The Virgin Islands Consortium

viNGN Accuses Viya Of Intentionally Cutting Its Fiber Cables; Viya Denies Claim

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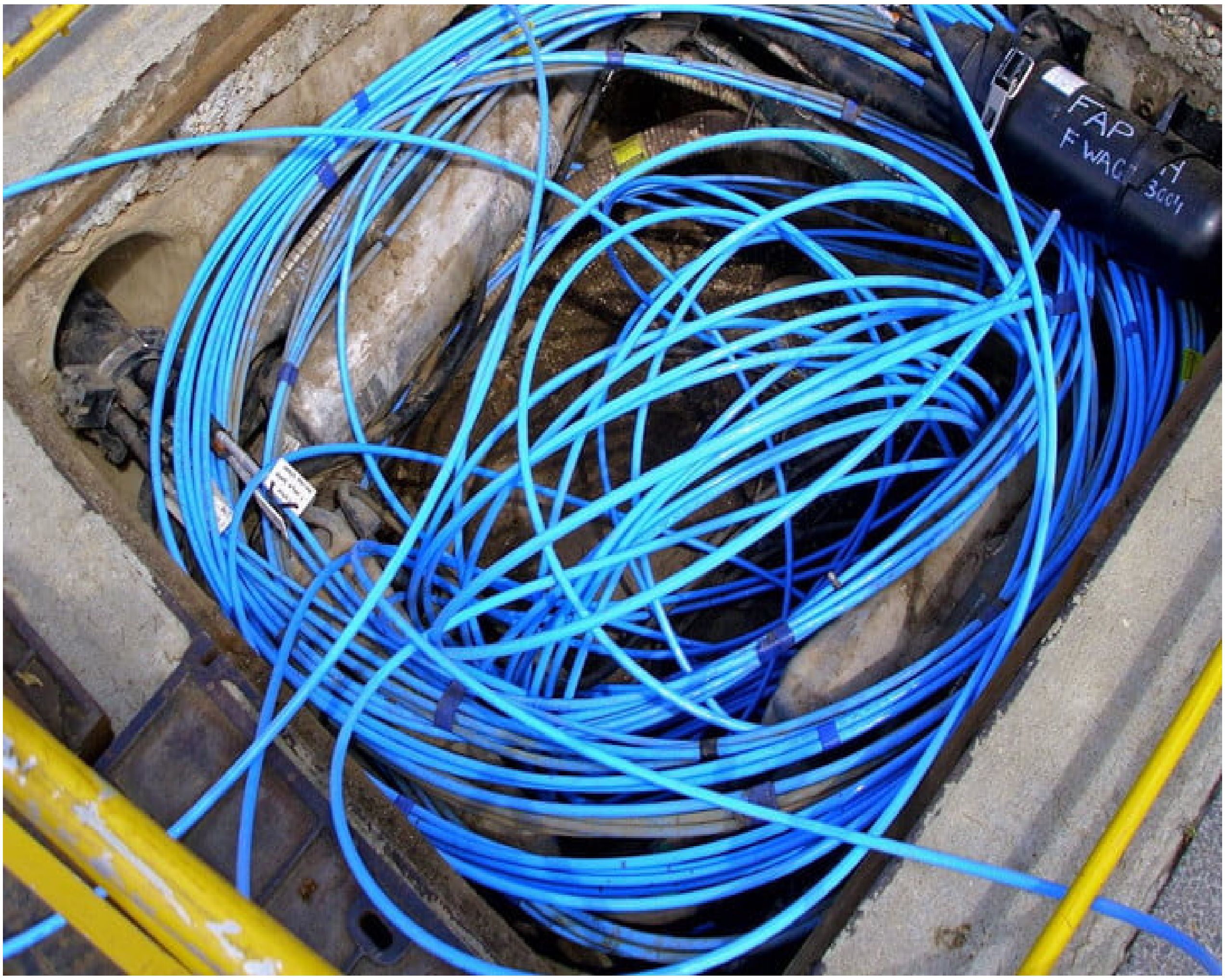

ST. THOMAS -- During a hearing on a bill sponsored Senator Nereida Rivera-O'Reilly that would allow broadband communications firms like Viya to use underground conduits owned by the Virgin Islands Next Generation Network (viNGN) and the Virgin Islands Water and Power Authority, viNGN CEO Mark McGibbon, aside from opposing the measure by contending that it would essentially put viNGN out of business, said Viya had on multiple occasions intentionally severed its fiber cables. Mr. McGibbon levied the accusation during his testimony at the Tuesday hearing held in the Committee on Government Affairs, Veterans, Energy and Environmental Protection, chaired by Senator Sammuel Sanes, which prompted a response from Viya CEO Alvaro Pillar.

Dr. McGibbon said the legislation is sensible in that it encourages communications companies to bury their infrastructure. But the communications companies, he said, should build their own conduits, and he pointed to some $200 million that he said Viya received from the Federal Communications Commission to rebuild its infrastructure.

"This bill would effectively put viNGN out of business," he said, adding that all progress made would cease. He stressed that viNGN, which provides bandwidth to Internet Service Providers (ISPs), was not out to profit, and that the firm, since its inception three and a half years ago, served to drastically drive down the cost of internet, a claim that was not challenged.

Mr. McGibbon said viNGN's fiber optic cables "were unintentionally and intentionally cut by a commercial communications company. This is an important point to make that leads to a very significant concern," he said. He said viNGN witnessed tampering of cables in conduits and that the owner of the conduits, in this case viNGN or WAPA, would always have to be on site for safety and security reasons until the work was completed, which he said caused multiple hours of wasted manpower.

Asked whether viNGN had made any official charges against Viya relative to the alleged cutting of fiber, Mr. McGibbon said a charge against Viya was filed with the Office of the Attorney General. He said an investigation was conducted and concluded, and that the matter was settled after Viya made payments for damages.

Viya "admitted that the circumstances happened, and that they would take care of the business, yes," Mr. Gibbon said. "It is believed by viNGN, by myself, that that was an intentional cut and on several occasions."

Mr. Pillar denied the accusation of intentionally severing the cables, but admitted that one of its contractors had indeed cut viNGN fiber lines. "We never had any intention to cut viNGN's fiber network. We did have contractors that mistakenly broke the fiber, and we as good citizens took responsibility and fixed it and paid for the damages. Mr. Pillar also said that their own fiber cables were cut over 20 times by WAPA contractors. "Not once I called the state attorney or the police on WAPA," he said.

On the matter of being included in the underground conduits, Mr. Pillar said if Viya is not allowed to place its fiber cables in the viNGN and WAPA-owned underground systems, the company would be forced to layoff employees.

"We have 365 local employees; we won't be able to have those 365 employees. [They] are the ones that hold the company together," Mr. Pillar said. "And not only that, we reach everybody. It doesn't matter if the customer is a $15 customer [or a] $10 customer that only have voice, we have to reach everybody. That's our obligation as a local communications carrier. We don't pick and choose." The Viya CEO also said that disapproval of is proposal to be part of the underground conduits would force it to continue to be build aerially. "We want to avoid that," he said.

WAPA CEO Lawrence Kupfer said the federal government is investing $625 million in hardening WAPA's infrastructure, $420 million of which is committed to putting circuits underground. But he said the federal government indicated that having Viya as part of the equation could possibly put a snag in the way of receiving funding.

That point weighed on lawmakers, who eventually held the bill in committee pending further review.

The measure's sponsor, Mrs. Rivera-O'Reilly, argued that both firms were looking out for their bottom lines.

"It gives me great sorrow to sit here with you gentlemen and hear you say, 'force them to do business with me, I am better than him' -- listen, I don't believe in monopolies, I don't support monopolies, I'm known for busting monopolies, and you're no better than them [Viya] or anyone else because at the end of the day it's all about making money," she said.