

APPENDIX 3.5  
(referred to in paragraph 3.49)

**Introduction of number portability-main events**

July 1989	Consultative document from the DGT- <i>Numbering for Telephony Services into the 21st Century</i> .
13 November 1990	Government consultative document- <i>Competition and Choice: Telecommunications Policy for the 1990s</i> . Formal start of the review of the duopoly policy.
22 February 1991	Letter from the Secretary of State to BT on the main points of agreement on the duopoly review, including modification of numbering licence condition to allow OFTEL to administer the numbering plan and to provide for the introduction of limited NP where technically feasible and justified on cost-benefit grounds. The DGT not to be empowered to determine how the costs of NP are to be borne.
March 1991	White Paper- <i>Competition and Choice: Telecommunications Policy for the 1990s</i> (Cm 1461) and statement from the DGT which concludes, <i>inter alia</i> , that NP is a desirable step towards ensuring effective network competition.
24 September 1991	Licence condition on numbering (Condition 34B) added to BT's PTO licence.
February 1992	OFTEL issues a consultative document- <i>Candidate Options for the Implementation of Portable Numbering</i> -concerned with technical options for implementation of NP.
September 1992	OFTEL circulates draft terms of reference for cost-benefit analysis on NP.
December 1992	OFTEL commissions NERA to carry out the cost-benefit study required by Condition 34B.11 of BT's licence before NP can be introduced.
August 1993	OFTEL circulates a draft report by NERA for consultation within the industry. At the same time OFTEL issues a consultation document <i>Sharing the costs of number portability</i> which defines two types of costs of NP-system set-up costs and additional transmission costs-and suggests possible methods of cost sharing.
September 1993	Coopers & Lybrand comment on the NERA report and consultation document on behalf of BT.
12 January 1994	OFTEL issues <i>Cost-Benefit Analysis of Number Portability</i> (the NERA study) to BT and other PTOs. In a press release the DGT announces plans for introduction of NP and concludes that it would be equitable for the costs of introducing it to be shared roughly in proportion to benefits to subscribers generally. Also announces he has asked the NICC to co-ordinate technical work on NP.
February 1994	Assessment by Mr George Yarrow (on behalf of BT) of the NERA report.
14 April 1994	Initial meeting between BT and Videotron on implementing NP.
May 1994	Response by NERA to Mr Yarrow's critique.
13 June 1994	Letter from OFTEL to BT with draft directions requiring BT to provide NP to certain cable areas from 7 October 1994.
5 July 1994	BT tells OFTEL that the only way it could provide NP within the time-scale envisaged by OFTEL would be by means of its existing 'remote call forwarding'

- (RCF) retail product.
- 20 July 1994 Videotron sends BT a draft NP agreement based on the existing standard interconnect agreement and the use of the interim (tromboning) method.
- 28 July 1994 BT tells Videotron it is unable to introduce NP using the tromboning solution by 7 October 1994 because of the substantial upgrades and modifications required to existing processes; offers the pre-interim RCF solution in lieu.
- 3 August 1994 Videotron confirms to BT that it will proceed using RCF.
- 9 August 1994 BT writes to OFTEL saying that it expects to produce a detailed implementation timetable by 16 September 1994, and that it cannot implement NP by any technical means, without compromising quality, by 7 October as suggested in the draft Directions.
- Videotron sends BT a statement of its requirements.
- 11 August 1994 BT asks Videotron for a formal statement of technical requirements.
- 18 August 1994 BT submits draft contract to Videotron based on RCF.
- 22 August 1994 DGT formally directs BT to provide NP for Videotron customers in specified areas from 7 October 1994.
- 24 August 1994 DGT announces completion by the NICC of its work on producing a technical specification for NP. The NICC identifies data decode as the preferred method. Most operators indicate, both in the discussions in the NICC and separately in subsequent correspondence with OFTEL, that they would rather wait for this than use RCF.
- 1 September 1994 BT suggests that as the standard retail RCF product is to be used by Videotron, standard retail charges should apply. Videotron disagrees, citing the NERA study, and asks BT to use Videotron's original draft contract of 20 July. Videotron agrees in principle with a one-off set-up charge being paid by each operator.
- 8 September 1994 Videotron makes alternative proposals to BT which it says are consistent with the DGT's press statement of 13 January, for the pricing of NP using either interim or RCF methods. These involve each party bearing its own system set-up costs and line set-up charges (alternatively, if a small-£5 to £20-line set-up charge was made it should be reciprocal). For conveyance costs the donor operator would make the same payment for call completion to a ported number as to an ordinary number, each operator bearing the additional costs in its own network.
- 13 September 1994 BT agrees to a meeting with the cable companies to discuss introduction of the tromboning solution.
- 20 September 1994 BT's second pricing proposal to Videotron for additional conveyance under RCF, based on Condition 13 principles, ie wholesale prices for the use of a local tandem segment.
- 27 September 1994 BT writes to Videotron with list of outstanding actions to be completed by each party before a meeting on 4 October (later cancelled) to discuss a new draft NP agreement to be supplied on 30 September, and any other issues which might impact on the 7 October deadline.

- 6 October 1994 Videotron rejects BT's proposal of wholesale prices for RCF and sets out proposed detailed charges based on the principles set out in its letter of 8 September 1994.
- 7 October 1994 Target date for NP to be made available under the DGT's 22 August directions. BT writes to OFTEL stating that it has complied with the directions and that all the network arrangements are in place for NP to be provided by BT to Videotron. BT has produced a draft contract which Videotron has declined to accept.
- 12 October 1994 BT clarifies the position on charges and proposes that the parties use BT's charging structure for porting from BT to Videotron and Videotron's charging structure for porting from Videotron to BT. Either party could instigate an immediate review of the contract under the review clause.
- 24 October 1994 Videotron replies that it would be happy to continue negotiations if BT moved nearer to the DGT's position on pricing.
- 31 October 1994 OFTEL writes formally to BT saying that the DGT has power under Condition 34B.15 of BT's licence to determine the 'reasonable costs' of portability if there is a dispute between parties as to those costs and asks that, in order that he may decide whether a determination should be made, BT should under Condition 52.1 provide him with full details of the offer made to Videotron.
- 8 November 1994 Industry meeting between BT and other operators to discuss commercial aspects of the tromboning solution. Future industry representation agreed as being with NYNEX, Videotron, Bell Cablemedia, TeleWest, Liberty and Energis.
- 14 November 1994 BT explains to OFTEL the details of its offer to Videotron, in accordance with OFTEL's requirement under Condition 52.1.
- 25 November 1994 DGT writes to BT expressing concern at the failure to reach agreement with Videotron and enclosing a draft licence modification to Condition 34B. This stipulates that BT will not be obliged to provide NP unless it is technically feasible and the other operator provides reciprocal NP, and that if after a period of time which appears to the DGT to be reasonable the parties have failed to enter an agreement, the DGT can determine the conditions (including the costs and their allocation) on application by either party.
- November 1994 Correspondence between BT and Videotron on the introduction of NP using RCF ends.
- 14 December 1994 BT responds to the draft licence modification (see 25 November 1994) expressing concern at the proposals on costs and their allocation, and pointing out that the Secretary of State's letter of 22 February 1991 specifically stated that Condition 34B would not empower the DGT to determine how the costs of portability are to be borne.
- 24 January 1995 Letter from OFTEL to BT with revised proposed licence modification and proposal for allocation of costs, for informal consultation.
- 13 February 1995 BT informs OFTEL of the possibility of an alternative approach, the call drop-back solution, but states that early indications are that it would not be available before 1997 at the earliest. In same letter quotes £3 per occasion as the incremental costs involved in per line set-up (later said to be a 'first-cut' estimate to reflect a future position with all systems developments in place, and excluding overheads and profit mark-up) and £30 million for system set-up costs.
- 22 February 1995 DGT issues draft modification to BT's licence for public consultation. The costs of portability are to be borne as follows: each operator to bear its own system set-

- up costs, per line set-up costs to be recoverable by BT, and the additional conveyance costs to be shared between BT and all operators 'as appropriate'.
- 22 March 1995 BT sends a formal response to the consultation on licence modifications stating its position and rejecting the DGT's proposals.
- 29 March 1995 BT quotes prices to the NP industry group: per line set-up-£40.72 (including some system set-up costs); additional conveyance-local tandem segment rate (1.23p a minute at 1991/92 cost levels).
- 31 March 1995 OFTEL submits a revised licence modification to BT on NP. Other new licence amendments including Condition 13 (interconnection), Condition 16B (standard services), Condition 20B (separate accounts), Condition 17B/C (non-discrimination and quality of service), Condition 24F (retail prices and interconnection charges) and Condition 41A (confidential information) added to BT's licence with BT's consent.
- 6 April 1995 BT letter to OFTEL with tentative offer to base charges for NP on long-run incremental costs, with the generality of fixed and common costs being spread across all BT's other services.
- 27 April 1995 Reference on NP made to the MMC by the DGT.
- 9 May 1995 BT offers the cable companies a reduced rate for per line set-up of £36.61, excluding any system set-up costs.
- 12 May 1995 Testing of the tromboning solution with TeleWest begins, to be followed by trials with Videotron and NYNEX.
- 19 June 1995 In a submission to the MMC, BT includes lower estimates for some proposed charges: per line set-up cost-£24.60; conveyance cost under tromboning-0.7p a minute (for 1995/96); conveyance cost under call drop-back-0.15p to 0.25p a minute (for 1997/98).
- 22 June 1995 BT indicates to cable companies the possible reduction of per line set-up cost to £24.60 and additional conveyance costs of 1.15p a minute at 1995/96 costs.
- 29 June 1995 Videotron signs contract with BT for trials of the tromboning solution with provisional charges of £36.61 for per line set-up; conveyance charge based on 1991/92 local tandem segment rate of 1.23p a minute. Both amounts to be subject to retrospective adjustment in the light of the results of the MMC inquiry and any direction or determination from the DGT following the MMC's report.
- 19 July 1995 At a hearing with the MMC, BT offers to commit itself to a firm date of 1 November 1997 for the introduction of charging for additional conveyance on a call drop-back basis, regardless of whether the system changes were then in place or not.
- 21 July 1995 DGT writes to BT saying he believes provisions in the licence giving him discretion as to the allocation of all cost categories are now more appropriate.
- 15 August 1995 Letter from BT to MMC revising the estimated average per line set-up cost to £18 and indicating a further reduction to £12 when system improvements were in place.
- 18 August 1995 BT indicates a revised conveyance charge of 0.7p a minute to the cable companies, reflecting the elimination of the concentrator function from local exchange use, indexing charges to 1995/96 levels and rounding (see 19 June 1995).

- 18 August 1995      BT in a submission to the MMC refines the estimated 1995/96 conveyance charge to 0.54p a minute for tromboning and 0.20p for call drop-back as a result of a more detailed breakdown of exchange functions involved in the provision of NP.
- 26 September 1995      At a hearing with the MMC, BT offers to commit itself to a date of April 1996 for the introduction of the lower average cost for per line set-up of £12. BT says that it expects all remaining TXE4 exchanges to be phased out by end September 1997 and a consequent further reduction in the average per line set-up cost to £8. Any further reduction would depend on technical advances such as the adoption of real-time routers.
- 2 October 1995      BT makes full service offering of NP to the cable companies on the basis of the existing provisional charges of £36.61 for per line set-up; conveyance charge based on the 1991/92 local tandem segment rate of 1.23p a minute. Both amounts to be subject to retrospective adjustment in the light of the result of the MMC inquiry and any direction or determination by the DGT following the MMC's report.