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Wireless Ventures (Cayman Islands) Ltd.  
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Grand Cayman

29 April 2004

Mr. David Archbold  
Managing Director  
Information and Communications Technology Authority  
3<sup>rd</sup> Floor, Alissta Towers  
North Sound Way  
Grand Cayman, Cayman Islands.

Dear Mr. Archbold

**Re: C&W's Mobile IDD Rates to "Other" Countries – Response to Letter of April 8, 2004**

Wireless Ventures (Cayman Islands) Limited ("WVCIL") has received a copy of the Cable & Wireless letter of April 8, 2004, proposing to reduce Mobile IDD rates that were ordered to be increased in Decision 2004-1 (the "Decision"), along with a request from Ms. Elaine Leung for the submission of any written comments by April 29. WVCIL has reviewed the letter and it opposes both of the proposals submitted by C&W with respect to IDD rates to "other" countries.

Although the C&W letter is fairly confusing, the bottom line is that C&W is attempting to avoid the very rate increases required by the Decision in order for C&W to meet the imputation test. The Decision was very carefully thought out and specifically ordered these rate increases in certain IDD rates so that C&W's rates would no longer be anticompetitive. Yet now C&W has attempted to avoid the very thrust of the Decision, stating that it wants to be allowed "to maintain our rates at their pre-April 7 levels . . ." There is simply no reason why C&W should be permitted to avoid the requirements of the Decision based on the items arguments in its letter.

C&W contends that the affected rates would have passed the imputation test if the "Talkaway" discount had not been available. Thus, it proposes to offer pre-Decision rates without the "Talkaway" discount, asserting that this solves the problem found by the Authority in the Decision. Yet if this were the solution, the Authority could simply have ordered what C&W suggests here – no application of the "Talkaway" discount to the affected services. That the Authority did not do so – and in fact ordered the increases discussed in paragraphs 104 and 106 of the Decision – is a clear determination that the rates are too low. C&W is trying to avoid this very finding with the suggestions made in its April 8 letter.

The C&W proposal presents a substantial risk of confusion to customers and allows C&W to engage in marketing and sales practices that result in different discounts depending on how the

customer chooses to order service. It talks about discriminating against post-paid customers, but then suggests that rate increases were required for "CoolDeal" customers even though they were not entitled to a discount. Yet it now wants to implement just such a discount for those customers by reducing their rates, in contravention of the Decision. In WVCIL's view, it would be extremely difficult for C&W to properly convey this message to customers in a manner that would allow even the most rationale and educated consumer to understand the pricing for calls to these countries.

Related to this, C&W could use the new rates in its marketing material to promote its IDD rates and make it appear that C&W has the lowest price point in the market, even though this may not be the case. Confusion among customers about which discounts apply, and to which countries, could allow C&W to engage in misleading advertising practices. Competitors like WVCIL would have to expend valuable time and expense to respond to the confusion created by C&W's application (or not) of these discounts.

We are also concerned that the wholesale rate is the same rate as C&W's price floor. We do not see how wireless carriers are supposed to be able to compete with C&W if they have to pay a wholesale rate equivalent to the C&W retail rate floor. Competitors have other costs beyond the wholesale rate paid to C&W, so allowing C&W to lower its retail rates would effectively preclude any viable competition at all. Further reductions below the rates set forth in the Decision, as proposed in C&W's April 8 letter, would further serve to allow C&W to eliminate competition in this market.

The Authority should not permit C&W to avoid the imputation test requirements of the Decision, and it certainly should not allow retroactive reduction of rates that have properly been increased in response to that Decision. The Authority has found that various C&W rates fail an imputation test and must be increased. It should not now allow C&W to void these determinations.

Yours sincerely

Raul Nicholson-Coe  
General Manager, Wireless Ventures (Cayman Islands) Ltd

cc: Elaine Leung, ICTA  
Rudy Ebanks, C&W  
Timothy Adam, C&W  
Lisa Agard, C&W  
Frans Vandendries, C&W  
Joseph S. Faber, AT&T Wireless