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Alan Pridmore  
OFCOM

Dear Alan,

### **Review of the Universal Service Obligation**

Some brief comments on your issues:

Q1/2. A USO fund is going to be needed at some point. As BT's market share drops, the benefits of being USO provider will fall. I see no sensible alternative to a levy on communications providers with potential USO providers 'bidding' to the fund.

Q3. The spirit of the USD is surely to deliver services to a fixed location, and the technology used to do this is irrelevant. BT should be encouraged to consider using mobile networks (and other things like WLAN and point-to-point radio), but the delivery should have all the characteristics of a fixed line (to one location, with FIA as well as voice).

Q4. BT should not exclude mobile users from its schemes; a mobile phone which one member of the household can take out is not an adequate substitute for a fixed line.

Q5. A simpler scheme would be welcome, but it must be at least as favourable as existing schemes – the decrease in LUS users (§9.7) suggests that existing schemes are starting to fail. I support OFCOM's concerns about DD.

Q6. OFCOM is right to expect better promotion of these services.

5.27/28. I am uneasy at the idea of removing very local bodies like parish councils from the public bodies to be consulted. The total number of bodies is illusory, because the consultation only needs to be with bodies affected, a small number for each PCB. Only involving larger bodies runs greater risk of consultations being overlooked.

Q17/18. I agree that there should be a threshold, with non-uniform charges above the threshold. The present level of £3,400 seems about right for a fixed threshold, and for the contribution that BT makes to each installation. However I suggest that you consider an arrangement whereby costs above a (slightly lower) threshold are shared between BT and the customer. This would give BT a stronger incentive to minimise costs and give the customer more comfort that this is so. With the falling costs of radio-based technologies, I would expect these to play an increasing role in the future.

Q19. I agree.

Q20/21. As well as making a more detailed assessment of the costs and benefits, OFCOM should conduct preliminary planning for the introduction of a USO fund when this is needed.

Yours sincerely,

Professor Mike Tedd