



Decision of the LTA on the Price Caps to be Applied to  
the Cable Consortium of Liberia.

Liberia Telecommunications Authority

October 1, 2012

## 1 DECISION ON CCL PRICE CAP

The LTA has concluded that CCL is (or will be, once it has launched service) dominant in the market for wholesale capacity on, and access to, international fibre-optic submarine cables. One of the remedies that LTA has imposed on CCL, resulting from LTA's determination that CCL is dominant in this market, is to incorporate in the CCL license a clause that requires CCL to set prices for wholesale capacity on the basis of actual or predicted costs using a methodology developed by LTA.

With the assistance of international consultants, LTA developed a price cap methodology and a financial model that the LTA used in the determination of maximum prices for lease of wholesale capacity which CCL will be permitted to charge customers (the Price Caps). LTA conducted a series of public consultations to discuss and validate LTA's deliberations with respect to these issues in late 2011 and early 2012.

LTA has decided to set the Price Caps at the following levels for the first three years after CCL's RFCS date:

### Maximum permitted price per annum (US\$)

Wholesale capacity ordered	Year after Ready for Commercial Service Date		
	1	2	3
STM1	1,534,000	1,019,000	761,000
E3	682,000	453,000	338,000
E1	102,000	68,000	51,000

These price caps reflect the economies of scale available to CCL. This means both that prices decline over time as aggregate bandwidth demand increases, and that wholesale customers receive lower prices per unit of bandwidth as they lease more bandwidth. The table below indicates the equivalent price per E1 per month for different levels of capacity commitment.

### Equivalent price per E1 per month (US\$) based on capacity commitment

Wholesale capacity ordered	Year after Ready for Commercial Service Date		
	1	2	3
STM1	2,030	1,347	1,006
E3	3,552	2,358	1,761
E1	8,524	5,659	4,227

LTA intends to conduct its first review of the maximum permitted wholesale prices six (6) months after RFCS and thereafter, annually at the end of each of the succeeding three years after RFCS date, with respect only to the capacity usage levels assumed, not with respect to the costs incurred by CCL during this period. After the first three years after RFCS date, LTA will evaluate whether to conduct a more thorough review of the price cap levels, which may include an evaluation of actual and expected costs at that time.

[A copy of the Price Cap Model used, among other factors, to assist LTA in determining the Price Caps may be reviewed at LTA's offices.]