



COMMERCE COMMISSION

18 July 2007

Lucy Riddiford
Senior Counsel - Litigation
Telecom New Zealand Ltd
PO Box 570
Wellington

Dear Lucy

Reconsideration of Decision 582

Your letter dated 12 July 2007 sought guidance from the Commission with regard to the calculation of the UBS price for the purposes of the Reconsideration of Decision 528 ('the Reconsideration'). Specifically, Telecom requested clarification on 'comparable services', and whether the data cap changes to Telecom's retail broadband plans effective 1 July require Telecom to undertake a price calculation as at 31 July 2007.

Comparable services

The services (and prices of services) comparable for the purposes of the Reconsideration are those Telecom retail broadband plans (with 128 kbps upstream speed limitation) bundled with calling, tolls, and ISP services. This methodology is set out in Appendix 4.

Change to data caps

Before the release of the Reconsideration, the Commission advised that the changes to the data caps on some of Telecom's retail broadband services did not require an adjustment pursuant to the initial terms of Decision 582.¹ The Commission has since released the Reconsideration, and as part of that decision, required Telecom to undertake an adjustment when (including other events²) there are changes in the data caps of comparable services.

Accordingly, the Commission requires Telecom to undertake a price calculation as at 31 July 2007 in respect of the 1 July changes in accordance with Para 201 of the Reconsideration. The price for those changes will be effective from 1 August 2007.

Yours sincerely

Neville Lord

Neville Lord
Manager
Network Access
Commerce Commission

¹Letter from the Commission (Osmond) to Telecom (Riddiford), 11 June 2007.

²Commission, Reconsideration of Decision 582, 10 July 2007, Para 201, p. 36.