
CALCULATION OF THE GEOGRAPHIC NUMBER PORTABILITY AVERAGE PORTING CONVEYANCE CHARGES REF 046/07

Briefing Audience:

Public Electronic Communication
Network Providers

1. Background

Number Portability allows the end-user to change their Communications Provider (CP) without changing their telephone number. Average porting conveyance (APC) charges compensate a donor operator for the cost of carrying ported calls to the gaining operator.

An industry briefing, together with revised rates, was issued on 16 August 2007, advising CPs of proposed new rates effective 1 November 2007. The main driver behind the rates revision was to ensure that the APC charges levied by BT reflect the true value of the work done by BT for originating or transiting calls to terminating CPs.

The previous briefing explained that the APC calculations were derived by using traffic records of ported calls that crossed the BT network and terminated on a Terminating CP's network in April 2007.

In other words, the charges are no longer an industry average, but instead reflect the work being done by BT for each terminating gaining CP.

2. Methodology and rates

Some CPs have since sought clarity from BT with regard to the derivation of the Terminating CP (TCP) specific APC rates and, as a result, BT has reviewed the methodology. This has resulted in revised rates which were notified on 3 October and uploaded onto the CPL in section B1.08.

The methodology is based on identifying for BT originated calls the additional costs incurred by BT in conveying a ported call compared to the costs incurred if the number was not ported, and for transit calls, the network components used.

These costs can be grouped into two categories:

A. Tandem layer costs – these are calculated by identifying the extent to which calls to each individual TCPs use the tandem layer in the BT network. This depends on the TCP's interconnect footprint and routing plans. Using April 2007 call data, distance related usage has been measured and then multiplied by the respective inter tandem conveyance rates to identify the actual costs incurred

B. Local layer costs - these costs are not CP specific, but instead depend on the traffic mix (for BT originated traffic) and on the proportion of originating CP traffic handed over to BT at the DLE. The incremental costs include both the use of Local Exchange Call Origination and the cost of Local to Tandem conveyance. Consequently Single Tandem Call Origination (STCO) has been used to calculate the cost.

For BT originated calls, only those calls to a ported number which is on the same DLE as the calling party's DLE will attract an incremental STCO cost.

For CP originated calls, only those calls that are handed over at the DLE will incur an incremental STCO cost.

Hence, the percentage of call minutes for which the STCO is recoverable depends on a combination of the calling pattern of BT's end users and of the interconnect footprint of originating CPs. BT's traffic analysis has shown that 41% of ported calls attract an incremental STCO cost.

The costs for (A) and (B) above are then added together to establish the total costs for each TCP, and then divided by the total minutes in order to derive the APC (pence per minute charge).

3. New Entrants

Given that the CP specific rates are based on existing usage of the BT network, new entrants to geographic number portability should be aware that their initial rates will be derived from the industry average. Rates will be reviewed after three months data is available, or until such time as volumes become material.

4. Future updates

As described above, Operators should note that higher APC rates are to a large extent determined by the extent to which ported traffic is multi switched. Hence, BT suggested to CPs in August to review their routing plans prior to 15 October 2007 should they wish to reduce the level of BT network usage. BT will then sample a weeks worth of traffic data after this date and amend the APC charges effective 1 November 2007.

BT will continue to review the APC charge to ensure that changes to transit and STCO charges, evolving market conditions and changes to Operators' call routings are taken into account.

Hence, the next APC charges review will result in new rates effective 1 April 2008, using January 2007 sample data.

For further information regarding the information contained within this briefing please contact your Commercial Manager.