



Office of the Director of
**Telecommunications
Regulation**

MEDIA RELEASE

16th August 2001

ODTR to consult on price increase application from Chorus in context of major service upgrade for Television Customers.

Etain Doyle, Director of Telecommunications Regulation today (Thursday 16th August 2001) announced that she is considering a price increase application submitted by Chorus in each of its cable and some of its MMDS licensed areas for its basic television service. The average price increase requested by the company is 14%. Some existing prices will not change and the maximum price proposed by Chorus is 29% (details see note to editors). Chorus have declared their commitment to a programme of service quality and customer care improvement in the company.

The Director today issued a consultation paper on the matter and this follows a comprehensive joint review by the ODTR and Chorus of key aspects of the company's broadcasting distribution network and services. The review was wide ranging and covered issues concerning quality and services as well as financial matters.

For the majority of Chorus subscribers there has been no price increase since 1997, and in no case has there been a price increase since 1999. Price increases proposed by Chorus average 14%. Currently Chorus monthly prices range from £8.50 to

£18.50. Under the Chorus proposals they would range from £9.50 to £18.50. (Full details see appendix).

According to the Regulator " While I am prepared to consider a review of prices, this cannot be dealt with in isolation from the range of issues concerning quality and service. Customers must have a consistent and high quality service."

She continued "Chorus for their part have declared themselves to be fully committed to improving their service to customers. Current pricing, number of channels offered and service levels vary significantly from area to area and the proposals made represent a major move to standardisation in cabled areas which itself will result in greater efficiency and better service. There are technical limitations to increasing a channel availability on analogue MMDS which can only be overcome by digitalisation."

The Regulator added " In taking a decision on these proposals, I would wish to take into consideration views and alternatives that may be expressed in response to this consultation."

Chorus maintains that cost per subscriber has increased by 30% since 1997. It states that programming costs per subscriber have increased by 16% and that the other main contributors to increasing costs are staffing, depreciation and maintenance.

The ODTR has examined the Financial and Management Accounts provided by Chorus from April 1996 to April 2001 and in summary the operating costs of the Chorus basic service are considered to have increased by 6% per annum which is broadly in line with the figures quoted by Chorus. However the Director believes that there is scope to reduce overall costs through the streamlining of operations going forward.

On the basis of the ODTR's examination of the issues to date, the Director is minded to approve price increases as she believes that an increase is necessary if the benefits of advanced service which Chorus is required to provide under the Cable/MMDS licences and telecommunications licences are to be delivered.

Some changes to the Chorus licences will be necessary and Chorus has agreed these. In particular, the period of in-platform exclusivity is to be shortened to 1 March 2002 in respect of all Cable and MMDS licences currently held by the company.

Chorus and its shareholders have declared themselves to be fully committed to a programme of service quality, customer care improvement, network build and maintenance. A further £63 million is to be invested in the company over the next three years.

Etain Doyle, Telecoms regulator concluded " Nobody likes to pay more for services, but inflation compounded over a number of years has been significant and the costs of capital investment in network upgrade are substantial. "

A copy of the consultation paper 01/63 Chorus Price Increase Application for Cable /MMDS licensed Areas is available on the ODTR website www.odtr.ie

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Note to the Editors :

Chorus is an amalgamation of Irish Multichannel, Cable Management Ireland Ltd and Suir Nore Ltd and in the last few years has become an operator of national significance serving approximately 40% of households who subscribe to cable or MMDS services.

The Cable and MMDS licences issued in 1999 and 2000 provide for a period of in platform exclusivity until April 2004 i.e. no one else can provide equivalent services in their areas until 2004. MMDS and Cable operators are required under the terms

of their licences to obtain the consent of the Director before making any adjustment to their prices for basic television services.

Price Changes

Proposed by Chorus

All customers who pay by direct debit will receive a reduction of 50p per month, £1.50 per quarter, £2 per half year and £6 per annum. The table below only shows direct debit discount for those customers already receiving the discount. The discount will, however be extended to all customers and the relevant reductions will apply to all amounts where a customer transfers to direct debit.

In addition the company intends to apply a discount of £18 per year to customers who pay annually. This is additional to the discount for direct debit. As a result, customers who chose to pay annually by direct debit instead of monthly cash payments can effect a saving equivalent to £2.00 per month.

All prices shown include VAT at 20%. The Euro figures are the proposed Chorus prices converted at the rate of 1 Euro=£0.787564, rounded to the nearest cent. These are included for illustrative purposes.

I – Cable (Not all applicable tariffs shown)

Area	Category of payment	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Cork City Cappoquin, Tallow & Lismore	Annual	£159.96	£198.00	251.48	£38.04	24%
	Quarterly	£44.49	£53.25	67.61	£8.76	20%
	Monthly	£15.35	£18.00	22.86	£2.65	17%
	Monthly OAP	£13.60	£15.00	19.05	£1.40	10%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Limerick	Annual	£126.96	£162.00	205.70	£35.04	28%
	Annual OAP	£126.96	£138.00	175.22	£11.04	9%
	Quarterly	£38.61	£49.50	62.85	£10.89	28%
	Quarterly OAP	£34.26	£36.75	46.66	£2.49	7%
	Monthly	£13.54	£17.50	22.22	£3.96	29%
	Monthly OAP	£12.18	£13.00	16.51	£0.82	7%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Shannon	Annual	£147.00	£186.00	236.17	£39.00	27%
	Annual OAP	£126.96	£138.00	175.22	£11.04	9%
	Quarterly	£42.03	£54.00	68.57	£11.97	28%
	Quarterly OAP	£34.26	£36.75	46.66	£2.49	7%
	Monthly	£14.74	£18.00	22.86	£3.26	22%
	Monthly OAP	£12.18	£13.00	16.51	£0.82	7%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Ennis	Annual	£138.96	£174.00	220.93	£35.04	25%
	Annual OAP	£126.96	£138.00	175.22	£11.04	9%
	Quarterly	£42.42	£47.25	60.00	£4.83	11%
	Quarterly OAP	£34.26	£36.75	46.66	£2.49	7%
	Monthly	£14.74	£16.00	20.32	£1.26	9%
	Monthly OAP	£12.18	£13.00	16.51	£1.82	7%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Athy	Annual	£86.88	£108.00	137.13	£21.12	24%
	Quarterly	£25.65	£33.00	41.90	£7.35	29%
	Monthly	£9.00	£11.50	14.60	£2.50	28%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Portarlinton	Annual	£86.88	£108.00	137.13	£21.12	24%
	Quarterly	£25.65	£30.75	39.04	£5.10	20%
	Monthly	£9.00	£10.50	13.33	£1.50	17%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Ballina	Annual	£123.00	£150.00	190.46	£27.00	22%
	Monthly	£12.15	£14.00	17.78	£1.85	15%
	Monthly Direct Debit	£11.15	£13.50	17.14	£2.35	21%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Buncrana	Annual	£75.72	£96.00	121.89	£20.28	27%
	Monthly	£8.00	£9.50	12.06	£1.50	19%
	Monthly Direct Debit	£7.50	£9.00	11.43	£1.50	20%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Donegal	Annual	£94.80	£120.00	152.37	£25.20	27%
	Monthly	£9.00	£11.50	14.60	£2.50	28%
	Monthly Direct Debit	£8.50	£11.00	13.97	£2.50	29%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Sligo Celbridge Maynooth Kildare Athlone Mullingar Tullamore Ashbourne Carlow Swords Malahide Portlaoise	Annual	£126.48	£162.00	205.70	£35.52	28%
	Annual Direct Debit	£141.60	£156.00	198.08	£14.40	10%
	Monthly	£12.60	£15.00	19.05	£2.40	19%
	Monthly Direct Debit	£11.80	£14.50	18.41	£2.70	23%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Newbridge Naas Navan New Ross Wicklow Arklow Enniscorthy Greystones	Annual	£112.44	£144.00	182.84	£31.56	28%
	Annual Direct Debit	£126.40	£138.00	175.22	£12.00	10%
	Monthly	£11.20	£13.50	17.14	£2.30	21%
	Monthly Direct Debit	£10.50	£13.00	16.51	£2.50	24%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Tullow Dundrum Rush Rathnew	Annual	£90.96	£114.00	182.84	£23.04	25%
	Annual Direct Debit	£102.00	£108.00	175.22	£6.00	6%
	Monthly	£9.00	£11.00	17.14	£2.00	22%
	Monthly Direct Debit	£8.50	£10.50	16.51	£2.00	24%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Clonmel	Annual	£118.92	£150.00	190.46	£31.08	26%
	Monthly	£12.50	£14.00	17.78	£1.50	12%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Kilkenny	Annual	£114.96	£144.00	182.84	£29.04	25%
	Monthly	£12.50	£13.50	17.14	£1.00	8%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Thurles	Annual	£126.00	£156.00	198.08	£30.00	24%
	Monthly	£12.50	£14.50	18.41	£2.00	16%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Tipperary	Annual	£109.92	£138.00	175.22	£28.08	26%
	Monthly	£12.00	£13.00	16.51	£1.00	8%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Cashel	Annual	£111.96	£144.00	182.84	£32.04	29%
	Monthly	£12.00	£13.50	17.14	£1.50	13%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Kilcullen	Annual	£86.72	£108.00	137.13	£21.28	25%
	Monthly	£9.00	£10.50	13.33	£1.50	17%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Kilberry Ballinasloe	Annual	£86.88	£108.00	137.13	£21.12	24%
	Monthly	£9.00	£10.50	13.33	£1.50	17%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Slane Trim	Annual	£99.96	£126.00	160.00	£26.04	26%
	Monthly	£10.60	£12.00	15.24	£1.40	13%

II- MMDS (Not all applicable tariffs shown)

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Kilkenny (Former Suir Nore)	Annual	£139.92	£174.00	220.93	£34.08	24%
	Monthly	£13.50	£16.00	20.32	£2.50	19%

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Limerick	Annual	£178.92	£204.00	259.03	£25.08	14%
Tralee	Annual OAP	£160.56	£168.00	213.32	£7.44	5%
Kildare	Quarterly	£52.71	£54.75	69.52	£2.04	4%
Wicklow/ Newbridge	Quarterly OAP	£43.26	£44.25	56.19	£0.99	2%
Offaly	Monthly	£18.50	£18.50	23.49	£0.00	0%
Roscommon	Monthly OAP	£15.18	£15.50	19.68	£0.32	2%
Northeast Wexford Wicklow Cork Bantry (Former Irish Multichannel)						

Area	Category	Current Charge	Proposed Charge (£)	Euro Equivalent	Increase	% Increase
Donegal Sligo (Former CMI)	Annual	£129.00	£162.00	205.70	£33.00	26%
	Monthly	£12.25	£15.00	19.05	£2.75	22%
	Monthly Direct Debit	£11.90	£14.50	18.41	£2.60	22%

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