

Digicel

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Dear Dr Bulatovic

FTR and Transit Rate (CD 2012-1) Proceeding: Digicel Reply Response

We refer to LIME's response of 30 September 2014 which seeks to overturn the Authority's Determination of 29th April 2010 and which stated that the fixed and transit rates that LIME claimed were reasonable at the time, would be interim and retrospectively be adjusted if the Authority found them to be unreasonable. There is no legitimate legal or other basis for overturning that earlier Determination. While doing so would be highly commercially beneficial to LIME it would be highly prejudicial to other licencees in the Cayman Islands.

We understand that LIME wants the Authority to accept its earlier proposed fixed and transit figures based on what LIME claims are inconsistencies with respect to the way mobile termination rates and fixed and transit rates are being determined, and based on the amount of time that has passed since the Determination.

Our understanding is that at the time of the Determination the Authority had yet to analyse the LIME model sufficiently, or at all, in respect of LIME's claimed fixed and transit rates. An analysis was therefore necessary before the Authority could make a Decision in that respect.

In its earlier Determination the Authority stated in respect of the interim fixed and transit rates that:

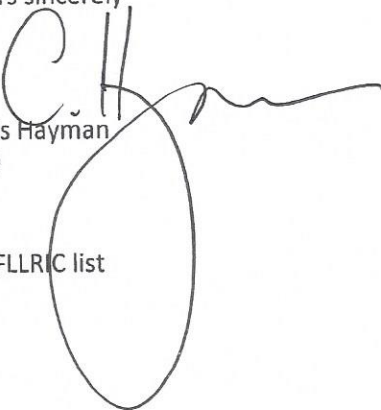
"LIME and Digicel are to keep detailed records of the quantities and rates used to bill for each of those interconnection services to enable any adjustments to be applied retroactively to the date of this decision..."

The Parties have therefore all been aware of the need to provide in their accounts for a final Decision of the Authority in this respect. This is the first time that LIME has objected to the best of our knowledge. We also note that LIME argued strongly for retroactivity, and against Digicel,

in respect of a previous Decision of the Authority in December 2009. Although somewhat perplexingly LIME then quotes Digicel at length in its response, rather than restating LIME's arguments at the time in favour of retroactivity. LIME's position is predictable however in that LIME stood to gain from retrospectivity on the last occasion, but stands to lose from the application of the same principle on this occasion.

LIMEs claim that there will be an unacceptable inconsistency between the way in which mobile and fixed and transit rates are being calculated is nonsense. There is no need to have a model which calculates all rates or none. LIME's objections are a transparent attempt to benefit LIME commercially with high fixed and transit rates, the latter of which in our view should no longer even exist. If we follow LIME's own arguments to their logical conclusion then it would mean that no termination or interconnection rates should have been changed by the Authority until all rates had been properly analysed, outputted from a single model, and finally Determined by the Authority. LIME would clearly disagree with this logical extension of its own arguments, and Digicel for its part strongly underlines the need for the Authority to abide by its Determination of 29th April 2010 in respect of its retrospective applicability.

Yours sincerely



Chris Hayman
CEO

cc: FLLRIC list

