



4 December 2013

Dr Stephen Gale
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By Email: Stephen.Gale@comcom.govt.nz

Dear Stephen

UCLL FPP issues paper and timetable

The UCLL FPP page of the Commission's website states that the Commission now intends to release its UCLL FPP issues paper on 6 December 2013, host a workshop with parties on 19 December 2013, and require submissions by 31 January 2014 and cross submissions on 21 February 2014.

This is a significant departure from the previously published timetable, and we are concerned that it does not now provide adequate time for parties to properly consider, reflect on and respond to the complex issues likely to be raised by the Commission. This is exacerbated by the timing of the submission period and the limited end of year availability of parties and their advisers, many of whom are likely to have prior arrangements. Telecom, for example, closes its offices from 20 December until 13 January, and a number of staff take additional annual leave beyond this period. In the circumstances we think the proposed timeframes are too short and likely to undermine the quality of responses to the Commission's issues paper and the decision making process.

We request that the Commission brings forward the workshop planned for the 19th December and defers the due date for submissions to 28 February 2014. This will give parties sufficient time to consider and respond to the issues raised by the Commission.

This is the first issues paper in this process, and will therefore canvass a number of methodological design matters that will in large part determine the course of the process. Our industry has not considered TSLRIC price-setting matters for regulated services for 8 years now, so the parties will require a reasonable amount of time to consider and respond to the issues paper. The timetable also needs to recognise that the consultation runs over the Christmas period where the parties face practical difficulties relating to access to staff, systems and information necessary to prepare submissions.

The proposed project timetable gives parties a little over four weeks – cutting through the Christmas break – to consider and respond to Commission proposals. While likely to raise issues of similar

complexity to economic regulation of line companies, the proposed process provides materially less time and opportunities for submissions than is generally available to affected parties. For example, the Commission gave parties:

- Up to 8 weeks to respond to the 19 June 2009 input methodologies discussion paper (submissions ran 31 July to 14 August);
- Almost 7 weeks to respond to the 2 July 2002 TSLRIC discussion paper (for submission by 16 August); and
- 9 weeks to respond to the Commission's 31 July 2009 Guide to Regulatory Decision Making for the Telecommunications Sector discussion paper (for submissions by 2 October).

The original project timeline also provided clarity with respect to the anticipated further consultations, conferences with an anticipated decision by November 2015. The timeline has been removed from the website and it's now unclear what process the Commission will use to complete the UCLL FPP.

We considered the Commission's original timeline to be aggressive given the size and importance of the modelling task required. This is not a task that can or should be rushed. If the Commission intends revising the FPP process to accommodate new, externally defined timelines rather than simply following that necessary to establish a robust UCLL FPP price, it risks undermining Commission FPP decision making and process. We encourage the Commission to stick to the timeline that it believes will produce the highest-quality result – not the fastest pace.

If the Commission intends to revise the previously signalled timeline, it should consult the parties further. We recommend a short consultation or workshop on a workable timeline that would support a robust FPP process.

Commission economic consultants

Finally, we also wish to record our views on the importance of the Commission's selection of qualified economic consultants to assist it in its TSLRIC modelling exercise. As the largest contributor to the levy that funds the Commission's telecommunications regulatory functions, we accept that there will be a trade-off between the cost and experience/expertise of these consultants. We are firmly of the view that the Commission's clear priority should be on obtaining the highest quality advice it can on this matter. If that means the levy we contribute towards increases as a result, we believe that is an appropriate trade-off in this instance.

Yours sincerely



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