

**Charges for Mobile Number Portability (MNP)
Porting Activity Service (Porting) and
Database Interrogation Service (Dipping)
Operated by PCCW-HKT Telephone Limited (PCCW-HKTC)**

**Statement of
The Telecommunications Authority of Hong Kong**

30 May 2002

Background

Since the implementation of MNP in March 1999, PCCW-HKT Telephone Limited (PCCW-HKTC) has offered Porting and Dipping services to mobile operators. The charges for the services have been approved by the Telecommunications Authority (TA) in accordance with the tariffing conditions of PCCW-HKTC's Fixed Telecommunications Network Services (FTNS) Licence.

2. The Office of the Telecommunications Authority (OFTA) has conducted regular reviews on PCCW-HKTC's Porting and Dipping charges based on the principles set out in TA Statement issued on 28 August 1998 entitled "Number Portability for Public Mobile Services in Hong Kong: Cost Recovery Framework" (the "August 1998 Statement").

3. The Porting charge was initially set at \$26 per porting activity in March 1999 when MNP was implemented. It was reduced to \$17 in October 1999 and further lowered to \$10 in November 2000. It is now due for review.

4. The Dipping charge has been 1.19 cents per database interrogation (or dip) since March 1999 and is also due for review.

Recent Review

5. PCCW-HKTC has submitted tariff revisions on the Porting and Dipping charges and the TA has carried out a review.

MNP Port Charge

In accordance with the August 1998 Statement, the Porting charge should be the Per Subscriber Set-Up Costs, which consists mainly of the administrative costs and the database updating costs. The review shows that PCCW-HKTC has recovered the capitalised AD server set-up costs including a fair return on cost of capital in the past years. With the operation of the service for a period of time, efficiency and labour deployment are much improved. The Porting charge would be revised from the current level of \$10 to \$2.5 per porting activity.

MNP Dipping Charge

Fixed to mobile

In accordance with the August 1998 Statement, the Dipping charge is for recovering the system set-up and additional conveyance costs on a recurrent basis based on the number of database interrogations. The level of charge would be estimated based on the LRAIC, including cost of capital, plus a reasonable share of the common costs. The MNP dipping charge is calculated to recover initial capital investment including cost of capital, recurrent network equipment operation and maintenance costs and some common costs. As in the case of the Porting charge, about half of the initial set-up costs including a fair return on cost of capital has been recovered in the past years. Hence the Dipping charge would be reduced from 1.19 cents to 0.50 cent per dip. The cost of capital allowed is 15%.

Mobile to Mobile

As the handling of mobile to mobile dip is similar in usage of resources as that for fixed to mobile dip, there is not much difference in the costing. The charge level is the same, that is 0.50 cent per dip. But given this is a competitive service, operators may choose to provide their own service or obtain the service from other operators operating the MNP database.

Effective Date for the Revised Charges

6. The PCCW-HKTC's Fixed to Mobile Dipping charge will be

revised to 0.50 cent per dip and Porting charge will be reduced to \$2.5 per porting activity with effect from 1 June 2002. Accordingly the company will revise and publish the tariffs for Porting and Dipping services in accordance with General Conditions 21 and 20 respectively under its FTNS Licence. OFTA will review the charges annually to ensure that the charges would be revised to an appropriate level if necessary.

Office of the Telecommunications Authority
30 May 2002