



PÓST- OG FJARSKIPTASTOFNUN

**Draft Decision with respect to tariff and conditions for ADSL+
and SHDLS+ connections at Access Option 1**

11 June 2015

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1. Introduction

This Draft Decision comes subsequent to a request from Míla ehf. (Míla) for the endorsement of the Post and Telecom Administration (PTA) of amendments to the company's Reference Offer for Bitstream Access with respect to a new service, that is to say ADSL+ and SHDSL+ connections at Access Option 1 (A1)¹.

The Draft Decision is based on the PTA Decision no. 21/2014 on the designation of a company with significant market power and on the imposition of obligations on the wholesale market for access to local loops (M4) and to bitstream (M5) dated 13 August 2014.

Míla proposals for price and conditions for ADSL+ and SHDSL+ connections at Access Option 1 were submitted to stakeholders for consultation on the Administration's website on 15 April 2015 and the consultation ended last 15 May. Comments were received from 365 miðlum hf. and were sent to Míla for comment. An overview of the comments received, along with the PTA position can be found in Accompanying Document II.

2. Míla request to commence sale of ADSL+ and SHDSL+ at Access Option 1

In a letter from Míla to the PTA, dated 10 April 2015, the company requested to commence the sale of ADSL+ and SHDSL+ at Access Option 1, as from 1 May 2015.

In PTA's response to Míla's letter, dated 13 April 2015, PTA rejected Míla's request to commence the sale of this new service on 1 May 2015 with reference to paragraph 891 of PTA Decision no. 21/2014, where the following is stated:

“The PTA considers it particularly important that Míla does not have the opportunity to discriminate in an abnormal manner between its own departments, the retail arm of the Skipti Group (and other related parties) on the one hand and unrelated parties on the other with respect to innovations on the market. As related retail markets are in continuous development, unrelated parties need to be certain that the appropriate wholesale products are available with adequate notice in order that they can offer new, improved and less expensive retail service (for example more speed in Internet access) at the same time as units of the Skipti Group and other related parties. The PTA imposes the obligation on Míla that unrelated parties be informed about distribution, enlargement or other developments of the company's bitstream system (and related service and other significant innovations) with the same notice as other units of the Skipti Group and other related parties. This notice shall under no circumstances be shorter than three months. Information shall among other things contain planned prices, conditions, technical specifications, scheduled upgrades, distribution or innovation, updated position on upgrades/distribution and planned connection points.,,

¹Delivery of the bitstream is in DSLAM or equivalent equipment at the location where the copper local loops connect to the telephone exchange distribution frame and/or telephone exchange fibre-optic distribution frame, street cabinet or other equipment space.

PTA pointed out that if Mila would publish their plans to commence the sale of this new service and the relevant prices they would be able to commence the sale within 3 months from their notice.

In a letter to the PTA, dated April 13 2015, Mila requested to commence the sale of ADSL+ and SHDSL+ at Access Option 1 on 15 July 2015. Attached to the Mila letter was Appendix 7C to the Reference Offer for Bitstream Access: "ADSL+ and SHDSL+ at Access Option 1." The Appendix contained prices and conditions for this service. Mila then published on their website their plans to commence the sale of this new service.

In the Mila letter dated 13 April 2015, the following was stated:

"Mila customers have requested that they be able to purchase ADSL+ and SHDSL+ with Access Option 1. This service is currently only available with Access Option 3². [...]"³

A cost analysis is currently being conducted on Mila xDSL service, including ADSL+ and SHDSL+. In the light of the fact that the total process for amendments to tariff is very time-consuming, Mila requests authority to sell this service through Access Option 1 from and including the coming 15 July. In accordance with the provisions of item 891 of Decision no. 21/2014 on the designation of a company with significant market power and on the imposition of obligations on the wholesale market for local loops (M4) and for bitstream (M5) the service shall be announced on the Mila website with 3 months' notice. In the item in question the following is stated :

"The PTA considers it particularly important that Mila does not have the opportunity to discriminate in an abnormal manner between its own departments, the retail arm of the Skipti Group (and other related parties) on the one hand and unrelated parties on the other with respect to innovations on the market. As related retail markets are in continuous development, unrelated parties need to be certain that the appropriate wholesale products are available with adequate notice in order that they can offer new, improved and less expensive retail service (for example more speed in Internet access) at the same time as units of the Skipti Group and other related parties. The PTA plans to impose the obligation on Mila that unrelated parties be informed about distribution, construction or other developments of the company's bitstream system (and related service and other significant innovations) with the same notice as other units in the Skipti Group and other related parties. This notice shall under no circumstances be shorter than 3 months.

The products ADSL+ and SHDSL+ have been on offer for several years, but with the cost of the MPLS network included. Mila considers that the sale of these products in A1 is not however a new product, but is the same product whether through A1 or A3 [...].

Mila sets the condition for sale of the product that the price will not be provisional [...]. It is appropriate to point out that this request, as has been stated, results from requests from

² Bitstream is delivered subsequent to transit with ATM/IP through the trunk line network to the connection point of another electronic communications company with the previously mentioned network.

³ Confidential information.

customers and is not at the initiative of Mila, and for this reason Mila considers it important that prices are not decided on a provisional basis.

Should the PTA make the decision that prices be on a provisional basis, then Mila will withdraw this product until a final decision on price is available.

Price for A1 will be as follows:

	A3 price	[...] [...]	A1 price
ADSL+			
2 Mb/s.....	3,016	[...]	2,416
4 Mb/s.....	3,680	[...]	2,868
8 Mb/s.....	4,562	[...]	3,440
14 Mb/s.....	4,672	[...]	3,550
SDHSL+			
2 Mb/s.....	4,671	[...]	3,978
4 Mb/s.....	7,114	[...]	6,134
5 Mb/s.....	7,614	[...]	6,272
10 Mb/s.....	11,200	[...]	9,651
15 Mb/s.....	13,487	[...]	11,590
20 Mb/s.....	16,701	[...]	14,510

[...]."

3. The position of the PTA

Pursuant to PTA Decision no. 21/2014 there are obligations on Mila for transparency and price control of the company's tariffs for broadband access and copper local loops. Amendments to the tariff and to the Mila Reference Offer which relate to broadband access through copper local loops are thus subject to endorsement by the PTA.

The PTA has examined the Mila tariff for ADSL+ and SHDSL+ connections with Access Option 1 and raises no objections to the Mila prices. In accordance with the PTA Decision no. 21/2014, there will be an overall review of the Mila tariff for the bitstream market this year. The PTA sees no reason to postpone endorsement of the Mila prices for ADSL+ and SHDSL+ at Access Option 1 until a new wholesale tariff for Mila bitstream service is endorsed as a whole.

Attached to this Draft Decision is accompanying document no. I which constitutes a new Appendix 7C to the Mila Reference Offer for bitstream access. The Appendix contains Mila prices and conditions for ADSL+ and SHDSL+ connections at Access Option 1.



As stated here above, Mila is obliged to notify parties to the market about distribution, construction or other development of the company's bitstream system (and related service or other significant innovations) with 3 months' notice pursuant to PTA Decision no. 21/2014. Mila has published a notification on this new service on its website.

The new Mila tariff and conditions for ADSL+ and SHDSL+ at Access Option 1 will come into force subsequent to publication of the PTA Decision on completion of consultation with the EFTA Surveillance Authority (ESA) but not prior to expiry of the Mila three-month period of notice, that is to say 15 July 2015.

The Decision

The Post and Telecom Administration endorses Mila prices and conditions for ADSL+ and SHDSL+ corporate connections with Access Option 1 as specified in Accompanying Document I to this Decision.

The setup charge for each ADSL+ and SHDSL+ connection at Access Option 1 will be ISK 3,166 and the monthly charges will be as follows:

Access Option 1	
ADSL+	Monthly charge
2 Mb/s	ISK 2,416
4 Mb/s	ISK 2,868
8 Mb/s	ISK 3,440
14 Mb/s	ISK 3,550
SDHSL+	Monthly charge
2 Mb/s	ISK 3,978
4 Mb/s	ISK 6,134
5 Mb/s	ISK 6,272
10 Mb/s	ISK 9,651
15 Mb/s	ISK 11,590
20 Mb/s	ISK 14,510

Mila is authorised to offer ADSL+ and SHDSL+ connections at Access Option 1 from and including 15 July 2015.

This Decision can be appealed to the Appellate Committee for Electronic Communications and Postal Affairs, see Article 13 of Act no. 69/2003 on the Post and Telecom Administration. The appeal shall have reached the Appellate Committee four weeks from the time that the party in question became aware of the Decision of the Post and Telecom Administration. Costs for an appeal are according to Paragraph 5 of Article 13 of the same Act, and in addition to this there is a special appeal charge to the amount of ISK 150,000, pursuant to Article 6 of Regulation no. 36/2009 on the Appellate Committee for Electronic Communications and Postal Affairs.

Reykjavík, xx.xx 2015

Hrafnkell V. Gíslason

Óskar Þórðarson



Accompanying Document I:	Appendix 7C: ADSL+ and SHDSL+ Access Option 1, as published in national consultation.
Accompanying Document II:	Conclusion from the national consultation.
Accompanying Document III:	ESA opinion.