



Office of the Director of
**Telecommunications
Regulation**

Allocation of additional access codes and number ranges for dial up Internet access

Report on Consultation

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1. INTRODUCTION

The Director is responsible for the administration of the national numbering resource pursuant to her powers under both Telecommunications (Miscellaneous Provisions) Act, 1996 and the European Communities (Interconnection in Telecommunications) Regulations, 1998 (S.I. No.15 of 1998), as amended.

Low cost Internet access for end users is vital for the development of the Internet in Ireland. The ODTR's report on Consultation and Further Consultation on Calculation of Settlement rates ODTR 01/12 provided for the allocation of additional access codes and number ranges for dial up Internet access. The Internet access codes set out in ODTR 01/12 were designed to provide a range of access pricing from zero rated call charges to zero rated subscription.

As part of the Report on Consultation (ODTR 01/12) the Director considered that there may be merit in assessing whether settlement rates for NTCs should be calculated on the basis of individual operators actual call durations and points of interconnect or to suggest alternative calculation methods. To that end the Director now issues her report on this matter.

2. BACKGROUND

In March 2001, the Office of the Director of Telecommunications Regulation (“ODTR”) issued a report on consultation and further consultation on calculation of settlement rates for NTCs *“Allocation of additional access codes and number ranges for Internet access.”* (ODTR 01/12), hereafter referred to as ODTR 01/12. The ODTR has published a number of documents that are relevant to this topic, which are set out below,

ODTR 99/46 (“Interconnect for calls destined for Internet and Number Translation codes”) Decision Notice D9/99

ODTR 00/17 (“Interconnect for calls destined for Internet and Number Translation codes”) Decision Notice D4/00

ODTR 01/12 opened two new access codes and number ranges for dial up Internet access, 1892 (Pay-as-You-Go) and 1893 (Partial or Full flat rate Internet access). To avail of these new codes the operators must first apply to the ODTR for the new Internet access codes and number ranges and then negotiate suitable interconnection arrangements with *eircom*.

In ODTR 01/12 the Director sought views from interested parties on, whether it would be more appropriate for *eircom*’s settlement rates to be calculated on the basis of individual operators’ actual call durations and points of interconnect or to suggest alternative calculation methods.

Five organisations responded in writing to the Consultation namely,

- ALTO
- *eircom* plc.
- Esat Digifone Ltd.
- Esat Telecom / Ocean Communications Ltd.
- Worldcom

The Director wishes to express her thanks to everyone who contributed to the consultation. With the exception of material marked as confidential, the written comments of respondents are available for inspection at the ODTR’s office in Dublin.

3. CALCULATION OF SETTLEMENT RATES FOR NTCs

Different NTC call types (such as voice or Internet calls) over the same codes have different mixtures of call duration and these differences may undermine cost orientation. Therefore, the Director sought views from respondents on how Operator by Operator settlement rates could be adjusted to take account of actual call duration and actual utilisation of the *eircom* network by either:

1. At the end of each interconnect billing period calculating a settlement rate based on the individual operator's actual call duration and *eircom* network utilisation for that period.
2. At the end of each quarter, calculating a settlement rate based on the individual operator's actual call duration and *eircom* utilisation for that quarter and applying that rate of settlement in the succeeding quarter.

“Do you agree settlements based on actual operator call durations and actual network utilisation should be implemented via option 1 or 2 above, or by some other means?”. If so please give details of the process you would like to see employed.

The Views of Respondents

Most of the respondents agreed with the general principle of settlement adjustment but believed that the proposed settlement adjustments were not practical from a billing perspective. In light of this and other comments, some respondents proposed modifications to the options outlined above. The following comments were made:

- *eircom* felt that both options as outlined in the consultation paper were unmanageable from a billing perspective and would introduce significant delay into the interconnect billing process. They stated that the implications of de-averaged conveyance rates for non-geographic services would cause varying degrees of technical difficulties due to the uncertainty around whether their switches could support such modifications. *eircom* also maintained that neither option addressed the issue of transit traffic and the treatment of such in calculating settlement rates.

eircom acknowledged that the present interconnect regime for NTCs did not provide an incentive to operators in rolling out their network facilities for the collection of NTC traffic. While the regime outlined in the consultation would address this issue to some degree, *eircom* considered that the totally accurate way to provide this incentive would be to build the capability into the billing system to identify the actual level of conveyance provided for each call and to have separate retention rates (and therefore separate settlement rates) for each level of conveyance. However, such functionality would not be available in the *eircom* billing system for the foreseeable future. *eircom* also pointed out that in many instances this functionality would also be required in the OLO billing systems as in many cases for NTCs the terminating party performs the billing function.

On balance, and taking into account the complexities expressed above, eircom prefer a move towards a modified version of option 1. eircom cited a possible resolution of the deemed to be settlement rate for OLOs routing calls to eircom NTCs involving the use of a standard settlement based on the eircom single-tandem retention.

- Two of the respondents did not agree that both elements of duration and utilisation should be subject to either method 1 or 2 and proposed modifications to the options. While agreeing with the principle of actual network utilisation in calculation of settlement rates, they believe that the rates should be averaged across all operators. In light of this option 2 would be the preferred approach for practical reasons regarding billing systems.
- One operator believed that, by amending the current charging regime for NTCs, a more complex billing arrangement would be created, which interconnecting operators may have difficulty reconciling. They believed that the questions posed did not address the complexities of interconnect billing for flat rate services. Subject to billing capabilities they maintained that call analysis for NTCs should be carried out on a quarterly basis.

Director's Position

The Director accepts that introduction of the proposed settlement adjustments may add further complexity to billing and does not propose to introduce either option at this time. However, while the Director is mindful of such difficulties, she considers that limitations of billing systems should not unnecessarily inhibit innovation in the Telecommunications market. As stated in Decision Notice D4/00, "Interconnect for calls destined for Internet Services and Number Translation Codes", insofar as there is a lack of capability within existing billing and traffic measurement, systems the Director expects eircom to take reasonable steps to assess the routings and, within reasonable bounds of time and of expense, to include a capability appropriate to measuring the traffic flows within systems developments. The Director also recognises that certain product offerings require reciprocal billing arrangements from OLOs.

While the Director does not propose to introduce the proposed settlement adjustment methods set out in the Consultation, she would point out that as part of Decision notice D07/01 "*eircom's* Reference Interconnection Offer & Accounting and Separation and Publication of Financial Information, two part charging will be introduced on the 1st of October, 2001. The introduction of two part charging should, in the light of these changes, send correct signals to the market concerning the underlying costs driving call charges. In the context of NTC and 'NTC like' interconnection rates, two part charging should also address the mix of different call types and durations over the same NTC code for Internet access. eircom is required to publish revised RIO rates that comply with Decision notice D07/01 during May 2001.

Decision Notice D07/01 also comments on network utilisation, in particular, with respect to routing factors. These statements are worth re-affirming in this Report in the context of NTC and 'NTC like' services. Section 8.7 of Decision Notice D07/01 states that routing factors for both the RIO and the Separated Accounts should reflect efficient operator status. Routing factors on which interim RIO rates are based will be forward looking and reflect an efficient operator approach. The routing factors used to finalise rates will be based on appropriate efficient principles but shall be updated to reflect actual costs and volumes.