

13 January 2014

Process and issues for determining a TSLRIC price for Chorus' unbundled copper local loop service - supplementary paper on expiry date

1. The purpose of this supplementary paper is to inform your submissions on our UCLL Process and Issues paper. This supplementary paper sets out our thinking on what happens at the expiry of the UCLL price review determination and how the UCLL price can be updated in future.
2. On 6 December 2013 we published a Process and Issues paper in relation to determining the UCLL final pricing principle (FPP) price. Since publishing that document, we have further developed our thinking on the expiry of the UCLL price review determination, which is one of the issues that we raised in that paper. Given submissions on the paper are not due for another five weeks, we thought you may appreciate our sharing this thinking now.
3. As indicated in the Process and Issues paper, we are required to set an expiry date in the price review determination (refer s52(f) of the Telecommunications Act 2001 [the Act]). The Act is not clear what UCLL price will apply for the standard terms determination at the expiry of the UCLL FPP price review determination.
4. We would expect to amend the standard terms determination to update the UCLL price before the expiry of the price review determination, recalculating the price – in accordance with the FPP through ss30R and 30P(1)(a)(ii) – to take effect from the expiry date. This update would not have an expiry date; there is no expiry for the standard terms determination.
5. If the update to the UCLL price were delayed beyond the expiry date in the price review determination, we would expect to use s30R to retain the then existing FPP price from the expiry date until the completion of the update. This would avoid the UCLL price reverting to the 'initial pricing principle' (IPP) price, which appears to be the effect of having to include an expiry date in the price review determination.
6. We also consider that we could in principle update the FPP price to take effect before the price review determination expires, either incorporating an updating process in the price review determination itself, or under ss30R and 30P(1)(a)(ii).

Supplementary question 1: We seek your views on the issues raised in this paper.

How you can provide your views

7. The Commission is seeking comment from interested parties on its Process and Issues paper released on 6 December 2013.
8. Submissions, including on this supplementary paper, are due by Friday 14 February 2014, with cross-submissions due on Friday 28 February.
9. Please send all written submissions to Keston Ruxton (Chief Advisor, Regulation Branch), c/o telco@comcom.govt.nz