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DEPARTS 1.01 - 41
Radio Telefis Eireann

from the Director-General ón bPríomh-Stiúrthóir

15 February 1989



Mr. Ray Burke, T.D.
Minister for Communications
Department of Industry & Commerce
Kildare Street
Dublin 2

BY FAX. to 760431

Dear Minister

I refer to our discussions on 14 February 1989 in connection with points put to you by the IRTC in relation to charges proposed by us for the provision of various transmission services for Century Communications Ltd.

The Commission referred to various levels of charge by the IBA in the UK. It is our strongly held view that comparison between such charges and our proposals are invalid for a number of reasons e.g. area covered, accessibility of sites, costs of equipment (lower VAT rates in UK), Irish Pound/Sterling exchange differentials etc.

We have, however, as requested, reviewed very fully again our charges. In relation to the final annual charge of £692,000 quoted, there are two areas we have specially examined. A full maintenance service is included in this figure for £364,000. We expect to achieve worthwhile reductions in labour costs in this area over the next two years and are prepared now to anticipate this and pass the benefit on immediately in our proposed charges. This will give a reduction of £44,000 in the £364,000 figure.

We have also considered the overheads allocation previously shown at 10%. Because of the specialist nature of the services to be provided, we can accept that it would be more appropriate to charge only a proportion of that figure viz. 5%.

Taking these two revisions into account will reduce our earlier figure of £692,000 down to £614,000 per annum. Depending on actual physical implementation of the project, we would expect a build up to this final figure in the following approximate manner (all at October 1988 prices):

1989	£200,000
1990	£430,000
1991	£530,000
1992	£614,000

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On a final point of detail, I can confirm that in all our figures there are no accelerated rates of depreciation used. Our computations provide for rates used in our audited accounts - accepted industry norms.

I trust the foregoing additional information will enable us very quickly now to conclude all outstanding matters with the Commission or Century Communications, as appropriate. We are very conscious that it is now just ten weeks to 1st May next - a date which RTE would be just as concerned to achieve as all the other interested parties.

Yours sincerely



Vincent Finn