

RESPONSE
TO
A POLICY FOR ASSIGNMENT OF 700 MHz SPECTRUM

LIME

Landline | Internet | Mobile | Entertainment

By E-mail to: consultation@citelecommission.tc

06 May 2011

I. Introduction

1. CWI Caribbean Limited, on behalf of its affiliate Cable and Wireless (TCI) Limited, trading as LIME (“**LIME**”), is pleased to provide the following responses to the Commission’s consultation document titled ‘ *A Policy for Assignment of 700 MHz Spectrum*’ (the consultative document) published April 18, 2011.

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

II. Response to Questions

Question 1:

Do you agree that the 700 MHz spectrum should be channelized in the Turks and Caicos Islands based on 18 channels of 6 MHz each or should we adopt the approach taken by the FCC?

3. LIME recommends that the Turks & Caicos Islands adopt the approach taken by the FCC. LIME concurs with the Commission’s observation that an advantage of channelization of the 700 MHz spectrum in accordance with the FCC approach is the major benefit of accessing affordable equipment since any new equipment deployed for use will be compatible with the FCC’s channelization. Harmonisation with the FCC channelization would therefore be more cost effective than retaining the traditional channelization.

4. The continued use of the traditional channelization of 18 channels of 6 MHz could result in more expensive equipment because of the need to adjust equipment or

even worse the need to acquire specialist CPE. This could also delay the time -to -market of services. LIME is of the view that the success of any service offered using the 700 MHz spectrum will be based on affordable CPE which LIME believes will be delivered by adopting the US standard. It is for this reason that LIME believes that harmonizing with the channelization in the USA is best.

5. Because the technology used in the 700 MHz block is LTE, splitting the spectrum into 6MHz blocks is inefficient. LTE uses 10MHz blocks of spectrum, which means that in each 2 x 6MHz assignment, 2 MHz of assignment will be unusable and, in the case of LTE, no guardband is required. This would be a wasteful way of segmenting this very valuable frequency and it should be avoided at all costs.

6. Although not recommended, should the Commission favour staying closer to the traditional channelisation of the 700 MHz spectrum, LIME proposes that the band be segmented into 10MHZ blocks rather than the proposed 6MHz scheme.

Question 2:

Do you agree with the proposal to split one or more of the 6 MHz blocks into smaller sub-blocks to offers licences with smaller bandwidths? If not, please propose another structure for consideration.

7. Without prejudice to LIME's position in response to Question 1, LIME agrees that one or more of the 6 MHz block but no more than two can be split into smaller sub-block to facilitate licensees with smaller bandwidth, should the Commission retain the traditional channelization.

Question 3:

Do you agree with the proposal that the service provider can use any technology of its choosing within the band? If not, why?

8. LIME agrees that the use of the band should be technology neutral.

Question 4:

Indicate your need for additional spectrum for commercial mobile service applications and how much spectrum is required.

(a) What deployment timelines are being considered?

(b) What types of applications/uses are envisioned?

(c) To what degree will your business anticipated spectrum needs be addressed by having access to the 700 MHz spectrum?

9. The Company considers that an assignment of 4x10 MHz blocks would provide the Company with the capability to provide a suitable service offering to its customers.

10. The Commission is aware that LIME proposes to offer Wireless Broadband Access, based on the Company's application in 2008 which is still relevant. A more recent development is that the Company intends to offer Mobile TV, although the Company would prefer an allocation elsewhere in the UHF band than in the 700 MHz band. LIME's deployment timeline for both services is a matter of immediacy pending availability of equipment.

Question 5:

Do you agree with the Commission's proposal that licensees should only be awarded an optimum amount of spectrum licences for services to be provided in a territory? If you disagree, please provide a framework for the Commission to consider when determining the amount of spectrum bandwidth to award each potential licensee.

11. LIME is unclear on the meaning of the Commission's question, whether it means that a licensee should only hold a certain number of spectrum licences, which would mean that a time could come where an operator cannot offer new services because it has reached the spectrum licence threshold and would not be eligible for spectrum to offer new services.

12. Since this interpretation seems absurd, LIME interprets that the Commission is asking whether a provider should be awarded the optimum amount of spectrum required for the service offering and if not what should be the basis for determining the amount of

spectrum required. In this regard LIME makes reference to its response to questions 4, 6, 8 and 9.

Question 6:

Do you consider 12MHz of spectrum per operator to be sufficient considering the Commission's conditions of bandwidth requirements and customer base? If not, what bandwidth would you recommend and for what reasons?

13. There has to be a recognition that a service provider will have to be assigned at least 2 x10MHz blocks (paired spectrum for FDD operation) to operate two (2) carriers which must be considered a base requirement for successful deployment of service. Otherwise service quality will be poor.

Question 7:

Do public safety agencies need spectrum for broadband applications? If so:

(a) How much and for which type of applications?

(b) What are the anticipated deployment plans and the possible constraints, if any, in implementing these plans?

(c) Is there suitable alternate spectrum to the 700 MHz to meet these broadband requirements?

14. In LIME's view, the reservation of two (2) channels for public safety would be adequate.

Question 8:

Do you agree that the traditional first-come, first-served method of assigning spectrum in the Turks and Caicos Islands is appropriate in the case of the 700 MHz spectrum, or would it be preferable to use a comparative selection method?

15. It is essential that the right service providers be assigned this frequency. The beauty contest approach does have merit provided the competition rules are distributed prior to the competition and that the contestants have the opportunity to query and inform the rules. Even so, and without prejudice to LIME's spectrum requirements, LIME is of the view that each service provider who applies for spectrum in the 700 MHz block should be allotted the minimum amount of spectrum assigned by the Commission. The

beauty contest can subsequently be used as a tool to determine which operator(s) are assigned additional spectrum.

16. LIME does believe, though, that existing licensees requesting spectrum in a new band ought to be given priority over unlicensed users of that band.

Question 9:

Would you consider auction as an appropriate method for awarding Licences/frequencies in the 700 MHz band? What type of auction would you consider best if auctions were to be used?

17. Auctions have found favour with regulators, particularly where the demand for the limited supply of spectrum is high. Moreover, high bids to secure spectrum have benefited spectrum regulators - provided the winning bidder is ultimately able to pay.

18. This is, of course, the key issue. Overpriced spectrum limits the capital available to build out networks, and this can delay the provision of new and innovative services at affordable prices for consumers. This would represent a sub-optimal outcome for consumers.

19. LIME is of the view that scarce spectrum must be assigned equitably. However, auctions do not achieve equity. Network operators who are the highest bidders then have to grapple with recovering the inflated cost of the spectrum from consumers in the retail prices.

20. Perhaps the Commission might consider a first round using administrative pricing to assign the basic amount of spectrum necessary to provide services (for example, two adjacent blocks) to those providers which apply, with a second round using an auction method, for those companies requiring additional spectrum. In any event, the cost of the spectrum should not be greater than the cost of equivalent spectrum in the 1900 or 850 bands.

Question 10:

Would you consider administrative pricing as an appropriate method for awarding Licences/frequencies in the 700 MHz Band? What costs would you include for consideration in determining the regulatory costs?

21. Please see response to Question 9 above. Further LIME proposes that the same regulatory costs that are inputted to determine administrative pricing for other spectrum should be applied to determine the administrative cost for the 700 MHz spectrum. LIME submits that an appropriate price recovers the costs of the Commission incurred in administering that spectrum. LIME further submits that over-pricing spectrum might maximize the Commission's revenues in the short-term, but would discourage or delay new and innovative services that would benefit consumers and maximize the Commission's revenues in the long term.

Question 11:

Do you consider that it is appropriate to reserve any channels of the 700 MHz band for future use?

22. Yes. If it is at all possible, channels of the 700 MHz band should be reserved for future use. However, this should not be at the expense of legitimate requests by operators who have a present use for the spectrum.

III. Matter for the Records

23. In the introduction of the consultative document, the Commission states that no comments were received on Public Notice 2008-4 which invited comments on LIME's application for spectrum in the 700 MHz band. LIME understands that the Commission may mean that no other party responded to the invitation to comment but for the record LIME wishes to make it clear that it did submit comments on Public Notice 2008-4.

IV. Closing Remarks

24. LIME thanks the Commission for the opportunity to participate in the consultation. Kindly send any communication in relation to this consultation to:

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