



November 24, 2008

Managing Director
ECTEL
P.O. Box 1886
Vide Boutielle
CASTRIES
St. Lucia

Dear Sir,

RE: Consultation on Access Deficit Charge in the ECTEL Member States

Columbus Communications Grenada Limited (CCGL) expresses its sincere gratitude for being given the opportunity to contribute to this consultation on the subject matter. Please find our comments for your studied consideration and incorporation within the public record on this consultation.

We look forward to your timely review and determination on this issue.

With warmest regards

Kurleigh P. Prescod
General Manager

Section 2.0(a) Definition of Access Deficit

Access Deficit means the difference between the cost incurred by the incumbent fixed public network provider for providing domestic regulated telecom services and the maximum revenue that the operator can secure for providing those services.

CCGL's comments:

The reality is that any competing fixed line operator in the market will have its prices constrained to those offered by C&WG which are regulated. As ECTEL can appreciate, CCGL will be unable to compete if the prices for its services are well above those for C&WG. Given the assumption that C&WG operates its network efficiently, it can be assumed that C&WG should be expected to operate at least as efficiently as C&WG. In the event CCGL operates even more efficiently than C&WG, then CCGL should be rewarded for such additional efficiencies, and not penalized for same – the latter result would run against the whole basis of efficiency and competition.

As CCGL's retail prices for fixed line services are constrained by competitive forces to the regulated rates of C&WG's services, and, as outlined above, CCGL's costs can be reasonably expected to be similar to those of C&WG, then CCGL can be expected, reasonably, to also incur an Access Deficit. Furthermore, as competitors for fixed line services, both parties should be entitled to Access Deficit Contributions, with any reduction in the Access Deficit Charge equally applied to both operators, while any of the operators should be allowed to benefit from any improvements in efficiency over its competitor.

In light of the above, CCGL believes that the definition should be re-written as follows:

Access Deficit means the difference between the cost incurred by a fixed public network provider for providing domestic regulated telecom services and the maximum revenue that such an operator can secure for providing those services.

Section 2.0(b) Definition of Access Deficit

In particular, it is recommended that deficit charges be assessed on the following services:

- Call origination: C&W fixed-to-international
 - Call termination: International-to-C&W fixed; and
 - Call termination: Mobile-to-C&W fixed
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CCGL's comments:

For the reasons outlined above, CCGL believes that the call termination services should be re-defined as:

- International to fixed
- Mobile to fixed

Section 2.0(b) Definition of Access Deficit

ECTEL does not recommend applying the deficit charge to domestic fixed-to-fixed or transit services

CCGL's comments:

CCGL has no objection to this proposal, and in fact supports same, particular as it relates to fixed-to-fixed services. CCGL believes it is economically plausible that access deficit charges are not applied for fixed-to-fixed services, as both operators are providing the same services and from the perspective of efficiency, should incur the same costs. As such, if access deficit charges are indeed not applied in this scenario, CCGL will have no objection to such.

CCGL will also have no objection if access deficit charges are indeed applied, as long as both operators are eligible for access deficit charges. CCGL believes it would be patently unfair if CCGL were not allowed to recover access deficit charges, but C&WG, as this would mean that the interconnection charges between operators would be asymmetric, though both parties would have to provide the same retail services. This would put CCGL at a distinct disadvantage, particularly in the provision of off-net fixed-to-fixed services, as CCGL would have a higher termination cost floor for calls from CCGL's network to C&WG's network than C&WG would have for calls from C&WG's network to CCGL's network.

If CCGL had to state its preference, CCGL believes that access deficit charges should not be applied for calls between domestic fixed networks in Grenada, as this will permit more affordable fixed telecommunications services, particular for calls across networks, in Grenada, for the ultimate benefit of consumers in Grenada. CCGL recommends that the majority of the access deficit be recovered from incoming international calls, which are not charged to the public telecommunications subscribers of Grenada, and encourages a continue inflow of currencies and revenue into Grenada.

In relation to transit charges, CCGL is more or less indifferent to whether access deficit charges are applied or not. However, if CCGL were to express a preference, CCGL believes that access deficit charges should not be applied to transit services, as this will redound to more affordable prices for services between networks for which transit services are applicable. However, CCGL acknowledges that the application of access deficit charges to transit charges means that more traffic will be used to recover the access deficit charge, thus reducing the value of the per-unit access deficit charge – in this way, though the transit charge would have a component of access deficit recovery, the magnitude of the access deficit that is recovered by each call unit would be reduced. In this regard, if ECTEL chose to recover the access deficit via transit services, CCGL would not have a major objection, having stated its preference earlier. But as previously recommended, CCGL believes that the majority of the access deficit should be recovered from incoming international calls

Section 2.0(c) Constraints for Calculation of the Access Deficit Charge

2. Cable & Wireless must impute the deficit charge as part of the cost of the services that it supplies to end users. Cable & Wireless' retail prices of competitive services must cover economic costs plus the deficit charge that is applicable to that type of service.

CCGL supports this assertion entirely. Any awarded access deficit charges must be reflected in the retail prices for services offered by any fixed operator that is entitled to access deficit recovery. If it is deemed that CCGL is entitled to an access deficit, CCGL will have no problem with complying with such a directive.