

January 23, 2004

The Managing Director  
Information and Communications Technology Authority  
P.O. Box 2502GT  
Grand Cayman  
Cayman Islands

Dear Sir,

**RE: Wholesale and Carrier Services (Ref: CD (2003)08)**

These comments are submitted in the above-captioned public consultation on behalf of North Rock Communications (Cayman) Ltd., a licensee of full range of information and communications technology ("ICT") networks and services in the Cayman Islands. North Rock is pleased to have this opportunity to comment on the ICT Authority's regulatory issues associated with Wholesale and Carrier Services in the Cayman Islands.

These comments are organized as a response to the questions raised.

Question 1

Among Cable & Wireless's retail services, are there services other than those listed in Attachment 1 to Schedule 4 that are required to be made available to licensees in order to facilitate resale competition?

*It is the opinion of North Rock that in addition to IDD, Monthly Line Rental, Local Calls, Light User Scheme, Customer Premise Equipment, that data services including domestic leased circuits, frame relay, ISDN, and Internet access should be required to facilitate resale for new Licensees. The ability for a customer to have one billing party will be advantageous.*

Question 2

The principles for setting wholesale rates are set out in Schedule 4. The authority contemplates applying the following additional pricing principles for wholesale services:

- Wholesale prices should not discriminate in a way which reduces efficient competition
- Wholesale prices should not be inflated to reduce competition in dependent markets

Are the above additional principles appropriate? Are the above principles consistent with the ICTA Law and wholesale regime set out in Schedule 4? Are there additional pricing principles in addition to those listed above and those set out in Schedule 4 that should be implemented?

*North Rock supports the principles for setting wholesale rates as set out in Schedule 4.*

### Question 3

The Authority seeks comments on whether the terms and conditions of wholesale services need to be reviewed and if so, the principles that ought to be used. Comment on the following principles for determining the appropriateness of proposed terms and conditions for wholesale services:

- Wholesale services are to be made available on terms and conditions that are reasonable and non-discriminatory
- When an ICT service is made available only to a limited group of customers, such a service is to be made available on a wholesale basis such that the wholesale service could be resold to the same limited group of customers that have purchased such a service in the past
- Wholesale services are to be provided with the same quality and in the same provisioning time intervals that C & W provides to itself
- Absent prohibitions to the contrary a competitor could lease residential services and subsequently resell it to a business customer. Resale of services between categories of customers should be prohibited.

Indicate whether there are additional principles other than those listed above that should be contemplated.

*North Rock supports the terms and conditions of wholesale services as documented in the paper. In addition, we suggest that that a reseller be permitted to sell any service which has been purchased wholesale to any retail customer they can successfully market the service to.*

### Question 4

Is the definition of carrier services set out in Section 4 "Carrier Services" above, an appropriate one?

*North Rock's concurs with the definition of Carrier Services.*

### Question 5

Are carrier services such as leased services and unbundled network elements required to be made available on a mandatory basis to licensees in order to facilitate the provision of their own services in a timely fashion and in an economic manner? If so, provide a detailed description of such services, why they are required to be made available, and the implications if such availability is not mandated.

*The services that are required are:*

*IPLC*

*PRI's*

*F Link Signalling*

*IMT's*

*T1's*

*DS3*

*OC3*

*Frame Services*

*BRI's*

*All the above services are critical to facilitate services between carriers and to end customers. Without these elements the new Licensee cannot come to market. It is critical that the ICTA mandate s timely provisioning from the incumbent to the new Licensee.*

#### Question 6

The Authority seeks comments on how carrier services should be regulated. Provide comments the following regime for regulating carrier services:

- Carrier service prices and terms and conditions would be subject to written approval by the authority
- Carrier service rates would be priced at long-run incremental cost plus mark-up. In absence of an incremental costing model, C&W's proposed rates would be based on its adjusted fully-allocated cost model.
- Carrier services would be provided in a manner that:
  - Maximizes the use of public ICT networks and infrastructure.
  - Minimizes the potential for negative environmental impacts
  - Enables the development of competition in the provision of public ICT networks and public ICT services in a timely and economic manner.
- Carrier services would be provided:
  - At reasonable rates. Charges are to be cost-oriented and sufficiently unbundled so that parties are obliged to pay only for the services they require
  - On terms and conditions that are non-discriminatory
  - For reasons of liability, with limitation to sub-lease such services to another licensee.

*On the surface while a fully allocated cost model would appear fair and reasonable we have the following concerns:*

- *Inter company and inter regional payments should be carefully scrutinized and validated with other jurisdictions to ensure that valid arms lengths transactions are occurring between organization.*
- *We have concerns that the ICTA or any other jurisdictions authority can effectively determine the above*
- *We have concerns a fully adjusted cost model unfairly rewards entrenched legacy carriers from utilizing costly infrastructure*
- *This could lead to anti-competitive pricing. Other carriers should not be responsible for paying for new acquisitions. (For example C & W are purchasing a new IP Voice Switch. We can only assume the switch will be adjunct to their present technology. Under this model there is no incentive to write off aged equipment.)*

*North Rock concurs with the other points as documented above.*

Yours truly,

Tom Coelho  
General Manager  
North Rock Communications Ltd.

