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LIME

P.O. Box 78
Providenciales
Turks and Caicos Islands

Telephone: +1 (649) 941 5234
Fax : +1 (649) 941 3905

December 6th, 2010

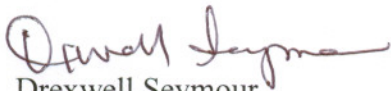
Mr. John Williams
Director General
Turks and Caicos Telecommunication Commission
Business Solutions Building
Leeward Highway
Providenciales

Dear Mr. Williams,

Re: SECOND REVIEW OF MOBILE TERMINATION RATE

Enclosed please find a Second Review of Mobile Termination Rate.

Yours sincerely,


Drexwell Seymour
General Manager

RESPONSE TO
SECOND REVIEW OF MOBILE TERMINATION RATE

LIME

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By E-mail to: consultations@tcitelecommission.tc

December 7, 2010

I Introduction

1. Cable and Wireless (Turks & Caicos Islands) Limited, trading as LIME (“LIME”) is pleased to provide the following response to the Turks and Caicos Islands Telecommunication Commission’s (TCITC / the Commission) consultation document titled ‘*Second Review of Mobile Termination Rate*’ (the consultation document) and dated November 10, 2010.

2. LIME expressly states that failure to address any issue raised in this consultation document does not necessarily signify its agreement in whole or in part with any position taken on the matter by the TCITC or respondents. LIME reserves the right to comment on any issue raised in the consultative document at a later date.

II. Revised MTRs Proposal

3. LIME’s position on LRIC as the preferred approach for arriving at cost based prices is well documented in the company’s initial and reply responses to the Commission’s first consultation, ‘*Review of Mobile Termination Rate*’.¹ The TCITC states that in accordance with section 15 (2) of the Interconnection Regulations (the Regulations) any service provider so inclined can submit costing methodology and preliminary cost results if available. However, LIME holds a different interpretation of section 15 of the Act.

Section 15 (1) of the Act mandates that the Commission ‘*..shall determine the*

¹ See Cable and Wireless (TCI) Limited, *Comments on Review of Mobile Termination Rate*, 30 August 2010, ¶5; and Cable and Wireless (TCI) Limited, *Reply Comments on Review of Mobile Termination Rate*, 17 September 2010, ¶¶11-12.

methodology to be used for determining whether a carrier's or service provider's rates are cost oriented.' while section 15 (2) (e) provides that the Commission '....*shall apply the following principles in establishing the methodology...the burden of proof that rates are derived from costs shall lie with the carrier or service provider.*' Therefore, a service provider can only submit evidence that rates are derived from costs in accordance with section 15(2)(e) within the parameters of the methodology determined by the Commission in accordance with section 15(1). LIME notes that the Commission has proposed that '*..mobile operators are free to submit to the Commission a proposed MTR costing methodology.*'² However, as discussed above, LIME submits that a service provider has no jurisdiction to determine the costing methodology to be used.

4. Without prejudice to LIME's preference for a LRIC approach to determining Mobile Termination Rates (MTRs), LIME expresses its appreciation for the extent of the consideration given by the TCITC to the concerns of the service providers in using benchmarks to derive the MTRs. LIME notes that service providers recommended benchmarked rates be phased in and the Commission has granted this request, and further agreed to postpone the implementation of any modified rates until 1 April 2011 to coincide with the providers' fiscal year, as requested by both LIME and Digicel.

5. Service providers, in general, expressed concern regarding normalization of benchmark results to account for the demographic, environmental and market conditions unique to the Turks and Caicos Islands. LIME notes that the Commission has made a concerted effort to address these concerns. It has established a fairly coherent set of criteria for selecting the benchmark sample and, accordingly, modified the sample to

² Turks and Caicos Islands Telecommunications Commission, *Second Review of Mobile Termination Rate Consultation Document*, 10 November 2010 (hereafter *Second Review of Mobile Termination Rate*), p. 26,

better ensure the selected jurisdictions are reasonably comparable to TCI. It has further established a normalization (adjustment) factor to benchmark MTR “to take into account demographic, socio-economic and other environmental differences between TCI and the group of 13 Caribbean jurisdictions included in the revised benchmark sample.”³

6. Another area of concern expressed by providers was the Commission’s recommendation to set the MTR based on the four lowest MTRs in the benchmark sample, an approach the Commission labeled “best practice.” As articulated by Digicel and LIME, the lowest MTRs are not necessarily “best practice.”⁴ The Commission acknowledged this concern and has proposed instead to implement an MTR based on the average rate across the full revised benchmark sample.

7. In light of the adjustments made by the TCITC, LIME is of the opinion that a reasonably robust approach has been applied by the Commission to mitigate the shortcomings of applying a benchmark methodology.

III. Closing Remarks

Kindly send any communication in relation to this consultation to:

Mr. Drexwell Seymour

Drexwell.seymour@time4lime.com

+1 649 231 6373 (M)

+1 649 941 3904 (O)

END DOCUMENT

³ *Second Review of Mobile Termination Rate*, p. 28.

⁴ See, for example, Cable and Wireless (TCI) Limited, *Comments on Review of Mobile Termination Rate*, 30 August 2010, ¶31.