



Office of the Director of  
**Telecommunications  
Regulation**

## DECISION NOTICE

# Removal of PSTN Circuits from eircom's Service Level Agreement offered to OLOs

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**Oifig an Stiúirthóra Rialála Teileachumarsáide**  
**Office of the Director of Telecommunications Regulation**  
Abbey Court, Irish Life Centre  
Lower Abbey Street, Dublin 1, Ireland  
Tel. +353 1 804 9600 Fax. +353 1 804 9680 E-mail [info@odtr.ie](mailto:info@odtr.ie)

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## **1 Background**

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

Service Level Agreements are of critical importance to the development of competition, particularly as operators can be constrained in their ability to offer a credible level of service to their customers if they do not have certainty over the quality and timely delivery of service provided to them by SMP operators.

Following public consultation, the ODTR set out in Decision Notice D2/02 entitled “Service Levels Provided to Other Licensed Operators by Operators with Significant Market Power”, the requirement for eircom to amend various aspects of its service level agreement.

At that time, the ODTR stated that it was minded to remove PSTN circuits from the Carrier Services portfolio (the list of service falling under the SLA regime). The removal would be conditional on eircom providing the ODTR with information in relation to a number of performance parameters to satisfy the ODTR that no major delivery issues existed.

The ODTR undertook to reach a decision on the matter prior to 1<sup>st</sup> July, 2002.

## **2 Issues for Consideration**

### **2.1 Principles defining a Carrier Service**

The principles defining a carrier service that have been established and set out in previous consultations are that it:

- is used by OLOs as a constituent element of the OLOs retail service, or
- facilitates the addition of value by the OLO to transform the carrier service into a retail service.

The major consideration with regard to PSTN remaining within the scope of the Carrier Services portfolio is whether the product, in its current form, can be considered a constituent element of the OLOs retail service or whether any value is added to PSTNs by the OLO. Coupled with this is the question as to whether any delivery problems exist in relation to the service in question.

### **2.2 Eircom's Universal Service Obligation**

eircom has a universal service obligation to meet all reasonable requests for the provision of PSTN lines throughout the State. Its retail arm also offers an SLA to its customers with respect to PSTN lines. eircom is obliged to act in a non-discriminatory manner with respect to the provisioning and fault management of PSTN lines ordered by OLOs. If removed, eircom would still be obliged to provide OLOs with PSTN lines on a non-discriminatory basis and in line with their USO obligations.

### **2.3 The Current Delivery Situation**

In the SLA Decision Notice, eircom were requested to provide the ODTR with information regarding the status of OLO PSTN orders. OLOs were also free to raise any issues regarding PSTN delivery within this timeframe and, to that end, the ODTR wrote to OLOs to seek their views. Only one OLO responded.

### **2.4 CPS Consultation**

The question of the introduction of a wholesale line rental product is currently being considered in the context of a consultation on Carrier Pre-Selection in Ireland (ODTR Document 02/47). The response to that consultation will issue in the coming weeks. The question arises as to whether any such wholesale line rental product, if adopted, would form part of the Carrier Services portfolio and therefore fall under the scope of the SLA.

## 3 Views of the Operators

### 3.1 Eircom's Position

eircom have supplied the ODTR with OLO PSTN delivery performance figures that show that overall performance against the SLA for the period August 2001 to March 2002 was 74%. However, this figure is impacted adversely by distortions arising from a low volume of orders in certain months. Overall, the general volume of OLO PSTN orders is low.

In addition, the above performance figures need to be considered together with the fact that on average 30% of all new PSTN orders are for payphones lines which can incur delay due to issues surrounding third party contractors, planning permissions etc.

Eircom also maintain that a significant proportion of all PSTN orders for the period reported were for OLO own use and should not be subject to an SLA as they do not meet the criteria for a carrier service.

Taking these facts into consideration *eircom* believes that the additional investment required in terms of both systems and processes to continue to support PSTN within the new SLA regime is unnecessary and obliges *eircom* to unfairly incur additional costs which are disproportionate to the impact of the product.

### 3.2 OLOs Position

The only OLO who responded stated that their experience of PSTN delivery had been erratic. Figures provided for the period January to March 2002 showed that a low volume of PSTN lines had been ordered, with 62% being delivered on time. The operator felt that delivery of such a service should be 100% before this service is removed from the Carrier Services portfolio.

They also felt that the volume of orders for PSTN circuits was likely to increase should wholesale line rental product, as currently being considered in the CPS consultation, be introduced. The operator's view was that such a product would meet the criteria that would make it a carrier service and as such should be covered under the terms of the SLA.

## 4 ODTR Position

The SMP operator *eircom* already has a universal service obligation to meet all reasonable requests for the provision of PSTN service throughout the State. The product as offered through their retail arm is already supplied with an SLA (customer service guarantee) and since *eircom* is obliged to act in a non-discriminatory manner, then terms with respect to provision and fault management are already offered to their OLO customers.

It has not been demonstrated to the ODTR that the current PSTN product meets the principles of a carrier service as defined in the SLA Decision Notice, i.e. be used by OLOs as a constituent element of the OLOs retail service, or facilitate the addition of value by the OLO to transform the carrier service into a retail service. This appears to be backed by the assertion that a high volume of PSTN circuits ordered from August to March were for OLO own use. OLO PSTN order volumes are relatively low and, taking into consideration planning or location issues regarding circuits required for payphone purposes, there are no major problems regarding delivery performance.

The response to the CPS consultation is due to be issued in the coming weeks. It is considered that if wholesale line rental is to be introduced that it would meet the requirements of a carrier service as outlined earlier. Its inclusion under the SLA would therefore be justified.

Overall, it is considered reasonable to remove PSTN circuits from the scope of the SLA on the 1<sup>st</sup> July. Should it be decided that a wholesale line rental product be established, the new product shall be reinstated in the Carrier Services portfolio, backed by an appropriate SLA, as and when the service is introduced. Appropriate procedures and processes to support the introduction of a wholesale line rental product shall be agreed at that time.

It has been decided that PSTN circuits shall be removed from the Carrier Service portfolio from 1<sup>st</sup> July, 2002. *eircom* are obliged to provide OLOs with PSTN lines on a non-discriminatory basis and in line with their USO obligations.