

Question 8.1: Do you agree that we should cap FTRs at LRIC? Please explain your reasons.:

As a small telecoms reseller, our cost of interconnecting to a wholesale provider is covered by the revenue made on terminating incoming calls. Should this be capped as proposed, we will no longer be able to cover this cost. We anticipate that loss in revenue from call termination would exceed the margin made on outgoing calls by over 150%, assuming this stays at its current level, which seems unlikely given the proposed cap on call origination costs. As such, a cap as proposed would result in our company no longer being able to provide telecoms services or having to increase call costs to our customers. As such, we do not agree with this proposition.

Question 8.2: Do you agree that wholesale call origination should be regulated on a LRIC+ basis where the ?+? includes a mark-up to off-set the common cost recovery foregone from externally provided wholesale call termination on a LRIC basis? If not, please explain why.:

We anticipate that most wholesale providers will attempt to recoup lost revenue from call termination using the LRIC+ call origination costs. As such, we have been informed by our wholesale provider that we are unlikely to see a significant change in our cost of making outbound calls in the short term. We, and our end users, will therefore not see any benefit from the LRIC call termination cost reduction for our outbound calls, as well as losing a significant proportion of the revenue from call termination. We therefore do not agree with this proposal.

Question 8.3: Should the FTRs of CPs other than BT be presumed fair and reasonable where they are no higher than the Benchmark FTR? If not, please explain why.:

As per section 8.1, the currently recommended benchmark FTR will result in our company no longer being able to provide a cost effective telephony service. While the principle of an FTR cap is reasonable, the extent of the cuts recommended, along with the very short timescale for implementation will have a significant negative impact on our business, without providing sufficient time to restructure to accommodate this loss. As such, we reject this proposal.

Question 8.4: Should the FTR set by KCOM in the Hull Area be presumed fair and reasonable where it is no higher than the Benchmark FTR? If not, please explain why. :

As per section 8.3, we feel the extent and timescale of the benchmark FTP is too excessive and will damage many CPs. We agree that the principle of FTR regulation must apply to all CPs, but reject the proposal as it is structured in a way that will damage the industry and provide very little benefit to end users.

Question 8.5: Do you agree with our proposed approach to the regulation of wholesale call origination rates in the Hull Area? If not, please explain why.:

As per section 8.2, we are concerned that this will result in additional revenue loss for resellers and that the extent and timescales for the implementation of the proposal will damage many CPs. While we agree that all telecoms providers should compete on a level playing field, we must reject this proposal as it will cause additional damage to CPs with no benefit to end users.

Question 8.6: Do you agree that LRIC-based FTRs should not be adjusted for APCCs?:

From a reseller perspective, we are unable to determine at the time of call placement whether a call is placed to a standard or ported number. If the FTR for these are to be different, we will be unable to determine the FTR for the call. We must therefore determine an averaged call cost for our clients to apply to all calls. As we are unaware of the percentage of outbound calls that are delivered to ported numbers (and as this may vary with time), we are unable to determine a suitable rate for calls to non-ported numbers to cover the additional cost of placing calls to ported numbers. We would therefore have to charge all calls at close to the higher (ported number) rate. As this would therefore result in no benefit for our customers and would make us less competitive, we do not agree to this proposal.