

ABSTRACT -

The Implementation of a Long-Run Average Incremental Cost Model in Trinidad and Tobago

Following a prolonged interconnection dispute between the incumbent and the then new entrant over the period 2006 to 2008, the Telecommunications Authority of Trinidad and Tobago (TATT), acting on the advice of an Arbitration Panel, commenced work on developing a costing model primarily for the determination of interconnection costs.

As part of this costing process, TATT developed and consulted upon a Costing Methodology for the Telecommunications Sector which was later used to inform its Long-Run Average Incremental Cost (LRAIC) Specification Paper. (Much of the work done on TATT's approach and its modeling concept have been shared at our last gathering in the Dominican Republic in 2010). TATT has further developed and consulted with all its stakeholders on:

1. Current Cost Accounting (CCA) Reference Paper
2. Calculation of the Weighted Average Cost of Capital for the Telecommunications Sector
3. A Methodology for Conducting an Efficiency Study

In fulfilling the requirements of the Costing Methodology, TATT has gathered data from all concessionaires and populated its LRAIC Model with information for the financial year ending 2009. Given the experience in the costing process to date, this presentation seeks to disclose some of the main challenges which were encountered, as well as highlight some methods which brought about its completion thus far. The importance of adequate stakeholder consultation, training and expertise sharing, and regulatory transparency are underscored for the project's delivery. TATT will also share its insight into overcoming challenges associated with data quality and timeliness in data submissions.

As at December 2011, TATT has produced model results for each concessionaire, and is confident that the results mirror the data received and reflects the industry's costs. In April 2012, TATT will issue its second request for cost data, this time for the financial year ending 2010 and will update its model and results accordingly.