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Our ref: GRCCR/GR 15.19
16 November 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: CD 2009-1 – FLLRIC Implementation; and ICT Decision 2008-2 – Decision for the Costing Manual Consultation – Responses to Digicel Interrogatories

Cable and Wireless (Cayman Islands) Limited, t/a LIME ("**LIME**") is submitting the following in response to the "interrogatories" filed by Digicel Cayman Limited ("**Digicel**") on 7 September 2009.

LIME notes that the Authority, in the "Process" section of the Authority's consultation document "FLLRIC Implementation" (CD 2009-1), issued on 15 January 2009 ("**CD 2009-1**"), specified:

- by **6 August 2009**, parties may address interrogatories to any party that has filed a submission pursuant to the above directions (parties should file the interrogatories with the Authority and copy all other parties);

LIME submits that the bulk of what Digicel filed on 7 September 2009 cannot by any stretch of the imagination, reasonable or otherwise, be characterized as "interrogatories". With the exception of the seven (7) actual questions included in the document, LIME requests that the 7 September 2009 Digicel submission be stricken from the record and not considered in any deliberations by the Authority in this proceeding. LIME's responses to Digicel's actual interrogatories are as follows:

Interrogatory (1) - What is the Authority's/LIME's position view on the likely cost per subscriber in the Cayman Islands of creating the model to be used to estimate mobile termination costs.

LIME's Response – LIME considers it unusual, to say the least, to pose interrogatories to a regulatory authority, but submits that the cost of regulation is an important factor that the Authority should take into account in all of its activities. Unfortunately, it is not entirely clear that the Authority has done so. In any event, LIME does not have a view of the likely cost per subscriber of the creation of the FLLRIC models, especially given that until recently most of those costs have been internalized by the operators in the Cayman Islands.

Interrogatory (2) - Does the Authority have a view on whether fixed termination prices are in line with costs and if not why has the Authority not investigated?

LIME's Response – This question is not actually addressed to LIME. Nevertheless, LIME notes that the current fixed call termination prices are in line with costs, as determined by an approved FAC model, and that the purpose of the FLLRIC proceedings since 2003 is precisely to permit the Authority to come to a view on whether fixed termination prices are in line with costs, as determined by a FLLRIC model.

Interrogatory (3) - Does the Authority/LIME believe that there is a negative correlation between termination and retail prices?

LIME's Response – LIME does not believe that there is a negative correlation between cost-oriented call termination prices and retail prices.

Interrogatory (4) - What level of confidence does the Authority/LIME have that any termination rates derived from the model will be at the socially optimum level?

LIME's Response – LIME notes that this question cannot reasonably be determined until the Authority reaches a determination in this proceeding.

Interrogatory (5) - Does the Authority/LIME believe that where asset prices are declining over time that annual or frequent re-evaluations of costs are likely to underestimate true costs?

LIME's Response – LIME submits that it has already answered this question in its 7 August 2009 submission in this proceeding.

Interrogatory (6) - In order to ask meaningful questions of the FLLRIC model submitted by LIME, Digicel would for example need to have details of the inputs that C&W has used and submitted to the Authority (ie a model free of redactions). Especially in the light of the fact that the 3G model is of a non existent network Digicel does not see why redaction of these values is needed or can be justified. Will any further details be made available?

LIME's Response – Per the Authority's directives in its 4 January 2006 letter to LIME and per LIME's practice in the FLLRIC proceedings since that date, the public and confidential versions of the FLLRIC models are identical, except for various cost and volume inputs. Confidential cost and volume inputs have been replaced by "dummy data" in various "user input" cells. All of the user input cells are color-coded blue and described in the 'Contents' sheet of the models, and adequate instructions have been provided to Digicel and other interested parties for inputting their own assumed costs and volumes. Interested parties, therefore, have been

afforded an adequate opportunity to test the models without disclosure of LIME confidential information. Consequently, there is no justification for further disclosure or details.

Interrogatory (7) - Does the Authority/LIME agree that regulatory best practice requires that any model is created by the regulator independently of the parties so that it may be made available in full as a part of a transparent and fair process?

LIME's Response – Regulatory best practice requires a regulator to create a model in consultation with interested parties, not independently of parties, while giving due regard to the confidential nature of any information filed by those interested parties. LIME submits that any regulatory process conducted independently of parties would, by definition, NOT be “a transparent and fair process”.

Please do not hesitate to contact the undersigned if you should have any questions.

Sincerely yours,

Cable & Wireless (Cayman Islands) Ltd. d.b.a LIME

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Interested Parties in CD (2009-1)/(2008-2)