



BERMUDA
**REGULATORY
AUTHORITY**

Bermuda CableVision Limited

**Application for
Change in Rates for Services**

Final Decision

Matter: TF-1483

Date: 12 December 2013

Pursuant to its duty to do so under Section 65 of the Regulatory Authority Act 2011 (the 'RAA'), this is the written decision of the Regulatory Authority concerning an application dated 24 July 2013 made by Bermuda Cable Vision Limited seeking a change in rate structure and/or change in rates for services (the 'BCV Rate Application'). Below are the relevant facts and reasoned explanations for the Regulatory Authority's actions in connection with the adoption of the Order concerning the BCV Rate Application.

Introduction

1. On 24 July 2013 Bermuda Cable Vision ('BCV') applied to the Regulatory Authority ('the Authority') for permission to charge an additional fee, referred to as a Network Access Fee ('NAF'), to its customers. The NAF was proposed to be a separate fee of \$30.00 per month in addition to the current fee for services charged to all BCV current customers¹.
2. In support of its proposed new rate structure BCV submitted a Network Cost Analysis workbook (the 'BCV Workbook'), which took the company's 2012 total audited expenses and allocated a portion of those to the cost of providing network access². The calculations contained in the BCV workbook suggested that the current cost to BCV for providing users of all services to its network would be met by charging a fee of \$30.00 per customer across all services.³ By its July 2013 application, BCV sought the Authority's approval to impose this NAF in the manner proposed in its application.
3. BCV indicated that its desired outcome was threefold;

First, the NAF was said to allow greater transparency concerning BCV's fees. The NAF, it was proposed, would allow BCV to charge two separate fees: one for access to its network (the NAF) and one for the provision of services. Under its current rate structure, BCV indicated that the cost of network access for all services, including Broadband Access Services ('Broadband Service') is being covered by the \$30 fee charged to video customers for the Economy Tier of its Video Subscription Television Services ('Video Service'). This meant that a BCV customer who subscribed to both Video Services and Broadband Service would have the costs of the provision of access to BCV's network covered by the fee paid in respect of Video Services with the balance of the fees paid going towards the provision of services. However, because the fees were not separated, the customer would not know what part of his payment was going to network access and what part was being attributed to the service its self.

Second, BCV was concerned that, under the new regulatory framework envisaged, particularly as it related to the sale of wholesale services to other providers, the current structure would create inequity and/or confusion amongst its retail customer and the wholesale customers. This is because the retail customer would pay one fee (including network access) for services whereas a wholesale or retail customer would be required to pay the NAF in the event it sought to purchase standalone Broadband Services in addition to the fee for services. It would not be immediately clear why this different rate was being charged for (apparently) the same service. BCV would then be left in the position of having to explain, for the first time, that the network access was not covered by the Standalone Broadband Service price therefore, the access fee was necessary to cover this cost. The inclusion of the NAF for standalone broadband, for reasons which are set out in the paragraph

¹ A redacted version of BCV's application is provided at Annex 2 of this Decision.

² For reasons of confidentiality, the Work Book and Costs analysis is not provided as a part of this decision despite it being considered in detail by the Authority in coming to its final Decision on BCV's application.

³ It is important to note here that BCV's proposal was to charge a fee on a "per customer" basis and not on a "per service basis". BCV was seeking to make the NAF a onetime fee regardless of the amount of services a customer subscribed to.

immediately following, would result in a higher initial price to the customer had the service been joined with BCV's Video Service. BCV thought the imposition of a NAF across all services would avoid such issues and create a fairer disposition of pricing for services.

Third, it was to ensure that BCV was recovering the historical costs incurred in providing standalone Broadband Access Service to customers. When a customer (retail or wholesale) opts to purchase Broadband Access Services on a standalone basis under the current BCV pricing structure, because the fee for Video Services is no longer being imposed (no Video Service being purchased,) the cost of network access would no longer be covered. BCV would essentially be providing access to the standalone Broadband Customer for nothing. BCV complained that such an arrangement is unsustainable and could possibly be deemed anti-competitive under the new Regulatory Framework. A NAF, it was thought by BCV, would be an appropriate remedy to this issue.

The Legal and Regulatory Framework

4. BCV's application for a price change was made in July 2013 approximately 1 month prior to effective date (and date of issue) of the Authority's General Determination in respect of Remedies for Operators with Significant Market Power (the 'General Determination'). BCV was found to be an Operator with Significant Market Power (an 'SMP Operator') in some of the Broadband Service markets as well as the Video Service Markets.
5. In addition to designating BCV an SMP Operator, the General Determination had the effect of requiring BCV to abide by an altered application process for the consideration of its proposal to change its prices. Paragraph 26 of the General Determination imposed an *ex ante* price cap remedy on BCV preventing BCV from offering Broadband Services at a price higher than its current rates (the 'Price Cap'). The Price Cap has one exception, namely, that an SMP Operator could increase the price of Broadband Services if "*there is an affirmative showing that prices are not recovering historical costs*".
6. Section 80 of the Electronic Communications Act 2011 (the 'ECA') provides that, in respect of SMP Operators, certain provisions of the Telecommunications Act 1986 (the 'TA 1986') remain in force until such time as the Authority has published a notice to the effect that the operator has complied with the relevant *ex ante* obligations imposed upon it. BCV has not yet fulfilled all of its *ex ante* obligations⁴. The Authority has not issued a certificate of compliance. This leaves particular sections of the TA 1986 in force insofar as BCV is concerned.
7. Section 23A of the TA 1986 is one of the surviving provisions remaining in force for BCV. This section deals specifically with the process by which a carrier must notify and apply for a change in the rates it charges for services. BCV has made its application under section 23A, however, the following points should be noted⁵:
 - a. Section 23A of the TA 1986 provides the steps for how an application should be made to the Telecommunications Commission and not to the Authority. The Telecommunication Commission no longer has the power to determine issues of price, nor would it be proper for the Commission to take such a decision in light of the remit of the Authority as set out in the RAA and the ECA 2011;

⁴ The Authority is aware that the application for this price change is part of the process BCV has undertaken in order to fulfill its *ex ante* obligation to provide wholesale access through an Access and Interconnect Agreement.

⁵ It should be made clear that the Authority does not suggest that BCV's application is in any way deficient as a result of this circumstance.

- b. Section 23A does not provide a mechanism for the Commission or the Authority to consider such an application. That mechanism is found in section 24 of the TA 1986 which does not apply to BCV by virtue of paragraph 26 of the General Determination;
8. The fact that BCV has applied for a change in rate prior to compliance with its *ex ante* obligations has left the Authority with the task of considering an application designed to be made under the TA 1986 in the context of its duties under the RAA/ECA 2011. In doing so, the Authority has been mindful to ensure that, wherever possible, irrelevant considerations have not been taken into account in the reaching of this decision and only relevant considerations have been taken into account.
9. As indicted above, BCV is of the view that the current price of Standalone Broadband does not recover historical costs. This was the basis for its application despite the fact that the application preceded the General Determination. Chief among the relevant considerations for this application is the question of whether the Broadband Service being offered by BCV is or is not recovering historical costs. If the answer to this question is in the affirmative, the next question that must be answered is whether a NAF across all services is the appropriate mechanism for recovering those costs. If the answer to this question is in the negative, BCV's application for a NAF or any increase in fees for that matter must be refused.
10. There is also the ancillary consideration of whether the current pricing structure being employed by BCV is exclusionary and/or anti-competitive in the sense that BCV is currently offers Standalone Broadband Services below cost. This is a practice that cannot be allowed to stand and the answer is dependent on the conclusion regarding the recovery of historical costs

Review of the Application

11. The Authority has considered BCV's application as well as the BCV Workbook along with advice from its own independent economic experts with a view to determining the following key matters;
 - a. Whether BCV's current price for standalone Broadband Services is in fact not recovering historical costs for providing that service as suggested by BCV;
 - b. Whether it was necessary for BCV to impose a NAF in order to avoid the problems envisaged in its application and remain within the bounds of the regulatory framework.
12. In considering BCV's application, the Authority took into account its duties arising out of its main functions set out at section 12 of the Regulatory Authority Act 2011 (the 'RAA') as well as its general Regulatory Principles at section 16 of the RAA. In particular, the Authority considered its function to promote the interests of the residents and consumers of Bermuda and to promote and preserve competition. The Authority also considered its powers to deter and prohibit unfair trade practices and anti-competitive conduct by sectoral providers.
13. Having considered the BCV Workbook as well as the further explanations given by BCV's expert to the Authority sought on certain issues by the Authority's own experts, the Authority is of the view that the current cost incurred by BCV for the provision of access to its network is not covered by the price of Standalone Broadband Services. The Authority accepts that there is a cost associated with providing, operating and maintaining BCV's network and that that cost

can be apportioned out of the general costs associated with BCV's business operations. Having reviewed the data provided by BCV in the BCV Workbook and analyzed by the Authority's own independent experts, it is plain that the price structure currently in place does not allow BCV to recover its historical costs for providing standalone Broadband Services

14. Currently, BCV charges one combined fee for both the provision of services and network access across all Services, which, in most circumstances covers both the cost of providing the service and the cost of providing each customer access to BCV's network through which a service is provided. This pricing structure was developed based on BCV's assumption that Broadband Service would always be an add-on or incremental service provided to Video Service subscribers. The cost of access to BCV's network to provide Broadband Services was not considered when BCV set the price of its Broadband, only the provision of service. By structuring its rates with this assumption in mind BCV has implemented a fee structure that is not designed to recover the cost of network access in the price charged for Standalone Broadband Service. It is arguable that such an assumption was reasonable to make in the monopoly driven environment BCV operated in prior to the introduction of the new regulatory framework and liberalization. BCV accepted, in its application, that the vast majority of its customers do not subscribe to Standalone Broadband. This demonstrates the safety of its assumption and soundness of its pricing structure within the previous regulated environment.
15. The Authority did not agree with BCV's conclusion that a \$30 increase would be needed to ensure that BCV could recover its historical costs. Amongst other reasons, BCV's calculations were based on an expected rate of return on investment higher than what could be expected in comparative jurisdictions. By applying a lower rate of return to BCV's calculations and ensuring that the cost model, insofar as possible, took into account the fact that different speeds of Broadband Service burdened BCV with different costs, the Authority concluded that the proper course of action would be to reject the proposal for a blanket NAF in exchange for lesser increase in price for Standalone Broadband Services only relative to the speeds being offered by BCV.

Ancillary Matters

Anti-Competitive

16. BCV's current rate structure could be deemed to be exclusionary and/or anti-competitive because a large part of its costs for providing Broadband Services are being subsidized by the return on Video Services. BCV suggested that under the new regulatory framework being developed by the Authority subsidizing the cost of providing one set of services (Standalone Broadband) with the fee charged to customers for another set of services (Video Services [Economy Tier]) in a manner which effectively meant that the former was being sold at a price below costs would run afoul of the Legislation. This issue arises most acutely when dealing with Standalone Broadband Services. The Authority agrees that such a practice of subsidization would run afoul of the obligations on BCV as an SMP and an ICOL holder generally. For this reason the solution of an increase was applied to Broadband Services on a standalone basis.

Timing of Increase

17. Mindful of the fact that consumers are not without a choice of Broadband Service providers and the imminent changes in the electronic communications market on the retail side as a result of liberalization, the Authority considered a balanced approach to the increase. BCV agreed, of its own volition, to grandfather in its current Standalone Broadband Service

subscribers for a period of 2 years from the effective date of the increase. This means that only new customers to BCV's Standalone Broadband Service will have to pay the new increased rates immediately while its current customers will have a 2-year grace period. The Authority suggested, and BCV has agreed, that these same current customers not be charged the new increased rates even if they change the speed of their Standalone Broadband Service subscription within the 2 -year grace period.

Conclusion

18. The Authority, having considered all the evidence provided before it by BCV and the independent advice of its own experts has concluded that the current rates being charged by BCV for Standalone Broadband Service do not allow BCV to recover the costs it incurs in providing its customers access to its network. BCV is effectively selling its Standalone Broadband service at a price below cost. This would run afoul of BCV's duties as an ICOL holder and cannot be permitted by the Authority. Cross subsidization is, on its face, anticompetitive and does not promote a competitive market for Bermuda and Bermudians.
19. The Authority, disagrees with the amount of increase BCV has sought in order to recover its costs on a standalone basis. Taking into account advice from the Authority's own independent experts, the price sought by BCV has been reduced.
20. The Authority also disagrees with BCV's method of imposing a NAF across all services in order to recover its costs. The Authority appreciates BCV's attempt at making the NAF revenue neutral as well as its efforts to ensure that the pricing structure is neutral for all parties going forward, however, in doing so, BCV's proposal would have created a circumstance which incentivized current Standalone Broadband Service customers to leave their current Video Services provider in favour of BCV in order to have an overall reduction in the cost of Broadband Services. In these circumstances, the Authority has opted to make an Order approving an increase in the price of Standalone Broadband Services and, so far as possible, to ensure that this increase is targeted at only those customers whose Subscription would cause BCV not to recover costs. The approved rates are set out in Annex 1 of this Decision.

Annex 1

Speed Mb/s	Current Price	Approved Prices
4 Meg	\$35.00	\$48
6 Meg	\$45.00	\$56
8 Meg	\$55.00	\$65
15 Meg	\$90.00	\$95
25 Meg	\$140.00	\$140

ANNEX 2



July 24, 2013

Mr. Philip Micallef
CEO, Regulatory Authority of Bermuda
3rd Floor, Cumberland House
1 Victoria Street
Hamilton HM 11
Bermuda

**Re: Application under Section 23 of Telecommunications Act
Modification of Service and Pricing
Network Access Fee**

Dear Philip:

Further to our letter dated July 9 and our recent discussions, we write to formally apply to introduce the Network Access Fee ("the NAF"). This letter contains confidential information and therefore a redacted version is also supplied in accordance with the RA's Rules.

NAF - Rationale and Principles

As we move into an environment where BCV may be wholesaling data and/or video services, it is essential that our pricing structure is as transparent as possible and products are priced on a stand alone basis. Video services should not be seen as subsidizing data services or vice versa.

Currently BCV's network access costs are covered by the price of the Economy Tier of our video service. They are not covered at all by the prices of our data services.

The result is that our (relatively few) data-only customers are paying for their data services, but are not paying for the basic network used to provide those services. On the other hand, our video customers are paying more than they should. While this might be appropriate on a purely "incremental cost" basis in a regulatory environment without either wholesale customers or direct competition for video or data services, looking ahead, we are concerned that this could be construed as discriminatory and unfair.

BCV only has approximately XXX data-only customers. However, if and when BCV begins to wholesale its services, these issues could become a source of friction and conflict. For example, if we wholesale video services to Carrier X, Carrier X is unlikely to be happy that the wholesale prices reflect not only the costs of using our network and the video services themselves, but the costs of data customers' network access. Carrier X would reasonably be concerned that it is paying too much while another entity focusing on data rather than video is paying too little.



A fairer and more transparent approach is therefore for all customers to pay an access fee, and then also pay separately for each additional service they use on the network.

Based on our most recent review, the cost of our basic network access, stripped of costs related to providing any actual service, is approximately \$XX in pure **unavoidable** costs. Since we need to plan for both wholesale rates and retail rates, and since the stand alone cost of network access would involve some overhead and other avoidable costs, we seek a retail price of \$30 for the NAF. The wholesale rate (assuming a discount rate of 15%) would be \$25.50.¹

The introduction of the NAF will **not** result in any increase in pricing for video services, as the following chart demonstrates.

Current			
Video Tier	NAF	Service	Total
Economy	\$0	\$30.00	\$30.00
Deluxe	\$0	\$47.50	\$47.50
Super	\$0	\$57.50	\$57.50
Variety	\$0	\$75.50	\$75.50
Baseline for Future Pricing			
Video Tier	NAF	Service	Total
Economy	\$30	\$0.00	\$30.00
Deluxe	\$30	\$21.50	\$47.50
Super	\$30	\$31.50	\$57.50
Variety	\$30	\$49.50	\$75.50

The RA will note that we propose to charge zero for the Economy Tier, once a customer has paid the \$30 NAF. This reflects the fact that the Economy Tier has, for historical and policy reasons, always been subsidized by the higher tiers of video services. The former Telecommunications Commission, understandably wishing to keep prices down in particular for the most economically challenged, encouraged this approach. Indeed, one of the factors it was bound to consider under the 1986 Act was cross-subsidies in the public interest; such cross-subsidies exist for the Economy Tier.

If the RA would prefer us to price the Economy Tier on a standalone basis, we have no objection. We have not done a detailed analysis, but our preliminary estimate is that an appropriate price for this tier (in addition to the NAF) would be in the region of \$XXX. The

¹ A confidential costs analysis is attached to this letter. This costs analysis is confidential and accordingly we ask that it is not published on the RA website. It contains commercially sensitive information.



revenues involved are small since BCV has less than XXX Economy Tier subscribers, so the expected revenue gain would only be \$XXX to \$XXXX per month (which revenue, if applied to higher tier rates in order to be revenue neutral, would lead to an estimated price reduction of about 5 cents).

We propose that (for the short term) the Economy Tier be priced at zero. This is justified on the basis that:

- (1) there should be no price increase on customers least able to afford it;
- (2) to avoid minimal price confusion when introducing the new structure;
- (3) there are potential complications with the pricing of the Economy Tier at a wholesale level, which (in conjunction with the RA) BCV needs to consider in greater detail in the future. The main content providers, the BBC and VSB, may potentially offer content to wholesale carriers at zero cost on a must carry basis.

If and when it becomes appropriate to establish a non-zero price for the Economy Tier, BCV would review its cost structure at that time and develop a fair price, in conjunction with the RA.

Data Only Customers

BCV has XXX customers who only buy data services. These customers will experience a rate increase to reflect the true cost of their use of the network; future data-only customers as well will pay the NAF plus the data service cost. Accordingly data only customers would see their bills rise by the price of the NAF.

This price increase is not sought to increase BCV's revenues. The introduction of the NAF is to align our pricing structure with the new regulatory realities. The price increase will apply to a small number of customers, about 3% of our total subscribers.

To ensure that the NAF structure is revenue neutral, BCV proposes to use the revenues generated from properly charging the NAF to data-only customers to lower the prices of its other services. Lastly, and subject to the RA's views, we would propose to waive the NAF for these few data only customers, at least for a transition period.

Revenue Neutral/ Price Reduction

If all XXX data only subscribers paid the NAF, this would result in a monthly revenue increase of \$XXXX ($XXX * \$30 = \$XXXX$).

We currently have approximately XXXX video service subscribers. If we divide the \$XXXX nominal new revenues among all video subscribers, this equals a reduction in price to each subscriber of just under 90 cents per month. Our proposed revised video pricing structure is therefore as follows:



Current Pricing			
Video Tier	NAF	Service	Total
Economy	\$0	\$30.00	\$30.00
Deluxe	\$0	\$47.50	\$47.50
Super	\$0	\$57.50	\$57.50
Variety	\$0	\$75.50	\$75.50
Future Pricing			
Video Tier	NAF	Service	Total
Economy	\$30	\$0	\$30
Deluxe	\$30	\$20.60	\$46.60
Super	\$30	\$30.60	\$56.60
Variety	\$30	\$48.60	\$74.60

Effects on Competition

The NAF structure is designed to help competition, by more closely aligning prices with costs, and by increasing transparency.

BCV would not charge (whether directly or indirectly) the NAF twice in respect of any end user (irrespective of which carrier they use for any retail service). If BCV had a retail customer who was paying the NAF to buy video services, and if that customer decided to use Carrier X for data services, BCV would only charge Carrier X the wholesale cost of the additional service. If however an end user was not using BCV for any other service, or if the end user switched all of its services over to Carrier X, then BCV would charge Carrier X the wholesale rate for the NAF plus the wholesale rate for whatever BCV services Carrier X was obtaining at wholesale from BCV.

Conclusion

BCV's current pricing structure is based upon the previous regulatory framework and structure. The NAF reflects the new regulatory realities and requirements and improves transparency. We are concerned that if we do not reform our pricing structure, it could result in claims of discrimination or cross-subsidy being leveled against us.

Under the previous regulatory regime, the 1986 Act required the Telecommunications Commission to consider various prescribed factors. The RA is, we understand, not bound by the same considerations. Nevertheless, we attach as a schedule a list of those factors and our points in relation to them.



Transition Period

We want to transition our XXX data-only customers to the NAF structure and avoid price shock.

Customers are unlikely to welcome such a price rise and it could lead to wider hostility if the price rises were blamed on the Reform, especially since data prices have been a source of public concern.

BCV's preference would be to fully waive the NAF for current data-only customers, while applying it to new data-only customers on a going-forward basis. A full waiver of the NAF for existing data-only customers would cost BCV revenue, however this is a price worth paying if it could remove a basis for hostility to the new structure and regulatory reform as a whole.

On the other hand, we do not want to be seen to be acting anti-competitively, by unfairly underpricing our data products. The RA may prefer for BCV to only waive the NAF for a short period (of three months) to allow a transition period for existing data-only customers. Again, we will be guided by the RA.

Advertisement

We are obliged by section 23(2) of the Telecommunications Act to advertise in '*a form which has been approved by the RA*'. We therefore attach a draft advertisement for the RA's approval. We also intend to send mail drops and attach a draft of what we propose to send out.

We would be grateful if the RA could approve the form of the advert so this can be published next week. We will of course forward copies of the published advertisement to the RA as part of this application.

Terry Roberson

Terry Roberson
CEO

Appendix 1 – List of Factors listed under section 22 of the 1986 Act

Appendix 2 – Draft Mail Drop

Appendix 3 – Draft Advertisement

Appendix 4 - Confidential Costs Analysis



APPENDIX 1

LIST OF FACTORS, SECTION 22(2) TELECOMMUNICATIONS ACT 1986

1. COST OF SERVICE TO THE CARRIER

This is a modification of the pricing structure of video and data services, rather than the introduction of a new service.

The introduction of the NAF will be revenue neutral.

2. DESIRABILITY AND NEED TO SUBSIDISE OTHER NONPROFITABLE SERVICES OFFERED IN PUBLIC INTEREST

The Economy Tier will remain (as previously) a subsidized service offered in the public interest.

3. NEEDS OF CARRIER FOR ADEQUATE WORKING CAPITAL

The introduction of the NAF structure is revenue neutral however it also protects BCV's ability, in an wholesale environment, to earn sufficient revenue to ensure that it can cover the costs of maintaining its network.

4. INTERNATIONAL ACCOUNTING STANDARDS WHERE APPLICABLE

This is not applicable.

5. TECHNOLOGICAL ADVANCES

This is not applicable.

6. MARKET CONDITIONS IN BERMUDA AND OVERSEAS INCLUDING LIKELY IMPACT OF A NEW SERVICE ON OTHER CARRIERS

The NAF will be beneficial to other carriers, since it prepares the ground for the provision of wholesale services to other carriers using a transparent and non-discriminatory price structure.

7. REGULATORY CHANGES WHERE APPLICABLE

The NAF is in response to regulatory change and, in particular, the RA's decision that BCV has SMP and (most likely) must wholesale its services.



8. WHETHER TARIFF IS FAIR AND REASONABLE AND WHETHER RATES AND CHARGES APPLIED EQUALLY TO ALL PERSONS IN SUBSTANTIALLY SIMILAR CIRCUMSTANCES AND CONDITIONS

The NAF structure is fair and reasonable and will be applied to all subscribers. The current structure is potentially unfair as the costs of the network are applied unevenly.

9. WHETHER THE CARRIER IN RESPECT OF THE APPLICATION OF THE RATES AND CHARGES, THE PROVISION OF SERVICES AND THE USE OF ITS FACILITIES
- GIVES ANY PREFERENCE OR ADVANTAGE TO ANY PERSON OR TO ANY PARTICULAR DESCRIPTION OF TELECOMMUNICATION;
 - SUBJECTS ANY PERSON OR ANY PARTICULAR DESCRIPTION OF TELECOMMUNICATION TO ANY DISADVANTAGE

As stated above, the NAF structure is intended to address this factor, since video services currently shoulder all the network costs and data services none.

10. THE PUBLIC INTEREST

It is in the public interest that a price structure is introduced which is designed to allow for wholesaling and removes (potentially) discriminatory pricing and cross-subsidies.



APPENDIX 2

Draft Mail Drop

In the light of recent and anticipated regulatory changes, BCV will be changing its pricing structure (but not its charges) to introduce a Network Access Fee (NAF) to be paid by all subscribers. This is not a price increase. It is a modification of the pricing structure and will result, for all current subscribers, in either a reduction in prices or no change at all.

The reason for the introduction of the Network Access Fee is to ensure, through a transparent price structure, that all cable subscribers pay equally for maintaining the cable network which supports their services. There will be no increase in Bermuda Cablevision's revenues. The change is 'revenue neutral'.

The vast majority (over 90%) of subscribers will see a small reduction in price. The remainder will see no change.

VIDEO SUBSCRIBERS

All video subscribers will see either no change or a reduction in prices.

Current prices for stand alone video services:

Video Tier	Network Access Fee	Video Service	Total
Economy	\$0	\$30.00	\$30.00
Deluxe	\$0	\$47.50	\$47.50
Super	\$0	\$57.50	\$57.50
Variety	\$0	\$75.50	\$75.50

New Prices for stand alone video services:

Video Tier	Network Access Fee	Video Service	Total	Savings
Economy	\$30	\$0	\$30	\$0
Deluxe	\$30	\$20.60	\$46.60	\$90
Super	\$30	\$30.60	\$56.60	\$90
Variety	\$30	\$48.60	\$74.60	\$90



VIDEO AND DATA SUBSCRIBERS

All video subscribers will either see no change or a reduction in prices.

As an example, a subscriber who purchases a 4 Meg * 4 Meg data service would pay the following:

Video Tier	Video Service	Data Service (4Meg*4 Meg)	Total
Economy	\$30.00	\$35	\$65
Deluxe	\$47.50	\$35	\$82.50
Super	\$57.50	\$35	\$92.50
Variety	\$75.50	\$35	\$110.50

In the future, such a subscriber's bill would be as follows:

Video Tier	Network Access Fee	Video Service	Data Service (4Meg*4 Meg)	Total	Savings
Economy	\$30	\$0	\$35	\$65	\$0
Deluxe	\$30	\$20.60	\$35	\$81.60	\$.90
Super	\$30	\$30.60	\$35	\$91.60	\$.90
Variety	\$30	\$48.60	\$35	\$109.60	\$.90

DATA ONLY SUBSCRIBERS (WITHOUT VIDEO)

Data only subscribers will in the future pay both the Network Access Fee and the price of the applicable Data Service. However, current subscribers will see no price increase. As part of the transition, BCV will waive payment of the Access Fee for current data-only subscribers. This waiver will not apply to future data-only subscribers and will not apply if current data-only subscribers change their data plan or purchase video services.

Future bills for current data-only subscribers will therefore be:



Data Tier	Access Fee	Data Service	Total	Savings
2 Meg	\$0	\$23	\$23	\$0
4 Meg	\$0	\$35	\$35	\$0
6 Meg	\$0	\$45	\$45	\$0
8 Meg	\$0	\$55	\$55	\$0
15 Meg	\$0	\$90	\$90	\$0
25 Meg	\$0	\$140	\$140	\$0

These changes are subject to the approval of the Regulatory Authority.

Comments or objections to this change can be forwarded to the Regulatory Authority via their website www.rab.bm within 21 days of this notice.

REDACTED



APPENDIX 3

ADVERTISEMENTS

NOTICE

Subject to approval by the Regulatory Authority, Bermuda CableVision proposes to:

Modify the pricing structure for Data and Video Services by imposing an Access Fee of \$30 but reducing the price of all Video Services by the same amount (or greater). Customers will either see a reduction in their current bills or no change.

The new price structure will be:

Video Tier	Access Fee	Video Service	Total	Savings
Economy	\$30	\$0	\$30	0
Deluxe	\$30	\$20.60	\$46.60	\$0.90
Super	\$30	\$30.60	\$56.60	\$0.90
Variety	\$30	\$48.60	\$74.60	\$0.90

Data prices for all current subscribers will be unaffected.

COMMENTS OR OBJECTIONS FROM ANY PERSON ON THE ABOVE SHOULD BE FORWARDED TO THE REGULATORY AUTHORITY WITHIN 21 DAYS OF THIS NOTICE. ADDITIONAL INFORMATION IS FILED WITH, AND MAY BE VIEWED AT, THE OFFICE OF THE REGULATORY AUTHORITY.



APPENDIX 4

Confidential Costs Analysis

REDACTED