



COMMENTS ON

MOBILE TERMINATION RATES:

CONSULTATION DOCUMENT OUR 06/14

22ND SEPTEMBER 2006

1 INTRODUCTION

The OUR has issues Consultation Document OUR 06/14 entitled 'Mobile Termination Rates' and has asked for responses by 5.00 pm on Friday 22nd September 2006.

2 ANSWERS TO QUESTIONS

Q1: Do respondents agree with the DG's proposal to intervene in a proportionate manner in the seeking of MTRs for the two 2G mobile operators within the Bailiwick? If not, please state your reasons for disagreeing in as full and comprehensive manner as possible.

Wave Telecom ("Wave") agrees with the DG's proposal.

Q2. Do respondents agree that the regulation of the 3G mobile termination rates should be considered at the same time as any decision to regulate 2G mobile termination rates?

Wave agrees that the regulation of 3G mobile termination rates should be considered at the same time as any decision to regulate 2G mobile termination rates.

Q3. What additional factors with respect to the 3G market should be considered by the DG in considering any regulation of mobile termination rates in the 3G market given market developments elsewhere?

Wave is of the opinion that instead of the designation being by network, i.e., 2G or 3G, it should be by service type, for example, voice traffic or data/other traffic. As voice is the predominant medium of traffic on both 2G and 3G networks, Wave proposes that mobile termination rates should be regulated for voice calls only at this stage. As 3G network services are in their infancy and the services offered over these networks constitute a very small amount of total traffic they should not be regulated at this time. As each 3G service developed may utilise different network elements the cost base of terminating 3G services is likely to change. Wave believe it would be more appropriate at this time to allow network operators to come to an agreement between them on the wholesale prices they wish to charge to terminate 3G services on their network.

Q4. Do respondents agree with the DG that there are three main ways for setting the MTRs for the two existing 2G operators within the Bailiwick? If not, please state your reasons for your position in as full and comprehensive manner as possible.

Wave agrees that there are three main ways for setting MTRs.

Q5. Do respondents agree that in principle benchmarking is the appropriate and proportionate approach to setting MTRs for mobile operators in the Bailiwick? If not, please state your preferred approach and the reasons for this view.

Wave agrees that benchmarking is the most appropriate and proportionate approach to setting MTRs for mobile operators in the Bailiwick.

Q6. Do respondents believe that using the European IRG Study rates, as the basis for setting MTRs in the Bailiwick is appropriate? If not, please state your reasons for this position.

Wave does not agree that using the European IRG Study rates is the most appropriate basis for setting MTRs in the Bailiwick. Wave agrees with the OUR's statement regarding the Ofcom set MTR rates *"these rates offer a better insight into the actual costs of termination mobile calls than the mixture of cost-based, regulated and unregulated rates given by the IRG study"*.

Q7. Do respondents believe that using the MTR rates set (and indexed for future years) by Ofcom would provide a good benchmark for use in setting limits for MTR rates in Guernsey?

Wave agrees that using the MTR rates set (and indexed for future years) by Ofcom would provide a good benchmark for MTR rates in the Bailiwick.

Q8. Do respondents believe that using the mobile termination rates set (and indexed for future years) by Ofcom would provide a better benchmark for use in setting limits for MTR rates in Guernsey than those that would be produced by an examination of the management accounts of the mobile operators in the Bailiwick.

An examination of the management accounts would take considerable time and Wave believe that a benchmarking exercise based on Ofcom MTR rates would be the best use of operators and the OUR's time and should come out with a similar figure to an examination of the management accounts.

Q9. Do you agree with the approach and rates proposed by the DG in this section. If not, respondents are invited to set out fully the arguments against such an approach and what alternative approach you believe is appropriate.

Wave agrees with the approach and rates proposed by the DG in this section.