

**NON - CONFIDENTIAL VERSION**

**Verizon Enterprise Solutions response to Ofcom Consultation ‘Simplifying non-geographic numbers – Detailed proposals on the unbundled tariff and Freephone’**

**Introduction**

Verizon Enterprise Solutions (‘Verizon’) is the global IT solutions partner to business and government. Verizon caters to large and medium business and government agencies and is connecting systems, machines, ideas and people around the world for altogether better outcomes.

Verizon welcomes the opportunity to respond to Ofcom’s ‘Simplifying non-geographic numbers – Detailed proposals on the unbundled tariff and Freephone’ consultation (the ‘Consultation’). As a member of UKCTA, Verizon supports the points made in the UKCTA response to the Consultation. However, Verizon also wishes to make additional comments which are intended to supplement rather than duplicate the points made by UKCTA.

Overall, Verizon considers that Ofcom’s proposals are heading in the right direction in that they should afford greater transparency and certainty to callers using the non-geographic numbers (‘NGNs’) covered by the proposals. We also consider that the proposals have the potential to benefit originating providers (‘OCs’) terminating providers (‘TCPs’) and service providers. However, as we indicated in our previous response, the key to success will be in effective implementation and this will be driven largely through Ofcom’s willingness to listen to and heed industry concerns.

Ofcom must ensure that it does not seek to drive through all of its proposals without properly considering the appropriate time needed to implement them, and it may need to accept that some providers (‘CPs’) will not be able to act as quickly as others. It must also seek to minimise the inevitable cost and resource burden that will fall on industry, and recognise the need for an on-going cost benefit analysis as more granular information becomes available as CPs look in detail at system changes. Ofcom must be prepared to look again at its proposals if the costs or complexities involved outweigh the benefits.

One such area where this may be the case, and which causes us a great deal of concern, is the plans for 080 Freephone. While we may agree with the principle of making 080 a truly free to caller number range, we are far from convinced that Ofcom’s plans as summarised at paragraph 17.72 of the Consultation are appropriate. Indeed, as currently formulated, we consider those proposals may be in contravention of Ofcom’s powers to impose access-related conditions as set out in s45ff of the Communications Act 2003 (the ‘Act’).

We welcome Ofcom's recognition in section 12 of the Consultation that there is a need to take account of the differences between residential and business consumers. As Ofcom points out,<sup>1</sup> it is evidence of perceived residential rather than business consumer harm that has driven the proposals.

We also make some brief comments on aspects of the Access Charge ('AC') and Service Charge ('SC'), and briefly address relevant consultation questions posed by Ofcom at the end of the response.

Confidential text is highlighted in yellow.

### **Freephone**

Our biggest concern relates to Ofcom's plans for ensuring 080 is a free to caller number range. As set out above we support this principle, however the way that Ofcom plans for implementation does not seem fair or reasonable, and as envisaged it would place a disproportionate burden on TCPs that will have to negotiate with the mobile providers ('MNOs').

Ofcom sets out its preference for setting a requirement for all TCPs to purchase wholesale origination services for free to caller number ranges on "fair and reasonable terms and conditions, including charges".<sup>2</sup> Significantly, Ofcom sees no reason to impose a corresponding obligation on OCPs, saying instead that "although the obligation would formally lie with the TCP, it would, in effect, bind the OCP"<sup>3</sup>.

Such a requirement, if imposed on TCPs, would be highly onerous and burdensome and would cause a range of legal commercial and practical difficulties that are outlined below. Indeed we would suggest that this type of arrangement may end up causing exactly the type of wholesale disputes that Ofcom is keen to avoid under the new regime. We urge Ofcom in the strongest possible terms to reconsider its approach here. If TCPs are expected to agree bespoke payments to each MNO it will lead to a new series of complexities and problems at the wholesale level, and service providers migrating off the number range, which cannot be in the consumer interest. Ofcom must recognise the need for origination payments to be set on the basis of cost, and to be set on a non-discriminatory basis so all TCPs pay the same rate. We explain why this is necessary in more detail below.

### **Competition concerns**

Under the current proposals the onus is on TCPs to negotiate access with the MNOs, ie the obligation lies formally with the TCP. Therefore even if the obligation may be binding on both parties (in a *de facto* sense), it immediately places greater pressure on the TCP to agree terms. While Verizon offers no fixed view on whether Ofcom's statement in paragraph 17.63 of the Consultation is correct, we strongly suspect that it might be disputed by MNOs. In any

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<sup>1</sup> Paragraph 12.195

<sup>2</sup> Paragraph 17.72

<sup>3</sup> Para 17.63

event, on the fact of it, it does not seem fair or reasonable that such an obligation should be placed explicitly on one of the two parties to such a negotiation as it inherently places them in a weaker position from the outset.

While there are some larger TCPs – most obviously, BT – many TCPs are comparatively small and enjoy very little bargaining power when compared with the large OCPs (the MNOs and BT). Imposing regulation on smaller players rather than larger players is very likely to be disproportionate and non-discriminatory, in breach of the requirements of s47(2) of the Act.

We would suggest that this approach gives MNOs an unnecessary and inappropriate degree of influence in the market for 080 calls and in particular it effectively gives them the power to determine the hosting charges that TCPs are able to offer to customers. Indeed it would in theory give MNOs the power to price a particular TCP out of the hosting market. This runs completely counter to the need for a fair transparent and competitive market. Verizon's view is that if Ofcom considers it appropriate to impose an access-related condition on TCPs, it must logically also do so on OCPs.

Accordingly, Verizon strongly urges Ofcom to reconsider its proposals in relation to Freephone charging arrangements.

#### Equivalence and non-discrimination

Ofcom should have regard to the concept of equivalence when determining its approach to Freephone proposals. The services in question (ie origination of 080 calls) are equivalent regardless of the MNO providing them and regardless of the TCP receiving them.

Why, then, should each individual TCP be fixed with a requirement to negotiate fair and reasonable terms for origination services with each individual MNO. This appears to go far beyond what is necessary to set fair and reasonable rates and will simply make the process unduly complex and time consuming for all concerned and ripe for challenge.

We urge Ofcom to recognise that the principles of equivalence and non-discrimination should dictate the way origination payments are set. (Indeed, this is a likely requirement of s47 of the Act.) Simply put, the origination charge set by an MNO should be the same for all TCPs that purchase origination. We also consider that for practical reasons it would cause significant difficulties if the charge varied by MNO, and we explain this further below.

#### Regulatory burden on TCPs

Ofcom's expresses a desire to maintain a light touch regulatory approach and also to operate with a bias against intervention. We therefore cannot understand why Ofcom sees the need to add a disproportionately heavy regulatory burden on TCPs – most of whom will not be large players - to enter into a series of negotiations with MNOs to fix charges and terms – setting aside for a moment all of the practical challenges that this would entail.

There is simply no need to do this and it directly conflicts with Ofcom's stated aims. We would suggest that a far more proportionate and efficient approach would be to put the regulatory burden onto the OCPs (the MNOs) to set a charge that applies equally to all TCPs. Ofcom's current thinking appears to be that it can and should increase the burden on TCPs as

a way of regulating originators 'through the backdoor'. This is not fair, reasonable or proportionate.

### Transit arrangements

Under current arrangements and, it seems, under Ofcom's new proposals, the MNOs acting as OCPs will have the ability to determine the routing of 080 calls even though the TCP pays the cost. [X]

This is yet another reason why origination payments should be fixed and consistent.

### Timing

Notwithstanding our objections to the current proposals, it is unclear how Ofcom would expect these negotiations to be conducted. If every TCP is compelled to agree terms with every MNO to achieve zero-rated 080 calls this will be a major industry undertaking which will place significant pressure on the industry as a whole. It would require MNOs and TCPs to manage several streams of negotiation within the same window of time.

The amount of time that it will take to reach agreement with MNOs will to some extent depend on the clarity provided by Ofcom as to how charges and terms should be set. Without sight of this guidance it is difficult to forecast with any certainty how long the timescale should be to complete this exercise. However in the absence of regulation on the MNOs or very prescriptive guidance from Ofcom there is a strong incentive on both MNOs and TCPs to prolong the negotiation to achieve the best possible outcome. Such protracted negotiations, entirely under the control of the MNOs, alone have the potential to distort competition. Competition law calls for a level playing field upon which such negotiations are conducted, which Ofcom's current proposals plainly do not provide.

We would suggest that even an 18 month implementation period may be optimistic depending on Ofcom's final conclusions and its guidance.

### Contracts with SPs

Ofcom concedes that its proposals are likely to compel TCPs to revisit contracts with service provider customers. This may cause significant difficulties where TCPs have long-term contracts in place, and add another administrative burden.

The need for service providers and TCPs to review their contract, and the likelihood that the service provider will end up paying more for having an 080 number, may also cause a material number of service providers to migrate off the number range. In other words these changes may tip the balance in favour of the service provider opting for a number that the consumer has to pay to call, or blocking calls from mobiles.

Under the current proposals the impact of this scenario is largely dependent on the charges that the TCP is able to secure with each of the MNOs, and the size of the increase of the origination payment.

Crucially, Ofcom appears to take an unsubstantiated view that TCPs will necessarily be able to renegotiate these arrangements with services providers. This will not always be the case. So far as we can see, Ofcom has not investigated this issue.

#### Ofcom guidance on 'fair and reasonable'

We consider that rather than guidance, in the first instance Ofcom should seek to impose regulation on MNOs requiring them to set a fair and reasonable charge, based on cost of origination, that applies equally to all MNOs and TCPs. This would remove the need for debate and discussion over what is fair and reasonable and would be a more fact-based analysis of origination costs, something which has already been looked at extensively in the 080 termination rate disputes.<sup>4</sup>

If Ofcom insists on producing guidance that then has to be interpreted, then the most obvious question that arises is what is meant by charges (and terms and conditions) that are “fair and reasonable”. This phrase has been used widely in various regulatory contexts, and it is open to considerable interpretation. Certainly it seems likely that the MNOs will have a very different perspective on what is fair and reasonable than TCPs and service providers.

In our view there are two key elements to ensuring that the charges themselves are fair and reasonable. First, the same charge should apply across all MNOs, taking into account the principles of equivalence and non-discrimination, adopting the principle that now applies in relation to mobile termination rates (MTRs), following the 2011 MCT market review.. Without this it will be very complex and costly to put in place solutions to deal with individual MNO charges, especially where numbers are ported. Further it will lead to damaging uncertainty and inconsistency in the market, and may ultimately distort competitive conditions. Second, the charge should be based on the costs of origination. There is no reason why MNOs should be permitted to profit from the new regime at the expense of others in the chain, namely the TCP and service provider. They have to date set retail rates for 080 calls which far exceed costs of origination, which has led to much of the perceived harm that Ofcom has identified on the 080 number range. Any material increase above cost-based charges will lead to higher hosting charges which will cause more service providers to migrate to number ranges which callers have to pay for. This will act against the consumer interest which Ofcom seeks to promote.

Ofcom recognises some of these points at paragraph 16.162, and then goes on to analyse to what extent service providers would be prepared to pay more in origination payments in order to retain their 080 number. We would suggest that the key issue is what is fair and reasonable, and not whether or not the service provider will pay more. In this light it is highly concerning that Ofcom appears to be seeking to understand the maximum level at which the origination payment could be set without causing a mass migration of 080 service providers onto new number ranges. Verizon suggests that Ofcom refocuses its attention to the core of the issue, the determination of a fair and reasonable origination rate. The current Freephone proposals send the signal that market participants (ie the MNOs) rather than the regulatory regime can determine the dynamics and competitiveness of the market.

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<sup>4</sup> [http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/closed-cases/all-closed-cases/cw\\_01036/](http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/closed-cases/all-closed-cases/cw_01036/)

We are concerned to see that Ofcom suggests at paragraph 16.79 of the Consultation that the "...Impact Assessment Range that [it is] proposing to use for mobile origination payments is **2.5ppm to 3ppm**" [original emphasis]. This would appear to exceed the mobile costs of origination very substantially, especially when compared to the current fixed cost of termination which is in the order of 0.5ppm. This does not seem fair or reasonable given the impact it will have on TCPs and service providers, especially as 080 call volumes from mobiles are likely to increase once they are free to caller (see below).

Ofcom previously discussed in its December 2010 Consultation a number of options for the appropriate level of the mobile origination payment. The highest option proposed was 2ppm, which Ofcom considered would include a contribution towards the MNOs common costs of origination. It is therefore very concerning that Ofcom now seems to have revised this upwards significantly, and this strongly suggests that MNOs would over recover their costs.

Ofcom's own analysis of the change in the way that the Department of Work and Pensions is contacted shows a marked increase in mobile originated calls since it agreed Freephone arrangements with the MNOs. This suggests that there would be a significant increase in the number of calls made to all 080 numbers using mobiles if the proposals are implemented. It follows that the MNOs could expect a sharp increase in the volume of origination payments received from TCPs / service providers, and this elasticity should be taken into account when determining what is fair and reasonable. If (which we do not accept), these payments are to make a contribution to common costs, the proposals as they stand could increase the level of over-recovery.

#### Verizon's overall perspective on Freephone proposals

[X]

The cost and complexity of billing our Freephone customers different charges based on which mobile network the calls originated on could be very considerable. It would require us to maintain or access databases of which mobile number is associated with which MNO at the time of call origination. This appears to be a cost which Ofcom has not considered. It therefore goes to our view that origination charges should not vary by MNO but instead should be set as a standard charge across all MNOs. We would expect MNO costs of origination to be closely aligned and we would not expect this to cause an insurmountable challenge. Certainly it would be easier than every TCP agreeing bespoke charges.

[X]

For the reasons outlined above we consider that the proposal for all TCPs to negotiate fair and reasonable terms with MNOs for access to 080 origination is weighted unfairly in favour of the MNOs, is complex and unwieldy and will ultimately lead to further disputes that will have to be determined by Ofcom. Furthermore, Ofcom's current proposals will inevitably lead to a reduction of services operating on 080 number ranges, which would be detrimental to consumers and diametrically opposed to Ofcom's aspirations and duties under the Act.

#### Residential versus business consumers

We would expect that the communications requirements outlined in 12.98 of the Consultation would apply to residential end users rather than business customers – however we would welcome Ofcom’s confirmation of this. For instance, business providers tend to have a relatively small number of customers with whom we have a close relationship. Such providers are therefore well-placed to determine, for each of these customers, the most appropriate way to communicate with them about the changes. The way(s) in which they choose to do this are likely to be completely different from the methods of communication that might be employed for residential end users.

We would expect Ofcom to remain willing to consider further exemptions or alternatives for business providers that may arise as further discussions progress on the detailed implementation of the proposals.

### **Billing**

We welcome Ofcom’s recognition at paragraph 12.33 of the Consultation that “...mandated detailed disaggregation on retail bills of ACs and SCs, on a call by call basis is not appropriate at the current time. We are therefore no longer proposing to impose a requirement to that effect.”

We further welcome Ofcom’s view at paragraph 12.36 that the most appropriate approach in relation to billing is to allow OCPs the flexibility to decide the best way to present charges to their customers on bills, provided that they meet the requirements of General Condition 12.

### **Access Charge**

Verizon would reiterate the argument made in UKCTA’s submission regarding the flexibility of OCPs to set ACs. If OCPs are required to use a blended single pence per minute AC to cover the higher costs associated with calls to “09 Premium Rate numbers”, the AC is likely to unduly penalise callers accessing “08 numbers”.

Verizon supports Ofcom’s continued view that ACs should not be subject to regulation in the first instance, and that charges will be driven downwards by a combination of the transparency inherent in the unbundled regime and natural competitive pressures.

### **Service Charge**

We share Ofcom’s concern set out at paragraph 12.28 of the Consultation that one of the issues OCPs may face is the need to set charges which link retail prices to SCs. It will therefore be necessary to ensure that OCP billing platforms incorporate the SC accurately from the moment such prices are advertised. [8]

We agree that there is a need to establish and maintain a central SC database as described in section 12 of the Consultation. We would take the opportunity to stress that the database should as far as possible be ‘static’ in nature, with any changes being notified to industry well in advance. The static nature of the database (as opposed to a dynamic solution where there are frequent changes) is very important from a cost and resource perspective. We would expect that once the price points are agreed relatively few changes would be needed. We

would also expect that any changes that are required could be carefully managed so that industry is well aware when they will happen. Our support for this solution is based on this understanding, and we will contribute to industry discussions on the detail of the implementation.

In line with Ofcom's thinking we would not expect the initial or on-going costs of this database to be particularly great. On balance our preference would be for the database to be owned and managed by Ofcom, not least given its experience in managing similar numbering databases and its familiarity with what the database is expected to achieve and the stakeholders that will require access. We would be concerned that a private sector-led project, and the need for commercial contracts, would simply add another layer of complexity to the new regime.

## **Part A – NGCS market assessment and summary of approach**

### **Section 4 – Summary of concerns**

*Q4.1 Do you agree that the analysis set out in Section 4 and the supporting annexes which draws on our initial assessment in the December 2010 review, stakeholder comments and the further research undertaken in 2011, appropriately characterises the market, the market failures and the effects on consumers? If not please set out your alternative views.*

### **Section 5 – Equality impact assessment**

*Q5.1: Do you have any comments on our Equality Impact Assessment? In particular do you agree with our view that our proposals for changes to non-geographic numbers are likely to have an overall positive impact on the equality groups identified in Annex 15?*

## **Part B - the Revenue-sharing ranges**

### **Section 9 – Remedies to address the market failures**

*Q9.1: Do you have any comments on our assessment, and in particular the additional evidence (gathered since the December 2010 Consultation) which we have used to support our assessment, on our provisional conclusion that the unbundled tariff should be applied to the revenue-sharing NGC number ranges?*

### **Section 10 - Design of the unbundled tariff**

#### The Access Charge

*Q10.1: Do you agree with our proposal that the AC should be allowed to vary between tariff packages but that OCPs should be subject to a tariff principle permitting only one AC for non-geographic calls? If not please explain why.*

We have no issue with this

*Q10.2: Do you agree with our proposed structure for the AC, in particular that: (i) that the AC should be a pence per minute charge only, but can be subject to a minimum one minute call charge; (ii) that the AC should not vary by time of day; and (iii) that the AC can be*

*included as part of call bundles/inclusive call minutes provided that inclusion does not differentiate by number range? If not please explain why.*

We have no issue with this

*Q10.3: Do you agree with our proposal not to impose a cap on the AC in the first instance? If not please explain why.*

Yes – competitive market forces will act to maintain a downward pressure on ACs

#### The Service Charge

*Q10.4: Do you agree with our proposed approach for the structure of the SC? In particular that: (i) bespoke SCs should be prohibited; (ii) that no further restrictions on the SC structure should be required (e.g. allowing ppm and ppc SCs, no restriction of ToD charging subject to ability of billing systems to pass through the charges) If not, please explain why and provide evidence if possible.*

Yes we agree with this approach.

*10.5: Do you agree with our proposals to impose maximum SC caps for the purposes of protecting the identity of the number ranges? Do you agree that the caps should apply to the 084, 087 and 09 ranges and that they should be set exclusive of VAT in the Numbering Plan? If not please explain why and provide evidence to support your position if possible.*

We do not have an issue with this

*Q10.6: Do you agree with our proposed cap of 5.833p for the 084 range and 10.83p for the 087 range? If not please explain why.*

*Q10.7: Do you agree that the number of SC price points should be restricted? Do you agree that that restriction should be somewhere between 60 and 100, and where within that range do you consider would be optimal? Do you have any comments in relation to how Ofcom should decide where in that 60 to 100 range the maximum number of SC price points available should be set?*

We agree the number of prices points should be limited, and the range of 60 to 100 appears reasonable.

*Q10.8: Do you agree with Ofcom's proposed approach to agree the relevant SC price points with industry rather than specifying them as part of the Numbering Plan? Do you have a particular preference for which SC price points are necessary within the different number ranges? What criteria would you propose for the selection of price points?*

We agree that industry should take the lead on agreeing the relevant price points

#### **Assumed Handover point ('AHP')**

*Q10.9: Do you agree with our assessment on the location of the AHP on BT's and other CPs' networks? If not, please explain why you disagree.*

*Q10.10: Do you agree that for calls that route via a transit network, the TCP should pay for transit? If not, please explain why you disagree. In particular please explain your views on how incentives can be included within an “OCP pays” approach to ensure the TCP seeks to interconnect directly (where this is efficient) and not to reduce its points of interconnection at the expense of the OCP and efficient end to end call routing.*

*Q10.11: Do you agree with our proposed approach for calls between two non-BT CPs, both for the case when a transit network is used and for when direct interconnection is implemented? If not, please explain why you disagree.*

### **Section 11 – the 0845 and 0870 ranges**

*Q11.1: Do you agree with Ofcom’s assessment that an unbundled tariff should also apply to the 0845 and 0870 ranges? If not please explain why.*

Yes we agree

### **Section 12 – Implementation**

*Customer bills Q12.1: Do you agree with our proposal not to mandate the presentation of disaggregated AC and SC charges on customers’ bills? Do you agree with our view that it should be up to OCPs to decide the best way to present these charges to their customers on bills OCPs but that we require that at a minimum, the OCPs should include the customer’s AC on the bill they receive?*

Yes we fully agree with this.

*Q12.2: Do you agree with the requirement for a central SC database. If so what would be your preferred approach – public sector or private sector provision? If you do not agree with the need for the database what approach for the dissemination and verification of SC would you prefer and why. Are there any other issues with respect to the database you would wish to raise?*

Please see our views set out in the main body of our response

*Q12.3: Do you agree with the need for reformation of the existing processes for number range building and tariff change notification? If so, what do you consider to be the key characteristic of a revised set of processes? Do you consider that there is a need for regulatory intervention in their establishment, if so why and on what basis should Ofcom intervene.*

*Q12.4: Do you consider that there is a need for additional regulatory intervention in the area of end-users’ access to non-geographic numbers, in addition to General Condition 20? If so why and what form should such an obligation take?*

We do not see any need for further regulatory intervention in this area

### **Communicating with consumers**

*Q12.5: What steps / actions do you consider need to be undertaken to ensure changes to the structure and operations of non-geographic numbers are successfully communicated to consumers?*

Please see our views in the main body of the response we consider that for business customers there should be an exemption in terms of mandated communications to customers. This should be on the understanding that business providers will have a smaller number of customers and will know the most appropriate way to communicate with them about such changes. Such methods of communication are likely to be very different from the options set out for residential customer communication.

#### Price publication requirements

*Q12.6. Do you agree with our proposal that existing price publication obligations (with some modifications) are sufficient to ensure that consumers are made aware of their ACs? Do you agree that we would need to specify the AC as a key charge?*

Again we would consider that this is an area where business customers could be excluded and business providers should be able to determine the best way to publish the AC to their customers

*Q12.7: Do you agree with our provisional view that the requirement for SPs to advertise their SCs could be implemented through a condition on SPs that is enforced through an industry Code of Practice and the ASA? Are there any other options (beyond the two outlined) which Ofcom should be considering? What do you consider is the best approach for securing industry commitment and developing a Code of Practice?*

#### Other implementation issues

*Q12.8: Do you agree internationally originated calls should be charged at the same SC as an equivalent domestic call? If not, please set out your reasons. Do you agree that originators should be able to set a separate AC level for roaming calls in a given country, though the other characteristics of the AC should still apply?*

*Q12.9: We would welcome stakeholder views on our proposed approach for applying the unbundled tariff to payphones. Do you agree that it is appropriate to allow payphones to set a minimum fee for non-geographic calls?*

*Q12.10: Do you consider there is a need to exempt business to business telephony contracts from some of the constraints of the unbundling regime? If so what exemptions do you consider appropriate and why are they necessary (please give examples of the conflicts you would identify if exemptions are not provided). To which contracts should the exemptions apply and why?*

See our views set out in the main body of the response

#### Timing

*Q12.11: Do you agree with our proposal that implementation should take place 18 months from the date of the final statement?*

We think that 18 months is appropriate except for the issue of Freephone, which depending on Ofcom's final Statement may take longer than 18 months (see our view in the main response)

#### **Section 13 - Impact assessment**

*Q13.1: Do you agree with our estimates of the billing costs for implementing the unbundled tariff, taking into account the discussion in Annex 19? If not, please explain why and provide*

*evidence to support your response, particularly of the level of costs you are likely to incur as a result of our proposals.*



*Q13.2: Do you agree with our estimates of the level of migration and misdialling costs for service providers who may migrate as a result of the unbundled tariff (taking into account the analysis and evidence in Annex 12)? If not please explain why and provide evidence.*

*Q13.3: Do you agree with our estimates of the communication costs of implementing the unbundled tariff? In particular: (i) the costs of OCP communication with their customers; and (ii) the costs of TCP communication with their SP customers. If not, please explain why and provide evidence to support your response, particularly of the level of costs you are likely to incur as a result of our proposals.*

*Q13.4: Do you have any comments on our impact assessment for the unbundled tariff? Please provide evidence to support your response.*

## **Part C - Freephone and 116**

### **Section 16 – Assessment of options**

*Q16.1: Do you agree with our assessment of the options for the 080 range? In particular, do you agree with our preferred option of making 080 genuinely free to caller? If not, please explain why.*

We agree with the aim of making 080 genuinely free to caller, but see our full views set out in the main response

*Q16.2: Do you have any comments on the analysis used to develop the Impact Assessment Range for the mobile origination charge and the Mobile Maximum Price range for 080 calls as set out in Annexes 21 to 25? Please provide evidence to support your comments.*

*Q16.3: Do you agree with our estimates of the level of migration and misdialling costs for service providers who may migrate as a result of our proposal to make the 080 range free to caller (taking into account the evidence and analysis in Annex 12)? If not please explain why and provide evidence.*

*Q16.4: Do you agree with our proposal to treat the 116 ranges in the same way as the 080 range (i.e. designate all as free to caller) as set out in detail in Annex 27? If not please explain why.*

### **Section 17 - Implementation**

*Q17.1: Do you agree with our provisional view that it is appropriate for an access condition to be imposed on all TCPs hosting designated Free to caller numbers requiring them to:*

*(i) purchase wholesale origination services for calls terminating on designated free to caller ranges from any requesting OCP;*

*(ii) to do so on fair and reasonable terms and conditions (including charges); and*

*(iii) notify their SP customers of any initial revision to the charges for wholesale origination services within two months of Ofcom imposing the requirement for zero maximum prices.*

*If not do you consider any ex ante intervention is required? Please give your reasons for or against such intervention and your preferred approach.*

We strongly disagree with this approach. Please see our full view set out in the main body of our response

*Q17.2: Do you agree that the access condition does not need to be extended to OCPs, but is effectively binding on both parties? If not please give your reasons.*

No we do not agree. We consider that the access condition should be applied to OCPs and not TCPs. We consider that it should be OCPs to determine a suitable cost-based origination charge that is applied on a non-discriminatory basis to all TCPs.

*Q17.3: Do you have any other comments on our proposed implementation approach for making Freephone free to caller? For example, do you consider it necessary for Ofcom to impose a requirement on SPs to publicise that 080 calls are free and do you have any other suggestions for how SPs could be encourage to publish that at the point of call? Are there any other implementation issues which need to be taken into account?*

Please see our views set out in the main body of the response

**Verizon Enterprise Solutions**

**July 2012**