Unbundled Bitstream Access Service Price Review

Submission | Commerce Commission

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Public Version

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Summary

1. The Commission is required by the Act to identify the forward looking cost of providing the UBA service using a benchmark set of forward-looking cost-based prices in other countries.

2. The shift to a cost-based UBA pricing methodology was introduced by Parliament in 2011, as part of a package of enabling legislation that facilitated the structural separation of Telecom, and Chorus' participation in the UFB initiative. At that time, it was recognised that this shift would result in a reduction in the UBA price and (in conjunction with corresponding changes to the UCLL pricing methodology) contribute to increased incentives on retail service providers to shift investment focus from UCLL towards layer 2 copper and fibre services.

3. The resulting legislative requirement gives the Commission very little discretion as to how it prices the UBA service. Much of the commentary surrounding the Commission's draft report has focused on matters that the Commission has little, or no, ability to control for in exercising its duties under the Act.

4. In our submission, we provide detailed analysis of the Commission proposed benchmarking approach, and draft prices.

   There are only a small number of forward-looking cost-based prices to benchmark against, and these prices are all very tightly grouped

5. Given the commentary that surrounded the Commission's draft report, we have spent considerable resources reviewing international UBA benchmarks in order to identify whether in fact there are other suitable benchmark prices from other countries that might support a different benchmarked price for New Zealand. Our investigations support the Commission's draft findings.

6. Where countries have set forward-looking prices, those prices are tightly grouped around NZD$9. In fact the over-riding conclusion we have drawn from examining these benchmarks is that the possible range of forward-looking cost-based prices is very small. This is not all that surprising, given that all we are costing is a small number of network elements, all of which are sourced from a small number of providers internationally.

7. The tight grouping of prices and the simple nature of the costing exercise should give the Commission confidence that, even despite a relatively small sample set, its benchmark is robust. Further, we have in New Zealand a number of service providers that have built UBA services themselves – including Chorus, Kordia, Vodafone, Compass Communications, Actrix and CallPlus – which can provide the Commission with real cost information to cross-check its benchmarked prices against.

We recommend expanding the Commission's benchmark set to include Belgium and Hungary

8. We engaged Analysys Mason in the UK to review the Commission's draft report, and to identify any additional international benchmark prices for the UBA service. Their recommendations are that the Commission:

    - Add Belgium to the benchmark set;
    - Refine how it selects the relevant plans from benchmark countries; and
    - Consider using cost-based UBA price in Hungary as part of the benchmark or as a cross-check.

9. These adjustments improve the robustness of the benchmark, and with the inclusion of Hungary marginally increase the benchmark price to $9.29 per line.

10. If parties are not satisfied with the IPP price, then the Act provides for an FPP costing exercise to occur.

    There is limited discretion for the Commission to depart from the benchmark set in pricing the UBA service. s18 does not over-ride the pricing principle.

11. We are aware of public comment from a number of commentators suggesting that s18 could be read as supporting a higher UBA price as a means of facilitating fibre deployment and take-up. We do not spend much time addressing this issue, as the drafting of the Act appears very clear to us: s18 cannot override the clear requirement in the Act for a forward-looking benchmarked UBA price. Therefore, all it can influence is the Commission's price point selection within that benchmark set. Given the tightly grouped nature of the benchmark set, that doesn't amount to all that much discretion and so is not a material consideration in the scheme of things.

12. That said, even within the relatively narrow ranges of possible costs suggested by the IPP, our perspective on the impacts of this decision on the UFB initiative are, in brief:

    We have seen no evidence that lower UBA prices will materially undermine fibre take-up

    a. We believe New Zealand's investment in fibre will be supported by consumers, who will value the additional capabilities and speeds fibre services will provide;

    b. Changes in the UBA price will not alter the relative capabilities of copper and fibre services. All they will do is alter the pricing relativities between the two;

c. While pricing relativities between copper and fibre services may be important factors for some consumers, they are unlikely to materially affect up-take in the near-term. Initial UFB uptake will come from early adopters - consumers that typically place high value on technology capabilities and are less price-sensitive. Cheaper copper services, or even VDSL availability, will not dissuade this group of consumers from purchasing fibre services;

d. As take-up begins to extend beyond early-adopters to more price-sensitive consumer groups, fibre network operators and retail service providers can be expected to explore a number of options to address this. These might include a re-balancing of pricing by fibre network operators (for example lowering the price or increasing the speed of entry level fibre services), or bundling fibre services with other services that these consumers value and that take advantage of fibre capabilities;

A cost-based UBA price will reduce incentives for retail service providers to invest in copper unbundling

e. Retail service providers that invest in UCLL services will have strong incentives to keep serving customers on that UCLL infrastructure (and therefore off fibre infrastructure) for as long as possible. This is not true for UBA, which requires much less investment from these providers;

f. A cost-based UBA price will encourage retail service providers to use UBA to serve customers on copper services in preference to UCLL, and therefore can be seen to support fibre take-up, at least in the incentives it provides to retail service providers;

g. Conversely, an above-cost UBA price will create incentives for retail service providers to invest in UCLL.

Benchmarking

The Act requires the Commission to set a forward looking UBA cost

13. The Act requires the Commission to estimate the forward looking cost to provide the UBA service. The forward looking cost standard is an established and widely supported methodology. This is because a forward looking cost-based price can be said broadly, (as an approximation of the TSLRIC price required under the FPP for the UBA service) to –

    a. reflect a return on and of the efficiently incurred costs of the access provider for the service in question, including the costs of maintaining operational capability and an efficient corporate structure;

    b. provide a reference point to the efficient stand-alone cost an access seeker would face in providing the service to itself assuming a sufficient level of scale;

    c. best approximate the price point which would simulate competition in the market.

14. The Commission notes that this review is unusual for it, and the price review has been debated within a wider policy context. However, the legislation is clear – it requires the Commission to estimate the additional costs incurred in providing the UBA service. The forward looking cost standard, in itself, recognises that the regulated cost may depart from Chorus' actual costs which are a function of its efficiency, past investment decisions and commercial arrangements.

15. We support the Commission's overall approach. The Commission has applied the cost based standard required by the Act and, with adjustment, the proposed UBA price estimates the national average cost of the UBA cost service. However, we have proposed a few small adjustments to the Swedish and Danish benchmarks to improve comparability, recommend the inclusion of Belgium as an addition to the benchmark set, and suggest the Commission either add Hungary to the benchmark set or use it as a cross check. While improving the robustness of the benchmark, these adjustments marginally increase the benchmark price to $9.29 if Hungary is used as a benchmark and $9.12 if it is not.

Recommended adjustments to the benchmark data set

16. We have asked Analysys Mason to review the Commission's proposed approach. Their report is attached and sets out their detailed comments. In summary, Analysys Mason recommend that the Commission:

    a. Add Belgium to the benchmark data-set – more detailed investigation of the Belgian model suggests the regional aggregation service in the Belgian network should be considered sufficiently similar to access at the first data

switch in the New Zealand network and the transport costs are also considered to be comparable; and

b. Calculate the benchmarks relating to Sweden and Denmark using a weighted average approach over a range of service speeds (rather than a specific peak speed service). This approach to calculating the benchmark improves the accuracy of the benchmark. It is based on analysis of the Swedish and Danish cost models which enables a more detailed understanding of the way in which they deal with the allocation of total forward looking costs across different speed variants[1].

c. Consider using the forward looking cost based price in Hungary for the bitstream service to the back of the DSLAM, and adjusting it for comparability by including a benchmarked amount for the transport component from the DSLAM to the first data switch. This could be used as a benchmark, or as a "sanity check" on the prices indicated by the benchmark set comprising Sweden, Denmark and Belgium.

17. The detailed reasoning behind these recommendations is set out in Analysys Mason's attached report. We believe that the impact of these changes will improve the robustness of the benchmarked price points by adding an additional benchmark, and more correctly representing the modelled price in the current benchmark countries. These amendments do not impact significantly on the mean of the benchmark set (with the addition of Belgium) resulting in only a small increase in the mean of the benchmark set from the Commission's proposal of NZD 8.93 to NZD 9.12 per month

18. With the addition of Belgium, and the use of Hungary, at least as a secondary check on the principal benchmarks, we think that there are sufficient data points for the Commission to rely on for what is a relatively simple service to cost. If Hungary were accepted as an additional benchmark, the mean of the benchmark set increases to NZD 9.29 per month. We note below that the fact that the benchmark data points are tightly grouped suggests a low margin of error for the purposes of setting an IPP price.

Belgium

19. Analysys Mason advises that the Belgian bitstream offer is a service similar to the NZ UBA. Detailed aspects of the Belgian network configuration do differ from those in New Zealand. However, the handover point in Belgium is at one of a number of regional interconnect points (not the Ethernet switch at the MDF) and this is the best Belgian analogy for the New Zealand first data switch, (notwithstanding some differences in the management of interconnect in New Zealand).

[1] We discuss this issue in more detail in relation to EUBA variants at paragraph 26.

Sweden and Denmark

20. As discussed in the Commission's draft decision, the cost models used in both Sweden and Denmark set regulated prices based on peak speed. In broad terms, provision of differing peak speeds are not a material cost driver for wholesale bitstream products. Analysys Mason advises that the cost models in use in both countries allocate the inter-speed common costs across the different wholesale speed options in a non-linear way. The effect of this is that the product of the modelled prices of the products actually purchased and the volumes of those products is equal to the total modelled cost. In other words, demand-side issues are relevant to the allocation of costs across different speed variants. Since the UBA product is not differentiated in price by the peak line speed in New Zealand, using the lowest peak speed as a benchmark will lead to an over- or under-recovery of costs. Analysys Mason recommend the use of a weighted average price, reflecting actual demand in Sweden and Denmark respectively, as a more reliable benchmark.

Hungary

21. We asked Analysys Mason to investigate other jurisdictions in which some or all parts of a comparable bitstream service are priced using forward looking cost models. As noted in the Commission's draft decision, Hungary uses an IPP compliant price for the bitstream costs to the back of the DSLAM, which means it lacks a cost based price for the transport component from the DSLAM to the first data switch. Adjustments could be made to this potential benchmark to improve its comparability with the New Zealand UBA service by including an average for back of the DSLAM to FDS transport costs separately identifiable from the benchmarked countries.

22. The Hungarian costs to the back of the DSLAM represent approximately NZD 5.61/mth. Using the average transport costs from Belgium and Denmark of NZD 4.19/mth suggests a "sanity check" price of NZD 9.80/mth for Hungary.

23. As a hybrid benchmark it may be legally permissible but even so the Commission may not consider this price point appropriate for use in setting the UBA price. Nonetheless, it provides valuable information to the Commission. This could be used either as an additional benchmark point, or as a quasi-benchmark to provide guidance on the accuracy of the three benchmark prices indicated by Belgium, Sweden and Denmark. At the very least, the estimated price for Hungary tends to confirm the reliability of the prices indicated by the three country benchmarks which are fully compliant with the IPP.

Adjusting for EUBA variants

24. Analysys Mason advise that the Commission's approach to pricing EUBA variants based on the variants of the Swedish Bitstream Pro service may not be sustainable given the incremental costs involved, and the way in which the

Bitstream Pro service is modelled in Sweden. Section 3 of their report discusses this issue in greater detail.

25. Analysys Mason suggest two possible approaches that the Commission might use as more robust solutions:

    a. Basing future EUBA pricing increments to the BUBA benchmarked price on past New Zealand pricing and/or their ratios to other prices set by IPP as suggested by WIK; or

    b. to benchmark enhanced UBA variants based on a wider range of countries offering similar products.

26. Although this may mean using data from price relativities which are not based on forward looking cost models, speed variants are not typically a material cost driver. In fact the Swedish and Danish approaches use demand-side data to allocate costs to these services. The selection of countries should consider comparability and market pressure factors, (are the enhanced products comparable, are market offers are under enough commercial pressure in the retail market, are operators are subject to margin squeeze tests, and is demand for UCLL equivalent services a constraint on UBA-like service pricing?)

27. In the absence of better data, we believe this represents a practical approach to an IPP compliant price for the EUBA services based on benchmarking.

The reliability of the benchmark price

28. The Commission notes that there is a small data set and questions the reliability of the estimate.

29. We agree that a small dataset, on its own, is problematic. As noted in past submissions, we generally prefer more data points as, generally, the greater the number of observations the more reliable any inference will be as to the most accurate price estimates. We believe that the law would permit a broad reading of the IPP. As a result the IPP benchmarking process should not become unnecessarily complicated unless there is clear justification for it. However, although the data set is small, we consider that a number of factors which suggest that the benchmarked prices reliably represent a good estimate for the IPP. For example, the benchmark costs are tightly grouped and reflect what we know about UBA costs.

30. The IPP provides that the UBA price is to be determined by reference to the UCLL price plus benchmarking additional costs incurred in the provision of UBA against prices in comparable countries that use a forward-looking cost-based pricing method. In other words, the additional costs component must capture only those costs incremental to the costs already implicit in the UCLL price.

31. Accordingly, the benchmark services encompass a limited set of components – predominantly systems and equipment costs. As a result, we would expect there to be comparatively little cross-jurisdictional differentiation in the forward looking costs to the back of the DSLAM, and only some variation in forward looking transport costs to the first data switch or its analogue in a given country, (driven by details of network topology and of handover and interconnection arrangements).

32. Further, the costs relating to the physical transmission network are set separately and recovered in the UCLL price leaving the cost of electronic equipment and transport from the back of the DSLAM to the first data switch to be recovered as incremental. Accordingly, UBA costs are influenced far less by demographic differences affecting the extent of the physical transmission network build, (e.g. teledensity, urbanisation and population density at national or sub-national levels). Where the additional UBA costs relate to comparatively simple network architecture the comparable cost models are likely to be more similar, benchmarks are likely to be more tightly grouped and the margin of error is likely to be smaller.

33. The benchmarks countries - Sweden, Denmark and Belgium, with adjusted Hungarian data - are closely grouped. Accordingly, the mean of the compliant benchmarks is likely to be a reliable estimator of a forward looking cost based price for an IPP.

34. The additional certainty resulting from a greater number of observations will perhaps not be required in this case. There is always the backstop of an FPP if parties have concerns at the outcome of the IPP process, and in the case of modelling the additional costs of UBA, the costs associated with an FPP process are likely to be smaller.

35. As we have noted in other submissions in connection with the UCLL process, there are a number of issues in cost modelling which can lead to a range of variations in modelled prices.[2] In the present case, however, a forward looking view of the additional cost elements and cost drivers in the additional costs incurred in providing the unbundled bitstream service results, suggests FPP cost modelling would be a comparatively simple modelling exercise. A FPP process would unlikely be complex or unduly costly for parties if they were concerned at the IPP based price.

36. Further, as a final check, if the Commission remains concerned at the reliability of the estimate, actual cost data and cost models that apply to the New Zealand situation are available from operators to enable the Commission to cross check the results from the benchmarking.

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[2] Telecom; *Revised draft determination on the UCLL benchmarking review - Cross submission - 15 June 2012* at Paragraphs 56-58

Applying the competition test in the Act

37. The regulated UBA price is a price for a service in geographic areas where Chorus faces limited, or is likely to face lessened, competition in the market. In other words, the regulated UBA service and price applies only to lines where competition is limited.

38. The Commission concluded, when applying the test in 2011, that sub-national rather than national markets were appropriate for applying the competition test. Further, that it would undertake a further competition review, as required by the Act, in 2014 when the prohibition on changes to the UBA service is lifted.

39. We expect that different geographic areas are likely to demonstrate different cost characteristics. In part, this is why unbundlers choose to primarily unbundle exchanges in urban areas. As noted above, while the cost of the electronics is likely to be relatively consistent across most areas the cost of the transport component is likely to vary depending on the distance and density of the transport route from the exchange to the closest first data switch. These cost differences are captured in part, for example, in the differing benchmark prices depending on the handover point. In general, then, unbundled exchanges are more likely to be in areas closest to the first data switch and have a lower cost.

40. How and whether the Commission chooses to account for this dynamic when it comes to apply the competition test has not been decided or consulted on to date. If it determines it will adjust the UBA price so that the price reflects the average cost of the service in the remaining regulated areas, rather than the nationally averaged price, it will need to determine an appropriate methodology for achieving this. In our review of international UBA prices, we have not identified any suitable benchmark observations that would enable the Commission to use a simple benchmark to adjust the UBA to account for de-regulated areas. One possible IPP consistent solution though might be to make adjustments to the UBA monthly cost based on cost ratios extrapolated from the benchmark data. Using the existing benchmark data, we can extrapolate a benchmarked cost for the transport component of the UBA service, and the Commission could use Chorus information about actual transport distances for each de-regulated exchange and/or cabinet to calculate the resulting adjustment to that benchmarked transport charge.

Section 18 considerations for price point selection

41. There has been significant focus on the meaning of section 18. We appreciate that this is difficulty as generally these concerns are not related to the reliability of the UBA cost estimate itself, but rather the implications for other telecommunications services.

42. Ultimately, section 18 must be considered within the prescribed limits of the IPP. That is, while section 18 may provide the Commission with a mandate to exercise discretion when implementing the IPP, it does not provide the Commission with the power to operate outside of the relevant benchmarks or price points determined by a proper application of the applicable pricing principle – i.e. section 18 does not provide the Commission with a power to go beyond the pricing principles specified in the legislation in order to increase the UBA price beyond the benchmarks determined through the IPP process. There is a FPP process if required.

43. Section 18 considerations have been applied, for example, to the selection of the relevant mean or percentile price point within the benchmark range. This means that, where we have a reasonable degree of confidence in benchmark costs and data points fall within a narrow range, little discretion is required. Section 18 considerations, in the context of an IPP, are unlikely to make significant differences to benchmarked forward looking costs. The draft benchmarks fall within a narrow range and, together with what we know about the design and cross checking against actual costs of the service, we can have confidence that the benchmark is a reasonable proxy for the costs of providing UBA under the FPP. Accordingly, there is little need to consider this in too much detail.

44. We agree the Commission should consider whether there are asymmetric risks – i.e. where the implications of setting too high or low a price are asymmetric - and whether this requires the Commission to depart from the central point in the benchmark range. For example, a high UBA price will encourage retail service providers, including Telecom, distracting from the development and deployment of new services that will drive UFB uptake. If the Commission does consider adopting a high price point because of Chorus investment incentives, it will need to ensure this action doesn't simply push access seekers onto UCLL in preference to UBA, which will likely slow fibre migration more than a lower UBA price would.

45. In any case, it's not necessary to form a view on the impact of fibre uptake (and likely to be too early to form a view in any case). This is because initial market research suggests that consumer fibre uptake, at least in the initial years, will be driven by the consistency of the access service and promise of innovative services that better meet consumer needs.[3] Early adopters understand the value of fibre based services. he prospect of a price premium does little to dampen enthusiasm from those people likely to take up fibre. Further, access to media and entertainment - for example, high quality television content - has been seen overseas to drive demand. In that sense, retail service provider

[3] For example, see Chorus study Understanding consumer drivers of UFB uptake. Demand might also, as a secondary driver, be partly a function of lower fibre prices (if fibre is cheaper than copper) or dissatisfaction with specific concerns with services performance (although performance is generally as expected).

investment should be focussed on service level innovation (instead of investing in competing copper network unbundling) in order to support the success of fibre infrastructure investment by Chorus, LFCs and Government.

46. It is also worth noting that in the ordinary course of events (outside of statutory intervention) a service can only be regulated on terms that give effect to section 18. Thus it must follow that where Parliament legislates pricing principles into the Act, they must legally be considered to give effect to section 18.

Connection charges

47. We agree with the Commission's proposed approach that applies differentiated new service connection and transfer charges to UBA. Connection charges should seek to signal the efficient costs of connection services or premises, and ensure costs are born by the party most able to manage those costs or act on the cost signals.

48. We've recommended minor amendments to the proposed pricing schedule set out in schedule 2 of the draft decision. For convenience we've summarised our recommended changes, below, in a marked up version of that schedule (attached as attachment 2 of the submission).

Benchmarking of connection charges

49. We have asked Analysys Mason to also review the benchmarking approach proposed by the Commission. Analysys Mason advise that Belgium could be added to the new service connection benchmark set and, while this has not moved the result much, it does give additional robustness to benchmarks connection charges.

50. Analysys Mason also distinguishes between the initial connection where a customer premises site visit is required (i.e. to install a premises lead-in which must then be connected to existing Chorus existing network) and connection at the exchange (or other restoration of MDF circuits with no premises lead-in install required). The Chorus connection charges should be aligned with the activity implicit to the benchmarks, i.e. a separate cost identified for markedly differing activities.

51. In terms of transfer charges, however, Analysys Mason note the significant variance in benchmarks available for Change of Plan related services. For example, the Belgium price for the change operator service seems unusually high in comparison to the Swedish price, and relative to what we know about Chorus' actual costs. As a result, we consider that the Analysys Mason benchmark data for Change of Plan services is less reliable not only due to the significant variance between the two data points but also the fact that there is a substantial disconnect with the costs we know to apply in New Zealand for this service. The current price for a plan change is currently set by reference to

incurred costs rather than through a retail minus methodology. For that reason it already approximates a price likely to be set under an FPP and so remains an important cross-check when implementing the IPP. In the circumstances the way that the Commission has determined the draft price is most likely to sufficiently meet the IPP while being consistent with section 18. We therefore support the Commission's draft approach.

52. The Commission should apply these cost benchmarks with caution to the discretionary modem and wiring services. None of the countries offers options inclusive of the supply of a modem, and it is not clear whether the prices from these jurisdictions directly reflect the with/without port change distinction used in New Zealand.

Clarifying service categories

53. We support the Commission's proposal to differentiate between customer premises work, exchange related work and transfers between services. These reflect the nature of services provided by Chorus.

54. We have also proposed, below, minor amendments to the pricing schedule to clarify that the initial premises connection charges are applied to the first (or primary) service associated with the line, and that wiring and modem installation continue are distinct services from an initial connection.

Premises connection charges

55. Chorus offers a range of access services and the initial connection to the network could be triggered by any one of these services. The PSTN service was, historically, the principal service. However, possible services on the line can include UCLL, UBA, UCLF or Baseband (or a combination of the latter). Premises connection related charges – which are shared by all these services – need to apply to an initial service. Accordingly, we've proposed minor changes to the wording to clarify that premises connection related charges apply to the initial connection, i.e. requires work at the premises external termination point to connect the premises to the Chorus network.

56. Further, the 2011 reforms also provide that the UBA service is the primary service on the line. For example, the UCLF service description provides that it is additional to the UBA service (which is expected to be the primary service on the line). Therefore, where connection relates to multiple services, we recommend that the pricing schedule clarify that the charge applies to the UBA service.

57. Again this points to the fact that the connection service should relate to the connection of the premises at the external termination point. This best aligns with the benchmark services and ensures work within the access network relating to the management of network capacity remains with Chorus.

Internal wiring and modem installation and service plan changes

58. On the face of it, the proposed table links connection charges with the existing wiring and modem installation services. However, wiring and modem installation are more or less discrete activities in the home rather than the connection of the premises itself.

59. We've recommended changes that clarify that the wiring and modem installation services are discrete services. There are likely to be synergies with service company work at the ETP, where this is undertaken, and this can be reflected in the pricing structure (as it is today). Accordingly, we recommend there be:

    a. A connection charge relating to the connection of a premise to the network, i.e. deployment of a lead-in and connection at the external point. This would only apply to the initial connection of the premises or where the connection at the premises removed (where the connection has been removed when the premises has, say, connected to another network);

    b. A wiring service – available as a discrete service or when taken in conjunction with another site visit. This reflects the fact that customers do not necessarily require internal wiring or modem work at the time the premises is connected to the network; and

    c. A modem installation service – available as a discrete service or when taken in conjunction with another site visit.

60. As above, the wiring and modem service are best seen as discrete customer premises activities that do not form part of core UBA services. We recommend that the Commission treat these services as Sundry services for the purposes of the STD and pricing.

61. Increasingly, a key cost differentiator for service changes relates to whether the process is automated or not. Accordingly, we propose that, where establishing a UBA service that requires only a service change, the price differentiates between automated and not automated transactions. This better reflects the practical differences in costs, and is likely to be more cost reflective, than the current distinctions.

End

Attachment 1: Analysys Mason report

Attachment 2: Recommended changes to connection charges

	Service Component	Description	Current Prices		New Prices [TCNZ proposed]		Comparable Service	Telecom comment
1.1	UBA Service New Connection, ~~any instance~~ first time connection of a premises	The first time establishment of connection of a premises, or reconnection from an alternative network where the premises wiring has been disconnected at the ETP, to an ETP (ie standard install of lead-in and ETP) and a service instance of the UBA Service (i.e. there is no UBA change plan). The UBA service is without UCLFS/Baseband and where the upstream speed is unrestricted.	~~$145.05~~	~~$183.06~~	~~$174.04~~ [$166.15]	~~$212.03~~	New service connection (assisted)	New service. Premises connection is currently recovered through either the UCLL or UCLFS/Baseband connection charges, or retail minus UBA price. Connection charges need to recognise that the UBA service will be considered the first (or primary) service to premises. Accordingly, consequential amendment to – for example – clarify a "standard install" may be required (such as at section 4.2 of the Baseband (non-FTTN) service description).
1.2a	UBA Service New Connection, premises previously or currently connected	The establishment of a new service instance of the UBA Service to existing or previously connected premises requiring a port connection. Also applicable where the UBA service is being added to an existing UCLFS/Baseband connection to the premises.			[$73.45]			New service. A new service is required as, currently, this activity is built in to the monthly retail minus UBA price. While the establishment of a connection may involve MPF work other than a new lead-in or ETP, this relates to Chorus capacity management and is not relevant to service connection.

	Service Component	Description	Current Prices		New Prices [TCNZ proposed]		Comparable Service	Telecom comment
1.2b		The establishment of a new Service instance of the UBA Service to existing or previously connected premises where port connection already exists.			$3.17[4]/ $15.17			New service. Again, this is currently recovered through the monthly retail minus UBA price.
1.3a	Customer premises wiring and modem installation	Premises wiring (the provision and installation of a splitter, including dedicated jack point), if Chorus technician not already on premises	$145.05		$145.05			In practice, these are discrete services relating to work undertaken on customer premises. In theory, they could be provided by any provider. This service could be considered a Sundry service and current prices checked against cost. The proposed structure reflects the differing costs to undertaken the work as add-on service to a New Connection or for a stand-alone request.
1.3b		Premises wiring (the provision and installation of a splitter, including dedicated jack point), if Chorus technician already on premises	$35.00[5]		$35.00			
1.3c		DSL modem Installation, if Chorus technician not already on premises	$183.06		$148.06[6]			
1.3d		DSL modem installation, if Chorus technician already on premises	$38.01[7]		$38.01			
			No port change	**Port change**	**No port change**	**Port change**		
1.9	Other broadband service (including UBS) to any UBA service plan.	The change plan of an End User from broadband services (other than the UBA Service) provided over Chorus's Network to	$4.82	$96.75	$3.17	$65.88	Same differential as between 1.32	

[4] For an automated transaction.

[5] Assumed cost when already on premises - this costs is not currently separately identified.

[6] The combined wiring and modem price of $183.06 less $35.00 cost of splitter installation.

[7] The combined wiring and modem price of $183.06 less $145.06 for a standalone splitter installation.

	Service Component	Description	Current Prices		New Prices [TCNZ proposed]		Comparable Service	Telecom comment
		any UBA service, as authorised by the End User.						
1.10	Any UBA service to any other UBA service change plan	The change plan of an End User from any UBA service to any other UBA Service (including, until three years after Separation Day, any change to a UBA service with or without POTS), as authorised by End User.	$4.82	$96.75	$3.17	$65.88	Same differential as between 1.32	
1.31	Transfer of Basic UBA Service from an Access Seeker to a Basic UBA Service with another Access Seeker	The transfer of a Basic UBA Service with one Access Seeker to a Basic UBA Service with another Access Seeker, as authorised by the End User.	$23.03		$15.17		Transfer between services (no port change)	
1.32	Transfer of Basic UBA Service from an Access Seeker to an Enhanced UBA Service with another Access Seeker.	The transfer of a Basic UBA Service with one Access Seeker to an Enhanced UBA Service with another Access Seeker, as authorised by the End User.	$23.03	$109.55	$15.17	$74.60	Transfer between services (no port change) & (port charge)	
1.33	Transfer of Enhanced UBA Service from an Access Seeker to a Basic UBA Service with another Access Seeker.	The transfer of an Enhanced UBA Service with one Access Seeker to a Basic UBA Service with another Access Seeker, as authorised by the End User.	$23.03		$15.17		Transfer between services (no port change)	
1.34	Transfer of Enhanced UBA Service from an Access Seeker to an Enhanced UBA Service with another Access Seeker.	The transfer of an Enhanced UBA Service with one Access Seeker to an Enhanced UBA Service with another Access Seeker, as authorised by the End User.	$23.03		$15.17		Transfer between services (no port change)	

	Service Component	Description	Current Prices		New Prices [TCNZ proposed]		Comparable Service	Telecom comment
1.35	Transfer of other broadband service from an Access Seeker to a Basic UBA Service with another Access Seeker.	The transfer of a broadband service (other than the UBA Service) provided over Chorus's Network with one Access Seeker to a Basic UBA Service with another Access Seeker, as authorised by the End User.	$23.03		$15.17		Transfer between services (no port change)	
1.36	Transfer of other broadband service from an Access Seeker to an Enhanced UBA Service with another Access Seeker.	The transfer of a broadband service (other than the UBA Service) provided over Chorus's Network with one Access Seeker to an Enhanced UBA Service with another Access Seeker, as authorised by the End User.	$23.03	$109.55	$15.17	$74.60	Transfer between services (no port change) & (port charge)	
1.39	UBA Service Relinquishment	Where the Access Seeker terminates supply of the UBA Service in respect of a particular Access Seeker's End User. This entails Chorus updating its records and billing. Chorus may either physically disconnect the UBA at any point between the exchange and the End User's premises or leave the MPF circuit intact.	Apply clause 4a					
1.40	UBA Service move address	The costs for this service are aligned with Chorus's charges at retail for move addresses and are in three categories: Connection only, connection and wiring, and Modem installation charges.	Apply clause 4a					
1.41	Data interleaving toggle	This is the switching of the data interleaving. The default setting is on for the Basic Service and high for Enhanced Services. End Users can ask their Access Seeker to have interleaving turned off (for the Basic Service) or low (for Enhanced Services) in relation to services provided over the UBA Service.	no charge					

	Service Component	Description	Current Prices		New Prices [TCNZ proposed]		Comparable Service	Telecom comment
2.13	Handover fibre space rental charge	Monthly space rental charge for Handover Fibres co-located on Chorus property.	$27.09		$27.09			