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4<sup>th</sup> September 2012

Mr. Stephen Bereaux  
Director Policy and Regulation  
Utilities Regulation and Competition Authority  
UBS Annex Building  
East Bay Street  
Nassau, The Bahamas

Dear Mr. Bereaux:

**Re: Setting Regulated Interconnection Charges of BTC Going Forward**

IPSI welcomes URCA's initiative to conduct a review and implementation of BTC's interconnection charges going forward as we are of the opinion that the charges levied by BTC to OLOs, create a competitive disadvantage of OLOs in having to acquire services from its competitors.

Further, it is clear from the statistics provided by URCA, that BTC is amongst the highest rates in the world for fixed termination charges as well as for mobile termination charges.

IPSI addressed many of these issues in a letter to URCA dated 22<sup>nd</sup> February, 2011 (a copy of which is attached for your ease of reference). The issues and concerns raised then are still relevant today and we wish to refer URCA back to the said letter, which should be considered as a part of IPSI's response to this consultation.





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### Consultation Question 1:

*Do you agree with URCA's stated rationale for the need to review BTC's RAIO charges on a regular basis in the current market environment?*

IPSI's Response:

IPSI Generally agrees with URCA's rationale for the need to review BTC's RAIO charges on a regular basis. However, IPSI also encourages URCA to review all of BTC's charges in the RAIO and not limit its review to call termination charges only. Currently, OLOs have to pay BTC for call transits across POIs as well as for call termination. BTC should not be allowed to have it both ways where they can charge for transiting calls across their network as well as charge for the call itself.

Further, in the RAIO, BTC levies no charge for call terminated to 915 (weather) and 917 (time of day), but levies a charge of 2.33 cents per minute for calls terminating to emergency services which, in our opinion should be carried as a "free" call.

### Consultation Question 2

*Please comment on the options for setting BTC's RAIO charges going forward, including their merits in the current context of the electronic communications market in The Bahamas.*

IPSI's Response:

IPSI supports a position of bill and keep. An OLO is being charged on per minute basis for an intra island call, which will be passed on to its customer, while BTC's customer enjoys that same call as a free call. If this practice is allowed to continue, URCA will in effect be imposing a toll on the OLO's customers with no reciprocity on the BTC's customer. This practice is anti-competitive and should not be allowed in the RAIO going forward. Either BTC charges for a call transit or call termination, but not both.

### Consultation Question 3

*Please comment on URCA's proposed approach on setting BTC's RAIO charges going forward.*





IPSI's Response:

If URCA chooses to go the route of the multi year gliding path, and if it is maintained ultimately that the BTC charges are to remain as a part of the RAIO, then it is IPSI's position that the charges should only be levied to OLOs only until the BTC costs have been recovered and amortized over the shortest possible time being 3-5 years. After which, all call termination and call transit charges should fall away, especially since the justification for these charges is based on cost reflective approach.

***Consultation Question 4***

***Please comment on the expected level of RAIO charges up to 2014/2015 based on URCA's proposed approach.***

IPSI's Response:

Please refer to IPSI's response to questions 1-3.

Yours sincerely,

**IP Solutions International, Ltd.**

Edison L. Sumner

President and CEO





Edison L. Sumner  
President & CEO  
edison.sumner@ipsigroup.com

22<sup>nd</sup> February 2011

Mr. Usman Saadat,  
Chief Executive Officer  
Utilities Regulation and Competition Authority  
UBS Building Annex  
East Bay Street  
P O. Box N-4860,  
Nassau, Bahamas

Dear Mr. Saadat,

**Re: OBLIGATIONS ON BTC UNDER s. 116(3) OF THE COMMUNICATIONS ACT, 2009: DRAFT REFERENCE ACCESS AND INTERCONNECTION OFFER (RAIO)**

Having reviewed URCA's Final Determination on BTC's draft RAIO, we wish to offer the following observations and comments on certain clauses and responses as follows:

*1.2.12 Where BTC withdraws a POI from an island that an OLO had, up to that point, interconnected at, then BTC must provide, at its own cost, a Joining Path (e.g., a backhaul circuit) to the nearest remaining interconnection switch.*

**IPSI supports the final determination by URCA referring to 1.2.12 provided that the rate in this instance remains an Intra Island Rate from BTC.**

*1.2.14 BTC is allowed to levy a per minute cost oriented charge for intra-island call termination service.*

**IPSI does not agree with URCA's determination of Clause 1.2.14 based on the fact that it will culminate into a substantial loss in revenue for OLOs, IPSI in particular. See attached confidential Cost Analysis Report prepared by IPSI.**

*1.2.17 BTC is required to set a:*

- (i) zero rated mobile termination charge for all traffic terminating on BTC's mobile network that originates in The Bahamas; and*
- (ii) non-zero rated cost oriented mobile termination charge for all incoming international calls terminating on BTC's mobile network (delivered via an OLO in The Bahamas).*

**IPSI agrees with URCA on this determination of part (i) but would like further clarification on part (ii).**



1.2.24 BTC is required to include in its final RAIO the following charges for its automated ancillary and other services:

- 1.10 cents per call for its weather automated ancillary service (915);
- 0.62 cents per call for its time of day automated ancillary service (917);
- 0.75 cents per minute for international call transit services; and

ISPI would like URCA to define what is considered "per minute call transit services" as it is not clearly defined in the draft RAIO.

### 3.1 On-island charges

#### Question 16

##### URCA's response to comments received

*As stated in the consultation, it is URCA's preliminary position that BTC should be allowed to levy a per minute cost oriented charge for intra-island call termination service.*

ISPI supports the position of bill and keep. An OLO is being charged on a per minute basis for an Intra Island call which will be passed on to its customer while BTC's customer enjoys that same call as a free call. URCA is in effect imposing local toll on the OLO's customers with no reciprocity on the BTC's customer. This is anti-competitive and should not be allowed to be included in the RAIO.

*Notwithstanding the legitimate competition concerns identified above, URCA considers that an efficient OLO could still compete with BTC in the fixed access market by, for example, bundling fixed access services with local and long distance calls. URCA understands that there is an emerging trend in many jurisdictions for Cable TV service providers to offer double or triple play packages in order to actively compete in the fixed telephony market (even if the incumbent's monthly access fee may not be fully cost reflective).*

ISPI disagrees with URCA's determination. Telecom Businesses are planned along "Lines of business" and where there is a value proposition, services are bundled. Each Vertical Service has to be profitable in its own right. Loss Leaders are only for short term promotions. We reiterate that we really find this anti-competitive. Please see attached appendix for Call Cost Analysis.

Further, BTC enjoys, and will continue to enjoy a monopoly on the provision of mobile telephony which no other OLO is able to provide which puts them in a most advantageous position. Therefore, the notion that OLOs can bundle services to supplement income from a loss in revenue because of the tariffs being imposed by BTC and agreed to by URCA renders that notion baseless. BTC is able to generate substantial revenue through an exclusive arrangement and from a source that is inaccessible to the OLOs.

ISPI has been issued by URCA one NXX that is a total of 10,000 numbers. It is ISPI's intention to use these numbers on a non-geographic basis similar to BTC's use of its 225 NXX. ISPI need clarity from URCA that it treats the NXX issued to ISPI as non-geographic.

If the numbers are non-geographic then can IPSI expects that the RAIO will treat them as such in reference to Interconnectivity and rates.

If the numbers are geographic, IPIS will expect URCA to issue additional NXX so that IPSI can have local calls treated as intra island calls in the RAIO.

### Summary

Having reviewed the draft RAIO and URCA's Final Determination, IPSI concludes that this RAIO is anti-competitive for the following reasons:

- a) Cost for local interconnect and termination with BTC is 2.68 cents per minute;
- b) Cost of calls interconnected and terminated to other islands with BTC is 3.35 cents per minute;
- c) A transit fee is also payable to BTC for transit across one POI is 1.61 cents per minute and should be added to the inter island interconnect and termination fee;
- d) A transit fee is also payable to BTC for transit across two POI at 3.86 cents per minute and should be added to the inter island interconnect and termination fee;
- e) We are assuming that there will be no transit charge for calls originating and terminating on the same island.
- f) For purposes of these projections, we are averaging the transit fees at 2.74 cents to keep in line with the overall averaging theory of the projection
- g) IPSI's transaction cost per minute for call processing is 1.5 cents per minute.

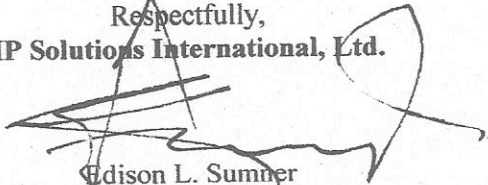
The assumptions have taken into consideration the average of expected calling patterns:

- The average amongst callers suggests that each caller (on average) terminate 500 local minutes, 200 inter-island minutes and 100 international minutes per month.

Based on these assumptions we have determined that BTC's cost to ISPI is \$22.84 per subscriber per month which is totally unacceptable.

Please see confidential attachment.

Respectfully,  
**IP Solutions International, Ltd.**



Edison L. Sumner  
President and CEO