

APPENDIX 2.1

(referred to in paragraphs 2.187, 2.190, 2.193, 2.194, 2.197, 2.203, 2.211 and 2.217)

Modifications to BT licence Condition 34B

The modifications to Condition 34B of BT's licence by which the adverse effects specified in paragraph 2.184 of the report could be remedied or prevented are as follows.

1. In paragraph 34B.13:

(a) the words 'A direction or determination under this Licence will not determine how the costs of Portability are to be borne and'; and

(b) the provisions in sub-paragraph (b) relating to cost-benefit analysis

should be deleted.

2. In paragraph 34B.15 the words from 'but nothing in this Condition' to the end of the paragraph should be deleted.

3. There should be a new provision enabling BT to recover from the other operator its reasonable costs incurred in providing portability subject to the limitations in sub-paragraphs (a) and (b) below. Charges should be calculated by reference to BT's fully allocated costs or, if Condition 13.5(a) of BT's licence is amended to provide for interconnection charges to be calculated by reference to incremental costs, by reference to such costs. The DGT should have power to determine that costs are not reasonable if he considers that it would have been reasonable for BT to have used lower-cost methods at the relevant time. The DGT should also be able to determine into which categories of cost-system set-up, per line set-up, additional conveyance and other-individual items fall.

(a) No charge should be permitted in respect of BT's system set-up costs.

(b) No charge should be permitted in respect of BT's additional conveyance costs after 31 October 1997. Up to and including 31 October 1997 BT should be able to recover from the other operator amounts in respect of conveyance costs which represent half the difference between BT's actual additional conveyance costs in that period and the estimated conveyance costs if the call drop-back method had been in operation.

4. BT should be able to recover any reasonable administrative costs, calculated in the same way as per line set-up costs, incurred if the porting customer changes address, whether at the time of porting or otherwise, or if the porting customer subsequently ports his or her number to another operator.