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LIME

Our ref: GR CR/GR 15.19
28 January 2010

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 Phase 3 Disclosure Request

Further to the Authority's 14 January 2010 determinations ordering the disclosure of certain of LIME's confidential information in the proceeding commenced by *Public Consultation on FLLRIC Implementation* (CD 2009-1), Cable and Wireless (Cayman Islands) Limited, trading as "LIME" ("**LIME**") is filing the following documents to be placed on the public record:

- 10_01_28 revised response to FLLRIC interrog 94.doc
- 10_01_28 revised response to FLLRIC interrog 117.doc
- 10_01_28 revised response to FLLRIC interrog 121.doc
- 10_01_28 revised response to FLLRIC interrog 143.doc
- 10_01_28 revised response to FLLRIC interrog 144.doc
- 10_01_28 revised response to FLLRIC interrog 148 – redacted.doc
- 10_01_28 Appendix C – access network (revised).xls
- 10_01_28 Appendix F Contact Centre – October2009 – (revised) (int 21).xls
- CYM Fixed – updated 10_01_28 revised redaction.xls

In addition, LIME is providing the following document to the Authority in confidence:

- 10_01_28 revised response to FLLRIC interrog 148 – confidential.doc

LIME notes that several other documents addressed in the Authority's 14 January 2010 determinations are the subject of a reconsideration request filed with the Authority yesterday, and therefore would only be provided following a determination on that reconsideration.

LIME does not propose to file paper copies of any of the documents attached to this letter, and will be filing a paper copy of this letter with the Authority only.

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

Sincerely yours,

Cable and Wireless (Cayman Islands) Ltd. d.b.a. LIME

'Signed'

Frans Vandendries
VP , Legal Regulatory and Corporate Affairs (Central)

c.c. Anthony Ritch, Country Manager, LIME
Donald Austin, EVP Legal Regulatory and Corporate Affairs, LIME
Camille Facey, VP Legal Regulatory and Corporate Affairs (Jamaica & OFC), LIME
Pete Smith, Regulatory Finance Advisor, LIME
Interested Parties in CD (2009-1)/(2008-2)

Cable & Wireless (Cayman Islands) Limited, d.b.a. "LIME"
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Implementation of FLLRIC Model
15 October 2009

Revised 28 January 2010

94. In the 'Cost Assumptions' sheet an assumption of 15% spares is used for 'site cost for omni cell' and 'site cost for sectorised cell' (see cells D111:D112). As source is indicated the 2G cost module. However, inspection of the 2G cost module suggest a spare parameter of 5% (see cell D93 in the 'Cost Assumptions' sheet of the 2G module). Provide a detailed explanation for this difference or align the assumptions in the two modules.

RESPONSE

We have updated the model to include 5% spares for all network elements.

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117. In the Appendix III Part II, LIME calculates a weighted index in the "Weighted Indices" sheet as the sum of: 25% of the index value in January in year T, 50% of the index value in year T, and 25% of the index value in January in year T+1. Provide a rational for this weighting approach.

RESPONSE

The Weighting was applied to the index value to create a smoothed average, as the values provided by the CA Turner Telephone Plant Index (see the "Inputs" sheet, H11 and CB206) are provided twice per year, once in January and the other in July. The two periods often have disproportionate variations in values and the weighted average was used in order to have a single value / index for a particular asset.

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121. In Appendix VIII LIME applies a routing factor 0.62 for services that use the element '400-GSM: Prepaid platform' with the exception of the on-net calling which is 1.5. In LIME's justification of the routing factor of 1.5 it notes (cell D84 in the 'Mobile RFs' sheet) that "*The prepaid platform sees two handsets therefore simply doubling the proportion of mobile prepaid handsets may be a reasonable estimate of its usage*". Given the subscriber weighted approach to calculating the routing factor of 0.62 and the quote above, explain the choice of 1.5 as an appropriate routing factor for on-net callings use of the prepaid platform.

RESPONSE

Given that on-net mobile calls engage two mobile handsets with both interrogating the prepaid platform at the same time and thus consuming platform resources, LIME submits that the appropriate routing factor for this call type is double that which was assumed for an originating type call. In this case, the appropriate routing factor should be double 0.62 which is 1.24. LIME has made the adjustment and therefore resubmits Appendix VIII. The LRIC mobile model now reflects this change.

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143. In LIME's response (Attachment A, Revisions to FLLRIC Model Ordered by the Authority in ICT Decision 2008-02 of 8 April 2009) to the Authority's direction in paragraph 236 in ICT Decision 2008-2: *"Explain the relevance of the fixed network specific costs "100-R&M Exchange Equipment – Ericsson Switch" considering that an NGN is being modeled"*, LIME notes that expense item has been renamed to '100-R&M Exchange Equipment - Switch Maintenance', a more generic term and indicates that it believes the expense item to be relevant under forward looking assumptions. LIME also note that the level of support may vary from that of the past and an efficiency adjustment can be applied against the expense in column 'C' of the 'FAC Input' sheet. Identify the efficiency adjustment that should be applied to the expense category and provide a detailed justification for the magnitude of that factor.

RESPONSE

LIME contends that determining such an efficiency factor is very difficult to quantify and the jury is still out on determining the real operating cost savings attributed to NGN roll out in small states. In the Cayman scenario, LIME has two (2) host exchanges which do not provide room for exchange rationalization through scalability as in jurisdictions with hundreds of exchanges such as the UK.

LIME, however, anticipates some operating efficiencies through the simplicity and flexibility of an IP network.

But the early phases of NGN roll out are usually met with increased operating costs particularly due to the running of both NGN and legacy networks at the same time. Nonetheless, LIME believes an efficient adjustment of around 25% should be reasonable.

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148. In ICTA Decision 2008-02 (paragraph 361) LIME was required to provide information supporting its use of spares in the mobile network module. The documentation provided in Appendix X does not contain information supporting the use of spares in the mobile network model. File (09_04_08 Appendix X Part I - Spares Nokia - CONFIDENTIAL.pdf) contains lists of software and circuit pack prices for various equipment. File (09_04_08 Appendix X Part II - Spares - CONFIDENTIAL.xls) contains calculations showing the derivation of the percent used to calculate the spares cost when multiplied by total cost for various network elements in the fixed model. However neither of the files marked Appendix X show the derivation of the spare percentages used in the mobile model on sheet: "Cost Assumptions" Cells: D84 through D93. Provide documentation to support the spares used in the mobile module.

RESPONSE

LIME has used the values shown in Appendix X part I to derive and to some extent proxy the percentages used in the mobile model. For example, the percentage spares used for the BSC, MSC and TCU was obtained from the cost list captured in section 1.2, and is calculated follows: (# # = 6.8%).

For the BTS, however, LIME used a proxy from the BVI to develop the 15% spares estimate shown in the model. This is submitted as 'Appendix E - BTS Spares'.

LIME was unable to obtain internally supporting documentation for the rest of the equipment listed and therefore relied upon international benchmark of 5% which LIME considers to be a reasonable assumption. Of course, if the Authority is of a different view, LIME is willing to accept the Authority's recommendation.