



PO Box 2502
Grand Cayman KY1-1104
CAYMAN ISLANDS
Tel: (345) 946-ICTA (4282)
Fax: (345) 945-8284
Web: www.icta.ky

Information & Communications Technology Authority

Our ref: ICTA/105/105-15

14 February 2013

Mr. Chris Hayman
Chief Executive Officer
Digicel Cayman Ltd
PO Box 700
Grand Cayman KY1-1107
CAYMAN ISLANDS

Dear Mr. Hayman,

Interrogatories regarding Digicel's submission in the FTR and Transit Rate Proceeding – CD2012-1

On 31 January 2013, Digicel Cayman Ltd ("Digicel") submitted suggested changes to the LIME model for fixed termination rates and transit rates. The Information Communications and Technology Authority (the "Authority") has reviewed the submission and requests Digicel's responses to the attached interrogatories by **7 March 2013**.

When responding, please repeat the entire question above the corresponding response to each question. In addition, responses should be made in compliance with the procedures specified in the Authority's 13 December 2012 letter.

If Digicel has any questions about the contents of these interrogatories, please feel free to contact me by e-mail (mark.connors@icta.ky) or telephone at (345) 746-9620.

Yours sincerely,

[signed]

Mark Connors
Head of Economics and Regulation

cc: CD2012-1 distribution list

1. In the "Model Discrepancies" section of its 31 January 2013 letter, Digicel stated that the LIME proposed transit rate based on the confidential version was CI\$0.0175 per minute and the corresponding rate in the redacted version is CI\$0.026 per minute. The Authority notes that in its 2 October 2012 letter, LIME stated that the transit rate is taken from cell H44 in the 'Fixed Service Costs' sheet of the 'CYM Fixed' module. The rate in the corresponding cell in the public version filed with the Authority is CI\$0.0176 and not the CI\$0.026 referred to by Digicel.
 - a. Please identify the filename, sheet name and cell reference for the CI\$0.026 rate.
 - b. If Digicel is referencing the value in cell H51 of the 'Fixed Service Costs' sheet, please justify the appropriateness of comparing the value in that cell to the LIME suggested transit rate from cell H44.

2. In the "Material concerns with the model" section of its 31 January 2013 letter, Digicel refers to an ITU report of broadband penetration of 33.1% in 2011.
 - a. Please provide a copy of the report or a public internet link where the report can be viewed.
 - b. Please indicate whether the quoted penetration rate is a total market rate.
 - c. If the quoted penetration rate is a total market rate, provide a detailed explanation of why the volume of a single operator should be increased to reflect that of the total market volume.

3. For the overhead expenses, Digicel suggested in item 4 in its list of proposed changes on page 6 of its 31 January 2013 letter that the expenses in row 96 of the 'overhead_exp' sheet be reduced to 33% of the reported value. The Authority notes that the values in row 36 are intermediate calculated values based on the assumptions and methodology in the module and are not input values. In order to evaluate Digicel's assertion that the overhead costs are well above efficient levels, please provide the suggested changes to the input assumptions, data or calculations proposed by LIME along with supporting documentation and detailed rationale to justify those changes.

4. In the "The conversion of demand between data and voice is unrealistic" section of its 31 January 2013 letter, Digicel suggested that the average monthly usage calculation for ADSL connections should be based on an assumed usage of 51 Gb per month. The Authority notes that while Digicel, in the body of the letter used "Gb" which is typically used to refer to gigabits, the footnote on page 4 of its letter and the summary in the Sandvine report attached to Digicel's submission refer to gigabytes ("GB" or "Gbytes"). As Digicel provides permanent broadband internet services in the local market, in order to help the Authority to evaluate the assumed usage volume and any recent trends in the Cayman market, provide, by month for each of the last 36 months:
 - a. the number of active Digicel provided permanent broadband internet connections in service,
 - b. the average monthly download usage in Gbytes per in-service Digicel provided connection, and
 - c. the average monthly upload usage in Gbytes per in-service Digicel provided connection.
5. In the "Interconnect billing system costs are too high" section of its 31 January 2013 letter, Digicel provided two different estimates of hardware and software costs for a billing system. Please provide a detailed explanation of how these costs were developed and provide supporting documentation such as invoices, bills of materials, or supplier quotes for the specified items.
6. Please indicate whether or not Digicel has implemented an interconnection services billing system in order to bill interconnection charges to other local operators. If it has, please provide a detailed description of that system and an assessment with supporting detailed rationale of whether or not, in Digicel's view, it would provide equivalent functionality to the LIME system. Provide the detailed actual costs of the system along with supporting documentation such as invoices, bills or materials, or supplier quotes for the specified items.

1. In the "Model Discrepancies" section of its 31 January 2013 letter, Digicel stated that the LIME proposed transit rate based on the confidential version was CI\$0.0175 per minute and the corresponding rate in the redacted version is CI\$0.026 per minute. The Authority notes that in its 2 October 2012 letter, LIME stated that the transit rate is taken from cell H44 in the 'Fixed Service Costs' sheet of the 'CYM Fixed' module. The rate in the corresponding cell in the public version filed with the Authority is CI\$0.0176 and not the CI\$0.026 referred to by Digicel.
 - a. Please identify the filename, sheet name and cell reference for the CI\$0.026 rate.
 - b. If Digicel is referencing the value in cell H51 of the 'Fixed Service Costs' sheet, please justify the appropriateness of comparing the value in that cell to the LIME suggested transit rate from cell H44.
2. In the "Material concerns with the model" section of its 31 January 2013 letter, Digicel refers to an ITU report of broadband penetration of 33.1% in 2011.
 - a. Please provide a copy of the report or a public internet link where the report can be viewed.
 - b. Please indicate whether the quoted penetration rate is a total market rate.
 - c. If the quoted penetration rate is a total market rate, provide a detailed explanation of why the volume of a single operator should be increased to reflect that of the total market volume.
3. For the overhead expenses, Digicel suggested in item 4 in its list of proposed changes on page 6 of its 31 January 2013 letter that the expenses in row 96 of the 'overhead_exp' sheet be reduced to 33% of the reported value. The Authority notes that the values in row 36 are intermediate calculated values based on the assumptions and methodology in the module and are not input values. In order to evaluate Digicel's assertion that the overhead costs are well above efficient levels, please provide the suggested changes to the input assumptions, data or calculations proposed by LIME along with supporting documentation and detailed rationale to justify those changes.

4. In the "The conversion of demand between data and voice is unrealistic" section of its 31 January 2013 letter, Digicel suggested that the average monthly usage calculation for ADSL connections should be based on an assumed usage of 51 Gb per month. The Authority notes that while Digicel, in the body of the letter used "Gb" which is typically used to refer to gigabits, the footnote on page 4 of its letter and the summary in the Sandvine report attached to Digicel's submission refer to gigabytes ("GB" or "Gbytes"). As Digicel provides permanent broadband internet services in the local market, in order to help the Authority to evaluate the assumed usage volume and any recent trends in the Cayman market, provide, by month for each of the last 36 months:
 - a. the number of active Digicel provided permanent broadband internet connections in service,
 - b. the average monthly download usage in Gbytes per in-service Digicel provided connection, and
 - c. the average monthly upload usage in Gbytes per in-service Digicel provided connection.
5. In the "Interconnect billing system costs are too high" section of its 31 January 2013 letter, Digicel provided two different estimates of hardware and software costs for a billing system. Please provide a detailed explanation of how these costs were developed and provide supporting documentation such as invoices, bills of materials, or supplier quotes for the specified items.
6. Please indicate whether or not Digicel has implemented an interconnection services billing system in order to bill interconnection charges to other local operators. If it has, please provide a detailed description of that system and an assessment with supporting detailed rationale of whether or not, in Digicel's view, it would provide equivalent functionality to the LIME system. Provide the detailed actual costs of the system along with supporting documentation such as invoices, bills or materials, or supplier quotes for the specified items.