call Wait, Speed Calling	MRC
			NRC
2	Value Added Services	Speed Call, 2 Smart Ring	MRC
			NRC
2	Value Added Services	Speed Call	MRC
			NRC
2	Value Added Services	3-Way Calling	MRC
			NRC
2	Value Added Services	Call Forward	MRC
			NRC
2	Value Added Services	Call Waiting	MRC
			NRC
2	Value Added Services	Speed Call, 2 Smart Ring	MRC
			NRC
2	Value Added Services	Call Wait, 3-Way Calling	MRC
			NRC
2	Value Added Services	SmartChoice Plan A	MRC
			NRC
2	Value Added Services	SmartChoice Plan B	MRC
			NRC
2	Value Added Services	SmartChoice Plan C	MRC
			NRC

Cable & Wireless Barbados :

Price Cap Plan - Basket 3 :

Fixed IDD

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
3	Fixed outgoing international	Zone 1 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 2 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 3 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 4 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 5 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 6 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 7 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 8 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 9 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 10 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 11 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 12 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 13 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 14 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Zone 15 Fixed Line International Call Revenue	Day Evening Weekend
3	Fixed outgoing international	Inmarsat	Day Evening Weekend

Cable & Wireless
Barbados

Price Cap Plan - Basket 3 :

1010335

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
3	Fixed outgoing international	IDD Zone 1-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 2-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 3-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 4-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 5-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 6-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 7-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 8-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 9-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 10-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 11-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 12-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 13-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 14-1010335	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 15-1010335	Day Evening Weekend

Cable & Wireless Barbados :

Price Cap Plan - Basket 3 :

IDD Credit Card

Basket	Price Cap Service Name	Detailed Description	Rate Element
3	Fixed outgoing international	Zone 1 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 2 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 3 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 4 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 5 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 6 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 7 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 8 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 9 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 10 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day

Cable & Wireless Barbados :

Price Cap Plan - Basket 3 :

IDD Credit Card

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
3	Fixed outgoing international	Zone 11 Prepaid Card	Add. Min.,Evening Add. Min., Weekend Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 12 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 13 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 14 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend
3	Fixed outgoing international	Zone 15 Prepaid Card	Set-up 3 Minute Min. Add. Min.,Day Add. Min.,Evening Add. Min., Weekend

Cable & Wireless Barbados :

Price Cap Plan - Basket 3 :

Prepaid International

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
3	Fixed outgoing international	Zone 1 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 2 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 3 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 4 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 5 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 6 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 7 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 8 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 9 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 10 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 11 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 12 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 13 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 14 Prepaid Card	Day Evening Weekend
3	Fixed outgoing international	Zone 15 Prepaid Card	Day Evening Weekend

Cable & Wireless Barbados :

Price Cap Plan - Basket 3 :

Payphone International-Standard Rates

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
3	Fixed outgoing international	Zone 1 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 2 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 3 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 4 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 5 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 6 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 7 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 8 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 9 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 10 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 11 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 12 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 13 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 14 Payphone Standard	Day Evening Weekend
3	Fixed outgoing international	Zone 15 Payphone Standard	Day Evening Weekend

Cable &
Wireless
Barbados :

Price Cap Plan - Basket 3 :

IDD Smart Choice Residence Discount

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
3	Fixed outgoing international	Smart Choice Residence Discount Zone 1	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 2	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 3	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 4	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 5	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 6	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 7	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 8	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 9	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 10	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 11	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 12	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 13	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 14	Day Evening Weekend
3	Fixed outgoing international	Smart Choice Residence Discount Zone 15	Day Evening Weekend

Cable &
Wireless
Barbados :

Price Cap Plan - Basket 3 :

IDD Talkaway discounts

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
3	Fixed outgoing international	IDD Zone 1-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 2-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 3-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 4-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 5-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 6-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 7-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 8-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 9-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 10-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 11-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 12-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 13-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 14-Talkaway Discount	Day Evening Weekend
3	Fixed outgoing international	IDD Zone 15-Talkaway Discount	Day Evening Weekend

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Price Cap Plan - Basket 3 :

Call Centre IDD

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
3	Fixed outgoing international	Call Centre	Level 1 Level 2 Level 3 Level 4 Level 5 Level 6

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Barbados :

Price Cap Plan - Basket 3 :

Enhanced Fax

Basket	Price Cap Service Name	Detailed Description	Rate <i><u>Element</u></i>
3	Fixed outgoing international	Enhanced Fax	1st page Additional page
3	Fixed outgoing international	Zone 1-Enhanced Fax	Full Rate Reduced
3	Fixed outgoing international	Zone 2-Enhanced Fax	Full Rate
3	Fixed outgoing international	Zone 3-Enhanced Fax	Full Rate Reduced
3	Fixed outgoing international	Zone 4-Enhanced Fax	Full Rate Reduced
3	Fixed outgoing international	Zone 5-Enhanced Fax	Full Rate Reduced
3	Fixed outgoing international	Zone 6-Enhanced Fax	Full Rate
3	Fixed outgoing international	Zone 7-Enhanced Fax	Full Rate
3	Fixed outgoing international	Zone 8-Enhanced Fax	Full Rate Reduced
3	Fixed outgoing international	Zone 9-Enhanced Fax	Full Rate
3	Fixed outgoing international	Zone 10-Enhanced Fax	Full Rate Reduced
3	Fixed outgoing international	Zone 11-Enhanced Fax	Full Rate
3	Fixed outgoing international	Zone 12-Enhanced Fax	Full Rate Reduced
3	Fixed outgoing international	Zone 13-Enhanced Fax	Full Rate Reduced
3	Fixed outgoing international	Zone 14-Enhanced Fax	Full Rate Reduced

Cable & Wireless

Barbados :

Price Cap Plan - Basket 3 International 1-800

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
3	International 1-800 Call	International Toll Free Service	Caribbean Band 1 Caribbean Band 2 Caribbean Band 3 Caribbean Band 4 Key Markets Band 1 Key Markets Band 2 Secondary Markets Band 1 Secondary Markets Band 2 Secondary Markets Band 3 Secondary Markets Band 4 Secondary Markets Band 5 Rest of Europe Central America South America Rest of World
3	International 1-800 Call	Universal International Free phone number	Caribbean Band 1 Caribbean Band 2 Caribbean Band 3 Caribbean Band 4 Key Markets Band 1 Key Markets Band 2 Secondary Markets Band 1 Secondary Markets Band 2 Secondary Markets Band 3 Secondary Markets Band 4 Secondary Markets Band 5 Rest of Europe Central America South America Rest of World
3	International 1-800 Call	Call Centre	Level 1 Level 2 Level 3 Level 4 Level 5 Level 6

Cable & Wireless Barbados

Price Cap Plan - Basket 3:

Corporate Choice

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
3	Corporate Choice	Band A	Standard 1 Year 2 Year 3 Year
		Band B	Standard 1 Year 2 Year 3 Year
		Band C	Standard 1 Year 2 Year 3 Year
		Band D	Standard 1 Year 2 Year 3 Year
		Band E	Standard 1 Year 2 Year 3 Year
		Band F	Standard 1 Year 2 Year 3 Year

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Price Cap Plan - Basket 3 :

PSTN International Station to Station & Person to Person

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
3	Call Centre PSTN Intntl	Operator S-S-Zone 1	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator S-S-Zone 2	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator S-S-Zone 3	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator S-S-Zone 4	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator S-S-Zone 5	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator S-S-Zone 6	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator S-S-Zone 7	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator S-S-Zone 8	Full Rate-Up to three minutes Full Rate-Additional Minutes Reduced Rate-Up to three minutes Reduced Rate-Additional Minutes
		Operator S-S-Zone 9	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator S-S-Zone 10	Full Rate-Up to three minutes Full Rate-Additional Minutes
3	Call Centre PSTN Intntl	Operator P-P-Zone 1	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator P-P-Zone 2	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator P-P-Zone 3	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator P-P-Zone 4	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator P-P-Zone 5	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator P-P-Zone 6	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator P-P-Zone 7	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator P-P-Zone 8	Full Rate-Up to three minutes Full Rate-Additional Minutes Reduced Rate-Up to three minutes Reduced Rate-Additional Minutes
		Operator P-P-Zone 9	Full Rate-Up to three minutes Full Rate-Additional Minutes
		Operator P-P-Zone 10	Full Rate-Up to three minutes Full Rate-Additional Minutes

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Price Cap Plan - Basket 3:

IPLCs

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
3	International Private Lease lines	IPLC Band 1A	56-64KBps 128 Kbps 192 Kbps 256 Kbps 320 Kbps 384 Kbps 512 Kbps 1.544 Mbps 2.048Mbps
		IPLC Band 1B	56-64KBps 128 Kbps 192 Kbps 256 Kbps 320 Kbps 384 Kbps 512 Kbps 1.544 Mbps 2.048Mbps
		IPLC Band 2A	56-64KBps 128 Kbps 192 Kbps 256 Kbps 320 Kbps 384 Kbps 512 Kbps 1.544 Mbps 2.048Mbps
		IPLC Band 2B	56-64KBps 128 Kbps 192 Kbps 256 Kbps 320 Kbps 384 Kbps 512 Kbps 1.544 Mbps 2.048Mbps
		IPLC Band 3	56-64KBps 128 Kbps 192 Kbps 256 Kbps 320 Kbps 384 Kbps 512 Kbps 1.544 Mbps 2.048Mbps

Cable & Wireless Barbados :

Price Cap Plan - Basket 3:

IPLCs

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>	<u>Rate Element</u>
		IPLC Band 4	56-64Kbps 128 Kbps 192 Kbps 256 Kbps 320 Kbps 384 Kbps 512 Kbps 1.544 Mbps 2.048Mbps
		IPLC-CC_56Kbps	1 Year 2 Year 3 Year
		IPLC-CC_64Kbps	1 Year 2 Year 3 Year
		IPLC-CC_128 Kbps	1 Year 2 Year 3 Year
		IPLC-CC_192 Kbps	1 Year 2 Year 3 Year
		IPLC-CC_256 Kbps	1 Year 2 Year 3 Year
		IPLC-CC_320 Kbps	1 Year 2 Year 3 Year
		IPLC-CC_384 Kbps	1 Year 2 Year 3 Year
		IPLC-CC_512 Kbps	1 Year 2 Year 3 Year
		IPLC-CC_768 Kbps	1 Year 2 Year 3 Year
		IPLC-CC_1024 Kbps	1 Year 2 Year 3 Year
		IPLC-CC_1.544 Mbps	1 Year 2 Year 3 Year
		IPLC-CC_2.048Mbps	1 Year 2 Year 3 Year

<u>Basket</u>	<u>Price Cap Service Name</u>	<u>Detailed Description</u>
4	Operator Assistance-Domestic Voice Calling	Operator Service
4	Emergency-Domestic Voice Calling	Emergency Service
4	Domestic private leased circuits	National Leased Circuit
4	Domestic private leased circuits	All Private Wire
4	Telegraph	Other Telecoms -Telegraph
4	Telex	Telex
4	Voicemail	Customer Mail Box
4	Voicemail	Voice Mail, Call Forward Don't Answer (CFDA), With Number
4	Voicemail	Voicemail Express Message (Residence)
4	Voicemail	Voicemail Access Directory Number
4	Voicemail	Voice Call Forward Busy
4	Voicemail	Voice Menu
4	Voicemail	Voice Announcement
4	Voicemail	Voice Call Forwarding Don't Answer
4	Business internal voice network service	Comnet Band 1
4	Business internal voice network service	Comnet Band 2
4	Business internal voice network service	Comnet Band 3
4	Business internal voice network service	Comnet Band 4
4	Business internal voice network service	Line - Comnet Band 1 Stepping
4	Business internal voice network service	Line - Comnet Band 2 Stepping
4	Business internal voice network service	Line - Comnet Band 3 Stepping
4	Business internal voice network service	Line - Comnet Band 4 Stepping
4	Business internal voice network service	Centrex
4	Business internal voice network service	Pabx Trunk Line via T1
4	Business internal voice network service	Pabx Ext - Via T1
4	Business internal voice network service	DID PABX Ext
4	Business internal voice network service	Line - Key System Stepping via T1
4	Business internal voice network service	Sub-Owned Trunk Lines
4	Business internal voice network service	Pabx Trunk Line
4	Business internal voice network service	Direct Inward Dialling Trunk (PBX)
4	Business internal voice network service	Business Exchange Line Conn to Pabx
4	Non-residential fixed-line access	Install Authorisation Code
4	Non-residential and residential fixed line installation	PBX/Key Systems Line Installation
4	Value Added Services	Cancel Call Waiting
4	Fixed outgoing international	International Operator Assistance

Schedule 2

EXPLANATION OF THE PRICE CAP FORMULAE

Current price cap index (PCI) is last period's PCI adjusted for the retail price index of inflation (RPI) and the X-factor.

The RPI can vary from year to year, but the X-factor is constant over the period.

$$PCI_1 = 1$$

$$PCI_t = PCI_{t-1}(1 + RPI_t - X) \text{ for } t > 1$$

Current average price index (API) is last period's API evaluated at last period's *average* prices (denoted as \underline{API}_{t-1}) multiplied by the ratio described below.

The numerator of the ratio is the summation (for each service) of the relative price multiplied by last period's revenue (evaluated at last period's *average* prices).

The denominator is last period's revenue (evaluated at last period's *average* prices)

$$API_1 = 1$$

$$API_t = \underline{API}_{t-1} \left(\frac{\sum (p^i_t / \underline{p}^i_{t-1}) q^i_{t-1} \underline{p}^i_{t-1}}{\sum q^i_{t-1} \underline{p}^i_{t-1}} \right) \text{ for } t > 1 \quad \text{Where } \underline{API}_t = API_{t-1} \text{ evaluated at } \underline{p}^i_{t-1}$$

The underscore signifies an average – so for example, \underline{p}^i_{t-1} is the *average* price for Service i in period t-1.

The API equation ensures that any unused headroom is preserved from one period to the next, but headroom is not *created* if quantity declines (examples below).

EXAMPLE OF THE API FORMULA

EQUATIONS

$$PCI_1 = 1$$

$$PCI_t = PCI_{t-1}(1 + RPI_t - X) \text{ for } t > 1$$

EQUATIONS

$$PCI_1 = 1$$

$$API_t = \underline{API}_{t-1} \left(\frac{\sum (p^i_t / \underline{p}^i_{t-1}) q^i_{t-1} \underline{p}^i_{t-1}}{\sum q^i_{t-1} \underline{p}^i_{t-1}} \right) \text{ for } t > 1$$

BASKET 2 - For illustrated purposes only

SERVICES	Period 0			Period 1			PCI - API			
	Dec 2003 - Nov 2004			April 2005 - Jul 2005			0.0000			
	I - Factor	X-Factor	PCI=API	I - Factor	X-Factor	PCI	API Calculation			
	n.a	n.a	1.0000	0.56%	1.40%	0.9916	0.9916			
	Q _{i0}	Average P _{i0}	P _{i0}	Q _{i1}	Average P _{i1}	P _{i1}	A	B	(Numerator) Sum (A x B)	(Denominator) Sum Prod. (B)
							P _{i1} /P _{i0}	P _{i0} x Q _{i0}	16,788,772	16,930,423
Business Exch. Line [MRC]	11,474	981	981	11,474		969.27	0.988042	11,255,994	11121393.8	11255994
Business Exch. Line [NRC]	849	98	98	849		98	1.000000	83,202	83202	83202
Business Automatic Universal Line [MRC]	12	981	981	12		98	0.099898	11,772	1176	11772
Business Automatic Universal Line [NRC]	11	98	98	11		90	0.918367	1,078	990	1078
112 Emergency Lines [MRC]	7	981	981	7		1500	1.529052	6,867	10500	6867
Business Lease Circuits [NRC]	4	33600	33600	4		33600	1.000000	134,400	134400	134400
Residential Call Waiting [MRC]	51,782	105	105	51782		105	1.000000	5,437,110	5437110	5437110

- Notes
- 1 The "Average P_{i0}" in the base period allows for cases where more than one price change was introduced in a single period
 - 2 The prices and quantities included are for demonstration only.
 - 3 New prices can be inputted at P_{i1} , and compliance will be demonstrated automatically.

