

## Appendix 2: Formula for the calculation of avoidable costs for uneconomic public payphone service

The avoidable costs for uneconomic public payphone service shall be the actual avoidable costs associated with each single public payphone, or the average avoidable costs of all the public payphones in a local exchange area.

Avoidable costs include the annual avoidable operating costs and avoidable capital costs incurred by the directly-utilized assets.

### 1. Avoidable capital costs

Avoidable capital costs= [(net value of the public payphone terminals in operation at the beginning of implementation year + net value of the public payphone terminals in operation at the end of implementation year) / 2 + operating fund] \* cost-of-funds rate

The costs of public payphone terminals shall include public payphone sets, booths (or wall-mounted screens) and installation costs.

See Appendix 1 for the definitions of "avoidable operating fund".

### 2. Avoidable operating fund

Avoidable operating fund includes:

- (1) Depreciation costs associated with public payphone terminals.
- (2) Maintenance costs for switches and lines for public payphones.
- (3) Maintenance costs for public payphones.
- (4) Production and sale costs associated with telephone cards.
- (5) Collection and coin counting costs.
- (6) Processing charges associated with accounts for public payphones.

## Remarks

(1) Cost-of-funds rate used in the formulae in appendices 1 and 2 shall be the lending base rate of the Bank of Taiwan at that time; other variables, such as the days of working capital turnover or the average storage times for materials, shall be calculated in accordance with relevant rules set forth by the administrative authority; if not regulated, universal service providers should provide information on such variables at the time of the submission of the implementation plan for assessment by the administrative authority.

(2) In the formulae for calculating avoidable capital costs in appendices 1 and 2, the net fixed asset value is calculated from the average of the net values of the fixed assets at the beginning and the end of the implementation year. However, if there are large, significant month-to-month changes in the net value of the fixed assets in that implementation year, the weighted average of the net fixed asset values for the twelve months in the implementation year shall be used.