

Section 30R Reviews of seven regulated telecommunications services' Standard Terms Determinations (STDs) Price Lists

Date: 10 April 2017

Purpose of this document

1. This document explains our proposed changes to the Schedule 2 Price Lists of the following Standard Terms Determinations (STDs):¹
 - 1.1. Chorus' Unbundled Bitstream Access Service (UBA);
 - 1.2. Chorus' Unbundled Copper Local Loop Service (UCLL);
 - 1.3. Chorus' Unbundled Copper Low Frequency Service (UCLF);
 - 1.4. Chorus' Unbundled Bitstream Access Backhaul Service (UBA Backhaul);
 - 1.5. Chorus' Unbundled Copper Local Loop and Unbundled Copper Low Frequency Network Backhaul (Telephone exchange to interconnect point) Service (UCLL and UCLF Backhaul);
 - 1.6. Chorus' Unbundled Copper Local Loop and Unbundled Copper Low Frequency Network Co-Location Service (UCLL and UCLF Co-Location); and
 - 1.7. Chorus' Sub-Loop Unbundled Copper Local Loop Services (SLU).
2. The price lists for these services are collectively referred to as "Price Lists". The UBA, UCLL, UCLF, and SLU price lists are collectively called "FPP Price Lists". The price lists for UBA Backhaul, UCLL and UCLF Backhaul, UCLL and UCLF Co-Location, SLU Backhaul and SLU Co-Location are collectively called "non-FPP Price Lists".

Objectives of these section 30R reviews

3. Our objectives are to make these reviews focussed and simple for interested parties to engage with, and to:
 - 3.1 ensure the STDs accurately reflect our recent pricing and section 30R reviews, and annual price adjustments;
 - 3.2 improve the consistency and usability of the Price Lists; and
 - 3.3 reduce cost to industry by improving the efficiency of the annual price adjustment process.

We invite your views

4. We invite interested parties to submit comments and views on our proposed changes.

¹ Note in total there are nine Schedule 2 Price Lists, one each for the UBA, UCLL, UCLF, UBA Backhaul, UCLL Backhaul, UCLL Co-Location, and one for each of the three relevant SLU services (SLU, SLU Backhaul and SLU Co-Location).

The scope of these section 30R reviews is limited

5. We have limited the scope of these section 30R reviews to just the Schedule 2 Price Lists of the STDs.
6. To the extent we are incorporating changes to reflect our recent pricing and 30R reviews, we are not consulting on these decisions. Our consultation is limited to whether the updated Price Lists accurately reflect our previous decisions.
7. The context and reasoning for our proposed changes to the Price Lists follows.

Our proposed changes

Incorporating recent pricing reviews and section 30R determinations, and annual adjustments

8. Relevant context is:
 - 8.1 In December 2015 we published our final UCLL and UBA FPP determinations which set prices for Chorus' UCLL, UCLFS, UBA, and SLU services. These prices were the outcome of comprehensive consultation and detailed modelling of the efficient costs of providing these services. This approach to price determination is referred to in the Telecommunications Act 2001 as total service long run incremental cost.²
 - 8.2 In March 2017 we published our final determination on the UBA section 30R review. This determination added a 10GigE handover connection option to the UBA STD Price List. It also updated the description of the installation of handover connections to include 1GigE and 10GigE options.³
 - 8.3 In December 2016 we approved the annual price change adjustments to charges for STDS.⁴
9. Accordingly, these current section 30R reviews give effect to the following:
 - 9.1 Decisions made in our UCLL and UBA Final Pricing Principle (FPP) determinations to:
 - 9.1.1 replace all prices in the STDs for Service Components, where applicable, with the relevant prices set in the final UCLL and UBA FPP determinations;⁵ and

² Commerce Commission "Final pricing review determination for Chorus' unbundled copper local loop service" [2015] NZCC 37 and "Final pricing review determination for Chorus' unbundled bitstream access service" [2015] NZCC 38.

³ Commerce Commission "Section 30R review of Chorus' Unbundled Bitstream Access service" [2017] NZCC 4.

⁴ Commerce Commission "Approved price adjustments for STDs" (13 December 2016) available at <http://www.comcom.govt.nz/regulated-industries/telecommunications/regulated-services/standard-terms-determinations/unbundled-copper-local-loop-and-unbundled-copper-low-frequency-services/unbundled-copper-local-loop-ucll/>

- 9.1.2 update the Labour Cost Index (used for adjusting prices) to the Index specified in the UCLL and UBA FPP determinations.
- 9.2 Decisions made in our UBA section 30R review to add 10GigE handover connection Service Components and update the description of the handover installation Service Component;⁶ and
- 9.3 The Decision made in our 2016 price adjustments process to update all the Price Lists in the STDs.

Improving the consistency and usability of the Price Lists, and improving the efficiency in annual adjustments

- 10. Relevant context in this case is:
 - 10.1 While updating the STDs to reflect the UCLL and UBA FPP determinations, we identified opportunities to improve the consistency and usability of the Price Lists.
 - 10.2 During the 2016 annual price adjustment approval process we identified further areas where efficiency could be improved to reduce industry costs.
 - 10.3 The non-FPP Price Lists share common non-price terms with the FPP Price Lists. However, these non-FPP Price Lists were outside the scope of our UCLL and UBA FPP determinations and they were left unchanged. We will improve the efficiency of the annual price change process by having consistency across all the Price Lists.
- 11. We propose to improve the consistency and usability of the Price Lists by:
 - 11.1 removing references to terms and mechanisms that are no longer applicable. These include transitional provisions and mechanisms that have been replaced by clarifications and determinations since the STDs were first written;
 - 11.2 changing the applicable price indices where Statistics New Zealand has replaced or discontinued an index;
 - 11.3 standardising the terminology used across the Price Lists; and
 - 11.4 making formatting changes to improve the readability of the Price Lists.

⁵ For example, see Chapter 6 of Commerce Commission “Final pricing review determination for Chorus’ unbundled copper local loop service” [2015] NZCC 37 and Chapter 6 of “Final pricing review determination for Chorus’ unbundled bitstream access service” [2015] NZCC 38.

⁶ Commerce Commission “Section 30R review of Chorus’ Unbundled Bitstream Access service” [2017] NZCC 4 at Attachment 1.

12. We propose to improve the efficiency of the annual adjustment process by:
 - 12.1 standardising the Labour Cost Index used for updating prices in all the Price Lists to be the same as that set in the UCLL and UBA FPP determinations;
 - 12.2 standardising the process across the Price Lists to include:
 - 12.2.1 requiring Chorus to calculate all price adjustments by 1 November each year;
 - 12.2.2 requiring Chorus to give notice to the Commission of the calculations. This would include Chorus providing the Commission with details of the calculations and figures used and reasons for any changes;
 - 12.2.3 clarifying the annual index percentage change being applied to adjust prices under each relevant index; and
 - 12.2.4 requiring Chorus to allow 30 working days from the date the Commission approves any adjustments, before activating changes in its billing system.

How you can provide your views

13. We invite you to provide written submissions on the draft Price Lists published alongside this paper by **5pm, 28 April 2017**. We will not invite cross submissions.
14. Our proposed changes have been tracked in the attached MS Word documents of the nine Price Lists. Each proposed change has an attached comment referring to the reason(s) for the change identified above.
15. If you reference a specific change in your submission, please refer to it using the STD name and the relevant comment number. For example 'UBA A2'.
16. Please provide your submissions in PDF or MS Word format, capable of text based search, labelled with the topic 'STD Price List 30R reviews'. Your submission should be provided as an electronic copy and sent by email to Sam Norman, c/o telco@comcom.govt.nz.
17. We intend to publish all submissions on our website. Any confidential information should be clearly marked and preferably included as an appendix. When confidential information is provided, submitters should provide both confidential and public versions of their submissions. The party making the submission is responsible for ensuring that confidential information is not included in a public version of a submission.
18. We expect to finalise this section 30R review by June 2017.