



COMMERCE COMMISSION

Please refer to:

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10 August 2005

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Dear Grant and Vanessa

**Interconnection Pricing Review Proceedings workshop
Agenda and General Instructions**

1. The Commission will hold a two day workshop in relation to the Draft Determination on the Application for Pricing Review for Designated Interconnection Services on 23 - 24 August, at the Commission's premises in Wellington. The purpose of the workshop is to assist Commission staff to understand the submissions and cross submissions made on the Draft Determination. An agenda and a list of issues to be discussed at the workshop is attached.
2. On the first day of the workshop Mr Stegeman will provide an overview of the Commission's TSLRIC model. The parties will be expected to present their submissions on forecasting call traffic and minimum call duration at the end of the first day. The Commission requests that each party provide their presentation material (and any supporting documentation) to the Commission and the other party by Wednesday 17 August 2005.
3. On the second day each party will be expected to present on the data issues detailed on pages 4-5 of the workshop agenda. The Commission requests that parties provide their presentation material (and any supporting documentation) to the Commission and the other party by Wednesday 17 August 2005.
4. The Commission does not intend to gather new information at the workshop beyond the information provided by the parties in advance of the workshop.
5. The workshop is intended to be relatively informal given that the Commissioners will not be present. James Stegeman from CostQuest and Associates will be attending the workshop.
6. While the Commission wishes to encourage open discussion, the parties will be required to limit their submissions at the workshop to matters identified on the agenda

that require presentation by the parties. The Commission will deal with procedural issues that arise during the workshop on the same basis as the UBS workshop held on 21 and 22 July 2005.

7. Please advise us in advance if you intend to present Restricted Information (as defined under the 11 May 2004 Confidentiality Order) at the workshop. We will then arrange for a closed workshop session where only those who have signed a deed of undertaking as to confidentiality are present.
8. The proceedings will be recorded and a copy of the transcript will be made available to both parties. That recording will be the definitive record of the workshop proceedings.
9. Can you please confirm who will be attending the workshop from your organisation by Wednesday 17 August 2005.

**Day 1, Tuesday 23 August
TSLRIC Model and Call Traffic**

Time	Session	Content
9:30am – 9:45am		Overview of Workshop which includes Introductions, Purpose and format of the workshop.
9:45am – 10:45am 11:00am – 12:00pm	Overview of the Commission's TSLRIC Model	<ul style="list-style-type: none"> • General overview and update • Relationship to TSO/Modelling TSO Exclusion.
10:45 – 11:00 am	Model	Morning Tea
12:00pm – 1:00pm		Lunch
1:00pm – 3:00pm	Continuation of Overview	<ul style="list-style-type: none"> • Implementation of the access/core split in the model. • Dimensioning of the model for non-PSTN call traffic. • Details on which data services were modelled.
3:00pm – 3:20pm		Afternoon Tea
3:20pm – 5:00pm	Call traffic and Call duration	<ul style="list-style-type: none"> • Call traffic volumes <ul style="list-style-type: none"> ○ Discussion on call type categorisation including treatment of transit calls (20 minutes) ○ Parties to present views on forecasting call traffic from 1 July 2005 until the date the Final Pricing Review Determination is issued (20 minutes). Presenters should assume that call data for July 2003 to June 2005 is available. • Minimum call duration. Parties to explain and/or present data supporting their submission/cross-submission (30 minutes, 15 minutes per party)

Day 2, Wednesday 24 August
Input Values

Each party will be given 15 minutes to present on the following sections.

Time	Session	Content
9:00am – 9:30am	Operating Costs	<ul style="list-style-type: none"> Each party to present sources of data available on operating costs which support their submission and cross-submissions. This may include tabling data from a Party's NZ operations or an overseas' TSLRIC model.
9:30am – 10:30am	Operating Cost Mark-ups	<ul style="list-style-type: none"> Each party to provide data and other information supporting their submissions on the following operating cost mark-ups (as described in paragraph 130 of the Draft Determination): <ul style="list-style-type: none"> ○ Direct network operating costs. ○ Indirect shared and common costs ○ Retail costs
10:30am – 10:45am		Morning Tea
10:45am – 11:15am	New Zealand specific cost factors	<ul style="list-style-type: none"> Each Party to present evidence relating to any NZ specific cost factors, including labour rates. Presentations should be supported by cost data or studies.
11:15am – 11:45am	Detailed operating cost categories	<ul style="list-style-type: none"> Each Party should identify the impact of having more detailed operating cost categories, including indirect capital costs, would have on the overall level of operating costs. For any suggested split of cost categories, data should be provided supporting the proposed set of mark-up ratios for all operating cost mark-ups.
11:45am – 12:45pm		Lunch
12:45pm – 1:15pm	Other Input Values	<ul style="list-style-type: none"> Each Party to present on land and building mark-ups and the costs that should be included in these categories. Each Party presentation should be supported by cost data or studies.
1:15pm – 1:45pm	Cable Sheath sharing	<ul style="list-style-type: none"> Each party to present on cable sheath sharing and whether an efficient forward looking operator would implement cable sharing and the selection of any sharing ratios to be used in the model.
1:45pm – 2:15pm	Data Network	<ul style="list-style-type: none"> Each Party to present on the impact of the Data Network on sharing assumptions. Parties should address the selection of the sharing ratios to be used in the model and include supporting data.
2:15pm – 2:45pm	Working Capital	<ul style="list-style-type: none"> Each party should explain and/or present data supporting their submission/cross-submission on working capital.
2:45pm – 3:00pm		Afternoon Tea
3:15pm – 5:00pm		Commission concluding statements

Yours sincerely

A handwritten signature in black ink, appearing to read 'Osmond Borthwick', written in a cursive style.

Osmond Borthwick
Manager
Network Access Group