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Information & Communications Technology Authority

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5 December 2008

Mr. Darrel Rankine
VP Regulatory Affairs
Cable and Wireless (Cayman Islands) Limited
PO Box 293 GT
Grand Cayman KY1-1104
CAYMAN ISLANDS

Dear Mr. Rankine,

Introduction of Digital Access Circuit Service

On 17 November 2008, Cable & Wireless (Cayman Islands) Limited (trading as "LIME") submitted a service filing for the introduction of a new service, Digital Access Circuit Service ("DACS"). The service filing included a letter describing the service, General Tariff pages adding the service to Part B Public Switched Network Access as Item 205 and an imputation test.

LIME indicated that the appropriate categorization for DACS would be Category 1. The Information and Communications Technology Authority (the "Authority") agrees that the new service is properly categorized as a Category 1 service.

Upon review of the imputation test, the Authority has found two calculation errors:

1) the monthly operating and maintenance expenses are not included in the total cost base (while line "O" calculates the "Monthly O&M" amount, that amount is not included in the calculation of the "Total Monthly Direct Network Costs" in line "R" or carried through to the "Total Cost" in line "X"); and

2) the license and regulatory fee for the 15 circuit configuration is based on a retail price for the 15 circuit configuration that is different from the retail price in the proposed tariff.

In addition, the Authority notes that the cell references LIME indicated that it used to calculate the share of network common to total direct network depreciation and the resulting ratio appear to be incorrect and the cost of capital used by LIME for network costs not included in the FAC model is not consistent with the cost of capital determined in ICT Decision 2008-2.

However, after adjusting the imputation test supplied by C&W for these items, the Authority is satisfied that the service passes the imputation test.

The Authority therefore makes the following determination:

the Authority hereby approves the service filing.

Yours sincerely,

[signed by Mark Connors for]

David A. Archbold
Managing Director