



Commission for
Communications Regulation

Universal Services Obligation ("USO") Funding

Status of Funding Applications

Information Notice

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An Coimisiún um Rialáil Cumarsáide

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Additional Information

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1 Introduction

1. Eircom Limited (“eir”) is designated, by the Commission for Communications Regulation (“ComReg”) as the universal service provider (“USP”) to provide basic telephone services within the State. These services currently include:
 - Access at a fixed location.
 - Payphones.
 - Subscriber Directory¹.
2. Services for people with disabilities were also previously provided as a USO by eir and associated costs may be included by eir in some funding applications.
3. The provision of a universal service may result in the USP(s) providing designated services at a net cost. The European Communities (Electronic Communications Networks and Services) (Universal Service and Users’ Rights) Regulations 2011 (“the Universal Service Regulations”) allow a USP to seek funding for the net costs of meeting the universal service obligation (“USO”).
4. On 31 May 2011, ComReg issued Decision No. D04/11² in relation to the principles and methodologies to be used in calculating the net cost for the provision of the universal service by the USP. The Decision sets out how the net cost, for all USOs, will be calculated and how the existence of an unfair burden will be determined.
5. If ComReg finds that a net cost is an unfair burden, the requirement for a sharing mechanism is triggered and any net cost is apportioned among providers of electronic communications networks and services.
6. On 28 October 2011, ComReg issued a consultation document on the principles and methodology for a sharing mechanism for any universal service fund³. A response to this consultation and further consultation will be published in due course, as appropriate.

¹ The obligation to provide the National Directory Database is no longer a USO. However, a printed directory is required to be made available in accordance with ComReg Decision D07/14.

² ComReg Document 11/42, “*Decision on the Costing of universal service obligations: Principles and Methodologies*”

³ ComReg Document 11/77 “*Consultation on sharing mechanism for any USO Fund: Principles and Methodologies*”, 28 October 2011.

1.1 2009-2010

7. eir claimed a net cost of €6.2M (net) for the period 2009-2010, for which it sought to receive funding.
8. We have completed our assessment of eir’s application for funding for the 2009-2010 period.⁴
9. We found that there was a positive net cost of €5.1m for the 2009-2010 period and that this positive net cost did not represent an unfair burden on eir.
10. We are currently assessing the funding applications received from eir for the financial years 2010-2011, 2011-2012, 2012-2013, 2013-2014, and 2014-2015. We are in the process of forming our preliminary views on these applications and we will consult accordingly in due course.
11. A number of respondents to “*Universal Service Requirements - Provision of access at a fixed location (AFL), Response to Consultation, Further Consultation and Draft Decision 16/31*” raised concerns regarding costing and funding of the USO.
12. This information notice sets out the current status of the outstanding USO funding applications submitted by eir.

⁴ ComReg Document 14/03 D01/14 “*Assessment of Eircom’s Universal Service Fund Application for 2009- 2010– Response to Consultation and Determination*”, 9 January 2014.

2 Current Status

2.1 2010 - 2011

13. We received an application from eir, on 1 September 2014, for funding for the provision of the universal service for the period 2010-2011. eir claimed a net cost of €9.95M (net), including the intangible benefits of €1.46M, for the period 2010-2011, for which it sought to receive compensation by way of an industry fund.
14. We have commenced the process of assessing eir’s application for universal funding in accordance with Decision D04/11.
15. We have engaged with eir since February 2015 and have reviewed and sought clarification on the USO cost model submitted by eir.
16. As a result of these clarifications, on 15 July 2016, we received a revised model with a modified claim from eir for funding for the provision of the universal service for the period 2010-2011. eir claimed a revised net cost of €7.93M (net), including the revised intangible benefits of €1.57M, for the period 2010-2011.
17. Accordingly, we will verify if there is a net cost, what it is and determine whether or not any such net cost constitutes an unfair burden on eir, and decide whether or not to establish a universal service fund.
18. We plan to issue a consultation on our preliminary views on this application in Q4 2016.

2.2 2011- 2012

19. We received an application from eir, on 31 October 2014, for funding for the provision of the universal service for the period 2011-2012. eir claimed a net cost of €7.26M (net), including the intangible benefits of €1.97M, for the period 2011-2012, for which it sought to receive compensation by way of an industry fund.
20. We have commenced the process of assessing eir’s application for universal funding in accordance with Decision D04/11.
21. We have engaged with eir since February 2015 and have reviewed and sought clarification on the USO cost model submitted by eir.
22. As a result of these clarifications, on 15 July 2016, we received a revised model with a modified claim from eir, for funding for the provision of the universal service for the period 2011-2012. eir claimed a revised net cost of €6.99M (net), including the revised intangible benefits of €1.37M, for the period 2011-2012.

23. Accordingly, we will verify if there is a net cost, what it is, and determine whether or not it is an unfair burden on eir. We will also decide whether or not to establish an industry universal service fund.

24. We plan to issue a consultation on our preliminary views on this application in Q4 2016.

2.3 2012 - 2013

25. We received an application from eir, on 31 October 2014, for funding for the provision of the universal service for the period 2012-2013. eir claimed a net cost of €7.95M (net), including the intangible benefits of €1.80M, for the period 2012-2013, which it is seeking to receive funding for.

26. We have commenced the process of assessing eir’s application for universal funding in accordance with Decision D04/11.

27. We have engaged with eir since February 2015 and have reviewed and sought clarification on the USO cost model submitted by eir.

28. As a result of these clarifications, on 15 July 2016, we have received a revised model with a modified claim from eir, for funding for the provision of the universal service for the period 2012-2013. eir has claimed a revised net cost of €8.01M (net), including the revised intangible benefits of €1.20M, for the period 2012-2013.

29. Accordingly, we will verify if there is a net cost, what it is and determine whether or not any such net cost constitutes and unfair burden on eir has, and decide whether or not to establish a universal service fund.

30. We plan to issue a consultation on our preliminary views on this application in Q4 2016.

2.4 2013 - 2014

31. We received an application from eir, on 31 March 2015, for funding for the provision of the universal service for the period 2012-2013. eir claimed a net cost of €11.26M (net), including the intangible benefits of €1.09M, for the period 2012-2013, which it is seeking to receive funding for.

32. We have commenced the process of assessing eir’s application for universal funding in accordance with Decision D04/11.

33. We have engaged with eir since February 2015 and have reviewed and sought clarification on the USO cost model submitted by eir.

34. As a result of these clarifications, on 15 July 2016, we received a revised model with a modified claim from eir, for funding for the provision of the universal service for the period 2013-2014. eir claimed a revised net cost of €10.00M (net), including the revised intangible benefits of €1.05M, for the period 2013-2014.
35. Accordingly, we will verify if there is a net cost, what it is, and determine whether or not any such net cost constitutes an unfair burden on eir, and decide whether or not to establish a universal service fund.
36. We plan to issue a consultation on our preliminary views on this application in Q4 2016.

2.5 2014 - 2015

37. We received an application from eir, on 31 March 2016, for funding for the provision of the universal service for the period 2014-2015. eir claimed a net cost of €14.67M (net), including the intangible benefits of €0.86M, for the period 2014-2015, which it is seeking to receive funding for.
38. On 15 July 2016, we received a revised model with a modified claim from eir, for funding for the provision of the universal service for the period 2014-2015. eir has claimed a revised net cost of €12.43M (net), including the revised intangible benefits of €0.85M, for the period 2014-2015.
39. We will verify if there is a net cost, what it is and determine whether or not any such net cost constitutes an unfair burden on eir, and decide whether or not to establish a universal service fund.
40. We plan to issue a consultation on our preliminary views on this application in Q4 2016.