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Cayman Financial Centre
36A Dr. Roys Drive
PO Box 700 GT
Grand Cayman, Cayman Islands
Tel: + 1 345 623 3444
Fax: + 1 345 623 3329

December 7, 2007

Mr David Archbold
Managing Director
Information and Communication Technology Authority
P.O. Box 2502GT
3rd Floor Alissta Towers
Grand Cayman

Dear Mr Archbold,

Public consultation on Costing Model CD 2005-1

Digicel understands that ICTA is nearing the end of the interrogatory procedures, which have been useful in identifying certain areas where additional clarification and corrections in the C&W models were required. Unfortunately, due to the highly redacted nature of the models and C&W's correspondence, Digicel (and other parties) have been severely constrained in their ability to respond to the interrogatory process. Further, Digicel has been unable to assess the revisions that C&W may have taken as a result, and the degree to which the models now comply with the principles set out in ICT Decision 2005-4. In the absence of this information, Digicel remains concerned the current C&W models are not able to provide reasonable estimates of C&W's fixed access and termination costs, its mobile network termination costs, or Digicel's termination costs.

Digicel does not want to go over old ground and as such, has limited its comments to C&W's responses to the last two ICTA/Telecordia interrogatories. Some of Digicel's continuing concerns are outlined below:

Second round interrogatories

2.3.1

The C&W Element BTS (item 7) is not analogous to the Benchmark Element "BSC-MSC transmission – microwave link".

C&W's response that all the MG components are subscriber line-driven is not correct as there should be components on the MG used for conveyance of traffic back into the core network.

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4.1.2

Can C&W confirm that the MSC hardware components configuration provided in response to 4.1.2 is the NGN configuration that is used in the model? We note that the Nortel XA-Core MSC (which we think C&W is referring to) is a legacy platform. Moreover, to our knowledge it has a minimum of a 2+1 configuration and not the 7+1 quoted by C&W, suggesting the this aspect of the model is not correctly dimensioned.

C&W response of the inability to breakdown the HLR component is unacceptable as the HLR consists of a hardware component that can be broken down into sub-components and software component that is dimensioned and priced based on subscriber numbers.

4.5.1

Can C&W confirm that the subscriber count figures quoted in the response to 4.5.1 for the minimum configuration of the NGN MSC and HLR are indeed the minimum supported?

Can C&W confirm that the MSC increment is not subscriber driven, keeping the view in mind that the MSC system consists of a MSC and VLR functionality?

The response from C&W of 20 cell sites per next generation BSC is significantly under-dimensioned. The assumptions proposed are excessively over-simplified which will result in the BSC being under-utilized.

Third round interrogatories

2.1.4

C&W claims that,

“PSTN, ISDN and ADSL line rental services are regarded as access services, as they primarily use network components which physically form a part of the access network (eg, copper cable, DSLAM, exchange linecards). This approach is consistent with international precedent.

All remaining services which make use of the core network are regarded as traffic services. This includes aggregate products which make use of both access and core components such as leased lines and payphones. This is, again, consistent with international precedent.”

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Digicel disputes C&W's assertion if by "traffic services" C&W allocates the associated costs to the core network. As a fundamental principle the partition between core and access networks should be according to whether costs are traffic or non-traffic sensitive. There will remain, however, costs that are common to both core and access and these should be allocated between both core and access.

2.2.2

Digicel also remains concerned about C&W's valuation of network management systems. C&W's approach appears to be top-down (as we suspect is its approach to OAM costs) and no matter how reasonable C&W's explanation seems to be, its approach will tend to contaminate the depreciation issue with the efficiency or otherwise of C&W's management decisions. Like OAM costs, a top-down approach appears to be inconsistent with Principle 2 of ICT 2005-4.

Conclusion

As stated above, parties' ability to provide meaningful substantive comments to the interrogatory process has been largely prevented by the highly redacted nature of C&W's models and responses. On the basis of the limited information which is available, Digicel has a number of ongoing concerns about key aspects of C&W's models and C&W's compliance with the principles set out in ICT Decision 2005-4.

Digicel once again wishes to take this opportunity to thank the Authority for allowing it a brief extension to the time in which to provide substantive comments on the latest stage of the cost model process.

Yours sincerely,

"SIGNED"

John Byrne
General Manager

cc. CD 2005-1 distribution list