

ANNEX TO COVER LETTER

(1) CBL Comments on Changes to Resale Broadband Offer following URCA's observations

Document reference	Title / Section	Initial observation/comment	CBL Comment
General	Overall resale offer	The current offer dates back to 2010. As such, CBL needs to review the overall resale offer to ensure that the technical product descriptions, references to retail products and ordering and delivering process, etc. are consistent with its current network infrastructure, current retail broadband products and, where relevant, the terms and conditions of its current access and interconnection agreements with other licensees. (i.e. where applicable, CBL should have regards to the principles and terms and conditions in its interconnection agreements when reviewing the terms and conditions of the resale offer to ensure consistency and leverage on existing and accepted terms and conditions).	CBL carried out an extensive review and updated the Resale Offer according to its current business practice.
9	Maintenance	CBL to review this section to ensure that maintenance is provided on a non-discriminatory basis and Clients are provided sufficient notice in case of technical breaches or maintenance, etc.	CBL amended the section to confirm non-discrimination.
11.3	Retail customers of the services	CBL to review (and justify) the restriction of the resale offer to residential retail customers only.	There is no such restriction (see Definition of Retail Customer). The only restriction is that retail packages cannot be used by business clients. The same restriction applies to CBL's own customers as well.
11.4	Minimum service	CBL to review (and justify) the minimum duration of the service to one year. Any justification needs to take into account CBL's minimum contract length of its retail broadband services.	The same condition applies to own customers as well.
12	Non-discrimination	CBL to review this paragraph to ensure it also includes non-discrimination relative to its own retail business and customers.	Reviews are done annually. Rate changes are managed through normal business processes and regulatory requirements. End users are informed via print, TV, radio, website and social media platforms and electronic statements/ email as applicable.
13.2	Service charge review	CBL to review the frequency with which it updates its resale offer charges.	Review frequency is consistent with CBL's business practice

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13.3 and 13.4	Invoicing and Payment	CBL to review its invoicing and payment process to ensure it is consistent with the terms and conditions of its current access and interconnection agreements with other licensees.	Invoicing and payment process is consistent with CBL's business practice.
22	Client base	CBL to review the minimum notice period given to its Resale Broadband Clients on changes to its standard terms and conditions, to ensure that it allows the Client adequate time to give notice to its retail customers of any changes in the standard terms.	Same period is given to own customers.
24	Limitation of liability and warranty	CBL to review the 60 days period to replace faulty modems in the case of material defect, ensuring non-discrimination between its resale offer Clients and its own retail business.	Same period is given to own customers.
27	Liability of the Parties	CBL to review its current liability cap to its Clients, ensuring reciprocity, non-discrimination between its resale offer Clients and its own retail business.	Paragraph has been reviewed and amended.
Annex 1	Service description	CBL should review the service and network descriptions to ensure these are reflective of its current network infrastructure and retail broadband services are reflective of its current offerings to end-user in The Bahamas.	Service Description has been updated.
Annex 2	Service charges	<p>CBL to review and update its pricing information to ensure it contains, at the minimum:</p> <ol style="list-style-type: none"> 1. an overview of the basis for setting the prices (i.e., the 'retail minus' approach) and the applicable discount factor; 2. a table setting out for each retail fixed broadband service, the relevant retail price(s) and corresponding resale broadband prices, set in-line with the described 'retail minus' approach; and 3. a statement setting out the date when these prices were set and that they will be automatically updated based on the 'retail minus' approach and the relevant current retail prices. <p>CBL to review the need for non-recurring charges (i.e. for installation and activation) and the one-off implementation fee currently set out in Annex 2 to ensure these are reflective of the efficient cost of providing these services. If nonrecurring charges are maintained at some level, CBL needs to provide to URCA an overview of how these have been derived, including</p>	<p>Service Charges have been updated.</p> <p>All fees have been updated and are in line with CBL's charges to own customers.</p> <p>Upfront fee has been calculated according to table in section (2) of this Annex</p>

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		supporting evidence on the proposed level of these charges.	
		As part of its consultation response, CBL needs to confirm its current retail minus discount value and to provide costing evidence in support of applicable discount value.	Retail minus discount value has been calculated according to table in section (3) of this Annex
Annex 4	Processes and procedures	<p>CBL to review to ensure the ordering and delivery processes are clear, complete, correct, up-to-date and, where relevant, consistent with the terms and conditions of its current access and interconnection agreements with other licensees.</p> <p>CBL to add delivery time targets for each process step and compensation payments for missing any delivery times, ensuring, where relevant, consistency with the terms and conditions of its current access and interconnection agreements with other licensees.</p>	<p>Processes have been reviewed and amended.</p> <p>Processes have been reviewed and amended.</p>
N/A	Quality of Service Standards	<p>CBL to include Quality of Service Standards for the resale broadband services, ensuring consistency with those applicable to its own retail services.</p> <p>CBL to add penalties for missing any Quality of Service Standards</p>	CBL added reference to QoS regulation ECS42/2016

(2) Justification of upfront payment based on directly attributable costs

Costs related directly to Resale Broadband Access

Activity	External Days	External Cost/ day [\$]	Internal Days	Internal Cost/ day [\$]	Total cost [\$]
Drafting consultation response	6	2200	7	571.43	17,200
Drafting Resale Broadband offer	8	2200	10	571.43	23,314
Setting up relationship with reseller	2	2200	8	571.43	8,971
Legal Review of Documents	4	2200	3	571.43	10,514
Total					60,000
Cost per Reseller (assuming 2 Resellers)					30,000

(3) Justification of retail minus discount value

	As per 2016/17 AS Broadband Internet revenue and retail cost [€]	% of cost incurred by a hypothetical reseller	Relevant 2016/17 Broadband Internet revenue and retail cost [€]
Revenue	66,290,095		66,290,095
Sales and Marketing	3,377,427	100%	3,377,427
Billing and Collection	460,306	100%	460,306
Customer Care	4,805,671	90%	4,325,104
Mark-up for common cost %			21.77%
Common cost			1,777,030
Depreciation	10,463,445	12%	1,255,613
Mean capital employed	7,665,576		
Cost of mean capital employed	832,482	12%	99,898
Total retailing cost			11,295,378
Retailing cost % of revenue			17.0%
Additional margin for reseller			5.0%
Total margin for reseller			22.0%