

Glossary

900 MHz	The band of frequencies around 900 MHz available for mobile telephony; the principal band used by Cellnet and Vodafone .
1800 MHz	The band of frequencies around 1800 MHz available for mobile telephony; the band used by Orange and One2One .
1984 Act	The Telecommunications Act 1984.
Access	Connection to a network, giving the ability to make and receive calls.
Access business	The BT business containing all the income costs, assets and liabilities associated with providing connections, takeover, and maintenance of exchange lines.
Accounting separation	The regulatory arrangements, provided for under condition 20B of BT's licence, whereby the company prepares, submits to the DGT and publishes accounts for various defined businesses and activities. Such accounts are currently prepared on both HCA and CCA bases.
AD	Accounting Documents.
ADC	Access deficit contribution.
Aggregator (or switchless reseller)	A service provider offering indirect services using low-cost routing over the networks of other operators.
Annex II operators	Companies referred to in Annex II of the Interconnection Directive , with rights and obligations to negotiate interconnection with each other.
Arbitrage schemes	Commercial schemes employed by service providers and network operators to exploit anomalies in tariffs set by other operators.
AS	Accounting separation.
ASB	Apparatus Supply business of BT.
Basket	The services, the prices of which are subject to price control. Within the basket each service is assigned a weight which determines its relative importance within the price control formula.
Beta	The coefficient which measures the degree of correlation between the returns of shares in a particular company and returns on the stock market as a whole. In the CAPM , the higher a firm's beta, the greater the systematic risk of an investment in that firm's shares (a beta coefficient of one implies that the firm is of average risk).
Billing system	System peripheral to a network's switching elements which measures the volume of calls made and generates appropriate accounting records.
Broadband	A large-capacity service or connection allowing a considerable amount of information to be conveyed, such as for television pictures.
BSC	Base station controller.

BT	British Telecommunications plc. Also, where appropriate, BT and its subsidiaries.
BTS	Base transceiver station.
C&W	Cable & Wireless plc. Also, where appropriate, C&W Group plc.
Call attempt	An attempt by a customer to make a call to another fixed or mobile phone.
Call back	Caller and call recipient agreeing that the recipient should call the original caller to complete their conversation.
Call drop-back	A method of providing number portability in which the recognition of ported numbers is carried out at the terminating exchange. During the call set-up phase, the donor operator's terminating exchange passes the necessary information about the call via the signalling system to the originating operator's trunk exchange. The voice path may then be established directly between the originating operator's exchange and the recipient operator.
Call duration	The time that a call is in progress, from the called party answering until the caller hangs up.
Called-party-pays	A system in which the called party, rather than the caller, pays all or part of the cost of a call.
Call set-up	The process of establishing a speech channel through the PSTN following the dialling of a number.
CAPM	Capital asset pricing model. A model used to estimate a firm's value or cost of capital.
Carrier pre-selection	A mechanism by which customers may automatically select a carrier other than the provider of their local loop .
Carrier selection	A mechanism by which customers may select a carrier other than the provider of their local loop by entering a short access code.
CATV	Cable and television. Broadband networks primarily for the delivery of television. Most cable television companies are also licensed to supply telephony.
CCA	Current cost accounting.
Cell	The area over which a BTS provides coverage.
Cellnet	Telecom Securicor Cellular Radio Limited, a wholly-owned subsidiary of CGL .
Central database	A database of numbers to be established once number portability has been implemented using a central database look-up solution. This would be held at one or more central locations (with back-up) and would be referenced by all operators when routing calls.
CGL	Cellnet Group Limited, of which BT owns 60 per cent of the issued share capital.
Charging period	A set period during the week, determined by the network operator, during which a particular tariff applies. The week is divided into

	charging periods (for example, day, evening, weekend).
Charging signal	A signal sent from a network receiving a call to one of its customers to indicate to the calling network that charging should commence. Normally sent once the call has been answered.
Churn	The rate at which customers leave a network. The usual measure is the number of disconnections from a network in a period expressed as a proportion of its customer base.
Closed user group	A group of people, such as a family, who care about the charges paid by other members of the group.
Concentrator	A component of an LE into which customers' lines are connected.
CVE	Cost/volume elasticity.
CWC	Cable & Wireless Communications plc. Also, where applicable, CWC Group plc.
D&P	A K Dixit and R S Pindyck. Authors of a book (<i>Investment under uncertainty</i> , Princeton University Press, 1994, that compares the opportunity to invest in a project with a financial option.
DAM	Detailed attribution methods.
Debt premium	The difference between the rate paid on corporate debt and the risk-free interest rate.
DECT	Digitally enhanced cordless technology.
DGIV	The Competition Directorate-General of the European Commission.
DGM	Dividend growth model. A model used to estimate a firm's value or cost of capital.
DGT	Director General of Telecommunications.
Dialling plan	The correspondence between dialled numbers and the services and customers that can be accessed when dialling those numbers.
Double tandem conveyance	Conveyance of a call via two or more BT tandem switches .
DQ	Inland and international calls placed with the operator to obtain information about UK and overseas telephone numbers.
DTI	Department of Trade and Industry.
EPMU	Equal proportionate mark-up.
Equity premium	The difference between the return on equity investment and the risk-free rate .
ETACS	Extended TACS.
ETSI	European Telecommunications Standards Institute. A standards body funded by its members and the European Commission to draft telecommunications specifications.
Externality	A cost or benefit that flows from a decision where this cost or benefit is not taken into account by the decision-maker.

FAC	Fully allocated costs.
Fixed network	A network offering fixed local loop services.
Fixed telephone	The equipment connecting a customer to a fixed network .
Fixed-to-mobile call	A call from a phone connected to a fixed network to a phone on a mobile network .
FNO	Fixed network operator.
FRA	Fixed radio access.
Frequency	The number of cycles per second of an electromagnetic wave. Expressed in Hertz (or, for radio waves, in MegaHertz).
Geometric mean	The n th root of the product of n numbers.
GMSC	Gateway MSC . The first MSC receiving an incoming call from the POI .
GSM	Global System for Mobile communications. The mobile telephony system introduced to the UK by Cellnet and Vodafone in 1991.
HCA	Historical cost accounting.
HHI	Herfindahl Hirschman Index. A measure of market concentration.
HLR	Home location register. A database that contains the details of customers who subscribe to the operator's network and the location of the mobile phone, if switched on and in coverage.
HTUK	Hutchison Telecom (UK) Ltd.
IMT 2000	International Mobile Telecommunications 2000. The international standard for third generation mobile telephony of which UMTS is the European component.
IN	Intelligent network. A network using a new generation of switching technology that allows switches in large networks to be controlled from one or more central points.
Incremental cost	The costs that arise as a result of the provision of the 'increment' to output of a good or service. In contrast with fully allocated costs, the incremental costs include only those costs that are directly caused by the provision of the increment.
Indirect access operator (or service provider)	An operator who may not own a network but leases bulk capacity from network operators to offer national and international services.
Inmarsat	International Maritime Satellite Organisation.
Interconnection	The connection of separately operated telecommunications networks.
Interconnection charge	Charge for interconnection. Also, sometimes used to denote termination charge .
Interconnection Directive	Directive 97/33/EC of the European Parliament and of the Council of 30 June 1997, on interconnection in telecommunications with regard

to ensuring universal service and interoperability through application of the principle of Open Network Provision of 30 June 1997 (OJL 199/32, 26.7.1997). Implemented in the UK in December 1997 through the Telecommunications (Interconnection) Regulations 1997 (SI 1997/2931).

International delivery payments (or settlement rates)	Payments made between international operators for the delivery of international calls.
International exchange	An exchange carrying traffic between the PSTN and other countries' networks.
International facilities licence	Licence allowing an operator to offer international services.
ISDN	Integrated services digital network.
ISP	Independent service provider.
ISR	International simple resale. The resale of leased international capacity by third party operators.
Kingston Communications	Kingston Communications (Hull) plc. The licensed FNO providing most fixed telephony in Kingston upon Hull.
LE	Local exchange. A switch used to control traffic carried between local access networks and tandem switches .
Leased line	A telecommunications link, leased from an FNO , that is not directly connected to the PSTN . Sometimes called a private wire .
Local access network	See local loop .
Local call	Calls within the local call area.
Local loop	The final link in the telecommunications network, from the LE to the customer.
LRIC	Long-run incremental costs.
MCL	Mercury .
Mercury	Mercury Communications Ltd, an FNO controlled by CWC .
MHz	MegaHertz, or millions of cycles per second.
MMC	Monopolies and Mergers Commission.
MNO	Mobile network operator.
MNP	Mobile number portability .
Mobile network	A network that conveys traffic originating from and directed to mobile phones.
Mobile phone	A telephone that is able to connect to the public infrastructure of a mobile telephone network via a radio interface.

MPC	Mercury Personal Communications Ltd.
MSC	Mobile switching centre.
MSS	Mobile satellite services.
National call	Calls to fixed phones other than local, regional and international calls .
National trunk network	The network of transmission lines that connect Les to tandem switches and tandem switches to one another.
Near-end handover	Calls being passed between networks at the nearest POI .
Network business	The business containing the fully allocated costs, assets and liabilities of that part of BT's Systems business relating to standard services provided to other operators or similar services provided to BT Retail Systems business.
Network elements	Elements of switching and transmission hardware into which BT's network can be subdivided.
NPV	Net present value.
NRA	National regulatory authority. In the UK, the DGT .
Number portability	The ability of subscribers to change network operator or service provider and keep the same phone and dialled number.
OFTEL	Office of Telecommunications.
OLO	Other licensed operator.
One2One	Mercury Personal Communications, a partnership between MPC and subsidiaries of US West Inc.
Orange	Orange Personal Communications Services Ltd, a subsidiary of Orange PLC.
Originating exchange	The exchange to which a caller is connected via the local loop (or base station controller) when making a telephone call.
PABX	Private automatic branch exchange.
Pager	A device for receiving short text messages.
PAMR	Public Access Mobile Radio.
PBX	Private branch exchange.
PCN	Personal communications network.
Peak period	Period of peak activity defined by an operator for any particular operator and service.
PMR	Private mobile radio.
POI	Point of interconnection. Physical point at which two operators'

	networks are connected for the exchange of telephony traffic.
POLO	Payment to other licensed operator. Same as termination charge .
Private wire	A leased line .
Processor	The component of a switch that electronically controls transactions by means of a stored program of operations.
PRS	Premium rate services. Recorded information services for which an additional charge is made.
PSTN	Public switched telephone network. The telecommunications networks of the major operators, on which calls can be made to all customers.
PTO	Licensed public telecommunications operator.
Racal	Racal Electronics plc.
Radio layer	The part of a mobile network that transmits and receives radio waves, comprising the BSCs and BTSs .
Ramsey pricing	An approach to pricing whereby common costs are recovered from different groups of customers by requiring less price-sensitive customers to bear more of the costs and more price-sensitive customers to bear less of the costs.
Regional call	Calls of less than 35 miles that are not local calls .
Retention	That part of the retail charge which is retained by an operator when a call originating on his network is terminated on another network.
Risk-free rate	The theoretical rate of interest which investors would accept for a risk-free investment.
Roaming	A mobile phone customer using a network other than the one that he or she subscribes to, usually abroad.
ROCE	Return on capital employed.
RPI	Retail price index.
RPP	Receiver-pays principle: see called-party-pays .
SB	Systems business of BT.
SDH loop technology	Synchronous digital hierarchy. A transmission protocol normally operated in a loop configuration to improve resilience.
Service layer	A separate part of a mobile network that exchanges operating data with MSCs and provides value-added services .
Settlement rates	See international delivery payments .
Signalling channel	The electronic connection from the originating LE to the final LE that conveys information regarding the set-up, duration and termination of a telephone conversation.
SIM	Subscriber identity module. An electronic card containing details of a subscriber's network affiliation and the calls he or she is entitled to

make.

Single tandem conveyance	Conveyance of a call via a single BT tandem switch .
SME	Small and medium-sized enterprises.
SMP	Significant market power. An operator is presumed to have SMP under the Interconnection Directive if it has more than 25 per cent market share by revenue. Operators with SMP have additional obligations under the Directive.
SMS	Short message service, a form of two-way paging .
Spectrum	A continuous block of frequencies .
Speech channel	The electronic connection from the originating LE to the final LE that conveys a telephone conversation.
Star type technology	Network architecture whereby each BTS is connected to the rest of the network via its own direct link.
SSB	Supplemental Services business of BT.
Switch	An electronic device that connects incoming transmission lines to alternative outgoing transmission lines under electronic control.
TACS	Total Access Communications System. The first UK public mobile telephony system introduced in 1985.
Tandem switch	Same as TE .
Tariff gradient	The ratio of charges in different charging periods .
TE	Trunk exchange. A switch used to control traffic on main trunk lines.
Termination	The acceptance by one operator, and connection of it to a customer on its network, of a telephone call from another network.
Termination charge (or rate)	Payment made by the operator of the network on which a call originates to the operator of the network on which the call terminates , if the two networks are different.
TETRA	Terrestrial European trunked radio access.
Traffic profile	The proportions of traffic (call volume) during different charging periods .
Transit layer	A number of inter-linked TSCs which carry calls between the POIs and MSCs .
Transmission	The conveyance of voice or data traffic along passive lines between switches .
Transmission lines	Lines for transmitting voice or data traffic.
Tromboning	Routing a telephone call between two networks via a third operator, rather than directly. Commonly used to refer to the case where the intermediate operator is overseas.
TSCR	Telecom Securicor Cellular Radio Limited. See Cellnet .

TSC	Transit switching centre. See Transit layer .
UMTS	Universal Mobile Telecommunications System, the European component of IMT 2000 . The third generation of mobile telephony systems, likely to be introduced in the UK after 2001.
Universal service obligation	A requirement to provide any customer with direct access to a switched telephone network at a reasonable price.
Usage factors	Used in the accounting separation regime to calculate the average cost of providing network services. Usage factors indicate the average number of network elements that are used for each type of service.
Value-added services	Services including paging and voicemail for which MNOs make an additional charge.
VMSC	Visited MSC . The MSC controlling the BTS currently providing coverage to a mobile phone.
Vodafone	Vodafone Limited, a subsidiary of Vodafone Group plc. Also, where appropriate, Vodafone Group plc.
Voicemail	A messaging service, similar to an answerphone, provided by telephone network operators.
VVAS	Vodafone Value Added and Data Services. Company providing voicemail and other services for Vodafone , part of the Vodafone Group.
WACC	Weighted average cost of capital.