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# Price Cap Plan (PCP)

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Grenada

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## **INTRODUCTION**

This document establishes the rules, procedures, and obligations constituting a revised price cap plan (“PCP” or “the Plan”) applicable to Cable & Wireless/LIME (“LIME”) Grenada, a company duly incorporated in Grenada and having its registered office situated at the Carenage, St. George’s, Grenada. The PCP has been agreed by LIME and the Eastern Caribbean Telecommunications Authority (“ECTEL.”). It has been adopted by ECTEL’s Council of Ministers and the National Telecoms Regulatory Commission of Grenada.

Except where specifically noted, the rules, principles, procedures and obligations contained in this PCP, apply solely to those regulated services provided by LIME Grenada and listed in Appendix A to this Plan.

The parties responsible for the management and administration of this revised PCP are the NTRC of Grenada, acting in consultation with ECTEL.

As a general rule, where LIME asserts any matter or makes any claim in connection with an application relating to services covered by the PCP, it shall be required to support such assertion or claim with adequate information or data, in a form satisfactory to the NTRC and ECTEL. The NTRC and ECTEL shall not consider any application under this PCP where no or insufficient information or data has been provided to support any application.

This PCP is intended to be consistent with the provisions of the Telecommunications (Retail Tariff) Regulations No.6 of 2005 (“the RTRs” or “the Regulations”) or to any amendments, or substantive revisions of the Regulations. Where any provisions of this PCP conflict with provisions of the RTR, the provisions of the RTR shall apply

The mere statement of any rule, principle, formula, procedure, obligation, or commitment contained in this Plan, does not prejudice or limit the right of ECTEL and the NTRCs, to review and approve any application made by LIME in connection with the regulated services covered by this Plan, or any services not covered by this Plan, or exempt LIME from complying with the procedures set out in this Plan, the RTR or any other law. Any matters not specifically addressed by this PCP, shall be subject to the provisions of the RTR or to any amendments or revisions of the same.

Unless otherwise extended in accordance with the procedures set out in the PCP, this Plan shall be effective from 15<sup>th</sup> April 2010 to 31<sup>st</sup> March 2013 inclusive.

### **Interpretation**

**Access Deficit** – has the same meaning assigned to it in the Telecommunications (Interconnection) Regulations No. 14 of 2009 or any amendments or revisions of the same.

**Actual Price Index (API)** – means the actual level of prices in a service basket, and should not exceed the price cap index.

**Base period** - means the beginning or reference year for calculating the price cap index and actual price index.

**Combination Service** – has the same meaning assigned in the Telecommunications (Retail Tariff) Regulations No.6 of 2005 or any amendments or revisions of the same.

**Exogenous Factor (Z-Factor)** – means a component of the price cap formula incorporating a change, specific to the telecommunications industry, having a material impact on the regulated telecommunications provider, resulting from actions which are beyond the control of the provider.

**Fixed to mobile (FTM) call** – means a call originating on the regulated telecommunications provider's fixed network and terminating on the mobile network of the regulated telecommunications provider or another telecommunications provider.

**Going in Rates** – means the rates of the services in each price cap service basket as at December 1, 2009.

**Inflation Factor** – means the percentage change in the average consumer price index (CPI) between two periods.

**On-net fixed to fixed (FTF) call** – means a call originating and terminating on the regulated telecommunications provider's fixed network.

**Off-net fixed to fixed call** – means a call originating on the regulated telecommunications provider's fixed network and terminating on the fixed network of another telecommunications provider.

**Price Cap Index (PCI)** – means the constraint that specifies the maximum level of aggregate price change for a service basket. The PCI consists of an inflation factor (I) a productivity offset (X) and an exogenous factor (Z).

**Productivity Offset (X-factor)** – means the target productivity to offset the inflation rate in the price cap formula.

**Service Baskets** – means a group of services subject to pricing constraints in the price cap plan.

**Headroom** – means the difference between the price cap index (PCI) and actual price index (API) for a service basket in the price cap plan.

## **I. RULE 1 – DURATION AND TERM OF PCP**

### **1.1 Effective Date:**

The duration of the PCP shall be approximately three (3) years, with a possibility of extension by one (1) additional year, at the sole discretion of the NTRCs, acting in accordance with a recommendation from ECTEL. Except that LIME shall comply with Rules 3 and 4 below from April 1 2010, this plan takes effect between April 15<sup>th</sup> 2010 and March 31<sup>st</sup> 2013 inclusive.

### **1.2 Option to Extend PCP for a Fourth Year:**

The PCP will expire on March 31, 2013 unless extended for an optional year, in which event the PCP shall expire on March 31, 2014. The option to extend the PCP for another year is at the sole discretion of the NTRC acting on a recommendation from ECTEL. To exercise such discretion and implement an optional fourth year of the PCP, the NTRC shall issue a decision at least forty-five (45) calendar days prior to the expiry of the PCP, but in any event not later than February 15, 2013, provided that ECTEL, the NTRC and LIME may agree to reduce the period required to provide this notice in writing.

### **1.3 Stages of PCP**

In order to ensure that the reporting period for the PCP aligns with that of the financial reporting period of LIME, the PCP shall have the following stages:

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- First annual period - April 15, 2010 through March 31, 2011.
- Second annual period - April 1, 2011 through March 31, 2012.
- Third annual period - April 1, 2012 through March 31, 2013.
- Fourth annual period (optional) - April 1, 2013 through March 31, 2014.

If a new PCP or other form of regulation is not implemented by April 1, 2013, or by April 1, 2014 in the case of an additional one-year extension, this PCP shall continue in place subject to the approval of the NTRCs, acting in accordance with a recommendation of ECTEL.

## **II. RULE 2 – PCP IS TECHNOLOGY NEUTRAL**

### **2.1 Technology Neutral Provisions:**

The PCP is intended to be technology neutral. This means that services provided by LIME via the traditional Public Switched Telephone Network (PSTN) or a Next Generation Network (NGN) are regulated in the same manner by this PCP, regardless of the technology for providing those services. Services with the same characteristics provided via the PSTN, will be regulated under this PCP even if they are provided via the NGN or some other alternative.

## **RULE 3 – ACCESS DEFICIT IS NOT RECOGNIZED IN PCP**

### **3.1 Access Deficit Provisions:**

From April 1 2010, all Access Deficit Charges (ADCs) are hereby terminated. ECTEL and the NTRCs shall not recognize any Access Deficit (AD) claimed by LIME. No services provided by LIME shall be subject to an ADC and LIME shall not request consideration of or approval of any tariff containing an ADC component. No components of this PCP, or any services covered by this plan, or any other services provided by LIME whether regulated or unregulated shall reflect, take account of or comprise an ADC in any way or at all. LIME is not permitted to charge an ADC on any of its services and shall not be permitted to claim an ADC to provide any services, and shall not be entitled to receive any revenues related to an AD.

## **III. RULE 4 – ACCESS DEFICIT CHARGES TO BE ELIMINATED**

### **4.1 Access Deficit Charge Provisions:**

LIME shall eliminate all Access Deficit Charges (ADCs) applied to competitors or other companies by April 1 2010, and any ADC shall be void as from April 1, 2010. LIME shall not impose or propose any new or additional ADCs during the bridge period. LIME shall not create or impose any new interconnection, wholesale, or other charges upon competitors or other carriers that could be construed as an ADC. LIME will not create or impose any new charges upon retail customers that could be construed as an ADC.

LIME shall not receive any revenues for ADCs from any source effective April 1, 2010. All ADCs with other competitors and carriers that are reflected in interconnection agreements, wholesale arrangements, other contracts, and any informal arrangements (that are not specifically set forth in a written contract or document) shall be eliminated by or before April 1, 2010.

To ensure compliance with the foregoing:

- a) By a date to be determined by the NTRC, acting on the recommendation of ECTEL, but within the First annual period, LIME shall submit for approval to the NTRC, all revised contracts or other related documents (that are in place with competitors or other carriers) deleting all language and charges related to ADCs. The NTRC, in consultation with ECTEL, shall ensure that all references to ADCs are removed from such agreements. Where the NTRC is satisfied that these agreements are amended in keeping with this commitment, all such agreements shall be deemed to be approved unless specifically objected to by the NTRC.
- b) In any event, any provisions relating to ADCs contained in any agreement of any kind with LIME, shall be void as from April 1, 2010. Any payments made or revenues collected pursuant to such provisions, and the existence of such provisions beyond April 1, 2010, shall be construed as a breach of the terms of

this PCP. Where any ADC is paid by another licensee to LIME after April 1, 2010, LIME shall repay such charges in full.

- c) ECTEL and the NTRC shall ensure that no other licensee shall impose, negotiate or propose an ADC to any other licensee as from April 1, 2010. Any provisions purporting to charge an AD contained in any agreement between other licensees not including LIME, shall be void as from April 1, 2010.

**IV. RULE 5 – EIGHTY FREE MONTHLY MINUTES OF RESIDENTIAL FIXED-TO-FIXED NIGHT/WEEKEND CALLING REMAINS IN PLACE**

**5.1 80 Free Residential FTF Minutes Provisions:**

As a carryover from the initial PCP, LIME shall continue to provide a minimum of 80 free minutes per month of FTF calling on Night and Weekend calling periods with each metered Residential access line through at least the duration of this PCP.

The definition of Day, Night, and Weekend calling is a carryover from the previous PCP and is applicable for all other services subject to these calling periods, whereas:

*“Day” is defined as the periods from 8:00 a.m. to 5:59 p.m. Monday through Friday, or as otherwise agreed to by LIME and the NTRC.*

*“Night” is defined as the periods from 6:00 p.m. to 7:59 a.m. Monday through Friday, or as otherwise agreed to by LIME and the NTRC.*

*“Weekend” is defined as the period from 11:59 p.m. Friday to 11:59 p.m. Sunday, or as otherwise agreed to by LIME and the NTRC.*

The 80 free minutes for residential FTF night/weekend calling will be provided for the duration of the PCP at the very minimum. LIME may increase the number of minutes offered under this part of the PCP at any time, subject to providing thirty (30) days notice to the NTRC and ECTEL.

**V. RULE 6 – INTRODUCTION OF SERVICE(S) THAT ENHANCE AFFORDABILITY AND UNIVERSAL AVAILABILITY**

**6.1 New Service(s) Enhancing Affordability and Universal Service Provisions:**

No later than the beginning of the second year of the PCP, which is April 1, 2011, LIME shall propose new, or supplemental, services or calling plans that enhance affordability and availability for existing or potential residential access line customers.

The definition of “universal service” generally means that landline or mobile calling services are made available to a larger group of persons, such that these services are available on a more ubiquitous basis, and such that these services become more “universally” available to customers.

These plan(s) are not intended to replace the existing 80 free minutes of free residential FTF night/weekend calling described in the foregoing section, unless this plan is enhanced in some manner. LIME shall consult the NTRCs and ECTEL regarding the planning and potential alternative services or calling plans prior to the submission of an application to approve such a plan. LIME is required to submit the application by April 1, 2011.

These services or calling plans may be introduced for landline or mobile phones, or some combination. It is anticipated that such service or plans would remain in Basket 1, although any price reductions for unregulated services such as MTF or MTM could be considered by the parties. These plans are intended to promote affordable prices for mobile or landline service for all persons, or for a targeted group of persons.

## **VI. RULE 7 - PRICE HARMONIZATION**

### **7.1 Price Harmonization Provisions:**

The price harmonization rules are intended to ensure that prices for various services between the ECTEL member states remain relatively consistent and do not vary by a significant amount. LIME may seek changes in the price harmonization rules from ECTEL/NTRCs if it can show that existing rules unduly impair pricing flexibility, is detrimental to customers, and is not in the public interest.

- a) **Residential:** The lowest monthly rate for a metered Residence access line must be equal to or more than 75 percent of the highest monthly rate for a metered Residence access line in any other ECTEL member state.
- b) **Business:** The lowest monthly rate for a metered Business access line must be equal to or more than 82 percent of the highest monthly rate for a metered Business access line in any other ECTEL member state.
- c) **Fixed-to-Fixed (“FTF”):** The lowest FTF Day/Evening/Night rate respectively must be equal to or more than 65 percent of the highest FTF Day/Evening/Night rate respectively in any other ECTEL member state.
- d) **Fixed-to-Mobile (“FTM”):** The lowest FTM Day/Evening/Night rate respectively must be equal to or more than 65 percent of the highest FTM Day/Evening/Night rate respectively in any other ECTEL member state.
- e) **Bundles:** A new price harmonization rule is introduced for Bundles in the PCP. For Bundles, LIME may deviate from the price harmonization rules set forth above if the difference in prices for Bundles among various ECTEL member states can be explained and documented by LIME as a difference in the “cost” of the bundled services in the various ECTEL member states. These cost variances

for Bundles in the various ECTEL member states may be permitted where they are demonstrated to be the result of costs for services in Baskets 3 and 4, and for unregulated services (such as mobile or ADSL) that are included in a Bundle. LIME may propose other reasons to justify deviation from historical price harmonization rules for Bundles. The NTRC and ECTEL shall evaluate all of these exceptions on a case-by-case basis.

## **7.2 Fixed International IDD Prices Must Not Exceed Corresponding Mobile IDD Prices Charged by LIME:**

Each fixed international direct dialed (IDD) price must be equal to or less than the corresponding mobile IDD price charged by LIME.

## **VII. RULE 8 - PRICE CAP INDEX AND ACTUAL PRICE INDEX**

### **8.1 General Price Cap Formula:**

The price cap formula is applicable to regulation of retail services provided by LIME under the PCP.

The price cap formula specifies that the Actual Price Index (API), which represents changes in prices charged by the LIME for a specific basket of services (j) over a specific period/time (t), must always be less than or equal to the Price Cap Index (PCI) and the API and PCI for each basket, j, are initially set at 100 at the outset of the PCP.

$$API_j \leq PCI_j$$

for each Basket j.

### **8.2 Actual Price Index and Formula:**

The API tracks LIME's actual price changes, to ensure actual prices do not exceed the PCI. The API shall be assigned the value of 100.0 at the commencement of the plan. Each time new prices are approved for LIME, the API shall be calculated for each basket to show that the price changes do not exceed the PCI. The API is the revenue-weighted average level of aggregate prices implemented by LIME. The API and PCI for each basket, j, are initially set at 100 at the outset of the PCP.

Any price changes effective December 1, 2009 (or at the outset of the PCP) that are set forth in the PCP are not considered as price changes for the purpose of the calculation of the API. That is,  $Price_{k,t} / Price_{k,t-1} - 1 = 0$  for each rate change (i.e., for the corresponding rate element k, and year y) at December 1, 2009 or the outset of the PCP. However, any additional price reductions volunteered by LIME at December 1, 2009 or the outset of the PCP (which are in addition to

price changes set forth in this PCP), would be treated as price reductions in the calculation of the API.

**Actual Price Index** - The PCP uses the following general formula to calculate the API:

$$API_{j,t} = API_{j,t-1} * (1 + API \text{ adjustment}_{j,t})$$

Whereas: j = Basket; and

t = time

API adjustment<sub>j,t</sub> = revenue-weighted average percent change in prices for all rate elements, k, for time t, in Basket j:

$$\frac{\sum_{k,t} \left[ Revenue_{k,t} * \left[ \frac{Price_{k,t} - Price_{k,t-1}}{Price_{k,t-1}} \right] \right]}{\sum_{k,y} Revenue_{k,y}}$$

Whereas k is the relevant rate element; and

Revenue<sub>k,t</sub> is the revenue included in Basket j, for element k, for the time period t, set forth in the table below:

Price Cap Period	Date ACF is Filed	ACF is for the Time Period (t)	Revenue and CPI Data used in ACF (t - 1)
Bridge Period	No ACF (1)	December 1, 2009 - March 31, 2010	<b>none</b>
1st Full Period	To be determined by the NTRC	April 1, 2010 - March 31, 2011	April 1, 2008 - March 31, 2009
2nd Full Period	March 1, 2011.	April 1, 2011 - March 31, 2012	April 1, 2009 - March 31, 2010
3rd Full Period	March 1, 2012.	April 1, 2012 - March 31, 2013	April 1, 2010 - March 31, 2011
Optional 4th Full Period	March 1, 2013.	April 1, 2013 - March 31, 2014	April 1, 2011 - March 31, 2012

- 1) No ACF is required to be filed because no price changes are anticipated that would affect the API for relevant baskets.

### **8.3 Price Cap Index and Formula:**

The aggregate level of actual prices for all service rate elements in any given service Basket, j, is subject to a price cap index (“PCI”). The PCI changes annually subject to the price cap formula

for each basket. In the base period for the price cap (T-1), the PCI is initially set equal to 100.0. The PCI is allowed to change in each subsequent period according to the values of I/inflation, X/productivity, Z/exogenous event, any other applicable provisions of a specific basket, or any other provisions set forth in this PCP.

**Price Cap Index** - The PCP uses the following general formula to calculate the PCI:

The Price Cap Index for each Basket is calculated as follows (subject to specific price cap formulas for each Basket):

$$PCI_{j,y} = PCI_{j,y-1} * (1 + I_y - X_{j,y} +/- Z_y)$$

Whereas        j = Basket  
                   y = Price Cap year

The baseline Inflation factor for each ECTEL member state must be calculated as the percentage change in the average CPI between the two periods “y” and period “y-1” per the formula:

$$I_y = ((CPI_y / CPI_{y-1}) - 1),$$

Whereas for CPI:

- a) The CPI<sub>y</sub> is the Consumer Price Index for each ECTEL member state as published by the Eastern Caribbean Central Bank for year y in the following periods (and “y-1” would be for the same corresponding months, except for one year earlier).
- b) For Basket 1, a distinction is made between each ECTEL member “state” specific average CPI (also referred to as SCPI) and the “regional” average CPI for all combined ECTEL member states (also referred to as RCPI), and this information is set forth at the rules for Inflation.
- c) The time period for the CPI data is intended to be the same time period as Revenues used in any PCP formulas for applicable baskets so that there is a proper matching of CPI and related Revenues.

X<sub>j,y</sub> = Productivity offset for basket j in year y as set forth for each specific basket and addressed later in this PCP.

Z<sub>y</sub> = Exogenous cost changes for year y as set forth for each specific basket and addressed later in this PCP.

## **VIII. RULE 9 – INFLATION FACTOR (I FACTOR)**

### **9.1 Inflation Factor Provisions:**

The Inflation/I factor used in the PCP formulas comes from the CPI information published by the Eastern Caribbean Central Bank (ECCB) for each ECTEL member state.

An Inflation/I factor is applicable and used in calculating price changes for each full year of the PCP for Baskets 1, 2, and 3.

For all Baskets 1, 2, and 3, price increases can never exceed an Inflation/I factor of 6% for each year of the PCP, subject to specific provisions for each basket.

**Basket 1 –** Basket 1 uses a unique Regional Inflation/CPI formula calculation in the PCP formula that utilizes both:

- a) The traditional base line Inflation calculation for each specific ECTEL member state as previously set forth in the PCP.
- b) A calculation of Inflation for the ECTEL member state Region (Regional method).

**Baskets 2 and 3 –** These baskets use the traditional baseline Inflation calculation in the PCP formula, although Basket 2 does not utilize a Productivity/X offset to Inflation and Basket 3 utilizes a 5.5% Productivity/X offset to Inflation.

**Baskets 4, 5 and 6 –** These baskets do not use any Inflation factor calculation and do not have any Productivity/X factors.

## **IX. RULE 10 – PRODUCTIVITY FACTOR (X FACTOR)**

### **10.1 Productivity/X Factor for each Basket:**

The productivity factor for each Basket is set forth below:

**Basket 1 –** No specific productivity factor is used in Basket 1, but instead state specific inflation/CPI (SCPI) is compared to regional inflation/CPI (RCPI) to determine possible changes in prices. If “ $SCPI \leq RCPI$ , then prices do not change”, and “if  $SCPI > RCPI$ , then price increases allowed for  $SCPI - RCPI$ , but only to a maximum of 6% per year.”

**Basket 2 –** Productivity/X factor = 0, and this is the same as the initial PCP for this basket (but price increases capped at maximum Inflation change of 6%).

- Basket 3** – Productivity/X factor = 5.5% and price increases capped at maximum inflation change of 6%.
- Basket 4** – No productivity/X offset, prices can increase, but cannot exceed going-in prices.
- Basket 5** – No productivity/X offset, prices are not capped.
- Basket 6** – No productivity/X offset, prices cannot exceed scheduled phase-down of FTM prices over the duration of the PCP.

## **X. RULE 11 – EXOGENOUS EVENTS AND CONDITIONS (Z FACTOR)**

### **11.1 Exogenous Event Description:**

The exogenous factor (Z factor) results from events or conditions that result in increases or decreases in day-to-day operating costs of LIME.

### **11.2 Exogenous Event Criteria:**

To qualify as an exogenous event (and related cost impact), an event:

- 1) Must be related to events or conditions that are unique to the telecommunications sector.
- 2) Must be outside of LIME's control, such that LIME's actions did not directly or indirectly cause the change in costs and LIME did not support or argue for the change in cost.
- 3) Must not result from a transaction with a LIME affiliate, parent company, or related party, and must otherwise be caused by an independent or third-party event or condition.
- 4) Must result in changes in cash flow (either a cash outlay or the receipt of cash) of LIME and cannot merely be a journal entry or paper transaction that increases expenses or costs but does not impact LIME's cash flow.
- 5) Must be material in magnitude, so that any related exogenous event/condition must be at least equal to or greater than 5% of all combined gross regulated and unregulated revenues<sup>1</sup> for the most recent twelve-month period available.
- 6) Any price increase that results from an exogenous cost increase must be spread proportionately across all regulated and unregulated services if the cost impacts both regulated and unregulated services

An exogenous event/condition may be proposed by LIME, the NTRC, or ECTEL and will be considered on a case-by-case basis. The financial effect of any proposed exogenous cost change

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<sup>1</sup> Gross revenues are revenue amounts before any offsets or reductions for cost of goods, taxes, or other operating costs.

shall be quantified and explained in detail in the accompanying supporting documentation by the party proposing the adjustment. All documentation supporting proposed exogenous cost changes must include a proposed recovery mechanism, including a rationale for the proposed recovery mechanism. The recovery of any exogenous cost changes shall, to the extent possible, be recovered proportionally from the services affected by the exogenous cost change.

**XI. RULE 12 – PRICE CAPS AND FREQUENCY OF PRICE CHANGES**

**12.1 Price Caps and Frequency of Price Changes:**

The following table shows for each basket in the PCP, the maximum price increases allowed per period, the number/limitations of price increases allowed per period, and the number/limitations of price decreases allowed per period. This information is also addressed at the rules for the specific baskets.

<b>Basket</b>	<b>Maximum Price Increases per Period</b>	<b>Price Increases Allowed per Period</b>	<b>Price Decreases Allowed per Period (a)</b>
1	If SCPI ≤ RCPI, then no price changes. If SCPI > RCPI, the price increases allowed for SCPI - RCPI, but capped at 6% each period	One	No limit (a)
2	Price changes = I, but price increases capped at maximum I of 6% each period	One	No limit (a)
3	Price changes = I - 5.5% (X), but, increases capped at 6% each period and cannot exceed going-in prices	Two, but prices cannot exceed going-in prices at December 1, 2009	No limit (a)
4	Uncapped, but prices cannot exceed going-in prices	No limit, but prices cannot exceed going-in prices at December 1, 2009	No limit (a)
5	uncapped	No limit.	No limit (a)
6	Maximum prices for FTM per specific schedule below: December 1, 2009 - \$.57 April 1, 2010 - \$.50 October 1, 2010 - \$.46 April 1, 2011 - \$.40	None	FTM price reductions per specific schedule (a)

(a) - Price decreases cannot cause prices to be less than the incremental cost of the service or element.

## **XII. RULE 13 – BASKET 1 PRICE CAP FORMULA AND POLICY**

### **13.1 Basket 1 Pricing Formula:**

The price cap formula for Basket 1 uses a “Regional” method for calculating the Inflation factor from relevant CPI data. This method uses a moving 3-year average (most recent three years available) of CPI for all combined ECTEL member states + 1% (Regional Inflation or CPI = RCPI), and this is compared to the most recent 12-month average CPI for each individual ECTEL member state (State Inflation/CPI = SCPI); and

- a) If the SCPI is less than or equal to RCPI, then LIME cannot increase any prices (although LIME always reserves the discretion to reduce prices in Basket 1.)  
This can be expressed as:

If  $SCPI \leq RCPI$ , then  $I = 0$ , and LIME cannot increase prices.

- b) If the SCPI is greater than the RCPI, then LIME has the discretion to increase prices for the amount by which SCPI exceeds RCPI (subject to a maximum annual increase of  $I = 6\%$  for any period) for that period. This can be expressed as:

If  $SCPI > RCPI$ , then  $I = SCPI - RCPI$ , and  $I$  equals the allowed price increase, although  $I$  is capped at 6% and price increases cannot exceed an  $I$  of 6% for any period.

Basket 1 uses a “Regional” method for calculating the Inflation factor from relevant CPI data. This calculation will use the same approach as used for the baseline Inflation factor calculation for Baskets 1, 2 and 3, although additional prior year SCPI data (this calculation uses a 3-year average of RCPI data) will be included in the calculation to derive the Regional CPI (RCPI). This method uses a moving 3-year average (most recent three years available) of Inflation/CPI for all combined ECTEL member states + 1% (Regional Inflation/CPI), and this is compared to the most recent twelve-month average Inflation/SCPI for each individual ECTEL member state (State Inflation/CPI).

- a) *Inflation and price changes will be calculated as follows under the Regional Method for Basket 1 as follow:*

*SCPI = State CPI for each individual ECTEL member state as published by the ECCB. The general formula for I/CPI and related “y” time periods was previously addressed in the rules for the Price Cap Index).*

*RCPI = Regional CPI is the 3-year moving average SCPI for all combined ECTEL member states (“Region or Regional”) + 1%. The general formula for I/CPI and related “y” time periods was previously addressed in the rules for the Price Cap Index.*

- b) *The time period for the CPI data is intended to be the same time period as Revenues (or as close as possible) used in any PCP formulas for applicable baskets so that there is a proper matching of CPI and related Revenues.*
- There is no productivity factor for Basket 1.  
An exogenous event Z factor remains in place for Basket 1.

### **13.2 Basket 1 Summary of Services:**

Basket 1 consists of the following primary services.

- a) Residential rental/access.
- b) Residential installation.  
FTF and FTF Off-Net is added to this basket (previously included in Basket 3).
- c) The 80 free minutes of residential FTF night/weekend calling.
- d) Any new “Affordable” or “Universal Service” rate plans or services that are introduced during the PCP will be included in this basket.

### **13.3 Basket 1 Other Provisions:**

Other provisions applicable to Basket 1 including the following:

- a) Price increases cannot exceed 6% for any year of the PCP, subject to the formula.
- b) There is no headroom carryover from year to year.
- c) One price increase is allowed in each PCP period, subject to price cap formula constraints.
- d) Unlimited price decreases are allowed for all PCP periods, provided that no decrease shall result in prices below incremental cost.
- e) LIME may seek a waiver of price harmonization rules where such a waiver can be objectively justified.
- f) By the beginning of the second year of the PCP, LIME shall propose new Affordable/Universal Service rate plans to the NTRCs/ECTEL, and LIME shall consult with NTRCs/ECTEL regarding the design and implementation of such plans.
- g) No price increases shall be permitted where LIME has not complied with all provisions of this PCP, including various reporting requirements.

### **13.4 FTF Off-Net Retail Price Formula:**

FTF Off-Net retail prices shall be, at the maximum, LIME’s PSTN origination (which is equal to PSTN termination for purposes of this formula), a \$.004 retail cost additive, and out payments for termination and transit to other providers. LIME cannot include any additional retail mark-up amounts to the \$.004 retail cost additive over the duration of the PCP.

### **13.5 FTF Off-Net Price is a Price Cap and Not a Tariff:**

The FTF Off-Net price derived from the previous formula is a cap and is not required to be supported by a specific tariff.

## **XIII. RULE 14 – BASKET 2 PRICE CAP FORMULA AND POLICY**

### **14.1 Basket 2 Pricing Formula:**

The price cap formula for basket 2 includes the I – X factor, where I is Inflation and X is Productivity, and  $X = 0$ . This is the same formula as the initial PCP, and it means that prices are subject to changes in inflation. However, prices cannot exceed an I of 6% for each period.

- There is no productivity factor for Basket 2.  
An exogenous event Z factor remains in place for Basket 2.

### **14.2 Basket 2 Summary of Services:**

Basket 2 consists of the following primary services.

- a) Business rental/access.
- b) Business installation.
- c) Government fixed line access.
- d) PBX fixed line access.

### **14.3 Basket 2 Other Provisions:**

Other provisions applicable to Basket 2 including the following:

- a) Price increases cannot exceed 6% for any year of the PCP, subject to the formula.
- b) Carry over of headroom from the initial PCP is allowed, as applicable.
- c) One price increase is allowed in each PCP period, subject to price cap formula constraints.
- d) Unlimited price decreases are allowed for all PCP periods, provided that no decrease shall result in prices below incremental cost.
- e) LIME may seek a waiver of price harmonization rules where such a waiver can be objectively justified.
- f) No price increases allowed if LIME has not complied with all provisions of this PCP, including various reporting requirements.

## **XIV. RULE 15 – BASKET 3 PRICE CAP FORMULA AND POLICY**

### **15.1 Basket 3 Pricing Formula:**

The price cap formula for basket 3 includes the  $I - X$ , where  $I$  is Inflation and  $X$  is Productivity, and  $X = 5.5\%$  (same formula as inception PCP, except  $X$  has increased). Prices may increase by  $I - 5.5\%$ , subject to a maximum increase of 6% annually. Prices shall not exceed going-in prices at December 1, 2009.

- An exogenous event  $Z$  factor remains in place for Basket 3, and any exogenous cost changes would be spread proportionately to Basket 3 services with related price decreases implemented for exogenous cost decreases. LIME may increase prices provided such increases do not exceed 6% (as derived by  $I - 5.5$ ) on an annual basis. Prices shall not exceed going-in prices at December 1, 2009.

### **15.2 Basket 3 Summary of Services:**

Basket 3 consists of the following primary services. A complete list of Basket 3 services are listed at Annex A. Any other relevant services missing from Basket 3 are not intentional and must be included if overlooked or not previously disclosed.

- a) Domestic/National Private Leased Circuits (DPLC).
- b) Dedicated Internet Access (DIA).
- c) Asymmetric Digital Subscriber Line (ADSL)/Internet.
- d) All other types of DSL service.
- e) Dial-Up Internet Access.
- f) Value added services.
- g) Very Small Aperture Terminal (VSAT).
- h) Frame Relay.

### **15.3 Basket 3 Other Provisions:**

Other provisions applicable to Basket 3 include the following:

- a) Price increases shall not exceed 6% for any year of the PCP, subject to the formula.
- b) Maximum prices are capped at going-in prices at December 1 2009.
- c) Carry over of headroom from the initial PCP is allowed as applicable, subject to prices being capped at going-in prices.
- d) Two price increases are allowed in each PCP period, subject to price cap formula constraints.
- e) Unlimited price decreases are allowed for all PCP periods, subject to incremental cost.
- f) LIME may seek a waiver of price harmonization rules where such a waiver can be objectively justified.

- g) No price increases shall be permitted where LIME has not complied with all provisions of this PCP, including various reporting requirements.

## **XV. RULE 16 – BASKET 4 PRICE CAP FORMULA AND POLICY**

### **16.1 Basket 4 Pricing Formula:**

There is no price cap formula for Basket 4, and prices are capped such that they cannot exceed going-in prices at December 1, 2009.

- An exogenous event Z factor remains in place for Basket 4, and any exogenous cost changes may be spread proportionately to Basket 4 services with related price decreases implemented for exogenous cost decreases. LIME may increase prices under this Basket related to exogenous costs, subject to prices not exceeding capped going-in rates, and subject to approval of the NTRC/ECTEL.

### **16.2 Basket 4 Summary of Services:**

Basket 4 consists of the following primary services.

- a) International Private Leased Circuits (IPLC).
- b) All new services determined by the NTRC to be subject to Basket 4, acting in accordance with a recommendation from ECTEL.

### **16.3 Basket 4 Other Provisions:**

Other provisions applicable to Basket 4 including the following:

- a) Maximum prices capped at going-in prices as at December 1, 2009.
- b) Carry over of headroom from the initial PCP is allowed as applicable, subject to prices being capped at going-in prices.
- c) No limit on price increases, subject to prices being capped at going-in prices.
- d) Unlimited price decreases are allowed for all PCP periods, subject to incremental cost.
- e) LIME may seek a waiver of price harmonization rules where such a waiver can be objectively justified.
- f) No price increases allowed if LIME has not complied with all provisions of this PCP, including various reporting requirements.

## **XVI. RULE 17 – BASKET 5 PRICE CAP FORMULA AND POLICY**

### **17.1 Basket 5 Pricing Formula:**

There is no price cap formula for Basket 5, which includes only Bundles.

- An exogenous event Z factor remains in place for Basket 5, and any exogenous cost changes would be spread proportionately to Basket 5 services. LIME may increase or decrease prices under this Basket, subject to approval of the NTRC/ECTEL.)

### **17.2 Basket 5 Summary of Services:**

Basket 5 includes all existing and new regulated bundles that meet the definition of “combination services,” that is either:

- a) 1 or more regulated services and 1 or more unregulated services; or
- b) 2 or more regulated services.

### **17.3 Basket 5 Other Provisions:**

Other provisions applicable to Basket 5 include the following:

- a) No limit on price increases.
- b) No limit on price decreases, subject to incremental cost.
- c) Price harmonization rules are applicable, but LIME may seek changes from the NTRCs/ECTEL where it can justify such changes.
- d) Bundles shall not be approved by NTRCs and ECTEL where LIME has not complied with all provisions of this PCP, including various reporting requirements.
- e) Other specific safeguards and requirements must be met, as set forth later in this rule.

### **17.4 Basket 5 Petition Filed with Proposed Introduction of a New Bundle or Decrease in Price of an Existing Bundle:**

For each introduction of a new bundled service, or each proposed decrease in prices for existing approved bundles, LIME must file a Petition with the NTRCs and ECTEL. Such Petition, and all necessary supporting documentation and calculations, shall be filed at the same time as the actual Application for approval of the new bundled services or the Application with the proposed decrease in price for existing approved bundles.

The Petition shall include all necessary information that proves there are no violations of the following criteria, or that the violations are not relevant, will not impair competition, and will not provide an unfair advantage to LIME. In addition, LIME must show in the related Petition that its proposed actions are in the public interest. In all cases, LIME’s application must fully address

the following criteria for Bundled services and provide related supporting documentation and calculations:

- a) Address the extent to which the provider of the bundled service is dominant in the provision of at least one of the services in the bundle.
- b) Address the state or likely state of competition in the various markets for the services in the bundle (including whether the services supplied in relevant markets are new or emerging).
- c) Address the likely future take-up of the bundled services.
- d) Address the non-price terms and conditions of the bundle, such as the length of any contract.
- e) Address whether competitors face large one-bill effects that would lead to a significant proportion of consumers only acquiring their services from one carrier. The assessment of one-bill effects will include the ability of competitors to offer like bundles and their ability to offer, at a reasonable price, the same suite of services.
- f) Address the relationships between the goods or services provided in the bundle, such as whether they are complementary or a combination of wholesale and retail products, which can magnify any anti-competitive effect.
- g) Address whether the segment of the market which is likely to purchase the bundle has particular characteristics (such as high telecommunications spend) that will magnify or reduce the impacts on competition.
- h) Address whether the price(s) for the bundled services involves any elements of predatory pricing or a vertical prize squeeze in the relevant market(s).

### **17.5 Basket 5 Bundle Safeguards:**

All of the following safeguards are applicable to bundles that have already been approved, as well as all other bundles for which LIME seeks approval. At their discretion, the NTRC and ECTEL may periodically request documentation to determine if LIME is compliant with all bundling safeguards, and some safeguards may be subject to required periodic reporting as set forth below.

- a) **Bundling Safeguard 1** – LIME shall record all basic local service revenues at tariffed rates (along with any other regulated services included in bundles) in the revenue accounts of the financial records, and LIME shall not record any bundle discounts as a reduction to local service or other regulated service accounts (or as an expense of regulated services). All discounts must be recorded in the financial records of LIME in the unregulated service accounts, or recorded in the financial records of LIME's unregulated affiliates (if the unregulated affiliate maintains separate financial records).

- b) **Bundling Safeguard 2** - All existing services shall continue to be provided on a stand-alone basis, so that the LIME cannot withdraw these services (or re-shuffle existing services) and force customers to migrate to higher priced bundled services.
- c) **Bundling Safeguard 3** - LIME shall make all customers aware of the existence of stand-alone service alternatives so that customers are aware that they do not need to get bundled services to obtain a specific service that they want.
- d) **Bundling Safeguard 4** – LIME shall file monitoring reports with the NTRCs and ECTEL twice a year providing information that can be used to monitor any potential negative impacts on competition resulting from LIME’s bundled services. Such reports will be provided on November 1 (for data related to the six month period April to September) and on May 1 of the subsequent year (for data related to the entire twelve month period April 1 to March 31 of the subsequent year, representing the most recent fiscal year).

For each specific bundled service, LIME must provide the following: 1) revenues for the bundled service by account number, and revenues for any specific services within the bundle if such revenues can be identified; 2) discount amounts (including any amounts recorded on the books by account number) and discount percent; 3) volumes for all services provided via the bundle; and 4) number of residential and business customers subscribing to the bundles.

In addition, LIME shall provide an explanation and related volume information to show how bundles have impacted the number of customers for LIME’s services, including: 1) the number of fixed line residential and business customers (and related FTF and FTM volumes); 2) the number of mobile customers (and related call volumes for MTM and MTF); and 3) the number of ADSL/Internet customers.

- e) **Bundling Safeguard 5** – Prices shall not fall below incremental cost.

#### **17.6 Basket 5 Bundle Imputation and Related Information to be Provided by LIME:**

All of the following rules or principles are applicable in respect of bundles:

- a) ECTEL shall prepare a standardized imputation work sheet that LIME shall be required to submit with all future bundles applications in Grenada.
- b) LIME shall not be permitted to submit any application for new bundles until ECTEL has completed the preparation of the imputation worksheet and provided such work sheet to LIME.
- c) LIME shall be required to provide to ECTEL all of the requested information by June 1 2010. ECTEL and the NTRC shall not consider an application to offer a bundle unless LIME has provided the requested information.

- d) LIME shall provide to ECTEL its EXCEL spreadsheets, calculations and all work papers supporting its imputations for various bundles that have been approved in certain ECTEL member states, as well as those bundles which were submitted and not approved by ECTEL member states. In addition, LIME shall provide to ECTEL all imputation and bundle information, calculations and spreadsheets prepared by LIME and its consultant during negotiation sessions of this PCP. All EXCEL spreadsheets and electronic data must be provided in a working format (not PDF) that reveals all data, assumptions and calculations, and allows data to be traced to source data in the spreadsheet.
- e) LIME shall provide to ECTEL all additional information that is requested and necessary to prepare the imputation work sheet, including various types of information for services that are included in bundles. This information includes, but is not limited to, volumes, revenues, costs, projected volumes and data, historical data for bundles that have already been approved in certain ECTEL member states, and any other data that is necessary to complete the imputation work sheet.
- f) ECTEL shall prepare and approve the final standardized imputation work sheet within sixty (60) days of submission of the necessary information by LIME.

**XVII. RULE 18 – BASKET 6 PRICE CAP FORMULA AND POLICY**

**18.1 Basket 6 Pricing Formula:**

There is no specific pricing formula for FTM service in Basket 6.

LIME shall phase-down its retail FTM prices over the duration of the PCP as shown in the following table, and such price reductions are intended to be consistent with the timing required for phase-down of wholesale mobile termination rates (MTR). These FTM prices will serve as maximum prices for the duration of the PCP.

<b>Effective Date of Price Reduction</b>	<b>FTM Maximum Price</b>
April 15, 2010 - 1st reduction	\$0.57
October 1, 2010 - 2nd reduction	\$0.54
April 1, 2011 - 3rd reduction	\$0.49
October 1, 2011 - 4th reduction	\$0.40

- There is no productivity factor for Basket 6.
  - An exogenous event Z factor remains in place for Basket 6, although it would only apply to any exogenous cost decreases that would cause further price reductions for FTM prices. Any exogenous cost increases will not be used to increases prices for FTM service.

## **18.2 Basket 6 Summary of Services:**

Basket 6 consists of only one service:

- a) FTM.

## **18.3 Basket 6 Other Provisions:**

Other provisions applicable to Basket 6 for the PCP include:

- a) There shall be no price increases for FTM.
- b) There is no headroom carryover from the initial PCP due to the phase down of prices in this PCP.
- c) Unlimited additional price decreases are allowed for all PCP periods, subject to incremental cost.
- d) Price harmonization rules continue in place, but LIME can seek changes from the NTRCs/ECTEL if it can justify such changes.
- e) No price increases allowed if LIME has not complied with all provisions of this PCP, including various reporting requirements.

## **18.4 Carrier's Failure to Implement Corresponding Reduction in Mobile Termination Rates:**

LIME shall reduce its retail FTM service prices over the duration of the PCP as set forth in rule 18.1 above. The NTRC and ECTEL shall ensure that all providers comply with ECTEL's recommended phase-down of MTRs in terms of price or date for required reduction, to ensure consistency with this rule.

## **XVIII. RULE 19 - PROMOTIONS**

### **19.1 Market Trials and Promotions Excluded from API:**

Market Trials and Short Term Promotions, as defined in the RTR, are excluded from the calculation of the API.

LIME shall comply with all reporting and other requirements of the PCP. Nothing in this PCP is intended to restrict, limit, or prejudice in any way, the right of the NTRC, on a recommendation from ECTEL, to review, approve, amend, substitute, terminate, suspend or otherwise regulate market trials and short term promotions proposed by LIME.

## **XIX. RULE 20 - RCCF AND ACF REQUIREMENTS**

### **20.1 LIME's Compliance with RCCF and ACF Requirements:**

The Rate Change Compliance Filing (RCCF) and the Annual Compliance Filing (ACF) reports, are hereby made an integral part of the PCP. The remaining annual filing requirements for LIME are addressed later in this PCP. Subject to PCP design and rules for each specific service and basket, LIME may propose certain increases or decreases in its rates for regulated services for the duration of the PCP, subject to RCCF and ACF filing procedures.

Where LIME fails to provide an RCCF or ACF under the required conditions, fails to meet any filing deadlines for the RCCF or ACF, or fails to provide the required supporting data or documentation with the RCCF or ACF, LIME shall have breached the PCP. Where LIME does not meet any single compliance requirement for regulated services under the PCP (as set forth later in this PCP, and including RCCF and ACF compliance), ECTEL and the NTRCs may reject or refuse to consider LIME's current or pending price increases and decreases and related impacts such as exogenous cost increases, headroom carryover, or price increases normally allowed due to available headroom under the PCI, pending submission of the required reports.

LIME may seek a waiver or extension for filing deadlines from the NTRCs and ECTEL in order to avoid penalties associated with non-compliance related to the RCCF and ACF, by submitting a written application for an extension of time, and any other remedies it seeks, with the NTRC at least 45 days before such information is due to be provided (by March 1 for the ACF, or any other date advised by the NTRC in the case of Year 1).

Any such relief or related decision is at the sole discretion of the NTRC, on a recommendation from ECTEL. Where any delays caused by LIME results in delays in price reductions to customers, LIME shall be required to calculate the retroactive amounts due to customers from the original required timeframe. LIME shall be required to either refund such amounts to customers through direct payment or by a credit reduction to the customer's bill. Upon a recommendation from ECTEL, the NTRC may waive this obligation at the request of LIME where it considers it reasonable to do so.

### **20.2 Rate Change Compliance Filing:**

In any application for a price change during the PCP, other than a price change in the ACF, LIME must file an RCCF with the NTRC. An RCCF must be compliant with procedures established, and must contain a description of the proposed rate changes, a recalculation of each Basket's API reflecting any proposed rate changes, and a demonstration that each new API<sub>j</sub> is less than its respective PCI<sub>j</sub> established during the most recent ACF.

Information filed with the RCCF must include all data that allows NTRC and ECTEL to verify LIME's calculations, including a working MS EXCEL file that incorporates all regulated services, rate elements, and rate changes. Supporting documentation for API calculations in an RCCF must include all service price elements by Basket, and the associated revenues established

in the most recent ACF. LIME must also provide documentation in an RCCF for pricing changes involving special treatment, including, but not limited to, the introduction of volume or contract term discounts. Bundled services are subject to additional requirements as addressed later in this PCP under Basket 5.

### **20.3 Annual Compliance Filing Deadlines:**

Except in the year 2010, LIME shall file an ACF with the NTRCs and ECTEL not later than March 1<sup>st</sup> of each year, (or the first business day following any weekend or holiday that falls on March 1<sup>st</sup>), for the duration of the PCP, or any extension thereof. In the case of Year 1 of the PCP, LIME shall file an ACF by May 3<sup>rd</sup> 2010.

### **20.4 Synchronization of Data Included in the Annual Compliance Filing:**

Except in the year 2010, the PCP annual period is for the twelve consecutive months from April 1 to March 31 of the subsequent year, and this is consistent with LIME's fiscal year period for financial statements. As previously noted, the revenues and CPI information that potentially impacts prices for certain baskets shall reflect the same periods and shall match the financial reporting period. If necessary, LIME may be required to prove that certain information included in the ACF is the same information included in the financial statements or other reports for the same PCP period.

Therefore, information included in the ACF and in financial statements for the relevant periods must be the same and consistent, and may include (but is not limited to) the following:

- a) Certain revenue data by service, basket, or in total that affects the API, PCI or other calculations. For example, the API is the revenue-weighted average level of aggregate prices implemented by LIME, so the revenue used in this calculation must be for the period April 1 to March 31 in all submissions of the ACF for each PCP period.
- b) The amount of any exogenous cost.
- c) Other financial or miscellaneous data.

### **20.5 Annual Compliance Filing Information and Exceptions for Bridge Period:**

The following is a list of ACF information required for all full periods of the PCP, and information which does and does not have to be filed for the bridge period.

- a) Consistent with historical practices, LIME must provide a written summary of any RCCFs for the period, although price increases will not be allowed for the bridge period for any regulated services. The written summary must describe any service introductions and related pricing, other voluntary or mandated price reductions, promotions, extraordinary issues, and any other relevant matters impacting prices, terms or conditions of regulated services and LIME operations.

- b) Consistent with historical practices, where there are any voluntary or mandated price reductions, LIME must provide updated API and PCI calculations and related CPI/Inflation and Productivity data for each related Basket.
- c) LIME must provide all relevant CPI data for each basket, each ECTEL member state, and for each period that is appropriate and which impacts the API or PCI. LIME does not need to provide CPI data for the bridge period if there are no price changes that impact the API or PCI for the various baskets. If there are not any price changes that impact the API or PCI, then the same API and PCI will be carried over from the initial PCP for the period ending November 30, 2009. LIME may explain any exceptions to this assumption if they disagree).
- d) LIME must summarize the status of all other relevant issues applicable to the PCP effective December 1, 2009, and for each subsequent PCP period, including a list of any reports or compliance filings provided to the NTRCs and ECTEL.
- e) LIME must summarize and identify all cases where it has not complied with the PCP effective December 1, 2009, and for each subsequent PCP period; identify all cases where LIME sought relief from the NTRCs and ECTEL regarding these compliance issues; and explain the current status and outcome of any remedies it sought from the NTRCs and ECTEL regarding non-compliance matters.
- f) LIME must identify all reports and other information that have been provided to the NTRCs and ECTEL under the PCP's reporting requirements, and identify all cases where LIME did not comply with the PCP's reporting requirements and the current status of this non-compliance.
- g) The ACF must include all information that has historically been provided to the NTRCs and ECTEL in prior years, plus any additional information contemplated by this PCP.
- h) Information filed with the ACF must include all data that allows NTRC and ECTEL to verify LIME's calculations, including a working EXCEL file that incorporates all regulated services, rate elements (existing and new) rates, and rate changes.<sup>2</sup> If the ACF includes rate changes or new services, all filing requirements in an RCCF, including but not limited to, the calculation of any new APIs and the description and proposed rates for new services, must be included with the ACF.
- i) Any proposed exogenous cost change, including all documentation as addressed in the exogenous events rule, must be provided in the ACF.
- j) The ACF must include any other annual financial reporting requirements as provided for in the Tariff Regulations.

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<sup>2</sup> The "working" EXCEL or related spreadsheet document must not be a PDF-type file or other protected-type file that impairs access and review by the NTRCs and ECTEL. The EXCEL or related document must allow all formulas, inputs and calculations to be reviewed and traced throughout the document.

## **XX. RULE 21 – OTHER COMPLIANCE REPORTING REQUIREMENTS**

### **21.1 Tariff Filings:**

By not later than May 31, 2010, LIME will provide the following updated tariffs in electronic file format<sup>3</sup> to the NTRCs and ECTEL (unless NTRCs and ECTEL agree to revise the requirements or filing deadline for tariffs of certain services):

- a) Basket 1 - All services (including FTF and FTF Off-Net).
- b) Basket 2 – All services.
- c) Basket 3 – ADSL, Dial-Up, DIA, and DPLC.
- d) Basket 4 – IPLC.
- e) Basket 5 – All approved bundles.
- f) Basket 6 – FTM and FTM Off-Net.

By not later than March 30, 2011 (the end of the first full year of the PCP), LIME will provide the following updated tariffs in electronic file format to the NTRCs and ECTEL (unless NTRCs and ECTEL agree to revise the requirements or filing deadline for tariffs of certain services):

- a) All services in remaining baskets not previously set forth, unless NTRCs and ECTEL agree to revise the requirements or filing deadline for tariffs of these services.

### **21.2 Financial Statement Filings:**

LIME must provide to the NTRCs and ECTEL on an annual, and not later than July 1<sup>st</sup> of each PCP period, the following financial statements for the fiscal period end March 31 of each year:

- a) Audited Statutory Financial Statements –

To be submitted on an annual basis and not later than July 1 of each year of the PCP

These financial statements include: i) Income Statement or Profit/Loss Statement - showing revenues, operating expenses, depreciation, taxes and non-operating amounts; ii) Balance Sheet – showing assets and liabilities, and capital accounts (retained earnings, common and preferred stock, and other); iii) Other Applicable Statements commonly provided with the audited financials, such as Cash Flow, Retained Earnings, and other data; and iv) All Notes and Explanations provided with the financial statements.

The Balance Sheet, or a supplemental schedule, must show telephone plant capitalized asset balances and related accumulated depreciation for each primary type of plant asset (with a brief description of such type of plant asset) - with depreciation rates shown for each type of plant asset.

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<sup>3</sup> Electronic format means a common readable file format (both PDF and non-PDF file format), so that such information can be posted on the website of the NTRC and ECTEL.

- b) Regulatory Financial Statements – The Regulatory Financial Statements must include the same financial data as the Audited Statutory Financial Statements, but do not have to be audited.

Regulatory Financial Statement shall be submitted on April 1, 2011 for the period April 1 2009 to March 31, 2010 and not later than October 1 of each subsequent year of the PCP

The Regulatory Financial Statements must include a reconciliation to the Audited Statutory Financial Statements that identify, explain, and quantify all differences in amounts for revenues, expenses, assets and liabilities between the Audited Statutory Financial Statements and the Regulatory Financial Statements. LIME shall explain all existing and new differences in accounting policy and procedures that result in these differences. The NTRCs and ECTEL reserve the discretion to reject or disagree with any existing or new accounting policy or procedure used for Regulatory Financial Statement reporting, although such disagreement does not need to be expressed at the time when financial statements are filed but can be expressed at future dates at the discretion of the NTRCs and ECTEL.

The Regulatory Financial Statements must quantify the difference in depreciation expense for each primary telephone plant asset account between the two sets of financial statements, and provide the depreciation rates used for Regulatory purposes.

- c) A separate reconciliation must show how much in terms of discounts for bundles (and other services) have been deducted from the revenues for each of the regulated and unregulated services per the Audited Statutory Financial Statements. The applicable discount amounts must be added back to regulated revenues of the Regulatory Financial Statements, with a reconciling expense or deduction allocated/assigned to the unregulated revenues.

### **21.3 Enhanced Allocation Model Filings (EAM):**

LIME shall provide an updated EAM for each ECTEL member state as follows:

- a) The first EAM shall be provided by April 1, 2011 (the beginning of the second year of the PCP), using data for the prior fiscal period ending March 31, 2010, and such EAM will be based on Regulatory Financial Statements that are reconciled to the Audited Statutory Financial Statements. The EAM would use the base level assumptions for the 2001 EAM, along with any necessary and reasonable updates for volumes and assumptions.
- b) The second EAM would be provided by October 1, 2012 (the mid-point of the third year of the PCP) using data for the prior fiscal year ending March 31, 2012. This information must be provided by October 1, 2012 in order to allow

evaluation of the PCP and whether the PCP must be extended for a fourth year beginning April 1, 2013.

- c) All EAMs must include readable electronic files, such as EXCEL or other similar format, along with all other supporting documents, assumptions, and explanations (including an EAM Manual that provides a detailed description of the EAM). The electronic files must all be available with formulas and all information in tact, with the ability to audit or trace amounts to other files within the EAM (there must not be any hidden or unreadable files or supporting documents).
- d) If a decision is made to extend the current PCP for one year, then the NTRCs and ECTEL shall decide when the next EAM must be provided.
- e) LIME does not need to provide an EAM for other PCP periods, but LIME must provide detailed revenues and volumes for each service for each fiscal period (similar information must be provided for expenses if possible, but the NTRCs and ECTEL understand this data may be limited). This information must be provided at the same time that financial statements are provided.
- f) LIME does not need to provide an EAM for other PCP periods unless LIME makes an application or filing that uses or refers to detailed revenues, expenses, profits, volumes, and other detailed financial data that would normally be included in an EAM filing. In these cases, LIME has the burden of providing a supporting EAM for such data.
- g) The NTRC and ECTEL receipt of an EAM filing does not constitute agreement with amounts or assumptions within such EAM, and discretion is reserved for refuting these amounts and assumptions as appropriate.

#### **21.4 Number of Residential and Business Customer by Technology:**

LIME shall provide for each ECTEL member state, the number of residential and business customers served by each type of technology, such as PSTN, NGN, or other type as may be notified by the NTRC. This information shall be made available in the ACF or a separate filing at the same time.

#### **21.5 Bundles Information:**

LIME shall provide the information previously set forth in Basket 5 Bundles.

#### **21.6 Other Information Currently Provided by LIME:**

LIME shall continue to provide to the NTRCs and ECTEL, all information provided in previous years unless an exception was created by the PCP, and LIME shall identify such exceptions when or if it fails to provide such information.

## **XXI. RULE 22 – FAILURE TO COMPLY WITH PROVISIONS OF THE PCP**

### **22.1 Non-Compliance with Provisions of the PCP:**

Where LIME fails to comply with any required policy, filing requirement, filing deadlines, provision of data, or other component of the PCP, LIME shall be in breach of the PCP provisions which require strict compliance. Where LIME does not meet any single compliance requirement for regulated services under the PCP, ECTEL and the NTRCs shall have the authority to reject or refuse to consider any or all of LIME's current or pending price increases and decreases, any pending requests for new bundles and other services, exogenous cost increases, headroom carryover, promotions or market trials, and any other substantive matters addressed in this PCP, pending LIME's compliance with the relevant rule.

LIME may seek a waiver or extension for filing deadlines from the NTRCs and ECTEL in order to avoid penalties associated with non-compliance related to the RCCF and ACF by submitting a written request of an extension of time, and any other remedies it seeks, with the NTRC at least 45 days before such information is due to be provided (or by March 1 for the ACF, or any other date advised by the NTRC in the case of Year 1). In addition, LIME can seek similar relief from other deadlines or PCP requirements using this same procedure.

Any such relief or related decision is at the sole discretion of the NTRC, acting on a recommendation from ECTEL. Where any delays caused by LIME results in delays in price reductions to customers, LIME shall be required to calculate the retroactive amounts due to customers from the original required time frame. LIME shall be required to either refund such amounts to customers through a direct payment or by a credit reduction to the customer's bill. Upon a recommendation from ECTEL, the NTRC may waive this obligation at the request of LIME where it considers it reasonable to do so.

## Appendix A

### List of Services and Rate Elements included in the PCP as of 1 December 2009

Basket	Service(s)	Rate Element(s)
1	Residential fixed line access	1: Connection 2: Reconnection 3: Metered monthly rental 4: Unlimited monthly rental
1	On-net Fixed To Fixed Calling	5: FTF (Day) 6: FTF (Evening) 7: FTF (Night)
1	Off-net Fixed To Fixed Calling	8: FTF (Day) 9: FTF (Evening) 10: FTF (Night)
2	Business fixed line access	11: Connection 12: Reconnection 13: Metered monthly rental 14: Unlimited monthly rental
2	Government fixed line access	15: Connection 16: Reconnection 17: Monthly rental
2	PBX fixed line access	18: Connection 19: Reconnection 20: Monthly rental
3	National Leased Circuit	21: DPLC 64 Kbps Installation 22: DPLC 128 Kbps Installation 23: DPLC 192 Kbps Installation 24: DPLC 256 Kbps Installation 25: DPLC 384 Kbps Installation 26: DPLC 320 Kbps Installation 27: DPLC 448 Kbps Installation 28: DPLC 512 Kbps Installation 29: DPLC 768 Kbps Installation 30: DPLC 1024 Kbps Installation 31: DPLC 1544 Kbps Installation 32: DPLC 2048 Kbps Installation 33: DPLC 64 Kbps Monthly 34: DPLC 128 Kbps Monthly 35: DPLC 192 Kbps Monthly 36: DPLC 256 Kbps Monthly 37: DPLC 384 Kbps Monthly 38: DPLC 320 Kbps Monthly 39: DPLC 448 Kbps Monthly 40: DPLC 512 Kbps Monthly 41: DPLC 768 Kbps Monthly

<b>Basket</b>	<b>Service(s)</b>	<b>Rate Element(s)</b>
		42: DPLC 1024 Kbps Monthly 43: DPLC 1544 Kbps Monthly 44: DPLC 2048 Kbps Monthly
3	VSAT (very small aperture terminal)	45: VSAT Installation 46: VSAT Monthly 47: VSAT Site Survey 48: VSAT Link Monthly
3	Frame Relay	49: Frame Relay Port 56 Kbps Monthly 50: Frame Relay Port 64 Kbps Monthly 51: Frame Relay Port 128 Kbps Monthly 52: Frame Relay Port 192 Kbps Monthly 53: Frame Relay Port 256 Kbps Monthly 54: Frame Relay Port 384 Kbps Monthly 55: Frame Relay Port 512 Kbps Monthly 56: Frame Relay Port 768 Kbps Monthly 57: Frame Relay Port 1024 Kbps Monthly 58: Frame Relay Port 1544 Kbps Monthly 59: Frame Relay Port 2048 Kbps Monthly 60: Frame Relay Port 56 Kbps Installation 61: Frame Relay Port 64 Kbps Installation 62: Frame Relay Port 128 Kbps Installation 63: Frame Relay Port 192 Kbps Installation 64: Frame Relay Port 256 Kbps Installation 65: Frame Relay Port 384 Kbps Installation 66: Frame Relay Port 512 Kbps Installation 67: Frame Relay Port 768 Kbps Installation 68: Frame Relay Port 1024 Kbps Installation 69: Frame Relay Port 1544 Kbps Installation 70: Frame Relay Port 2048 Kbps Installation 71: Frame Relay CIR 1024 kbits Monthly 72: Frame Relay CIR 348 kbits Monthly 73: Frame Relay CIR 512 kbits Monthly 74: Frame Relay CIR 768 kbits Monthly
3	X.25	75: X.25 Installation 76: X.25 Monthly
3	Dial-Up	77: Internet 10 Monthly Rental 78: Internet 20 Monthly Rental 79: Internet 30 Monthly Rental 80: Internet 50 Monthly Rental 81: Unlimited Internet Monthly Rental 82: Dial Up local call

Basket	Service(s)	Rate Element(s)
3	Dedicated Internet Access (DIA)	83: DIA: 64 Kbps Monthly 84: DIA: 128 Kbps Monthly 85: DIA: 192 Kbps Monthly 86: DIA: 256 Kbps Monthly 87: DIA: 384 Kbps Monthly 88: DIA: 512 Kbps Monthly 89: DIA: 768 Kbps Monthly 90: DIA: 1024 Kbps Monthly 91: DIA: 1920 Kbps Monthly 92: DIA: 2048 Kbps Monthly 93: DIA: 3 Mbps Monthly 94: DIA: 4 Mbps Monthly 95: DIA: 5 Mbps Monthly 96: DIA: 6 Mbps Monthly 97: DIA: 7 Mbps Monthly 98: DIA: 8 Mbps Monthly 99: DIA: 9 Mbps Monthly 100: DIA: 10 Mbps Monthly 101: DIA: 15 Mbps Monthly 102: DIA: 20 Mbps Monthly 103: DIA: 25 Mbps Monthly 104: DIA: 30 Mbps Monthly 105: DIA: 35 Mbps Monthly 106: DIA: 40 Mbps Monthly 107: DIA: 45 Mbps Monthly 108: DIA: 64 Kbps Installation 109: DIA: 128 Kbps Installation 110: DIA: 192 Kbps Installation 111: DIA: 256 Kbps Installation 112: DIA: 384 Kbps Installation 113: DIA: 512 Kbps Installation 114: DIA: 768 Kbps Installation 115: DIA: 1024 Kbps Installation 116: DIA: 1920 Kbps Installation 117: DIA: 2048 Kbps Installation 118: DIA: 3 Mbps Installation 119: DIA: 4 Mbps Installation 120: DIA: 5 Mbps Installation 121: DIA: 6 Mbps Installation 122: DIA: 7 Mbps Installation 123: DIA: 8 Mbps Installation 124: DIA: 9 Mbps Installation 125: DIA: 10 Mbps Installation 126: DIA: 15 Mbps Installation 127: DIA: 20 Mbps Installation

<b>Basket</b>	<b>Service(s)</b>	<b>Rate Element(s)</b>
		128: DIA: 25 Mbps Installation 129: DIA: 30 Mbps Installation 130: DIA: 35 Mbps Installation 131: DIA: 40 Mbps Installation 132: DIA: 45 Mbps Installation
3	ADSL	133: Ultra Monthly 134: Select Monthly 135: Premium Monthly 136: Business Premium Monthly 137: Deluxe Monthly 138: Business Deluxe Monthly 139: Ultra Installation 140: Select Installation 141: Premium Installation 142: Business Premium Installation 143: Deluxe Installation 144: Business Deluxe Installation
3	Telemax	145: TeleMax Basic Package Set-Up 146: TeleMax Bronze Package Set-Up 147: Telemax Silver Set-Up 148: TeleMax Basic Package Monthly 149: TeleMax Bronze Package Monthly 150: Telemax Silver Monthly
3	Magic Touch	151: Magic touch - Call Forwarding Set-Up 152: Magic touch - Call Waiting Set-Up 153: Magic touch - Full Package Set-Up 154: Magic touch - Call Forwarding Monthly 155: Magic touch - Call Waiting Monthly 156: Magic touch - Full Package Monthly
3	Other Enhanced Features	157: Voicemail Set-Up 158: Conference calling Set-Up 159: Automatic Busy Call Back Set-Up 160: Automatic Recall Set-Up 161: Call Waiting Disable Set-Up 162: Calling Name Delivery Set-Up 163: Calling Name/No. Delivery blocking Set-Up 164: Calling No. Delivery Set-Up 165: Calling Number Delivery Block Set-Up 166: Voicemail Monthly 167: Conference calling Monthly 168: Automatic Busy Call Back Monthly 169: Automatic Recall Monthly 170: Calling Name/No. Delivery blocking Monthly 171: Calling No. Delivery Monthly

<b>Basket</b>	<b>Service(s)</b>	<b>Rate Element(s)</b>
		172: Calling Number Delivery Block Monthly
3	Smartchoice	173: SmartChoice Business Plan A 174: SmartChoice Business Plan B 175: SmartChoice Business Plan C 176: SmartChoice Residential Plan A 177: SmartChoice Residential Plan B 178: SmartChoice Residential Plan C 179: SmartChoice Residential Plan D 180: SmartChoice Plus Plan A 181: SmartChoice Plus Plan B
4	International Leased Circuit	182: IPLC 64 Kbps Installation 183: IPLC 128 Kbps Installation 184: IPLC 192 Kbps Installation 185: IPLC 256 Kbps Installation 186: IPLC 384 Kbps Installation 187: IPLC 320 Kbps Installation 188: IPLC 448 Kbps Installation 189: IPLC 512 Kbps Installation 190: IPLC 768 Kbps Installation 191: IPLC 1024 Kbps Installation 192: IPLC 1544 Kbps Installation 193: IPLC 2048 Kbps Installation 194: IPLC 64 Kbps Monthly 195: IPLC 128 Kbps Monthly 196: IPLC 192 Kbps Monthly 197: IPLC 256 Kbps Monthly 198: IPLC 384 Kbps Monthly 199: IPLC 320 Kbps Monthly 200: IPLC 448 Kbps Monthly 201: IPLC 512 Kbps Monthly 202: IPLC 768 Kbps Monthly 203: IPLC 1024 Kbps Monthly 204: IPLC 1544 Kbps Monthly 205: IPLC 2048 Kbps Monthly
5	Bundled Services	206:
6	Fixed To Mobile Calling	207: FTM (Day) 208: FTM Evening) 209: FTM (Night)