

12 November 2019

Julian Kersey
Manager, Regulatory & Policy Affairs
Chorus, PO Box 632
Wellington 6140

By email: Julian.Kersey@chorus.co.nz

Dear Julian

Letter to Chorus regarding price adjustments for various regulated STDs

1. Thank you for your letter of 14 October 2019 requesting the Commission's approval to adjust a number of prices for regulated copper services, in accordance with the provisions in the relevant Standard Terms Determinations (STDs).
2. These proposed adjustments were to non-recurring charges for:
 - 2.1 UBA and UBA Backhaul services;
 - 2.2 UCLL, UCLFS, UCLL and UCLFS Co-Location and UCLL and UCLFS backhaul services; and
 - 2.3 SLU, SLU Co-Location and SLU backhaul services.

Price adjustments

3. The Commission approves price adjustments for the non-recurring core and sundry charges as listed in Attachment A of this letter.
4. The Commission has declined the proposed price adjustments for 14 of the applicable STD Schedule 2 Price List non-recurring core and sundry charges, which collectively account for 21 separate price points. These are listed in Attachment B of this letter.

Implementation date

5. For practicality reasons, Chorus and the Commission have agreed to an implementation date for the approved price adjustments of 15 December 2019.¹

¹ The Commission requested, and Chorus confirmed by email to change the implementation date from 16 December 2019 to 15 December 2019.

AUCKLAND

L13, Forsyth Barr
55 Shortland Street
P.O. Box 105-222
AUCKLAND 1143, NEW ZEALAND

WELLINGTON

L9, 44 The Terrace
P.O. Box 2351
WELLINGTON 6140, NEW ZEALAND
Tel: (04) 924 3600 Fax: (04) 924 3700
Main Office

- 5.1 We note Chorus requested an implementation date of 16 December 2019 in its application. Our active section 30R reviews which are due to be published on 9 December 2019 will have an effective date of 15 December 2019. An implementation date for the price adjustments of 16 December 2019 would require updating the STD price lists only one day after the effective date of the s 30R reviews.
- 5.2 Chorus may choose to implement price adjustments (that are increases) at a date later than the implementation date (we understand Chorus will implement the prices on 16 December 2019) and continue to charge the previous prices until such time. We note that as there are no decreases in prices in this 2019/20 annual price adjustment, access seekers will not be charged more than the prices in the Schedule 2 Price Lists.

Charges which have been declined

6. The charges for which the Commission has declined an adjustment are to remain at the charges currently set out in the Price Lists in Schedule 2 of each STD . We have not received sufficient information from Chorus to enable us to assess whether the proposed adjustments are consistent with the provisions in the applicable STDs which set out how prices are to be adjusted.
7. The information we consider relevant to considering these adjustments includes the following:
 - 7.1 The reasons for the change in methodology;
 - 7.2 The alignment between the old methodology and the new methodology;
 - 7.3 Chorus' input costs and the basis upon which these have been calculated;
 - 7.4 The alignment between the old code(s) and the new code(s); and
 - 7.5 The relevant volume of orders for the service component.
8. The Commission notes:
 - 8.1 The relevant labour cost index (LCIQ.SG51Z9) increased by 2.14% for the year.
 - 8.2 The relevant power price index (PPIQ-SQUDD1100) increased by 7.5% for the year.
 - 8.3 That no change has been made to any price on application (POA) charges.
 - 8.4 The request for confidentiality for the information contained in square brackets in the excel spreadsheet that accompanied your application, and which is the basis of Attachment A to this letter.

9. The Commission will forward copies of the Approved STD Price Adjustment Spreadsheet as well as publish it to our website. When the appropriate STD Price Lists are updated, we will forward you copies as well.
10. Should you have any queries in relation to this matter, please contact William Turner on (04) 924 3617 or by email at william.turner@comcom.govt.nz.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Gale', with a small flourish at the end.

Stephen Gale
Telecommunications Commissioner

Attachment A:

Approved STD Price Adjustments for 2019/20, see attached spreadsheet.

Attachment B: Service Components for which price adjustments have not been approved

Product	Code	Service Component description	Price from 16 December 2018	Chorus' proposed 2019 price	Approved price from 15 December 2019
UBA Backhaul	1.3	Access Seeker Handover Connection installation - GigE Capacity	\$560.13	\$631.65	\$560.13
UBA Backhaul	1.7	UBA Backhaul Service Speed Change Order	\$314.01	\$410.43	\$314.01
UBA Backhaul	2.25	Access Seeker Handover Connection Monthly rental - GigE capacity	\$88.53	\$94.01	\$88.53
UBA Backhaul	3.9	cancellation Charge (Post Truck Roll)	\$107.50	\$136.26	\$107.50
UCLL co-location	1.14	Escorted Access during Business Hours	\$114.65	\$147.00	\$114.65
UCLL co-location	1.14	Escorted Access outside Business Hours. Minimum charge of 4 hours plus call out fee	\$114.65	\$147.00	\$114.65
UCLL co-location	1.18	Chorus supplied cable: 16 pair cable up to 40 metres	\$424.22	\$866.34	\$424.22
UCLL co-location	1.18	then Additional 16 pair multiple	\$409.94	\$457.31	\$409.94
UCLL co-location	1.18	then per 16 pair per additional 5 metre	\$41.56	\$86.56	\$41.56
UCLL co-location	1.18	Access Seeker supplied cable: 16 pair up to 35 metres	\$254.51	\$642.11	\$254.51
UCLL co-location	1.18	then per additional 16 pair multiple	\$240.23	\$450.66	\$240.23
UCLL co-location	1.18	then per 16 pair per additional 5 metres	\$32.28	\$53.34	\$32.28
UCLL co-location	3.1	Missed appointment	\$465.90	\$595.46	\$465.90
UCLL Backhaul	1.7	UCLL and UCLF Backhaul Service Speed Change Order	\$299.05	\$395.14	\$299.05
UCLL Backhaul	3.9	Order cancellation (Post Truck Roll)	\$107.50	\$136.26	\$107.50
Sub Loop Co-Location	1.15	Escorted access during Business Hours.	\$109.39	\$123.35	\$109.39
Sub Loop Co-Location	1.15	Escorted access outside Business Hours.	\$109.39	\$123.35	\$109.39
Sub Loop Co-Location	3.1	Missed appointment	\$465.90	\$595.46	\$465.90
Sub Loop Backhaul	2.4	Handover Fibre rental	\$88.53	\$94.01	\$88.53
Sub Loop Backhaul	3.9	Order Cancellation (Post Truck Roll)	\$107.50	\$136.26	\$107.50
Sub Loop Backhaul	3.11	Abortive site visit	\$114.65	\$147.00	\$114.65