CityFibre

Review of Ofcom's proposed overhead lead-in processes for DPA

Non-Confidential Version

Supplementary submission to Ofcom by CityFibre Infrastructure Holdings PLC

October 2017

Contents

Additional submission by CityFibre in relation to Ofcom's WLAMR consultation published March 2017

1 Executive Summary

1.1.1 CityFibre offers this supplementary submission to Ofcom on the subject of Ofcom's proposed overhead lead-in processes. Our motivation is producing this submission is that we consider Ofcom's current proposals all but unworkable and we would have severe concerns about using them.

1.1.2 We have three primary concerns in relation to Ofcom's proposals:

(1) Firstly, Ofcom's proposal that only Openreach can implement network adjustments on poles, and

(2) Second, that the process requires several appointments with the end customer and cannot accommodate a short and predictable installation period; and

(3) Lastly, that it is necessary to place an order with Openreach in order to get an installation date for an individual customer. If the customer then is unhappy with the time to provide the service that order needs to be cancelled.

1.1.3 CityFibre considers that history has proven that when BT/Openreach has in the past insisted that only its own engineers can undertake certain functions, this has proven unfounded and today CPs are authorised to undertake repairs and amendments in relation to LLU, to NTE and Ofcom is proposing that CPs can perform a number of functions in relation to the PIA product including accessing the Openreach ducts and chambers.

1.1.4 It is CityFibre's view that the overhead lead-in processes will weaken the PIA product to the extent that its benefits in terms of reducing capital investments and speeding up the roll-out of full-fibre networks could be substantially reduced.

1.1.5 CityFibre presents in this submission what it considers to be the key problems as well as proposals for how the processes could be amended to overcome those problems and make the PIA product fit-for-purpose.

2 Introduction

2.1.1 CityFibre plans to deploy full-fibre networks in at least 10 towns and cities across the UK and need to use the improved PIA services proposed by Ofcom in its April DPA consultation and subsequent August DPA pricing consultation in order to improve the economics and timeframes of these substantial investments.

2.1.2 CityFibre has invested substantially in conducting a large trial of the current PIA services in Southend and has substantial experiences and lessons from that trial which we are happy to share with Ofcom. The financials of using PIA in Southend was particularly shared with Ofcom in our response to the recent DPA pricing consultation.

2.1.3 CityFibre has responded separately to both of the above two consultations and it its response to the April DPA consultation drew particular attention to the problems resulting from Ofcom's proposed overhead lead-in processes[1]. This subject was then again discussed with Ofcom during a visit by Ofcom to CityFibre's PIA trial in Southend in August.

2.1.4 In essence, CityFibre finds that Ofcom's proposed processes for overhead lead-ins introduces an unacceptable level of uncertainty regarding customer installation times and also creates un-necessary complexity in requiring multiple customers appointments for the installation process. It is CityFibre's current view that unless the overhead lead-in processes are changed, then it is unlikely that CityFibre will be able to make substantial use of the service.

2.1.5 When combined with the fact that Openreach's records of its underground lead-in facilities are such that it is very difficult for a CP to make meaningful use of those facilities[2], the currently unacceptable overhead lead-in processes result in CityFibre possibly not being able to make use of Openreach's lead-in facilities at all or to a very limited extent.

2.1.6 Given that CityFibre may prove to be the only CP using PIA services at scale, we ask that Ofcom seriously reconsiders its position on overhead lead-ins (and also on the need to remedy unusable underground lead-ins where these are either directly buried or in ducts that cannot accommodate a CP connection).

[1] See CityFibre consultation response paragraphs 7.1.20, 7.1.32, and 7.1.48 to 7.1.59.

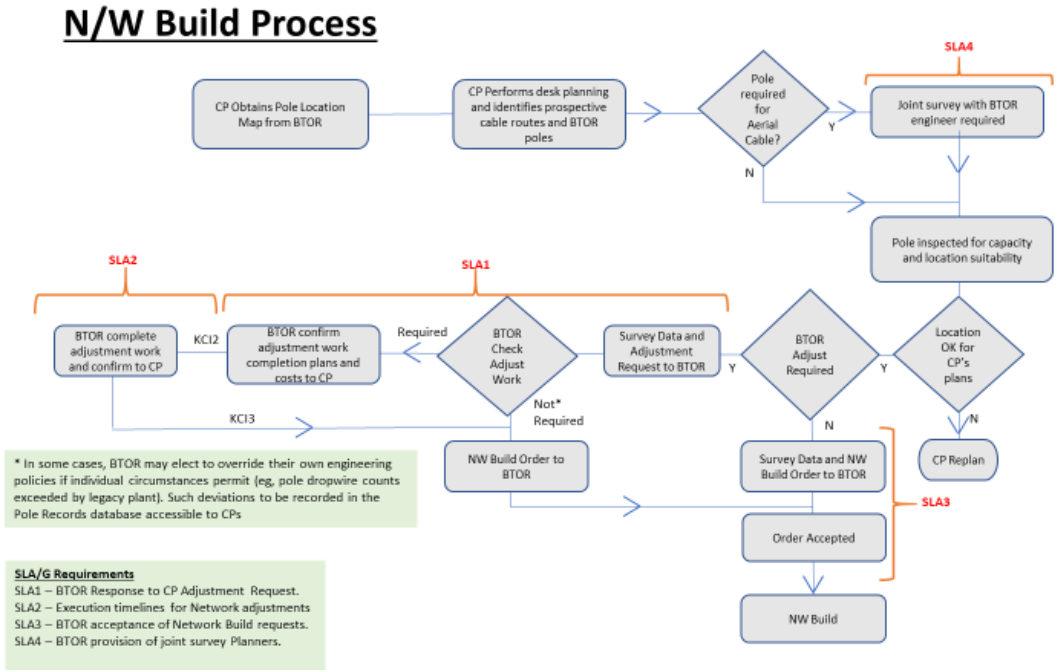
[2] Openreach claims to have no or very bad records of whether cables connecting premises are directly buried or in ducts and Ofcom is proposing that Openreach should not be responsible for the network adjustments required to overcome that situation. See CityFibre's response to the DPA pricing consultation paragraphs 3.2.3, 4.2.7 to 4.2.12, and 5.1.4.

3 CityFibre's understanding of Ofcom's proposed overhead lead-in processes

3.1.1 In order to understand the lead-in processes, it is first necessary to understand the surrounding processes, in particular the 'Network Build' process. This is the process for requesting PIA services in a particular area and building the main network, up to, but not including connection of individual end-customer premises.

3.2 The network build process

3.2.1 Our understanding of the network build process relating to the use of Openreach's pole infrastructure is set out below (please note that full-size copies of the slides are included in Annex A):



3.2.2 Of particular importance in the context of the overhead lead-in processes, is the process points relating to the surveying of poles and the resulting decisions of whether the pole is suitable for the CP's requirements, including whether it has sufficient capacity both for drop wires and for the placement of manifolds, etc.

3.2.3 In order to minimise complications at the time of implementing actual end customer connections, it is critical that this initial process is as thorough and complete as possible. We recognise that the occupation of individual poles may change between this initial phase and when customer connections are implemented, but that should be in only a small number of cases.

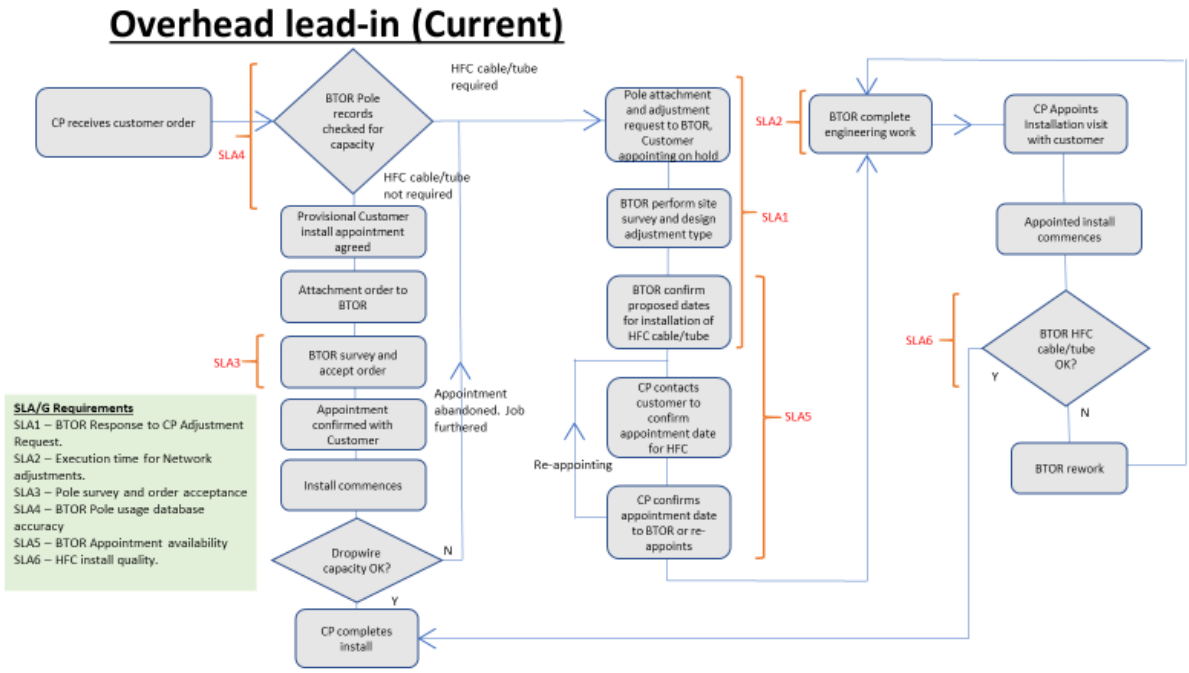
3.2.4 We have also taken the opportunity in this diagram to indicate where we consider that SLAs and SLGs are required to ensure that the process is as smooth and predictable as possible.

Although this process is not the main focus of this submission, we would be pleased to meet with Ofcom to go through it in detail.

3.2.5 The reference to KCIs mean that these are points where Openreach needs to communicate status and/or findings to the CP. KCI means Keep Customer Informed.

3.3 The overhead lead-in processes

3.3.1 Below is our illustration of our understanding of Ofcom's current proposals for the overhead lead-in process[3].



3.3.2 There are three important factors to consider in this process:

(1) Firstly, Ofcom's proposal that only Openreach can implement network adjustments on poles, and

(2) Second, that the process requires several appointments with the end customer and cannot accommodate a short and predictable installation period; and

(3) Lastly, that it is necessary to place an order with Openreach in order to get an installation date for an individual customer. If the customer then is unhappy with the time to provide the service that order needs to be cancelled.

Implementing network adjustments to Openreach's pole infrastructure

3.3.3 CityFibre is confident that there are no good reasons why an accredited CP engineer (or other suitably qualified and certified person) cannot perform certain network adjustment tasks to Openreach's poles, in accordance with previously agreed and fully documented guidelines.

[3] Full size copy can be found in Annex A.

(The scope of permitted tasks and the associated engineering practices, would of course be agreed and standardised with BTOR).

3.3.4 CityFibre considers Openreach's position on this to be unjustified and asks that Ofcom reconsider its position on this point. If one looks at history, BT/Openreach originally stated that the integrity of its network would be at risk if CP representatives were to have access to its facilities to effect LLU and also in relation to CPs being able to perform repairs and adjustments to NTE. Experience has however shown that this is not the case and Ofcom's proposals for the PIA processes involving network adjustments on ducts and chambers recognise that these are tasks that can safely and efficiently be conducted by CP representatives.

3.3.5 It should be acknowledged that the representatives used by CPs to perform network adjustments are very often the very same companies and individuals as used by Openreach itself. To suggest that they are qualified to perform these tasks when commissioned by Openreach, but not when commissioned by a CP seem irrational.

3.3.6 To insist on Openreach undertaking surveys and network adjustments on poles introduces a layer of complexity which is unjustified and which leads to unduly lengthy and complex processes which will have a direct impact on the ability of CPs to successfully market the full-fibre services.

3.3.7 It would be necessary to produce clear guidelines for which adjustments to implement in specific circumstances and there will be situations where an Openreach representative would need to be involved, but these would be the exception rather than the rule.

Complex and lengthy end customer interfaces

3.3.8 As illustrated above, the Openreach network adjustment (installation of a tube or hybrid fibre copper (HFC) cable between the pole and the customer premises, would require a customer appointment. As the customer has decided to move to the CP, the customer interfaces must go via the CP, thus requiring a convoluted process of suggesting appointments and finally confirming an appointment both Openreach and the end customer can accommodate.

3.3.9 It is generally recognised that requiring multiple appointments is a turn-off for customers and we would expect it to cause a significant reduction in the take-up of the full-fibre services as the making of several appointments has proven to cause customers to withdraw orders in the past.

3.3.10 Of equal significance is the fact that Ofcom's proposals would result in a very long gap between the end customer ordering the new service till it can be installed. During our meeting in Southend, Ofcom suggested that there would be SLAs and SLGs which would ensure that the period would not exceed 48 hours plus 14 (calendar) days[4].

3.3.11 In negotiations with downstream CPs who would be retailing services in the CityFibre full-fibre networks, however, our experience is that they do not find these timeframes acceptable at all. In our York trial, we delivered customer connection to a 5-day (working days) timeframe and the CPs were pushing for an even shorter timeframe. It is their experience (they tell us), that

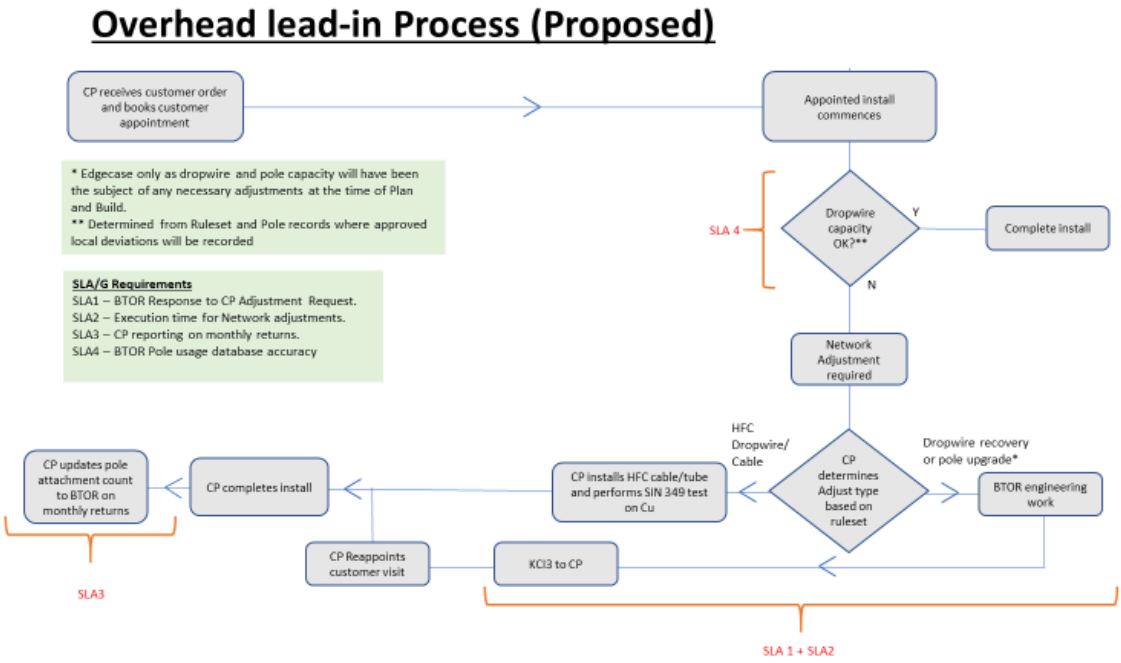
[4] Ofcom suggested that the 14 (calendar) days' timeframe reflected BT's current practice and is shorter than the Virgin Media 3-week time, so should be acceptable to CPs marketing full-fibre services.

longer lead times for installation makes the proposition substantially attractive to end customers.

3.3.12 If Ofcom were to mandate that suitably qualified and accredited CP representatives can undertake surveys of and adjustments to the Openreach pole infrastructure (within clearly documented guidelines), then these issues would not arise and CityFibre urges Ofcom to review it position.

4 CityFibre's proposed alternative overhead lead-in process

4.1.1 In order to assist Ofcom, we have developed a proposal for how the overhead lead-in process could be improved to avoid the need for Openreach representatives to survey and implement the necessary adjustments to Openreach's poles. That process is set out below[5].



4.1.2 As is evident from the illustration above, our proposed process is substantially simpler than that which we understand to be proposed by Ofcom. There is a single end customer appointment (except in exceptional cases where this proposed process would revert to the process currently proposed by Ofcom, as there would be the need for an Openreach representative to survey and implement network adjustments that are outside the scope of those that can be undertaken by CPs themselves. This is represented by the activity labelled "BTOR engineering work").

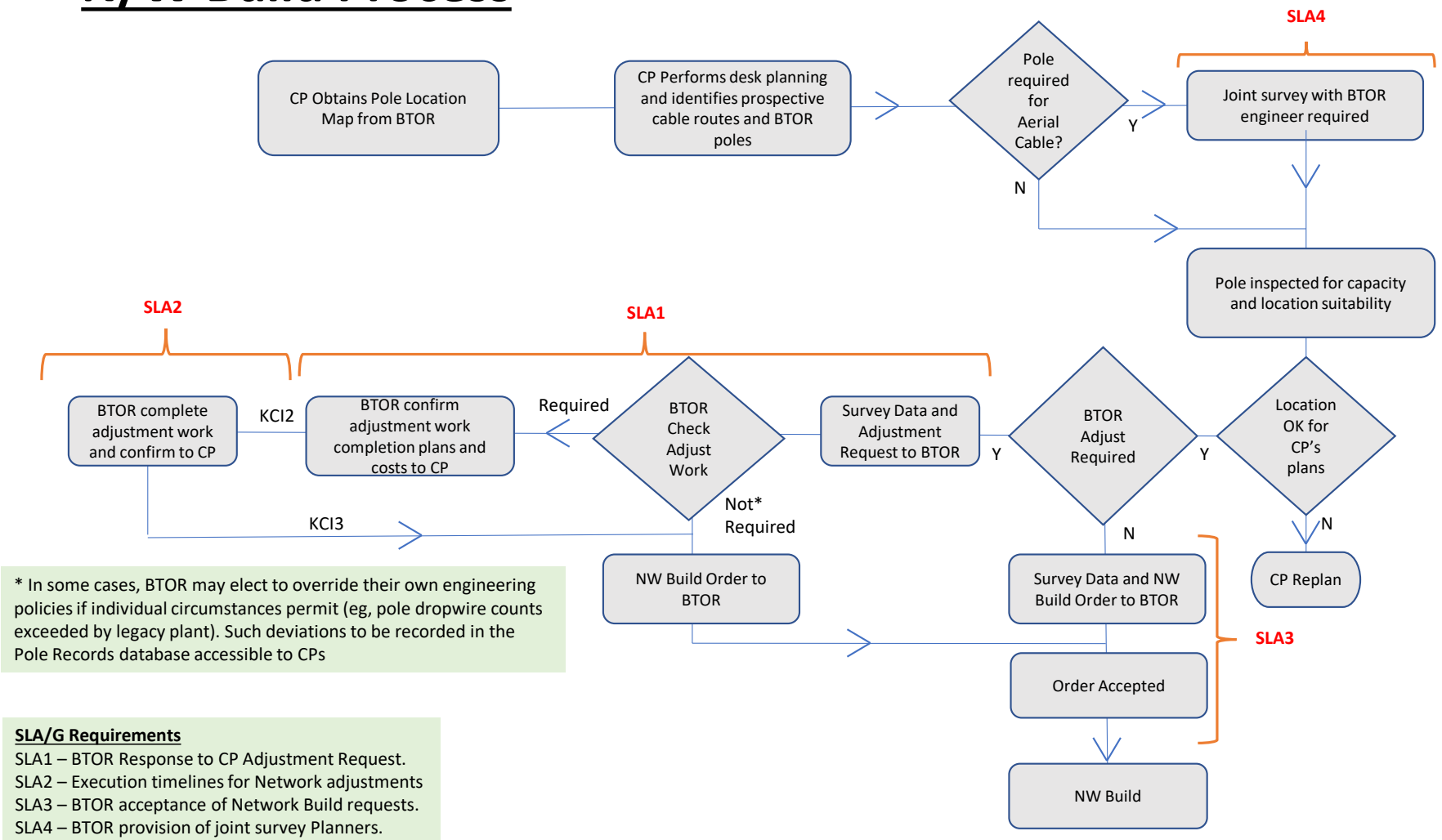
4.1.3 We believe that the above proposed process speaks for itself, but we would be pleased to meet with Ofcom to present it and discuss any concerns Ofcom may have. The adoption of a process along these lines would make the overhead lead-in product viable for use at scale and would

[5] Full size copy can be found in Annex A.

constitute a substantial improvement to the PIA product portfolio currently proposed by Ofcom.

5 Annex A

N/W Build Process

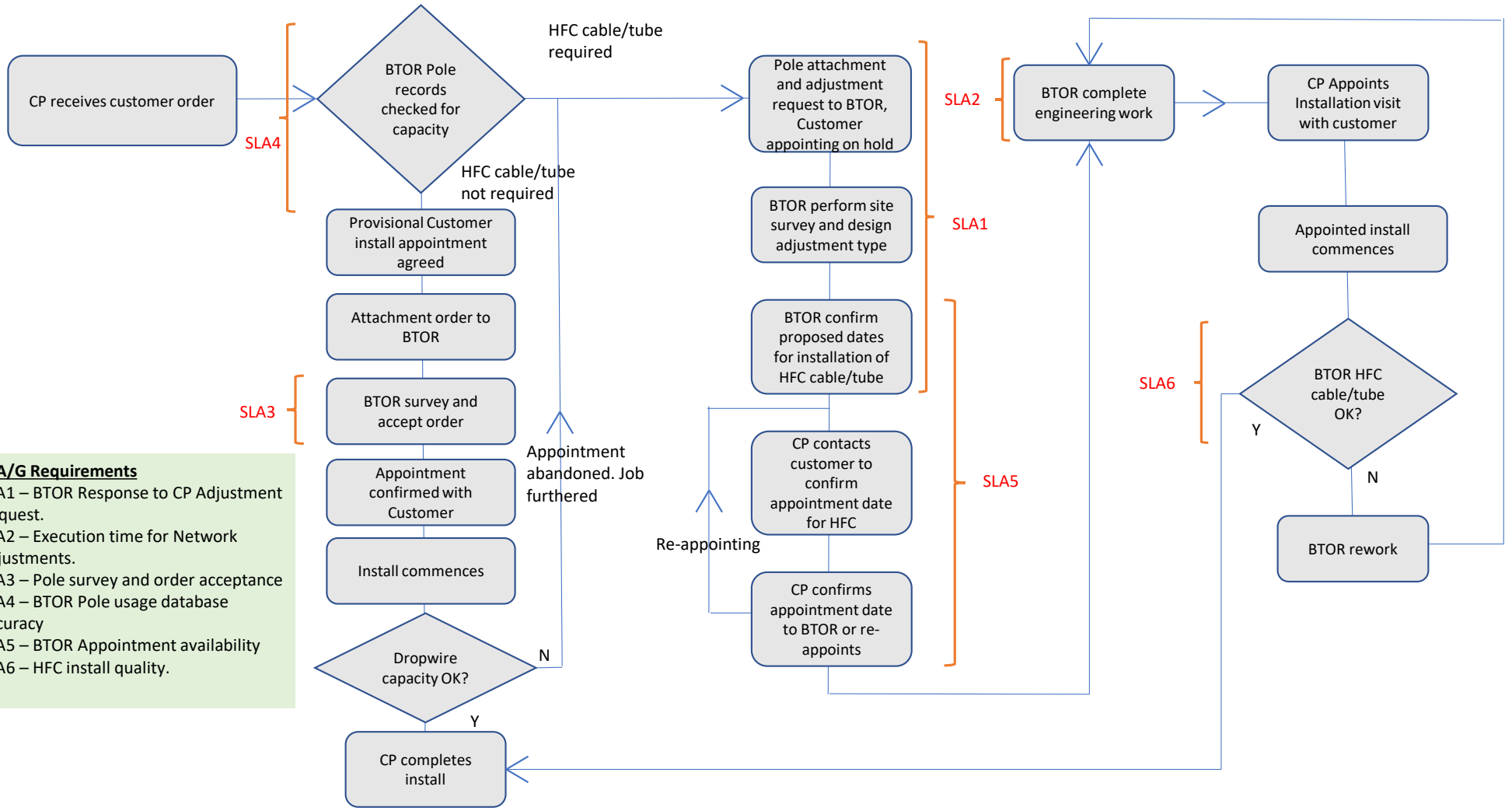


* In some cases, BTOR may elect to override their own engineering policies if individual circumstances permit (eg, pole dropwire counts exceeded by legacy plant). Such deviations to be recorded in the Pole Records database accessible to CPs

SLA/G Requirements

SLA1 – BTOR Response to CP Adjustment Request.
SLA2 – Execution timelines for Network adjustments
SLA3 – BTOR acceptance of Network Build requests.
SLA4 – BTOR provision of joint survey Planners.

Overhead lead-in (Current)



SLA/G Requirements

SLA1 – BTOR Response to CP Adjustment Request.
SLA2 – Execution time for Network adjustments.
SLA3 – Pole survey and order acceptance
SLA4 – BTOR Pole usage database accuracy
SLA5 – BTOR Appointment availability
SLA6 – HFC install quality.

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Overhead lead-in Process (Proposed)