

COSITU FREQUENTLY ASKED QUESTIONS (FAQ)

1. What does the COSITU software do?

The software performs the following main functions.

- i). Distribute costs into the services and network segments using routing table;
- ii). Calculate units costs of retail and wholesale services;
- iii). Used to derive tariffs;
- iv). Simulate the effect on service tariffs of USO policies;
- v). Simulate tariffs rebalancing conditions.

2. Which unit costs are computed?

The following unit costs are calculated

- i). Domestic Services unit costs
- ii). Interconnection unit cost
- iii). Transit unit costs

3. What else can the COSITU software do?

- i). Calculates inefficiency costs
- ii). Compute the network segment contributions to cost of services
- iii). Used to benchmark the computed data, e.g. with some countries Regional zone, development ratio or teledensity.

4. How are the costs computed?

The following sources of information can be used:

- i). Analytical i.e. where the user has detailed accounting data
- ii). General accounting i.e. where the user has less detailed data about costs.
- iii). Business Plan data

5. What is required before tariffs are computed?

- i). Current prices for all traffic streams (the shares retained by the network operator)
- ii). Contribution received for universal service obligations (USO) if any
- iii). Installation/Connection Fee
- iv). Access Fee (Monthly Rental)
- v). Corporate Tax Rate

6. What tariffs are computed by COSITU?

- i). Cost oriented tariffs (the shares retained by the network operator) where there is access deficit
- ii). Cost based Tariffs (the shares retained by the network operator) where there is no access deficit

7. How are the Installation and monthly rental treated in the COSITU?

These payments are pre-paid and therefore deducted from the costs of the following services: Urban, Inter-urban, International outgoing and National outgoing.

COSITU considers the figure in the corresponding fields as weighted averages.