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Information & Communications Technology Authority

ICTA/80/105-08

20 August 2004

Mr. Rudy Ebanks
Vice-President, Regulatory and Carrier Relations
Cable & Wireless (Cayman Islands) Ltd.
P.O. Box 293 GT
Grand Cayman

FLLRIC Public Consultation (CD (2004) 1) – Follow-up Interrogatories

Dear Mr. Ebanks,

Please find attached interrogatories with regards to C&W's 30 July 2004 responses to the Authority's interrogatories to C&W dated 25 June 2004.

When filing its interrogatory response, the company is requested to repeat the interrogatory in its response.

The company is requested to file its responses no later than 31 August 2004.

Yours sincerely,

"Signed"

David Burnstein
Senior Economist

Attachment

Cable & Wireless
FLLRIC Public Consultation – Follow-up Interrogatories

1. Describe in detail the “tilted annuity approach” referenced to in response to ICTA-CW 1-4.
2. With regards to the company’s response to ICTA-CW 1-16, provide examples of “modern equivalent assets” (MEAs) that would have a “similar structure” to historical assets.
3. Provide the actual planning horizon adopted by C&W’s engineers for each of the network elements listed in response to ICTA-CW 1-5.
4.
 - a) Has C&W or any of its affiliates undertaken any CVR studies for any of its operations in any part of the world? If so, identify the entity producing the study, the purpose of the study, and the date of the study.
 - b) Provide a copy of the CVR study or studies that best illustrates the approach C&W is proposing in this proceeding.
5. Explain in general terms how a LRIC model might be constructed so as to account for the “real world organic nature of network growth,” as noted by C&W in response to ICTA-CW 1-22.
6. In response to ICTA-CW 1-24, C&W states the following:

[D]emonstrable inefficiencies can be identified using appropriate benchmarking analysis (e.g., ratios of line per employee), statistical analysis (e.g. stochastic frontier analysis), mathematical techniques (e.g. data envelope analysis), direct measurement of costs, and time and motion studies. Costs can be adjusted downwards if such inefficiencies are identified.

Is C&W advocating that the above proposed techniques to be applied to the population of C&W’s assets, or to some subset or sample of C&W assets? If the proposed techniques are applied to a sample of C&W assets, how does the company propose the sample be identified?
7. With regards to the company’s response to ICTA-CW 1-38, provide a complete list of the company’s asset lives that are used for financial reporting purposes.