



Office of the Director of
**Telecommunications
Regulation**

RESPONSE TO CONSULTATION

Chorus' Price Increase Application for Cable/MMDS Licensed Areas

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Contents

Foreword by Director	2
1 INTRODUCTION	4
1.1 BACKGROUND	4
1.2 CONSULTATION	4
1.3 LIST OF RESPONDENTS	5
2 CONSULTATION ISSUES.....	6
2.1 CONSIDERATION OF APPLICATION OUTSIDE ODTR 00/56.....	6
2.1.1 <i>Summary of Consultation Issues</i>	6
2.1.2 <i>Views of Respondents</i>	6
2.1.3 <i>Position of the Director</i>	7
2.2 NEW ANALOGUE PACKAGES	12
2.2.1 <i>Summary of Consultation Issues</i>	12
2.2.2 <i>Views of Respondents</i>	12
2.2.3 <i>Position of Director</i>	12
2.3 DIGITAL ROLLOUT.....	13
2.3.1 <i>Summary of Consultation Issues</i>	13
2.3.2 <i>Views of Respondents</i>	13
2.3.3 <i>Position of Director</i>	13
2.4 NETWORK UPGRADE	13
2.4.1 <i>Summary of Consultation Issues</i>	13
2.4.2 <i>Views of Respondents</i>	14
2.4.3 <i>Position of Director</i>	14
2.5 PRICING PROPOSALS.....	14
2.5.1 <i>Summary of Consultation Issues</i>	14
2.5.2 <i>Views of Respondents</i>	15
2.5.3 <i>Position of Director</i>	15
3 CONCLUSIONS.....	17
3.1 REASONS FOR APPROVING INCREASE	17
3.2 APPROVED PRICES	17
3.3 CONDITIONS ATTACHING TO THE APPROVAL.....	18
APPENDIX I: LIST OF RESPONDENTS.....	20
APPENDIX II: APPROVED PRICES BY LICENCE AREA	25
APPENDIX III: REVISED DIGITAL ROLLOUT SCHEDULE.....	30
APPENDIX IV: STANDARD ANALOGUE PACKAGES.....	32

Foreword by Director

This paper outlines the response to the consultation on Chorus' application for a rate increase in the price which it charges for the supply of basic television services via cable and MMDS. There were 136 responses received to the consultation, including 131 from existing or former Chorus customers. This high level of response to an ODTR consultation reflects the importance of the issues involved for users.

This has not been an easy decision to make. I have had to consider a number of factors in reaching a decision on the application, including the current market situation. Chorus has a patchwork of dispersed networks with varying levels of service delivery and a customer base that naturally wants high quality service now. It has a pressing need to upgrade networks to bring service quality to a standard required by all of its customers and to meet its licence conditions. For financial reasons, Chorus needs to demonstrate that its current and future revenues from its services can fund capital expenditure which it incurs today.

I have also taken into account the level of customer dissatisfaction with the quality of service currently provided. In the course of the consultation, nearly 100 respondents cited problems which they had experienced with Chorus on various issues ranging from network quality, service quality, billing issues and customer service. While the individual complaints raised have been or are being addressed by Chorus, the level of such complaints requires a coherent overall customer focused strategy and programme of implementation to achieve results. The licensing framework sets out the key requirements for delivery of service. The ODTR is monitoring closely Chorus' compliance and requiring necessary improvements to satisfy us that its commitment to consumer issues is carried out in an effective manner. However, the ODTR cannot take over the management of these issues from the company – the company must itself devise and implement measures to provide good service. I am pleased to note that there has been significant progress by Chorus in recent months to address these issues in a comprehensive way, and this paper outlines the measures involved and their effect.

This new approach is recent and in the context of the above factors, a possible response might be to require Chorus to defer any increase until full improvements in service are implemented. However, despite the company engaging in cost cutting measures, this is not an option given the company's need to fund its ongoing operations. Accordingly, I have decided that the price levels sought by Chorus should be approved at this point. However my agreement to the increase is subject to conditions. Some of these conditions have already been acted upon and implemented by the company or will be before the price increase takes effect.

The conditions, detailed in the Report, are designed to ensure that all customers can see an improvement in the service within at most the next twelve months and some of them within weeks. The ODTR will monitor compliance with these conditions and failure by Chorus to deliver on them will result in the price increase being scaled back.

In a competitive environment, where customers feel that they do not receive the level of service promised or expected, they have the ability to switch to a service provider who they consider can best meet their requirements in terms of quality and price. In the market for basic television service the choice of operators is limited and service offerings are not wholly comparable. I would encourage all consumers to be more assertive in ensuring that their rights under their supply contracts and consumer legislation are met. Earlier this year, the ODTR issued a report on complaints handling by cable and MMDS licensees. As a result Chorus now has in place a code of practice for complaints handling and customers should also familiarise themselves with this.

“In platform” exclusivity will end by agreement on 1st March next and the ODTR will prepare a consultation on licensing in this context shortly with a view to introducing a new framework early in the New Year. This will open the way for further competition in the market. I also intend to review competition in the television distribution market in mid/second half of 2002. This will, inter alia, consider the future of price control, whether the existing formula should be maintained or revised/replaced, and/or whether adjustments should be made to reduce or remove rate regulation.

Etain Doyle
Director of Telecommunications Regulation

1 INTRODUCTION

1.1 Background

The Director of Telecommunications Regulation (“the Director”) and her Office (“the ODTR”) are responsible for the regulation of the Irish telecommunications and broadcasting markets in accordance with EU and national legislation.

The cable/MMDS licences issued in 1999/2000 provide for a period of in-platform exclusivity until April 2004. Under the provisions of Regulation 15 (1) of the Wireless Telegraphy (Programme Services Distribution) Regulations 1999, the prior written consent of the Director is required for proposed charges for basic television services distributed by cable/MMDS. Similar powers exist in relation to cable licences issued under the Wireless Telegraphy (Wired Broadcast Relay Licences) Regulations, 1974.

Last year, the ODTR issued the Report on the Consultation, *Rate Regulation Mechanisms for Cable and MMDS Television Operators* (ODTR 00/56) outlining the framework for evaluating price increase applications. In July 2001, Chorus made a formal application for a price increase in which it asserted that a greater increase than that provided for under the rate regulation mechanism detailed in ODTR 00/56 was warranted due to the significant increases in operational, programming and capital costs since its last price increase¹.

1.2 Consultation

In August, the Director published a consultation paper, *Chorus’ Price Increase Application for Cable/MMDS Areas* (ODTR 01/63), seeking views on her proposals to assess Chorus’ application outside the scope of the rate regulation mechanism set out in ODTR 00/56.

This document summarises the responses to the consultation paper and outlines the conclusions reached, taking account of the submissions received and other relevant legal and technical considerations.

¹ As outlined in Section 2.1 of ODTR 01/63, the ODTR last approved a price increase for the former Irish Multichannel cable areas in September 1997 and for the former CMI and Suir-Nore cable areas in December 1998 and February 1999, respectively. MMDS prices were not previously subject to price approval under the 1989 Regulations.

1.3 List of Respondents

136 responses to the consultation paper were received and are listed in Appendix I. Of these, 131 were from both existing and former Chorus subscribers.

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

2 CONSULTATION ISSUES

The consultation paper set out the Director's proposals to assess Chorus' application outside the scope of the rate regulation mechanism set out in ODTR 00/56 and views were invited on the following:

- ❑ consideration of application outside ODTR 00/56;
- ❑ new analogue packages;
- ❑ digital rollout;
- ❑ network upgrade;
- ❑ Chorus' pricing proposals for its cable/MMDS licensed areas.

The majority of respondents gave global answers rather than replying to specific questions. However, points raised will be dealt with under the appropriate heading below.

2.1 Consideration of application outside ODTR 00/56

2.1.1 *Summary of Consultation Issues*

The Director is minded to assess the Chorus application for a price increase outside the scope of the rate regulation mechanism. As outlined in the consultation paper, the key reasons why Chorus believed it warranted an increase greater than that provided for by the rate regulation mechanism in ODTR 00/56 were the substantial investments in terms of operating costs and capital expenditure and the increases in programming costs. The cost per subscriber increased by 30% between 1997 and mid-2001, with staffing costs rising by 160%. Programming costs increased by 16% since 1997.

2.1.2 *Views of Respondents*

Twenty-three of the thirty-two respondents who expressed a view on this issue opposed the consideration of the Chorus application outside the rate regulation mechanism set down in ODTR 00/56. The reasons for their opposition were many. A large number of respondents maintained that the level of service provided by Chorus did not merit consideration outside the rate regulation mechanism, citing poor customer service; signal quality problems; billing issues; limited functionality; changes in channel line-up and the delay in rolling out digital services. These issues are further addressed in Section 2.1.3.

Other reasons against consideration of the Chorus application outside ODTR 00/56 were the fact that the cost was already too high; Chorus' monopoly position; lack of proper due diligence before its recent acquisitions; absence of separated accounts; analogue customers should not have to fund

investment in digital services; the absence of open access to cable networks for other operators and that telecommunications costs have decreased in recent years.

Seven respondents agreed with the proposal to consider Chorus' application outside ODTR 00/56 on condition that the service improve and that Chorus comply with the conditions set out in ODTR 01/63. Two respondents supported the proposal to consider Chorus' application outside the mechanism.

2.1.3 Position of the Director

The consultation outlined why this exceptional price application might be considered outside of the framework of the rate regulation formula set out in ODTR 00/56 and asked for views before taking a decision.

The Director has carefully reviewed all the points raised by respondents and has also obtained Chorus' response including commitments in respect of certain matters.

Network Quality: Over seventy percent of those who responded to the consultation (96 respondents) raised issues of picture and sound quality, which affected a number of Chorus' licensed areas, including Cork, Greystones, Malahide and Wicklow.

As outlined in ODTR 01/63, the ODTR is aware from its own monitoring that some parts of the Chorus networks are not up to the standards required in the technical conditions of each licence. In conjunction with the ODTR, Chorus devised a strategy to deal with the first phase of remedial work in 2001 (see Appendix 5 of ODTR 01/63), and to agree a programme in December 2001 to deal with the remaining networks by the end of September 2002. Chorus has committed to restore all networks to meet the quality standards set out in the licences by the end of the third quarter of 2002. The ODTR has been assured by the shareholders that sufficient resources will be made available to enable the completion of this work by the required deadline.

Since the start of 2001 Chorus has embarked upon a routine maintenance programme and has dramatically increased the network engineering cover - field operations (increased from 49 staff to 139) and network engineering (increased from 31 staff to 104). Routine maintenance now takes place out of hours to minimise disruption to subscribers. This level of engineering cover had not been previously provided in most areas and is a noticeable improvement in the service provided.

Responses to the consultation pointed towards service problems in the Douglas area of the Cork cable system. The results of a trunk sweep taken on the 28th of September 2001 have been reviewed by the ODTR. The results of the sweep indicate that problems experienced are within the distribution network. This has been confirmed by a further sweep and a full plan of remedial action will be submitted for the ODTR's approval by the 31st of October 2001 and the work carried out immediately afterwards.

The intermittent loss of sound on the digital satellite services on various networks has been traced to faulty consumer grade set-top boxes used at system headends. The problem has been solved by replacing faulty units with professional grade set-top boxes in over thirty licensed area. However, eleven areas are currently outstanding and will be installed and operational by 19th October 2001.

In order to improve customer service in both MMDS and cable licensed areas Chorus has undertaken a programme to map and provide system diagrams for each of its cable systems. Similarly Chorus is mapping the location of all MMDS 'beambenders'. The provision of full technical information on each network will enable technicians to trace faults quickly without needing specialised local knowledge and will ultimately lead to more timely rectification of faults.

Prior to the consultation, Chorus drew up a Network Policy and Procedures document which will be issued to all technicians. Chorus has also implemented a monitoring policy whereby Chorus head office verifies that individual service calls have been attended to by technicians. The ODTR will review the Network Policy and Procedures document and will monitor the implementation of it in practice. Chorus is committed to implementing any changes which the ODTR may specify.

Customer service issues: Ninety-one respondents raised customer service issues. These included long delays in answering telephone calls (21 respondents), inadequate/inaccurate information from customer service staff (21 respondents), failure to return subscribers' calls or respond to subscribers' correspondence (17 respondents), the inability to speak to a supervisor or manager when requested (6 respondents) and poor customer records (5 respondents).

In relation to delays with customer service, a number of respondents acknowledged that the response time in answering customer telephone calls had improved significantly since the consultation paper was issued.

Chorus has indicated to the ODTR that it has increased the number of staff in its customer service centre from 70 to 120. An Interactive Voice Response system has been provided together with other

technological aids. Staff have undergone a period of intensive training. As a result, Chorus has stated that the average call response times have improved from 142 seconds to 27 seconds (spot monitoring by the ODTR confirms that the average call response is currently as indicated by Chorus). Chorus has a target of improving the average call response time to less than 15 seconds. Chorus states that the Customer Service Centre and Field Operations (installation, repair and maintenance) are now highly integrated with a considerable improvement in service call response time. Chorus states that 93% of service calls are now dealt with on or before the date agreed with customer.

During the course of the consultation, the ODTR investigated aspects of the company's procedures for addressing customer service issues. While the ODTR, is satisfied that current policy represents a marked improvement over recent months, some concerns remain. In particular, the ODTR considers that follow-up action on all customer complaints and fault reports must be improved. In advance of acceptable alternative arrangements being developed by Chorus, the ODTR requires the company to ensure that all open complaints or unresolved fault reports be reviewed by supervisors at the end of each day and that appropriate action for each case is determined. The ODTR will monitor this.

A review of service parameters is underway in the context of the MLOP (measuring licensed operator performance) programme and Chorus will be required to report on these to the ODTR which will publish results on a regular basis. The ODTR will continue to keep these issues under review and if needed will draw up measures to ensure that standards are maintained and improved. Such measures may include requiring modifications to the company's code of practice in relation to complaints handling.

Billing Issues: Eighteen respondents raised billing issues. The main issues arising are credit card payments not being processed and customers subsequently being charged a late payment fee or disconnected for late payment, statements of accounts not being issued for more than twelve months and the payment due date reading "on receipt".

Chorus has indicated to the ODTR that it is currently upgrading its billing systems. A firm of consultants is redesigning the billing system and the revisions will take effect before year-end.

Functionality: Fourteen respondents commented on the limited functionality, i.e. the inability to watch one channel while recording another, of Chorus' MMDS services and its cable services in Cork.

In response to this issue, Chorus has stated that technically it is not possible to provide a solution to this from a single set-top box. This is a limitation of any service that uses a set-top box and is

common to MMDS, Satellite, DTT and encrypted cable systems. The only current solution available is for the TV set and VCR to be connected to two set-top boxes to enable the user to watch one channel while recording another.

Channel line-up: Content-related issues were raised by fifteen respondents, including the non-availability of named programme services. While these issues are relevant to individual subscribers, responsibility for content regulation now rests with the Broadcasting Commission of Ireland (BCI). The ODTR controls the number of channels not the content. Accordingly, such issues have not been taken into account by the ODTR in considering the issue.

Chorus has stated that it complies with its Must Carry and Basic Programme Service Licence requirements. It believes that as a commercial company it must reserve the right to change programme material for commercial and competitive reasons and that it would always do this within the context of its customer contracts.

Delayed Rollout of Digital Television Services: This issue is addressed in Section 2.3.3.

Existing Charges already too high: Nineteen respondents opposed consideration of Chorus' application outside of the mechanism because they felt that the existing charges were already too high.

Chorus asserts that in many areas of the country it has been providing service below cost because it has been unable to increase its prices. It states that under the revised pricing the cost of basic service is at most approximately 60 pence per day and that this compares favourably with charges for other services, particularly when account is taken of the fact that the service is provided 24 hours a day and 7 days a week. In reviewing the case for this price application, the ODTR has investigated Chorus' costs in detail, including room for efficiencies and has taken account of this..

Monopoly Situation: Forty-four respondents expressed their opposition to the monopoly situation created by the in-platform exclusivity condition in the 1999 cable and MMDS licences. The reasons for the in-platform exclusivity are set out in earlier papers issued by the ODTR. As outlined in ODTR 01/63, Chorus has agreed to a shortening of the in-platform exclusivity period to 1st March 2002 which will facilitate competition in the television distribution market. The ODTR intends to issue a consultation paper on licensing for television distribution in a market without in-platform exclusivity, with a view to establishing a new licensing regime in early 2002.

Lack of Due Diligence before recent acquisitions: A couple of respondents asserted that Chorus' application did not warrant consideration outside of the rate regulation mechanism because of the apparent lack of proper due diligence before its recent acquisitions.

Chorus has indicated to the ODTR that it always carried out full and proper legal and commercial due diligence before acquiring other companies. The prices paid in such acquisitions have always reflected current market conditions. The ODTR notes that the price applications have included no provision for any costs involved in the purchase of networks.

Separated Accounts: Two respondents commented on the absence of separated accounts. While separated accounts were not available to the ODTR for its assessment of the Chorus application, the ODTR carried out a review of Financial and Management accounting information provided by Chorus from 1996 to April 2001 and the Director is satisfied that Chorus incurred the capital and operational costs claimed.

Analogue Customers & Digital Investment: Three respondents maintained that analogue customers should not have to fund investment in digital services. However, the investment in the upgrades for digital will also benefit analogue customers in terms of an overall improvement in picture quality and service reliability.

Open Access: Two respondents raised the issue of open access to Chorus' networks. The question of open access to the Chorus networks for other operators does not arise because the networks are not capable of supporting it.

Telecommunication Charges: Two respondents raised this issue. Changes in telecommunications charges are also not relevant in the consideration of this application for television distribution price increases.

In light of the considerations set out in this paper and the Chorus commitments outlined above, together with the conditions set out in Section 3.3, the Director has decided to consider the price increase outside of the rate regulation mechanism.

The Director reiterates her earlier point that this is an exceptional price application, which she is dealing with on a once-off basis outside of the framework. The procedures set out in ODTR 00/56 will apply to any future applications for an increase, subject to the review of competition in the television distribution market in 2002, as mentioned in the consultation paper (ODTR 01/63).

2.2 New Analogue Packages

2.2.1 Summary of Consultation Issues

As outlined in 01/63, Chorus committed to complete a programme to standardise the basic service offered in cable areas by the end of 2002.

2.2.2 Views of Respondents

Of the twenty-six respondents that offered views on the proposed standardisation of the basic service package in cable areas, just over half supported the proposals. The respondents that opposed the proposals did so on the grounds of dissatisfaction with the quality of the existing service, the suggested line up, the view that the basic service should be restricted to the eight terrestrial channels only and the fact that the proposed new arrangements would not increase the availability of channels for all subscribers.

2.2.3 Position of Director

As stated in the consultation paper (ODTR 01/63), the Director welcomes Chorus' proposals to standardise the service offerings across its cable licensed areas. The company notes that the new line-up will involve an increase in the availability of channels to many subscribers and no reduction to any group. Chorus also indicates that customer service personnel will be better able to respond to queries with the standardisation of packages proposed. The ODTR regulates the basic packages and requires them to be universally available within a licensed area. The number of channels available on analogue MMDS is limited by technical factors.

Picture quality issues have been addressed in Section 2.1.3.

The channel-line outlined in ODTR 01/63 was indicative only. However, as stated in Section 2.1.3, the ODTR does not regulate content. The number of channels that will be available on cable systems is given in Appendix IV.

As indicated in the consultation, achieving equality, in so far as this is possible, in the number of channels across all cable systems will be a condition attaching to the price increase. The selection of programme services will be a matter for Chorus, subject to the requirements of the Broadcasting Commission of Ireland.

2.3 Digital Rollout

2.3.1 Summary of Consultation Issues

As stated in 01/63, while the requirements for the provision of digital services have not been met in some areas, the Director accepted that Chorus had brought forward rollout in other areas in advance of the set targets. Subject to delivery by Chorus on commitments made as outlined in that paper, the Director indicated her willingness to agree to the rollout programme as proposed by Chorus.

2.3.2 Views of Respondents

Twenty-three respondents commented on the rollout of digital services of which fourteen were critical of Chorus. In particular they displayed a lack of confidence in Chorus to deliver based on their experience with Chorus' analogue services and Chorus' (and predecessors) record in delivering on commitments. Other respondents believed that the wait in some areas was unacceptable.

2.3.3 Position of Director

In response to those respondents who questioned Chorus' commitment to meet its digital rollout obligations, it should be noted that the total rollout achieved to date exceeds the aggregate of the individual licence targets and that the new rollout obligations maintain the overall aggregate of targets as originally set.

The Director acknowledges that the revised schedule will involve longer delays for some subscribers. However, the timing of introducing such services has been changed to make the process as efficient as possible. Chorus has stated that as with other companies in the communications industry it has been affected by the general downturn in the industry particularly as regards capital availability. It has now agreed revised digital rollout targets with the Director.

Chorus' cable/MMDS licences will be amended to reflect the revised rollout targets as outlined in ODTR 01/63. Compliance with the revised rollout targets will be a condition attaching to the price increase.

2.4 Network Upgrade

2.4.1 Summary of Consultation Issues

As outlined in ODTR 01/63, in conjunction with the ODTR, Chorus devised a strategy to deal with the first phase of remedial work in 2001 (see Appendix 5 of ODTR 01/63), and to agree a programme

in December 2001 to deal with the remaining networks. Chorus' shareholders have assured the ODTR that this remedial programme is in addition to the ongoing HFC (Hybrid Fibre Co-ax) upgrade.

2.4.2 Views of Respondents

As stated in Section 2.1.2, over seventy percent of respondents raised network related issues.

Twenty of the twenty-two respondents who commented on this issue agreed that the improvement of network service quality merited particular attention. Of those who disagreed, one was on the basis that his area was not included among the areas earmarked for attention in the first phase, while the other objection referred to poor work practices.

Of those who supported the initiative, a number were sceptical of Chorus' ability to deliver and one suggested that the penalty should be higher than 10%.

2.4.3 Position of Director

Chorus has invested a considerable sum in updating its network backbone, which not only benefits digital MMDS customers but also analogue cable customers where such systems are supplied by the backbone (e.g. Navan and Celbridge). Where the work is completed it, it has led to a considerable improvement in picture quality as the vagaries of local reception at each system headend will no longer apply. There has been further investment in the ongoing programme to convert the trunk cable networks to HFC (Hybrid Fibre Co-ax) and a number of areas have already been completed, including Swords/Malahide, Kilkenny, Thurles, Tipperary, Clonmel, Cork and Ballina.

The Director accepts that some customers will be dissatisfied because their area is not included in the first phase of the remedial programme, but considers that it is more important that the whole programme be scheduled and delivered within a relatively short period of time rather than to spend time on considering changes in the order in which the work is done. The Director requires that the remedial programme be completed by the end of September 2002, with all systems meeting the technical conditions laid down in the licences by that date. In the event that the programme is not completed by the due date, a reduction of 10% of the prices will be required in any licensed area not completed, and will only be restored when that system(s) meets the technical conditions.

2.5 Pricing Proposals

2.5.1 Summary of Consultation Issues

As outlined in ODTR 01/63, Chorus proposed price changes of up to a maximum level of 29%. It was also proposed that some existing prices would not change. The average increase over the entire

customer base was 14%. The increase in monthly prices proposed for cable services ranged from £1.00 to £3.96, with actual monthly prices ranging from £9.50 in Buncrana to £18.00 in Cork City and Shannon. In MMDS areas, where the monthly charge was £18.50, no change was proposed. The MMDS areas in which the monthly charge was previously £13.50, would rise by £2.50 to £16.00 under Chorus' proposals. And areas where the monthly charge was previously £12.25 would rise by £2.75 to £15.00 under Chorus' proposals.

2.5.2 Views of Respondents

Just over half (52%) of respondents disagreed with the proposed prices, with 42% conditionally supporting a price increase. Seven respondents agreed fully with the pricing proposals.

Many of those who disagreed with the pricing proposals did so for the reasons outlined in Section 2.1.2.

Most of those who agreed conditionally with the proposals maintained that Chorus should be required to improve the service before it receives approval for any price increase. Others stated that they would support the proposed increase if certain named channels were available, while others' support was subject to the availability of the bundled services they had signed up for.

A number of respondents argued that the proposed price increases were excessive, especially for the less well off in society, such as OAPs, and suggested using either CPI or the rate regulation mechanism to determine the increase.

2.5.3 Position of Director

Chorus' response and the Director's position in relation to the service related issues are dealt with in 2.1.3.

The Director has drawn Chorus' attention to the fact that the increases proposed may create difficulties for some customers, particularly those on fixed incomes. She notes that Chorus has maintained certain discounts for existing OAP customers and has limited the impact of the increase. The decision to provide discounts for certain categories of customers is a matter for Chorus.

Having considered the views of respondents, Chorus' response to points raised, the progress Chorus has made in resolving those issues, taking account of the commitments given to the ODTR, and the position of Chorus and the television distribution market, the Director has decided to approve the

proposed prices for Chorus' cable and MMDS services with a number of conditions attached. These are discussed in Section 3.

3 CONCLUSIONS

In arriving at her decision on Chorus' application for a price increase, the Director has considered the views received in the course of this consultation, the information supplied by Chorus in its application, a review of Chorus' compliance with its licence obligations carried out by the ODTR during the consultation period, the position of Chorus and the television distribution market generally.

3.1 Reasons for Approving Increase

The report above outlines the issues. In summary the key points are:

Chorus has proposed to focus initial maintenance efforts on the ten areas agreed in Appendix 5 of the consultation (ODTR 01/63) and this programme is to be completed by the end of 2001. Chorus also agreed to implement a programme to restore all networks to meet the quality standards set out in the licences by the end of the third quarter of 2002. In some cases this may require the implementation of a routine maintenance plan; in others it will require significant replacement of cable plant.

The intermittent loss of sound on the digital satellite services on various networks has been traced to faulty consumer grade set-top boxes used at system headends. In most cases these have been replaced by professional grade set-top boxes, eleven boxes are currently outstanding and will be installed and operational by the 19th of October 2001.

Chorus has indicated to the ODTR that it has increased the number of staff in its customer service centre from 70 to 120. An Interactive Voice Response system has been provided together with other technological aids. Staff have undergone a period of intensive training. As a result, Chorus has stated that the average call response times have improved from 142 seconds to 27 seconds. Chorus has a target of improving this to less than 15 seconds. Chorus states that the Customer Service Centre and Field Operations (installation repair and maintenance) are now highly integrated with a considerable improvement in service call response time. 93% of service calls are now dealt with on or before the date agreed with customers. As noted in Section 2.1.3, the ODTR requires Chorus to institute some changed procedures to better address complaints and faults.

3.2 Approved Prices

The approved prices for each of Chorus' cable and MMDS licensed areas are detailed in Appendix II.

All prices shown include VAT at 20% and take account of licence fee at 3.5%. Any adjustment to these rates will necessitate an automatic adjustment in final prices.

A standard discount equivalent to 50p per month will apply to all customers who chose to pay by Direct Debit. Chorus will also apply a discount of £18 per year to customers who pay annually. This is in addition to the discount for direct debit. As a result, customers who chose to pay annually by direct debit instead of monthly cash payments can effect a saving equivalent to £2.00 per month.

In the case of OAPs, the Director recognises that discounts offered in these categories are voluntary on the part of Chorus and decisions on whether to offer such a discount must be taken by the company exercising its commercial judgement. As outlined in ODTR 01/63, a decision to introduce standard OAP discounts in all areas with immediate effect would require increases greater than requested for other categories of customers. Chorus will retain OAP discounts for customers currently on this rate.

3.3 Conditions attaching to the Approval

As outlined in ODTR 01/63, the Director was minded to consider Chorus' application outside of the rate regulation mechanism subject to the following conditions:

Approval of the price increase application should be subject to the following conditions:

- ✧ Make available digital services in all its cable/MMDS licensed areas by 2004 in accordance with the terms of its licence (rollout terms to be amended as indicated in Appendix III);
- ✧ Introduce standard packaging of basic analogue service in terms of the minimum number of programme services by the end of 2002 in all cable systems (see Appendix IV);
- ✧ By end 2001, completion by Chorus of the first phase of the network rectification programme and the agreement of a programme to restore all networks to licence standard;
- ✧ Completion of the agreed programme to restore all networks to meet the quality standards set out in the licences by the end of the third quarter of 2002;
- ✧ Implement the agreed code of practice for handling consumer complaints;
- ✧ Institute changed procedures to ensure that all complaints and fault reports are followed up. Chorus has agreed to implement this with immediate effect;
- ✧ Provide data to allow the ODTR to measure performance of specific customer service related parameters. The ODTR will publish results on a regular basis;
- ✧ Provide separated accounts within a time-scale to be proposed by the ODTR, in a form provided by the ODTR in respect of its current financial year and each subsequent year.

The Director's approval of Chorus' proposed prices as outlined in Appendix II is subject to Chorus' compliance with the above conditions.

If these conditions are not met by the dates indicated above, the Director will require a 10% reduction in the new standard rate until the conditions above are fully complied with. If the deadline for network rectification is missed, a reduction of 10% of the prices will be required in the licensed area not completed and will only be restored when that system meets the technical conditions.

The shareholders in Chorus have given the Director commitments to finance and implement the programme as set out above. As noted in Section 2.1.3, the company has agreed to a shortening of the in-platform exclusivity period to the 1st March 2002 which will facilitate competition in the television distribution market. The ODTR intends to issue a consultation paper on licensing for television distribution in a market without in-platform exclusivity, with a view to establishing a new licensing regime in early 2002.

As indicated in ODTR No 01/63, the Director intends to review competition in the television distribution market in mid/second half of 2002. This will, inter alia, consider the future of price control, whether the existing formula should be maintained or revised/replaced, and/or whether adjustments should be made to reduce or remove rate regulation.

APPENDIX I: LIST OF RESPONDENTS

1.	Michael O’Sullivan	Tower, Cork
2.	John A. Foley	Wilton, Cork
3.	David Ellis	Drinagh, Co. Cork
4.	Mary Walden	Cork
5.	Tony Clifford	Cork
6.	Valerie M. Cahill	Beaumont, Cork
7.	Pat Ryan	Cork
8.	Michael Gilligan	Glounthaune, Co. Cork
9.	William Hennessy	Wilton, Cork
10.	Martin Doherty	Cork City
11.	Anne Weldon	Douglas Road, Cork
12.	Nora O’Donovan	Ballinlough, Cork
13.	Howard Leahy	Cork
14.	Michael Ellard	Cork
15.	Fiona Murray	Cork
16.	John Quigley	Douglas, Cork
17.	Donal Duggan	Montenotte, Cork
18.	Marian Daly	Glanmire, Co. Cork
19.	Mary Hegarty	Tivoli, Cork
20.	Michael McCarthy	Ballintemple, Cork
21.	Gary Cremin	Douglas, Cork
22.	Chris Lynch	Wilton, Cork
23.	Nicholas Hughes	Lotamore, Cork
24.	Celia Boyton	Blackrock, Cork
25.	Ray C Kendall	Cork
26.	Ray Fitzgerald	Douglas, Cork

27.	Stephen Sheehan	Midleton, Co. Cork
28.	Declan Davis	Cork
29.	G Farrar	Douglas, Cork
30.	Anthony Lehane	Douglas, Cork
31.	John O'Riordan	Bishopstown, Cork
32.	John Cronin	Togher, Cork
33.	Bernard Cotter	Douglas, Cork
34.	Richard Peard	Cork
35.	Ted Law	Montenotte, Cork
36.	Michael F O'Sullivan	Douglas, Cork
37.	Rosemarie Brickley	Inchigeela, Co. Cork
38.	Ray Donnelly	Ballintemple, Cork
39.	John Butler	Blackrock, Cork
40.	Jim Cuddy	Carlow
41.	Jimmie Ryan	Ardnacrusha, Co. Clare
42.	Peter White	Ennis, Co. Clare
43.	Frank Murphy	Dublin 16
44.	Office of the Director of Consumer Affairs	
45.	Jim Graham	Malahide
46.	W J Murphy	Malahide
47.	Gerard Boyle	Malahide
48.	Michael Lynch	Malahide
49.	Colm O hAonghusa	Malahide
50.	Ard na Mara Residents' Association	Malahide
51.	Charles & Stephen Farrell	Malahide
52.	Austin O'Dowd	Malahide
53.	F Timmins	Malahide

54.	Michael Dowling	Malahide
55.	Michael Delaney	Malahide
56.	Desmond Furlong	Killarney, Co. Kerry
57.	John B Baily	Tralee, Co. Kerry
58.	Eileen Driscoll	Killarney, Co. Kerry
59.	P J Grogan	Naas, Co. Kildare
60.	Gerard Gleeson	Naas, Co. Kildare
61.	John Caulfield	Naas, Co. Kildare
62.	Sean O'Boyle	Naas, Co. Kildare
63.	Sinead Murphy	Maynooth, Co. Kildare
64.	Richard Sullivan	Clane, Co. Kildare
65.	Peter Coogan	Celbridge, Co. Kildare
66.	Fergal Keating	Naas, Co. Kildare
67.	National Council for the Blind of Ireland	
68.	Donal Corcoran	Naas, Co. Kildare
69.	Kitty Sweeney	Kilkenny City
70.	Joe Tuohy	Kilkenny
71.	Geraldine Holohan	Castlecomer, Co. Kilkenny
72.	Veronica Colclough	Kilkenny city
73.	Owen Kelly	Portlaoise, Co. Laois
74.	Charles Flanagan T.D.	Portlaoise, Co. Laois
75.	B Phelan	Portlaoise, Co. Laois
76.	Bruce Wallace	Abbeyleix, Co. Laois
77.	John T Hassett	Ballinacurra, Limerick
78.	Thomas McKeon	Glin, Co. Limerick
79.	Gerry Madden	Patrickswell, Co. Limerick
80.	Brian Barry	Limerick city
81.	Niall Greene	Lisnagry, Co. Limerick

82.	Aine Costelloe	Raheen, Limerick	
83.	Cian O'Carroll	Limerick city	
84.	Mark McCutcheon	Limerick city	
85.	Pat Phelan	Castleroy, Limerick	
86.	Patrick Gleeson	Corbally, Limerick	
87.	Teresa Roland	Corbally, Co. Limerick	
88.	Joe Conmy	Ballina, Co. Mayo	
89.	Helen Regan	Trim, Co Meath	[Included 81 signatures]
90.	J J Phelan	Tullamore, Co. Offaly	
91.	Charleville View Residents' Association	Tullamore, Co. Offaly	
92.	Eddie Quinn	Tullamore, Co. Offaly	
93.	Aiden Maloney	Tullamore, Co. Offaly	
94.	Mary Flynn	Sligo	
95.	Eamonn Grennan	Dunally, Co. Sligo	
96.	William Tobin	Clonmel, Co. Tipperary	
97.	Eamonn Madden	Thurles, Co. Tipperary	
98.	John Gilmartin	Nenagh, Co. Tipperary	
99.	Peter Hogan	Clonmel, Co. Tipperary	
100.	Sheila Kendrick	Thurles, Co. Tipperary	
101.	John Ryan	Cahir, Co. Tipperary	
102.	N Gallivan	Ballinahow, Co. Tipperary	
103.	John McGinley	Nenagh, Co. Tipperary	
104.	G Connaughton	Thurles, Co. Tipperary	
105.	Anne Wallace	Nenagh, Co. Tipperary	
106.	Dan Gallagher	Thurles, Co. Tipperary	
107.	John Fogarty	Thurles, Co. Tipperary	
108.	Achille Orlandi	Thurles, Co. Tipperary	

109.	Liam Moore	Grange, Co. Waterford
110.	Michael O’Leary	Lismore, Co. Waterford
111.	Gary Moss	Mullingar, Co. Westmeath
112.	Leo Nolan	Athlone, Co. Westmeath
113.	St Kieran’s Tce & Coosan Rd Residents Association,	Athlone, Co. Westmeath
114.	Emiel Heynen	New Ross, Co. Wexford
115.	Frank Flanagan	Mulgannon, Co. Wexford
116.	Adrian O’Connor	New Ross, Co. Wexford
117.	Jim Collins	New Ross, Co. Wexford
118.	Bob Hoffman	Wicklow Town
119.	Leo Cullen	Wicklow Town
120.	Fintan Graham	Greystones, Co. Wicklow
121.	Eddie O’Donnell	Greystones, Co. Wicklow
122.	Tomás & Carmel MacConraoí	Greystones, Co. Wicklow
123.	Brian Griffin	Greystones, Co. Wicklow
124.	Gillian Mooney	Wicklow Town
125.	Marie Molloy	Greystones, Co. Wicklow
126.	Anthony McCarthy	Arklow, Co. Wicklow
127.	Laurence G O’Connor	Wicklow Town
128.	Daniel Cussen	Wicklow Town
129.	Mark Grantham	Greystones, Co. Wicklow
130.	James O’Neill	Arklow, Co. Wicklow
131.	Michael Byrne	Arklow, Co. Wicklow
132.	John & Edna Hudson	Arklow, Co. Wicklow
133.	Peter Bradshaw	Dublin 16
134.	Eoin McMahon	Ennis, Co. Clare
135.	John Murphy	Tulla, Co, Clare
136.	eircom	

APPENDIX II: APPROVED PRICES BY LICENCE AREA

I - Cable

Area	Category of payment	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Cork City Cappoquin, Tallow & Lismore	Annual	£159.96	£198.00	251.48	£38.04	24%
	Quarterly	£44.49	£53.25	67.61	£8.76	20%
	Monthly	£15.35	£18.00	22.86	£2.65	17%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Limerick	Annual	£126.96	£162.00	205.70	£35.04	28%
	Quarterly	£38.61	£49.50	62.85	£10.89	28%
	Monthly	£13.54	£17.50	22.22	£3.96	29%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Shannon	Annual	£147.00	£186.00	236.17	£39.00	27%
	Quarterly	£42.03	£54.00	68.57	£11.97	28%
	Monthly	£14.74	£18.00	22.86	£3.26	22%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Ennis	Annual	£138.96	£174.00	220.93	£35.04	25%
	Quarterly	£42.42	£47.25	60.00	£4.83	11%
	Monthly	£14.74	£16.00	20.32	£1.26	9%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Athy	Annual	£86.88	£108.00	137.13	£21.12	24%
	Quarterly	£25.65	£33.00	41.90	£7.35	29%
	Monthly	£9.00	£11.50	14.60	£2.50	28%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Portarlinton	Annual	£86.88	£108.00	137.13	£21.12	24%
	Quarterly	£25.65	£30.75	39.04	£5.10	20%
	Monthly	£9.00	£10.50	13.33	£1.50	17%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Ballina	Annual	£123.00	£150.00	190.46	£27.00	22%
	Monthly	£12.15	£14.00	17.78	£1.85	15%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Buncrana	Annual	£75.72	£96.00	121.89	£20.28	27%
	Monthly	£8.00	£9.50	12.06	£1.50	19%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Donegal	Annual	£94.80	£120.00	152.37	£25.20	27%
	Monthly	£9.00	£11.50	14.60	£2.50	28%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Sligo	Annual	£126.48	£162.00	205.70	£35.52	28%
	Monthly	£12.60	£15.00	19.05	£2.40	19%
Maynooth						
Kildare						
Celbridge						
Athlone						
Mullingar						
Tullamore						
Ashbourne						
Carlow						
Swords						
Malahide						
Portlaoise						

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Newbridge	Annual	£112.44	£144.00	182.84	£31.56	28%
	Monthly	£11.20	£13.50	17.14	£2.30	21%
Navan						
Naas						
New Ross						
Wicklow						
Arklow						
Enniscorthy						
Greystones						

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Tullow Rush Dundrum Rathnew	Annual	£90.96	£114.00	182.84	£23.04	25%
	Monthly	£9.00	£11.00	17.14	£2.00	22%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Clonmel	Annual	£118.92	£150.00	190.46	£31.08	26%
	Monthly	£12.50	£14.00	17.78	£1.50	12%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Kilkenny	Annual	£114.96	£144.00	182.84	£29.04	25%
	Monthly	£12.50	£13.50	17.14	£1.00	8%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Thurles	Annual	£126.00	£156.00	198.08	£30.00	24%
	Monthly	£12.50	£14.50	18.41	£2.00	16%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Tipperary	Annual	£109.92	£138.00	175.22	£28.08	26%
	Monthly	£12.00	£13.00	16.51	£1.00	8%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Cashel	Annual	£111.96	£144.00	182.84	£32.04	29%
	Monthly	£12.00	£13.50	17.14	£1.50	13%

Cable (unlicensed areas)

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Kilcullen	Annual	£86.72	£108.00	137.13	£21.28	25%
	Monthly	£9.00	£10.50	13.33	£1.50	17%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Kilberry Ballinasloe	Annual	£86.88	£108.00	137.13	£21.12	24%
	Monthly	£9.00	£10.50	13.33	£1.50	17%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Slane Trim	Annual	£99.96	£126.00	160.00	£26.04	26%
	Monthly	£10.60	£12.00	15.24	£1.40	13%

II- MMDS

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Kilkenny <i>(Former Suir Nore)</i>	Annual	£139.92	£174.00	220.93	£34.08	24%
	Monthly	£13.50	£16.00	20.32	£2.50	19%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Limerick Kildare Offaly Northeast Tralee Roscommon Wexford Wicklow /Newbridge Cork Bantry <i>(Former Irish Multichannel)</i>	Annual	£178.92	£204.00	259.03	£25.08	14%
	Quarterly	£52.71	£54.75	69.52	£2.04	4%
	Monthly	£18.50	£18.50	23.49	£0.00	0%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Donegal Sligo <i>(Former CMI)</i>	Annual	£129.00	£162.00	205.70	£33.00	26%
	Monthly	£12.25	£15.00	19.05	£2.75	22%

APPENDIX III: REVISED DIGITAL ROLLOUT SCHEDULE

Cable

Licensed Area	Revised deadline for completion	Licence deadline for completion	Licensed Area	Revised deadline for completion	Licence deadline for completion
1. Arklow	Q1, 2003	66% by Q1 2002 Complete by Q1 2003	21. Portlaoise	Q1, 2004	Complete by Q1 2004
2. Ashbourne	2004	Complete by Q1 2004	22. Sligo	Q1 2003 (80%) Complete in 2004	80% by Q1 2003 Complete by Q1 2004
3. Athlone	Q4, 2002	80% by Q1 2003 Complete by Q1 2004	23. Swords	Q4, 2001	50% by Q1 2001 Complete by Q1 2002
4. Ballina	Q1, 2003 (80%) Complete in 2004	80% by Q1 2003 Complete by Q1 2004	24. Tullamore	Q1, 2003	80% by Q1 2003 Complete by Q1 2004
5. Buncrana	2004	Complete by Q1 2004	25. Tullow	Q1, 2004	Complete by Q1 2004
6. Carlow	Q1, 2003	80% by Q1 2002 Complete by Q1 2003	26. Wicklow	Q1, 2003	76% by Q1 2002 Complete by Q1 2003
7. Castlebar	Q1 2003 (80%) Complete in 2004	82% by Q1 2003 Complete by Q1 2004	27. Athy	Q1, 2004	Complete by Q4 2003
8. Celbridge	2004	80% by Q1 2001 Complete by Q1 2002	28. Cappoquin, Lismore, Tallow	Q1, 2004	Complete by Q4 2003
9. Donegal	2004	Complete by Q1 2004	29. Cork City	15% at present, Complete in Q1, 2002	33% by Q4 2001 66% by Q4 2002 Complete by Q4 2003
10. Dundrum	2004	Complete by Q1 2004	30. Ennis	Q1, 2004	20% by Q4 2002 Complete by Q4 2003
11. Enniscorthy	2004	Complete by Q1 2004	31. Limerick	Q2, 2002 (25%) Complete in Q4, 2002	33% by Q4 2001 66% by Q4 2002 Complete by Q4 2003
12. Greystones	Q1, 2003	80% by Q1 2002 Complete by Q1 2003	32. Nenagh*	Nil	Complete by Q4 2003
13. Kildare	2004	80% by Q1 2002 Complete by Q1 2003	33. Portarlington	Q1, 2004	Complete by Q4 2003
14. Malahide	Q3, 2001	50% by Q1 2000 Complete by Q1 2001	34. Shannon	Q1, 2003	26% by Q4 2002 Complete by Q4 2003
15. Maynooth	Q1, 2003	80% by Q1 2001 Complete by Q1 2002	35. Cashel	Q1, 2004	72% by Q1 2002 78% by Q1 2003 Complete by Q1 2004
16. Mullingar	Q1 2003 (80%) Complete in 2004	77% by Q1 2003 Complete by Q1 2004	36. Clonmel	Q1, 2003	72% by Q1 2002 78% by Q1 2003 Complete by Q1 2004
17. Naas	Q1, 2003	80% by Q1 2001 Complete by Q1 2002	37. Kilkenny	50% at present Complete in Q4, 2002	67% by Q1 2002 73% by Q1 2003 Complete by Q1 2004
18. Navan	Q1, 2004	Complete by Q1 2004	38. Thurles	Complete at present	80% by Q1 2002 88% by Q1 2003 Complete by Q1 2004
19. New Ross	Q1, 2004	Complete by Q1 2004	39. Tipperary	Q1, 2004	90% by Q1 2002 95% by Q1 2003 Complete by Q1 2004
20. Newbridge	Q1, 2003	57% by Q1 2002 Complete by Q1 2003			

MMDS

MMDS Cell	Revised deadline for completion	Licence deadline for completion
40. Cells 1, 2, 3 & 6 <i>N West</i>	Q1, 2004	Complete by Q1 2004
41. Cells 25, 26, 28, 19 <i>Cork</i>	Complete at present	43% by Q4 2002 Complete by Q4 2003
42. Cells 17, 22, 23 <i>Wicklow</i>	Q1, 2003	16% by Q4 2001 19% by Q4 2002 Complete by Q4 2003
43. Cells 18, 19, 24 <i>Limerick/Clare</i>	60% complete at present. Complete Q1, 2003	99% by Q4 2002 Complete by Q4 2003
44. Cells 10, 11, 14 & 15 <i>Midlands</i>	Q3, 2002 (30%) Q4, 2002 (60%) Complete Q1, 2003	36% by Q4 2001 97% by Q4 2002 Complete by Q4 2003
45. Cells 7, 8, 9 & 12 <i>N East</i>	85% complete at present. Complete Q1, 2003	80% by Q4 2001 82% by Q4 2002 Complete by Q4 2003
46. Cells 20 & 21 <i>Tipperary, Carlow, Kilkenny</i>	35% complete at present. Complete Q1, 2003	87% by Q1 2002 93% by Q1 2003 Complete by Q1 2004

APPENDIX IV: STANDARD ANALOGUE PACKAGES

As outlined in Section 2.2.3, Chorus will standardise programme offerings in the basic package across its cable licensed areas by the end of 2002. In the larger systems (450 MHz and higher), 17 channels or greater will be offered and in the smaller cable systems (up to 450MHz), there will be 16 channels in the basic analogue package.

Licensed Area	No. of Channels	Licensed Area	No. of Channels
1. Arklow	16	21. Portlaoise	16
2. Ashbourne	16	22. Sligo	16
3. Athlone	17	23. Swords	16
4. Ballina	17	24. Tullamore	16
5. Buncrana	16	25. Tullow	16
6. Carlow	16	26. Wicklow	16
7. Castlebar	16	27. Athy	16
8. Celbridge	16	28. Cappoquin, Lismore, Tallow	16
9. Donegal	16	29. Cork City	17
10. Dundrum	16	30. Ennis	16
11. Enniscorthy	16	31. Limerick	17
12. Greystones	16	32. Portarlinton	16
13. Kildare	17	33. Shannon	16
14. Malahide	17	34. Cashel	16
15. Maynooth	16	35. Clonmel	16
16. Mullingar	16	36. Kilkenny	16
17. Naas	16	37. Thurles	16
18. Navan	16	38. Tipperary	16
19. New Ross	16		
20. Newbridge	16		