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Dear Alan

Review of the Universal Service Obligation

We welcome the opportunity to provide comments on Ofcom's review of the Universal Service Obligation.

SSE's interest in this issue relates primarily to the scope and future funding of the obligation. Three companies in the SSE group are active in the telecoms market, including one that provides telephony services to end customers under reselling arrangements. We are also a large supplier of energy and have experience of and commitment to supporting vulnerable customers in that market.

We agree with Ofcom's conclusion that the funding of universal service arrangements does not need to be reviewed further at this time. In our view, the changes to the structure of BT as a result of the Undertakings provided to Ofcom at the conclusion of the strategic review of telecoms will provide a different context for evaluation of universal service issues when they next come to be reviewed by Ofcom. In particular, it might allow the network and supplier aspects of universal service to be more readily separated and treated in a different manner in future, as we have advocated.

Our comments on other specific issues raised in the document are set out below.

Special Tariffs and Disconnections

We consider that it is reasonable for dominant suppliers to develop and promote a range of services appropriate to vulnerable customers such that disconnection is very much a last resort.

Services for Customers with Disabilities

We also believe that it is reasonable for customers with disabilities to receive appropriate consideration. Ofcom's proposed changes to General Condition 15 appear appropriate to extend protection where this is needed and remove anomalies.

Provision of a Connection upon Reasonable Request

We support Ofcom's proposed consent to allow BT to continue to use a "threshold" approach to provision of connection. We support the simplicity and transparency of the current approach and welcome the developing transparency that Ofcom's proposed guidance provides.

One aspect of the new proposed guidance relates to requests for access from vulnerable customers. The guidelines require BT to "use its discretion" to provide a connection to a vulnerable customer that costs more than the "threshold" cost of £3,400 at the standard charge. While recognising the policy intent that such customers should have access to a communications network at reasonable cost, this obligation does effectively mix the network and supplier aspects of universal service. We suggest that this aspect of the universal service obligation should therefore be one area for consideration when Ofcom next carries out a review of the topic.

I hope these comments are helpful.

Yours sincerely

Rob McDonald
Director of Regulation