



Office of the Director of
**Telecommunications
Regulation**

PRESS RELEASE

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REGULATORS PROPOSALS TO ENHANCE TRANSPARENCY IN ACCOUNTING PROCEDURES

The Telecoms Regulator today issued proposals for the costing methodologies to be used in the separated accounts of operators designated as having significant market power (SMP). The move should facilitate and sustain the further development of a competitive telecoms environment.

In early March, the ODTR issued a consultation paper (ODTR 99/10) on the how accounting separation should be developed in Ireland. These new proposals by the Regulator further develop the accounting separation process and seek views on how revenues, costs, assets and liabilities should be allocated across the separated accounts.

The proposals consider the implications of following the principles of cost causation e.g. Activity Based Costing, in the allocation of costs, revenues and capital employed for the purposes of preparing separated accounts. The principles are also relevant to the determination of interconnection charges, for which purposes the costing systems of operators will need to be sufficiently detailed to permit the allocation of costs to network components. Further consideration is also given to the publication by an SMP operator of a detailed description of its costing system and cost drivers.

The Regulator recognises the importance of these developments in offering further transparency to consumers and industry in the promotion of a competitive environment. To assist in the programme of work and to identify the best way forward, in terms of the methodology to be adopted, the Director is inviting submissions from interested parties. Her proposals are laid out in **ODTR 99/26 - "Costing Methodologies for use in Accounting Separation – Consultation Paper"**. This consultation paper can be viewed on the ODTR web-site (<http://www.odtr.ie>). The consultation period concludes on May 28th 1999.

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