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LIME

Our ref:
7 August 2009

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

Dear Mr. Archbold,

Re: FLLRIC Implementation (CD 2009-1)

Further to the directions on procedure issued by the Authority in its 16 June 2009 e-mail to interested parties, Cable and Wireless (Cayman Islands) Limited, trading as LIME ("**LIME**") is pleased to provide the following submission related to any proposed annual adjustments to a FLLRIC-based MTR. The issue was set out in the consultation document on FLLRIC Implementation issued by the Authority on 15 January 2009 ("**CD 2009-1**") as follows:

Annual adjustments to a FLLRIC based MTR

As identified in Decision 2008-2, one of the outcomes of this proceeding will be a FLLRIC based MTR. The Authority welcomes the views of interested parties on what, if any annual adjustments would be appropriate to a FLLRIC based MTR. For example, should the rate be adjusted to reflect inflation and/or productivity improvements and if so, on what basis should any such adjustments be made.

In considering this, the public interest in ensuring the MTR remains current needs to be balanced against the public interest in having a reasonably predictable interconnection regime. LIME agrees that the MTR should be updated from time to time in order to ensure it continues to reflect the costs of a forward-looking efficient operator. Operators in the Cayman Islands have been laboring for too long under the burden of an excessive MTR which was determined without reference to costs, and LIME looks forward to that situation finally being rectified. For that reason, LIME would not favour a rigid

regime that could allow operators to slip back into a situation where the MTR being charged bears no relation to the costs of a forward-looking efficient operator.

However, annual updates are, in LIME's view, inappropriate. The FLLRIC-based MTR will be based, by definition, on forward-looking costs. These should not change much from year to year (if they do, it is not clear to LIME whether they are truly forward-looking). An annual exercise to revise the inputs to the FLLRIC cost model is therefore not likely to yield much benefit but, based on LIME's experience, would require some considerable effort to accomplish. In addition, interconnected operators need some degree of stability in the MTR in order to properly plan from year to year. This would not be possible if the MTR could change in unpredictable ways from year to year.

LIME recommends, therefore, that the MTR not be adjusted on an annual or other predetermined periodic basis. It is most appropriate, and best balances the various interests of the affected parties, if the MTR were reviewed only in the event of a material change to a factor, variable or input which affects the MTR. Such a review could be requested by any interested party or by the Authority, with appropriate justification, but would be conducted only as determined by the Authority, i.e. once the Authority determined that the change was in fact material.

Please do not hesitate to contact the undersigned if you should have any questions.

Yours faithfully,

Cable & Wireless (Cayman Islands) Ltd.

'Signed'

Anthony Ritch
Country Manager

c.c. Lawrence McNaughton, EVP, Carrier Services, LIME
Frans Vandendries, VP, Legal Regulatory and Corporate Affairs (Central), LIME
Camille Facey, VP Legal Regulatory and Corporate Affairs (Jamaica & OFC), LIME