



Office of the Director of  
**Telecommunications  
Regulation**

**DECISION NOTICE**

## Inter-Operator Itemised Billing

### Response to Consultation And Decision Notice

**Decision No:** D9/02  
**Document No:** ODTR 02/54  
**Date:** 24th June, 2002

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## Foreword

Decision Notice D3/02, inter alia, sought the views of industry as to whether *eircom* should be required to provide itemised billing at no additional cost, on request by an Other Licensed Operator. Views have been expressed by a number of respondents and this Decision Notice seeks to address and summarise the views of the respondents on the issue and give the reasoning behind the decision which I have taken.

The consultation process is designed to assist the ODTR in making decisions. I am keen to open debate on all material and relevant issues but, necessarily, I have to make decisions in a practical and effective way. This Decision Notice represents our best endeavours to achieve a balance.

Etain Doyle,  
Director of Telecommunications Regulation.

## 1 INTRODUCTION

The Director of Telecommunications Regulation ("the Director") is responsible for the regulation of the Irish Telecommunications sector in accordance with national and EU legislation.

In March 2002, the Office of the Director of Telecommunications Regulation (ODTR) published Decision Notice D3/02 which included a consultation on the requirement for itemised billing between licensed operators, in the context of a desire to further develop the Number Translation Code (NTC) settlement regime.

These NTC services are of importance to customers who use the telecommunications network to dial-up and access a wide range of further services - including accessing the Internet. When an *eircom* customer dials an NTC belonging to an OLO two billing calculations are involved; the computation of gross revenue from the customer and *eircom*'s retention for conveying the call and collecting the revenue from the customer. The net amount of these two calculations is termed the settlement rate.

The existing regime of charging for calls for NTCs was introduced in February 2000 by Decision Notice D4/00, Interconnect for calls destined for Internet services and Number Translation Codes<sup>1</sup>. This in turn built on D9/99<sup>2</sup> which articulated the general principle that "costs will be calculated on the basis of actual network elements used to deliver a call to a particular terminating operator". In D4/00 the Director set out the principles governing the calculation of *eircom*'s costs incurred in providing call conveyance to NTCs. The Director considered the following costs to be appropriate for inclusion in the calculation:

### Conveyance Costs

The principles used for calculating conveyance charges for calls destined for the Internet or NTCs are similar to those used generally for calculating conveyance charges. Actual network elements should be used, rather than averaged network elements, as the basis for retention.

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<sup>1</sup> Interconnect for calls destined for Internet services and Number Translation Codes Decision Notice D4/00, Document No.ODTR 00/17, February 2000

<sup>2</sup> Interconnect for calls destined for Internet services and number translation codes, Decision Notice D9/99, Document No.ODTR 99/46, July 1999

### Retail Costs

*eircom*'s costs of billing and cash collection from retail users should be recovered as part of its interconnection charges on the basis of call volumes. *eircom*'s costs of bad debts and credit management of retail users should be recovered as part of its interconnection charges on the basis of turnover.

The latest consultation addressed the practical implementation of these principles in the context of the development of billing systems and network build out over the intervening period. Six organisations replied to the consultation, namely:

Chorus  
 Digifone  
*eircom*  
 Nevada  
 Vodafone  
 Worldcom

## 2 Itemisation of Billing for OLOs

The ODTR hosted an Industry meeting in order for *eircom* to present and discuss their proposals.

The following options were proposed by *eircom*:

Option 1 - to calculate settlement on a call by call basis.

This is theoretically the correct way to implement the settlement regime mandated in D4/00, it calculates settlement on a call by call basis. However, *eircom*'s interconnect billing system currently does not have the capability to calculate settlements on a per call basis.

Option 2 - to calculate retention on a per call basis.

This option calculates retention on a call by call basis and settlement based on average revenue per minute x total minutes – total retention. This approach, however, lacks transparency and predictability.

Option 3 - to calculate settlement based on an industry average.

This option develops an industry average revenue per minute and average retention per minute per NTC and settles on the difference between these. This is the regime which is

currently in place. However, one of the drawbacks is that there is a lack of recognition of savings that should be available to OLOs taking traffic from *eircom* at a low level in their network.

Option 4 – to develop hosting network average retail values.

This option develops hosting network average revenue per minute and average retention per minute per NTC and settlement is based on the difference between these i.e. de-averaged settlements.

The Director considered that the most appropriate way of introducing this settlement regime was to incorporate Option 1 as this creates a level playing field across all operators and encourages them to benefit from their infrastructure rollout. The Director did not believe that there was merit at this time in introducing an option that does not provide an equitable solution across the industry as a whole and sought the views from interest parties regarding these options.

*Q.6 Do you agree that eircom should be required to provide itemised billing, at no additional cost, on request by an OLO? If you agree, which of the above options do you consider to be appropriate? Please give your reasons for agreeing or disagreeing and provide justification for your choice of options 1 to 4 above.*

### ***Views of the Industry***

Two respondents agreed that itemised billing (Option 1) is a basic requirement and should be available on request thus creating a level playing field for all operators.

Another respondent saw no merit in being provided with itemised billing as it would incur costs for *eircom* to produce and costs for operators to process. If itemised billing were required then it should be a matter for negotiation between operators. Inter-operator disputes could be more effectively dealt with by more rigorous billing tests.

One respondent did not agree with the proposal to introduce itemised billing on the basis of cost/benefit. They have concerns about the likely volume of records that would be generated. They are satisfied with their current arrangements for resolving disputes with *eircom* and see the matter as one for negotiation with *eircom* rather than one for regulatory intervention.

A further respondent was concerned that this issue has, in their view, been given a higher priority than other, long standing billing issues. They would wish to stay with Option 3. They cited issues of cost, complexity and market uncertainty.

One respondent considered that the ODTR does not have a legal basis for making a direction in this area and that the requirement to introduce itemised billing at a retail level does not apply to interconnection. They maintain that Telecommunications operators are not “users” under regulation 18 of S.I.no.71 of 1999. They believe that itemised billing is not addressed in the current Interconnect Directive or in the Leased Line Directive and, although the authority to introduce itemised billing at a retail level is covered by the above regulation, they challenge the ODTRs attempts to introduce this requirement, through direction, to the wholesale interconnect service. The new Directive on users

rights and universal access was quoted and it was noted that, with regard to itemised billing, the regulation uses the term ‘consumers’ rather than ‘users’. They believe that the use of the term ‘consumer’ fixes the scope of this requirement outside of the wholesale interconnect market. Claiming support from other operators, this respondent saw no benefits from itemised billing but expected increased costs and significant operational difficulties. They also saw no demonstrable demand from interested parties, and considered that any customer specific requirement for an additional level of detail should be subject to bi-lateral commercial negotiation between the parties.

### ***ODTR Comment***

It is clear that the proposal to introduce inter-operator itemised billing has a measure of support from industry, but that this is far from universal.

The Director believes that there is still a strong case for the introduction of inter-operator itemised billing and that if an operator wishing to avail of the service, were to approach eircom for such a service that this would constitute a reasonable request for interconnection. In such circumstances where one or more OLOs were to opt for an itemised billing service from eircom, while others did not, the costs of operating such a service would be recoverable from those making use of it. Set-up costs would more properly be recovered across all calls using the eircom network as such a facility would enhance competition and bring benefits to all users.

In the absence of itemised billing arrangements investment in infrastructure should be rewarded by reduced levels of interconnect charges. To this end eircom must implement Option 4 as presented by them to the industry and as outlined above.

### **Decision**

**<sup>3</sup>Eircom are directed to develop individual operator average values as a basis for calculation of NTC settlements.**

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<sup>3</sup> This text has been revised since the first issue dated 24<sup>th</sup> June 02 to provide greater clarity

## APPENDIX I - Legislative Background

### Interconnection Legislation:

- *Council Directive 97/33/EC on interconnection in Telecommunications with regard to ensuring universal service and interoperability through application of the principles of Open Network Provision (ONP) and*
- *The European Communities (Interconnection In Telecommunication) Regulations, 1998, SI No. 15 of 1998, transposing the above directive.*

#### *Regulation 8(3)*

*“An organisation imposing a charge for interconnection shall ensure that charges for interconnection shall follow the principles of transparency and cost orientation imposed by the Directive.”*

### Leased Lines

- *Council Directive 92/44/EC on the application of open network provision to leased lines as amended by 94/439/EC and Directive 97/51/EC*
- *European Communities (Leased Lines) Regulations, 1998, SI No. 109 of 1998, transposing the above directive.*

#### *Regulation 12(1)*

*“A notified organisation shall, without prejudice to the principle of non discrimination specified in Article 8.2 of Council Directive 92/44 as amended by Article 2.8 of Directive 97/51, set tariffs for leased lines that –*

*(a) follow the basic principles of cost orientation and transparency,*

*and*

*(b) are independent of the type of application which the users of the leased lines implement.”*