

# Hello.

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# LIME

Our Ref: GR/CR/GR/##

## November 2008

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

Dear Mr. Archbold,

**Re: Introduction of ### Service**

Pursuant to paragraph 31 of Annex 5 to its Licence, Cable and Wireless (Cayman Islands) Limited (trading as "LIME") hereby 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 will be available ###.

The service will be offered on a month-to-month contract basis. The customer must have ### in order to successfully use the service. LIME does not anticipate this will be an issue in most cases.

**Service Category**

LIME notes that this service has no direct analogue listed in Part 2 of Annex 5 of its Licence. It is not clear, for example, that this service would represent a ### service, as that term is generally understood. The most similar service that LIME currently offers, ### service, is not listed in Annex 5 either, although it is treated as a Category ### service. This, and the Authority's prior comments on the subject of classification of new

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services (for example, in its 29 March 2005 letter regarding NetSpeak), would suggest that the appropriate category for ###.

#### Imputation Test

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

#### Rates and Charges

Rates and charges for ### will consist of once-off installation charges, and monthly recurring charges. These are detailed in the proposed General Tariff Item attached to this letter.

#### Effective Date

LIME intends to begin offering this service on a commercial basis on ##.

#### Confidentiality Claim

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

An abridged version of this letter and of the imputation test will be filed. LIME does not propose to file an abridged version of the proposed General Tariff pages. All confidential information in this letter will be replaced by "###". Please contact me should you have any questions.

Yours faithfully,  
Cable & Wireless (Cayman Islands) Ltd.

"Signed"

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Darrel Rankine  
VP Regulatory Affairs

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

Encl.

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## ATTACHMENT

###

### Imputation Test Description

13 November 2008

The following is a description of the imputation test for LIME's ###. The cost of the service consists of (1) direct network costs, (2) direct non-network (retail) costs, (3) indirect network costs, (4) indirect retail costs, and (5) licence and regulatory fees. We are appending in softcopy a confidential spreadsheet with calculations to assist the Authority in its review of this test.

The network components associated with the service consist of ###.

The adjusted FAC model—the standard source for imputation tests under the LIME licence--does not provide enough detail to determine network costs for this service, ###.<sup>1</sup> However, our network and procurement staff have provided the following up-to-date landed costs:

###

###

###

###

###

###

###

Up to this point, we have excluded the access line component. The adjusted FAC model network cost associated with an access line is around CI\$###per month (see "Network" module, "Interconnection costs" spreadsheet, cell N17 divided by 12). ###

The total direct monthly network cost is therefore CI\$#### and CI\$### for the ### service, respectively.

For direct retail costs, we use the methodology that underlies similar submissions made to the Authority in recent years. In particular, we drew on the adjusted FAC opex for the following activities for the corresponding category of leased lines.

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<sup>1</sup> Please note that for the following test, we have sourced information outside of the FAC model, if the FAC provides none. So, whereas we have gone to ex-FAC model sources for IP equipment cost information, we have used the cost of capital from the FAC model (rather than the 9.5% from the Decision 2008-2), retail costs and access line costs.

<sup>2</sup> In the 3 July 2007 Virtual Office imputation test, the equipment capex cost (Table1) totaled CI\$### and the capitalized installation cost was CI####.

<sup>3</sup> See footnote 1.

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<i>Retail Activities</i>	<i>FAC Annual Opex</i>
Advertise	###
Collect Call Data	###
Develop products	###
Generate bill	###
Manage Products	###
Manage sales and revenue	###
Prepare quotes/sell services	###
Provide credit control/manage bad debt	###
Provide customer relations	###
Respond to customer queries	###
Schedule installations	###
Schedule repairs	###
Support billing systems	###
Total	###

Dividing by the number of customer from the adjusted FAC's "Drivers sheet", ###, and dividing by 12 gives us the monthly figure of CI\$###, which we believe is a reasonable estimate for per service retail expenditure going forward.

We then go on to estimate the service's share of the common retail, network opex and network capital costs. For the retail common cost, as with our Virtual Office imputation, we apply the common contribution percentage of ###% from the Authority's 11 January 2007 determination on LIME's NetSpeak residential service.

We also use the same approach from the Virtual Office imputation for estimating the share of common network opex and capital cost. First, we note that we do not need to apply these factors to the network costs of the access line as those are already embedded in the fully allocated figure. The share of network common expenses over total direct network expenses in the adjusted FAC model is ###% (Cell O8 over the sum of B6 to N6 in the Expenses sheet of the Network\_Cayman\_2003\_adjusted workbook in the Cayman adjusted model). Applying that ratio to the non-access line O&M, we obtain common cost network opex of CI\$### and CI\$### per month for the 15- and 30-circuit configurations respectively.

The share of network common depreciation to total direct network depreciation is ###% (Cell O8 over the sum B6 to N6 in the Assets sheet of the Network\_Cayman\_2003 adjusted workbook). We use this as the estimated share of capital costs for this service. Applying that ratio to the non-access line capital cost, we obtain common cost network capital cost of CI\$### and CI\$### per month for the ### respectively.

Finally, we add the licence and regulatory fees associated with this service. These are set at 6.7% of the retail price, or ###.

The total cost of this service is, therefore, ###.

The proposed price of ### is, therefore, wholly adequate for covering the costs of providing the service.

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###

Company Confidential

		###		
		###	###	
###	###	###	###	A
###	###			B
###	###			C
###	###			D
###		\$ ###	\$ ###	$E=B/(C*D)$
###	###			F
###	###			G
###	###			H
Rack Capex per ###		\$ ###	\$ ###	$I=F/((G*H)*(C*D))$
Total Capex per ###		\$ ###	\$ ###	$J=A+E+I$
Installation ###		\$ ###	\$ ###	$K=J*###$
Annualized Capital Costs per ###		\$ ###	\$ ###	$L=-###$
Monthly Capital Costs per ###		\$ ###	\$ ###	$M=L/12$
Total Monthly Configuration Capital Costs, CI\$		\$ ###	\$ ###	$N=M*###$
Monthly O&M, CI\$		\$ ###	\$ ###	$O=J+K*###$
###		\$ ###	\$ ###	P
###		\$ ###	\$ ###	$Q=P*###$
Total Monthly Direct Network Cost, CI\$		\$ ###	\$ ###	$R=Q+N$
Direct Retail Cost, CI\$		\$ ###	\$ ###	S
Common Cost Retail, CI\$		\$ ###	\$ ###	$T=S*###$
Common Cost Network Opex, CI\$		\$ ###	\$ ###	$U=O*###$
Common Cost Network Capital Cost, CI\$		\$ ###	\$ ###	$V=N*###$
License and Regulatory Fees, CI\$		\$ ###	\$ ###	$W=Price * 6.7\%$
Total Cost, CI\$		\$ ###	\$ ###	$X=R+S+T+U+V+W$

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