



Office of the Director of
**Telecommunications
Regulation**

Interconnect for calls destined for Internet services and Number Translation Codes

Decision Notice D4/00

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Contents

1. Introduction.....	3
2. Background.....	4
3. Related Developments	5
3.1. Numbering	5
3.2. eircom's RIO – D12/99.....	5
3.3. Interconnection charges and eircom's costs	5
3.4. Access Deficit	6
4. Industry Forum: Consideration of matters referred	7
4.1. Introduction.....	7
4.2. Implementation of price point and number plan.....	7
4.3. Any new technical standards that might be required for wholesale internet access.....	8
4.4. Data fill and Intelligent Network (“IN”) requirements.....	8
4.5. Billing procedures.....	8
4.6. Call routing procedures.....	9
4.7. Use of actual network elements versus averaged network elements as the basis for retention	9
4.8. Minimum set of retail cost elements associated with eircom's retail retention.	9
4.8.1. Billing of <i>eircom</i> customers:.....	10
4.8.2. Cash collection:.....	10
4.8.3. Bad debts:.....	10
4.8.4. Time difference costs of settling bills:.....	10
4.8.5. Marketing and advertising costs	11
4.8.6. Access Deficit	11
4.8.7. Discounts and Minimum Call-Fee	11
5. Industry Forum: Additional Comments.....	13
5.1. Network Cost elements	13
5.1.1. Conveyance Costs.....	13
5.1.2. IN Look up costs.....	13
5.2. OLO opposition to the eircom 1891 service.....	14
6. <i>eircom</i> 's Charges for calls destined for the Internet and NTCs.....	16
6.1. Principles.....	16
6.1.1. Conveyance Costs.....	16
6.1.2. Retail Costs	16
6.2. eircom's Proposed Charges.....	17
6.2.1. Interim Rates for 1999/2000	17
6.2.2. Rates for 1998/99	17
6.3. Conclusion	18
Appendix A: Industry Forum Members.....	19
Appendix B: Related Documents.....	19
Appendix C: eircom charges.....	22

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. A key issue of importance to the sector is that of interconnection. This paper addresses the question of interconnection of calls destined for Internet and Number Translation Code (“NTC”) services generally.

These 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. In setting out the positions in this paper the Director has been aware of the potential for operators to innovate and develop new service offerings which can be accessed over NTC services and the potential benefit to the end users of those services.

This document builds on previous documents published by the Director to date, and addresses certain issues concerned with interconnection charges for calls destined for the Internet and NTCs. In coming to her conclusions, the Director has been assisted by the valuable work of an Industry Forum which met on a number of occasions and provided useful comments. The Director recognises the work that all parties have put into the consideration of these issues and she would like to thank them for their commitment and effort, including members of the Industry Forum and *eircom*.

This paper marks a change from the old regime of charging for calls for NTCs to a more transparent and cost-oriented regime which the Director believes provides greater flexibility and commercial certainty to operators and service providers in the market. It also marks a significant reduction in the total costs of these services to other operators and she hopes to see the benefits of these reductions passed on to consumers in the form of lower prices and greater innovation in the market place.

2. Background

In July 1999 the Director of Telecommunications Regulation (“the Director”) and her Office (“the ODTR”) published Decision Notice D9/99 on Interconnect for calls destined for Internet services and number translation codes¹ (“D9/99”). The ODTR has also published a range of other documents that are relevant to this topic and the key documents are listed in Appendix B.

D9/99 set out the principles governing interconnection arrangements for calls to the Internet and other NTC services. It was specifically noted that, wherever possible, issues between operators should be resolved through commercial negotiations and parties were encouraged to negotiate interconnection arrangements based on the principles set out in D9/99. Notwithstanding this, an Industry Forum was convened to consider some specific detailed implementation issues arising from the principles set out in D9/99.

The Industry Forum was asked to look at a range of issues, particularly:

- Implementation of price point and number plan;
- Any new technical standards;
- Data fill and Intelligent Network requirements;
- Billing procedures;
- Call routing procedures;
- The use of actual network elements versus averaged network elements as the basis for retention;
- The minimum set of retail cost elements associated with the retail retention of *eircom*.

The Forum met on a number of occasions and involved *eircom*, OLOs and ISPs². Given the divergent positions of the parties, consensus was not possible on many of the issues raised and the Forum agreed to submit individual papers to ODTR as well as a report from the majority of the participants with dissenting comments on that report. In addition, *eircom* submitted a base document which the Forum commented on as well as confidential justification which was provided to the ODTR.

This remainder of this report is structured as follows:

- **Section 3** briefly describes a number of relevant developments and also describes certain related ODTR work streams. This has proven necessary as the Industry Forum raised issues that the Director considers are more appropriate to those separate work streams.
- **Sections 4 and 5** set out the Director’s commentary on the work of the Industry Forum and her decisions in each case.
- **Section 6** summarises the principles governing the calculation of charges for the relevant services. Levels of charges are set out in **Appendix C**.

¹ ODTR Document 99/46; Interconnection for Calls destined for Internet Services and other Number Translation Codes, Decision Notice D9/99.

² List of members attached at appendix A

3. Related Developments

There are a number of developments which impact on the issue of interconnection for Internet calls and NTCs. These are set out briefly below:

3.1. Numbering

Firstly, in parallel with other Member States of the EU and following the consultation last year which led to Decision Notice D1/99³, number portability for non-geographic numbers was introduced from 1 January 2000. In D9/99 the Director specifically highlighted the fact that the requirement for number portability applies to numbers in the 189x range. This remains the Director's position.

On 10 February 2000, the ODTR published the latest version of the National Numbering Conventions (ODTR 00/10) which set out the general principles governing the allocation and use of numbers from the national numbering plan and those principles apply equally to numbers in the 189x range as to all other numbers.

There is a range of other issues related to numbering which remain under consideration and the Director will address these further in the relevant work streams.

3.2. *eircom's* RIO – D12/99

Secondly, certain decisions of the Director in relation to *eircom's* Reference Interconnection Offer, which were made in Decision Notice D12/99 dated September 1999⁴, have been suspended by law because of an appeal by *eircom* against the D12/99 notice. A recent publication – ODTR 00/13⁵ provides an update and status report on interconnection rates including the fact that a new consultation has been opened on all matters in D12/99⁶. The issues addressed in D12/99 are of underlying importance in relation to the calculation of interconnection rates for all *eircom* services and anything set out in this report is without prejudice to the matters raised in the court case or any outcome of that case.

3.3. Interconnection charges and *eircom's* costs⁷

Thirdly, as part of its overall work programme, the ODTR has requested full justification from *eircom* of all interconnection charges, including charges it proposes to introduce for interconnection of 1891 and other NTC services. The current stage of consideration of this justification in conjunction with the examination of *eircom's* regulatory accounts and its interconnection charges generally is now nearing completion. The conclusions of the Director on the charges for interconnection services are therefore based on this wider work stream, particularly where the basic elements of the interconnection services are the same (e.g. call conveyance).

Following Decision Notice D6/99⁸, the ODTR has been developing a bottom up model of interconnection conveyance costs based on LRIC, and is aware of the importance attached by the industry to extending that modelling to other costs including those associated with non-geographic numbers and their portability.

³ Document ODTR 99/24: Introducing Number Portability in Ireland – Decision Notice D1/99

⁴ Document ODTR 99/54: Telecom Eireann Reference Interconnection Offer – Decision Notice D12/99

⁵ Document ODTR 00/13: Interconnection in the Irish Telecommunications Sector – Status Report

⁶ Document ODTR 00/16: *eircom* Reference Interconnection Offer - Consultation

⁷ See also ODTR documents 00/13 to 00/16.

⁸ ODTR Document 99/38: The Development of Long Run Incremental Costing for Interconnection – Decision Notice D6/99

3.4. Access Deficit⁹

During the work of the Industry Forum, the issue of *eircom*'s access network costs was raised. The ODTR is considering *eircom*'s claims in relation to its access network costs as a separate work stream and does not consider it appropriate to take account of the matter in the context of the issues particular to this report. For this reason the matter is not addressed further in this report.

⁹ The European Commission in its Fifth Report on the Implementation of the Telecommunications Regulatory Package notes continuing doubts about the cost orientation, and therefore about the rebalancing, of subscriber tariffs in most Member States but also notes that no Access Deficit Scheme has been implemented in any Member State. Likewise only in France has there been actual inter-operator payments to fund Universal Service Obligations.

4. Industry Forum: Consideration of matters referred

4.1. Introduction

The Industry Forum considered a number of issues and submitted a range of diverging views. The Forum concentrated on what it considered to be the immediate concerns and recommended that many matters be deferred to be considered as part of the ODTR's future work. Certain issues were specifically referred to the Industry Forum for consideration whereas the Forum itself raised a number of additional issues which it brought to the ODTR's attention.

The Director notes that, given the various positions of the parties, consensus was not possible on most issues. Therefore, in arriving at her conclusions the Director has considered all relevant matters, including (but not limited to):

- All comments submitted individually by Industry Forum participants;
- All papers submitted jointly by specific sub-groups of the Industry Forum;
- The report submitted by a number of Forum members summarising the work carried out and the positions of those members and the specific comments disagreeing with those positions;
- The confidential justification of proposed rates submitted by *eircom* to ODTR;
- Related work streams and developments including those described in section 2, where these are relevant to the matters under consideration.

4.2. Implementation of price point and number plan

During the consultation that led to D9/99, interest was expressed in opening a range of numbers which would be associated with Internet traffic specifically and allow for Internet specific price points.

During Forum meetings it became clear that the *eircom* billing system is already capable of supporting 99 charge bands or price points and, in future, it should be capable of an even higher level of sophistication. Forum members recognised that a balance needed to be struck between enabling service providers to tailor their offerings and generating confusion for customers.

Although Forum members believed that a dozen price points would be useful in the coming year they felt that further expansion was not an immediate priority that needed to be considered at this stage. It was felt that the existing range of non geographic numbers and associated charge bands was sufficient to provide an adequate interconnection regime for dial up internet traffic initially, and future price points and numbers could be considered at a later stage. However, the Director notes that *eircom* has expressed an explicit interest in opening up 189x number ranges for Internet services.

<p>Director's Position: The Director notes the positions of the various members of the Forum and considers that the development of charge bands should be driven by developments in the marketplace. Therefore she is willing to consider specific proposals for opening up new number ranges for internet traffic and will take into account, amongst other things, the maximum benefit to users.</p>

4.3. Any new technical standards that might be required for wholesale internet access

The Forum did not consider nor did it recommend that any new technical standards are required for interconnection of calls destined for the Internet. The Director has already indicated in D9/99 that, as data traffic overtakes voice, the provision of IP interconnect products will be increasingly required and she encourages the industry and *eircom* to consider the benefits of data interconnect products. The Director considers that operators in the market are, in the first instance, best placed to develop these issues in response to market demands.

4.4. Data fill and Intelligent Network (“IN”) requirements

There were varying views on the use of the IN and how relevant costs should be recovered. It was noted that the IN is being used to ensure that non-geographic numbers are portable as required from 1 January 2000. There were various views as to how the costs of the IN should be recovered. One suggestion was that the costs should only be charged where numbers are actually ported, i.e. costs allocated across calls made to ported numbers only. A number of other parties implied that the costs could be recovered across a wider range of calls, but there were direct differences between those who considered that the cost should be recovered on a per minute basis, differentiated by long and short calls, and those who considered it equitable to recover costs on a per call basis. *eircom* has set out a range of optional charging mechanisms for each of the latter scenarios and these have been considered by the Director. This matter and the final charges are addressed further in section 5.1 below which considers network costs.

4.5. Billing procedures

The Forum considered *eircom*'s billing primarily in the context of costs of retail billing and how these should be recovered (see section 4.8.1. below). In addition a comment was made as to the ability of the *eircom* interconnection billing system to record and bill for calls based on the actual number of switching stages used and this is considered further in section 4.7 below. There was no particular consideration given to mechanisms for billing call recipient end users.

<p>Director's position: In the absence of any recommendation from the Forum, the Director considers that individual operators are in the best position to bilaterally negotiate appropriate billing arrangements with <i>eircom</i>.</p>

4.6. Call routing procedures

eircom proposed that the routing of NTC calls will be based initially on the routing factors used for call conveyance generally in the *eircom* RIO. *eircom* expressed its willingness to adjust payments in respect of one quarter made by other operators to reflect routings observed in the previous quarter. Other Forum members would prefer retrospective adjustment to reflect the steps that they have taken to build out their networks and to extend their interconnection into *eircom*'s network.

Director's Position: The Director welcomes *eircom*'s willingness to make adjustments reflecting actual traffic patterns and agrees with the concept of retrospective adjustment so that the principle of cost orientation is aligned for the period during which the billed traffic flowed both for other licensed operators and for *eircom*'s other businesses.

4.7. Use of actual network elements versus averaged network elements as the basis for retention

The Forum noted that *eircom*'s billing system might not be able to measure the number of switching stages through which a non geographic call passes before being handed to the terminating operator; and, if so, then some average rate should be adopted, for example a tandem rate for all calls, irrespective of the number of switching stages used.

In D9/99 the general principle articulated was that "costs will be calculated on the basis of actual network elements used to deliver a call to a particular terminating operator". Insofar as there is a lack of suitable capability within the existing billing and traffic measurement systems, the Director expects *eircom* to take reasonable steps to assess the routings and, within reasonable bounds of time and of expense, to include a capability appropriate to measuring the traffic flows within its systems developments. The Director notes the direct obligation on *eircom* to behave in a non-discriminatory fashion in the provision of services to its own downstream arm and to competing operators and expects this to be reflected in appropriate transfer charges.

Director's Position: The Director considers that *eircom*'s proposed approach forms the basis for individual operators to negotiate interconnection arrangements that best suit their individual circumstances and for those arrangements then to be reflected in appropriately differentiated charges.

4.8. Minimum set of retail cost elements associated with *eircom*'s retail retention

In D9/99 the Director noted that a final determination on rates would be a matter for the ODTR following examination of justification of proposals by *eircom*. However, the Industry Forum was invited to provide comments on the **categories** of **retail** cost elements which should be considered for inclusion in the retail retention of *eircom* (this section does not deal with network cost elements – i.e. conveyance and IN costs). To facilitate this consideration, *eircom* provided a base paper setting out the various proposed retail cost elements and other Forum members commented on the paper. Unsurprisingly, views varied considerably. The Director has considered all of the views put forward. This section does not record in detail all views submitted, but provides an overall commentary on the views and sets out the Director's position.

This section does not comment on the proposed **levels** of the charges, merely their nature.

4.8.1. Billing of *eircom* customers:

eircom suggests that its costs of billing retail users should be recovered as part of its retail retention and suggests an allocation on the basis of turnover. Other operators made varying comments, but in general considered that any costs incurred for billing were not appropriate for recovery, or were already included in the conveyance costs. It is clear that *eircom* incurs costs when it bills retail customers for services provided to NTCs (with the exception of freefone which is a separate case). It is the Director's position that, in accordance with the principle of cost causation, appropriately justified costs can be recovered. She does not however, agree that such costs should be based on revenue. Instead, justified costs should be allocated on the basis of call volumes which more accurately reflects the principle of cost causation.

Director's Position: Appropriately justified billing costs may be recovered by *eircom*. Such costs should be allocated on the basis of call volumes.

4.8.2. Cash collection:

Similarly, *eircom* suggests that its costs of collecting cash from retail users should be recovered and suggests the same allocation methodology – i.e. on the basis of turnover. As with billing, the other operators generally rejected this or considered that the cost should be negligible.

The Director's position is that while *eircom's* costs of cash collection and processing are small they are not negligible. As with billing, justified costs should be allocated on the basis of call volumes.

Directors Position: Appropriately justified costs of cash collection and processing may be recovered by *eircom*. Such costs should be allocated on the basis of call volumes.

4.8.3. Bad debts:

Costs of bad debts are also proposed by *eircom* for inclusion in its retail retention on the basis of turnover. The Director considers that *eircom* should be able to recover an appropriate level of bad debt costs and agrees that the allocation method for such costs should be turnover as these costs are heavily influenced by the cash spend associated with the calls. Calls to highly priced Premium Rate Services are particularly prone to disputes.

Director's Position: The Director considers that appropriately justifiable costs of bad debts should be recoverable by *eircom* on the basis of turnover.

4.8.4. Time difference costs of settling bills:

eircom suggests that because retail customers are billed bi-monthly and *eircom* settles bills with hosting networks on a monthly basis, it incurs costs which it should be allowed to recover, (i.e. *eircom* must pay the settlement to the terminating operator 30 days before it receives its revenue from the retail customer and must finance this payment). *eircom* proposes to allocate these costs based on a proportion of retail revenue. Other parties disagree and consider this a normal consequence of a supplier relationship which should not be passed on; that it is unlikely to be significant; and that it contradicts *eircom's* position on conveyancing where *eircom* would allegedly benefit from time differences.

Director's Position: The Director does not consider that *eircom* has adequately justified the inclusion of these costs as part of its retained costs.

4.8.5. Marketing and advertising costs

eircom argues strongly for the recovery of a proportion of its marketing and advertising costs as it claims that these benefit all parties by increasing the take-up of non geographic services and cites precedent in other countries. Other parties disagree pointing out that other parties do not request *eircom* to undertake such marketing or advertising and indeed incur their own costs in marketing and advertising. They also suggest that, if the principle of recovering some costs were accepted, only those efficiently incurred costs that directly benefit other operators should be permitted and there is lack of sufficient information to verify if this is the case.

Director's Position: The Director does not consider that *eircom* has provided adequate justification for the inclusion of any marketing or advertising costs at this time. She notes developments in other jurisdictions but in the absence of adequate cost benefit analysis and justification, she believes that at this stage of development in the market, each company should bear its own marketing and advertising costs and should not fund campaigns carried out by other operators. The Director will keep this position under review in the light of any new information that might become available.

4.8.6. Access Deficit

As noted in section 3.4 herein, the Director does not consider it appropriate to consider recovery of any alleged access deficit in the context of this report which considers only a specific type of traffic. *eircom's* claims as to its access networks costs are being considered separately by ODTR and the comments received from all parties will be considered in that context.

4.8.7. Discounts and Minimum Call-Fee

In principle the Director is concerned that *eircom* should not be in a position to use its retail discounting strategy to undermine the income received by a service provider. However, the Director notes that there are discount schemes which are provided on a non-discriminatory basis such as those involving calls to a particular number or set of numbers chosen by the calling customer and such discount schemes may be of benefit to consumers.

She is therefore willing to consider proposals from *eircom* as to the handling of such discounts in accounting to interconnected operators, on behalf of service providers who are in turn customers of those interconnected operators.

In examining proposals she will take into account, amongst other things,

- the benefits to end users;
- the fact that *eircom* should not be in a position to diminish the receipts of interconnecting operators and their service providing customers without the latter parties' consent;
- whether the overall effect of retail discounts would be to increase receipts by service providers, and
- the requirement for non-discrimination between operators.

Director's Position: The Director considers that *eircom's* retail discounts should not affect the charges for conveyance of calls to internet and other NTCs without appropriate consent and scrutiny. She will consider individual proposals on a case by case basis.

5. Industry Forum: Additional Comments

5.1. Network Cost elements

The Forum members commented on the network cost elements listed by *eircom*, including:

- conveyance costs (including the suggestions from *eircom* on the treatment of call set-up costs), and
- IN look up costs.

The Director's position on these costs is described below.

5.1.1. Conveyance Costs

The Director has noted the comments on the levels and structures of these charges and, with her advisers, has considered the justification by *eircom* for the calculation of network cost elements. Firstly, the Director notes that conveyance costs for calls to NTCs are based on conveyance costs generally and therefore the principles underlying the calculation of conveyance costs generally and any changes to those principles or costs, will affect the cost conveyance element of charges for calls destined for NTCs. In this context, the Director considered the range of options suggested by *eircom* for treating call set-up costs. This issue was considered in ODTR Decision Notice D12/99 which was published in September 1999. As a result of legal proceedings by *eircom*, the operation of Decision Notice D12/99 has been suspended. To provide an opportunity to move forward on these issues which are of key importance to all players in the market, a new consultation has been opened by the ODTR on all matters in D12/99¹⁰. As the issue of call set-up costs is considered in that consultation, it is not appropriate for the Director to consider it further in this paper. Therefore, the existing regime governing all conveyance charges stands; i.e. any appropriately justified costs associated with call set up are to be recovered across all conveyance.

Director's Position: The principles governing call conveyance costs for calls destined for Internet and NTCs are similar to those for conveyance costs generally. Recent developments in conveyance costs are therefore relevant¹¹.

5.1.2. IN Look up costs

The Director has considered the treatment of IN look up costs, including *eircom*'s proposals and the varying views among Industry Forum members as to how and over what calls such charges should be recovered. For example one view is that costs be recovered on a per call basis, another view is recovery on a per minute basis.

¹⁰ See ODTR Document 00/16 "*eircom*'s Reference Interconnection Offer – Consultation Paper"

¹¹ See ODTR Documents 00/13 to 00/16.

A particular characteristic of these costs stems from the fact that *eircom*'s IN network is dimensioned in anticipation of a very rapid increase in its use in the coming years. Charges based the recovery of current historic costs at the current low volumes of traffic would therefore be very high. Recovery of such costs over the anticipated number of calls would make the charges considerably smaller. The Director welcomes *eircom*'s proposal to take this approach, and notes that the approach assumes a reducing charge over time.

The Director also welcomes *eircom*'s approach for the calculation of the interim rates. This involves calculating the IN cost on a per call basis and then recovering the cost on a per minute basis from each NTC service based on the average duration of each particular call type. This will be kept under review in the context of other developments on interconnection rates.

Director's Position: The recovery of IN costs over a wide range of calls over a period broadly comparable with the life of the equipment involved appears justified. The Director considers it a sensible approach to provide facilities such as the IN by anticipating unit cost reductions with volume growth. This approach also avoids the prospect of investments being under-recovered at a later date. The Director will keep this position under review in the light of any new information that might become available.

5.2. OLO opposition to the *eircom* 1891 service

The Director noted that the Industry Forum spent a considerable amount of time debating *eircom*'s existing 1891 service. Some members alleged discrimination, bundling, and preference. In prior stages of the consideration of this matter there were allegations of below cost selling. The solution suggested is either the removal of the 1891 service from the market or the modification of the service.

In D9/99 the Director set out clearly her position that: "*the regime set out in this decision notice is designed not to preclude any possible retail offerings in relation to Internet access, but rather to provide greater opportunity for a wider variety of retail offerings to the end user both in the short and the longer term*".

The decision notice addressed the concerns raised about the 1891 service in this context including:

- Below cost selling: The ODTR did not find evidence to support the allegation at that time. The ODTR will review this situation further particularly in the light of IN costings, changes to interconnection rates and any additional information that is considered relevant.
- Non discrimination: The ODTR reaffirmed *eircom*'s obligation to behave in a non-discriminatory fashion including selling to OLOs the unbundled elements of services it sells to its own downstream arm, e.g. frame relay backhaul.

The Director restates this position. In addition, the Director further stated her position on the requirement for *eircom* to provide unbundled access to interconnection elements in D12/99. As discussed in section 3.2, the operation of this decision notice is suspended by legal action.

A significant amount of opposition to the 1891 service arises as OLOs believe the cost of building a network and interconnection points at the lowest level in the *eircom* network is prohibitive and therefore they cannot avail directly of 1891 call origination in the local call area as currently designed.

As stated in D9/99, it is open to OLOs to create competing networks and services using frame relay backhaul, PSTN interconnection, self built networks or lease network capacity from third parties. Each option will have its own cost-benefit profile and no option should exclude the existence of the other.

A key consideration underlying this position is the benefits to consumers arising from the ability of players in the market to innovate and provide a wide variety of access services to consumers.

6. *eircom*'s Charges for calls destined for the Internet and NTCs

6.1. Principles

In sections 4 and 5 above, the Director set out the principles governing the calculation of *eircom*'s costs incurred in providing call conveyance to NTCs. The Director considers this approach to be appropriate for the calculation of interim interconnection rates pending the results of related work streams on interconnection.

These principles are summarised below:

6.1.1. 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. Correspondingly, any appropriately justified costs associated with call set up will be recovered across all conveyance. This matter is further addressed in ODTR 00/13 and related papers.
- IN costs will be spread over a period during which increasing volumes of traffic are expected to use the IN, thus reducing the current level of the charge. Costs will be recovered on a per minute basis.
- Use of actual network elements rather than averaged network elements as the basis for retention will be introduced once *eircom*'s billing systems are capable of supporting this level of information. In the interim, averaged network usage will be used.

6.1.2. Retail Costs

- *eircom*'s costs of billing and cash collection from retail users should be recovered as part of its interconnect 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 interconnect charges on the basis of turnover.
- Financing costs arising from timing differences are not to be recovered through the interconnect charges.
- Marketing and advertising costs are not to be recovered through the interconnect charges.
- No alleged Access Deficit is to be recovered through the interconnect charges.
- Discounts from the revenue received from retail customers are not relevant to interconnect charges.

6.2. *eircom*'s Proposed Charges

The Director and her advisers have reviewed *eircom*'s justification of its costs and proposed charges for calls destined for the Internet and NTCs in the light of the principles set out in section 6.1 above. The Director is pleased that *eircom* has made proposals that are in accordance with these principles and she welcomes the rates offered by *eircom* as a result.

6.2.1. Interim Rates for 1999/2000

eircom has calculated rates based on these principles which will apply from 1 December 1999 on an interim basis. These are set out in appendix C to this document. The Director is pleased to welcome these interim rates. However, as noted earlier, these rates are linked to the overall work being carried out on interconnection rates, particularly the examination of conveyance charges and therefore may be affected by changes in the general regime. In particular, given the continuing work on interconnection costs such as the development of LRIC based costing, these rates will be subject to finalisation when all relevant information is available.

Director's Position: The Director is pleased to accept *eircom*'s proposed rates for the period from 1 December 1999 on an interim basis pending further investigation and the outcome of related work streams. The relevant rates are set out in appendix C.

6.2.2. Rates for 1998/99

The Director and her advisers have reviewed *eircom*'s costs and rates for the period from 1/12/98 to 1/12/99. *eircom* has calculated the various cost components on the basis of the principles set out in section 6.1 above and has proposed final rates for this period. The following matters result in differences from the period from 1 December 1999:

- Conveyance costs are based on the final rates approved in ODTR Document 00/14 and included in *eircom*'s RIO to date.
- The approach to calculating IN costs as described in section 5.1.2 results in a different charge for the period from 1/12/98 to 1/12/99.

Having regard to these differences, the Director considers that *eircom*'s proposed final rates for the period 1998/99 as set out in appendix C are acceptable and appropriately cost justified.

Director's Position: The Director is pleased to accept *eircom*'s rates for the period from 1 December 1998 to 1 December 1999 as appropriately cost justified and final for that period.

6.3. Conclusion

The Director welcomes the move to a more stable and transparent regime for interconnection for calls destined for Internet and NTCs as represented by these proposals. She considers that this fundamental change in the regime provides greater commercial certainty to operators in the market and greater freedom to innovate and provide value added services to telecommunications users.

Furthermore, the new interim rates as proposed by eircom provide significant savings for operators providing access services to services provided on NTCs, including Internet. The new rates represent reductions of up to 50% in the key rates of freefone, locall and callsave where operators have expressed an interest in providing internet services. Savings in the provision of premium rate conveyance are in the region of 30% and the regime also provides for interconnection of 1891 calls if operators choose to carry such calls.

The Director looks forward to seeing the benefits that this regime brings to operators translated into benefits to users of telecommunications services.

Appendix A

Industry Forum Members

ALTO

ANU

Cable & Wireless

Connect

DNA Net

Eircell

Eircom

Esat Telecom

Esat Digifone

Gateway EMEA

Global One

GTS Ireland

Indigo

Irish Multichannel

MCI WorldCom

Nortel

NTL

Ocean

PostGem

Stentor

VIA Net.Works

Appendix B

Related Documents

A number of ODTR documents which are relevant to the matters set out in this report are listed below and are available on the ODTR website at www.odtr.ie. This is not an exhaustive list of all relevant documents. This document should be read in conjunction with the documents listed below.

Documents on Internet Services

Document ODTR 99/46: Interconnection for Calls destined for Internet Services and Number Translation Codes – Decision Notice D9/99.

D9/99 sets out the principles governing the interconnection arrangements for calls to the Internet and other NTC services and is the base document for this report.

Document ODTR 99/25: Interconnection for Calls Destined for Internet Services and Number Translation Codes – Consultation Paper

This is the consultation paper precedes Decision Notice D9/99

Documents on Interconnection

Document ODTR 00/13: Interconnection Rates in the Irish Telecommunications Sector – Status Report

This document provides an update to the market on interconnection rates in the Irish telecommunications market and has three other documents (00/14, 00/15 and 00/16) associated with it:

Document ODTR 00/14: Interconnection Rates in the Irish Telecommunications Sector – Decision Notice D2/00

This documents sets out the Director's final position on the interim rates that applied for interconnection for the first year of liberalisation in the Irish market.

Document ODTR 00/15: Interconnection Rates in the Irish Telecommunications Sector – Decision Notice D3/00

This document sets out the Director's position on interim interconnection rates for the period up to 1 April 2000

Document ODTR 00/16: *eircom*'s Reference Interconnection Offer – Consultation Paper

This document opens up a new consultation on the issues that were addressed in Decision Notice D12/99. Following publication of D12/99 in September 1999, *eircom* appealed this Decision Notice and it was therefore suspended by law pending the outcome of that appeal.

Document ODTR 99/54: Telecom Eireann's Reference Interconnection Offer – Decision Notice D12/99

This document concluded a review of *eircom's* (then Telecom Eireann) RIO. On 10th September, *eircom* announced that it was challenging the Director's decision and had issued High Court proceedings. As a result of the proceedings, by operation of law, the operation of Decision Notice D12/99 was then suspended.

Document ODTR 99/38: The Development of Long Run Incremental Costing for Interconnection - Decision Notice D6/99

This document sets out the Director's position on the use of LRIC methodology for setting interconnection charges.

Documents on Numbering

Document ODTR 00/10: National Numbering Conventions

The National Numbering Conventions set out a long-term framework within which the national telephone numbering scheme is developed on an ongoing basis. The Conventions set out a number of principles and rules that govern the allocation and use of numbers from the national numbering scheme.

Document ODTR 99/24: Introducing Number Portability in Ireland – Decision Notice D1/99

This document sets out requirements for the introduction of number portability in Ireland.

Appendix C

***eircom* Charges for calls destined for Internet and other NTCs**

Service		<i>Eircom</i> Charges per minute	
		<i>1998/99</i>	<i>1999/2000</i>
1530 (Premium Rate)	Day	2.49	2.30
	Evening	1.69	1.63
	Weekend	1.58	1.54
1540 (Premium Rate)	Day	7.21	7.03
	Evening	6.48	6.42
	Weekend	6.32	6.28
1550 (Premium Rate)	Day	3.07	2.88
	Evening	2.28	2.21
	Weekend	2.17	2.12
1560 (Premium Rate)	Day	3.21	3.04
	Evening	2.41	2.36
	Weekend	2.32	2.29
1570 (Premium Rate)	Day	3.67	3.49
	Evening	2.90	2.83
	Weekend	2.77	2.74
1580 (Premium Rate)	Day	4.33	4.17
	Evening	3.60	3.55
	Weekend	3.45	3.43
1890 (LoCall)	Day	2.06	1.87
	Evening	1.38	1.30
	Weekend	1.29	1.25
1850 (Callsave)	Day	2.06	1.87
	Evening	1.38	1.30
	Weekend	1.29	1.25
1800 (Freefone)	Day	1.84	1.65
	Evening	1.03	0.95
	Weekend	0.90	0.87
1891 over PSTN	Day	N/A	1.55
	Evening	N/A	0.81
	Weekend	N/A	0.71
1891 with handover to data network at local exchange	Day	N/A	1.36
	Evening	N/A	0.71
	Weekend	N/A	0.62