

Summary of Minutes of the 88th Interconnection Committee Meeting

Date and time: Wednesday, February 21, 2007 14:00-14:50

Location: Conference Room 1, MIC

Attendees: Interconnection Committee Mr. Toukai, Committee Chair; Mr. Aida, committee member; Mr. Fujiwara, committee member
MIC Mr. Taniwaki, Director of the Tariff Division; Mr. Ninomiya, Senior Planning Officer of the Tariff Division; Mr. Katagiri, Deputy Director of the Tariff Division; Mr. Yokote, Deputy Director of the Tariff Division; Secretary

[Summary of Agenda Item]

Authorization of changes to interconnection tariffs concerning category I designated telecommunications facilities of NTT East and NTT West (revision of FY2006 interconnection charges, etc. based on actual cost method)

- MIC explained the outline of the proposed changes to interconnection tariffs and the draft report to the Telecommunications Business Division of the Information and Communications Council and the results derived from examination (stack tests) on relationships between interconnection charges and user prices. Deliberations followed.
- As a result, the draft report was approved for submission to the Telecommunications Business Division without change.

[Discussion Details]

Authorization of changes to interconnection tariffs concerning category I designated telecommunications facilities of NTT East and NTT West (revision of FY2006 interconnection charges, etc. based on actual cost method)

Mr. Toukai, Committee Chair: MIC explained the reason why only the unit price of optical fiber for NTT West increases from that of last year among unit prices by the service under the line administration cost, saying that the increase is due to costs related to functional developments of NTT West. I wonder what impact these costs will have in future.

MIC: MIC expects that the line administration cost per se will show the trend of gradual decrease because demand related to optical fiber is expected to increase.

Mr. Toukai, Committee Chair: Could MIC explain why NTT West had to engage in developing functions?

MIC: NTT West considered the convenience of interconnection carriers and aimed for effects of promoting the spread of optical fiber services.

Mr. Fujiwara, committee member: In Opinion 6 of the public comment, interconnection carriers do not agree to confirm the volume of power that they actually used. Is it because technical difficulties?

MIC: It would be possible to measure the volume by attaching a meter to power equipment, but it is not feasible due to the issue of cost-benefit performance.

Consequently, MIC thinks that if interconnection carriers, etc. propose simpler measurement methods and the proposition is evaluated to be reasonable, NTT East and NTT West should address it.

Mr. Toukai, Committee Chair: How about modifying the wordings in Point of View 7 in the public comment, which narrows down whether or not a risk free rate will be applied to whether or not it

falls under the proposed three cases, because we cannot deny a possibility of new cases emerging in future?

MIC: MIC will modify the wordings as Mr. Toukai just pointed out.

Mr. Toukai, Committee Chair: Opinion 8 in the public comment mentions "incremental cost." Are there any cases where this method has been applied?

MIC: No.

Mr. Aida, committee member: In page 21 of the document, two types of prices are set for each of menus for "149.760 Mb/s" and "599.040 Mb/s" of the communication path set transmission function among interconnection charges that have transitioned to the actual cost method this time. Why is that?

MIC: The lower type of price indicates "dual class" and the higher type of price indicates "super dual class." As "super dual class" is a menu that is equipped with a stand-by line to improve reliability, its price is set up to be higher than that of "dual class."

Mr. Toukai, Committee Chair: Page 2 of the document includes the statement such as "... the difference between a user price and an interconnection charge, etc. exceeds that of last fiscal year." Does this wording mean that if the difference does not exceeds that of last fiscal year, they are not accepted as right?

MIC: It is judged that they are at least not wrong because the difference exceeds last fiscal year's. Even if it falls under last fiscal year's, they will be regarded as right when another proper reason is provided.

Mr. Toukai, Committee Chair: In a word, will there be certain flexibility in judging it? If so, I think MIC needs to modify the wording.

MIC: It is an issue that the current system does not provide a definite benchmark. MIC intends to sort out the issue during the review of interconnection rules and operate the system without any trouble from the next fiscal year onward.

(End)