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Consultation Summary

ComReg seeks your views on Universal Service for telephone services – a minimum set of telephone services for all consumers.

Consultation Summary:-	10/35a
Consultation Paper:-	10/35 available from www.comreg.ie or www.askcomreg.ie websites
Date by which you must respond:-	4:00pm on the 21 May 2010
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1 About Consultations

1.1 What is a Consultation?

A consultation is a way that allows you to make your views known on matters that ComReg are going to make a decision or act upon.

1.2 What is the Consultation process?

- The process involves issuing a ‘Consultation Paper’, which sets out:-
 - the background to the issue being consulted upon,
 - what the options may be and,
 - what proposals or steps ComReg is proposing to put in place.
- The consultation seeks your input into this process by posing a number of questions. The responses to these questions then help ensure that ComReg is fully informed in relation to any decisions it may make.
- You should respond to the questions by stating your view and supporting this view by reasoned arguments or evidence as appropriate, by the date specified.
- ComReg will consider and take account of the merits of views expressed. However, the process is not equivalent to voting and ComReg will exercise its judgement by considering the merits of the views expressed and the scope of its powers.
- Having completed its review, ComReg will then issue a Response to Consultation paper, that is, a document which gives an overview of the responses sent to ComReg, ComReg’s response to them, and ComReg’s decision relating to the matter being considered.
- As part of this consultation process, ComReg will publish all the responses received, except for those that are marked as confidential and which ComReg considers to be so.

1.3 How do I make my views known to ComReg?

If you have views on the matter being discussed, send your views to ComReg using the following steps:-

- Send your views to the contact person by the date required. You will find these details on the first page of this document.
- You do not have to send us your views on every question but you should use the question numbers of the questions that you reply to in your response to us.
- You can send a letter, email us at retailconsult@comreg.ie or use the consultation pages on the www.comreg.ie and www.askcomreg.ie website. Make sure you use the document number 10/35.
- We will publish the views you send to us and your name, in our ‘Consultation Response’ paper.

1.4 What is a Consultation Summary Document?

A Consultation Summary Document summarises the key points of the Consultation Paper. ComReg may provide Consultation Summary Documents for those consultations which directly concern the general public.

You may find a Consultation Summary Document useful if you are not familiar with consultations or with the technical or legal terms used. If you are using adaptive technology to read electronic documents you may also find the Summary Document helpful.

Please note that the Consultation Summary Document is only a summary and you will find the full text of the Consultation Paper, including the legislative basis, in the Consultation Paper itself. Details of where you can get a copy of the Consultation Paper are given on the first page of this document.

2 What is this consultation about?

This consultation relates to Universal Service Obligations (“USO”) for telephone services. This mainly covers the supply of telephone access, provision of public payphones and availability of directory services to consumers.

Eircom is the current Universal Service Provider, but the current period will end in June 2010. It is now appropriate to address the period post June 2010 and ComReg wishes to consult with you so that we can make an informed decision on the approach regarding the future provision of Universal Services.

Why do we need USO?

The purpose of USO is to ensure that basic fixed line services are available to consumers within Ireland at an affordable price.

The main reasons for the USO are listed below:-

- to provide services to those in remote locations whom the market might otherwise not choose to serve and to seek to accommodate those in rural locations for whom the actual cost of gaining access to service might otherwise be prohibitively expensive.
- to bring benefits to those with low incomes who may have difficulty in affording a telephone service.
- to provide for consumers with disabilities who need particular services or facilities to gain access.

The services covered under the universal service are:

- Provision of telephone access at a fixed location
- Directory enquiry services including printed directories
- Public Payphones
- Provision of services to consumers with disabilities
- Affordability measures
- Measures to help consumers control spending

3 Duration of USO

In 2006, a period of 4 years was selected as the appropriate duration for all elements of Universal Service. Going forward, one important issue to be considered is the length of the proposed new designation.

The factors to be considered include:

- New European legislation affecting universal service, which will come into effect in Ireland in May 2011.
- The changes to universal service, which the new legislation or further reviews by the European Commission might bring about.

Given the above developments and the impacts they may have, ComReg is proposing that a 2 year designation period is appropriate at this juncture.

In this consultation, the question we are asking on this issue is as follows:-

Q. 1. What are your views on the factors outlined above in the context of defining an appropriate designation period? Are there other factors which should be taken into account? Please give reasons to support you point of view.

4 Provider(s) of the USO

As part of the regulations, ComReg must decide on one or more operators to provide the Universal Services and must ensure that the whole of the State is covered.

ComReg can decide to use different operators or sets of operators to provide different elements of Universal Service and /or to cover different parts of the State.

We must consider a number of factors in deciding on an operator as the provider for each element of the Universal Service.

This consultation asks interested operators to put themselves forward to provide all or part of the Universal Services. Any expressions of interest should be accompanied by the following:

- An outline of technical competence and expertise in providing the service concerned.
- An outline as to how the proposed obligations as detailed in the consultation paper will be fulfilled including a full description as to how the service(s) will be provided.

- Procedures for connection, fault management, the provision of information to consumers and the handling of complaints.

If expressions of interest are received, ComReg will consider how to advance matters further and may outline an approach in the response to this consultation.

5 Elements of the USO

5.1 Provision of Access at a Fixed Location

A fundamental requirement of the Universal Service Obligation is that at least one operator meets all “reasonable” requests for connection to the public telephone network. Therefore, Eircom as the Universal Service Provider (“USP”) is currently required to satisfy any reasonable request to provide a connection to the public telephone network at any fixed location in the State.

Any connection must be capable of allowing consumers make and receive the following:

- Local, national and international calls
- Facsimile communications, and
- Data communications at data rates that is sufficient to permit functional Internet access.

Regarding the last point above, in practice this has been translated to mean that the Universal Service Provider will use all reasonable endeavours to ensure that all connections to the publicly available telephone network are capable of a reasonable minimum data rate no lower than 28.8 Kbit/s. It is important to note that the current obligations do not cover the provision of broadband services.

In addition to requirements for connections stated above, the Universal Service Provider is required to treat all requests for connection at a fixed location to the public telephone network and for access to publicly available telephone services at a fixed location as reasonable if;

- the estimated cost of providing the service does not exceed €7,000

OR

- Where it does exceed €7,000 and the applicant is willing to pay any excess above this level

In either case above, the customer requesting the service must pay the standard connection charge.

In this consultation, the question we are asking on this issue is as follows:-

**Q. 2. What is your view in relation to the current Reasonable Access Threshold?
Please give reasons to support your point of view.**

ComReg will carefully consider any submissions it receives from interested parties for provision of access. ComReg is of the preliminary view that Eircom should be designated as the Universal Service Provider of access at a fixed location.

In this consultation, the question we are asking on this issue is as follows:-

Q. 3. What is your view in relation to the preliminary view that Eircom should be designated as the USP with respect to access at a fixed location? Please give reasons to support your point of view.

5.2 Directory Services

The Regulations provide that a USO Provider must ensure that a comprehensive telephone directory of consumers is made available to all consumers and is updated at least once a year **OR** that a comprehensive telephone directory inquiry service is made available to all consumers, including users of public pay telephones.

Since 2006, Eircom as the USO provider has not been mandated to provide a directory enquiry service, as ComReg is of the view that directory enquiries services are being provided

in the market on a commercial basis. ComReg notes that this has not been a source of consumer concern, however ComReg will continue to monitor developments.

The Regulations also state that the USP for directory services shall also maintain the National Directory Database. ComReg has received complaints regarding the need for a printed telephone directory for all and the legibility of the printed directory. ComReg is interested in receiving views on these matters.

The National Directory Database (NDD) is a record of all publicly available telephone listings for consumers in the State who have not refused to be included in the NDD. The NDD is also the basis for the 'opt-out register for direct marketing purposes.

ComReg will carefully consider any representations it receives from interested parties for the provision of the specified directory services. ComReg is of the preliminary view that Eircom should be designated as the Universal Service Provider for the specified directory services.

In this consultation, the questions we are asking on this issue are as follows:-

- Q. 4. Do you agree that the present provision of directory enquiry services on a commercial basis continues to meet the needs of consumers? Please give reasons to support your point of view.**
- Q. 5. What is your view regarding the continued requirement to provide a printed directory to all consumers? Please give reasons to support your point of view.**
- Q. 6. What is your view with respect to the legibility of the listings in the printed telephone directory? Please give reasons to support your point of view.**
- Q. 7. What is your view in relation to the preliminary view that Eircom should be designated as the USP with respect to the provision of a subscriber directory, including the NDD? Please give reasons to support your point of view.**

5.3 Public Payphones

The Regulations provide that a USO Provider shall ensure that Public Pay telephones are provided to meet the reasonable needs of consumers in terms of

- geographical coverage
- number of telephones
- accessibility of such telephones to consumers with disabilities and
- the quality of services.

What is a Public Payphone?

The Regulations define a public pay telephone as “a telephone available to the general public for the use of which the means of payment may include coins, credit cards, debit cards or pre-paid cards, including cards for use with dialling codes”.

In addition, it must be possible to make emergency calls free of charge from all Public Pay Phones.

Because of the growth in mobile phone usage, some further reductions in the number of payphones in both urban and rural areas may be unavoidable due to a possible further fall in demand for Payphones. The average number of USO payphones operated by Eircom during the period October 2009 to December 2009 was 1,477. Despite the decline in the number of payphones and use, based on usage figures, it is apparent that payphones continue to provide a basic service to many people indicating their continued necessity.

ComReg will carefully consider any representations it receives from interested parties for the provision of Public Payphones. ComReg is of the preliminary view that Eircom should be designated as the Universal Service Provider for the public payphones.

In this consultation, the question we are asking on this issue is as follows:-

Q. 8. What is your view in relation to the preliminary view that Eircom should be designated as the USP with respect to the provision of public payphones throughout the State? Please give reasons to support your point of view.

5.4 Provision of Universal Service to Consumers with Disabilities

The Regulations provide for specific measures for consumers with disabilities. ComReg can specify obligations applicable to the Universal Service Provider for the purpose of ensuring that disabled consumers can enjoy access to and affordability of publicly available telephone services equivalent to that enjoyed by other consumers.

Currently the Universal Service Provider is obliged to provide the following services to consumers with disabilities:

For consumers that are hearing-impaired

- Inductive couplers which allow users with a hearing aid set to connect the set to their telephone to allow them to hear incoming speech clearly.
- Amplifier phones which allow the user to increase the volume of incoming speech.
- Teleflash Visual Alert which shows a flashing light, or makes a loud noise when the telephone rings.

For consumers that are hearing and/or speech impaired

- A text Relay Service providing facilities for the receipt and translation of voice messages into text and the conveyance of that text to the textphone of customers of any operator, and vice versa.
- A rebate scheme whereby, because of the time taken to make a text telephone call, equality of payment for deaf text telephone users can be assured.

For consumers with limited dexterity or mobility

- Push button telephone sets with speed and automatic redial buttons allowing pre-programmed telephone numbers (typically the most called numbers) or last called telephone numbers to be dialled without having to re-enter the telephone number.
- Hands free/loudspeaker phones means that the handset does not need to be used at all.

For consumers with restricted vision

- Restricted vision telephones which can help people with restricted vision to find other numbers more easily.
- Braille billing free of charge.
- Special directory enquiry arrangements which allow those users unable to use the phone book because of a disability, to use a directory enquiry service free of charge.

In addition, the USP was required to develop and publish a code of practice for the provision of services to consumers with disabilities. This was developed and published on the Eircom website at http://www.eircom.ie/bveircom/pdf/code_of_practice_disability.pdf.

ComReg notes that the mandatory set of obligations may be less than voluntary measures being taken by operators. ComReg notes that new European legislation due to come into effect in Ireland in May 2011, aims to assist in ensuring that consumers with disabilities have access and choice equivalent to that enjoyed by the majority of consumers. ComReg may seek to consult in relation to this matter.

In this consultation, the question we are asking on this issue is as follows:-

Q. 9. Do you agree that the current set of obligations is appropriate for consumers with disabilities in the context of the current scope of universal service? Please give reasons to support your point of view.

5.5 Affordability

The Universal Service Regulations adhere to the principle of maintaining affordability for the minimum set of Universal Services.

At present, affordability is maintained by way of a number of different measures which include:

- overall safeguard control on consumers' bills (on line rental and calls). This is done by a method called the retail price cap regime
- the Department of Social Protection's Telephone Allowance

- Eircom’s “social benefit package”, and
- Eircom’s low usage scheme - Vulnerable Users scheme (“VUS”)

In this consultation, the question we are asking on this issue is as follows:-

Q. 10. Do you consider that the current measures (outlined above) provide appropriate protection for vulnerable consumers in terms of affordability? Please give reasons to support your point of view.

5.6 Control of Expenditure

In addition to the question of affordability, ComReg believes that it is also important that consumers are able to monitor and control their spending to ensure that they do not find themselves unable to pay their bill and face disconnection from the network. ComReg can make rules to ensure that consumers are in a position to monitor and control spending. Measures which can be taken include:

- **Itemised Billing:** a minimum level of itemised billing to be provided to consumers free of charge.
- **Selective Call Barring:** the ability of the consumer to bar outgoing calls of defined types.
- **Introducing a spend threshold:** the ability to set a limit on the charges on your bill.
- **Phased Payment of Connection Fees:** the facility whereby consumers can pay for their connection fees on a phased basis.
- **Non-Payment of Bills:** a disconnection policy.

5.6.1 Itemised Billing

Eircom is required to provide a minimum level of itemised billing free of charge to consumers who request this facility. The level of itemisation provides consumers with a list of numbers called, call cost and duration, with subtotals by call type, line and equipment rental along with full details of any relevant discounts.

ComReg believes that the current level of itemised billing as provided is sufficient to allow consumers to verify their charges and assist them in the control of their expenditure; therefore, ComReg does not believe this facility needs to be amended at this time.

In this consultation, the question we are asking on this issue is as follows:-

Q. 11. Do you agree with the approach with respect to call itemisation? Please give reasons to support your point of view.

5.6.2 *Selective Call Barring*

Eircom is required to offer call barring to Premium Rate Services free of charge to consumers. A range of other call barring options is also offered subject to payment of a set up fee and ongoing rental charges. These include the following:

- Premium Rate, International, Cross Channel and National
- Premium Rate, International and Cross Channel
- Premium Rate and International
- Premium Rate and Mobile
- All of the above

ComReg believes that the call barring options available are reasonable in terms of enabling users to control their spending. ComReg does not propose to make any amendments to the call barring options at present but may do so in relation to the charges imposed for such services.

In this consultation, the questions we are asking on this issue are as follows:-

Q. 12. Do you consider that the call barring options is sufficient to enable consumers control their expenditure? Please give reasons to support your point of view.

Q. 13. What is your view in relation to charges for availing of call barring options as a means of controlling expenditure? Please give reasons to support your point of view.

5.6.3 *Setting of Spend threshold*

ComReg considers that consumers may benefit from a way to enable them to limit the size of their telephone bill. One such way could be to set a credit limit on your account. This would work much in the same way as a credit card limit. However, once the limit is reached you would be informed and asked whether further outgoing calls should be permitted. Therefore, you would be able to decide on allowed usage.

In this consultation, the question we are asking on this issue is as follows:-

Q. 14. What is your view on the possibility of facilitating consumers to set a credit limit on their telephone account as an aid to control expenditure? Please give reasons to support your point of view.

5.6.4 *Phased Payment for Connection Fees*

In a previous universal service review, phased payment for connection fees was introduced. This is to ensure that as many people as possible can get access to phone services. Phasing of connection fees ensures that you are not stopped from early connection because of your inability to pay the total connection charge in one payment. The scheme is implemented using a direct debit option. ComReg does not propose to make any changes to this program at this time.

5.7 Non Payment of bills

All operators must publish their disconnection policy as part of their Code of Practice on Consumer Complaint Handling. In the previous review, ComReg considered whether the USP should have a more detailed disconnection policy. However, it was decided that a balance had

to be struck between protecting users from unwarranted disconnections and commercial interests.

ComReg is not proposing to amend *eircom*'s disconnection policy currently.

Eircom's policy provides that if you do not pay your bill by the account due date *Eircom* may restrict your ability to make and receive calls. However, while doing this, *eircom* will endeavour to contact you to remind you that your bill is overdue.

In this consultation, the question we are asking on this issue is as follows:-

Q. 15. Do you consider that Eircom's current Disconnection Policy is reasonable? Please give reasons to support your point of view.

6 Costing and Financing of Universal Service

In accordance with the Regulations, a USP may seek to receive compensation for the net cost of meeting the USO obligation concerned where, on the basis of such net cost calculation; ComReg determines that the undertaking in question is subject to an unfair burden.

ComReg will seek to develop its approach to this issue, taking account of the views of all stakeholders.

7 Regulatory Impact Assessment

A Regulatory Impact Assessment (RIA) is an analysis of the issues being considered, a review of options where appropriate and the impact of each, the benefits and any associated costs that may arise. This analysis is used to inform decision-making.

As ComReg must decide that there will be one or more Universal Service Providers (USP) for the next period commencing in July 2010, we must also consider key effects such as cost, burden and benefit to USP of providing USO services and associated benefits to consumers.

The full RIA can be referenced in the Consultation Paper; however, the conclusion is outlined below.

Subject to any compelling new information or views provided in response to this consultation, ComReg’s preliminary view is that the implementation of the Universal Service proposed in the Consultation Paper would be transparent, justified and proportionate, and otherwise in line with Better Regulation guidance and Regulatory Impact Assessment norms. Furthermore, any costs may be outweighed by benefits corresponding to universal service provision. However, in accordance with the Regulations, a USP may seek to receive compensation for the net cost of meeting the universal service obligation concerned where, on the basis of appropriate net cost calculation, ComReg determines that the undertaking in question is subject to an unfair burden.

In this consultation, the question we are asking on this issue is as follows:-

Q. 16. Do you agree with the approach and conclusions in this regulatory impact assessment? Please give reasons to support your point of view.