

Stakeholder queries on Ofcom's consultation of 31 March 2011 on charge control review for LLU and WLR services

Theme: RAV

Stakeholder	Condoc page no.	Condoc para. ref.	Stakeholder query	Ofcom response
Analysys Mason	annex 94-95	A11.7, fig 11	Could we have a detailed explanation of the factors 95% and 91% used in this table (and in the RAV model)? In particular, what is the rationale and the inputs used to calculate these factors, and why are they kept constant over time?	They are based on the results of BT's Local line Costing Survey. We welcome stakeholders views on how this could be forecast in a robust and practical manner in the future.
Frontier Economics	CA for Publish	Product_metrics	In sheet "Product_Metrics" in the CA model, the mean net realisable value of the fixed assets (shown in columns V to Z) does not seem to equate to the average value across the relevant year-end net realisable values of these assets (shown in columns P to U) – can Ofcom explain the reason for this?	Noted, the model runs off of Mean rather than year end values.
Frontier Economics	CA for Pulish' and 'RAV for Publish'		The outputs of the RAV model differ from the inputs shown in the CA model for the two copper asset categories as per email sent to Markham Sivak by Martin Duckworth (26/04).	See new RAV model.
Sky	26 & 99	§3.41 & fig 7.8	Conflicting estimates of the combined effect of RAV removal and duct revluation (£12-£14 vs £5.80). Which is correct?	The differences in the estimates depends on whether or not BT's revised valuation is accepted. The £12-£14 estimate is based on the impact of BT's duct

				<p>revaluation of post 97 duct (impact £3-4) plus the removal of the RAV adjustment and the full acceptance of BT revised valuation for the pre-97 duct (£9-10). The sensitivities in figure 7.8 are the same for the post-97 valuation change (£3.50) but the adjustment for the removal of the RAV does not take account of BT's revised valuation for pre-97 duct so is only £2.30 compared to the £9-10. £2.30 is based on the pre-revaluation RAV adjustment effect.</p>
Sky	A23 - A24	§A5.79 et seq	<p>What is the proportion of BT's aggregate duct valuation that is attributed to duct >40 yrs old? What is the detail of the price index and other cost allocation methodologies applied by BT that are mentioned in A5.122/A5.151 etc.?</p>	<p>Pre 1970 duct accounts for approx 5% of the historical value. The best explanation of BT approach to duct valuation is set out in BDO duct valuation report.</p>