

Appendix II



PÓST- OG FJARSKIPTASTOFNUN

Conclusion of PTA consultation on Draft Decision with respect to tariff and conditions for ADSL+ and SHDLS+ on Access Option 1

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1. Introduction

This document contains an overview of the replies and comments received in the Post and Telecom Administration (PTA) consultation on the Draft Decision with respect to tariff and conditions for ADSL+ and SHDSL+ on Access Option 1. The initial draft was submitted to stakeholders for consultation on the Administration's website on 15 April 2015 and the consultation ended last 15 May.

Comments were submitted by 365 miðlar hf. which were submitted to Mila for comment. Mila replies are presented following the 365 comments and finally the PTA position as presented.

2. Comments from 365

365 is pleased with the Mila plans to offer the above specified service as the advent of this service will in all likelihood further facilitate 365 development of the company's data transfer service on the corporate market.

365 however draws attention to the fact that price reductions for ADSL / VDSL and ADSL+ / SHDSL+ on Access Option 1 and Access Option 3 are in differing proportions. ADSL+ and SHDSL+ are reduced by about 13.8%-24.6% (see the attached table 1.1-1.3). The price of ADSL and VDSL is reduced however by about 33%. 365 is puzzled by this difference and cannot see at first glance that Mila costs for this service should lead to such a difference and such uneven reductions. In the opinion of 365 it is important that the reduction in price should cover all service items equally in order to level the operational basis for all services.

The following table referred to by 365 was included as an attachment to the 365 comments:

Table 1.1. Comparison of SHDSL routes on Access Options 1 and 3						
Speed to user	2 Mb/s	4 Mb/s	5 Mb/s	10 Mb/s	15 Mb/s	20 Mb/s
Speed from user	2 Mb/s	4 Mb/s	5 Mb/s	10 Mb/s	15 Mb/s	20 Mb/s
SHDSL+ A1	3,978	6,134	6,272	9,651	11,590	14,510
SHDSL+ A3	4,671	7,114	7,614	11,200	13,487	16,701
Price difference	693	980	1,342	1,549	1,897	2,191
Reduction	14.80%	13.80%	17.60%	13.80%	14.10%	13.10%
Table 1.2. Comparison of ADSL+ routes on Access Options 1 and 3						
Speed to user	2 Mb/s	4 Mb/s	8 Mb/s	14 Mb/s		
Speed from user	1 Mb/s	1.5 Mb/s	2.5 Mb/s	2.5 Mb/s		
ADSL+ A1 Price	ISK 2,416	ISK 2,868	ISK 3,440	ISK 3,550		
ADSL+ A3 Price	ISK 3,016	ISK 3,680	ISK 4,562	*		
Price difference	ISK 600	ISK 812	ISK 1,122			
Reduction	19.90%	22.10%	24.60%	*		
Table 1.3. Comparison of ADSL/VDSL routes on Access Options 1 and 3						
Speed to user	12Mb/s	Speed to user	70 Mb/s			
ADSL A1 Price	ISK 912	VDSL A1 Price	ISK 912			
ADSL A3 Price	ISK 1,367	VDSL A3 Price	ISK 1,367			
Price difference	ISK 455		ISK 455			
Reduction	33.30%	Reduction	33.30%			

Mila reply

Mila points out that the price of ADSL+ and SHDSL+ was decided by Siminn when Siminn had supervision of these products. At that time it was not on offer to lease these products on Access Option 1 as transit on the Siminn MPLS network was included in the tariff. When the

products were transferred to Mila it was decided to purchase transit from Siminn rather than have Mila install its own MPLS network as it was clear that this would be significantly more expensive for customers on Access Option 3 if Mila installed its own MPLS network. The reason for this is that Siminn decided to be on Access Option 1.

Mila had thus received an invoice from Siminn for ADSL/VDSL and SHDSL+ and ADSL+ for transit and the tariff varies depending on data transfer speed and type of service.

As the Mila tariff must be based on costs, the Mila costs for the MPLS network were deducted from the tariff for ADSL+ and SHDSL+ on Access Option 3, which thus gave the price for Access Option 1. One exception was however made from this main rule and this was done to preserve consistency in the tariff.

The position of the PTA

The PTA raises no objections to the Mila explanations of the difference in prices for ADSL+ and SHDSL+ for Access Option 1 on the one hand and Access Option 3 on the other. It is this difference that is under consideration in this Decision.

A comprehensive review of the Mila tariff for the company's bitstream service is expected later this year and then the Mila prices for all of the company's xDSL services will be reviewed. The PTA will among other things have the comments from 365 in mind when making this overall review.