Emergency Call Answering Services

Call Handling Fee review 2013-2014

Consultation and Draft Determination

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An Coimisiún um Rialáil Cumarsáide
Commission for Communications Regulation
Abbey Court Irish Life Centre Lower Abbey Street Dublin 1 Ireland
Telephone +353 1 804 9600 Fax +353 1 804 9680 Email info@comreg.ie Web www.comreg.ie

Additional Information

All responses to this consultation should be clearly marked :- "Submissions to ComReg 12/112", and sent by post, facsimile or email, or submitted on-line at www.comreg.ie (current consultations), to arrive on or before 16 November 2012, to:
Michelle O'Donnell **Commission for Communications Regulation** **Irish Life Centre** **Abbey Street** **Freepost** **Dublin 1** **Ireland** Ph: +353-1-8049600 Fax: +353-1-8049680 Email: retailconsult@comreg.ie michelle.odonnell@comreg.ie

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Content

1 Introduction

1 Requesting assistance from the emergency services is one of the most important telephone calls made and the treatment of such calls is fundamental to a functioning and stable society. In Ireland, the call to the emergency services is done by dialling 999 or 112. The organisation and handling of these calls is called the Emergency Call Answering Service ("ECAS") and this is the centralised system where all emergency calls are delivered.

2 There are three ECAS centres in Ireland; one in Navan, County Meath, one in Ballyshannon, County Donegal, and the other in Eastpoint, Dublin 3. These centres are known as Public Safety Answering Points ("PSAPs"). Authorised Undertakings forward all emergency calls to these three PSAPs. The PSAPs are responsible for forwarding every genuine call to the requested emergency service, as quickly and effectively as possible, based on the service requested by the caller and the location of the incident. In addition, there are two data centres that support and provide the necessary system resilience to the three PSAPs.

3 Under legislation, emergency calls are free of charge to the caller[1].

4 In 2009, the Minister for Communications, Energy and Natural Resources ("the Minister") awarded a contract to BT Communications Ireland Ltd ("BT") to design, build, and implement the ECAS. This contract, known as the Concession Agreement ("CA") is between these two parties alone. The ECAS is funded entirely through the Call Handling Fee ("CHF") payable by the presenting telephone network operator and/or the telephone call service provider.

5 By law[2], ComReg is required to annually review the maximum CHF that may be charged by the ECAS provider. This consultation is part of the review.

6 In February 2012, after reviewing the reasonable costs incurred by the ECAS provider and in accordance with Section 58D of the Communications Regulation Act, 2002, as amended ("the Act of 2002") ComReg maintained the maximum permitted CHF at €3.35. **As a result of this review ComReg has proposed that the CHF to be applied from 12 February 2013 should be €2.96 and this would result in a reduction of approximately 12%.**

[1] Regulation 5 of the European Communities (Electronic Networks and Services) (Universal Service and Users' Rights) Regulations 2011

[2] Section 58(D)(i) of the Communications Regulation Act, 2002, as amended ("the Act of 2002")

7 Certain costs have been incurred in designing and rolling out a new ECAS network in order to meet the requirements specified in the CA. It should also be noted that BT, in its role as ECAS provider, does not conduct any other activities within the PSAPs and handles emergency calls only. It is not engaged in any other business activities of the type which, ordinarily, might help to distribute operating costs further across a business.

8 ComReg is again conducting a consultation on a number of key matters that relate to the inputs required to ensure that the maximum permitted CHF is reasonable, having regard to the right of the ECAS provider to recover its reasonable costs, and a guaranteed rate of return[3].

9 ComReg encourages all relevant stakeholders to respond to this consultation and to contribute to the continuing effective functioning of the service. If a respondent's submission contains confidential information, an additional document labelled "public version" should be provided. This version will be published by ComReg. Given the very commercially sensitive nature of much of the information relevant to the review of the CHF, ComReg has strictly maintained the confidentiality of the relevant information, as it is obliged to do under Regulation 15 of the European Communities (Electronic Communications Networks and Services) (Framework) Regulations 2011 ("the Framework Regulations") . At the same time, ComReg has ensured that this consultation provides enough information for the issues to be comprehensible and for stakeholders to respond to it.

10 ComReg commissioned an expert report from Tera Consultants to assist it with its review of the CHF. The non-confidential report is appended to this consultation in order to provide further detail and enhance respondents' understanding of the issues.

[3] Pursuant to Section 58(D)(3)(a) of the Act of 2002.

2 Executive Summary

11 This consultation seeks the views of interested parties on the key inputs into the maximum CHF that the ECAS provider can charge for the provision of the ECAS from 12 February 2013 to 11 February 2014.

12 Over recent months, ComReg and its consultants have obtained and analysed the necessary financial information in order to carry out this review. The review has entailed a detailed understanding of the "in-life" cost components in the context of what are "reasonable costs" incurred by the ECAS provider. The "set-up costs" incurred by the ECAS provider in designing, building and implementing the ECAS were reviewed two years ago and therefore, they are outside of the scope of this review.

13 Together with cost savings achieved by the ECAS provider (which decreases the unit cost) and, as a result of the lower than expected decline in call volumes, ComReg is of the preliminary view that the maximum permitted CHF for the period 12 February 2013 to 11 February 2014 should be reduced to **€2.96. This would result in a decline in current maximum permitted CHF of approximately 12%.**

14 ComReg is aware that the ECAS provider has continued to implement certain costs savings since it became the ECAS provider and these cost savings are welcomed. However, the main impact to the proposed (reduced) maximum permitted CHF has been the lower than forecasted call volume decline.

15 This Consultation is structured as follows:

Section 3: Background

16 In this section, ComReg outlines the background in relation to the Minister's appointment of BT as the ECAS provider and ComReg's role and responsibility in relation to the ECAS. This section also outlines the responsibility of the ECAS provider and categorises the main cost categories in the business model.

Section 4: Reasonable Cost Review

17 In this section, ComReg outlines the practical meaning of the term “reasonable cost” and how this has been implemented in this review. This element of the review is crucial as the practical meaning of the term reasonable cost and the right to only cover reasonable costs has a direct impact on the CHF itself.

Section 5: Relevant Cost Standard

18 In this section, ComReg outlines the cost standard it has applied when calculating the CHF.

Section 6: Reasonable Costs

19 In this section, ComReg outlines and describes the various costs which are incurred by the ECAS provider in running the ECAS operation. Within each cost category ComReg provides an overview of how the reasonable cost is derived. It must be stressed that much of the detail in relation to these costs is commercially sensitive for both the ECAS provider and for its third-party suppliers. It is ComReg’s policy to maintain the confidentiality of information that is provided to it in confidence, in particular commercially sensitive information[4]. Notwithstanding this, sufficient information is provided in this section for stakeholders to understand the issues and to make an informed response to this consultation.

20 As a result of this review ComReg proposes disallowing certain expenditure (c. €63,000 in total) relating to training (€23,000) for Customer Service Representatives (“CSRs”) and certain facilities management charges (€40,000).

Section 7: Volumes

21 In this section, ComReg outlines the trend in emergency call volumes in Ireland during recent years, including the significant decline in call volumes. The decline in call volumes has had a significant impact on the maximum permitted CHF and this is also discussed. ComReg also reviewed the overall trend in call volumes, factoring in such externalities as population growth, and recent remediation work within the Eircom fixed network, primarily relating to the generation of “ghost calls.”

[4] See ComReg document No. 05/24 “Guidelines on the treatment of confidential Information”

Section 8: Cost Volume Relationship

22 In this section, ComReg outlines the inter-relationship between costs and volumes.

Section 9: International benchmarks

23 In this section, ComReg outlines its approach to the relevance of international benchmarks for determining the maximum permitted CHF, and explains why it does not consider it feasible to use them.

Section 10: Draft Determination

24 This section contains ComReg's Draft Determination.

3 Background

ComReg's statutory role

25 Under the Act of 2002, ComReg has two key statutory responsibilities with regard to the ECAS:

To review the maximum CHF that the ECAS provider may charge and thereby to determine the annual CHF.[5]

To monitor the ECAS provider's Quality of Service ("QoS") and report to the Minister on the ECAS operational performance against the metrics specified in the CA[6].

26 The purpose of this maximum CHF review is to determine what the maximum permitted CHF for the year from 12 February 2013 to 11 February 2014 which will allow the ECAS provider to cover the "reasonable costs" (see paragraph 39) it has incurred and which it is likely to incur in operating the ECAS and, in particular, to have regard to the need for it to recover its agreed "guaranteed rate of return" for providing the ECAS. Having done this, ComReg is now consulting on its determination of what it believes the maximum permitted CHF should be. ComReg must make its final determination on the maximum permitted CHF for the period 12 February 2013 to 11 February 2014, by 12 December 2012.

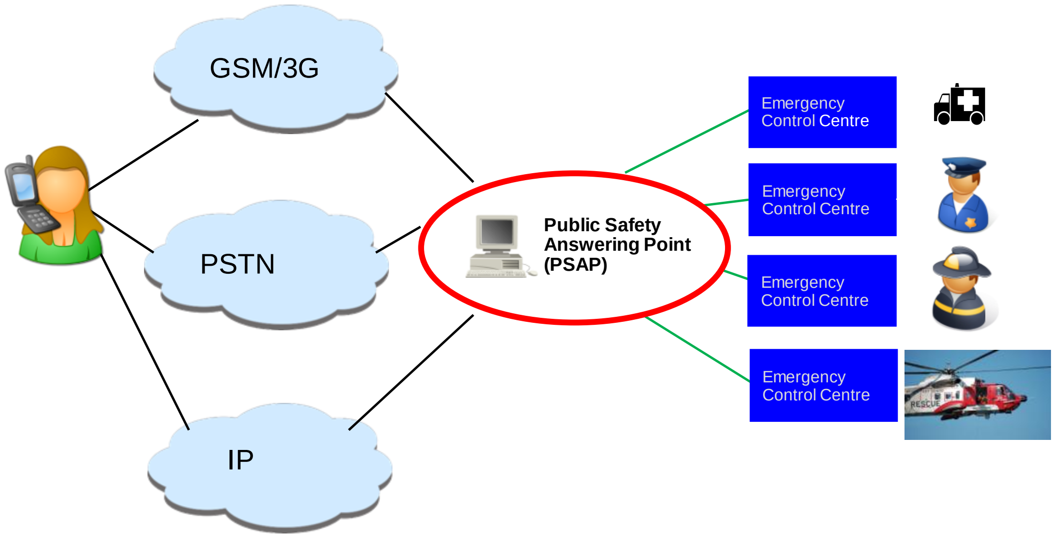
Function and responsibility of ECAS

27 The ECAS has three PSAPs and two data centres at different locations throughout the State. The ECAS has been designed and built to meet certain specifications in the CA that provide end-users with a reliable, resilient and effective network for the purpose of contacting the emergency services. This configuration has not changed since the ECAS provider commenced operations. However, it should be noted that the Short Messaging Service ("SMS") service is now fully operational within the ECAS operation. The operating costs for this SMS service are reflected in the In-Life costs and the CSR hours.

28 When an end-user dials 999 or 112 from their telephone (using a fixed, mobile or VoIP service) ECAS takes the call, undertakes a triage to establish the precise nature of the emergency[7] and forwards the call to the emergency service requested based on the location of the incident. This call-flow between the end-user and the emergency services incorporating the role of ECAS is outlined below:

[5] Section 58D(1) of the Act of 2002
[6] Section 58G of the Act of 2002.
[7] Not all calls to the ECAS are genuine calls. However, every call to the ECAS must be answered promptly and effectively to establish the nature of the call.

Figure 1 Call Flow



Note: this call flow diagram is for illustrative purposes only.

29 ECAS must be available on a 24-hour basis, seven days a week and 52 weeks a year. It must be capable of dealing with operational demands at peak times and also the possible loss of capacity of any PSAP — for whatever reason.

30 ECAS must perform to an exacting standard. The performance of the ECAS is monitored continuously by ComReg, in accordance with quantitative and qualitative performance metrics set in the CA[8].

Determining the CHF

31 In Section 6 of this Consultation, ComReg discusses the various costs included in determining the maximum permitted CHF. These costs are the "in life" costs (often referred to as operating expenditure or "Opex") of providing the ECAS. While the exact percentage composition of the "in-life" costs may change depending on the assumptions made, the following is an approximation of the principal cost categories.

[8] See Annex 1 – ECAS Quality of Service Parameters

Figure 2 percentages of “In life” costs for 2013-2014 CHF review[9]

✂

32 These costs are subject to the reasonable cost review.

33 To these “in-life” costs the following are added:

- Annual depreciation/amortisation charge
- The guaranteed rate of return and applicable rebate(s)[10];
- Transfers to the applicable sinking fund[11]; and
- Any prior period over / under-recovery of costs[12].

34 In summary, the CHF formula is derived by

- Calculating the total costs found to be reasonable and estimated to the end of the CA; and
- Dividing the reasonable cost by the estimated number of calls also to the end of the CA.

35 Call volumes are estimated by actual previous trends, external influences such as remediation programmes, and projected increases in population[13]. This is done in an effort to minimise the possibility of significant fluctuations in the CHF.

36 The relative percentage allocations of reasonable costs are as follows:

Figure 3 –Percentages of reasonable costs for 2013 – 2014 CHF review

✂

[9] Deprecation is included as an in-life costs as it is the annual cost of running the assets
[10] Paragraph 155 and paragraph 158 respectively
[11] Paragraph 162
[12] Paragraph 168
[13] http://www.cso.ie/en/media/csoie/releasespublications/documents/population/current/poppro.pdf

37 A significant determinant of the CHF is call volumes (this is discussed further in Section 7). During the 2012-2013 CHF review ComReg estimated that annual call volumes would decline on average by 3.5%. This was based on a decline of 5% due to operator remediation programmes (in particular that of Eircom) which was partially offset by a 1.5% estimated increase in the population. However, during the period January 2012 to June 2012 call volumes declined by only 1.5%[14]

38 This revised CHF has been calculated on the basis that nothing significant changed during the period to which the Consultation relates and in so doing ComReg is trying to ensure that any fluctuation in the CHF is minimal between now and the end of the CA. Included in this is ComReg's estimation of how call volumes will evolve between now and the end of the CA. However, ComReg will review the CHF annually, as required by the Act of 2002 and determine as appropriate a new CHF (if required).

39 Under the CA a “reasonable cost” is defined as follows:

> *“… the reasonable costs that ComReg will take into account in its reviews of the Call Handling Fee and will include the Section 58D Fund Allocation, all necessary costs incurred by the Contractor in the normal course of business, such as capital outlay, depreciation, heating and lighting, labour, the annual Monitoring Costs and the Final Monitoring Costs of ComReg, adjustment for any over or under-recovery of the Guaranteed Return for any previous Call Handling Fee Periods and costs that may be incurred as a result of having to comply with any law. In assessing whether costs are reasonable, ComReg will have regard to similar operations in other countries and international best practice. Incurred costs which are clearly unnecessary, excessive or avoidable may not be deemed reasonable, and may have an impact on the Call Handling Fee for the period following any review;*

[14] ComReg document No. 12/105 " Volume of emergency calls January 2012-June 2012"

40 The estimated annualised cost of each cost category to the end of the CA is set out below. (For further detail on the cost categories please see Section 6 of this Consultation)

Figure 4 Total reasonable costs split (cost stack)

Cost category	€
Pay costs[15]	✂
Non-pay costs[16]	✂
Depreciation/amortisation[17]	2,200,000
Guaranteed return[18]	750,000
Cost of capital rebate[19]	✂
Sinking Fund[20]	250,000
Prior Period[21]	✂
Total Costs	7,900,000

41 The total cost of €7.9m is then divided by the forecast number of calls of approximately 2.67m in order to determine the maximum permitted CHF of €2.96.

42 ComReg's preliminary view is that the cost stack relied on for the CHF review of 2012-2013 remains relevant for this review and nothing further needs to be added to it. The cost categories in Figure 4 are consistent between the 2012-2013 CHF review and this review.

Q. 1 Figure 4 represents the basis of the cost stack for the determination of the CHF for 2012-2013. Please provide any comments on whether the cost categories should remain the same for the determination of the CHF for 2013-2014, including detailed reasoning for your answer.

[15] See Section 71
[16] See Section 138
[17] See Section 145
[18] See Section 156
[19] See Section 160
[20] See Section 162
[21] See Section 168

4 Reasonable Cost Review

43 This section outlines how ComReg has conducted the reasonable cost review.

Background

44 Because the ECAS provider has no control over the volume of emergency calls that are forwarded to it by other undertakings, ComReg has mainly focused on reviewing the reasonable costs incurred by the ECAS provider to date and the costs that it is likely to incur going forward.

45 Section 58(D)(3)(a) of the Act of 2002 provides that:

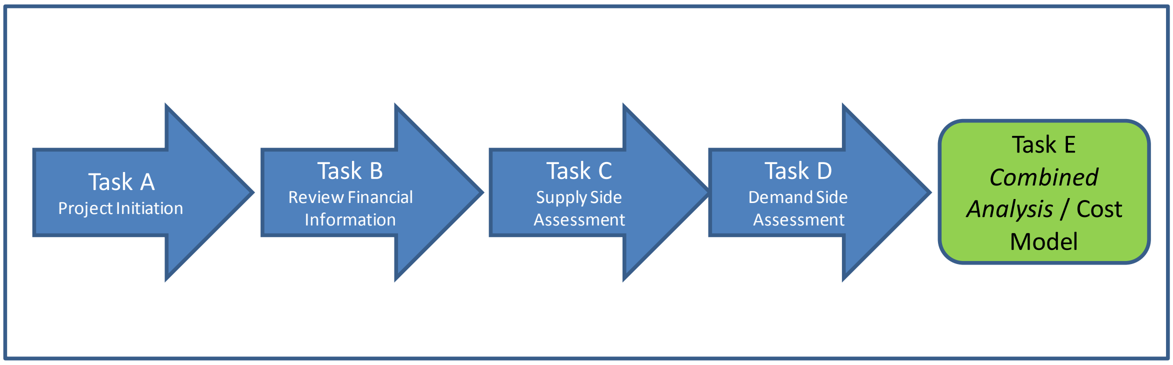
> *"… the Commission shall have regard to … the need for the ECAS provider to cover the reasonable costs likely to be incurred by it in operating the service and, in particular, to recover a guaranteed rate of return ….".*

46 The specifications for the ECAS are not determined by ComReg but by the Minister through the CA. ComReg is not a party to the CA and does not have the authority to amend it. The specifications for the ECAS in the CA are not being reviewed by ComReg. However, the implications of these specifications are indirectly manifested in the costs incurred by the ECAS provider and are therefore part of and relevant to the reasonable costs review. The specific network architecture of the ECAS network is also outside of the scope of this review. However, in reviewing the costs ComReg has sought to ensure that the cost of the assets purchased are reasonable for the successful operation of the ECAS. As noted in the 2012-2013 CHF review the requirement to have three PSAPs is contained within the CA.

Approach

47 ComReg's approach to its review of the maximum permitted CHF is presented diagrammatically below. This follows the approach adopted by ComReg in the 2012-2013 CHF review. Although there is some overlap between the five tasks (A-E) a broadly sequential structure is followed:

Figure 5 Project approach



Task A: Project initiation

48 Under the Act of 2002, and as a consequence of when the CA was entered into, ComReg must make its determination on the CHF by 12 December of each year. In order to do so, ComReg has already engaged extensively with the ECAS provider in gathering the necessary financial data and associated information. This information informs what the actual costs incurred were. The incurred costs are then subject to a review by ComReg in order to determine whether or not they are reasonable. ComReg has reviewed costs incurred since the ECAS operation went live on 14 July 2010 ("Go-Live") and the evolution of call volumes. In particular ComReg has reviewed the costs incurred by the ECAS provider from April 2011 (the commencement of its financial year) to June 2012 (the most recent set of quarterly management accounts). The evolution of call volumes has been considered since the "Go-Live" date in order to determine a trend.

49 An assessment is also made of the ECAS provider's annual forecast costs of running the ECAS to the end of the contract and the likely future trend in call volumes.

Task B: Review financial information

50 ComReg has carried out a detailed review of the full set of financial information furnished by the ECAS provider. However, this review will be ongoing in the period up to when the final determination on the maximum permitted CHF must be made i.e. 12 December 2012. The financial information used by ComReg in the review will include the annual audited financial statements to March 2012 and unaudited quarterly management accounts to September 2012. These unaudited quarterly management accounts are supported by detailed financial analysis and explanations. ComReg does not expect any material change in the financial information between now and 12 December 2012.

51 This review does not entail an assessment of the set-up costs of the ECAS; ComReg reviewed these in 2010. Where there has been capital expenditure ComReg has considered this. Limited capital expenditure (c. €✂) was incurred during the period under review and was mainly on computer hardware and the integration of “Govnet” into the ECAS operation.

Task C: Supply side assessment

52 ComReg has carried out a “supply-side” assessment which entails a root-and-branch review of all aspects of the delivery of ECAS by the ECAS provider, in order to determine whether the costs associated with the ECAS are reasonable. The supply-side assessment includes the following:

- an operational review of the ECAS function provided by the ECAS provider;
- a review of the ECAS staff resources;
- an understanding of the engineering and technical elements of the ECAS; and
- a review of any third-party costs.

53 This part of the review required a series of site visits and inspections to the PSAPs, data centres and monitoring centres, in order to obtain a greater understanding of how the service is organised and to understand the technical and business infrastructure that is used. ComReg undertook interviews and discussions with senior representatives of the ECAS provider, reviewed the available documentation, and assessed the reasonable “in-life” costs actually incurred.

Task D: Demand side assessment

54 ComReg has conducted a “demand side” assessment as part of its review. This involves examining historic volumes of emergency calls made in the State and reviewing the economic and demographic data relevant to the number of emergency calls being made. This has been done in order to produce a reasonable estimate of likely future emergency call volumes. In overall terms, there has been a significant decline in call volumes since the CA was signed with the Minister. However, it is also noticeable that in recent months the rate of the decline in call volumes appears to be slowing down[22].

55 ComReg will continue to monitor call volumes closely and will continue to publish details of the trend on a periodic basis as part of its regular quality of service review of the main performance metrics applied to the ECAS.

Task E: Combined analysis / cost model

56 This task involved combining the findings from the supply and demand side assessments (tasks C and D) in order to review the reasonableness of the CHF from the cost model.

[22] ComReg Information Notice “*Volume of emergency calls for the period January 2012-June 2012*” (ComReg Document 12/105)

5 Relevant Cost Standard

Overview

57 In the 2012-2013 CHF review ComReg assessed which cost standards could be used by ComReg to ensure that only the relevant and reasonable costs of the ECAS operation of the ECAS provider are recovered through the CHF.

58 Under Section 58 (D) (3) (a) of the Act of 2002 ComReg is required to have regard to:

(a) the need for the ECAS provider to cover the reasonable costs likely to be incurred by it in operating the service and in particular, to recover a guaranteed rate of return for providing the ECAS …"

59 In the 2012-2013 CHF review ComReg considered that in general, a regulator has considerable discretion about which costing standards to use when it reviews the costs of any operator. The most appropriate costing standard to use can depend on the purpose of the exercise, or the particular policy aim being pursued. Commonly used cost standards include Historical Cost Accounting Information ("HCA"), Current Cost Accounting Information ("CCA"), and Long Run Incremental Costs ("LRIC").

60 When considering which cost standard is appropriate for determining reasonable costs ComReg considers the following to be relevant in the reasonable exercise of its discretion:

- The CHF is not paid directly by the consumer, but by the consumer's call origination network;
- The originating network has no control over the CHF;
- Calls to the ECAS are a social service rather than a normal product; and
- The ECAS is a standalone service provided on behalf of the State.

61 In making its final determination in the 2012-2013 CHF review ComReg concluded that:

- a hybrid costing methodology, based on HCA accounts (appropriately adjusted for reasonableness) and reflecting forward-looking cost and volume data is the most appropriate way to determine the CHF;
- avoidable cost is the appropriate cost principle to be used in assessing the CHF, combined with a hybrid cost model;
- the costs associated with the provision of the ECAS are:
    - Direct costs
    - Indirect costs
    - Fixed costs
    - Variable costs

62 Therefore for the purposes of the 2013-2014 CHF review ComReg has considered it appropriate to apply the above methodologies. These are the same methodologies ComReg used for the 2012-2013 CHF review.

Q. 2 Do you agree or disagree that it is appropriate to continue to apply the above methodologies for the 2013-2014 CHF review? Please provide detailed reasoning and calculations for your views.

6 Reasonable Costs

Overview

63 This section discusses the various actual costs incurred by the ECAS provider in running the ECAS operation during 2011-2012 and which impact upon the CHF review of 2013-2014. Within each category, ComReg provides an overview of how the cost is derived and whether or not it considers it to be reasonable. Due to the commercial sensitivity and confidential nature of the data to the ECAS provider and its suppliers, many of the specific details cannot be published in this consultation.

64 It should be noted that while there may have been some variation in the level of costs incurred (both up and down) there has not been any major change in the nature/classification of the costs incurred since the last review. For example no major changes were incurred in the cost category "Premises" (see paragraph 139). The underlying costs in this category continue as the leasing of premises, the payment of local authority and electricity charges and the use of third parties to provide facility management services. However, as part of its review ComReg examined the costs incurred and where necessary discussed with the ECAS provider if it was concerned that a cost might not be reasonable.

65 In summary, ComReg's preliminary view is that it considers that the costs incurred by the ECAS provider are reasonable except for certain costs associated with "training" (see paragraph 87) and premises (see paragraph 139). In summary this preliminary finding is supported by the following:

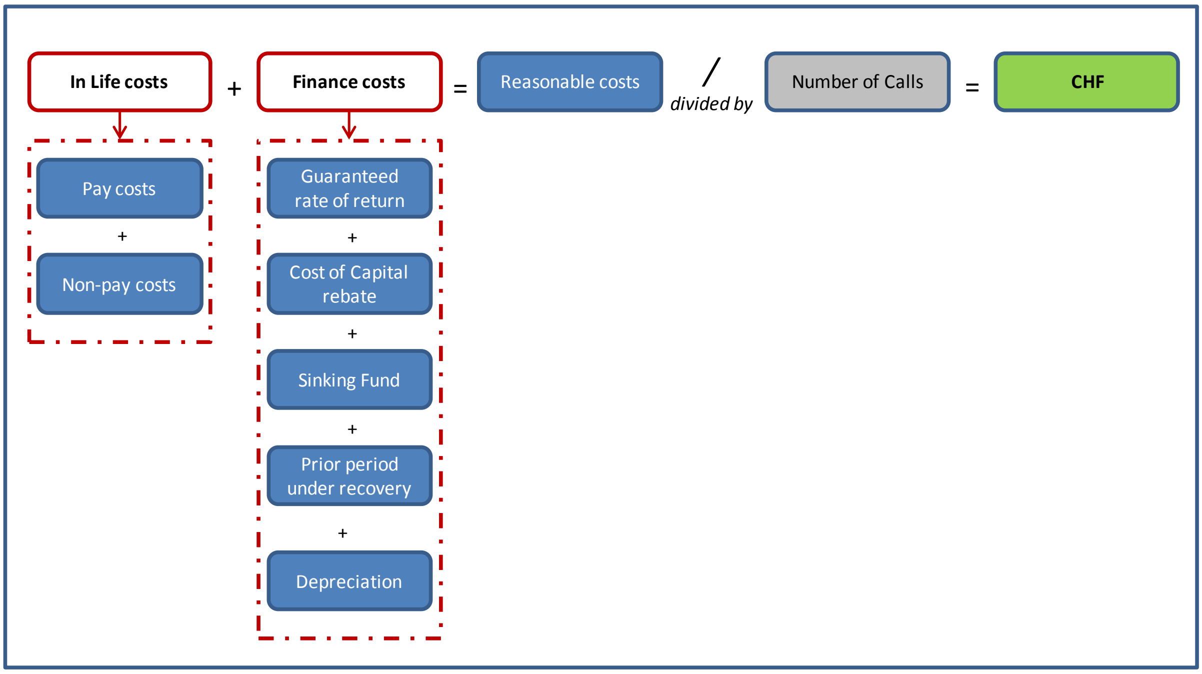
- An extensive review of In Life costs was carried out as part of the 2012-2013 CHF review. This review found certain costs to be unreasonable at that time. As a result, the ECAS provider has implemented certain procedures, applied new principles, or provided further justification to ComReg for how it accounts for certain costs;

- Having identified certain costs as being unreasonable as part of the 2012-2013 CHF review the likelihood of these costs being found to be unreasonable again as part of the 2013-2014 is greatly reduced, due to the fact that there have been further justifications and improvements made by the ECAS provider, in light of the previous CHF review; and

- The ECAS operation consists of a high level of fixed costs and therefore costs incurred are unlikely to vary significantly from year to year.

66 The figures below provide an overview of the various cost categories which are recovered as part of the CHF. Each of these is discussed in greater detail below.

Figure 6 – cost categories relating to the CHF



67 In-life costs are the day-to-day costs of running the ECAS operation. Finance costs are the costs associated with financing the project over the term of the CA.

68 ComReg has reviewed whether or not particular costs are to be considered reasonable. The in-life costs represent ComReg's assessment of the "steady state" of reasonable costs to the end of the CA for inclusion in the CHF.

69 Many of the changes to costs reflected in the 2012-2013 CHF review were once-off adjustments and are not replicable in the 2013-2014 CHF review. For example as a result of the 2012-2013 CHF review the ECAS provider implemented changes to how it forecast the number of CSR hours required. This was a once-off adjustment to its forecasting procedures. This resulted in cost savings in the 2012-2013 CHF, the benefits of which continue and are reflected in the 2013-2014 CHF.

70 For the 2013-2014 CHF review ComReg has undertaken a detailed examination of the costs incurred by the ECAS provider up to 30 June 2012. It compared the underlying cost categories to those incurred in the 2012-2013 CHF review. ComReg also compared the forecast expenditure used to inform the 2012-2013 CHF against the actual expenditure.

Pay Costs

71 Pay costs comprise of CSR costs and the ECAS provider's payroll costs associated with the provision of the ECAS. While both of these are discussed in more detail below the estimated annualised pay costs are approximately €✂and their relative percentages are represented as follows:

Figure 7 – Pay cost split for 2013 – 2014 CHF review

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72 Certain elements of the pay costs have varied since the commencement of the ECAS operation. This was mainly due to a reduction in the number of CSR hours required (through the implementation of changes to forecasting), the refinement of the organisational structure and a more steady state being achieved with respect to specialist engineering requirements. These are discussed further below.

CSR costs

73 CSR costs relate to the staffing of the three PSAPs. There are approximately 75 CSRs which comprise part-time and full-time staff. This cost forms a substantial part of the in-life costs of the ECAS operation and this is relatively unchanged when compared to the CSR costs reflected in the 2012-2013 CHF review. The estimated annual cost of CSRs is €✂ based on ComReg's estimate of approximately ✂ operator hours, at the hourly rate of €28.07 which ComReg imposed as a result of the 2012-2013 CHF review (see paragraph 102).

74 The ECAS provider uses an industry standard "Erlang" resourcing model to determine the number of CSRs it requires across each of its PSAPs for every 15-minute period. In doing so, it estimates the number of calls for a six week period and to this it applies a number of operational parameters, as set out in the CA. By applying each of the performance metrics to the estimated call volumes, a minimum number of CSR hours is forecasted. The ECAS provider also has a policy of having a minimum of two CSRs present on each site at any one time. This is to allow for breaks, to ensure that the work environment is safe, (particularly late at night) and to allow CSRs time to recover if they have taken especially stressful calls. In ComReg's preliminary view this appears to be reasonable.

75 Once the ECAS provider has determined the number of CSR hours it requires, the particular individuals are rostered by a specialist call-centre company.

76 Upon receipt of the ECAS provider's requirements, the specialist call-centre company rosters the necessary CSRs and develops the required shift rosters. All CSRs are employed directly by the specialist call-centre company. None are employed directly by the ECAS provider.

77 As the call arrival pattern at any given point during the day or week, can vary the number of CSRs rostered can also vary. Foreseen and unforeseen factors that influence this include:

- Time of day (certain call patterns are more prevalent depending on the time of the day);
- Time of week (there can be a higher rate of calls at certain times of the week e.g. weekend nights);
- Public holidays (St. Patrick's Day, Halloween, New Year's Eve); and
- Other incidents which are outside the control of the ECAS provider, but still require an effective response are traffic related accidents and weather related incidents.
    - On 24 October 2011 there was severe weather which caused flooding in many parts of the country;
    - A traffic incident, such as a vehicle travelling in the wrong direction on a motorway, can cause a sudden spike in call volumes.

78 Following the 2012-2013 CHF review the ECAS provider made amendments to how it calculates the required CSR hours. The changes it implemented reduced the number of CSR hours required without affecting the quality of service. These changes were implemented on a gradual basis to ensure that the integrity of the operation of the PSAPs and the adherence to the performance metrics was not compromised.

79 The specialist call-centre company charges the ECAS provider an hourly rate for each of the CSRs it rosters. Included in the hourly rate are the following main cost components:

- Basic pay, including bonus and employers PRSI;
- An allowance for "unavailable hours";
- Overheads associated with providing the ECAS service; and
- General overheads.

80 ComReg's preliminary view of the hourly rate is represented by the following Figure 8. Much of the information used to determine the hourly rate is commercially sensitive. However, basic pay, including bonus and employers PRSI constitutes approximately 45% of the hourly rate.

Figure 8– specialist call-centre company hourly rate cost categories

Cost component	Hourly rate
Basic salary – c. €20,000	€10.50
Bonus – c. 10%	€1.05
Employers PRSI – 10.75%	€1.24
	€12.79
Unavailable hours	
(Training, absences, holidays, churn)	Commercially sensitive
Specific overheads *(rosters , call-centre coordinators)*	Commercially sensitive
Cost before general overhead	Commercially sensitive
General overhead[23]	Commercially sensitive
Sub total	*Commercially sensitive*
Rate of return	Commercially sensitive
ComReg's preliminary view of a reasonable hourly rate	**€28.07**

81 In the 2012-2013 CHF review ComReg determined that an hourly rate of €28.07 should be applied from June 2011 to the maximum permitted CHF for the period 2012-2013. Having assessed the inputs into this hourly rate ComReg remains of the preliminary view that €28.07 continues to be a reasonable hourly rate. This is supported by a benchmarking report prepared by the ECAS provider. The input into this report includes requests to various specialist call-centre companies, by the ECAS provider, to provide their estimate of the hourly rates they would charge if they provided CSRs. Therefore ComReg's preliminary view of the hourly rate payable to the specialist call-centre company of €28.07 is consistent with its conclusion during the 2012-2013 CHF review.

Basic pay, including bonus and employers PRSI

82 CSRs are paid a standard industry salary to which bonuses can be earned for achieving and maintaining quality of service. ComReg is of the preliminary view that this salary of c. €10.50 per hour, plus a performance related bonus is reasonable. From discussions with the ECAS provider most CSRs consistently achieve their bonus targets (as reflected in the continued achievement of the performance targets as set out in the CA). This is supported by the fact that the ECAS operation itself consistently adheres to the performance metrics as set out in the CA.

[23] See also paragraph 139

83 ComReg notes that a recent internet advertisement for part-time CSRs by the specialist call-centre company indicates a salary of €19,500 per annum and a potential bonus of €2,080. This is supported by the ECAS providers own independent review of the hourly rate payable to the specialist call-centre company. However, it should be noted that the salaries paid to the CSRs are determined by the specialist call-centre company and it is ComReg's preliminary view that these salaries are not unreasonable.

An allowance for "unavailable hours"

84 In order to ensure that an adequate number of CSRs are present at all times, an allowance is made for unavailable hours. Unavailable hours arise due to:

- Training;
- Annual leave; and
- Breaks and absences.

85 While no significant changes have been noted in these from 2012-2013 each is discussed further below. It should be noted that while full-time staff work approximately 220 days per annum, the ECAS operation must be staffed 365 days per annum and the hourly rate reflects this requirement.

Training

86 Three types of training are provided to CSRs:

- Approximately three weeks of induction training for new CSRs by the specialist call centre-company. This is primarily due to the unique nature of the role and the strict adherence to the required procedures - which is not typical of retail type call-centres;
- More formal training whereby a number of CSRs are allocated training days away from the PSAP (usually done by the specialist call-centre company); and
- Continuous on-the-job training, such as one-to-one coaching, monitoring calls and implementing new procedures (usually done by the ECAS provider).

87 The actual level of training conducted was queried by ComReg as part of this review as it was considered, during the 2012-2013 CHF review, that there was an element of duplication between the ECAS provider and the specialist call-centre company in the provision of training. When calculating the number of required hours for CSRs the ECAS provider factored in time for training, which is standard. However, ComReg noted that the specialist call-centre company, when developing its rosters, also factored in an element for training, thereby resulting in duplication.

88 As part of the 2013-2014 CHF review, ComReg identified that both the ECAS provider and the specialist call-centre company include provisions for training when calculating the number of CSR hours required, resulting in a partial duplication in training costs. ComReg is of the preliminary view that a proportion of this training cost incurred should be disallowed as the ECAS provider should have amended its forecasting methods to remove this partial duplication. ComReg is of the preliminary view that this duplicated cost (€23,000) be disallowed from July 2012. With the ECAS provider having made other improvements to its forecasting methods in early 2012 ComReg considers that by July 2012 the ECAS provider could also have planned for and subsequently amended its forecasting methods (as part of its operational procedures) without adversely affecting the quality of service.

89 Furthermore, ComReg notes that the ECAS provider prior to April 2012 estimated how much time is spent with CSRs rather than formally recording the time spent by each CSR on training. Since April 2012 a more robust monitoring process for training and the required costs for that training has been put in place by the ECAS provider. While the exact level of training incurred by the ECAS provider (prior to April 2012) has not been quantified, ComReg has been informed that significant time and effort was and continues to be put into training by the ECAS provider (as reflected by its continual adherence to performance targets as set out in the CA).

Annual leave

90 CSRs are allowed standard annual leave.

Breaks and absence

91 Breaks can be considered as standard and non standard. Standard breaks generally relate to meal times. Non-standard breaks tend to relate to the need for CSRs to take time away from phones following a stressful call.

92 A 2011 IBEC report[24] reported that absences in call-centres are running at approximately 3.67%. ComReg is not aware of any change to this level of absenteeism in 2012 in the call-centre industry. Having reviewed the level of absence across the three PSAPs, the current levels are within the normal activity of absenteeism and that staff absence management policies are in operation, as per the IBEC report.

Churn

93 Churn relates to the cost involved for general disruption when CSRs resign their positions and take up alternative employment. During the review the level of churn was not noted to be materially different to what had been forecast.

[24] http://www.irishtimes.com/newspaper/ireland/2011/0825/1224302935370.html

Specific Overheads associated with providing ECAS service

94 There are certain overheads which can be allocated to the ECAS service. Many of these overheads are pay related in that they relate to the payment for support staff for the CSRs. The nature of these overheads has not changed since the 2012-2013 CHF review.

95 The specialist call-centre company recruits all CSRs. It also allocates staff to roster employees.

96 Once rostered, a “call-centre coordinator” in each of the PSAPs manages the day-to-day rostering and HR related activities of the CSRs. The call-centre coordinators duties are distinct from those provided by the ECAS management. Having discussed the continued roles of the call-centre coordinators ComReg is of the preliminary view that it is appropriate to include their cost in the hourly rate payable to the specialist call-centre company. However, it has requested the ECAS provider to monitor this requirement in during 2012-2013.

General overheads of the specialist call-centre company

97 The level of costs, directly or indirectly allocated, can affect the amount of general overheads remaining. The higher the level of costs directly or indirectly allocated, the lower the requirement for a general overheads allocation. From a review of the cost allocation included in the hourly rate, little overhead remains to be allocated.

98 ComReg considers that the general overheads of the specialist call-centre company include such items as senior management time, specialist risk insurance, in-house IT, the provision of payroll services, property related costs and an allocation to the annual audit fee. ComReg has considered this element of overhead in the suggested hourly rate for CSRs in paragraph 81 and is of the preliminary view that it remains at the same level as allowed in the 2012-2013 CHF review.

Rate of return

99 The hourly rate payable to the specialist call-centre company includes a rate of return. ComReg is of the preliminary view that it is appropriate to include a reasonable rate of return on the hourly rate payable to the specialist call-centre company. If the ECAS provider had not outsourced the requirement for CSRs, it would have had to develop its own internal CSR expertise. This would have more than likely included additional costs to attain the necessary skills for the training and management of CSRs. These costs would have been reflected in the CHF. These skills have already been developed by the specialist call-centre company. Furthermore, a rate of return does exist on the hourly rate payable to the specialist call-centre company in the same way that the pricing structure for any supplier of goods and services would include such a return and it can therefore be considered "reasonable". In ComReg's preliminary view, it is reasonable that the specialist call-centre company should make a reasonable return on the provision of its services. In this case, ComReg is satisfied that the specialist call-centre company is earning a return that is reasonable. The cost to the ECAS provider for obtaining the specialist call-centre company's services is borne by the ECAS provider. A reasonable return to the specialist call-centre company is a component of this cost. This cost is allowable, so long as it is reasonable — and ComReg is satisfied that it is.

Change in CSR numbers

100 Since the ECAS went live there have been a number of changes to the ECAS staffing arrangements.

101 As the number of calls has fallen (often driven by remediation programmes of various operators), there has been a decrease in the number of CSRs required to deliver the service. In addition, the ECAS provider has been updating how it applies various performance metrics in its Erlang model. These in turn have resulted in a fall in the number of hours required by the ECAS provider. However, there is not a direct one-to-one relationship between the fall in call volumes and the fall in chargeable hours, as ECAS is required to maintain certain minimum levels of staffing in order to adhere to performance metrics under the CA. This is discussed further in Section 8.

Suggested hourly rate per CSR

102 ComReg is of the preliminary view that a reasonable hourly rate chargeable per PSAP CSR should be no more than €28.07 for inclusion in the CHF of 2013-2014. As mentioned previously, this hourly rate includes the wage costs of each CSR such as the basic salary, a performance-related bonus and employers PRSI. The hourly rate also includes other specific cost components such as training, holidays, CSR churn, absence and an allocation for general overheads. It is based on a 37.5 hour week. Overtime rates are not applied as CSRs can generally choose which shift they wish to work.

> Q. 3 Do you agree or disagree with ComReg's preliminary view that €28.07 is a reasonable hourly rate payable to the specialist call centre company, based on what costs have been allowed and what costs have been disallowed? Please provide detailed reasoning and calculations for your views.

Adherence to standards

103 ComReg has reviewed how the ECAS provider has determined the number of CSRs it requires to maintain the service and how the performance metrics have been applied.

104 In accordance with ComReg's statutory obligation to monitor the ECAS provider quality of service[25] ComReg has noted that the ECAS provider is consistently achieving (and at times surpassing) the minimum set of standards set out in the CA.

105 It appears reasonable to suggest that the ECAS provider could still comfortably achieve the minimum set of standards set out in the CA with only a slight reduction in the number of CSR hours required. Such a reduction could have a slight impact on the CHF. However, ComReg is aware that given the life-critical nature of the service and risk associated with possibility of either unanswered emergency calls (or too much delay in answering calls) the minimal gain in reducing the number of CSR hours required may be outweighed by the inherent risk. ComReg will therefore monitor the impact on the possible reduction in required CSR hours with the ECAS provider in a controlled fashion over the coming months.

106 ComReg would caution that an ECAS operation, by its very nature, cannot be *truly efficient*. This is because it cannot be run similar to a fully commercialised call-centre operation, given its life critical nature. A certain level of excess capacity has to be built in to ensure that the performance metrics as set out in the CA are met. ComReg has reviewed the adherence to the performance metrics and where it considers these could be achieved more effectively, without endangering the service levels, it has requested the ECAS provider to make these changes. However, ComReg has recommended the gradual implementation of the changes (within a relatively short time-frame) to ensure the continued smooth running of the ECAS operation and these recommendations are being adopted by the ECAS provider. This should result in an improvement to the rate of staff utilisation.

[25] Section 58(G) of the Act of 2002

107 It should also be noted that utilisation rates tend to be lower in emergency services than many other sectors:

- Emergency services - 40%
- Public sector healthcare providers - 55% to 65%
- Financial services - 70% to 80%

108 Therefore, ECAS call-centres tend not to have the same rate of utilisation as commercial call-centres.

109 ComReg has no discretion as to the values set in the performance metrics as these are contained within the CA. In its review, ComReg assessed how these metrics were implemented in the Erlang model and has recommended some changes to be implemented in a controlled fashion.

110 ComReg would note that the fact that the current ECAS provider is achieving this target does not necessarily indicate excess resourcing. Given the life-critical nature of the service, ComReg does not think it appropriate to simply reduce the number of CSR hours and increase the response time to answer calls, and therefore answer calls more slowly, in order to achieve a minimal cost saving without careful consideration. ComReg would note, however, that it has reviewed the means by which the ECAS provider implements the performance metrics and has suggested changes resulting in more effective staff planning. The ECAS provider is currently implementing these changes in a prudent manner, having regard to the nature of the service.

111 It is not open to ComReg to amend the performance metrics because it has no power to do so under the Act of 2002 and because it is not a party to the CA.

112 ComReg, however, notes that the ECAS provider has as part of its continual assessment of its procedures reduced the average allowable call handling time from 36 seconds to 33 seconds.

113 ComReg is of the preliminary view that the results of the reasonable cost review relating to CSR costs can be assessed in two parts:

- Hourly rate paid to specialist call-centre company; and
- Number of CSR hours required to maintain service.

Hourly rate paid to the specialist call centre-company

114 ComReg has reviewed the hourly rate currently being charged by the specialist call-centre company and is of the preliminary view that an hourly rate of no more than €28.07 remains reasonable. ComReg is also of the preliminary view that this hourly rate should be reflected in the CHF that is determined for 2013-2014.

Number of CSR hours required to meet the service levels

115 A further slight reduction in the number of required CSR hours may be feasible but it needs to be accomplished without affecting the adherence to the standards as set out in the CA and the overall objective of the ECAS.

116 However, a possible reduction in the number of required hours cannot be seen purely in a financial context so as to bring about a lower maximum permitted CHF. It is vital to ensure that no consumer is put at risk by a sudden reduction in CSR numbers especially when the call arrival patterns are unpredictable. Therefore, ComReg suggests a prudent and measured approach which will be continually monitored over the coming months.

BT Payroll Costs

117 The ECAS provider's own pay costs are approximately €✂ per annum. The costs incurred are marginally lower than those forecast as part of the 2012-2013 CHF review.

118 The ECAS provider's own pay costs (i.e. other than the CSRs) can be categorised broadly as follows:

- 100% dedicated to ECAS;
- Engineering and technical support charged as required to ECAS; and
- Other support services charged as required to ECAS.

100% dedicated to ECAS

119 The staffing of the ECAS operation (all BT staff) is currently as follows:

- One Head of Operations;
- Six first line managers ("FLMs");
- Three support engineers; and
- Two support/administration staff.

120 This organisational chart was in place for the calculation of the 2012-2013 CHF and followed a number of refinements since the ECAS provider commenced operations. This included the amalgamation or removal of certain roles. Since the 2012-2013 CHF review no material changes have been made to this organisational chart. ComReg has reviewed the organisational structure as part of the 2013-2014 CHF review and is of the preliminary view that further refinements are not possible without adversely affecting the quality of service.

Head of Operations

121 The Head of Operations has overall responsibility for the successful operation of ECAS and is the strategic apex for the entire business. Furthermore, the Head of Operations is responsible for developing the forecast volumes which are used in the resourcing model to determine the number of CSR hours required and for liaising with the specialist call-centre company in the creation of rosters. The Head of Operations also liaises with the various external stakeholders and suppliers such as the emergency services and the third-party suppliers. This role is a crucial and strategic one for the ECAS.

FLMs

122 The ECAS provider considers that six FLMs are required to cover the three sites. The FLM manages the day-to-day operational activities of the CSRs. Their roles include monitoring call quality, on the job training, and handling calls when required.

123 While the FLMs do not cover the PSAPs 24 hours per day their shifts are organised so that there is a presence in most PSAPS or to provide cover across all three centres between approximately 6am and 12am. As call volumes tend to be lower between 12am and 6am, the ECAS provider considers that it is not necessary to have an FLM present. However, within each site a CSR is designated a "lead operator" and is trained to handle certain contingencies if required. This lead operator can also cover for the FLMs when they are not present.

124 The roles of the FLMs are considered to be distinct from those of the call-centre coordinators supplied by the specialist call-centre company and not suitable for amalgamation. In summary FLMs monitor call quality and the service level adherence to the quality of service parameters. Call-centre coordinators are responsible for maintaining rosters locally and dealing with human resource type issues as they arise. ComReg has reviewed the current number of FLMs and given that their role is managing the service performance, adherence to standards and quality mainly, it is ComReg's preliminary view that the ratio of FLMs to CSRs appears reasonable (✂). ComReg will continue to monitor this ratio to ensure that it is in line with best practice.

Support engineers

125 The three support engineers are involved in the day-to-day maintenance of the ECAS IT and telecommunications infrastructure across the three PSAPs and two data centres. While these three engineers are dedicated to the ECAS operation, their managerial function only allots time on a case-by-case basis.

126 Where more specialist engineering requirements are needed, these can be sourced from within the wider engineering team of the BT organisation. This is discussed further in paragraph 130. Given the nature of this work, support engineers are vital to the continuing delivery of the ECAS and given the geographical spread of the PSAPs, the required number of engineers to meet the workload appears reasonable. However, ComReg will continue to monitor the situation in its annual reviews of the CHF.

Administration/Support staff

127 The support-staff is involved in the preparation of reports and general administration for the ECAS operation. They are also trained to handle calls if there is a particular need to do so. They also independently conduct quality monitoring of the emergency calls across the three PSAPs on a weekly basis. While administration staff also monitor call quality they do so to a much lesser extent than the FLMs. This is done to provide a layer of additional quality checking and to provide assurance as to the quality of the service.

128 The role played by the administrators provides for another objective view of quality and ComReg is of the preliminary view that these roles are reasonable.

129 ComReg is of the preliminary view that the current organisational structure relating to the staff who are 100% dedicated to ECAS is appropriate for the delivery of the ECAS and the associated costs are reasonable.

Engineering and technical support charged as required to ECAS

130 Since the ECAS operation went live, the ECAS provider has made a number of changes to or has been planning changes to the ECAS network. Costs associated with these changes are allocated based on time spent on the ECAS.

131 Some of these changes have required specialist engineering skills from within the wider engineering team of the ECAS provider. Others have been completed by its dedicated engineering team. Where specialist engineers are required they charge their time to ECAS on a case-by-case basis. While all changes are pre-approved by the ECAS management, some changes can be considered reactive and others proactive. ComReg has observed that the level of engineering and technical support required has reduced over recent months — as the ECAS network has become more established this is to be expected. ComReg will continue to monitor this activity and ensure that the necessary processes are maintained to track the time spent on the required tasks.

132 ComReg, as part of its review, observed how some of the specialist engineers and technicians provide services to the ECAS operation. Given the life-critical nature of the ECAS operation the ECAS provider prioritises any issues (routine or otherwise) which may arise within the engineering / technical aspects of the service over other services offered within the wider BT group.

133 ComReg's preliminary view is that it, considers these costs to be reasonable for inclusion in the 2013-2014 CHF review.

Other support functions charged as required to ECAS

134 The ECAS provider also records the costs of support functions for which it does not have a dedicated team. The support service includes, but is not limited to:

- Executive management (overall ownership of the ECAS operation drawing expertise from across the entire BT organisation);
- Finance (preparation of quarterly and annual financial statements and supplying financial data and reports to ComReg);
- Legal (reviewing contracts and correspondence);
- Regulatory (liaising with ComReg and other stakeholders); and
- Procurement (maintenance of existing and procurement of any new third party contracts).

135 ComReg has reviewed the nature of the support being provided and their associated costs and (subject to some immaterial amendments) considers them to be reasonable.

136 Almost all pay costs are allocated to the ECAS either directly (CSR / 100% dedicated to ECAS) or indirectly using a cost driver (engineering support / other support).

137 However, there remain a few pay costs for which a cost driver is not applied (c. 3%). The principal pay cost associated with this is the monitoring of the ECAS network. These pay costs are charged to the ECAS using a percentage mark-up based on the cost of staff directly or indirectly charged to the ECAS. ComReg continues to monitor the nature and level of the costs incurred and ComReg's preliminary view, for the 2013-2014 CHF review, is that these costs are reasonable.

Non-pay costs

138 The ECAS provider's non-pay costs are approximately €✂ per annum. Its non-pay costs primarily consist of:

- Premises;
- Backhaul;
- Network maintenance;
- Other non-pay costs.

Premises

139 The ECAS provider leases premises from which it operates two of its PSAPs. It utilises space within the specialist call-centre company's premises for its third PSAPs. The associated costs of this third PSAP are contained within the hourly rate it pays the specialist call-centre company (included General Overhead within Figure 8).

140 In addition to the leasing of the premises, the ECAS provider also pays the associated local authority rates and electricity charges. One PSAP also hosts a data centre thereby requiring higher electricity charges for the running of servers and air-conditioning units.

141 There are also facilities management charges for the two PSAPs leased by the ECAS. Having reviewed these costs ComReg is of the preliminary view that €40,000 of facilities management costs are unreasonable and as such has excluded them from the costs incurred when determining the CHF for 2013-2014. This is a similar amount to the costs disallowed in the 2012-2013 CHF review.

Backhaul

142 Due to the need to adhere to the performance metrics as set out in the CA the ECAS backhaul is supplied by both BT and third-party suppliers (in order to maintain resilience). BT has also provided space for a second ECAS data centre (in its main facility). The costs of backhaul and the data centre have been found to be reasonable when compared to prevailing market rates. BT has continued to negotiate improved rates for some of its third-party backhaul. ComReg's preliminary view is that it considers these costs to be reasonable.

Network maintenance

143 The ECAS provider has a number of support contracts in place, primarily of an IT/technical nature. The principal support contract is with the supplier of the platform underpinning the ECAS network which is a critical component to the successful delivery of the ECAS. The ECAS provider has further support contracts in place with ancillary IT companies, which it considers are necessary for the successful running of the ECAS operation. Many of the support contracts which were being put in place at the set-up stage were also reviewed by ComReg in 2009-2010 and found to be reasonable. No amendments have been made to these contracts in the intervening period. ComReg's preliminary view is that these costs are reasonable.

Other non-pay costs

144 Other non-pay costs include an allocation of accommodation, computing and telecommunications for "engineer support" and "other support" associated with the ECAS and the cost of the annual audit. These costs are allocated on the basis of cost drivers or are directly attributable. ComReg has reviewed the nature of these costs and (subject to some immaterial amendments) considers them to be reasonable.

Depreciation / Amortisation

145 Another significant cost is the annual depreciation and amortisation charge. The estimated annual cost of the depreciation and amortisation charge is €2.2m. This is based on an initial investment of approximately €11m, which is being written-off over the term of the CA (i.e. five years).

146 During the set-up phase the ECAS provider invested in fixed assets in deploying its ECAS network. This fixed asset investment consisted of both time spent by the ECAS provider's personnel (i.e. technical, management, procurement) in designing and building the new operation and its purchase of the required fixed assets. The assets it purchased included the IT and telecommunications infrastructure required to operate the ECAS and the costs of fitting out the three PSAPs. As discussed in paragraph 139, the ECAS provider does not own the premises from which it runs the ECAS PSAPs: these are leased from third parties.

147 The set-up costs are incurred once by the ECAS provider and accordingly, they need only be reviewed once. The set-up costs were already comprehensively examined by ComReg, during the course of its 2011-2012 CHF review. This review determined the amount of capital expenditure and associated depreciation/amortisation charges to be included in the determination of the maximum CHF (based on a five year asset life as set out in the CA). ComReg does not believe that it would be logical or efficient to review this issue again. There have not been any material changes made to the capitalised costs of the ECAS during this review period. The focus of this review is on the operating costs, as this is the first year for which actual data is available. It is proposed that operating costs will be reviewed annually. Accordingly, ComReg is satisfied that there is no reasonable basis for reviewing the set-up costs of the ECAS again in this review

148 Some of the fixed assets may have asset lives greater than five years, and under the terms of the CA they are to be written off in a straight-line method over its duration.

149 However, if a longer average asset life was applied, the resulting annual depreciation charge would be lower: as a result, the maximum permitted CHF would also be lower.

150 However, this does not reflect the fact that certain assets may need to be replaced over the term of the CA (i.e. switches, servers) which would have an impact on this figure. As required under the CA any new assets purchased for ECAS would also be written off over the remaining term of the CA. As also required under the CA the ECAS provider must inform ComReg if it envisages spending in excess of €100k on fixed assets in any twelve month period. Expenditure on capital investment during the period under review did not exceed €100,000.

151 As the assets purchased for ECAS are inherently linked to its operation it is likely that the residual value of any assets would be nil. At the end of the CA should an alternative ECAS provider be awarded a new CA it is unlikely that many of the assets could be used in any new ECAS operation unless they are located at the existing PSAPs. It is also unlikely that the assets could be successfully reused in the wider BT telecommunications network. Only the Minister can hold a public tender process to award any subsequent ECAS contracts. Therefore decisions on how to treat such assets can only be made by the parties to the CA. Furthermore, a decision to change the depreciation policy is governed by the CA: it is not a matter for ComReg to decide.

152 During the period under review there was little capital investment in the ECAS network (c. €✂). This capital investment was discussed by ComReg with the ECAS provider and it is ComReg's preliminary view that it is reasonable. In accordance with the terms of the CA this capital investment will be depreciated over the remaining life of the CA.

153 As noted in above (in paragraph 151), it is likely that the residual value of any assets at the end of the CA would be nil. However, it should be noted that it is a matter solely for the DCENR to:

- Determine the residual value of assets;
- Determine the asset lives to be applied;
- Determine what happens to any assets remaining at the end of the CA and in the next tender process; and
- Decide whether or not to extend the term of the CA in accordance with the terms of the CA.

154 It is not open to ComReg to amend any residual value of fixed assets or amend their asset lives, because it has no power to do so under the Act and because it is not a party to the CA.

Guaranteed rate of return

155 The cost of capital enables the ECAS provider to recover any interest costs associated with finance agreements that it may have entered into in relation to its ECAS operation. This return includes any interest expense that might be incurred on this investment through the use of some form of debt or equity finance.

156 Under the CA, the ECAS provider is allowed a guaranteed rate of return on its cost of capital. This has been set at 6.63% on the gross book value of its investment (fixed assets and set-up costs) for the term of the CA. As the guaranteed rate of return is part of the CA, the setting of the guaranteed rate of return it is not within the scope of the review that ComReg must conduct under the Act of 2002.

157 Based on an investment of approximately €11m the cost of capital is approximately €750k per annum to the end of the CA.

Cost of capital rebate

158 When the ECAS provider won the tender to manage the ECAS operation, it had based its proposal on there being approximately 4.8m emergency calls per annum. The maximum permitted CHF of €2.23 was set by the Minister in order to allow the ECAS provider to recover the cost of operating the ECAS for this volume of calls.

159 There has been a significant fall in call volumes from the date when the CA was signed until the period of this review. Therefore, the per-unit cost of running ECAS had been greater than the initial CHF of €2.23, and as a result the ECAS provider under-recovered its costs during the initial period of the CA. This under-recovery was primarily offset by the increase in the maximum permitted CHF to the current fee of €3.35.

160 However, as the ECAS provider under-recovered its costs in 2010-2011 — as a result of the initial CHF (being set too low) the ECAS provider had to self-finance this under-recovery. The cost of capital rebate is the estimated cost of the interest of this self-financing (i.e. the cost the ECAS provider had to pay (or interest earnings foregone) as a result of this self-financing) and is spread over the remaining period of the CA.

161 The cost of capital rebate was assessed in 2009-2010 by ComReg and considered to be reasonable and is to be spread over the life-time of the CA. It is approximately €✂ per annum but on a reducing scale over the life of the CA.

Sinking fund

162 Under the CA, the ECAS provider is required to transfer a €250k per annum into an escrow account and this payment is included in the maximum permitted CHF. The escrow account is held and managed by the DCENR and is not under the control of ComReg or the ECAS provider.

163 While the ultimate use of the sinking fund is determined by the DCENR it could also be used to cover the costs of any additional investment in new technologies required at a late stage in the five year CA, which may cause a spike in the CHF. It also could be used to cover any exit costs which BT may incur, should it be required to provide a parallel service in the same way Eircom provided a similar service when it was exiting from the provision of this service during September and October 2010.

164 In any event, the administration, control and ultimate value of the sinking fund is under the direct control of the DCENR and not ComReg. It is not open to ComReg to justify the level or use of the sinking fund because it has no power to do so under the Act and because it is not a party to the CA. Therefore, ComReg cannot influence its use or its value further. ComReg must, however, include the prescribed value of the sinking fund in its calculation of the CHF each year for the duration of the CA.

Prior period under-recovery

165 As previously noted, the ECAS provider developed and designed its ECAS operation to handle approximately 4.8m calls per annum. As the ECAS provider is entitled to recover the reasonable costs of running the ECAS, the CHF was set in order to allow this recovery (on the basis of 4.8m number of calls multiplied by the CHF). However, after the system went live, it became apparent that the number of calls being handled was significantly lower than that originally envisaged and that the ECAS provider would not recover its costs. As a result, the ECAS provider did not recover all of its reasonable costs incurred in the initial period. Therefore, this under-recovery has to be recovered through the CHF over the remaining life of the CA and the CHF was adjusted to €3.35 to reflect this. As actual call volumes in 2011 and 2012 have been different to the forecast call volumes the amount of the under-recovery has been recovered at a slightly faster rate. With the proposed change to the CHF, ComReg is of the preliminary view that the remaining balance of the under-recovery is recalculated so that an over-recovery does not occur by the end of the CA.

166 ComReg would note that under or over-recovery of costs is calculated within the overall determination of the maximum CHF. ComReg is of the preliminary view that in order to provide for regulatory and commercial certainty, it is better to have a stable CHF (where possible).

167 In calculating the CHF, forecasts for reasonable costs and call volumes to the end of the CA have been used. Therefore, while there might be an under or over-recovery in any particular period the CHF has been calculated to remain as stable as possible over the term of the CA, rather than having significant fee increases and reductions annually.

168 The prior period under-recovery to 30 June 2012 was €✂ (30 June 2011 €✂). The cause of this can be summarised as follows:

Figure 9 – Prior period under-recovery

Forecast income & expenditure to 12 February 2013	€[26]
Est. revenues from Go Live to 12 February 2013	✂
Costs	
Pay costs	✂
Non pay costs	✂
Depreciation / amortisation	**5,800,000**
Sinking Fund	**700,000**
Guaranteed rate of return	**2,000,000**
Cost of capital rebate	✂
Total Costs	✂
Prior period under-recovery	✂

[26] For ease of reference values have been rounded

169 This under-recovery is reflected in the proposed CHF of €2.96 for 2013-2014.

Figure 10 – projected income and expenditure to end of the CA[27]

	2013/14	2014/15	2015 – five months	Total
Forecast Volumes @ €2.96	2.7m	2.6m	1m	
Revenue €	8,100,000	7,900,000	3,300,000	19,300,000
Costs €				
Pay costs	✂	✂	✂	✂
Non pay costs	✂	✂	✂	✂
Depreciation	2,200,000	2,200,000	900,000	5,300,000
Sinking Fund	250,000	250,000	100,000	600,000
GRR	750,000	750,000	300,000	1,800,000
Rebate	✂	✂	✂	✂
Total Costs	✂	✂	✂	✂
Recovery	✂	✂	✂	✂

170 Over the life of the CA the amount of the prior period under-recovery (€✂) is reflected in the CHF and reduces to nil.

171 ComReg will continue to review any over or under-recovery spanning the duration of the CA, and this will be adjusted, as relevant, through the amount to be recovered through the CHF.

172 Any under or over recovery, as relevant, would then be spread over the remaining period of the CA and allocated based on the expected number of calls in each review period. The proposed CHF reflects that the ECAS provider is now primarily recovering its In-Life costs as most of the prior period under-recovery has now been recovered.

[27] For ease of reference values have been rounded

Monitoring costs

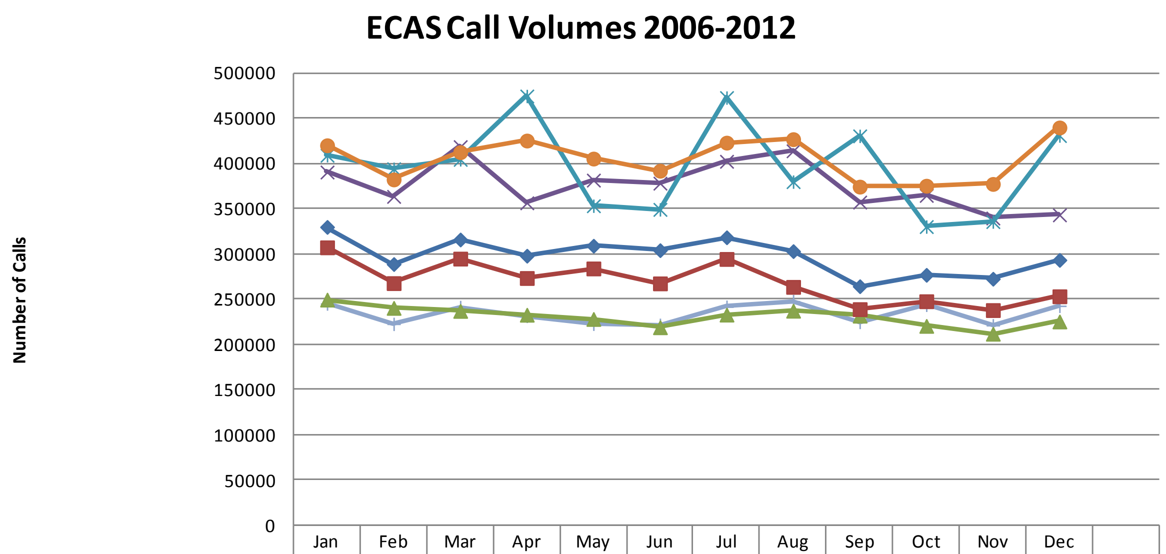
173 ComReg can confirm that its monitoring costs[28] associated with the carrying out of this review are not, at this time, being recovered through the CHF.

[28] Section 58 (E) of the Act of 2002

7 Volumes

174 When the ECAS provider entered the CA with the Minister, the annualised tendered volume of emergency calls was 4.8million. Since that time, there has been a marked and steady decline in the volume of emergency calls and this is illustrated in Figure 11 below: (note that the period October 2012 – December 2012 is an estimated value):

Figure 11: ECAS monthly call volumes 2006 - 2012



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
"2012 - forecast Oct to Dec"	245126	222636	241281	231510	222724	221589	241584	247813	224782	243713	221088	242561
2011	249480	240324	236994	232753	228079	218909	232872	237187	231706	220445	211737	225311
2010	307283	267718	294817	273357	283936	267424	294444	263570	238958	247691	237907	253158
2009	329840	288784	315932	297997	309051	304137	318362	303082	264283	276866	272543	293348
2008	390528	363614	418544	356502	381583	378189	402386	413990	357307	364727	339686	343168
2007	409052	394129	404538	474552	353267	349213	472799	379910	430488	330215	335755	430870
2006	420103	382346	412486	425320	405387	391943	423005	426856	374365	375376	377367	439783

175 The decline in call volumes has had, and is likely to continue to have, a material impact on the CHF. This is because the associated reasonable costs incurred by the ECAS provider must be spread over a narrower spread of calls (than envisaged when the CA was signed), which resulted in a higher unit cost up to 2012-2013. Whilst some of the operating costs of the service are flexible and demand responsive (i.e. the required number of PSAPs CSRs) many of the other costs are essentially fixed costs, and are not affected by the call volume, but were affected by the specification of the CA.

176 ComReg has previously indicated publicly in an Information Notice,[29] that there has been a decline in call volumes since 2009 but that the rate of decline stabilised in 2012). Figure 12 below (which is taken from the Information Notice) shows the differences in monthly call volumes between January and June 2011 and 2012. During the 2012-2013 CHF review ComReg had predicted that calls would decline by 3.5% per annum.

Figure 12: Call volumes January – June 2012 v January to June 2011

	2011	2012	Difference	% Difference
January	249,480	245,126	-4,354	-1.7%
February	240,324	222,636	-17,688	-7.4%
March	236,994	241,281	+4,287	+1.8%
April	232,753	231,510	-1,243	-0.5%
May	228,079	222,724	-5,355	-2.3%
June	218,909	221,589	+2,680	+1.2%
January to June Total	**1,406,539**	**1,384,866**	**-21,673**	**-1.5%**

177 Much of the decline from the Go Live date related to a reduction in false or error calls (also known as "ghost calls") on fixed line networks. Since 2009 Eircom (who was the ECAS provider prior to the current ECAS provider being awarded the CA) has undertaken a significant remediation of "ghost calls" on its own network.[30] This has resulted in a significant and sustained reduction in emergency call volumes since then, although the trend in the reduction of volumes pre-dates 2009.

178 However, a dramatic slow-down in the rate of decline was observable from late 2011. ComReg has calculated its forecast call volumes as follows:

- Call volumes from the Go Live date to August 2012; and
- Estimated call volumes for September 2012 to December 2012

[29] See ComReg Document No. 12/105
[30] These calls are generated by a fault in the telephone line itself or with the customer's equipment.

179 The call volumes from the Go Live date to August 2012 are the call volumes recorded by the ECAS provider (as opposed to it having to previously rely on historical data from Eircom). This data includes the significant declines observed as Eircom (in particular) undertook its remediation programme. However, these call volumes also provide the ECAS provider with its own base line figure for call volumes.

180 Estimated call volumes for September 2012 to December 2012 are also incorporated into the calculation of call volumes to allow for call volumes up to the date when ComReg must make its determination (i.e. 12 December 2012).

181 ComReg has considered a number of possible scenarios for determining the annual rate of change in call volumes, outlined below. The determination of the rate of change in call volumes has a direct impact upon the proposed CHF and this is described further in Section 8.

- ComReg does not consider that a forecasted rate of decline of 0% in call volumes to be appropriate. ComReg does not consider that call annualised call volumes have yet reached a steady state and is of the preliminary view therefore that further declines in call volumes are likely. If ComReg applies an annual reduction in call volumes of 0% the resulting CHF for 2013-2014 would be €2.81.
- ComReg does not consider that a forecasted rate of decline of 1.5% in call volumes to be appropriate. While this reflects actual call volumes from January to June 2012 ComReg considers that externalities, such as remediation programmes, need to be considered. If ComReg applies an annual reduction in call volumes of 1.5% the resulting CHF for 2013-2014 would be €2.90.
- ComReg does not consider that a forecasted rate of decline of 3.5% in call volumes to be appropriate. While this reflects ComReg's forecast in the 2012-2013 CHF review the actual rate of decline observed between January and June 2012 has been less. If ComReg applies an annual reduction in call volumes of 3.5% the resulting CHF for 2013-2014 would be €3.02.

- ComReg does not consider that a forecasted rate of decline of 5% in call volumes to be appropriate. While this reflects the impact of prior remediation programmes[31] (reflected in the 2012-2013 CHF call volume forecast excluding the impact on possible population increases) ComReg is not aware of the commencement of significant remediation programmes but requests the views of respondents. If ComReg applies an annual reduction in call volumes of 5% the resulting CHF for 2013-2014 would be €3.12.

- Based on the call volume data to date ComReg is of the preliminary view that a forecast that call volumes will decline at a rate 2.5% per annum is a prudent approach. It is based on the average of the actual call volume decline (1.5%) and ComReg's forecast in the 2012-2013 CHF review (3.5%). It therefore reflects the fact that call volumes have declined by 1.5% between January and June 2012 while also allowing for the possibility of externalities such as the possible re-commencement of significant remediation programmes. ComReg considers that by not allowing for some externalities the CHF in subsequent years could fluctuate. If ComReg applies an annual reduction in call volumes of 2.5% the resulting CHF for 2013-2014 would be €2.96 (as proposed in this consultation).

182 However, if significant remediation programmes are commenced which have the effect of greatly reducing call volumes this will have a direct impact on the CHF. Therefore, in order to forecast call volumes as accurately as possible and to take into account as much robust external information as possible, ComReg requests that all operators submit to it (as part of this consultation process) details of any remediation programmes which they are currently undertaking or about to undertake which could impact upon ECAS call volumes.

183 The impact of call volumes on the recovery of the reasonable costs is discussed further in Section 8.

Q. 4 Please outline if you are aware of any network remediation programme or any such initiatives in the short to medium term (1 to 3 years) which may affect the forecasted volume of emergency calls

[31] A 5% call volume decline due to remediation programmes was forecast in the 2012-2013 CHF call volume forecast before being adjusted for the impact of a 1.5% forecast population increase.

8 Cost Volume Relationship

184 The CHF is calculated by dividing the reasonable costs incurred by the annual number of emergency calls.

185 When assessing the forecast annual costs, ComReg has had regard to the costs incurred to date, and what it considers to be reasonable or unreasonable. ComReg has reviewed the assumptions made by the ECAS provider on how it considers future costs will evolve. Where necessary, ComReg has proposed amendments to certain items not considered to be reasonable.

186 In designing its ECAS operation, the ECAS provider planned its network and operations based on the information provided in the tender with DCENR (which used historical Eircom call volumes of 4.8m calls per annum). Largely because of a remediation programme in repairing network generated "ghost calls" by Eircom, the annual number of calls dropped to about 2.6m in 2011 (about a 46% decrease). The rate of decline has slowed significantly since 2011 with actual call volumes for the 6 months to June 2012 1.5% lower than the corresponding period in 2011.

187 Therefore, while significant cost savings were been made during the 2012-2013 CHF review and the cost pattern is now in a relatively steady state, this has been offset by the significant decline in the number of calls over which the total cost base is to be recovered. However, a 1% change in call volumes would not necessarily bring about a corresponding 1% change in the CHF. This is because the reasonable costs of the ECAS are divided by emergency call volumes to arrive at the CHF. If volumes are less, this must tend to increase the CHF given that the majority of the costs (even the in-life costs) of the ECAS are fixed. These fixed costs are:

- Minimum number of CSRs required;
- Organisational structure solely dedicated to ECAS;
- Recurring costs such as support staff (quarterly financial reporting, specialist engineering and technical services);
- Recurring costs such as the leasing of premises, service contracts and backhaul;
- Annual depreciation/amortisation charge;
- Contribution to the sinking fund; and
- Guaranteed return.

188 During this CHF review the cost base has been relatively similar to that forecast during the 2012-2013 CHF review. However, as the actual call volumes are slightly higher than that previously forecast the CHF has declined.

189 However, it should be noted that a 1% decline/increase in call volumes is likely to result in a greater percentage change in the CHF. The following Figure 13 is provided for illustrative purposes.

- The Base scenario considers that call volumes remain stable and no further decline is forecast;
- Scenario 1 represents the CHF if a decline in call volumes of 1.5% is forecast (actual rate of decline January to June 2012);
- Scenario 2 represents the CHF if a decline in call volumes of 2.5% is forecast (rate of decline as proposed in this Consultation);
- Scenario 3 represents the CHF if a decline in call volumes of 3.5% is forecast (rate of decline as forecast in the 2012-2013 CHF review); and
- Scenario 4 represents the CHF if a decline in call volumes of 5.0% is forecast (rate of decline as proposed in the 2012-2013 CHF review excluding the potential impact for population increases).

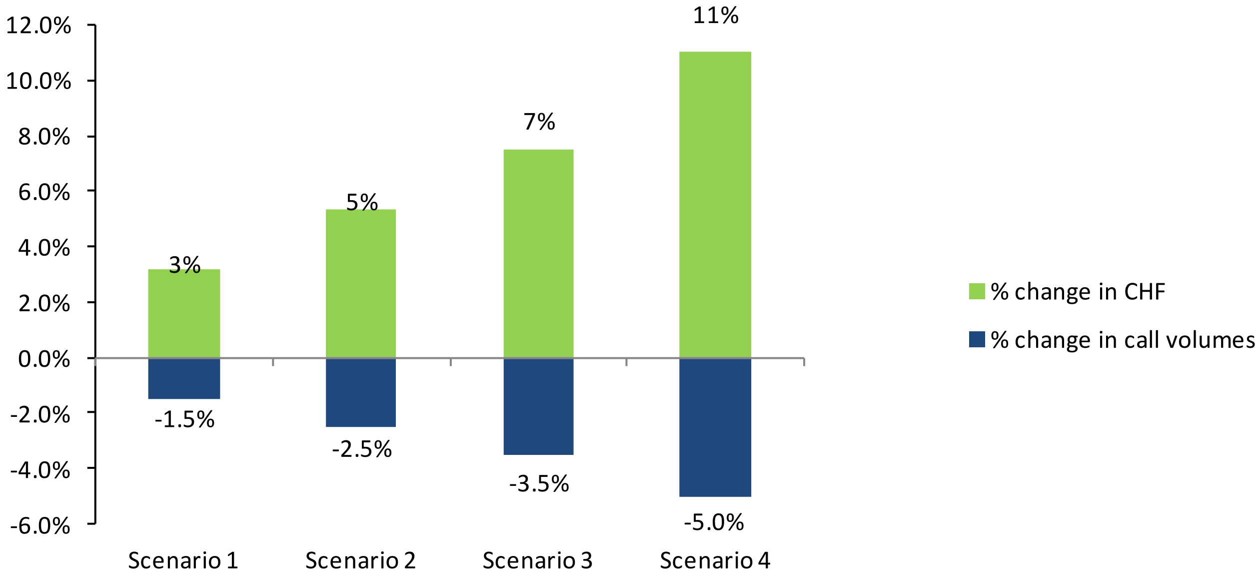
Figure 13 –Sensitivity analysis of changing call volumes on the future CHF[32]

Scenario	Base CHF	% change in call volumes	% change in CHF	Revised CHF
Base	2.81 €	0.0%	-	-
Scenario 1	2.81 €	-1.5%	3%	2.90 €
Scenario 2	2.81 €	-2.5%	5%	2.96 €
Scenario 3	2.81 €	-3.5%	7%	3.02 €
Scenario 4	2.81 €	-5.0%	11%	3.12 €

[32] Note that the change in the incremental cost associated with CSR hours is considered immaterial and is not reflected above. This graph is for illustrative purposes only.

190 This is represented graphically as follows:

Figure 14 – Cost volume relationship



191 ComReg has not adjusted call volumes to reflect the possible elimination of spurious calls without Calling Line Identity ("CLI") because no such decision has been made to amend this practice. Spurious calls without CLI have been a feature of ECAS call volumes for many years and this has only become a matter for discussion very recently. It must be emphasised that is not open to ComReg to disregard spurious calls without CLI because it has no power to do so under the Act of 2002 and because it is not a party to the CA.

192 If such calls be eliminated the CHF under the current CA would be likely to increase. This is because the cost base, albeit slightly lower because of less CSR hours required, would have to be recovered over a lower number of calls.

193 This issue was also raised and is currently being discussed within the ECAS Forum recently established by ComReg. Regardless of the cause and effect of false and spurious calls, the ECAS is required to handle each call as effectively as possible. It stands to reason that removing these would achieve greater effectiveness but it is beyond ComReg's remit to do this. However, ComReg is of the view that ECAS would be better served with fewer "false calls", so that only genuine emergency calls are received and handled.

Q. 5 Do you agree or disagree with the proposed forecast of the call volume decline rate of 2.5% per annum? Please provide detailed reasoning and calculations for your views.

9 International benchmarks

194 During the 2012-2013 CHF review ComReg noted that only the U.K. has its ECAS operations funded by operators that forward calls to the ECAS provider. Other countries have their ECAS operations funded by the state.

195 However, during the 2012-2013 CHF review ComReg concluded that direct comparisons between Ireland the UK or other international ECAS operations was not possible. In particular it noted the following:

- Differences in population;
- Differences in the number of PSAPs;
- The provision of ancillary services in the UK PSAPs; and
- Variations in the application of performance metrics.

196 Any changes to how the Irish ECAS operation is funded (i.e. directly by the state) would be a policy decision for the DCENR and is beyond ComReg's remit to review reasonable costs. Currently Section 58C of the Act of 2002 requires the ECAS operation to be funded by operators that forward calls to the ECAS provider.

197 ComReg further observed that the population of the U.K. is approximately 62,000,000, whereas in Ireland it is approximately 4,500,000. As noted in the 2012-2013 CHF review, the average number of calls per capita is similar for Ireland and the UK. As also noted a high proportion of the costs associated with ECAS are relatively fixed. Therefore, while the UK has twice as many PSAPs as Ireland, the number of emergency calls made in the UK is approximately 10 times greater than that of Ireland – while at the same time it includes other services alongside its ECAS operation.

198 The requirement to have a third PSAP and the fact that ancillary services are not allowed to be provided by the ECAS provider are decisions which were made by the DCENR and are therefore beyond ComReg's remit to review reasonable costs.

- The requirement to have the third PSAP is in order to ensure resilience in the ECAS network and to adhere to the performance metric that the service be available 99.999% of the time.
- ComReg considers that the incremental cost of the third PSAP to be quite low. It accommodates approximately 12 CSRs and managers, has some limited additional office accommodation and does not have a data centre.

- It is ComReg's understanding that the CA does not allow for the provision of non-ECAS services without the agreement of both parties to the CA.

199 Therefore, given the differences in population and economies of scale that can be achieved, the number of PSAPs in operation in both countries, and the variations in the charging mechanism, performance metrics and cost structures, ComReg is of the view that a direct comparison between Ireland and the UK is not suitable for benchmarking.

200 However, ComReg (and its consultants) have carried out an assessment of the application of the performance metrics (as set out in the CA) to the Erlang model used for capacity planning purposes and consider this to be a better means of benchmarking results than direct comparisons with other jurisdictions. This benchmarking is also supported by the expertise of its consultants.

201 ComReg considers that the use of international benchmarks is not appropriate for reviewing the CHF at this time.

10 Draft Determination

Definitions

1.1 In this determination:

- "*the Act*" means the Communications Regulation Act 2002;
- "*the Commission*" means the Commission for Communications Regulation established under section 6 of the Act;
- "*emergency call*" has the same meaning as in section 58A of the Act; and
- "*the emergency provider*" means BT Communications Ireland Limited.

2 Determination

2.1 The Commission makes this determination:

- In exercise of its powers under section 58D (2) of the Act;
- Pursuant to the review conducted by it under section 58D (1) of the Act;
- Having had due regard to section 58D (3) of the Act;
- Pursuant to Commission Document No. XX and Commission Document No. XXa;
- Having duly taken account of the responses received to Commission Document No. XX and Commission Document No. XXa; and
- Having regard to the reasoning and analysis conducted by the Commission and set out in this response to consultation and determination.

2.2 The Commission hereby determines that for the period 12 February 2013 to 11 February 2014, the maximum permitted call handling fee that the emergency provider may charge to entities who forward emergency calls to it for handling such a call shall be €2.96.

2.3 This determination is effective from the date of the publication of this response to consultation and determination.

Q. 6 Do you agree or disagree with the wording of ComReg's Draft Determination? If not, please state your detailed reasoning.

11 Regulatory Impact Assessment

202 ComReg is not imposing a regulatory obligation upon any stakeholder. The obligation to pay the CHF is imposed by the Act of 2002. The Act of 2002 also obliges ComReg to conduct the review and to determine the CHF annually. ComReg has no discretion to refuse to do so.

12 Submitting Comments

203 The consultation period will run from 19 October 2012 to 16 November 2012, during which ComReg welcomes written comments. It is requested that comments be cross-referenced to the relevant question numbers from this document.

204 Having analysed and considered the comments received, ComReg will publish a response to consultation and decision in January 2013.

205 In order to promote further openness and transparency, ComReg will publish all respondent's submissions to this consultation. However, ComReg must strictly maintain the confidentiality of any information provided to it in confidence. Electronic submissions be submitted in an unprotected format so that they can be appended into the ComReg submissions document for publishing electronically.

13 Statutory Basis

206 Section 58 (A) – 58 (H) of the Communications Regulation Act 2002 (as inserted by section 16 of the Communications Regulation (Amendment) Act 2007 provides generally for the establishment of the ECAS and associated matters. Section 58 (D) obliges and empowers ComReg to review and determine the maximum permitted CHF on an annual basis

Annex: 1 ECAS Quality of service parameters

Parameter	Definition	Threshold & measurement frequency	Definition
ECAS availability	Availability = U/(U+D) U= Uptime, the total time when the ECAS service answers Emergency Calls presented to the ECAS Switches and routes the call to the appropriate Emergency Service centres. D= Downtime, which shall include loss of service for all reasons other than Force Majeure Events	99.999% on a 12 month rolling period Monthly	Availability = U/D where: U is total time when the ECAS service answers Emergency Calls presented to the ECAS switches and routes the call to the appropriate Emergency Service. D = Downtime, which shall include loss of service for all reasons other than Force Majeure events.
Average speed of answer	The average time period between an Emergency Call being presented to the ECAS switch and the call being answered by an Operator	1.3 sec One Day Hourly & daily	The average time period between an Emergency Call being presented to the ECAs switch and the call being answered by an Operator.
PAC 5	The percentage of calls answered within 5 seconds	97.5% One Day Hourly & daily	The percentage of calls answered within 5 seconds
Accessibility Index (Hit rate)	Percentage of quarter hours where 85% of calls are answered within 5 seconds. Ignoring calls abandoned within 5 seconds	85% one day Quarter hours & daily	Percentage of quarter hours where 85% of calls are answered within 5 seconds.
Customer or Emergency Service complaints	Customer or Emergency Service Complaints for which ECAS is wholly or partially responsible	2 per month or 1 for every 200,000 calls Monthly	Customer or Emergency Service complaints for which ECAS is wholly or partially responsible.
Standards certification	a) Information security management ISO 17799 and ISO 27001 b) Business continuity BS 25999-1 and BS 25999-2 (when issued) c) Building standard d) ISO 9001:2000	Annual Certificate Inspection Annually	a) Information security management ISO 7799 and ISO 27001: b) Business continuity BS 25999-1 and BS 25999-2 (when issued) c) Buildings standard d) ISO9001:2000
Average call handling time	The average length of time taken from when a call is answered by the Operator until Monitoring ceases	33 seconds One Day Hourly & daily	The average length of time taken from when a call is answered by the Operator until monitoring ceases.
Average call routing time	The average length of time taken from when a call is answered by the Operator until	Less than 15 seconds for 90% of routed calls. One	The average length of time taken when a call is answered by the Operator

Parameter	Definition	Threshold & measurement frequency	Definition
	a call to the Emergency Services is initiated. Abandoned calls are omitted.	Day Hourly & daily	until a call to the Emergency Service is initiated.
Average call abandon rate	The percentage of total calls presented to the ECAS switch that terminate prior to answer by the Operator for whatever reason.	< 12% One Day Hourly & daily	The percentage of total calls presented to the ECAS switch that terminate prior to answer by the Operator for whatever reason.
Call handling accuracy	Percentage of calls handled correctly according to the call handling process in five areas:- • call opening • process • call closure • call control behaviours • compliance	99% Monthly Random sample of 50 calls per ECAS provider Centre per month	Percentage of calls handled correctly in line with the call handling process in five areas: Call Opening, process, call closure, call control behaviours, compliance.

Questions

Section Page