

26 January 2010

Mr. David Archbold
Managing Director
Information and Communications Technology Authority
PO Box 2502, 3rd Floor, Alissta Towers
85 North Sound Road, George Town
Grand Cayman, Cayman Islands, KY1-1104

Dear David,

Re: Digicel/C&W Interconnection Agreement Determination Request/Interested Parties

TeleCayman Limited is in receipt of the Authority's 14 January 2009 correspondence in respect of the above noted matter and has reviewed Digicel's Determination Request filed 11 December 2009. TeleCayman wishes to submit comments in respect of both the Authority's correspondence and Digicel's Request. Please note that for the purposes of this submission only TeleCayman will assume that the rate of CI \$0.08965/min is cost oriented.

At the outset TeleCayman wishes to note its bewilderment at the various comments made by the Authority in its 14 January correspondence. The Authority states that it 'is not convinced that any determination in this proceeding will necessarily have a significant impact on all licensees'. The Authority also states that 'in the case of TeleCayman it does not have any evidence to suggest that the issues identified by Digicel are contentious in any interconnection negotiations with LIME'.

In response TeleCayman attaches correspondence it forwarded the Authority on 27 October 2009 dealing specifically and directly with the proposed "glide path" suggested by Digicel and that this was an issue which should be resolved by the Authority 'at the earliest possible date' to permit TeleCayman to resolve the Interconnection Agreement with LIME. Rather than address the "glide path" issue raised by TeleCayman the Authority chose to defer the issue based on procedural recommendations.

Contrary to the Authority's assertion, TeleCayman states that any determination on Interconnection rates made in the context of these proceedings necessarily has an impact which is significant. As a business enterprise TeleCayman must consider all aspects of its cost structures. Payments paid out to other carriers for completion of calls are an

important part of such cost structures. It is for this significantly important reason that TeleCayman filed its 27 October 2009 letter. TeleCayman respectfully requests that, in future, the Authority should not view potential financial impacts upon licensees, whether small or big, as 'not significant'.

For purposes of these proceedings TeleCayman repeats each of the substantive points made in its 27 October 2009 correspondence and requests that they be considered in the Authority's deliberations in these proceedings.

When Cable & Wireless and Digicel, et al, filed the 23 July 2004 Agreement the Authority chose not to approve the arrangements therein but rather acknowledged that the parties had arrived at an arrangements as to interconnection rates. Under the ICTA Law this is appropriate as the Authority must set cost oriented interconnection rates or the parties can come to an agreement as to such rates. Clearly, in this instance, the parties are agreed as to rates but not the timing and the Authority must address the issue in the context of the legislative requirements. TeleCayman submits that the Authority must assess the notion of artificially high termination rates for 30 months in the context of the legislative requirements that such costs be "cost-oriented".

TeleCayman strongly opposes Digicel's attempt to introduce the concept of a "glide path" as opposed to a rate which is "cost oriented". There exists no legislative basis for such an approach. The ICTA Law clearly states that the rates must be "cost oriented". Even if the Authority was amenable to such a concept there is no legislative basis for the Authority to detract from the clear requirements of the ICTA Law. TeleCayman cautions the Authority against accepting such an approach. Firstly, it would be untenable for the Authority to accept a "glide path" contrary to the ICTA Law; and secondly, create a regime in the Cayman Islands whereby mobile providers with similar networks and similar cost structures receive different payments from TeleCayman for the same interconnected service. It's difficult to conceive how the Authority could justify both differing rates as being cost oriented.

On a public policy perspective it is clear that acceding to Digicel's request will keep mobile rates in the Cayman Islands for consumers unnecessarily high for close to three years. TeleCayman respectfully submits that it is in the best interests of the people of the Cayman Islands that mobile rates reflect cost structures as opposed to creating an artificial subsidy to Digicel's revenue streams. TeleCayman respectfully submits that the Authority's mandate is to extend the benefits of the legislation and competition directly to the people of the Cayman Islands.

Most importantly, TeleCayman is concerned that this Determination Request may not be resolved quickly. Until the Authority reaches a final decision, TeleCayman amongst other Licensees, is at a competitive disadvantage as the cost of providing some services is currently undetermined and subject to wide fluctuation. For example, TeleCayman cannot currently provide pricing to international carriers for inbound long distance as a significant component of the cost of this service is the MTR and the magnitude of this

cost is subject to the future determination of the Authority. This provides Digicel with a significant competitive advantage as they are the only Licensee that can provide this service without the financial risk associated with a ruling by the Authority. Consequently, TeleCayman respectfully requests the Authority deliberates and makes its Determination on an urgent basis. Such Decision should also be made to take effect retroactively to the date of the expired interconnection agreements.

Yours sincerely,



Richard Brazeau
President and Chief Financial Officer
Javelin Connections Bermuda Limited
On behalf of its subsidiary TeleCayman Limited

Javelin Connections Bermuda Ltd.

October 27, 2009

Mr. David Archbold
Managing Director
Information and Communications Technology Authority
PO Box 2502, 3rd Floor, Alissta Towers
85 North Sound Road, George Town
Grand Cayman, Cayman Islands, KY1-1104

Dear David,

Re: Mobile Termination Rate

The purpose of this correspondence is to request that the Information Communication and Technology Authority (ICTA) prescribe the pricing standards on which the reasonableness of the rates of the interconnection with mobile operators will be determined, all in accordance with subsection 65(6) of the ICTA Law.

As the ICTA is aware the Cayman Islands benefit from two principal mobile operators which use GSM technology and have equivalent and similar network topologies. In all likelihood both mobile operators have filed with the ICTA technical and financial information which makes it readily apparent that they have equivalent or similar cost structures.

The principles with respect to interconnection are clearly stated in the Law. At the very least they have to be cost based and no less favorable than any of those rates the mobile operators provide to any subsidiary or affiliate. Undoubtedly, after years of work on the FLLRIC cost model the ICTA has a clear understanding of the underlying costs associated with both of these legal principles. Further, the Interconnection Regulations enunciate some clear principles on the equitable application and approach to interconnection issues.

As the ICTA is aware Interconnection Agreements are currently up for renewal and rates are being negotiated. LIME is proposing to TeleCayman an MTR rate for completing mobile calls to itself and Digicel for CI\$ 0.0895/min. Since TeleCayman has no visibility into the appropriateness of this rate as being a cost-oriented rate TeleCayman requests the ICTA's views in this regard.

The central issue to this correspondence and request for ICTA prescription is that LIME and/or Digicel propose that that the MTR rate for calls terminating on the Digicel mobile network gradually declines from the current MTR rate of CI \$0.1845/min, which LIME and Digicel have previously agreed to, to the new rate of CI \$0.895 /min. As represented to TeleCayman, the application of this new MTR rate for Digicel would be phased in gradually over a period of several years.

TeleCayman is objecting to this proposal for the following reasons:

1. It is illogical and contrary to the Law and Regulations that a land line operator would have to pay two different rates for mobile termination when both mobile networks are equivalent in terms of technology and cost structures.
2. Since Digicel agrees that their cost based MTR is CI \$0.0895 / min. any surcharge from this cost based amount is by definition not cost-based and is contrary to the ICTA regulations.
3. The current rate of CI \$0.1845 /min. referred to above is a rate agreed upon by LIME and Digicel. This arrangement is not one to which the ICTA or TeleCayman participated in or have agreed with. Further, not being a party to this arrangement TeleCayman believes the Law is the operative and overriding consideration and that under no circumstances should it be obligated to pay anything other than the cost oriented rate.

As an aside TeleCayman notes that it would not be practical to suggest that TeleCayman interconnect directly with Digicel. This would neither be efficient nor cost effective to contemplate duplicate and costly interconnection arrangements. What is required is a regulatory solution which only the ICTA can provide.

TeleCayman requests that the ICTA prescribe the following two principles: Firstly, that absent any agreement, mobile operators, in particular Digicel, immediately charge a cost based rate of no more than CI \$0.0895/min. and; secondly, mobile operators utilizing similar technology and having equivalent or similar network topologies and cost structures are required to charge the same interconnection rates to all Licensees and that these are to be cost based and in accordance with the FLLRIC cost models.

As the end of the extension for the Interconnection Agreement is fast approaching TeleCayman respectfully requests that the Authority provide the requested prescription at the earliest possible date. It is suggested that the pricing standard be prescribed in the Interconnection Regulations or as an Order of the ICTA

Yours sincerely,



Richard Brazeau
President and Chief Financial Officer
Javelin Connections Bermuda Ltd.
On behalf of its subsidiary, TeleCayman Limited