

JERSEY COMPETITION REGULATORY AUTHORITY

INITIAL NOTICE TO JERSEY TELECOM LIMITED

CONCERNING PRICE CONTROLS

Under Article 11 of the Telecommunications (Jersey) Law 2002

1. On 29 April 2004, the Board of the JCRA issued Decision Paper and Direction 2004-2. This placed certain controls on the prices that could be charged by Jersey Telecom Limited ('JT') in the areas of fixed line telephony and mobile interconnection. The grounds for this Decision Paper and Direction included Condition 33.2 of JT's Licence under the Telecommunications (Jersey) Law 2002 (the 'Law'), which provides that the JCRA may determine the maximum level of charges JT may apply for telecommunications services within a relevant market in which JT has been found to be dominant.
2. The effective date of the price controls was 1 July 2004, and the Decision Paper stated that the price controls would run until 2007. Thereafter, the JCRA would review the situation and make further decisions on the route forward.
3. In this current Initial Notice, the JCRA proposes to proceed with the review of the price controls, as contemplated in the Decision Paper and Direction 2004-2. Specifically, the JCRA would examine whether circumstances may have changed in the affected markets since April 2004, such as to render the price controls contained in the Decision Paper and Direction 2004-2 inappropriate. In order for the JCRA to conduct this assessment, the JCRA proposes to provisionally extend JT's current price controls until 31 March 2008. This extension is necessary for the JCRA to conduct its review and complete the necessary processes under the Law to impose any new or revised price controls should the JCRA conclude, as the result of its review, that such an action would be consistent with its duties set forth in Article 7 of the Law.
4. This proposed exercise would take effect on 10 July 2007, unless the JCRA receives representations or objections about the proposal prior to that date, in which case the effective date will be specified in any final notice issued by the JCRA under Article 11(4) of the Law. A copy of the document that would give effect to the proposed exercise has been provided to JT with this Initial Notice, and is available for inspection at the offices of the JCRA. A copy also may be obtained on the JCRA's website, www.jcra.je.
5. Any written representations or objections concerning this matter may be made by **midnight on Monday, 9 July 2007** to the JCRA at:

Jersey Competition Regulatory Authority
6th Floor, Union House
Union Street
St Helier, Jersey JE2 4JD

or by email to enquiries@jcra.je, or by fax to +44 (0) 1534 514991.

11 June 2007

By Order of the Board of the JCRA

Ref: T141/07

10 July 2007

Jersey Telecom Limited
Attn: Philip Ainsworth, Finance Director
PO Box 53
The Forum
Grenville Street
St Helier JE4 8PB

Dear Sirs

Price Controls

The purpose of this letter is to inform Jersey Telecom Limited ('JT') that the JCRA has decided to extend the price controls contained in the Decision Paper and Direction 2004-2 (the 'Decision Paper and Direction') to 31 March 2008. The purpose of this extension is for the JCRA to assess whether these price controls still are appropriate and, if required, to complete the necessary procedures under the Telecommunications (Jersey) Law 2002 to impose any new or revised price controls. We look forward to working with JT as part of this process.

Yours faithfully

William Brown
Executive Director