Reliant Enterprise Communications Ltd Response to OUR Comments on Dominant Voice Carriers

25, June 2003

Reliant wishes to thank the OUR for giving it the opportunity to respond to this very serious issue. We believe this area is critical to the effective introduction and sustainability of competition in all markets. Rather than deal specifically with the comments, we would like to make statements about the entire document.

Dominance

Both respondents posit a position that cellular carriers are dominant by their nature and networks. We would like to strongly take exception to this.

1. **As previously stated, both Digicel and C&W mobile are offering below published rates for Fixed to Mobile calls for certain business customers. This is a major market distortion particularly since the rates charged are significantly below termination rates on their networks. As a result, competitors cannot offer a package that includes calls to the two mobile networks, which is an abuse of dominant position.**
2. **Each takes the position that mobile rates are unregulated and cannot be determined by the OUR. In the past six months, OFTEL forced the mobile carriers to reduce termination rates as they felt they were excessive. This has been held up in court. Dominance is not defined just by access to a network or competitive balance. Termination rates can be used as an effective tool to keep out competition as the margins offered are too low or in the case of the above, prices are below termination rates for certain customer segments.**

Facilities Sharing

We agree fully with the OUR's position that legal redress is time consuming and effectively delays the introduction of competition.

Dominance by Default

We find C&W's position amusing. The fact is this issue has been addressed over the past 20 years by deregulation in many jurisdictions. The fact that the State granted monopolies in the past does not give any dominant provider the right to determine what markets they deem

acceptable to be considered dominant in. We fully support the OUR's position in paragraph 1.34 and 1.38.
In addition, it must be taken into consideration how the monopoly allows access to its network. C&W's current position is that interconnection can only be achieved on a one-way basis per service. This is a significant underutilization of facilities, places an unfair economic burden on competitors and inflates the cost base for termination. The question is, "Does C&W use the same methodology in its own network," Be assured, they do not. They have multiple services utilizing the same facilities in a two way manner. Is this not then abuse of facility allocation?

Profitability
We fully support the OUR's position in paragraph 1.40. The real issue is why this information has not been provided by the incumbent.

Market Power
We do not believe that Price Caps are an effective constraint on the incumbent. The issue is not Caps, but access charges, interconnection charges and how one interconnects to the incumbent. Prices will take care of themselves over a period of time for all participants based on customer demands. However, if the areas identified above are not tightly regulated, than competitors cannot compete against the dominant carrier because there is not enough margin available. This is illustrated in the Fixed to Mobile situation for business customers.

Backhaul
The fact is, if any competitor were to approach C&W and ask for bandwidth on their "off island" fiber routes, they would be denied. Therefore, these facilities, besides being part of the public voice network should be considered "bottleneck' in their nature.