

21 March 2016

Mr. Warren Harding  
Chief Executive Officer  
LIME/ Cable and Wireless (Cayman Islands) Limited  
P.O. Box 293  
Grand Cayman KY1-1104  
CAYMAN ISLANDS

Dear Mr. Harding,

**Re: Application to Increase Residential Line Rental Rate**

On 11 February 2016, the Authority received LIME's application to increase the monthly residential line rental rate by \$1.00 (from the current \$17.00 per month, to \$18.00 per month) effective 1 June 2016. LIME's application included proposed tariff pages for General Tariff Item 201 – Public Switched Network Access, Item 801 Bundled Services – Smart Choice, and Item 802 – Bundled Services – Smart Choice Plus.

The Authority has reviewed the application and notes the following statements made by LIME in its "**Q&As Line Rental Increase**", as reasons for increasing the price of the residential line rental rate:

1:

*"Calls made from a home phone to 911 means the operator can quickly determine the location."*

The Authority's view is that such a statement by LIME regarding access to 911 is likely to mislead customers that such access is always available to the customer.

In particular, the Authority is aware that LIME has not been providing the Emergency Communications Centre (ECC) with updated customer information in a timely and accurate manner. Additionally, from such statement, the customer would believe that his/her telephone number is, *without a doubt*, on the ECC's list. More generally, 911 access via fibre is dependent on power issues so LIME may not be able to provide such access if there is a power outage.

2:

*"...our competition is not investing/ reinvesting at the levels we are and in all cases is not providing a full service across mobile, landline, Internet and TV across the entire country."*

The Authority's view is that such a statement by LIME regarding the position of its competitors' investment levels is unsubstantiated, and therefore LIME is not in the position to speak on the level of investing or reinvesting by its competitors.

LIME's statement above is further disproven more generally by the Authority's analysis of the ICT statistics collected by the Authority on a quarterly basis, namely in relation to the capital expenditures in ICT networks and services.

Further, LIME's reference to a "full service" is misleading as it is not qualified as being a reference to a quad-play offering and is likely read by the average customer to mean that LIME's competitor ICT services are not individually 'full' services.

Based on the above, the Authority hereby approves the \$1.00 increase to LIME's monthly residential line rental rate, *subject to* the following conditions being satisfied:

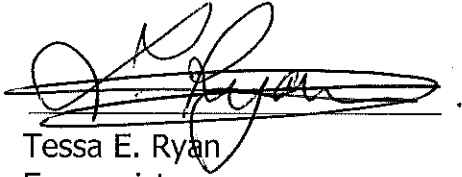
1. LIME's statement that *"[c]alls made from a home phone to 911 means the operator can quickly determine the location"* – is omitted from LIME's "Q&As Line Rental Increase".
2. LIME's reference to *"...our [LIME's] competition is not investing/ reinvesting at the levels we are and in all cases is not providing a full service across mobile, landline, Internet and TV across the entire country"* – is omitted from LIME's "Q&As Line Rental Increase".
3. A copy of the revised "Q&As Line Rental Increase" satisfying the two conditions specified above - is submitted to the Authority prior to the price increase being communicated to the public.

If LIME is in disagreement with the Authority's stance as set out, LIME is invited to submit any evidence it has that will prove its claims currently stated in the proposed "Q&As Line Rental Increase".

In arriving at this determination, the Authority notes that paragraph 35. Stage 3: a.(i) of Annex 5 to LIME's Licence permits LIME to increase the monthly rates for residential line rentals *"by a maximum of \$1, for each year after the first two years"* following the effective date of the agreement, until such time as the Initial Price Cap plan is finalised and implemented.

As LIME's proposal, subject to the conditions specified above, is within the range permitted, the Authority approves the proposal.

Yours sincerely,



Tessa E. Ryan  
Economist