



Commission for
Communications Regulation

Information Notice

Local Loop Unbundling ('LLU'): ComReg's Review of Ancillary Charges in Eircom's Access Reference Offer ('ARO') Price List

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1 Introduction

Local Loop Unbundling ('LLU') is the process which enables Other Authorised Operators ('OAOs') to make use of the physical copper connections between a customer and the local exchange, known as 'local loop'. Eircom is legally obliged to provide access to the local loop and associated (or ancillary) facilities, including collocation. OAOs use Eircom's infrastructure to deliver a range of voice and broadband services to their customers. The charges relating to LLU and its ancillary services are contained in Eircom's Access Reference Offer ('ARO') price list on the Eircom Wholesale website (<http://www.eircomwholesale.ie>).

In ComReg document no 04/70 (Decision no D8/04), Eircom was designated with Significant Market Power in the market for Wholesale Unbundled Access (including shared access) to Metallic Loops and Sub Loops. Regulation 14 of the Access Regulations¹ allowed ComReg to impose a price control obligation on Eircom to offer cost oriented prices for LLU services, co-location, and associated facilities on the basis of a forward looking long run incremental costs ('FL-LRIC').

Over the past year the Commission for Communications Regulation ('ComReg') has carried out an extensive review of the LLU ancillary charges in Eircom's ARO price list. ComReg welcomes the publication by Eircom of the revised ARO price list relating to LLU ancillary charges. The revised charges are detailed in Appendix 1 of this document. The revised charges are also available on the Eircom Wholesale website at the link above.

These changes mean there are some significant reductions in price. Some charges will be up to 65% less than previously charged. These revised charges will take effect from 1 October, 2008 and will be reflected in the following month's invoice. Eircom has also agreed to provide a credit to the OAOs for early life failure ('ELF') faults, dead on arrival ('DoA') faults and repeat faults. This is further discussed in Section 4.1.2 of this document.

ComReg believes that the results of this review by ComReg may encourage further competition in the LLU market through more efficient processes and charges. ComReg believe that the review of the ARO price list further highlights ComReg's commitment to reviewing the overall pricing in relation to LLU.

ComReg has also reviewed the order handling charges for single billing through wholesale line rental ('SB-WLR') and carrier pre selection ('CPS'). These reviews resulted in price reductions in the range of 13% for SB-WLR and reductions of approximately 24% for CPS. The revised order handling charges are detailed in Appendix 2 to this document.

¹ S.I. No. 305 of 2003 the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2003.

2 Background

ComReg initiated a review of Eircom's ARO price list in August, 2007. ComReg was of the view that this review was necessary as a number of processes related to the services in the ARO had changed since first introduced by Eircom several years ago. The review of the ARO price list excluded the review of sub loop unbundling charges, the LLU monthly rental charge and the line share monthly rental charge as these charges are part of separate ongoing reviews within ComReg.

ComReg's review of the ARO price list involved a submission of costing data from Eircom in relation to the various services in the ARO price list. As part of the review, ComReg carried out a number of walkthroughs of the processes at two of the Eircom exchanges. ComReg also met with a number of the fixed operators to discuss their views and main concerns regarding the charges and processes of the services provided in the ARO price list. In addition, a number of meetings and discussions were held with Eircom as part of this review.

3 Legal Obligations on Eircom

By virtue of the review of the market for Wholesale Unbundled Access (including shared access) to Metallic Loops and Sub Loops in 2004, Eircom was designated with SMP in Decision No D8/04 (ComReg Document No 04/70). Regulation 14 of the Access Regulations allowed ComReg to impose a price control obligation on Eircom to offer cost oriented prices for LLU services, co-location, and associated facilities on the basis of a forward looking long run incremental costs ('FL-LRIC').

With regard to the order handling charges, under Regulation 10 (1) of the Access Regulations, Eircom is subject to certain legal obligations including the obligation under Regulation 10 (1) to ensure that charges for interconnection follow the principles of transparency and under Regulation 14 (1) the principle of cost orientation. Eircom is obliged under Section 8 of Decision No D8/04 (ComReg Document No 04/70) (Transparency) and Section 10 (Price Control and Cost Accounting) of the Decision Instrument on Wholesale Call Origination and of the Decision Instrument on Wholesale Call Transit both contained in *Market Analysis Interconnection Market Review Wholesale Call Origination and Transit Services*² to publish and keep updated on its website a Reference Interconnection Offer ('RIO'). Eircom is also obliged under Section 8 (Transparency) of the Decision Instrument on Wholesale Call Termination contained in *Market Analysis – Interconnection Market Review Fixed Wholesale Call Termination Services*³ to publish and keep updated on its website a RIO.

² Decision No. 04/07 Document No. 07/80 dated 5 October 2007.

³ Decision No. D06/07 Document No. 07/109 dated 21 December 2007.

4 Outcome of the review

4.1 ARO Price Review

Detailed below is the outcome of some of the main areas reviewed as part of the ARO price review.

4.1.1 Surveys

As part of the review, ComReg carried out walkthroughs of the survey processes at two Eircom exchanges. This involved a step-by-step walkthrough of the process for each of the surveys, including the full survey request, special site inspection, site offer and the initial survey request. The outcome of the walkthroughs highlighted the fact that the processes had changed since the last review and as a result the survey charges required revision to reflect the current up-to-date processes. The revised charges set out in Appendix 1 to this document, now reflect the most up-to-date survey processes carried out at the exchanges.

4.1.2 Fault Clearance

The revised ARO price list now includes two fault clearance charges, one charge which includes the cost of Eircom providing the line test and another charge excluding the cost of line testing. The fault clearance charge which excludes the cost of line testing will apply to those OAOs who can provide Eircom with the line test data for all collocated exchanges.

An issue which was highlighted by the OAOs as part of the ARO price review and has also been discussed as part of the LLU Industry Forum relates to faults, namely early life failures ('ELFs'), dead on arrivals ('DoAs') and repeat faults. As part of this price review, ComReg has also assessed the processes undertaken by Eircom in relation to billing for the various faults. Following on from this, Eircom defined an ELF as *'faults which are reported in the 8⁴ working day period following the provisioning and are localised and cleared to the network elements impacted by the delivery process.'* In addition, Eircom defined a DoA as *'instances where eircom advised an OAO that the requested service was provisioned when, in reality, the service was never provisioned correctly in the first instance'* and Eircom defined a repeat fault as a fault *'that is not the result of a separate network failure, occurring within 8⁵ working days of the original fault being cleared'*. As part of the ARO price review, ComReg noted the definitions proposed by Eircom and further added that these definitions maybe further refined, if necessary, as part of the LLU Industry Forum. However, in the meantime and as a means to progressing the issues which are a significant cause of frustration to industry relating to ELFs, DoAs and repeat faults, Eircom has agreed to produce a report for each OAO on a monthly basis setting out the number of such faults that occur in the month and to provide details of the individual fault categories. Eircom currently maintain that a significant cost would be involved in developing an automated process to identify such categories of faults and to remove the charges associated with these particular faults from their

⁴ This has been agreed as part of the LLU Industry Forum.

⁵ Number of days proposed by ComReg.

billing system. As a solution to this Eircom will charge for all faults in the monthly invoice to the OAO and subsequently manually process a credit item on the subsequent month's invoice. This will fully rebate the OAO for all charges raised for ELF's, DoAs and repeat faults which should not have been charged where they fall within the definitions above. Therefore, ultimately the OAO is no longer liable for the costs of ELF's, DoAs and repeat faults.

The current fault clearance charge⁶ in the ARO price list is under review as part of the LLU monthly rental charge review.

4.1.3 Attendance Charges

The attendance charges were also revised as part of the ARO price review. As part of the review ComReg clarified with Eircom as to when the OAO or access seeker is subject to attendance charges. An unescorted, accredited access seeker (or OAO) attending the Eircom exchange will not be subject to attendance charges. This has been clarified by Eircom in the ARO price list. However, to obtain accreditation there are accreditation charges, in the ARO price list, relating to access accreditation which the OAO (or access seeker) and its contractors are subject to so that they can access the exchange, either escorted or unescorted. In addition, Eircom has reduced the number of days notice, required by the OAO, for planned attendance from ten days to three days. This should therefore ensure that, in most cases, the planned attendance procedure is utilised by OAOs, which are less than the charges for unplanned attendance. If the number of days notice given by the OAO to Eircom for attendance at an exchange is less than 3 days then the unplanned charges will apply.

4.1.4 Itemised Invoices

A number of OAOs raised the issue that the collocation invoices, from Eircom, were not itemised to a level that would allow the OAO to reconcile the invoice. This was discussed with Eircom as part of the ARO price review and Eircom confirmed that all OAOs received a breakdown of the relevant collocation charges at the site offer stage. Going forward, Eircom will provide the operator, as part of a site offer for any given exchange or when any variation to an existing licence occurs, a detailed breakdown of all individual cost components including, but not limited to basic rental, licence fee, service provision, MDF and cabling costs and power charges.

4.1.5 Rental Charges

ComReg has decided to undertake its own separate review in relation to the current rental charges applied by Eircom so as to ascertain the most appropriate rental basis to be applied for a sample of the collocated exchanges. It is anticipated that this review will be carried out as soon as possible. On completion of this review, ComReg will revert to Eircom on its outcome. In the meantime, Eircom will continue to charge the current rental values in the ARO price list.

⁶ Current fault clearance charge is €17.

4.2 Order Handling Charges Review

ComReg's review of the order handling charges included the review of SB-WLR and CPS only. The review of Geographic Number Portability ('GNP') and Non-Geographic Number Portability ('NGNP') is part of a separate review by ComReg in consultation document no 08/65⁷.

SB-WLR refers to the ability of a customer to receive a single bill from the service provider of his or her choice for every aspect of his or her telephone service requirements including all calls and line rental. CPS refers to the facility offered to customers which allows them to opt for certain defined classes of calls to be carried out by an operator selected in advance (and having a contract with the customer) without having to dial a routing prefix or follow any other different procedure to invoke such routing. The revised order handling charges for SB-WLR and CPS are set out in Eircom's Reference Interconnect Offer ('RIO') price list on the Eircom Wholesale website⁸. The current interim order handling charges for SB-WLR and CPS will be set as final charges until 30 September 2008. The revised charges, following from ComReg's review, will be in place from 1 October, 2008.

⁷ Setting a Maximum Fixed and Mobile Number Porting Charge.

⁸ <http://www.eircomwholesale.ie>

Appendix 1

Annex C

Service Schedule 101

Physical Co-Location

<u>Description of Service</u>	<u>Current ARO Charge - €</u>	<u>Revised Charge - €</u>	<u>% Change</u>
Initial Survey Request	571	207	-64%
Full Survey Report			
Small	2,701	1,315	-51%
Medium	2,916	1,315	-55%
Large	3,132	1,315	-58%
Site Offer	3,199	1,471	-54%
Combined Full Survey & Site Offer			
Small	5,899	2,786	-53%
Medium	6,115	2,786	-55%
Large	6,330	2,786	-56%
Special Site Inspection			
Near	1,143	1,078	-6%
Distant	2,194	1,078	-51%
Very Distant	2,845	1,078	-62%
Power Consumption Charges			
➤ Site with air-conditioning	1,417.52	1,497	6%
➤ Site without air-conditioning	708.76	798	13%
Attendance Service			
<i>Planned Access</i>			
➤ Standard Hours (First 30 mins)	60.46	62.59	4%
➤ Standard Hours (Subsequent 15 mins)	12.12	12.85	6%
➤ After Hours (First 30 mins)	100.77	93.89	-7%
➤ After Hours (Subsequent 15 mins)	20.19	18.97	-6%
<i>Unplanned Access</i>			
➤ Standard Hours (First 30 mins)	121.04	87.89	-27%
➤ Standard Hours (Subsequent 15 mins)	18.17	18.97	4%
➤ After Hours (First 30 mins)	217.90	125.83	-42%
➤ After Hours (Subsequent 15 mins)	33.32	28.46	-15%

Service Schedule 102
Unbundled Local Metallic Path Service

<u>Description of Service</u>	<u>Current ARO Charge - €</u>	<u>Revised Charge - €</u>	<u>% Change</u>
ULMP Connection Charge with successful completion – PU & PUI Order Type	55	45	-18%
ULMP Connection Charge with successful completion – PUS Order Type	79.85	65	-19%
PUS Order Failing Completion Undeliverable	39.85	29.39	-26%
ULMP Connection Order Failing Validation (PU/PUI)	3.95	0.64	-84%
ULMP Connection Order Failing Validation (PUS)	8.09	5.14	-36%
ULMP Connection Order Cancelled (within four working days)	34.90	10.93	-68%
ULMP Disconnection	35.44	24.09	-32%
ULMP Line Test	42.16	32.30	-23%
ULMP Fault Clearance (incl. line test)	117.31	117.31*	-
ULMP Fault Clearance (excl. line test)	-	109.97	-
Non-order related line categorisation per line	0	0	-
Order related line categorisation per line	0	0	-
Bulk Data Charges			
Up to 20 Sites	-	60.72	-
21 to 50 Sites	-	77.58	-
51 to 100 Sites	-	101.19	-
> 100 Sites	-	138.30	-

* - This is currently under review, by ComReg, as part of the LLU monthly rental charge review

Service Schedule 103
Line Sharing Services

<u>Description of Service</u>	<u>Current ARO Charge - €</u>	<u>Revised Charge - €</u>	<u>% Change</u>
LS Connection Charge with successful completion	55	45	-18%
LS Connection Charge with successful completion – Survey Option	79.85	65	-19%
Connection Order Failing Validation	8.09	0.64	-92%
Connection Order cancelled within 4 working days of order	33.71	10.29	-69%
Upgrade from LS to ULMP on the same pair	54.57	41.36	-24%
LS Disconnection	53.61	41.15	-23%
LS Line Test	14.52	9.70	-33%
LS Fault Clearance (incl. line test)	117.31	117.31*	-
LS Fault Clearance (excl. line test)	-	107.61	-
Non-order related line categorisation per line	0	0	-
Order related line categorisation per line	0	0	-
Bulk Data Charges			
Up to 20 Sites	-	60.72	-
21 to 50 Sites	-	77.58	-
51 to 100 Sites	-	101.19	-
> 100 Sites	-	138.30	-

* - This is currently under review, by ComReg, as part of the LLU monthly rental charge review

Service Schedule 106
GLUMP (GNP⁹ + ULMP)

<u>Description of Service</u>	<u>Current ARO Charge - €</u>	<u>Revised Charge - €</u>	<u>% Change</u>
GLUMP Connection Charge with successful completion	66	48.50	-26%
GLUMP Connection Charge with successful completion – Survey option selected on order form	90.85	68.50	-25%
ULMP Component Failing Validation	8.09	0.64	-92%
Number Porting Component requiring Rollback	11	3.50	-68%
GLUMP Failed Completion requiring rollback	66	48.50	-27%
GLUMP failed completion requiring rollback – survey option selected on order form	90.85	68.50	-25%
ULMP Disconnection	35.44	24.09	-32%
ULMP Line Test	42.16	32.30	
ULMP Fault Clearance (incl. line test)	117.31	117.31*	-
ULMP Fault Clearance (excl. line test)	-	109.97	-
Non-order related line categorisation per line	0	0	-
Order related line categorisation per line	0	0	-

* - This is currently under review, by ComReg, as part of the LLU monthly rental charge review

⁹ Geographic Number Portability.

Appendix 2

RIO Schedule 401

Singling Billing – Wholesale Line Rental (SB-WLR)

<u>Description</u>	<u>Current RIO Charge - €</u>	<u>Revised Charge - €</u>	<u>% Change</u>
Single Line Acceptance, Validation & Notification	4.46	3.90	-13%
Multi Line Acceptance, Validation & Notification	7.65	6.68	-13%
Single Line Acceptance, Validation & Notification (Exclude connection to CPS)	4.46	3.90	-13%
Multi Line Acceptance, Validation & Notification (Exclude connection to CPS)	7.65	6.68	-13%
Single Line of other OAO Acceptance, Validation & Notification	4.46	3.90	-13%
Multi Line of other OAO Acceptance, Validation & Notification	7.65	6.68	-13%
Orders Failing Validation	0.64	0.64	-
Cease Orders for Single Line Accounts	2.55	2.23	-13%
Cease Orders for Multi Line Accounts	3.82	3.34	-13%

RIO Schedule 120

Carrier Pre Selection

<u>Description</u>	<u>Current RIO Charge - €</u>	<u>Revised Charge - €</u>	<u>% Change</u>
Order Acceptance Notification & Validation	1.13	0.87	-23%
Order Rejection and Notification	0.57	0.43	-25%
Bad Debt Charge Acceptance	5.67	4.33	-24%
Bad Debt Charge Removal	5.67	4.33	-24%
Bad Debt Charge Rejection	2.84	2.17	-24%