

**Before the
Office of Utilities Regulation
Kingston, Jamaica**

Submitted August 24, 2007

In the Matter of)
Indirect Access: The Cost-Benefit Analysis) **Consultative Document No. 3**
for Two Stage Dialing)
) **Document number 2007/12**
) **July 14, 2007**

**Columbus Communications Jamaica Limited
Response to Consultative Document No. 3 on Indirect Access**

Columbus Communications Jamaica Limited, ("Flow"), hereby submits its Response to the Office of Utilities Regulation's ("OUR") referenced Consultative Document No. 3 on Indirect Access.

Flow agrees with the OUR that the idea of using direct exchange lines (DELs) or toll-free lines to provide Two-stage dialing (2SD) is a commendable initiative as it produces a net benefit to society without resulting in any unfair burden upon Cable & Wireless Jamaica Limited ("C&WJ"). However, this will be impossible to implement given the existing interconnection and retail rates imposed by C&WJ.

In light of paragraphs 1.0, 1.13 and 1.14 of the Consultative Document, Flow wishes to make the comment to the OUR that 2SD using DELs should not in our view be restricted to the types of calls specified in the aforementioned paragraphs but ought to instead apply to any type of call.

Set forth below are Flow's responses to the four (4) questions posed in the subject Consultative Document.

Question 1: Do respondents agree with the present Office's per-minute approach to the cost-benefit study for the introduction of 2SD using DELs? If not, please propose a more appropriate approach. (page 14 of the Consultative Document)

Flow's Response:

Flow does not agree with the OUR's methodology of calculating the cost-benefit. There are some clarifications to be made:

-- Flow believes that 2SD can happen over any type of access number, being a fixed number or a Toll free number assigned to a 3rd party carrier. In any case, interconnection termination rates should be the same for both type of services, where the only difference should be the paying party.

-- The OUR's approach only focuses on existing CWJ retail rates without making mention of the existing interconnection rates that CWJ is charging providers to interconnect networks.

-- Flow does not concur with the statement made in paragraph 3.5 of the Consultative Document that:

"Although consumers will now be faced with having to pay a local call charge of up to J\$0.90 per minute, if IAO pass on their cost savings in the form of reduced tariffs, consumers could still expect to make additional savings on 2SD calls of up to J\$1.90 on a per minute basis."

Flow disagrees on the basis that this only applies to a CWJ customer calling another CWJ customer, and the whole idea of implementing 2SD over DELs is to provide a 3rd party carrier (not CWJ) with the ability to provide a competitive service.

By way of background, Flow wishes to outline the CWJ retail rates to call a Flow fixed line which were as follows:

Until May 2007: Off-peak: \$ 1.4, Peak: \$ 2, Weekend: \$ 1 per minute.

When Flow officially launched telephony services in May 2007, CWJ increased all rates to call Flow to \$ 2.82 (any time of day, from a postpaid line) and \$ 4.00 (any time of day, from a prepaid CWJ line) per minute. Also, CWJ introduced the discriminatory 1-pre dial technique.

This price (CWJ to CWJ and CWJ to Flow) difference creates a clear disadvantage to Flow because CWJ will have lower costs to provide 2SD and with a rate of \$ 2.82 is impossible to create a cost effective service for a customer.

Question 2: Do respondents agree with the Office's assessment of the potential benefits from the introduction of 2SD using DELs? (page 14 of the Consultative Document)

Flow's Response:

Flow fully agrees as long as interconnect rates and retail rates are fair to all

Jamaican providers. In terms of expected costs element Flow agrees that there is no increase in cost by using a DEL or toll free access number.

Question 3: Are there any additional costs that could result from replacing toll-free access with DEL access to further international outgoing calls? (page 15 of the Consultative Document)

Flow's response:

As was previously stated by the OUR, there is NO additional cost to switch a DEL or a Toll free call, both are routed in the same manner and the costs are exactly the same.

**Question 4: Do respondents agree with Office's assessment of Unfair Burden?
If not please state why. (page 17 of the Consultative Document)**

Flow agrees with the OUR's assessment. However, Flow does have a serious concern about the statement made in paragraph 5.3 of the Consultative Document, that "[H]owever, the Office foresees no unfair burden to C&WJ in this regard as all costs that may be incurred can be recovered from the IAOs." Flow is of the view that this may allow C&WJ to retain the high retail rates applicable to calling Flow and continue to do significant damage to Flow's business and its ability to effectively compete in the market.

Conclusion

Flow once again affirms its position that the implementation of indirect access will result in increased competition and prove to be a massive overall benefit to the local telecommunications market. It places no unfair burden on either the incumbent, society, the Jamaican consumer or independent operators.

Respectfully submitted,

ON BEHALF OF COLUMBUS COMMUNICATIONS JAMAICA LIMITED

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