



Office of the Director of
**Telecommunications
Regulation**

INFORMATION NOTICE

**Information Notice on the Payphone Access
Charge.**

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Oifig an Stiúirthóra Rialála Teileachumarsáide

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1. Background

In Decision Notice – D15/02, the ODTR set out its position with regard to its proposed methodology of calculating the Payphone Access Charge. This Information Notice sets out the level of the charge and the basis for calculation of the charge.

2. Level of Charge

Direction 3.1 of D15/02 stated that “Eircom’s adjusted Payphone Access Charge effective from the 1st October 2002 to 31st March 2003 will be based on forecast costs and projected volumes. This rate will reflect an appropriate portion of the shortfall in PAC revenues in the period from 1st April 2000 to 30th September 2002. This decision is made under Regulations 8(5), 8(9), 8(10) and 10(1), 10(3) and 10(5) of the European Communities (Interconnection in Telecommunications) Regulations, 1998, SI 15 of 1998.” Eircom provided the ODTR with a price submission for the Payphone Access Charge for the period from 1 October 2002 to 31 March 2003. The ODTR has undertaken a detailed review of this submission and has recommended that eircom make a number of amendments. Eircom have incorporated these amendments and re-submitted their PAC proposal. The Director now considers this revised submission to be cost justified and agrees with Eircom that the PAC effective from 1 October 2002 to 31 March 2003, based on forecast costs and projected volumes should be €0.1496 per minute. As previously directed¹, Eircom should continue to offer the barring of payphone calls to OLOs that do not wish to receive such calls.

3. Determination of the Charge

The PAC is calculated by: Relevant Payphone Costs.
Number of Call Minutes from Payphones.

The relevant costs and the number of call minutes from payphones were taken from the 2000/01 Separated Accounts (See annexes 1 and 2). These relevant costs and number of call minutes were forecast forward for the following two financial years - 2001/02 and 2002/03. A forecast rate for 2002/03 was then calculated and a per minute increase was added to allow for an appropriate portion of the shortfall relating to 1 April 2000 to 30 September 2002 in PAC revenues to arrive at a PAC rate of €0.1496. (See annex 3.)

¹ ODTR 00/33

In calculating the amount of the shortfall to be charged, eircom provided the ODTR with details of PAC revenue for calls terminating within Ireland only for the period from 1 April 2000 to 30 September 2002. The ODTR considers that these revenues reflect an appropriate portion of the shortfall in PAC revenues.

Annex 1: % of Relevant Costs for Payphone Access Charge

	% attributed to payphones access	Reasoning
Cost of Sales	0%	Not appropriate, Retail activity – Commercially negotiated by eircom.
Operations	54%	Excludes marketing payroll costs
Other Operating Costs		Other operating costs listed below exclude retail activities and costs relating to Sales & Marketing, coin readers and coin mechanisms costs
National Network Activities/Misc Services	41%	
Accommodation	64%	
Transport	48%	
Local Travel & Subsistence	54%	
Foreign Travel & Subsistence	0%	
Customer Services	0%	
Prof & Reg Fees	98%	
Staff Costs	54%	
Office Facilities Cost	74%	
Mobile Phones	10%	
Coin Collection/ R&D & Gain on Foreign Currency	0%	
Kiosk Cleaning	100%	
Data processing & Misc Costs	63%	
Other Costs		
Depreciation	66%	Excludes depreciation relating to marketing, coin reader and coin mechanisms
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Depreciation	66%	Exclude depreciation relating to marketing, coin readers and coin mechanisms
Access Charge	74%	Calculation based on a line rental of €15.07
Maintenance	41%	Excludes cost of maintenance of card readers & coin mechanisms
Group & Corporate Overheads	32%	Cost of Support Services- Logistics/HR/Finance/IT etc

Note 1 : The Total public payphone costs as per the 2000/01 separated accounts were apportioned by the above percentages to calculate the allowable costs for the Payphone Access charge.

Annex 2: Calculation of the Payphone Access Charge on a Historic Basis (Based on the 2000/01 Separated Accounts)

Total Public Payphone Costs	€31,433,970
Total Allowable Costs for Payphone Access Charge	€10,716,067
(As calculated by the eircom)	
Total Allowable Costs for Payphone Access Charge	€10,081,253
(As calculated by the ODTR)	
No. of Traffic Minutes	101,454,263
Average Cost per Traffic Minute in Cent (2001/02)	€0.099

Annex 3: Determination of the Payphone Access Charge (on a Forward Looking basis) from 1st October 2002 to 31st March 2003.

Average Cost per Traffic Minute in Cent (2002/03)	€0.123
Appropriate portion of the shortfall in PAC revenues	€0.027
PAC rate effective from 1 st October 2002 to 31 st March 2003	€0.1496