

Interconnection Committee—98th Meeting
Summary of Minutes

1. Date and Time

Tuesday, October 23, 2007; 16:00–18:00

2. Location

Conference Room 1001

3. Attendees (honorifics omitted)

(1) Committee Members

Toukai (Chair), Sakai, (Vice Chair), Aida, Sato, Naoe, Fujiwara,

(2) MIC Representatives

Takeuchi (Director-General, Telecommunications Business Department), Taniwaki (Director, Telecommunications Policy Division), Furuichi (Director, Tariff Division), Ninomiya (Senior Planning Officer, Tariff Division), Imura (Deputy Director, Tariff Division), Oya (Deputy Director, Tariff Division), Secretariat

Summary of Meeting

Authorization of changes to the interconnection tariffs concerning Category I designated telecommunications facilities of Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation (changes to the collocation procedures etc. in accordance with the partial amendment to the Regulations for Enforcement of the Telecommunications Business Law and such)

- The MIC explained the Draft Report. Subsequently, deliberations were held.
- As a result of the above, it was agreed that an account of the Draft Report as is would be given to the Telecommunications Business Sub-Council.

Details of Discussion

Chair Toukai: In March this year, problems with the interconnection rules were sorted out, and a report was submitted. Particularly, an application pertaining to collocation procedures etc. was filed, among other items. Are there any comments on the Draft Report and the MIC concepts on public comments?

Vice Chair Sakai: In MIC Concept 5 on page 11, it is stated that in cases where applications are filed for a plurality of collocation resources and where a response is given that some of the collocation resources are unusable, it is appropriate to provide a response that they cannot be used as an integral assembly, thereby taking measures to prevent penalty charges from being generated. Does this mean that if some of the collocation resources are unusable, the response will be that all of them are unusable? Furthermore, does it mean that no penalty charges are generated? It seems to me that there are some differences in the wording between the Draft Report and the Opinions and MIC Concepts document. What do you think?

MIC: For example, if the number of collocation resources for which application is filed is five in all, it is possible to do the following: In the case of application where the five collocation resources are integral, a response is given in such a way as to cover them all; if the five collocation resources are separable, it is possible to separate them when responding by stating, for example, that three of them are usable and two of them are unusable. The portions contained in MIC Concepts are referred to in the section titled "Other Items" in the Draft Report.

Sato: According to the section titled "Establishment of Penalty Charges" on page 40, investigation costs are basically defined as actual expenses. Are other investigation-related costs calculated by multiplying the average number of working hours by the hourly labor rate?

MIC: Yes, that is right. The hourly labor rate for daytime on weekdays is 6,540 yen for NTT East Corporation and 6,399 yen for NTT West Corporation. Calculation is performed in such a way that the average working hours taken from sample surveys conducted by NTT East Corporation or by NTT West Corporation are multiplied by NTT East Corporation's or NTT West Corporation's respective hourly labor rates.

Sato: Have you received information on the numbers of samples and the contents of surveys?

MIC: We have received reports from NTT regarding the numbers of samples and the contents of surveys.

Sato: I presume that extraordinary cases are included and simply averaging out will result in higher costs. How are average working hours obtained?

MIC: We hear that average working hours are obtained from several samples.

Toukai: I would think that it is necessary to compile actual records into databases to enhance objectivity.

Sato: According to page 40, there are many cases where penalty charge amounts for NTT East

Corporation are higher than those for NTT West Corporation. Is this due to the difference in hourly labor rates between the two corporations? Or do differences arise in the amounts of penalty charges, although the hourly labor rates and working hours are the same?

MIC: Specific data on working hours is available on an individual basis. At the moment, the hourly labor rate of NTT East Corporation is 140 yen or so higher than that of NTT West Corporation.

Sato: I think that a certain percentage of differences in penalty charge are due to the gap in hourly labor rate. However, it seems that the percentages of actual differences that arose in penalty charge are bigger than the first above-mentioned percentage. If this is the case, what are the reasons?

MIC: There are some jobs that take more time at NTT East Corporation than at NTT West Corporation. Therefore, there are cases where charge gaps widen correspondingly.

Naoe: The section titled “Reduction of Suspension Periods for Items Such as Station Building Spaces in the Outline of Filing of Applications” on page 37 makes mention of the reduction of periods between the start and completion of construction work. It is stated that currently it is possible to indefinitely extend periods. Is this true?

MIC: In the current tariffs, there is no brake on the extension of construction work. Therefore, a situation could have occurred where it would have been possible to indefinitely prolong construction work, which would have lead to excessive suspension. Consequently, time limits are clearly specified in the current changes to the tariffs for the purpose of limiting the frequency of such situations.

Toukai: Page 38 contains a statement about the costs of investigating feeder point information. In connection with this, I pointed out at a Telecommunications Business Sub-Council meeting held the other day that there are big differences in charges between NTT East Corporation and NTT West Corporation. I would like to request that the explanation about the reason for the differences be repeated.

MIC: The reason is that there are differences in the extent database maintenance. NTT West Corporation developed a system for roughly estimating delivery dates regarding fiber optic networks, thereby incorporating information about utility poles, which is required for investigating feeder point information. On the other hand, the maintenance status of NTT East Corporation’s databases is partly lacking, that is, some data are missing. Thus it is necessary to check data, resulting in additional labor costs, which means costs are higher than for NTT West Corporation.

Toukai: Is it that these costs are temporarily rather than continually generated due to the fact that regulations are currently being developed?

MIC: Such costs will be continually generated unless databases are maintained.

Naoe: I would argue that incentives should be provided. Otherwise, charges will remain high permanently. It seems to me that NTT East Corporation should make efforts to maintain databases in some way or another to reduce charges.

MIC: We have not been informed of any specific schedule for that. Be that as it may, there is another reason why there are differences between NTT East Corporation and NTT West Corporation in the amounts of money. In the case of NTT West Corporation, it is sufficient that a database of subscribers' addresses be maintained and disclosed. On the other hand, NTT East Corporation even provides information on nonsubscribers, as requested by interconnection operators. In some aspects, differences arise in costs between NTT East Corporation and NTT West Corporation due to operational differences between the two corporations.

Toukai: Even if this situation is regarded as inevitable this time, it is necessary from now on to take steps to make cost differences appropriate. I would like to request that it be properly reflected in the minutes that such a problem existed and that such a discussion took place. If there are no other comments, may I give an account of the Draft Report to the Telecommunications Business Sub-Council?

Fujiwara: Page 21 contains a cross-reference table for NTT East Corporation's old and new Interconnection Tariffs. According to these tables, Article 96-12 says: "If an applicant for interconnection requests information about whether a utility pole that the said applicant intends to make joint use of is owned by our company, then our company shall provide the pertinent information, provided that the said applicant is unable to discover this information themselves." What significance does this provision have? Is there a particular background to this statement?

MIC: Basically, interconnection operators can identify the owners of utility poles. We think that the provision you mentioned was formulated just for caution's sake.

Sato: Do you mean that this can be discovered by visiting the utility poles?

MIC: Basically, NTT's poles and electric power poles are mixed together in feeder position information released by NTT. Therefore, when joint use of any utility pole is to be made, the pertinent interconnection operator visits the particular utility pole to look at the nameplate, thereby confirming whether it belongs to NTT or is an electrical power pole. However, in rare

cases, the owner's name is omitted or the nameplate itself is missing. In such a case, if the interconnection operator makes a request to NTT, then NTT will say whether the utility pole in question belongs to NTT or is an electrical power pole.

Sato: I would like to see such information compiled into a database to make these things easier to deal with.

Aida: After all, I would guess that all that is discovered is whether utility poles in question belong to NTT or not. I presume that it will be impossible to make everything known unless pertinent information is compiled into databases.

MIC: We have heard that information on electricity operators' utility poles is compiled into databases. So we think that an alternative could be that requests for information are made not to NTT but to electricity operators.

Sato: Am I right to understand that, to begin with, the development of databases is not assumed to be a prerequisite but interconnection operators are assumed to visit utility pole sites to confirm utility pole owners?

MIC: Our stance is that although databases are available, interconnection operators should, before making inquiries to NTT, conduct preliminary surveys that include confirming their own joint-use points, thereby applying for joint use in such a way as to be compatible with actual conditions.

Naoe: If NTT can charge for providing database information, then NTT ought to provide that information properly.

MIC: We have heard from NTT that the pertinent information does not concern interconnection. NTT cannot make a distinction as to whether requests for information are made for the purpose of investigating utility poles or with the aim of making joint use of NTT's poles. Therefore, NTT is unable to uniquely regard such information as data to be used for interconnection. It seems that NTT sees this as a problem.

Sato: Is it the case that such information will be provided if it is to be used for interconnection purposes but that currently such information is not given, since there is a possibility that the information may not be used for such purposes? I think that if NTT is being overly cautious, it should explain why, so that it will not give the impression that it is acting in an unfriendly manner towards other operators. I would like to request that what I have just said be conveyed to NTT.

Sato: I think things will get better if all parties make a little more effort. Maybe a little more flexibility is in order.

Toukai: I agree.

MIC: In the case of desktop studies, if NTT receives applications for joint-use points on utility poles that it does not possess, then there is no need to deal with such applications. On the part of interconnection operators, it is meaningless if it cannot be confirmed that the utility poles on which joint-use is intended are NTT's poles and that vacant joint-use points are available. Therefore, interconnection operators first confirm that the utility poles of interest are NTT's poles and then file applications for joint use by attaching the photographs of the pertinent joint-use points. Consequently, the pertinent regulations for identifying utility pole owners are meaningful.

Toukai: Well, then, I would like to give an account of the subject Draft Report to the Telecommunications Business Sub-Council.

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