

Title:

Individual 1

Forename:

Individual 1

Surname:

Individual 1

Representing:

Self

Additional comments:

Ofcoms proposal obviously affects wholesale provision primarily. Telcos are likely to pocket the reduced charges, and still continue to increase the price of services to the end user. Your proposals could act to increase the profitability of all telcos other than BT. Their response will be to raise voice call charges precipitately.

Ofcom regulates by statute. It chooses to ignore the fact that telcos use a framework of contract law to subvert these regulations, to the detriment if the end user.

Ofcom should address this issue, which causes market distortions.

Question 3.1: Do you agree with Ofcom's proposal to set synchronised charge controls for LLU and WLR?:

Yes

Question 3.2: Do you agree with Ofcom's proposal to set charge controls for LLU and WLR to expire on 31 March 2014?:

No. The Charge Control period should mirror the Governments, which controls business and household income, and therefore extend a further year.

Question 3.3: Do you agree with Ofcom's proposal to use a CCA FAC methodology to establish the cost base for the next LLU and WLR charge controls? Please give reasons for your answer. (Note that respondents are also invited to comment on continuation of the RAV approach in Question 3.5 below.):**Question 3.4: Do respondents agree with our proposal to apply anchor product pricing as a guiding principle in setting the charge controls, whilst**

including economies of scope which result from the allocation of costs in our financial modelling? Please give reasons for your answer.:

Question 3.5: Do you agree with our assessment that the decision on the treatment of pre-1997 duct assets set out in the 2005 Valuing BT's Copper Network remains appropriate for this set of charge controls? If not, why do you consider that the basis of valuing pre-1997 assets should change and what valuation basis should be used?:

Question 3.6: We note that we would expect that the difference between the charges for MPF and PIA should be at least as great as the difference in their respective incremental costs. Thus, if we maintain the RAV adjustment in copper based access services, we would expect that any assessment that we make of duct access charges would reflect a consistent approach to asset valuation, recognising the RAV adjustment. We consider this to be consistent with economic considerations and the European Commission's NGA recommendation. Do you agree with this assessment of the need to recognise the RAV adjustment in the setting of duct access charges? If not, please give your reasoning.:

Question 3.7: Do you agree that it remains appropriate to value post-1997 assets on a replacement/CCA basis? If not, please give your reasoning.:

Question 3.8: Do you agree with our assessment that as BT's recent valuation of post-1997 assets is not consistent with alternative estimates of replacement values it does not form an appropriate basis for setting charges? If not, please give your reasoning.:

Yes.

Question 3.9: Do you agree with our proposal to include a valuation of duct in the charge controls based on indexation of post 1997 expenditure? If so, should this indexation be based on RPI:

Question 3.10: Do you agree with our proposal to discount the indexed value by an estimate of a national roll out of duct? If so, do you consider BT's estimate of 14.5% to be appropriate? If you disagree with our approach please give your reasons.:

Question 3.11: Our range for the duct value is defined by the degree to which BT is able to establish contracts with cost below the national average? Do you consider that it is reasonable to expect BT to achieve below national costs on average?:

Question 3.12: Do respondents agree with our preferred approach to use glide paths to align charges with costs except in the circumstances discussed above where one-off adjustments may be preferable? Please give reasons for your response.:

Question 3.13: Do you agree with Ofcom's proposal to impose the arrangements for charge control compliance and requirements for provision of data set out in Annex 12? Please give reasons for your answer.:

Question 3.14: Do you agree with Ofcom's proposal to use the RPI as the appropriate measure of inflation for indexation? Do you agree that change in RPI for the year to 31 October preceding the start of each Relevant Year should be used? Please give reasons for your answers. :

Yes. This is the primary base used by telcos for setting their retail charges.

Question 3.15: Do you agree with Ofcom's proposal to retain provisions for ?Carry Over? in the new controls? Please give reasons for your answer.:

Question 3.16: Do you agree with Ofcom's proposal that charge changes made under the new controls prior to April 2012 should be made with a minimum 28 days notice? Please give reasons for your answer.:

Question 3.17: Do you agree with Ofcom's proposal that charge ceilings for key services should be set for the 1st period of the new controls ? i.e. the period between the first day of the new controls and 31 March 2012? Please give reasons for your answer.:

Question 4.1: Do you agree that we should set separate line rental charge controls for (i) MPF rental and (ii) SMPF rental? :

Question 4.2: Do you agree that separate baskets for MPF ancillary services, SMPF ancillary services and co-mingling ancillary services is appropriate to mitigate the opportunity for gaming while providing Openreach some flexibility to efficiently adjust prices?:

Question 4.3: Do you agree that we should set basket specific controls as opposed to a single control which is applied to all baskets?:

**Question 4.4: Do you agree that measuring compliance of basket controls against prior year volumes (as opposed to current year volumes) is a proportionate and practical approach to charge controlling ancillary services?
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Question 4.5: Do you agree that inertia clauses applied to the ancillary services baskets should be tightened from their current level of 10%? Please

give views on the appropriate level of inertia clauses in the range 2% to 7.5%.::

Question 4.6: Do you agree that we should not align or intervene to narrow the differential in charges for MPF and SMPF expedite?:

Question 4.7: Do you agree that we should align the price jumper removals?:

Question 4.8: Do you agree that we should use the weighted average of current prices to estimate the 2010 price of the service for jumper removals?:

Question 4.9: Do you agree that option 1, that is ensuring the alignment of similar charges at the beginning of the charge control period but not imposing any further obligation on Openreach to keep charges aligned, is the most appropriate and proportionate way to avoid competitive distortion caused by the misalignment of prices?:

Question 4.10: Do you agree that a charge control of RPI-X should be imposed on MPF new provide to bring the charge into line with CCA FAC by the end of the charge control period?:

Question 4.11: Do you agree that charge controls control in the range RPI-7.3% - RPI-10.3% (base case RPI-8.8%) should be imposed on MPF transfer and SMPF connection to bring the charges into line with CCA FAC by the end of the charge control period? :

Question 4.12: Do you agree that the charge for MPF and SMPF cease should be zero and costs recovered from rental charges?:

Question 4.13: Do you agree that the 70 low volume products in the co-mingling basket should continue to be charge controlled within the co-mingling basket?:

Question 4.14: Do you agree that time related charges should remain out of the scope of the charge control and subject to general remedies applied in the WLA market review?:

Question 4.15: Do you agree that special fault investigations should remain out of the scope of the charge control and subject to general remedies applied in the WLA market review?:

Question 4.16: Do you agree that the charges for special fault investigations should remain aligned between MPF and SMPF?:

Question 4.17: Do you agree that electricity charges should remain out of the scope of the charge control but subject general remedies set in the WLA market review?:

Question 4.18: Do you agree that both MPF and SMPF expedited connections should be charge controlled within the MPF and SMPF ancillary services baskets?:

Question 4.19: Please indicate which of the Options 1 ? 4 you think would be the most effective method of regulation of LLU enhanced care services. Please indicate whether you think Option 4 (removal of the cost orientation requirement and creation of a new requirement that the charges for LLU enhanced care should not be misaligned from those for equivalent WLR enhanced care services) would be an effective remedy.:

Question 4.20: Do you agree that new services which partially or fully replace existing services should be included in the charge controls? :

Yes.

Question 5.1: Do you agree that the core rental should be subject to a charge control which sets the price of the WLR core rental on a glide path to ensure it recovers CCA FAC costs by the end of the charge control period?:

Question 5.2: Do you agree that WLR transfer should be subject to a separate charge control? Please give reasons for your answers.:

Question 5.3: Do you think that Ofcom should adopt Option 1 or 2 above as its approach to the pricing of WLR transfer during the next charge control? Please give reasons for your answer.:

Question 5.4: Do you think that the cost orientation obligation should be removed from WLR transfer services? Please give reasons for your answers.:

Question 5.5: Do you agree that the price for WLR new provide should be subject to a separate control which ensures that the price is aligned with FAC by the end of the charge control period? :

Question 5.6: Do you agree that a charge control would not be practical for MPF to WLR conversion given the low volume of services.:

Question 5.7: Do you agree that charges for MPF to WLR conversion should not be aligned precisely to the charge for WLR to MPF? :

Question 5.8: Do you agree that charges for calling and network features should not be charge controlled? Please give reasons for your answers.:

Question 5.9: Do you agree with that pre-validation charges should not be charge controlled? Please give reasons for your answers.:

Question 5.10: Do you agree with that ISDN to WLR conversion charge should be subject to cost orientation obligation but should not be charge controlled? Please give reasons for your answers.:

Question 5.11: Do you agree with that cancellation charges should not be charge controlled? Please give reasons for your answers.:

Question 5.12: Do you agree that time related charges should remain out of the scope of the charge control and subject to general remedies applied in the WAEL market review?:

Question 7.1: Do you agree with our general approach to estimating costs? :

Question 7.2: Do you consider the task times to be reasonable? If not, please provide your reasons and alternative view, together with supporting evidence where possible.:

Question 7.3: Do you have any views on our proposed assumptions regarding Openreach?s ability to reduce costs through efficiency gains.:

Question 7.4: Do you have any views on our proposed assumptions regarding the impact of inflation on Openreach?s costs through efficiency gains.:

Question 7.5: Do you have any comments on our proposed approach to dealing with the changes in the cost of replacing the copper assets?:

Question 7.6: Do you have any comments on Ofcom?s approach to projecting costs relating to Openreach?s assets.:

Question 7.7: Do you have any comments on the proposed regulatory adjustments to be made in determining the recoverable costs:

Question 7.8: What issues should we consider when deciding whether to exclude costs relating to evoTAMs from the regulated cost stacks? If you consider that the costs should be excluded, please provide your reasons. If you consider that they should be included, how should they be allocated across services?:

Question 7.9: With reference to Annex 12, do you have any comment on our approach to calculating Openreach?s cost of capital.:

Question 7.10: With reference to Annexes 8 and 9, do you have any comment on our approach to allocating costs:

Question 7.11: Do you agree with the proposed adjustments to the cost stacks for pricing purposes?:

Question 7.12: Do you agree with our approach for deriving the glide paths? :

Question 8.1: Do you agree with Ofcom's proposal to base charges on CCA FAC provided that this results in differentials between the core rental charges that are not less than the likely differences in LRIC and not significantly greater than the likely differences in LRIC?:

Question 8.2: Do you agree with Ofcom's assessment of the likely differences in LRICs between MPF and WLR/WLR+SMPF?: