

Request details

Issue Date	29/04/2022	RFI No.	22/1
Attention	[CI]	Category / topic	Floor space model
Urgency	High	Date required	20/05/2022
Subject	Chorus floor space model assurance		

Type of request

Clarification	<input type="checkbox"/>	require clarification of information that is unclear or contradictory
Confirmation	<input type="checkbox"/>	seeking confirmation of information previously considered preliminary
Incomplete	<input type="checkbox"/>	current information is incomplete
New data	<input checked="" type="checkbox"/>	require additional information
Other	<input type="checkbox"/>	

Information request

Detailed description of request - *please include the file name the request relates to.*

This request for information (**RFI**) sets out the documentary evidence that the Commerce Commission (**Commission**) staff requests in order to understand more detail around Chorus Limited's (**Chorus**) internal assurance and certification process, as previously set out by Chorus (see response B11 to s 221 notice of 26 February 2021).

When we refer below to "Chorus' floor space model" Commission staff mean the updated for actuals version of the model previously supplied to the Commission with the filename "Property footprint allocation.... (20082020) with calculation.xlsx".

Commission staff note that in its B11 response document Chorus stated that "Chorus has a robust three tier internal certification process to ensure the data provided to Analysys Mason:

- (i) responds appropriately to any request made; and
- (ii) is derived from, and accurately represents in all material respects, the operations of Chorus."

Can you please provide evidence that the internal assurance and certification process has been applied successfully to Chorus' floor space model, (referred to below as "the model"). As observed in the Commission's final decision on Chorus' transitional initial price-quality regulatory asset base (**transitional initial PQ RAB**) in December 2021, it noted that further assurance information to support the application of the central office space allocator type would only be available after 1 January 2022 (see paragraph X8).

As such, please provide any documentary evidence of the assurance framework Chorus has applied to the model. In particular, Commission staff expect that any evidence will demonstrate that the model has been subject to a robust internal assurance and certification process that relates to compliance with the *Fibre Input Methodologies Determination 2020*, as amended on 29 November 2021 (**fibre IMs**) and accurately represents, in all material aspects, the operations of Chorus.

Commission staff expect that any documentation will include:

- relevant records of any risks, limitations and assumptions made by the technical lead, technical reviewer, quality assurance reviewer and project lead, as per Chorus' documented assurance framework;
- any certificates, reports or other relevant documents produced at the end of each stage of assurance;
- reports from any independent reviewers, whether internal to Chorus or from an external third party; and
- any other relevant documentation that supported the assurance review conclusions (for example, if a meeting was held with the subject matter expert(s) that prepared the model to discuss any questions from reviewers, relevant notes or other documentation of the meeting)).

Commission staff expect that any documentation supplied will clearly set out any limitations of the model that will impact on its use in the future if it is necessary for the Commission to consider the impacts of vacant space within Chorus' various properties.

Commission staff expect that any documentation will:

- provide clear information on the updates undertaken in the model to replace forecasts that existed in the previous version with actuals to 31 December 2021 that are now available;
- identify what forecast information existed in the previous version of the model used by the Commission to determine the transitional initial PQ RAB, and confirm it has now been replaced with actual information.

Commission staff expect that any assurance evidence provided will include assurance of the updated model that replaces all forecasts for the financial loss period (the period from 1 December 2011 until 31 December 2021) with actuals for the the final central office space allocator values for the Commission's decisions that establish the value of Chorus' final initial price-quality regulatory asset base (**final initial PQ RAB**) and initial information disclosure regulatory asset base (**initial ID RAB**) as at 1 January 2022.

Rationale for request – *how this information relates to our evaluation.*

Background

On 25 June 2021 (prior to publication of the draft decision on matters relating to Chorus' initial PQ RAB) the Commission issued a notice under s 221 of the Telecommunications Act 2001 (**the Act**) to Chorus to supply related documentation and information, including explanations of the underlying assumptions used in the model and any risks and limitations considered in relation to the model. These are documents that the Commission expected would typically be prepared in the course of internal certification, as described by Chorus.

The response the Commission received to this notice was a brief and high-level description of the underlying assumptions in the model and a brief statement about internal certification, saying that certification of the model was on the basis of a "reasonable enquiry" standard, which involved a discussion between the quality assurance reviewer and the technical lead.

Chorus maintained, in a submission to our draft decision, that the model "was subject to a robust internal assurance and certification process that related to IM compliance and accuracy of representation of Chorus' operations".

Following further discussions between the Commission and Chorus, Chorus responded by providing an additional but, in the Commission's view, inadequate explanation of the model.

In the Commission's final decision on Chorus' transitional initial PQ RAB, it concluded that Chorus had not supplied satisfactory evidence of the model being subject to an adequate internal assurance and certification process. The Commission set out that Chorus would have the opportunity to provide adequate assurance when the Commission decides on the final initial PQ RAB in 2022.

This RFI sets out in more detail what Commission staff would expect that adequate assurance would include.

Response - *Where applicable please include the file name the response relates to and indicate any information that Chorus considers confidential.*