

Hello.

www.time4lime.com

Landline | Internet | Mobile | Entertainment

Cable and Wireless
(Cayman Islands) Limited
P.O. Box 293
Grand Cayman KY1-1104
Cayman Islands

Telephone +1 (345) 949-7800
Fax +1 (345) 949 7962

LIME

Our ref: GRCCR/GR 15.24
30 March 2009

Mr. David Archbold,
Managing Director,
Information and Communication Technology Authority,
3rd Floor Alissta Towers,
P.O. Box 2502GT,
Grand Cayman. KY1-1104

Dear Mr. Archbold,

Re: Introduction of New Service

Pursuant to paragraph 31 of Annex 5 to its Licence, Cable and Wireless (Cayman Islands) Limited, t/a LIME (“**LIME**”) applies to the Authority for authorization to offer a new service in the Cayman Islands, ###.

Service Description

The new Service provides customers with ###. The service can be used for no other purpose and is only available to customers who have subscribed to ###. The Service can only be used for ### and cannot be used for other ##.

The service will be offered on a one-year contract term basis.

Service Category

LIME notes that this new Service has no direct analogue listed in Part 2 of Annex 5 of its Licence. For example, it differs from ##.

In its 29 March 2005 letter to LIME on NetSpeak, the Authority noted that “in categorizing new ICT services on a going-forward basis, the Authority takes into account the service functionality and its similarity with other services in the same category and the degree of competition the service faces.” LIME submits that this new Service is not a Category I service, as it does not provide functionality equivalent to the PSTN access,

PSTN voice calling or point-to-point data services described in paragraph 4 of Annex 5. It is clearly not a Category 4 or 5 bundle, and LIME submits that it does not fall within any of the Category 2 categories of service ####. It is, therefore, a Category 3 “Other” service.

Further, the Service is one of many alternatives to connect #### or indeed a third-party’s services – which run range from the excessively regulated to the completely unregulated. As such we submit that the Service is clearly a non-discretionary service and that there is sufficient competition for the service. There is, therefore, no basis under paragraph 32 of Annex 5 to classify this new Service as a Category 1 service. It is appropriately classified as a Category 3A service.

Imputation Test

LIME notes that Annex 5 of its Licence does not specify the relevant imputation test for this new Service or similar services. For this reason, C&W has prepared an imputation test based on cost (attached in confidence). The rates for the service pass the relevant imputation test.

We note that the Authority suggested in its 5December 2008 determination on DACS service that LIME ought to have used the cost of capital determined by ICT Decision 2008-2, instead of the cost of capital specified in the Adjusted FAC Model. Paragraph 213 of ICT Decision 2008-2 in fact directed LIME to use the WACC specified therein for the FLLRIC model, and did not direct LIME to use it for any other purposes. For that reason, we have chosen to use the WACC from Adjusted FAC model in the attached imputation test. This is also the more conservative approach, as the WACC from ICT Decision 2008-2 would result in a lower price floor in the imputation test attached to this letter.

Tariff Pages

While this new Service does not require inclusion in the General or Special Tariffs, it would be referenced in the Tariff Item for ####. LIME hereby applies for approval to amend ####:

####.

Revised Tariff Pages are attached.

Rates and Charges

Rates and charges for the new Service will consist of once-off installation charges of CI\$ ####, and monthly recurring charges of CI\$ ####.

Effective Date

C&W intends to begin offering this service on a commercial basis on ####.

Confidentiality Claim

C&W is filing this application, including the attached Tariff Item pages and imputation test, in confidence with the Authority. The marketing and product development plans of C&W are information that is of a commercial nature and is consistently treated in a confidential manner by C&W until they are implemented. C&W’s competitors and potential competitors would gain advance knowledge of C&W’s marketing and pricing plans, even before the information could be made available to C&W’s customers or to the general public. This would enable them to develop competitive and targeted marketing and pricing responses, even before C&W would be able to implement its own plans.

An abridged version of this letter and of the imputation test will be filed. All confidential information in this letter will be replaced by “###”.

Please contact me should you have any questions.

Yours faithfully,
Cable and Wireless (Cayman Islands) Ltd. t/a LIME

‘Signed’

Darrel Rankine
VP Regulatory Affairs

c.c. Anthony Ritch – Country Manager
Camille Facey – VP Legal, Regulatory and Corporate Affairs (Jamaica and OFC)

Encl.

LIME MIPS Costing

DTU capex, CI\$	###	###
SHDSL Card capex, CI\$	###	###
Ports per Card	###	###
Average Fill rate	###	###
SHDSL Card Capex per Circuit, CI\$	###	###
Rack Capex, CI\$	###	###
Cards slots per Rack	###	###
Average Fill rate	###	###
Rack Capex per Circuit, CI\$	###	###
Total Capex per circuit, CI\$	###	###
Installation (Capitalised) per circuit CI\$	###	###
Annualized Capital Costs per circuit, CI\$	###	###
Monthly Capital Costs per circuit, CI\$	###	###
Total Monthly Configuration Capital Costs, CI\$	###	###
Monthly O&M, CI\$	###	###
Monthly Access Loop Cost, CI\$	###	###
Less Line Card, CI\$	###	###
Total Monthly Direct Network Cost, CI\$	###	###
Direct Retail Cost, CI\$	###	###
Common Cost Retail, CI\$	###	###
Common Cost Network Opex, CI\$	###	###
Common Cost Network Capital Cost, CI\$	###	###
License and Regulatory Fees, CI\$	###	###
Total Cost, CI\$	###	###