



Office of the Director of
**Telecommunications
Regulation**

**Accounting Separation
and Publication of
Financial Information for
Telecommunications Operators,
Supplemental Information referring
to Decision Notice D9/00**

Decision Notice D10/00

Document No. ODTR 00/72

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1. Introduction

In August 2000, the Office of the Director of Telecommunications Regulation (“ODTR”) published a Decision Notice on Accounting Separation and Publication of Financial Information for Telecommunications Operators (ODTR 00/59)¹. This notice described the outcome of the regulatory process with regard to the first year of reporting of the Separated Accounts of eircom, the only fixed operator that has been designated as having Significant Market Power (“SMP”) in the fixed, interconnect and leased line markets². The notice also published new decisions on the detailed implementation of accounting separation in the light of that experience.

Since publication of this Notice, representations have been made by eircom as to certain of the requirements placed on it by the decisions. The Director has considered these carefully and reviewed them in the light of relevant information relating, in particular, to the current limitations of the eircom accounting systems. In view of the fact that eircom has committed to publishing the information in respect of the matters outlined at 2.1, 2.2.1, 2.2.2 and 3 below by 15th December 2000 and has committed to having developed its systems to support the provision of this information for the subsequent financial years, the Director is disposed to allow additional time for publication in this one year.

This document sets out the Director’s current position on accounting separation and publication of financial information for telecommunications operators, without prejudice to the legal position or the rights and duties of the Director to regulate the market generally.

2. Publication of Accounting Separation Information

Following the publication of the Decision Notice 00/59 and representation received in respect thereof, the Director has decided to issue directions under section 15.2 of the General Telecommunications Licence to clarify issues arising.

2.1 Timeframe for Publication of Separated Accounts and Financial Information

In accordance with Decision 4.1.1 of D9/00 (ODTR document 00/59), eircom is to publish Historical Cost Separated Accounting information within six months of the end of the period to which it relates. In the case of the accounting year ending 31st March 2000, this requires publication of Separated Accounts by 30 September 2000.

The Director is of the view that for accounting separation to be effective, the information should be published in a timely manner. However, the publication of information that has not been adequately and properly prepared would lessen the

¹ Accounting Separation and Publication of Financial Information for Telecommunications Operators, Decision Notice D9/00 & Issues for Further Consideration, (Document No. ODTR 00/59)

² Significant Market Power in the Irish telecommunications Sector, Decision Notice D15/99 and Report on the Consultation Paper ODTR 99/59, (Document No. ODTR 99/75)

value of the accounting separation process. In the circumstances, the Director considers that eircom may discharge their obligations under Decision 4.1.1 of D9/00 by publication of the information as detailed in sections 2.2.1, 2.2.2 and 3 as unaudited Supplemental Information to the Separated Accounts on 15th December 2000, in addition to the publication of the Separated Accounts themselves on the 30th September 2000.

2.2 Format of Separated Accounts

2.2.1 Network Statement of Costs

In its representations following the publication of D9/00 (ODTR 00/59), eircom stated that certain of the network elements identified by this decision were not established in the accounting system as such and required the accounting system to be reconfigured to effectively capture accounting data relating to these network elements.

Accordingly, eircom stated that inclusion of these network elements in the Separated Accounts to be published on 30th September 2000 could not be achieved to the same degree of audit standard as afforded by other network elements included within the accounting system prior to the issue of D9/00.

The Director therefore requires eircom to discharge its obligations under Decision 4.3.3 of D9/00 by publishing information on 15th December 2000 as Supplemental Information to the Separated Accounts relating to:

- Carrier Administration
- Carrier Billing
- Intelligent Network (identifying deferred costs where relevant)
- National Operator Assistance
- International Operator Assistance

in addition to publishing information on National directory enquiries and International Directory enquiries as part of the Separated Accounts on 30th September 2000.

2.2.2 Statement of Costs of Network Services

Decision 4.3.5 of D9/00 (ODTR 00/59) sought to have additional disclosure of network elements in the Statement of Costs of Network Services.

The Director has received representation from eircom to the effect that some of the data required cannot be presented in the Separated Accounts, due to the extensive development work required to the eircom accounting system to capture this data. eircom state that this development work has commenced with a view to having this information in place for future Separated Accounts.

The Director has considered the information and the resources available to eircom in fulfilling its reporting requirements. She concludes that eircom may discharge their obligations under Decision 4.3.5 of D9/00 by publishing the costs of Network Services whose take-up was material during the year ended 31st March 2000, but for which data capture procedures were not in place in that period should be published as Supplemental Information to the Separated Accounts on 15th December 2000.

Annex 1 indicates which services will be covered by which treatment for this period.

3. Forecast Statements

In D9/00 (ODTR document 00/59), the Director stated that transparency of Interconnection charges would be aided by the publication of a forecast Network Statement of Costs and a forecast Statement of Costs of Network Services which would set out the relevant forecast of costs used in calculating the interim RIO rates currently in force. In Decision 6.2 of that document, the Director requested that these statements should be published with the Separated Accounts for 1999/2000 together with the RIO rates that came into force in accordance with the Director's directions as set out in D7/00 (ODTR 00/31)⁴.

eircom have made representations to the Director to the effect that publication of such information could put the company in breach of its obligations as a listed company on the Irish Stock Exchange as the information is commercially confidential.

The Director is not persuaded by the case made in respect of the Irish Stock Exchange however there is an issue of commercial confidentiality. The Separated Accounts have not been required on a forecast basis. Accordingly, eircom can satisfy its obligations under Decision 6.2 of D9/00 by publishing a forecast Statement of Costs of Network Services together with the RIO rates that came into force in accordance with the Director's directions as set out in D7/00 (ODTR 00/31)⁴ as Supplemental Information to the Separated Accounts on 15th December 2000.

⁴ eircom Reference Interconnection offer, Decision Notice D7/00 and Response on the Consultation, (document No. ODTR 00/31)

Annex 1: Statement of Cost of Network Services	Treatment for year ended 31st March 2000 – To be published In:
RIO Service	
National Termination	Separated Accounts
Call Origination	Separated Accounts
Transit	Separated Accounts
Number Translation Codes	Supplementary Information
Access to PRS	Supplementary Information
Access to Freefone	Supplementary Information
Access to Callsave	Supplementary Information
Access to LoCall	Supplementary Information
Access to National DQ	Supplementary Information
Access to Int'l DQ	Supplementary Information
Access to OAC	Supplementary Information
Access to Int'l OAC	Supplementary Information
Paging Services Access	Supplementary Information
International Access incl. NI	Supplementary Information
Payphone Access Charge	Supplementary Information
Non Geographic Number Portability	Not Material
Data Management Amendment	Supplementary Information
Geographic Number Portability	Service not in operation
Carrier Pre Select – Non conveyance charge	Supplementary Information
Serving Operators - IN Dip	Supplementary Information
Interconnect Paths	Supplementary Information
Universal Number Access	Service not in operation
Personal Numbering Access	Service not in operation
Packet Services Access	Not Material
Emergency Services	Free of Charge Service
Customer Care Access	Free of Charge Service