



FOR IMMEDIATE RELEASE

Cable Bahamas Applies to URCA for Increase in SuperBasic Price

The Utilities Regulation and Competition Authority (URCA) has today, September 4, 2012, issued for public consultation, its review of Cable Bahamas Limited's (CBL) application for a permanent price increase for SuperBasic [RETV Prime] cable television (TV) services.

CBL is seeking a 27% increase in the monthly charge, which would mean a per month price increase of \$8 for residential consumers and \$13.50 for the commercial customer. The current monthly rates of \$30 and \$50 respectively have not changed since CBL introduced the service in 1995. URCA has planned a public consultation on the application which will include community meetings in New Providence, Abaco, Exuma, Grand Bahama and Long Island; radio and television appearances, in national and local coverage.

SuperBasic [RETV Prime] cable television service is a price regulated service. CBL must therefore first obtain URCA's written approval before it can make any price changes to the basic cable TV package. Any product or package that includes or is tied to SuperBasic [RETV Prime] is also therefore subject to regulatory oversight. SuperBasic [RETV Prime] is the core pay television service offered by CBL. A customer must purchase the basic package in order to access other CBL cable television services, including pay-per-view, high definition channels and digital TV offerings.

The consultative document outlines URCA's review of CBL's application, including the regulator's examination of whether the proposed pricing change is reasonable, given established economic and financial variables; how it compares with similar products in other relevant markets; whether the changes are likely to give way to anticompetitive issues; and how the proposed changes compare to established pricing rules.

URCA's examination of CBL's application included review of the operator's financial justification for the increase and the importance of affordability, including the impact of the proposed price change on consumers. In particular, how the pricing change might impact CBL's fulfilment of its universal service obligations (USO). The Communications Act requires that CBL provide "affordable basic television services to all populated areas" in The Bahamas. Basic television services are defined by the Act as "the provision of a multi-channel television service comprising six channels, including ZNS Channel 13 and the Parliamentary channel".

URCA in its review refers to a segment of consumers it classifies as “vulnerable customers”, emphasising in particular, the important role that access to basic television services plays in disaster management and preparedness and social inclusion; factors which the regulator considers as especially critical given the virtual absence of free-to-air TV services in The Bahamas.

On the basis of the specific financial information provided to URCA by CBL and supporting information from other relevant markets, URCA finds that the requested price increase appears reasonable. The application however raises significant concerns regarding the affordability of necessary television services since there is no lower-priced (more affordable) package.

URCA holds a mandated responsibility of protecting consumer interests, which includes issues of affordability and quality of service, while also promoting a sector environment conducive to sustainable competition, investment growth, enhanced efficiency and innovation. Given the widespread significance of this application which is national in scope, URCA invites consumers and other stakeholders to review the consultative document and participate in this consultation by formally submitting their views. URCA appeals especially to residential and commercial consumer groups likely to be most affected, if the CBL pricing request is granted, to participate in the consultation.

URCA further invites views on how the impact of the proposed increases may be mitigated, and encourages comment where any industry stakeholder or member of the public believes that URCA’s preliminary positions are in any way contradictory to its regulatory objectives, principles and/or obligations. The first in a series of town meetings is scheduled for Tuesday, September 11th at 6:30 p.m. at the Holy Cross Anglican Church in Highbury Park, off Soldier Road.

This consultation will be open to public comment until October 19, 2012. The consultative document is available on URCA’s website, www.urcabahamas.bs. Hard copies may be collected from URCA’s office, UBS Annex Building, East Bay Street. Persons should telephone 393 0234 or email info@urcabahamas.bs.

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