

Interconnection Committee — 109th Meeting
Summary of Minutes

1. Date and Time

Tuesday, March 25, 2008; 10:00–12:00

2. Location

3rd Special Conference Room

3. Attendees (honorifics omitted)

(1) Committee Members

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

(2) MIC Representatives

Takeuchi (Director-General, Telecommunications Business Department),
Furuichi (Director, Tariff Division), Muramatsu (Senior Planning Officer, Tariff Division),
Imura (Deputy Director, Tariff Division), Teraoka (Deputy Director, Tariff Division),
Secretariat

[Meeting summary]

1. 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 (Revision of Interconnection Charges etc. for FY 2007 and FY 2008 based on Actual Cost Method) (Draft Report)
 - The Ministry of Internal Affairs and Communications (MIC) explained the Draft Report. Subsequently, deliberations were held.
 - It was decided that the following be carried out with regard to the amendments made on the basis of the issues pointed out by the Committee Members: Coordination will be made by the Chair and the Secretariat; at a later date, consent will be obtained from the relevant Committee Members; the said amendments will be reported to the Telecommunications Business Sub-Council.
2. 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 (Revision of Interconnection Charges etc. for FY 2008 based on Long-Run Increment Cost Method) (Draft Report)

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[Major opinions, etc.]

1. 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 (Revision of Interconnection Charges etc. for FY 2007 and FY 2008 based on Actual Cost Method) (Draft Report)

Aida (Committee Member): The expression “charges are reduced across the board” is given in several places in the “Opinions and Concepts.” This expression gives rise to a sense of incongruity. I presume it would be better to change the wording to “most charges are reduced,” for example.

Toukai (Chair): I agree. However, I would like to ask that the final wording be left to me.

Page 25 of the Outline of Applications says that averaging of calculations of line management and operation costs is subject to authorization under Article 3 of the Rules for Interconnection Charges. What is the reason for this? I presume that the act of such averaging can be regarded as a general technique for charging costs.

MIC: According to the Rules for Interconnection Charges, the principle is to calculate line management and operation costs for individual line types. This time, the relevant costs for the following three types of lines are calculated in the aggregate: base station lines; dry copper lines; and optical fiber lines. This case therefore constitutes an exception to the principle of individual calculation, thus requiring authorization under Article 3 of Rules for Interconnection Charges.

Toukai: Do the provisions require that individual calculation be made? Wasn't this case “fair and appropriate in light of costs”?

MIC: You are right in legal terms. Basically, it is specified that line management and operation costs be calculated for individual functions.

Toukai: Depending on type of cost, it becomes necessary to perform allocation when common costs are generated. Before allocation is performed, costs are common. However, if allocation is conducted, individual costs will result. Each approach is a technique in its own right. I presume it unreasonable to argue that failure to perform allocation leads to not achieving “fairness and appropriateness in light of costs.” In the current case, it is permissible to give authorization under Article 3 of the Rules for Interconnection Charges. In the future, however, it will be necessary to introduce concepts based on incremental costs and to flexibly study matters such as allocation methods for cases where costs that are common to two or more types of services exist.

Toukai: With regard to the question of the handling of costs pertaining to public telephone functions mentioned in the “Opinions and Concepts,” there is no choice but for the answer to be the same as before. In the future, when public telephones will further decrease, it will be necessary to more elaborately consider matters such as a method of imposing burdens that is compatible with environmental considerations.

Furthermore, opinions on service lives were received. There are no absolute service lives, to begin with. Service lives are decided on the basis of various policy considerations. For example, in the case of facilities pertaining to services for which demands are on the increase in reality, there is a possibility that service lives are increased, thereby reducing costs.

In addition, it is difficult to say that the word “intentionally” mentioned in Concept 4 is appropriate. If the concept is to be stated from the point of view of policy considerations, there ought to be a more appropriate expression.

Is this the first time that stack testing will be performed after the Guidelines are formulated?

MIC: Yes, that is right.

Toukai: If there are no other opinions on these matters, I would like to have the following done:

The Draft Reports will be amended on the basis of the issues pointed out in this meeting; the amended Draft Reports will be presented in the Telecommunications Council by way of reporting the results of the studies made by this Committee. In this connection, I would like to ask that the revisions to the Opinions and Concepts be left to me. It will be arranged for such revisions to be coordinated with the Secretariat and then submitted to you for confirmation at a later time.

2. 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 (Revision of Interconnection Charges etc.

for FY 2008 based on Long-Run Increment Cost Method) (Draft Report)

Aida: I am referring to Concept 3. If the principle is to carry out unbundling in cases where requests are made by interconnection operators and where unbundling is technically feasible, then it is an exaggeration to write “there is neither necessity nor relevance.” I understand that unbundling certainly has no direct bearing on the reallocation of the cost of the transmission path between Feeder Points RT and GC. However, from a technical viewpoint, a study should be made of the interconnection pattern at Feeder Point RT. I therefore presume that this time it is better to use wording such as “consultations should be held separately regarding the issue of feasibility or infeasibility.”

Toukai: I agree.

MIC: We would like to make corrections by taking what was pointed out into account.

Fujiwara (Committee Member): On the contrary, it seems that Concept 6 is an exaggeration. I presume it is unnecessary to write to such an extent.

MIC: Concept 6 is a quotation from the report titled “Calculation of Interconnection Charges in and after FY 2008,” which was submitted in September last year.

Fujiwara: I understand that fact. Be that as it may, the opinion given here concerns a request for studies on the establishment of different interconnection charges by NTT East Corporation and NTT West Corporation. I think it is not necessary to make detailed statements of what is beyond the scope of the opinion. Softer expressions should be used.

Toukai: Even if the last paragraph of Concept 6 is deleted, the overall content is not likely to change. I would therefore like to propose a revision to that effect.

MIC: We would like make a revision on the basis of what you pointed out.

Toukai: If there are no other opinions, I would like to make the following arrangements: It is necessary to revise Opinions and Concepts in two places, but such revisions do not affect the whole picture. Therefore, as in the preceding case, I will make the revisions, which will then be coordinated with the Secretariat and submitted to Committee Members for confirmation. Subsequently, presentation of the revised Draft Report will be made in the Telecommunications Business Sub-Council by way of reporting the results of the studies made by this Committee.

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