



CABLE & WIRELESS

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21 December 2007

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

Dear Mr. Archbold:

**Re: Public Consultation on Costing Manual – CD2005-1 – Reply
Comments**

Further to the procedures set out by the Authority in its 8 November 2007 letter, as modified by the Authority in its email of 4 December 2007, to interested parties in the above-noted public consultation, Cable and Wireless (Cayman Islands) Limited (“**C&W**”) hereby submits its reply comments. As of today, C&W has received what purports to be comments only from Digicel Cayman Limited (“**Digicel**”), filed by letter dated 7 December 2007.

Digicel’s 7 December 2007 Comments

C&W notes Digicel’s comment that:

“...Digicel has a number of ongoing concerns about key aspects of C&W’s models and C&W’s compliance with the principles set out in ICT Decision 2005-4.”

However, Digicel did not provide any particulars of these alleged “concerns”. In fact, the above statement is close to the sum-total of what Digicel has had to say on the FLLRIC Costing Models and Manuals after over two years of extensive and detailed work by C&W and the Authority and their respective consultants.

Even if one interprets the remainder of Digicel's 7 December 2007 letter to represent Digicel's comments on the FLLRIC costing manual, C&W submits that Digicel has not identified any major concerns with the model developed to date, or shown how, if at all, the model developed to date does not comply with the principles set out in ICT Decision 2005-4. Merely asserting that it does not comply does not make it non-compliant.

The remainder of Digicel's 7 December 2007 was in the form of a) further questions on responses to interrogatories, which are inappropriate in this comment round of the proceedings, and b) comments that were simply unsubstantiated assertion or a misreading of C&W responses to interrogatories.

We will not respond to Digicel's questions as they are inappropriate and should be disallowed.

With respect to its comments, we make the following replies:

Digicel states "C&W's response that all the MG components are subscriber line-driven is not correct as there should be components on the MG used for conveyance of traffic back into the core network."

C&W did not assert that all the MG components are 100% subscriber driven in the model. Moreover, the formulae in the model clearly indicate that costs are attributed to traffic. The reference starts in the fixed network module on the "MG Calculations" sheet column "E" which calculates the fixed cost element of the MG. This is linked to "NGN Costs" sheet F35 where the MG cost component is labeled "minutes". Finally, Digicel presents neither evidence nor a proposal of how much of the MG cost component should be driven by traffic.

Digicel states "C&W's response of the inability to breakdown HLR components is unacceptable as the HLR consists of hardware components that can be broken down into sub-components and software component that is dimensioned and priced based on subscriber numbers."

In our 22 June 2007 Responses to Round 2 Interrogatories, C&W did in fact propose a breakdown of the HLR into subcomponents and proposed software components be driven based on subscriber numbers.

Digicel states "The response from C&W of 20 cell sites per next generation BSC is significantly under-dimensioned. The assumptions proposed are excessively oversimplified which will result in the BSC being under-utilized."

Digicel is suggesting that more cell sites be assumed per BSC. No evidence was given as to why C&W's assumption is not valid, nor was any proposal made of how many cell sites should be included.

Digicel states "Digicel also remains concerned about C&W's valuation of network management systems. C&W's approach appears to be top-down (as we suspect is its approach to OAM costs) and no matter how reasonable C&W's explanation seems to be, its approach will tend to contaminate the depreciation issue with the efficiency or otherwise of C&W's management decisions.

Again this is a misreading of the extensive responses that were made on the network management system. Digicel seems to be suggesting that the costs are based on the figures that appear in C&W financial accounts reflecting all systems currently in place. This is not true. Those costs are based on a forward-looking investment incorporating a single network management solution. . The discussion around what systems—legacy or otherwise--C&W actually has in place was in the context of what is the appropriate assumption for the economic life of a network management system in general.

Full and Fair Opportunity to File Comments and Participate in the Proceeding

In its 8 November 2007 letter, the Authority stated:

... by 30 November 2007, parties may file comments with the Authority and any comments filed should be copied to all other parties;

C&W did so on 30 November 2007. Digicel, however, chose to wait until after that deadline had passed to request, on 3 December 2007, a "brief extension" of the time to file comments. Even though Digicel offered no explanation for its inability to meet the deadline (which had been known for a little under a month at that point), the Authority granted Digicel's request by its 4 December 2007 email to interested parties, stating:

After due consideration, the Authority hereby extends the deadline for filing comments to 7 December 2007.

It should also be remembered that the Authority had previously invited interested parties to file comments in this proceeding some seventeen months earlier, on 7 July 2006, and that the Authority has also ensured that all parties were copied on the various responses to interrogatories and provided a copy of the public costing model. C&W submits that the Authority has bent over backwards to afford all interested parties, including Digicel, a meaningful opportunity to file comments. Nor could the Authority have been more explicit that parties were to file comments on 7 December 2007.

It is surprising, therefore, that Digicel does not appear to have availed itself of these opportunities, either in 2006 or in 2007. While Digicel did not file anything in 2006, on 7 December 2007, Digicel filed by way of "comments" a few questions about some of

C&W's responses to interrogatories.¹ C&W finds it very hard to believe Digicel's 7 December 2007 statement that it "understands that ICTA is nearing the end of the interrogatory procedures", when the Authority went to great pains to emphasize in its 8 November 2007 letter and later in its 4 December 2007 email, that the interrogatory phase of the proceeding had come to an end and that parties were to file comments. Digicel could only have that "understanding" if they did not bother to read the Authority's letters or directions in this proceeding.

Alleged Inability to Review and Comment on the Models

In its 7 December 2007 letter, Digicel repeatedly states that, because of C&W's redaction practices, it was unable to assess the models or the revisions to the models, or to assess to what extent the revised models comply with the principles set out in ICT Decision 2005-4. This is most certainly not the case, and strongly suggests that Digicel did not attempt to properly analyse the materials that had been filed in this proceeding.

Digicel has had access to the FLLRIC Costing Model since 10 March 2006, when C&W had been directed by the Authority in the latter's 8 February 2006 letter to provide the models to all interested parties. Each time C&W revised or made changes to the models in response to the Authority's interrogatories or other directions, C&W provided a new public version of the models. The most recent version was filed with the Authority and served on interested parties on 7 August 2007, and no changes were made to the models after that date. These public models are in all respects identical to the confidential models provided to the Authority, except for the data used to populate them.

What C&W has sought to redact was not the models themselves, but the confidential C&W data used in the Authority's version of the models. At any and at all times, Digicel and other interested parties were able to review and test the workings of the models by inputting data of their own choosing. It is, therefore, flatly incorrect to say that Digicel was not able to review the extent to which C&W complied with the principles set out in ICT Decision 2005-4. If Digicel did not do so, it would be because they chose not to do so, not because they were unable to do so.

Conclusion

As C&W noted in its 30 November 2007 comments, it has produced a set of FLLRIC costing models and manuals that fully comply with the principles set out by the Authority in ICT Decision 2005-4. In this comment round one has found nothing in

¹ In fact, Digicel's participation in this proceeding can be characterized as being limited to filing a series of disclosure requests which have resulted in delays to the proceeding, and one set of observations (produced by their consultants, Ovum) on the model that had been developed up to 10 March 2006 that C&W fully and completely answered in its 7 July 2006 comments.

Digicel's comments to reject the reasonable conclusions that: (1) the FLLRIC costing model submitted by C&W on 7 August 2007 is fully compliant with the principles set out in ICT Decision 2005-4; (2) that model, once populated, will generate the costs of a forward-looking efficient operator; and (3) no interested party has demonstrated, or even tried to demonstrate, otherwise in any detailed manner. In fact, no interested parties have seriously questioned or demonstrated that the models and manuals do not comply with those principles, or that they would not generate useful outputs once populated.

The Authority has also provided interested parties in the Cayman Islands over the last twenty-seven months extensive and exhaustive opportunities to review, question and comment on those models and manuals. C&W looks forward, therefore, to a determination in this proceeding so that consumers and the telecommunications industry in this country can benefit from the outputs of the model.

Yours faithfully,
Cable & Wireless (Cayman Islands) Ltd.



Rudy B. Ebanks
Chief Regulatory and Carrier Relations Officer

cc: Timothy Adam, Chief Executive C&W
Ian Tibbetts, Chief Operating Officer C&W
Frans Vandendries, Vice President Legal and Regulatory Affairs C&W
Erik Whitlock, Regional Vice President Regulatory Finance C&W
Interested Parties in CD (2005) - 1