



PRESS RELEASE

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Consultation on Proposed Changes to the Reference Access and Interconnection Offer Published by the Bahamas Telecommunications Company Ltd. (ECS 19/2016)

The Utilities Regulation and Competition Authority (URCA) has published its Final Determination on the amendments to the Bahamas Telecommunications Company Ltd. (BTC) Reference Access and Interconnection Offer (RAIO), issued to BTC on Monday 8 August 2016. Copies of URCA's Final Determination may be downloaded from URCA's website at <http://www.urcabahamas.bs/download/030674000.pdf>.

In 2010 URCA imposed an obligation on BTC to publish a RAIO setting out the price and non-price terms or conditions upon which BTC will provide access and interconnection services to Other Licensed Operators (OLOs). URCA considers it necessary and appropriate to require BTC to make certain changes to its RAIO in order to ensure that the pro-competitive conditions that are needed for competitive mobile entry are in place, and has done so in this determination.

The consultation on the matters in the determination was launched on 30 March 2016 when URCA published the Preliminary Determination setting out its initial views and proposed amendments to BTC's RAIO. The first round of responses to the consultation were due 6 May 2016 and the second round of responses were initially due 10 June 2016 and later extended to 24 June 2016. URCA received responses in both rounds from BTC and Cable Bahamas Ltd (on behalf of NewCo2016 Limited).

In order to aid with the general understanding of this consultation and for ease of reference, URCA has listed below answers to questions that the general public may have regarding URCA's Final Determination and provided corresponding answers to these questions.

URCA has also prepared a document defining key terms relating to the regulatory framework pertaining to the electronic communications sector <http://www.urcabahamas.bs/download/030684700.pdf> . This will be updated with additional terms as URCA continues to develop the regulatory framework.

What is this document about?

This document is a determination by URCA requiring BTC to make changes to its RAIO, which will result in BTC offering new interconnection services to other licensed operators (and in particular to the new cellular mobile operator) and to change some of the terms and conditions under which BTC currently offers interconnection and access.

Why is URCA requiring BTC to amend its RAIO at this time?

Prior to the licensing of NewCo, the services provided over the interconnection links between networks in The Bahamas were limited to those services required for competition in fixed (landline) telephone services to work, and the links between those networks were designed to accommodate traffic to and from fixed (landline) networks. URCA has reviewed the current status quo in light of the liberalisation and introduction of competition into the cellular mobile market in The Bahamas.

Based on the current relative size of the mobile market in The Bahamas (approximately 315,000 subscribers) as opposed to the landline market (approximately 125,000 subscribers) and the nature of cellular mobile services, the interconnection services provided by BTC to other operators will need to be changed to ensure that mobile-to-mobile services are covered (for example charges related to mobile to mobile calls, SMS messages) and to address the likely increase in the volume of traffic that will pass between networks.

Accordingly, URCA has determined certain key changes that will need to be made to BTC's RAIO to ensure that the access and/or interconnection services provided by BTC meet the needs of the electronic communications market.

What changes is URCA requiring BTC to make, and what will be the impact of those changes?

Rates for the termination of cellular mobile calls on BTC's networks

URCA is requiring BTC to agree in its interconnection agreement to deliver calls from NewCo subscribers/customers to its subscribers/customers, and establishing the rate which will be paid by NewCo to BTC per minute of such calls. That rate, called a mobile termination rate, will be 2.48 cents per minute. This means that for all calls made from a NewCo customer's telephone to a BTC mobile customer's telephone, NewCo will pay BTC 2.48 cents per minute. URCA expects that a charging regime will also be implemented for calls from BTC to NewCo.

Direct interconnection between NewCo's mobile network and BTC's mobile network

URCA is requiring BTC to agree to and to provide a direct interconnection link to its mobile network, for NewCo.

Currently all licensees providing phone services are required to interconnect with BTC's fixed (landline) network, which is separate from BTC's mobile network. This means that for each call from a customer of another licensed operator (OLO) to a telephone on BTC's mobile network, the OLO must pay a per minute transit charge to BTC to cover the use of BTC's fixed network to deliver that call. For example, when a CBL/SRG landline customer calls a BTC mobile customer, CBL pays a per minute transit charge to BTC. This charge would be in addition to any applicable termination charge. Direct interconnection to the BTC mobile network would avoid the need to pay this charge. Because of the higher volume of calls expected as a result of mobile liberalisation, it is considered appropriate to require BTC to allow NewCo

to interconnect directly to its mobile network. It should be noted that the determination will also require BTC to extend the same opportunity to fixed line operators.

SIP/IP Interconnection

URCA is requiring BTC to implement interconnection using Session Internet Protocol (SIP) technology. This introduces IP based technology to the interconnection link which requires less equipment and allows a considerably greater volume of traffic to be sent along each interconnection link. URCA considers this appropriate because most networks in The Bahamas, and all new network equipment, use IP technology, making establishing the interconnection quicker and less costly, and the increased capacity makes it more efficient and cost effective.

Addition of SMS Services

URCA is requiring BTC to agree in its interconnection agreement to deliver SMS messages from NewCo subscribers/customers to its subscribers/customers, to include the relevant technical specifications and parameters in its RAIO, and establishing the rate which will be paid by NewCo to BTC for such messages. That rate, called a SMS termination rate, will be 1.4 cents per message. This means that for all SMS messages sent by a NewCo customer to a BTC customer's telephone, NewCo will pay BTC 1.4 cents per message. URCA expects that a charging regime will also be implemented for SMS messages from BTC to NewCo.

Why does BTC have to provide these services to other operators?

The introduction of competition into the mobile market will only work if there are seamless and effective communications between all operators in the market, and if the economic conditions under which the competing operators provide services create a level playing field.

As the incumbent cellular mobile service provider currently holding 100% of the market, any new operator in the market must have its network interconnected with BTC's network (to enable calls and messages to pass between the networks), and must have fair and non-discriminatory wholesale terms for the calls and messages that pass between the networks.

Interconnection with the incumbent provider on fair and non-discriminatory terms is an essential component for the provision of competitive voice services, and in the absence of regulatory intervention, such terms and conditions are unlikely to be offered by BTC to its competitors.

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