

March 11, 2014

Mr John Williams
Director General
Turks & Caicos Island Telecommunications Commission
Business Solutions Complex
Providenciales

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TCI TELECOMMUNICATIONS COMMISSION

Dear Mr Williams

Islandcom thanks the Commission for being able to comment on its "Review of Interconnection Rates Consultative Document" dated February 10, 2014. Please see our responses below:

Question 1: Please comment on the Commission's proposed legal basis and procedure for implementing any revisions to the maximum allowable interconnection rates under review.

It is our opinion that pursuant to the Policy, Ordinance and Interconnection Regulations that the Commission does have ample authority to regulate the rates, and other terms and conditions, of interconnection on its own motion. As set forth in Section 4 of the Interconnection Regulations, the Commission's objectives regarding interconnection include "(1) the promotion of efficiency, (2) the promotion of sustainable competition, (3) the maximization of end-user benefits, and (4) ensuring that operators are compensated for interconnection services." These objectives are sufficiently broad to allow the Commission to then regulate these Interconnection prices.

Question 2: Please comment on the Commission's proposal to recommend to the Government that the Interconnection Regulations be amended so that all fixed carriers are presumed to be dominant with respect to termination on their respective fixed network. If you disagree with the proposal, provide supporting rationale.

Islandcom does not operate a fixed network and defers to the Commission's judgment on this matter.

Question 3: Please comment on the Commission's policy considerations and regulatory proposals emanating from Decision 2011-2 in relation to the present review of MTR, FTR and transit rate levels, including:

- i) the principle that interconnection rates should, as best as possible, reflect LRIC plus a contribution to fixed and common costs;

Islandcom agrees with this position.

- ii) lower interconnection rates should result in end-user benefits;

Islandcom agrees with the idea that lower interconnection rates would indeed be to the benefit of the end-user provided that the principle in (i) is maintained, that carrier costs are adequately recovered.

iii) reliance on benchmarking for the purpose of setting maximum allowable interconnection rates;

Islandcom agrees that in the absence of cost data, and to keep regulatory costs manageable and low, benchmarking is appropriate provided that local demographics, socio-economic and other factors relevant to TCI are considered, which Islandcom recognizes is the Commission's position and practice in this regard.

iii) reliance on the principle of rate symmetry for interconnection rates; and

Islandcom continues to agree with the idea of a symmetrical approach to interconnection rates as they pertain to mobile operators.

iv) phasing in any reductions in the maximum allowable interconnection rate found to be necessary and appropriate.

While Islandcom would not necessarily disagree with a flash-cut approach to the MTR, it also does not disagree with a phasing in of reductions.

Question 4: Please comment on whether the observed downward trend in MTRs in the Caribbean region and Europe are consistent with the view that average MTRs in those regions are moving closer to the underlying costs of terminating calls on mobile networks (based on the latest available mobile network technologies). If not, explain why not. In responding to this question, please provide supporting rationale, fully explaining all data sources, assumptions and calculations as may be necessary.

Islandcom is of the view that the downward trend in the MTR is fully consistent with the idea that these are now more closely related to the underlying costs of providing said service.

Question 5: Please comment on whether the observed downward trend in FTRs in the Caribbean region and Europe are consistent with the view that average FTRs in those regions are moving closer to the underlying costs of terminating calls on fixed networks (based on the latest available fixed network technologies). If not, explain why not. In addition, please provide supporting rationale, including any additional FTR benchmarking information that may be available that is of relevance to this Consultation, fully explaining all data sources, assumptions and calculations as may be necessary.

Based on the Commission's analysis, it would indeed appear that FTR are also on a downward trend and more closely cost-related. However, since Islandcom does not operate a fixed network, Islandcom would not speculate at this time what is driving that downward trend. .

Question 6: Please comment on whether the observed level and trends in transit rates in the Caribbean region and Europe are consistent with the view that average transit rates are moving closer to the underlying costs of transiting call traffic over a fixed network. If not, explain why not. In responding to this question, please provide supporting rationale, including any additional transit rate benchmarking information that may be available that is of relevance to this Consultation, fully explaining all data sources, assumptions and calculations as may be necessary.

Islandcom does not provide transit services and defers to the Commission's judgment in this regard.

Question 7: *Please comment on whether there is any significant difference in the cost of terminating calls on a fixed or mobile network in TCI depending on whether the call originates domestically or internationally. If so, provide supporting evidence including detailed network diagrams as necessary. In addition, please comment on whether there are any other grounds to support differential domestic and international call termination rates, which supporting rationale, data and examples as necessary.*

There is a cost differential in terminating calls either on a fixed network or a mobile network depending on whether the call originates domestically or internationally. Calls originated overseas must be brought in on a network that TCI carriers must maintain. These costs are in addition to local switching and local network cost. Thus, international termination is, effectively, the local termination rate, plus the cost of international facilities spread over the volume of international calls.

Question 8: *Please comment on the Commission's All Sample and Cost-Based MTR Proposals, including which of the two proposals is preferable, and explain why. To the extent parties believe an alternative MTR proposal would be more appropriate, please describe any such proposals in detail and include supporting rationale and data as may be relevant.*

Islandcom accepts the Commission's position and agrees that "the Cost-Based MTR Proposal represents the superior option of the two proposals." In addition it does seem to move "TCI to a level that is as close as possible to a LRIC cost standard including a proportionate contribution towards fixed and common costs" plus at this lower rate it does increase consumer welfare.

Question 9: *Please comment on of the Commission's FTR Proposal. To the extent parties believe an alternative FTR proposal would be more appropriate, please describe any such proposals.*

Since Islandcom does not have a fixed network at this time, we will not comment.

Question 10: *Please comment on of the Commission's Transit Rate Proposal. To the extent parties believe an alternative LTR and/or TSR proposal(s) would be more appropriate, please describe any such proposals in detail and include supporting rationale and data as may be relevant.*

Since Islandcom does not provide transit at this time, we will not comment, other than to say we agree with the Commission that transit rates could be lowered.

Question 11: *Please comment on of the Commission's International FTR and MTR Proposals, including which of the two international MTR proposals is preferable to the other, and explaining why. To the extent parties believe an alternative international FTR and/or MTR proposals would be more appropriate, please describe any such proposals in detail and include supporting rationale and data as may be relevant.*

Islandcom agrees with the Commission that domestic and international FTRs and MTRs should be equal.

Question 12: Please provide comments on the Commission's Proposed Recommendation to Government and the associated Directive, along with supporting rationale for any proposed changes to either the Recommendation or Directive.

Islandcom makes no comment on the rates, other than those contained elsewhere herein, or the Commission's findings about dominance or the lack thereof, but generally agrees that the proposed Recommendation and associated Directive are sufficient to bring all carriers into compliance.

Question 13: Please provide comments on the Commission's preliminary view that with the Proposed Recommendation to Government there would be no additional requirement to amend Digicel's Licence to bring into effect any changes to the FTR maxima resulting from this proceeding. If you disagree, provide the supporting rationale and explain which specific provisions in Digicel's Licence would have to be modified in your opinion.

Islandcom makes no comment on the FTR, other than those contained elsewhere herein, but generally believes that the proposed changes to Digicel's license are not necessary as it is already subject to all regulations and laws in effect and as amended within the TCI.

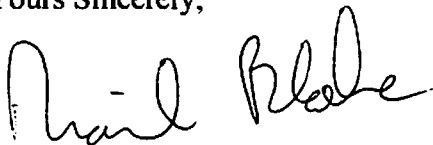
Question 14: Please provide comments on the proposed flow through of any approved MTR changes to LIME's retail FTM call rates, the planned timing of the next interconnection rate review, and any other matters relevant to the Commission's review of the interconnection rates in TCI.

Islandcom agrees with the flow through to LIME's FTM. As for the timing of the next interconnection rate review, while Islandcom is generally not in disagreement with the Commission, we would only suggest that other circumstances may warrant an earlier review. Such circumstances would include but is not limited to the evolution of the technology, as such we would ask that the Commission keeps an open mind to same.

Question 15: Please comment on the proposed Updated Benchmarking Sample and benchmark interconnection rate average calculation methodology. If alternative proposals are made, provide supporting rationale, and data and references where necessary.

Islandcom generally agrees with the way the Commission dealt with the interconnection rate average methodology.

Yours Sincerely,



Niamh Blake
CEO
Islandcom Telecommunications Ltd