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Information & Communications Technology Authority

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16 December 2013

Mr. Frans Vandendries
Vice President, Legal, Regulatory & Corporate Affairs
LIME/Cable and Wireless (Cayman Islands) Limited
PO Box 293
Grand Cayman KY1-1104
CAYMAN ISLANDS

Dear Mr. Vandendries,

Re: MetroNet

On 3 December 2013, Cable and Wireless (Cayman Islands) Limited (trading as "LIME"), submitted a service filing for the introduction of a service called MetroNet.

The Information and Communications Technology Authority (the "Authority") notes that LIME had previously submitted a service filing for the same service on 22 November 2012. In an 11 December 2012 letter, the Authority issued eight interrogatories requesting additional information from LIME related to the 22 November 2012 service filing. Given that the Authority did not receive any responses to those interrogatories and based on the limited information provided by LIME in the 22 November 2012 service filing, LIME's request for authorization to provide the service was denied in a 30 May 2013 determination.

In its recent 3 December 2013 re-submission of the MetroNet service, LIME has provided some of information that was originally requested in the Authority's 11 December 2012 interrogatories, including the following:

- service diagrams showing the network components and showing that the service includes an access component that is used for the connection between the customer premises and the MPLS network;
- proposed rates, terms and conditions of the service; and
- links to websites and printouts of web pages of another service provider that offers what LIME views are competing services.

LIME's submission identified that MetroNet is a service that enables business customers with multiple locations to share information at different bandwidths. LIME's document specifying terms and conditions relating to MetroNet service, describes the service as high-speed network connectivity interconnecting customer sites using Ethernet as the transport protocol.

LIME suggested that the appropriate categorization for MetroNet would be Category 3A service stating that MetroNet is primarily a point-to-multipoint IP-based data service and that the new service uses similar technology to that used by LIME's MPLS IP-VPN QoS service, and provides similar functionality.

When determining the appropriate categorization of new ICT services, the Authority takes into account the service functionality and its similarity with other services in the same category and the degree of competition the service faces.

In considering the functionality of the proposed service, the Authority notes that very similar, if not identical, data connectivity solution for business customers with multiple locations already exists in the form of Domestic Private Leased Circuits ("DPLC") or an arrangement of multiple DPLCs.

With regard to LIME's statement that MetroNet service provides similar functionality to MPLS IP-VPN QoS service, the Authority notes that, in the 8 September 2006 service filing, LIME stated that separately provided access services such as DPLC would be used to connect the customers' premises to the MPLS IP-VPN QoS service. In contrast, MetroNet includes both the access component from the customer's premises and the MPLS component of the service. Therefore, in the Authority's view, it provides a full domestic data connectivity solution that is equivalent to the DPLC service.

Considering the above, the Authority is of the view that MetroNet service, while using a different technology, provides data connectivity service functionality for business customers with multiple locations within a country which is very similar, if not identical, to the functionality of DPLC service or an arrangement of multiple DPLCs. As DPLC service is categorized as a Category 1 service, the Authority determines that MetroNet service is also appropriately categorized as a Category 1 Service and the regulatory treatment for DPLC service should apply to MetroNet service.

The Authority notes that in order to move a Category 1 Service to another category of service, the Authority takes into consideration the degree of competition the service faces. In its 11 December 2012 interrogatories, the Authority requested LIME to provide any information which demonstrated the actual level of competition for the proposed MetroNet service. In its 30 May 2013 determination the Authority stated that any service filing to re-submit MetroNet service should include the information that was requested by the Authority in its 11 December 2012 letter. While LIME has provided some information on the service offerings that are available from other service providers, it has not provided any information on the actual level of competition in the domestic data transport market (such as estimated market shares, lost customer bids, trends in retail quantities-in-service, trends in quantities-in-service that LIME sells to other service providers, etc.).

In terms of the information on the service offerings that are available from other service providers, the webpage printouts do show that at least one other operator does offer a competing data transport service. However, the coverage area shown on that document is only a limited area of the domestic geographic market.

In light of the above, the Authority has no meaningful evidence of effective competition for the service.

As the Authority has determined that MetroNet service is appropriately categorized as a Category 1 Service, LIME, if it intends to introduce MetroNet service, is directed to file the necessary information and supporting documentation for a Category 1 domestic leased circuit service (including full proposed tariff pages and wholesale offering) for the Authority's approval.

Yours sincerely,

[signed]

Mark Connors
Head of Economics and Regulation