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Eircom requests funding for Universal Service

Eircom has submitted an application to ComReg for the establishment of a fund, for what it claims are the net costs of meeting its Universal Service Obligations. Under the provisions of European and national law, ComReg is legally obliged to conduct a public consultation on this request by Eircom.

The universal service in Ireland consists of the provision of a defined minimum set of telephone services to all end-users. In July, 2006, Eircom was designated as the universal service provider in the State for a period of four years.

In cases where it is clearly demonstrated that the universal service obligation gives rise to a net cost which represents an unfair burden, EU law obliges Member States to establish mechanisms for financing the net cost of universal service obligations. Under national law ComReg is required to give consideration to such requests.

However, before ComReg commences any assessment of the substance of Eircom's request, two preliminary matters must be addressed. First, ComReg must define the relevant period for which the issues of any net costs ought to be examined. Once that is done, ComReg will then be in a position to specify the relevant costing information which will be required from Eircom in order to examine its request. Second, ComReg believes that clarity in relation to the procedures for any future funding requests should be introduced.

Until these two preliminary matters are addressed satisfactorily, ComReg does not propose to address the question of whether or not there may be any net costs arising for Eircom in the provision of its universal service obligations or whether this represents an unfair burden on Eircom. These matters will be examined by ComReg at a later date.

In summary, ComReg's preliminary views are that the relevant date for assessing Eircom's current application for funding should be its most recent financial period, commencing on 1 April, 2006, but not earlier. Furthermore, ComReg is of the preliminary view that any future requests for funding should be submitted on an annual basis, upon completion of audited accounts and that the relevant period for assessing such a request should be the financial period immediately preceding it.

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Issued By

Tom Butler Public Affairs Manager, ComReg

Ph: 01 804 9639 Mobile: 087 2536358

tom.butler@comreg.ie