



Commission for
Communications Regulation

Decision Notice and Direction

Decision Notice and Direction in Relation to eircom Order Handling Charges for Wholesale Line Rental for 2003/04 onwards

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Wholesale Line Rental for 2003/04 onwards

Contents

1	Foreword.....	2
2	Introduction	3
3	Draft Direction and Responses.....	4
3.1	DRAFT DIRECTION ISSUED IN CONSULTATION PAPER 04/15	4
3.2	RESPONSES TO DRAFT DIRECTION	4
3.2.1	<i>Views of Respondents</i>	4
3.2.2	<i>ComReg's Position</i>	5
	Appendix A – List Order Handling Charges	7

1 Foreword

In ComReg Consultation Paper 04/15 – Consultation and Draft Direction in Relation to eircom Interim Order Handling Charges for Wholesale Line Rental (‘WLR’) for 2003/04 onwards, the Commission for Communication Regulation, (‘ComReg’) issued a draft direction whereby eircom would set the charge in relation to WLR Order Handling on a retail minus basis. Eircom were also directed to submit costs in relation to these charges for review by ComReg.

In relation to Consultation Paper 04/15, six responses were received from the following parties:-

- Alto
- Smart Telecom
- Vartec
- Esat BT
- Silvertel
- eircom

Set out in this document are extracts from the responses received to the draft direction in Consultation Paper 04/15.

Further to the issuing of the draft direction, ComReg received a costing submission from eircom which has now been reviewed in detail. This review included a visit to the eircom Order Handling site in Co Mayo by members of ComReg staff to assess the reasonableness of the process in the calculation of the charges. Having considered the responses to the draft direction and completed the review, ComReg is of the opinion that the most recent submission of charges by eircom is appropriate and should be implemented immediately. As such, it is not felt necessary to have an interim regime on the retail minus basis as proposed in Consultation Paper 04/15. Please see the list of these charges as submitted by eircom on the 27th February 2004 in Appendix A.

ComReg wishes to thank all the respondents to the consultation for their help in assisting on the review of the WLR Order Handling process. The responses are available for inspection at ComReg’s offices, excluding confidential material that respondents specifically asked not to be published.

John Doherty,
Chairperson, Commission for Communications Regulation

2 Introduction

In Consultation Paper 04/15, ComReg sought to revise the current WLR Order handling Charges as published in Document 03/122 to reflect the change from a manual order handling system to the current partially automated system put in place by eircom. Due to the lack of information, in particular a costing submission from eircom with charges updated for the change in the process, ComReg proposed to replace the charges relating to the manual process with a retail-minus regime, as an interim measure, until such time as a submission was received by eircom and agreed by ComReg as being reasonable.

ComReg have subsequently received a costing submission from eircom and have reviewed this submission together with a site visit to the eircom Order Handling premises in Co Mayo.

In the original Decision Notice and Direction 04/32 ComReg published the eircom summary table of charges as submitted, however eircom have since drawn it to our attention that the wording of this document was not accurate and stated in row 4 and 5 that the charge was including connection to CPS whereas in fact it is exclusive of CPS for new customers. Appendix A of this document has been amended to reflect this.

3 Draft Direction and Responses

3.1 Draft Direction issued in Consultation Paper 04/15

The text of the draft direction was as follows:-

“Eircom are directed to charge retail minus the agreed Wholesale Line Rental (‘WLR’) margin, currently set at 8.5% to give €9.16 per WLR account ordered with effect from the date of the direction. The charge will be amended according to any change in the WLR margin of 8.5%. Eircom are further directed to submit costs in relation to these charges that are in accordance with the legal obligations imposed on eircom under Regulation 8 of S.I. No. 305 of 2003 the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2003 (‘the Access Regulations’) by 27 February 2004. Eircom shall comply with these directions.”

These directions were issued under the provisions of Regulation 8 and Regulation 17 of S.I. No. 305 of 2003 the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2003 (‘the Access Regulations’).

ComReg requested responses on whether it should proceed with the above directions with detailed explanation as to why it should or should not.

3.2 Responses to Draft Direction

3.2.1 Views of Respondents

There was a varied response to the direction with some operators agreeing and some disagreeing with the proposed direction. Overall however, there was a belief that the current charging system required amendment to reflect the changes to the order handling process and to ensure that the WLR service is commercially attractive to new entrants so that verifiable competition is introduced into this sector of the market. Some of the main observations were as follows:-

One operator was concerned with setting interim rates which would be subject to change and as such urged the Commission to set final charges as soon as possible. They also welcomed the decision to apply the charge to the movement of an entire account rather than an individual CLI.

Other operators did not believe that the retail minus proposal went far enough to create a more cost orientated handling charge and as such would prefer the Commission to base the charge on the review of the cost submission once received from eircom.

Another operator welcomed the direction and believed that the level of the charge directed will allow for initial competition within the market and that ComReg should

Decision Notice and Direction in relation to eircom Order Handling Charges for Wholesale Line Rental for 2003/04 onwards

proceed with the direction. However, those operators also believed that further reductions in the charges will need to occur to encourage further competition in the market and more choice to consumers.

The response from eircom was marked “Confidential and Commercially sensitive” in its entirety and as such, no comments are available for publication.

3.2.2 ComReg’s Position

ComReg has received a cost submission from eircom since publication of the draft direction and has reviewed it in detail. This review included a site visit to where the order handling will take place. It was noted during this review that the current process is not fully automated and does require a certain level of manual intervention. As part of this review we received a full ‘walk through’ of the process from eircom and we are now satisfied that the charges in Appendix A are cost orientated and appropriate to the level of variable cost input required in processing orders from another operator, through the order handling process as currently implemented. As such, the proposed draft direction is superseded by this cost submission and is no longer appropriate. ComReg will now accept the eircom proposal with one minor amendment.

Eircom has indicated that it proposes to charge for Line Status Enquiries, but it has not been able to include a costing in its submission. Given the prospect of further uncertainty and delay, and bearing in mind that, as demonstrated to the ComReg review team, the facility will frequently be processed automatically, ComReg considers that this facility should be provided as part of the overall service and not charged for separately.

ComReg recognises operator’s concern that final prices should be set so as to provide certainty in the marketplace and as such have directed eircom to set the charges in Appendix A as final up to 30 September 2004 at which point a further review will be made as it is aware that the product and its processes continue to evolve rapidly. The partially-automated order handling process currently implemented by eircom represents a reasonable adaptation of eircom’s existing processes supporting its retail operations to provide a wholesale capability given current expectations for the product. However, practical operation of the service may necessitate further development of the order handling process, and ComReg considers that a further review of this process will be required once the SB-WLR process is in live operation.

Direction

In furtherance of this Decision and for the purpose of further specifying requirements relating to obligations imposed on eircom, eircom is directed to update the Reference Interconnect Offer schedule of charges with the WLR Order Handling Charges submitted to ComReg on 27 February 2004 as final rates. The WLR Order Handling Charges are set out in Appendix A to this paper (with the exception of the charge for line status enquiry which will form part of the overall service). These charges will be applicable from the effective date of this direction up to and including the 30th September 2004. This direction is issued pursuant to the provisions of Regulation 8 and Regulation 17 of S.I. No. 305 of 2003 the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2003.

The effective date of this direction is its publication date.

Appendix A – List Order Handling Charges

The following charges were submitted by eircom on the 27th February 2004.

Service	Charge in EURO
SB-WLR Sign-up Single Line Account Order Acceptance Validation and Notification	9.05
SB-WLR Sign-up Multiple Line Account Order Acceptance Validation and Notification	14.00
SB-WLR Sign-up Single Line Account Order Acceptance Validation and Notification (excluding connection to CPS)*	9.05
SB-WLR Sign-up Multiple Line Account Order Acceptance Validation and Notification (excluding connection to CPS)*	14.00
SB-WLR Sign-up Single Line Customer of other CPSO Order Acceptance Validation and Notification	9.05
SB-WLR Sign-up Multiple Line Customer of other CPSO Order Acceptance Validation and Notification	14.00
SB-WLR Sign-up Orders Failing Validation	1.22
SB-WLR Cease Orders for Single Line Account	5.04
SB-WLR Cease Orders for Multiple Line Account	6.69
Single Line SB-WLR Customer Reverts to CPS	4.77
Multiple Line SB-WLR Customer Reverts to CPS	6.43

*All calls CPS for customers who are not already in receipt of this service.

Direction

In furtherance of this Decision and for the purpose of further specifying requirements relating to obligations imposed on eircom, eircom is directed to update the Reference Interconnect Offer schedule of charges with the WLR Order Handling Charges submitted to ComReg on 27 February 2004 as final. The WLR Order Handling Charges are set out in Appendix A to this paper (with the exception of the charge for line status enquiry which will form part of the overall service). These charges will be applicable from the effective date of this direction up to and including the 30th September 2004. This direction is issued pursuant to the provisions of Regulation 8 and Regulation 17 of S.I. No. 305 of 2003 the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2003.

The effective date of this direction is its publication date.