

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

Theme: Price Difference

Stakeholder	Condoc page no.	Condoc para. ref.	Stakeholder query	Ofcom response
Frontier Economics	CA for Publish	ActivityHeading_Products	Can Ofcom explain the low apparent cost of operating and maintaining pair gain equipment (0.1p per WLR line per year)?	Not zero but very small (c£20k). There are only about 50k lines with the equipment. The equipment itself is highly depreciated.
Frontier Economics	71 Annexes	Figure 8.14	The costs of the copper network allocated to the combination of WLR and SMPF is lower than that allocated to MPF, reflecting the lower allocation to WLR due to use of pair gain equipment, even though SMPF cannot be provisioned on lines where pair gain equipment is used. Is Ofcom planning to address this inconsistency in later versions of the model?	There is no inconsistency, as in our model there is no allocation of use of copper to SMPF.
Frontier Economics	71 Annexes	A8.133	Does the estimate of the number of pairs per circuit reflect the expected usage of DACS at the end of the forecast period or is it based on historical data from BT?	Not zero but very small (c£20k). There are only about 50k lines with the equipment. The equipment itself is highly depreciated.
Frontier Economics	CA for Publish	Product_Revenue	Please explain how you have calculated the costs associated with WLR ceases, where these are located within the CA model and how these costs are recovered.	The is a WLR cease activity which is a class of KMH in the CF model. This is used by products as set out in tab 2. prod to act, Col F. The KMH for this engineering activity go to MDF hardware Jumpering along with WLR provides, LLU provides

				etc. In the CA model. Col Z of Activity Assumptions shows the costs that go the MDF Hardware activity (A026) activity, whilst row 35 of Product Assumptions shows how A026 is apportioned to products.
Frontier Economics	CA for Publish		Can Ofcom provide information on the cost allocation and costs allocated to the PSTN Premium products to a similar degree of detail as that provided for the PSTN Basic product and the reasons for any differences compared to the PSTN Basic product?	Currently there is no material difference between the Basic and Premium cost stack. We have identified this as an issue requiring further examination and welcome stakeholder comment on the appropriate approach.
Sky	A85	fig A9.15	Why do MDF repair costs for MPF (£2.89 in 13/14) exceed the sum of WLR and SMPF (£2.32)?	They are based on usage factors set out in the published models, which as we explain in para A9.40 are based on the actual incidents of repairs at the MDF per product.