



September 18th, 2023

The Utility Regulation and Competition Office (OfReg) PO Box 10189 Grand Cayman Cayman Islands

Attn Mr. Daniel Ebanks

Dear Mr. Ebanks,

RE: ICT 2016-2 – Consultation Part B and Part C (updated)

We refer to your email dated Friday August 11th, 2023 on behalf of The Utility Regulation and Competition Office ("**OfReg**") providing "ICT Consultation 2016-2 Part B and Part C Updated", and to the extension to September 18th 2023 of the deadline for providing cross comments on the published responses.

As with our previous response, the cross-comments which follow do not purport to address each response that each Attaching Utility has provided to each of the questions posed in the Consultation (as previously defined). We have principally sought to confine our crosscomments to those particular responses from Attaching Utilities which raise issues not already addressed by our previous responses. Accordingly, where we have declined to comment on any Attaching Utility's response to any particular question, that is not to be construed as DataLink having agreed with the position that such Attaching Utility has taken.

General Observations

As noted in our previous submission, two significant areas of concern with the Consultation are that it: (a) reflects the erroneous view that DataLink is in competition with, and in a position to discriminate against, Attaching Utilities, notwithstanding that DataLink has given up its ability to compete and therefore any logical reason to discriminate; and (b) relies for cost comparisons upon data from jurisdictions which are plainly not good comparables for the Cayman Islands. The same is in fact true of the questions posed which suggested that DataLink is at liberty to permit third parties to perform make-ready work, when it is not; and those regarding the creation of an online portal (and touching upon the services which it would provide), which proceeded on the erroneous basis that this was not already substantially underway, and in fact in the final stages of testing and implementation.

We anticipated that these fundamental misconceptions would elicit responses from Attaching Utilities which could in turn be misguided. Having considered the Attaching Utilities' respective responses to the Consultation, we consider that this is indeed what has transpired. The most obvious examples are perhaps the responses which each Attaching Utility has provided to Questions 2, 31 and 49; and C3's response to Question 7 and Digicel's to Question 46 are further clear examples. However, we believe that the responses that each Attaching Utility (and any other party) has provided to the entire Consultation will have been influenced and tainted by the misconceptions noted above, and that it would be inappropriate for there not to be a second phase of consultation within which those misconceptions are acknowledged



and corrected, and questions are posed which do not suffer from the same incorrect presuppositions.

In addition to those general observations, we wish to make the following comments on particular responses which the Attaching Utilities have respectively provided.

CONSULTATION QUESTION 2: Do you agree with the proposal to require DataLink to provide its pole attachment services to all attaching utilities on rates, terms and conditions that are no less favourable than the rates, terms and conditions as DataLink provides the same services to itself? If not, explain in detail the reasons why. Please also indicate changes, if any, you suggest should be made to the proposed requirement.

DataLink's Cross Comments: As noted above, this question and the Attaching Utilities' responses to it are misconceived, for the reasons which DataLink has provided in its initial response to this question. Although C3 specifically refers to DataLink's possession of a Fixed Telephony License similar to those of other ICT Licensees, it fails to appreciate the consequences of the amendment which removed the Roll Out obligation, and the reallocation of the space to Digicel (as previously explained). In short, since that time, this question has been rendered entirely academic.

CONSULTATION QUESTION 3: Do you agree with the proposal that applicants be required to provide a properly completed Pre-Permit Survey with their applications for a permit to attach a communications cable to a CUC utility pole? If not, explain in detail the reasons why. Please also indicate changes, if any, you suggest should be made to the proposed requirement.

DataLink's Cross Comments: Although the Attaching Utilities are in agreement with this proposal, DataLink maintains that its current practice of internal verification and approval of Pre-Permit Surveys, as delineated in our submission for the ICT 2016 – 2 - Consultation Part B and Part C (Updated), is fundamental and cannot safely be abandoned. This has been demonstrated forcefully by the findings of recent audits, which discovered wide-ranging non-compliance by Attaching Utilities with the requirements of the MPJUAs. Implementing this proposal is therefore very likely to escalate the workload for both DataLink and CUC, and reduce efficiency rather than increase it.

CONSULTATION QUESTION 4: If applicants were to be required to provide a properly completed Pre-Permit Survey with their applications for a permit to attach a communications cable to a CUC utility pole, what would be, in your view, the impact on the time required to provide a quotation to the applicant? Explain in detail the basis for your view.

DataLink's Cross Comments: See the response to Question 3. In addition, given the expected inefficiencies, as Logic has observed, this proposal is likely to increase the costs to the applicant. Furthermore, with respect, C3's remarks are misguided: when a Make Ready estimate is provided to an Attaching Utility, it includes a detailed breakdown encompassing the materials, costs and labor prerequisites essential for executing Make Ready in the designated area. And Attaching Utilities are not obliged to proceed, but remain at liberty to assess whether pole attachment or street trenching is their preferred course.



CONSULTATION QUESTION 6: What period of time should Attaching Utilities be given in order to accept, reject or otherwise respond to estimates delivered by DataLink?

DataLink's Cross Comments: The Attaching Utilities have suggested response timeframes between 7 and 14 days. DataLink maintains that 15 Business Days is reasonable and appropriate. It does not preclude an earlier response, but affords an Attaching Utility slightly longer to thoroughly assess its options and arrive at well-informed decisions (as underscored by C3's remarks in response to Question 4) on the occasions where they may reasonably require more than one or two calendar weeks to do so. It is also important to appreciate that this 15 Business Day window applies to each estimate separately, and not in the aggregate (which seems to be misunderstood in Logic's commentary referencing up to 50 estimates).

CONSULTATION QUESTION 7: What specific changes to the terms of the Pole Sharing Agreement would you propose to implement this proposal, if it were adopted as a determination following consultation?

DataLink's Cross Comments: C3 relies in its response to Question 7 on the "Towerhouse Report", a piece of advice which it unilaterally commissioned and received in May 2020. Insofar as C3 may be implying (by submitting the advice rather than seeking to convey anything it believes it has learnt from the advice) that the Office should give that advice any greater weight than it would a response provided by C3 itself, DataLink observes that this would be inappropriate.

The Office is asked to note that the advice explicitly refers to the limitations under which it was prepared: for example, on p.28, Note 3 states "The views expressed in this note are based on information we have", and Note 4 states "The factual summaries in this table have been provided by C3 and C3 alone". Furthermore, the Office does not have access to the instructions and material upon and by reference to which it was prepared (which likely included contemporaneous discussions); and Towerhouse was not obliged to be objective and impartial in their provision of that advice. Further, and more importantly, DataLink is not a telecom provider, let alone a dominant provider (and, as noted previously and above, now cannot and will not be), so the analogy which Towerhouse has sought to draw between DataLink's position and that of BT is fundamentally flawed.

For completeness, DataLink concurs with FLOW's view that, in light of the existing contractually negotiated agreement, any modifications to such agreements would necessitate negotiation and subsequently be reflected in a new MPJUA between DataLink and all Attaching Utility entities holding a valid MPJUA.

CONSULTATION QUESTION 8: Do you agree with the proposal that all permits issued for poles included in the same batch application be given the same effective date, irrespective of when the pole is actually ready and available for attachment, unless the applicant requests otherwise? If not, explain in detail the reasons why you disagree. Please also indicate changes, if any, you suggest should be made to the proposed requirement.

DataLink's Cross Comments: DataLink and Logic appear to agree that, owing to the intricacies associated with Make Ready procedures, permits should be issued promptly upon pole readiness rather than being withheld until the entire batch of poles has been completed.



DataLink is of the view that the Joint Use software currently in the final stages of implementation and testing will effectively address the concerns raised by Digicel, facilitating the ready reference to the Make Ready status of individual poles.

DataLink disagrees with C3's assertion, since the Way Leave process is an integral component of the Make Ready process. Work cannot commence until all requisite Way Leaves have been granted by the affected landowners.

CONSULTATION QUESTION 12: Do you agree with the Office's proposal to direct DataLink to investigate the creation of an online portal or system for the submission of pole attachment permit applications and the issuance of pole attachment permits? If not, explain in detail the reasons why you disagree.

DataLink's Cross Comments: DataLink is encouraged by the Attaching Utilities' unanimous agreement regarding the establishment of an online portal or system for the submission of pole attachment permit applications and the subsequent issuance of permits. With the Joint Use software being in the final stages of testing and implementation, DataLink respectfully notes that any directive from the Office on this matter would be redundant.

CONSULTATION QUESTION 15: If you agree with the Office's proposal to direct DataLink to investigate the creation of an online database containing relevant information on CUC utility poles managed by Data, what should be the requirements and scope of such a system? In particular, what information in relation to CUC utility poles should be included and which persons should have access to the database?

DataLink's Cross Comments: DataLink acknowledges the remarks provided by the Attaching Utilities regarding the requirements and scope of the proposed system. DataLink previously provided a summary and illustrative examples in its submission for the ICT 2016 – 2 - Consultation Part B and Part C (Updated), elucidating the capabilities and features of the Joint Use system, which is well-suited to meet this need.

CONSULTATION QUESTION 18: Do you agree with the Office's proposal to require Attachers to report to DataLink all unauthorised attachments that have not yet come to the attention of DataLink, and must refrain from all future unauthorised attachments? If not, explain in detail the reasons why you disagree.

DataLink's Cross Comments: Logic suggests that the definition of "unauthorized attachment" is unclear. However, as noted above, the MPJUA comprehensively defines what constitutes both an "Authorized" and "Unauthorized" attachment, and leaves no room for doubt as to the status of any attachment.

CONSULTATION QUESTION 19: Do you agree with the Office's proposal to require DataLink to review each unauthorized attachment that comes to its attention, determine the makeready work that would have been required if the attacher in question had properly applied for a permit for the attachment under the Pole Sharing Agreement, and invoice the attacher the applicable make-ready work charges? If not, explain in detail the reasons why you disagree.



DataLink's Cross Comments: DataLink agrees with FLOW that the MPJUA already incorporates comprehensive provisions regarding make-ready work and unauthorized attachments, and DataLink is expected to enforce such terms.

CONSULTATION QUESTION 21: Are there are other remedies that the Office should consider instead, such as mandatory removal of all unauthorised attachments? If yes, describe in detail the advantages or disadvantages of such other remedies including, without limitation, the impact on existing services provided to consumers.

DataLink's Cross Comments: Logic's proposal involves the imposition of financial penalties for unauthorized attachments. However, the MPJUA already imposes financial penalties per unauthorized attachment, and given the discovery of over 25 thousand unauthorised attachments in the pole attachment audit completed in December 2022, the existing financial penalties would seem to be largely ineffective as a deterrent.

Although, as Digicel has noted, there are potentially serious implications of mandatory removal, such a measure would of course only be used as a last resort – but the experience with the Audit has shown that the threat of mandatory removal should be far more effective as a deterrent that any financial penalty that may be imposed.

CONSULTATION QUESTION 25: Should the duration of the period to exercise the right to attach remain 200 calendar days or should it be modified? If so, what should be the new period to exercise the right to attach? Explain in detail why and, in particular, how changing the period to exercise might promote an efficient, economic and harmonised utilisation of infrastructure.

DataLink's Cross Comments: DataLink maintains that the 200-calendar-day period for exercising the right to attach, as currently provided by the MPJUA, remains appropriate. As noted in our previous submission for the ICT Consultation 2016-2 Part B and Part C Updated, it is industry standard to have permits expire if they are not acted upon within a specific timeframe.

CONSULTATION QUESTION 26: Alternatively, should Article IV.F be removed from the Pole Sharing Agreements? Explain in detail why and, in particular, how removing Article IV.F might promote an efficient, economic and harmonised utilisation of infrastructure.

DataLink's Cross Comments: Digicel has proposed that "the issuance dates for poles in a batch should not be the same," contending that this enables Attachers to potentially establish cable connections even if only a portion of the batch is delivered, and that this would optimize the utilization of available infrastructure. DataLink agrees with those observations, as articulated in our previous response to Question 8 for the ICT Consultation 2016-2 Part B and Part C Updated.

CONSULTATION QUESTION 28: How often should attaching utilities be required to provide the forecasts, if any, and at what level of geographic specificity?

DataLink's Cross Comments: DataLink would be content with forecasts spanning six (6) months, as Digicel and Logic propose. Digicel advocates for a level of geographic specificity defined as "named roadways," while Logic posits that district or community-level specificity



is warranted. DataLink is more inclined to align with Digicel's viewpoint, as specifying districts or communities may be excessively broad and fail to provide the requisite level of detail for precise planning. It is conceivable that DataLink's resources may encompass roads not included in Logic's forecast at that particular juncture, rendering the exercise somewhat futile.

FLOW has proposed two-year forecasts, whilst C3 has suggested three to five year intervals. However, such levels of infrequency in the provision of forecasts would mean that they would have little to no practical benefit: in particular, forecasts of any such duration will be increasingly speculative and unreliable in their later years, as more time passes beyond the date they were prepared; and they will lack the specificity necessary for practical resource planning.

CONSULTATION QUESTION 29: Should such forecasts, if any, include only new attachments, or should all attachments be included?

DataLink's Cross Comments: DataLink agrees with the majority of the Attaching Utilities that forecasts of attachment requirements should include only new attachments. To do otherwise would introduce unnecessary complexity and ambiguity (in circumstances where the MPJUA already address maintenance-related activities comprehensively), and would undermine the objectives of precise planning and resource allocation.

CONSULTATION QUESTION 31: In light of the fact that DataLink also competes with the other attachers as an ICT licensee, what measures should be implemented, if any, in order to protect the confidential and commercially-sensitive information of the other attachers?

DataLink's Cross Comments: As previously noted, DataLink is not engaged in competition with other Attaching Utilities, nor does it anticipate ever doing so. The question is therefore fundamentally misguided and wholly academic.

CONSULTATION QUESTION 33: Do you agree with the Office's proposal that these prepermit surveys would consist of visual surveys only and may be subject to reasonable terms and conditions such as a requirement to give DataLink reasonable advance notice of an intent to carry out a pre-permit survey? If not, explain in detail why you disagree.

DataLink's Cross Comments: DataLink emphasizes its previous response (and consequential responses to Questions 34 and 35), which explained its strong disagreement with this proposal.

CONSULTATION QUESTION 36: Do you agree with the Office's proposal that DataLink maintain an up-to-date list of all CUC utility poles, which shall include information on the X and Y coordinates, height, CUC pole number or equivalent information, and size of communications space (where known) of each such pole, and shall provide the list upon request to ICT licensees who have executed a master joint use pole sharing agreement with DataLink? If not, explain in detail why you disagree.

DataLink's Cross Comments: The Attaching Utilities do not appear to have been made aware of DataLink's efforts and progress with establishing the online Joint Use system. Consequently, DataLink respectfully suggests that the Attaching Utilities' responses to this question are purely academic.



CONSULTATION QUESTION 37: Do you agree with the Office's proposal that DataLink be required to permit third parties to perform make-ready work, including make- ready work in the electrical space or involving electrical facilities on the utility pole, provided certain conditions are satisfied? If not, explain in detail why you disagree.

DataLink's Cross Comments: Notwithstanding that the Attaching Utilities generally agree that DataLink should be obliged to grant permission for third parties to conduct make-ready work (including within the electrical space or involving electrical facilities on the utility pole, subject to specific conditions being met), those responses were elicited on an incorrect premise. DataLink reiterates that it lacks the authority to prescribe the selection of contractors for make-ready work by CUC. Consequently, DataLink is incapable of complying with any requirements that the Office might otherwise have contemplated imposing for this purpose.

CONSULTATION QUESTION 38: Are the proposed conditions appropriate? Are there are other relevant considerations that the Office should consider?

DataLink's Cross Comments: FLOW has commented on capacity investment in its response to this question. It is essential to note that any increase in DataLink's operational expenses (OPEX) would ultimately translate into a corresponding increase for the Attaching Utilities, since DataLink's fees are cost-based.

CONSULTATION QUESTION 39: Do you agree with the Office's proposal that upon receipt of a request to attach to a CUC utility pole, DataLink should replace the pole with one capable of accommodating up to four attachers, and that the costs of pole replacement should be shared by all attachers who have included the pole in their attachment demand forecasts. If not, explain in detail why not.

DataLink's Cross Comments: In response to Logic's comment regarding the need to consider instances where attachers' forecasts change or where poles are subsequently included in their forecasting, DataLink emphasizes that all Attaching Utilities are required to confirm the inclusion of specific poles in their forecasts before any Make Ready work commences. This confirmation process ensures that attachment forecasts are up to date and accurate.

CONSULTATION QUESTION 41: In your view, can the parties (Owner Utilities and Attaching Utilities) agree to such a solution, in the event the Office does not have the power to mandate such a solution under the current ICT Act and Regulations? Provide your reasoning in detail.

DataLink's Cross Comments: Logic has observed that "Each party has differing commercial interests, motivations, and commitments, and as such, Logic does not believe that all parties will be able to come to a mutual agreement". Whilst it is of course possible, in principle, for the parties to agree such a solution, it is worth noting that, during the original working group discussions, it was indeed challenging to secure unanimous agreement on various points, given each Attaching Utility's need to prioritize its own commercial interests.

CONSULTATION QUESTION 42: Do you agree with the Office's alternative proposals that DataLink should first attempt to accommodate all attachment requests within the existing



communications space before replacing the pole with a pole with can accommodate up to four attachers, that in such a case the requester should pay for the cost of replacing the pole with one that can accommodate up to four attachers, provided that, if a pole was installed between 1996 and 2016 and does not have a 1-foot 8-inch communications space, DataLink should bear half the cost of replacing the pole unless DataLink can demonstrate that Flow declined future use of the pole in question under the terms of the 1996 CUC-Flow Pole Sharing Agreement? If not, explain in detail why not.

DataLink's Cross Comments: Although the Attaching Utilities are unanimously in agreement with the Office's alternative proposal, this appears to clash with Question 39, which implies that DataLink should replace the pole with one capable of accommodating up to four attachers, with the costs to be shared by all attachers who have included the pole in their attachment demand forecasts. DataLink finds it somewhat contradictory for Attaching Utilities to concur with both questions. It is worth noting that Logic is the only Attaching Utility that explicitly references Question 39 in their response, indicating agreement with the pole replacement and cost-sharing proposal.

DataLink believes that it is imperative to maintain the pole structure and design in compliance with the most current wind loading criteria. Pole structures designed and implemented for one Attaching Utility are not in all cases capable of accommodating additional attachers as per the standards at the time of implementation or current standards. As industry standards evolve and are updated, CUC is responsible for adhering to them. Ensuring that the poles meet the latest wind loading criteria is crucial for maintaining the integrity and safety of the entire communications infrastructure, to be able to provide a reliable and secure network for the benefit of all stakeholders involved.

CONSULTATION QUESTION 43: Do you agree with the Office's preliminary view that it should not propose for consultation a revised definition of "standard utility pole"?

DataLink's Cross Comments: DataLink affirms, in response to FLOW's comment, that the cost associated with the average height of bare poles is factored into DataLink's calculations when providing Make Ready estimates.

CONSULTATION QUESTION 45 *Is DataLink pricing formula for calculation of the "Annual Attachment Fee" an appropriate pricing methodology for determining cost- oriented prices for attachment of communication cables onto CUC's utility poles, and if so, why.*

DataLink's Cross Comments: Yes, Datalink believes that the pricing formula is an appropriate pricing methodology as per FCC recommendations. The pricing takes into consideration the rate of inflation on an annual basis, as is done in other jurisdictions.

<u>Response to C3</u>: The formula DataLink utilizes does take the net cost of a bare pole into consideration. The net cost of a bare pole is derived from actual data as recorded in CUC's Asset Register. The space factor allocation considers all of the points raised by C3, this portion of the formula seeks to assign the cost of usable space on the pole based on the proportionate share of usable space occupied by the attacher and assigns costs relating to the unusable space on the pole using a per-capita allocator.



CONSULTATION QUESTION 46 If DataLink pricing formula for calculation of "Annual Attachment Fee" is not an appropriate pricing methodology, what other methodology should be used for determining cost-oriented prices for attachment of communications cables onto CUC's utility poles.

DataLink's Cross Comments: <u>Response to Digicel comment</u>: DataLink does utilize the same formula methodology for the annual attachment fee for all attachers. All attachers are being billed the exact same rate for the annual pole attachment fee. As regards Digicel's comments on the annual rate in Cayman being higher than in Canada, UK and Ireland, the same can be said for all costs found in the Cayman Islands, from groceries to mobile services (as noted in the introduction to DataLink's previous response, hence the inappropriateness of purporting to use such countries as comparables).

<u>Response to FLOW comment</u>: The "Annual Pole Attachment fee" is not based on "value of service" as it is directly derived from the historical cost of poles in service. The "Net cost of a bare pole" (from CUC's Pole Asset Register) are actual costs which are audited by CUC's financial auditors and submitted for review to OfReg Electricity. In relation to the response provided by FLOW to question 7 regarding the 2016 methodology, DataLink agrees that, in light of the existing contractually negotiated agreement, any modifications to such agreements would necessitate negotiation and subsequently be reflected in a new MPJUA between DataLink and all Attaching Utility entities holding a valid MPJUA. The reference to inflation factors being double counted is addressed above as poles are not included at current costs but rather, as explained above, at historical prices via the asset register.

CONSULTATION QUESTION 47 If DataLink pricing formula for calculation of the "Annual Attachment Fee" is an appropriate pricing methodology, should any changes be made in the various elements of the formula, namely:

o Net Cost of a Bare Pole,

- o CUC's Annual Carrying Charge Rate, o Inflation, and
- o Management & Overhead.

DataLink's Cross Comments: DataLink notes that there is no consensus on what the pricing model should look like, only that it should not look like it does (with the exception of Logic, which indicated that no changes should be made to the elements). The elements of DataLink's pricing model were chosen based upon transparency, the model is in use in a neighbouring jurisdiction and had been designed via a regulatory framework. DataLink management was cognizant that any chosen pricing structure would be challenged and attempted to choose the most transparent process. The costs are all derived from CUC financial statements which are publicly accessible and audited by a reputable auditing firm and subject to regulatory overview. The cost of the annual attachment fee has decreased year on year for 3 years now as the "cost of a bare pole" has decreased.

<u>Response to Digicel comment</u>: DataLink chose a transparent and historically proven pricing model. The model chosen does consider proportionate costs, but providing further insight into "incremental" costs would be difficult and is subjective in nature.

CONSULTATION QUESTION 49 *Provide your view as to whether or not DataLink's ability to access CUC's utility poles at no charge has the effect of limiting either the efficient and*

o Space Factor,



harmonised utilisation of infrastructure or the promotion of competition in the provision of ICT services or ICT networks.

DataLink's Cross Comments: As noted previously and above, this question is based on a fallacy.

CONSULTATION QUESTION 50 *Provide your view as to whether or not DataLink's charges for Make-Ready work are cost-orientated, including a detailed explanation supporting your view.*

DataLink's Cross Comments: DataLink's Make Ready charges are cost-oriented. Make Ready charges from CUC are a pass-through cost, DataLink does not profit from Make Ready charges to Attaching Utilities. Make Ready charges are provided to each Attaching Utility, with a breakdown of materials, labour and equipment costs. DataLink also provides Attaching Utility design maps which provide an overview of the work to be performed. The format of how the make ready estimates are presented is a direct result of consultations DataLink has had with the Attaching Utilities over the years. DataLink has also taken on board suggestions from the Attaching Utilities regarding the details they would like to see when being presented with make ready work costing.

CONSULTATION QUESTION 51 If your view is that DataLink's charges for Make-Ready work are not cost-orientated, provide your view as to what approach should be taken to ensure the non-recurring charges for Make-Ready work are cost-orientated.

DataLink's Cross Comments: <u>Response to Digicel:</u> The fact that Make Ready costs have risen from their earlier make ready sites is likely due to the earlier sites having required minimal make ready work. For sites that now require extensive make ready work, such as changing out of poles, adding midspan poles, weather head work, re-stringing of lines and moving transformers, the costs of the Make Ready work will be higher. DataLink has always been transparent with make ready costs hence the reason for the breakdown of costs and telecom design maps detailing work to be performed.

<u>Response to FLOW</u>: DataLink uses both qualified outside contractors (trained on CUC processes and supervised by CUC team members) and CUC crew members to perform make ready work. If each job was put out to tender, this would slow the process significantly.

Conclusion

As noted above, the general observations made at the outset of this response, and the crosscomments which follow, are not intended to be a substitute for our previous responses to the Consultation, but are intended to supplement them by addressing new issues which have been raised by the Attaching Utilities and/or highlighting responses which they have provided on the basis of misconceptions reflected in the Consultation itself. We should be grateful if the Office would therefore consider our previous responses and these cross-comments fully and collectively, and would strongly encourage the Office to engage in a second round of consultation in which the misconceptions noted previously and above can be corrected, and constructive responses can be provided on the basis of factually correct information.