



The Bahamas Telecommunications Company Limited

REDACTED VERSION

Initial Response to:

**Review of the Resale Broadband Obligation imposed
on BTC and CBL under Section 116 and Schedule 4 of
the Communications Act, 2009**

Preliminary Determination

ECS 09/2017

Issued 31 October 2017

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The Utilities Regulation & Competition Authority

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1 Introduction

The Bahamas Telecommunications Company Limited ("BTC") is herein providing its initial response to the Utilities Regulation and Competition Authority's ("URCA") Preliminary Determination ("PD") on the "Review of the Resale Broadband Obligation imposed on BTC and CBL under Section 116 and Schedule 4 of the Communications Act, 2009", issued 31 October 2017.

By way of background, the PD notes that in 2010, in its Final Decision on Significant Market Power ("SMP") Operator Obligations,¹ URCA imposed an obligation on the corresponding SMP operators to offer a resale fixed broadband product. This obligation was imposed on both BTC and Cable Bahamas Ltd. ("CBL") in separate non-overlapping defined geographic markets wherein each operator was considered- to have SMP. According to the PD, URCA's intent in imposing this wholesale ex-ante remedy was to "provide a low-cost option for alternative providers to enter the fixed broadband market without having to deploy their own network infrastructure and so to offer retail services in direct competition to BTC and CBL."

As a result, BTC and CBL developed and published resale broadband offers in 2010. While URCA reviewed those offers at the time, it did not formally approve them. As the PD notes, there has been no take-up of these resale broadband offers over the course of the last eight years. In this respect, the PD states that "several industry players have informally raised concerns about the nature of the current offers". However, very little information is provided in the PD regarding the nature of these concerns. Further, the PD indicated that URCA did not verify any of these concerns with BTC or CBL.²

It is on this basis, therefore, that the PD indicates that URCA decided to review the current wholesale ex-ante remedy to: (i) reconfirm the existing corresponding SMP designations of BTC and CBL and (ii) review the terms and conditions of the existing resale broadband offers.

In BTC's view, the PD is based on a flawed review of the broadband services market in The Bahamas. The PD largely ignores the retail broadband services market and focuses almost exclusively on the wholesale broadband services market, with the sole purpose in mind of reconfirming URCA's past SMP findings in that market. However, in doing so, the PD misses key developments in the broadband services market - namely the recent introduction of standalone 4G/LTE mobile broadband services - that affects the relevant definitions of the retail and wholesale broadband services markets as well as findings regarding SMP in both markets. If the market review were conducted correctly, there would be no finding of SMP in either the retail or wholesale broadband services markets and, therefore, no need for a wholesale remedy in the form of mandated resale broadband. Moreover, the PD fails to identify any specific benefit that would arise from mandating resale broadband or, for that matter, whether there would even be any demand for the service. Consequently, BTC is of the view that there is no evidentiary

URCA, Final Decision, "Obligations imposed on Operators with Significant Market Power (SMP)", ECS 11/2010, 22 April 2010. A follow-up market review was conducted 2014, at which time URCA reconfirmed its SMP findings and obligations concerning the broadband market - i.e., in URCA, Final Determination, "Assessment of Significant Market Power in the Electronic Communications Sector in The Bahamas under Section 39(1) of the Communications Act, 2009", ECS 14/2014, 2 December 2014.

² PD, page 34, footnote 31.

basis for or quantifiable benefit associated with the contemplated resale broadband obligation and, therefore, it should be retracted.

The balance of BTC's initial response to the PD is structured in two parts: the first deals with the broadband market review and related conclusions set out in the PD, while the second addresses the proposed updates and revisions to BTC's resale broadband offer. BTC emphasizes however that failure to address any specific statement or claim made or conclusion reached in the PD does not imply BTC's agreement in any such case.

2 Broadband Market Review

The market review process set out in the PD consists of three steps: market definition, competition/SMP assessment and ex-ante remedy justification and design. In what follows, BTC comes s on the analysis and conclusions reached with respect to each of these steps. However, before doing so, BTC considers that it is necessary to consider how the market review process should be applied when considering the imposition of retail and/or wholesale market SMP obligations.

2.1 Retail vs Wholesale Market Review Process

In broad terms, a market review process that considers both the retail and wholesale levels of a defined market should follow a two-step sequential, inter-dependent assessment process:

- **Step 1: Retail Market Review:** This would include (i) retail market definition, (ii) retail market SMP assessment and (iii) if SMP found to exist, evaluation of the need for and, if found necessary, the design of specific retail market ex-ante remedies, if any.
- **Step 2: Wholesale Market Review:** If retail market level SMP is found to exist and any retail market level ex-ante remedies established under Step 1 are found to be insufficient to support effective retail market level competition on a prospective basis, then a wholesale market review could be conducted. Such a review could include (i) wholesale market definition, (ii) wholesale market SMP assessment and (iii) if SMP is found to exist, evaluation of the need for and, if found necessary, the design of specific wholesale market ex-ante remedies. The objective of any such wholesale market ex-ante remedies would be to support effective competition on a prospective basis at the retail market level. In other words, it would be found to be the case that retail market level competition would be substantially lessened e>r potential consumer harm incurred absent wholesale market ex-ante remedies.

This two-step sequential, inter-dependent assessment approach is consistent with regulatory practice in other jurisdictions such as the European Union.³

The PD does not follow this approach. It effectively skips Step 1 entirely. No consideration is given to or conclusions reached regarding the definition of the retail broadband market, whether

European Commission, COMMISSION RECOMMENDATION on relevant product and service markets within the electronic communications sector susceptible to ex-ante regulation in accordance with Directive 2002/21/EC of the European Parliament and of the Council on a common regulatory framework for electronic communications networks and services, 9 October 2014.

there is SMP in the retail broadband market and, if so, whether the existing or alternative retail broadband market ex-ante remedies are sufficient to support effective competition on a prospective basis. Instead, the PD simply-jumps to Step 2 and, as a result, focusses solely on the wholesale fixed broadband market. Based on this inappropriately abbreviated and flawed market review process, the PD reconfirms on a preliminary basis the existing ex-ante wholesale remedy mandating BTC and CBL to provide resale broadband product should continue to apply. BTC disagrees with this preliminary finding.

It should be further noted that the PD provides no evaluation of what benefit, if any, the wholesale ex-ante remedy may serve in promoting retail broadband competition or, in the alternative, whether any substantial harm to or lessening of competition in the retail broadband market -that might arise absent mandated resale broadband. Consequently, BTC considers the market review process in the PD to be seriously flawed and the resulting preliminary conclusions to be unjustified and unsupported with any market evidence.

Further, as pointed out below, there has been a significant development in the retail broadband market since the PD was issued (i.e., the launch of standalone 4G/LTE mobile broadband services) that significantly impacts the market review analysis included in the PD and, as a result, its preliminary conclusions.

2.2 Market Definition

The market definition analysis included in the PD includes consideration of both the retail and wholesale relevant markets. However, while the PD includes a preliminary conclusion on the latter, it is silent on the former. As discussed above, BTC considers this to be a significant error with the PD.

2.2.1 Product Market

More specifically with respect to market definition, BTC considers that the PD also erred by simply carrying forward its 2010 retail broadband market definition conclusion without re-evaluation. BTC considers that the 2010 retail broadband market definition is no longer valid today. Rather, if a market definition analysis were conducted di novo, considering the specific and general market developments summarized below, it would be found that the scope of the relevant product market for broadband services includes both mobile and fixed technologies.

The specific development that has impacted the definition of the relevant product market for broadband services is the recent launch of standalone 4G/LTE mobile broadband services in The Bahamas by both BTC and Be Aliv Ltd. ("Aliv").

In Aliv's case, it recently launched a 4G/LTE mobile broadband service under the product name "AlivGo". This mobile broadband service includes "unlimited" data usage for \$75 per month.⁴ While data usage under the plan is subject to a fair use policy, it provides subscribers with a very generous- data allowance of up to 300 GB per month. AlivGo is currently available in most

⁴ AlivGo includes a free **WiFi** device (that can accommodate up to 5 users simultaneously) and has a fair usage policy capping data usage at 300 GB per month. See <https://www.bealiv.com/aliv-go>.

populated areas of The Bahamas and, in fact, likely provides greater broadband coverage than existing fixed broadband networks. The service can be readily used at a fixed location, but also provides the added benefit of mobility. In terms of price, transmission speed and data usage, this service is directly competitive with and substitutable for BTC's and CBL's existing fixed broadband products and, therefore, should be included in the relevant product market for broadband services.

In addition, Aliv also offers several other personal and business "bundled" talk, text and data mobile service plans that include "unlimited" data usage - e.g., Freedom 30, Liberty 120 and Liberty Pro.⁵ These plans are also subject to fair use policy limitations, with monthly data usage caps of 100 GB. However, considering price and these relatively high monthly data allowances, these mobile service plans are also substitutable for fixed broadband services. Further, they provide the added benefit of mobility as well as talk and text functionality.

In BTC's case, it launched a 4G/LTE WiFi Hot Spot Dongle service in mid-2017. The mobile broadband service offers a range of monthly data usage options, including 1, 5 and 15 GB as well as unlimited data. Under the current fair use policy, monthly data usage is capped at 30 GB. The prices for these plans range from \$25, \$40, \$70 to \$130. The plans are currently offered to business customers, with include further price discounts tied to the number of users on an individual business customer plan. These mobile broadband service plans provide a substitute for fixed broadband service available to business customers. BTC expects to soon extend its mobile broadband service offers to the consumer segment of the broadband market.

From a supply-side perspective, both BTC and Aliv have 4G/LTE networks in place that cover the vast majority of the population of The Bahamas. These networks provide not only extensive coverage, but also transmission speeds and data capacity that are competitive with and, in some cases, even superior to fixed broadband networks. It is important to also recognize that 5G mobile technology is on the horizon which will provide even greater speeds and capacity.

Therefore, unlike the situation in 2010, BTC considers that mobile broadband services are now clearly substitutable with fixed broadband services from both a demand and supply-side perspective and, therefore, fall into a single relevant product market including both fixed and mobile wireless broadband services.

From a more general perspective, there is a wide range of other technologies that are currently or could soon be deployed to provide broadband services in The Bahamas, including:

- **Multi Service Access Network/Digital Subscriber Line** ("MSAN/DSL") over fibre and copper (fibre-to-the-node or "FTTN"): BTC has invested heavily in upgrading and extending its network in recent years to provide next generation MSAN/DSL services, offering download speeds of up to 100 Mbps.
- **Cable Modem** over fibre and coaxial cable: CBL has also invested heavily in upgrading and extending its latest generation cable network services and currently offers download speeds of up to 70 Mbps.

See <http://www.bealiv.com/shop/plans> and <https://www.bealiv.com/business/b2b-plans>.

- **Fibre-to-the-Home** ("FIT H"). BTC's FITH broadband services offering download speeds of up to 100 mbs and available in parts of New Providence, Grand Bahama, Rum Cay, Crooked Island, San Salvador, Exuma and Long Island.⁶
- **Terrestrial Fixed Wireless:** There have also been significant advances in fixed wireless technologies in recent years (in terms of speed and capacity) and the pace of such advances is rapidly accelerating. This technology can be deployed relatively quickly and easily compared to fixed network infrastructure. Bahamas WiMAX offers a range of broadband services using fixed wireless technology.
- **Satellite:** There have also been significant advances in satellite-based broadband services. High-throughput satellite technology now provides a means for service providers to offer high-speed and competitively priced broadband services. This technology is used primarily in rural and remote areas and, therefore, is ideal for more remote areas of The Bahamas.

2.2.2 Geographic Market

As discussed above, BTC submits that the relevant product market for broadband services includes both mobile and fixed technologies. Consequently, the geographic scope of relevant market is national in scope. It would no longer be appropriate to divide the relevant geographic market for retail broadband services into two zones - i.e., geographic market 1 (New Providence, Abaco, Grand Bahama and Eleuthera) and geographic market 2 (all other islands in The Bahamas) based on the 2010 fixed broadband relevant product market definition.⁷

In summary, the relevant product market for retail broadband services should include both fixed and mobile technologies and the relevant geographic market should now be considered national in scope.

2.3 SMP Assessment

BTC considers that if an SMP assessment were conducted for the retail broadband services market - based on a market definition that includes fixed and mobile broadband technologies - there would be no finding of SMP at the retail market level. Competition in the retail broadband services market in The Bahamas is highly competitive, and can only be expected increase in intensity with further uptake of the 4G/LTE mobile broadband services discussed above. In BTC's view, broadband pricing, speeds, innovation or quality of service are extremely competitive in The Bahamas and compare very favourably other countries within the Caribbean region and elsewhere.

If there is no SMP found to exist in the retail broadband services market, then there is no need to conduct an SMP assessment of the wholesale broadband services. As noted, BTC considers this to be the case given the current and prospective state of competition in the retail broadband services market in The Bahamas.

BTC understands that CBL has also begun including fiber in its network .

⁷ Zones that are defined on the basis of the footprint of CBL's cable network .

Assuming URCA decides to nevertheless proceed with a wholesale broadband market SMP assessment, BTC has several concerns with the preliminary wholesale broadband market assessment included in the PD:

- First, as discussed, the relevant market definition, wholesale fixed broadband, is incorrect and, as a result, the SMP assessment focused exclusively on fixed technologies alone to the exclusion of all other technologies. The correct SMP assessment would look at all current and prospective players offering mobile and fixed technologies.
- Second, and in a related sense, the PD claims that there are high barriers to entry in the fixed network market. However, the likelihood of a third wireline network entrant is not relevant. The fact of the matter is that wireless technologies can be deployed relatively easily instead and, indeed, have been as in Aliv's case (i.e., covering most of the population of the county in roughly 18 months).
- Third it appears that the only market factor seriously considered in the SMP analysis in the PD was market share. However, it is well known that market share should not be used as the sole criterion for determining SMP. In any case, the market shares relied on in the PD are incorrectly measured since they fail to take into account both mobile and fixed technologies.

In sum, BTC considers the SMP assessment presented in the PD to be flawed since it failed to first include an assessment of the retail broadband market prior to assessing the wholesale broadband market and, in addition, the wholesale broadband market assessment was also based on an erroneous definition of the relevant market.

2.4 Ex-Ante Regulatory Remedies

The ex-ante regulatory remedies review process set out in the PD involves three steps: (i) an assessment of the need for ex-ante remedies, (ii) an assessment of the potential competition problems and consumer harm absent ex ante remedies, and (iii) justification for any proposed ex-ante remedy(s). Such a review, of course, is only necessary where SMP is found to exist in a defined market under consideration.

2.4.1 Ex-Ante Remedies Review

Here again, the fact that the PD does not include an SMP assessment of the retail broadband market undermines the preliminary conclusions reached regarding ex-ante remedies. If SMP were not found to exist in the retail broadband market, then there would be no need for ex-ante remedies at either the retail or wholesale segments. As a result, the ex-ante remedies phase of the market review would be unnecessary altogether. In any event, even if SMP was deemed to exist in the retail broadband market (a position with which BTC would disagree), then, as noted above in the two-step approach, an ex-ante remedy review process for the retail broadband market should be considered as a first step. As per the conceptual approach outlined above, if adequate ex-ante remedies can be applied at the retail level to address any identified actual or potential competition problems or consumer harm, then a further review of ex-ante remedies at the wholesale market level would be unnecessary. Only if retail market ex-ante remedies are found

to be insufficient on their own should a review of wholesale market ex-ante remedies be necessary.

As discussed above, in BTC's view, if an SMP assessment of the retail broadband market were conducted, no operator would be found to possess SMP in the retail broadband services market. Even if URCA nevertheless concluded otherwise, then BTC submits that the existing retail level **SMP** obligations could be sufficient to support effective competition in the retail broadband services market. These measures include geographic averaging of prices in BTC's case, price cap regulation and the requirement to offer stand-alone retail broadband products in CBL's case and restrictions on bundling broadband services in both BTC and CBL's cases. However, no assessment of the continued need for or appropriateness of these existing ex-ante remedies was included in the PD and nor was any consideration given to the need for or appropriateness of alternative retail broadband market level ex-ante remedies.

In BTC's view, the failure to include a retail market level SMP assessment and related ex-ante remedy review is a significant flaw with the PD, and one that effectively undermines URCA's proposal to maintain the existing wholesale ex-ante remedy (resale broadband obligation). In effect, the rationale for the proposed obligation is based entirely on hypothetical problems assumed to exist in the wholesale market - i.e., alleged excessive charging of and refusal to supply a wholesale broadband product. Yet both BTC and CBL have offered a resale broadband service for eight years now, and throughout this time there has been no serious demand for it. More importantly, the PD provides no evidenced-based rationale for the need for mandated resale broadband as far as the retail market is concerned - i.e., based on an assessment of the potential competition problems and consumer harm absent the proposed wholesale ex-ante remedies in the retail broadband services market. It also provides no quantitative or even qualitative support for the proposed measure in terms of expected impacts on investment, innovation, prices or other factors. More generally, it does not address or attempt to measure any benefit that might arise from a resale broadband obligation or, in the alternative, any substantial harm to, lessening or prevention of competition in the retail broadband market that might arise were resale broadband not mandated.

In sum, in BTC's view the PD is fundamentally flawed because it inappropriately focuses on the wholesale fixed broadband market in terms of market definition, SMP assessment and ex-ante remedy design, while almost entirely ignoring the retail broadband market, which is presumably should be the primary purpose of the exercise. As a result, the PD failed to provide any explicit rationale or justification for the imposition of a resale broadband obligation. Therefore, BTC submits that the existing resale broadband obligation should be eliminated.

2.4.2 Proportionality

If URCA nevertheless maintains its preliminary conclusion regarding the resale broadband obligation, BTC questions its relevance in its case. Under the proposal, BTC would be required to provide a resale broadband offer in geographic area 2, which covers an extensive region made up of 14 islands (i.e., where BTC has the facilities in place to provide fixed broadband services).⁸

These Islands include: Acklins, Andros, Bimini, Cat Island, Crooked Island, Exuma, Great Harbour Cay, Inagua, Long Cay, Long Island, Mayaguana, Ragged Island, Rum Cay and San Salvador.

BTC currently serves just under 5,000 (5,792) subscribers on these 14 islands. In the case of two (2) of the islands (i.e. Andros and Exuma) in this group, BTC serves over 1,000 subscribers in each case. In the case of six (6) of the other islands, BTC serves less than 100 subscribers on average in each of those islands. On the remaining six (6) islands in the group, BTC serves on average less than 40 subscribers for these islands represented. In such low density and relatively remote areas, BTC does not consider the proposed mandated resale broadband service to be practical or feasible. BTC would be surprised to see any demand for the service and, if demand did exist, its cost of provision could far exceed any benefit gained.

In carrying out the retail-minus benchmarking analysis presented below, BTC also researched international regulatory precedents related to the geographic dimension of resale broadband or similar wholesale ex-ante remedies. BTC was not able to identify any country included in the analysis wherein the operator's obligation was only a relatively small numerical subset of its total offering of lines, where that subset of lines was associated with the relatively highest cost geographic regions because of remoteness and lack of subscriber density and, therefore, the number of lines subject to the obligations was very small in absolute terms (well below 10,000 lines).

Based on these considerations, BTC submits, that the imposition of the contemplated obligation in the case of geographic market 2 would be inefficient and disproportionate to its purpose and, accordingly, should be dropped.

3 Review of Current Resale Broadband Offers

3.1 Revised and Updated Offer

The Annex includes a revised and updated draft version of BTC's resale broadband offer. The revisions and updates reflect, as necessary, the observations and comments on BTC's 2010 resale broadband offer included on pages 38 to 40 of the PD.⁹

A key element of the draft offer BTC is the price list. The proposed prices and associated basis for BTC's proposed "retail-minus" discount rate used to determine BTC's resale broadband prices is discussed in the following section.

Otherwise, BTC's notes that following important change to the draft version of its resale broadband offer compared to the 2010 offer:

- Annex A, Service Schedule, has been revised so that it removes the previous restriction preventing the service being used for the conveyance of voice over broadband services.

⁹ These include those dealing with general overview of the offer, service schedule issues, ordering processes, operations and maintenance, billing, dispute resolution, price list, and quality of service standards, etc.

3.2 BTC's Proposed "Retail-Minus" Discount

BTC's proposed retail-minus discount rate is based on two considerations: (i) BTC's historical cost accounting separations (A/S) results and (ii) an international benchmarking analysis of comparable retail-minus discount rates.

3.2.1 BTC Accounting Separations Results

As a starting point, to derive an appropriate retail-minus discount rate, BTC has used the ratio of non-network (i.e., retail) costs to total accounting costs (i.e., network and non-costs costs) for BTC's broadband Internet service category in its A/S results (A/S product code 211). This is a standard approach to determining such retail-minus discount rates. To reduce the effect of year-over-year fluctuations in A/S results, BTC has relied on retail cost ratio results from five separate A/S studies covering the periods: 2012/13, 2013/14, 2014/15, 2015/15 and Apr-Dec 2016.

Table 1 below provides a listing of those ratios along with the simple average of the observations, i.e., [REDACTED]

Table 1: Broadband Internet Service A/S-Based Ratio of Non-Network to Total Costs	
A/S Study Year/Period	Cost Ratio
FY 2012/13	[REDACTED]
FY 2013/14	[REDACTED]
FY 2014/15	[REDACTED]
FY 2015/16	[REDACTED]
Apr-Dec 2016	[REDACTED]
Average	[REDACTED]

BTC notes that using the ratio of retail or non-network to total accounting costs as a retail-minus discount rate would have the effect of removing all non-network costs from the retail price used as a starting point. However, it is important to recognize that the provision of a resale broadband product includes a variety of retail-equivalent costs such as wholesale service provisioning, service customer support, billing and collection and bad debt. BTC considers that these non-network wholesale service costs would amount to at least 25% of the non-network costs attributable to retail broadband services. Therefore, based on above-noted BTC's A/S-based non-network cost ratio together with this adjustment factor, BTC considers that the retail-minus discount rate in the case of resale broadband should be [REDACTED].¹⁰

3.2.2 International Benchmarking Results

BTC also carried out an extensive retail-minus benchmarking analysis for broadband resale and wholesale line rental ("WLR") services. At the outset, BTC notes that it found that there are relatively few countries that include broadband resale obligations as part of their wholesale ex-ante remedies for which the pricing information is publicly-available (not confidential).

¹⁰ I.e., Calculated as $[REDACTED] \times (1 - 25\%) = 15.9\%$ and rounded to 16%

Table 2 includes three countries for which the broadband resale price is specifically defined on a retail-minus basis (i.e., Bermuda, Oman and Turkey). The average retail price discount is 17.8% for these three countries. It should be noted that Bermuda, which has established a retail-minus discount of 15%, is the most similar benchmark country relative to The Bahamas in terms of socio-economic and geographic characteristics relative to The Bahamas. For this reason, BTC considers that Bermuda should be given heavier weight compared to the other the benchmarking countries.

Many more countries have adopted similar wholesale obligations, including wholesale line rental ("WLR"). In this respect, BTC considers WLR to be very similar to broadband resale. Both broadband resale and WLR are effectively end-to-end wholesale service offerings for the access seeker requires very little if any network investment of its own (i.e., both amount to rebilling services). Therefore, WLR retail-minus discount rates are relevant for benchmarking purposes.

Table 2 includes 14 WLR benchmark observations. The average WLR retail-minus discount rate is 16.0%. This figure is similar to the broadband resale average, which confirms that broadband resale and WLR are comparable in this respect. Further, it is important to note that in Oman's case, which includes observations for both broadband resale and WLR two services in the case of one operator in that country (i.e., Ooredoo), the applicable retail-minus discount in this instance is the same for both services (i.e., 29%). This further serves to confirm the comparability of retail-minus discount rates for broadband resale and WLR services.

Table 2 shows that the combined average for broadband resale and WLR is **16.4 %**.

Table 2: Resale Broadband and WLR "Retail-Minus" Benchmarking¹¹				
	Country	Retail-Minus% (by service)		
		BB Resale	WLR	Overall
1	Bermuda	15.0%		
2	Oman	12.0-29.0%*	29.0%	
3	Turkey	18.0%		
4	Belgium		9.0%	
5	Croatia		15.0%	
6	Denmark	-	21.0%	
7	France		13.0%	
8	Greece		13.3%	
9	Iceland		20.0%	
10	Ireland		14.0%	
11	Italy		12.0%	
12	Macedonia (FYR)		20.0-35.0%*	
13	Malta		13.0%	
14	Montenegro	-	5.0%	
15	Netherlands		15.3%	
16	Sweden		17.0%	
	AVERAGES	17.8%	16.0%	16.4%

¹¹ See Annex I for sources and references .

Notes : * used mid-point of country range for calculating averages .

3.2.3 Proposed "Retail-Minus" Discount Rate

The results of the retail-minus price discount benchmarking analysis are very similar to BTC's A/S-based retail-minus price discount calculations. The benchmarking analysis indicates on an overall basis that the average retail-minus discount rate is 16.4%. At the same time, a lower rate of 15% is in place in Bermuda, which is the most comparable country included in the benchmarking analysis relative to The Bahamas. BTC considers that the benchmarking analysis is highly-supportive of the results derived from its A/S studies, which generates a retail-minus discount rate of **16%**. Therefore, if BTC is mandated to provide a resale broadband offer, BTC proposes that the retail-minus discount rate for the service be set at **16%**.

3.3 Proposed Resale Broadband Price List

Based on BTC's current retail pricing of its residential and business fixed broadband services, the corresponding wholesale resale broadband prices, based on a retail minus price adjustment of 16%, are set out in Table. Note that available broadband service speeds will vary by location, depending on available network facilities.

Table 3: Proposed Resale Broadband Service Price List		
Retail-Minus Discount Rate= 16%		
Broadband Service Plan (down/upload speed) <i>(where available)</i>	Retail Price (VATexc.)	Wholesale/Resale Price (VATexc.)
RESIDENT AIL		
Hi-Speed Internet 8 mbs /3 mbs	\$29.99	\$25.19
Hi-Speed Internet 16 mbs /3 mbs	\$34.99	\$29.39
Turbo Charged 25 mbs /10 mbs	\$39.99	\$33.59
Turbo Charged 50 mbs /10 mbs	\$69.99	\$58.79
Turbo Charged 75 mbs / 25 mbs	\$99.99	\$83.99
Turbo Charged 150 mbs / 45 mbs	\$149.99	\$126.00
Turbo Charged 300 mbs / 100 mbs	\$229.99	\$193.19
BUSINESS		
ADSL 8 mbs	\$59.99	\$50.39
ADSL 16 mbs	\$79.99	\$67.19

A number of additional standard one-time and, in one optional case, recurring broadband service charges would also apply. No retail minus discount applies in these cases, since they are already set on a cost-recovery basis.

Residential Customers:

- Installation: \$32.32.
- Security Deposit: \$150.
- Modem Purchase: \$150.

- Modem Rental: \$5.38 per month.

Business Customers:

- Installation: \$150.
- Security Deposit: \$150.
- Modem: included with service.

Annex 1 - Benchmarking References (Table 2)

Benchmarking References (Table 2)				
Country	Retail-Minus (by service)			Reference
	BB Resale	WLR	Overall	
Bermuda	15.0%			Bermuda Regulatory Authority (BRA) "Obligations for Operators with Significant Market Power" Consultation Summary, Final Decision, Order, and General Determination (Matter: RM01/13-1040); Date: 7 August 2013. http:// www .rab.bm/ in dex.php/tele-admin -dete rminations-menu / I 035- remedies -order- v fina l- 8-7-13/file
Oman	12.0% *			OmanTel Reference Access and Interconnection offer: Annex M - Tariffs. https://www.omante l.om/wps/wcm/connect/e95c5 1 2c-562f -f :.19b4-93cb-6 l 190824d 7c5/odf ic on.ong? MOD=AJPERES&CACHE ID=e95c5 1 2c-562f-49b4-93cb-6l 190824d7c5
Oman	29.0% *			Ooredoo Reference Access and Interconnection offer: Annex 5-4 - Broadband Resale Service. httos://ooredoo .om/Portals/0/odf/oordoo /Annex-5-4-Wholesale-Broadband-Broad band-Resale -Se rvic e .odf
Oman		29.0%		2016 Ooredoo Reference Access and Interconnection offer: Annex 5-1 - Wholesale Line Rental. httos://ooredoo .om/Portal s/0/odf/oordoo/Annex%205-1 WholesaleBroadbandWho le sale -Line-Renta l.odf
Turkey	18.0%			Wholesale Tariff Regulations in Turkey. 2010 Presentation by Ahmet Darici, Information and Communications Technologies Authority (ICTA). http://www.culle n-in ternatio nal.com/asse t/?location=/content/assets/train ing--confere nces /conferences /2010/ahmet-dar ici -who les ale -tariff-re!!ulations-in-turkev .odf/ahmet-darici - wholesale-tari ff-reoulations- in-turkev .odf
Belgium		9.0%		See reference in Malta RepoitMCA-D-42.
Croatia		15.0%		Report one-communications and information society in Enlargement countries: Annex (cross-country data). Report (2014): A study lprepared for the European Commission by Cullen International http://ec.europa .eu/news room/dae/doc umen t.cfm?doc id=5046
Denmark		21.0%		See reference in IBPT Belgium WLR Consultation Document. http://www.biot.be/oublic /files /fr/2116/1 694 fr consultation resale of subscription fr.odf
France		13.0%		See reference in Malta Report MCA-D-42.
Greece		13.3%		EETT Decision of May 6, 2008 at ww w.o tewh ole sale .gr/Portals /O/FEK988 28 05 2008.pdf
Iceland		20.0%		Report one-communications and information society in Enlargement countries: Annex (cross-country data). Report (2014): A study prepared for the European Commission by Cullen International http://ec.europa.eu/ne wsroom /dae/docume nt.cfm?doc id=5046
Ireland		14.0%		ComReg Information Notice https://www .comreg .ie / public ation-download /information-n otice -single -billing-whole s ale - l ine-rental - jirect ion s-to-eirc om-regard ing-retail- minus
Italy		12.0%		See reference in Malta Report MCA-D-42.
Macedonia (FYR)		20.0-35.0% *		Report one-communications and information society in Enlargement countries: Annex (cross-country data). Report (2014): A study prepared for the European Commission by Cullen International http://ec.europa.eu/news room/dae/document .cfm?doc id=5046
Malta		13.0%		Malta Communications Authority: Report on Consultation and Decision on Wholesale Line Rental (Report MCA-D-42) httos://www.mca.org.mt/site s/defau lt/file s/dec isions/wlr-decis ion- uodated -march -2008.odf
Montenegro		5.0%		Report one-communications and information society in Enlargement countries: Annex (cross-country data). Report (2014): A study prepared for the European Commission by Cullen International http://ec.e uropa.eu/ news room/dae/document.cfm?doc id=5046
Netherlands		15.3%		"Announcement of new WLR rate from 1 April 2012" . https:// www.kpn -who les ale.c om/kpn -who le sale / nieuws /nieuwsarch ie f/aank ondi !!in !!- nieuwe -wlr tarieven -oer- l -aoril-en-1-mei- 2012.htm
Sweden		17 .0%		See reference in Malta Report MCA-D-42.
AVERAGES	17.4%	16.0%	16.3%	

Note : * for calculating averages, used mid -point of country range: used 20.5% for Oman for BB Resale and 27.5% for Mac edonia (FYR) for WLR

Annex 2 - Draft Revised Resale Broadband Offer