



Commission for
Communications Regulation

Universal Service Obligation

**Application for funding from the
Universal Service Provider for the
period 2010-2011**

Information Notice

Reference: ComReg 18/11

Version: Final

Date: 16/02/2018

An Coimisiún um Rialáil Cumarsáide

Commission for Communications Regulation

One Dockland Central, Guild Street, Dublin 1, Ireland, D01 E4X0

Telephone +353 1 804 9600 Fax +353 1 804 9680 Email info@comreg.ie Web www.comreg.ie

1. On 29 September 2017, ComReg received a request from eir in respect of Oxera's 2010-11 Unfair Burden Assessment Report (ComReg document 17/73C). eir requested clarification as to source of the 2009/10 ROCE calculation of 24.5%, and the 2010/11 ROCE calculation of 26.1%¹, or the underlying calculations.
2. Having provided the following details to eir, ComReg now provides them to all stakeholders.
3. Table 1 shows Oxera's derivation of the 2009/10 ROCE calculation of 24.5%.

ROCE 2009/10

1. Data for 30-Jun-10

	Revenue	Regulated rate of return adj	Operating costs	Mean capital employed	Return	Page
Local Access Network	498,444	-6,450	401,643	948,118	96,801	13
Core Network	371,547	-22,267	347,664	233,940	23,883	17
Access	507,267		493,843	-16,163	13,424	23
Local Calls	47,583		31,264	6,816	16,319	25
National Calls	22,518		15,105	3,133	7,413	27
International Calls	131,886		87,098	42,994	44,788	29
Calls to Mobile	111,790		90,800	13,043	20,990	31
Directory Enquiry	13,285		10,374	1,823	2,911	33
Leased Lines	84,062		56,092	-3,761	27,970	35
Public Payphones	2,803		4,305	-1,500	-1,502	37
Calls to Internet	6,230		5,018	2,338	1,212	39
Internet Services Supply	11,713		11,701	2,062	12	41
Supplemental Services	39,811		31,013	15,412	8,798	43
Remaining Activities	57,246		44,324	-6,453	12,922	45
Retail business	1,036,194		880,937	59,744	155,257	
Apparatus Supply	23,127		14,497	-2,078	8,630	50
Other Remaining Activities	77,627	28,717	90,175	-72,520	-12,548	52
Meteor	458,173		451,610	243,685	6,563	54
Other Subsidiaries	106,787		105,587	82,304	1,200	56
Other Business	665,714		661,869	251,391	3,845	

Source: HISTORICAL COST SEPARATED ACCOUNTS For the Year Ended 30th June 2010 FINANCIAL STATEMENTS.

2. ROCE 2009/10

Revenue	1,906,185
Add back regulated rate of return adj*	28,717
Total revenue	1,934,902
Operating costs	1,630,244
Return	304,658
Mean capital employed	1,241,802
ROCE 2009/10	24.5%

Note: * Turnover attributable to the Core and Local Access networks has been adjusted in order to maintain the return in these businesses at the determined rate of 10.21% (2009: 10.21%). These adjustments have been made within the Other Remaining Business.' (p.60)

Table 1: 2009-10 ROCE Calculation

¹ Figure 4.1 and Figure 4.2 of section 4.1 of Oxera's unfair burden report 2010/11 (ComReg document 17/73c) refers.

4. Table 2 shows Oxera's derivation of 2010/11 ROCE calculation of 26.1%.

ROCE 2010/11

1. Data for 30-Jun-11

	Revenue	Operating costs	Mean capital employed	Return	Page
Wholesale Fixed Narrowband Access	363,814	258,652	872,801	105,162	12
Wholesale Unbundled Access	7,294	7,591	8,301	-297	12
Wholesale Broadband Access	96,412	60,086	164,933	36,326	12
Wholesale Leased Lines	79,117	50,891	153,651	28,226	12
Wholesale Access	546,637	377,220	1,199,686	169,417	12
Wholesale Call Origination	22,690	15,819	47,785	6,871	18
Wholesale Call Transit	137,885	134,227	52,581	3,658	18
Wholesale Call Termination	22,633	15,406	47,289	7,227	18
Wholesale Residual (Regulated)	42,135	26,191	21,771	15,944	18
Wholesale Residual (Unregulated)	120,898	110,684	41,405	10,214	18
Wholesale Other	346,241	302,327	210,831	43,914	18
PSTN & ISDN Access	329,970	329,110	11,670	860	22
Meteor	408,972	583,744	157,532	-174,772	22
Retail Other	600,418	426,671	62,145	173,747	22
Other subsidiaries	93,531	87,909	166,497	5,622	22
Retail	1,432,891	1,427,434	397,844	5,457	22

Note: 2010/11 results were restated in 2011/12 financial statements.

Source: HISTORICAL COST SEPARATED ACCOUNTS For the Year Ended 30th June 2012 FINANCIAL STATEMENTS.

2. ROCE 2010/11

Total revenue	1,823,266
Operating costs	1,435,328
Return	387,938
Mean capital employed	1,484,332
ROCE 2010/11	26.1%

Table 2: 2010-11 ROCE Calculation

5. eir's regulatory accounts are published on eir's web site
<https://www.eir.ie/regulatoryinformation/separated-accounts/>