

28 November 2017

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

By email: [Julian.Kersey@chorus.co.nz](mailto:Julian.Kersey@chorus.co.nz)

Dear Julian

**Letter to Chorus regarding price adjustments for various regulated STDs**

1. Thank you for your letter of 6 November 2017 requesting the Commission's approval of Chorus' non-recurring core and sundry charge adjustments for:
  - 1.1 UBA and UBA Backhaul services;
  - 1.2 UCLL, UCLFS, UCLL and UCLFS Co-Location and UCLL and UCLFS backhaul services; and
  - 1.3 SLU, SLU Co-Location and SLU backhaul services.

**Price adjustments**

2. The Commission approves price adjustments for all non-recurring core and sundry charges as listed in Attachment A of this letter.
3. Please note the Commission has not approved the proposed price increases for four of the applicable STD Schedule 2 Price List non-recurring core and sundry charges, which collectively account for nine separate price points, being those listed in Appendix B of this letter.
4. The charges for which the Commission has not approved an adjustment are to remain at current approved prices. We have not received sufficient reason from Chorus for the proposed price adjustments to these charges.
5. The information we consider relevant to considering these adjustments includes the following:
  - 5.1 The reasons for the change in methodology;
  - 5.2 The alignment between the old methodology and the new methodology;

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- 5.3 Chorus' input costs and the basis upon which these have been calculated;
  - 5.4 The alignment between the old code(s) and the new code(s); and
  - 5.5 The relevant volume of orders for the service component.
6. Any future approval of a price increase for these charges will depend on receiving acceptable justification.

**Implementation date**

7. The implementation date for price changes, approved in this letter, is 16 December 2017.
8. The Commission notes:
- 8.1 The labour cost index LCIQ.SG51Z9 is the appropriate index to adjust charges for the STDs, and has increased by 1.69% for the year.
  - 8.2 The power index PPIQ-SQUDD1100 decreased 0.13%.
  - 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 update the appropriate STD Price Lists and will forward you copies.
10. Should you have any queries in relation to this matter, please contact Robin Meaclem on (04) 924 3645 or by email at [robin.meaclem@comcom.govt.nz](mailto:robin.meaclem@comcom.govt.nz).

Yours sincerely



Dr Stephen Gale  
Telecommunications Commissioner

**Attachment A:**

Approved STD Price Adjustments for 2017, see attached spreadsheet.

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

Product	Code	Service Component	Approved Price
UBA Backhaul	1.3	Standard installation of a Handover connection – GigE capacity	\$560.13
UCLL Co-location	1.18	Chorus supplied cable: 16 pair cable up to 40 metres	\$424.22
UCLL Co-location	1.18	Then additional 16 pair multiple	\$409.94
UCLL Co-location	1.18	Then per 16 pair per additional 5 metres	\$41.56
UCLL Co-location	1.18	Access seeker supplied cable: 16 pair up to 40 metres	\$254.51
UCLL Co-location	1.18	Then additional 16 pair multiple	\$240.23
UCLL Co-location	1.18	Then per 16 pair per additional 5 metres	\$32.28
Sub Loop Backhaul	2.4	Handover Fibre rental	\$88.53
UBA Backhaul	2.25	Access Seeker Handover connection Monthly rental - GigE capacity	\$88.53