



# **Stakeholder BVI International Connectivity Response**

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## **Stakeholder TRC Response**

January 18th 2013

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*For any questions regarding this proposal please contact:*

Stakeholder

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INFORMATION*

*Please refer to our company as Stakeholder.*

**STAKEHOLDER TRC Response**

Question 1:

Are there other managed data services that should be included in the IMDS market?

- Stakeholder has no comment on this.

Question 2:

Do you agree that IPLC and IMDS (including MPLS) are the relevant markets to analyze? Should any other markets be included in the analysis?

- Stakeholder has no comment.

Question 3:

Do you agree that lime BVI is dominant in the market for the provision of IPLCS? If not, please explain why.

- Yes

Question 4:

Do you agree that lime BVI is dominant in the market for the provision of IMDS? If not, please explain why.

-Yes

Question 5:

Do you agree that the opportunity cost is zero? If not, please explain why.

-Yes, the fiber would not be utilized as they have more than adequate bandwidth at present. There does not appear to be any other use for that capacity that Stakeholder is aware of.

Question 6:

Do you agree that the investment cost of VI use of the submarine cables is zero? If not, please explain why.

-Yes

Question 7:

Do you agree that the marginal cost of VI use of the submarine cables is positive?

Yes

Question 8:

Do you agree with the principle that lime BVI should sell IPLC's and IMDS at the cost of self provision i.e. the same price that it charges to itself? If not, please explain why.

Stakeholder believes this will be difficult to answer because:

1. The time frame required for the entire process to play out may be years during which time the industry will remain status quo. No internal companies will invest in infrastructure, no companies will enter the BVI market, and no investment will enter existing or potentially new entrants.
2. No one knows what the inevitable cost LIME will sell their products for after implementation.
3. Once the TRC's plan is implemented a base price will be set. Theoretically no company will be allowed to sell for less than this as it will be deemed anticompetitive by the TRC's own rules.
4. By following this path the TRC eliminates real competition by creating an artificial competition.
5. Real competition is driven by the marketplace and not by artificial involvement by regulatory bodies.
6. By allowing a separate carrier controlling separate pipe and bandwidth to compete head on with LIME a more favorable long-term landscape develops as it opens up the market. TRC action would further compartmentalize the BVI inside of a bubble of its own creation.
7. LIME remains in control of all BVI subsea cable as Stakeholder will be forced to wait for investors to be satisfied with the outcome of this process.
8. CCT and BVI Cable will need major investments into their infrastructure to be able to offer the services suggested. There is no guarantee this will be forthcoming. There is danger of one of these companies going out of business. If a duopoly develops ensuring true competition will be difficult in the longer term as the market tends to be partitioned.
9. Disaster preparedness is not improved, as all cables remain controlled by one company.
10. Stakeholder is confident we are competitive with this burden. This creates true competition that the TRC could create ex-ante regulations to ensure LIME does not create anticompetitive pricing to kill our entry.

Essentially we believe the TRC's path will devastate new entrants into the market and tie you to the present system with its inherent risks, poor infrastructure, limited investors, poor service until a duopoly develops.

Question 9:

What is the appropriate price to charge for a) iplcs and b) imds?

Stakeholder is unable to answer this question at this time. We do not have adequate information, nor do we believe this should be the goal of the TRC.

Question 10:

Do you agree that mandatory access and co-location is necessary?

Stakeholder believes there will be absolutely no difference to the public nor the companies whether they have colocation or access. Purchasing bandwidth at cost from LIME will appear exactly the same whether from the top of Chalwell or outside CCT's NOC. It is accessing a different set of fibers that will require access and collocation.

Question 11:

What is your view on the likely consumer effects of the proposed regulation?

-Stakeholder believes the consumer will experience no difference for 2-3 years as this process plays out in regulatory environments and likely the court system. The consumer will then likely be offered lower rates and will have to decide whether to switch carrier. History shows that the incumbent dominant player has a decided advantage with all things remaining equal (ie no ex-ante protections). Without true outside competition the market will inevitably degrade to a duopoly and consumers will watch as prices rise and service declines.