



OFFICE OF UTILITIES REGULATION

February 9, 2001

ADVANCE NOTICE ON INTERCONNECT CHARGES AND FIXED-MOBILE RETAIL PRICES

Introduction

- 1.0 This constitutes the Office's findings on interconnection charges to be included in its final decision on the Reference Interconnect Offer (RIO) submitted by the incumbent public voice carrier, Cable & Wireless Jamaica Limited. The Office will release the full text of its final determination on assessment of the RIO on February 19, 2001. The OUR's final determination on the assessment of C&WJ's RIO will cover the substantive issues relating to prices and non-pricing aspects of interconnection, including *inter alia*: -
 - level and structure of interconnect charges;
 - duration and modification of RIO and interconnect agreements;
 - interconnect switch locations and interconnect services; and
 - other non-pricing interconnect issues such as the mechanism for ensuring that information provided by entrants to the incumbent for the purposes of interconnection is not used to gain an unfair advantage in the marketplace, and ordering and forecasting requirements for interconnection services, etc.
- 1.1 This decision is divided into two parts. Part I deals with charging issues applicable until 31 August 2001. The charging issues applicable after August 31, 2001 are set out in Part II. The decision outlined herein were arrived at after careful consideration of the comments submitted to the Office by interested parties.
- 1.2 Cable & Wireless Jamaica is required to submit a new RIO to the Office that embodies the rates and principles set out in this decision. The date for the submission of the revised RIO to the Office is March 5, 2001.

PART I: UNTIL 31 AUGUST 2001

Fixed Termination

- 1.3 These rates are based on C&WJ's cost system, modified to take account of concerns of the Office. The rates include interconnect-specific charges but exclude an access-deficit charge (ADC). The position of the Office is that ADCs shall not be included in interconnection rates during this period.

Table I

Fixed Termination Rates					
		Units	Peak	Off-peak	Weekend
Regional	Call Setup	\$ per call	0.414	0.289	0.207
	Duration	\$ per minute	0.535	0.437	0.373
National	Call Setup	\$ per call	0.622	0.433	0.311
	Duration	\$ per minute	0.82	0.635	0.515

C&WJ's Retention for calls that originate on its Fixed Network but Terminate on another Carrier's Mobile Network

- 1.4 Revenues over and above the retention are to be remitted to the terminating mobile carrier. These rates equal the rates for fixed termination plus a surcharge of \$0.912 (US\$0.02) per minute to cover the incremental costs of call origination (compared to termination) and retail costs. The surcharge is based on international benchmarks; in particular, the amounts allowed for call setup adjustment and retail by the UK's Competition Commission, formerly the Monopolies and Mergers Commission, for 2001-2002.

Table II

C&WJ Retention for Fixed-Mobile					
		Units	Peak	Off-peak	Weekend
Regional	Call Setup	\$ per call	0.414	0.289	0.207
	Duration	\$ per minute	1.447	1.349	1.285
National	Call Setup	\$ per call	0.622	0.433	0.311
	Duration	\$ per minute	1.732	1.547	1.427

Termination charge for international calls that terminate on the network of a mobile carrier other than C&WJ

- 1.5 This termination charge is to be paid by C&WJ to the terminating mobile carrier. The retail rate for calls that originate on the fixed network and terminate on C&WJ's mobile network less the following (which are the same as the retention rates in Table II above).

Table III

Offset for Mobile Termination of International JA\$					
		Units	Peak	Off-peak	Weekend
Regional	Call Setup	\$ per call	0.414	0.289	0.207
	Duration	\$ per minute	1.447	1.349	1.285
National	Call Setup	\$ per call	0.622	0.433	0.311
	Duration	\$ per minute	1.732	1.547	1.427

Termination Charge for Calls that terminate on C&WJ's mobile network but originate on the mobile network of another Carrier

- 1.6 This charge is to be paid by the other mobile carriers to C&WJ. The retail rate for calls that originate on the fixed network and terminate on C&WJ's mobile network less the following:

Table IV

Offset for Mobile-to-Mobile Termination					
		Units	Peak	Off-peak	Weekend
Regional	Call Setup	\$ per call	0.207	0.1445	0.1035
	Duration	\$ per minute	1.1795	1.1305	1.0985
National	Call Setup	\$ per call	0.311	0.2165	0.1555
	Duration	\$ per minute	1.322	1.2295	1.1695

- 1.7 These amounts (offsets) in Table IV equal C&WJ's retention rate (Table II) less one-half of the rate for fixed termination (Table I). The offsets reflect the fact that the other mobile carrier does the billing and originates the call, and it uses less of the fixed network than for fixed termination.

Retail Rates for Fixed-to-Mobile Calls

- The retail rates for calls from the fixed network to C&WJ's mobile network will not be changed at this time.
- The retail rates for calls from the fixed network to the mobile network of a carrier other than C&WJ will be set by C&WJ at the direction of the mobile carrier. The minimum retail rates that can be charged are the retail rate for calls from the fixed network to C&WJ's mobile network. The maximum retail rates that can be charged are set out in Table V below:-

Table V

Maximum Retail Price for Fixed-to-Mobile Calls					
		Units	Peak	Off-peak	Weekend
Regional	Call Setup	\$ per call	0.414	0.289	0.207
	Duration	\$ per minute	11.7982	11.7002	11.6362
National	Call Setup	\$ per call	0.622	0.433	0.311
	Duration	\$ per minute	12.0832	11.8982	11.7782

- 1.8 C&WJ will remit to the terminating mobile carrier the revenues less the retention (Table II). The maximum rates in Table V are based on international benchmarks for mobile termination (the rates allowed by the UK's Competition Commission, adjusted to reflect scale, cost of capital, and other conditions in Jamaica plus the retention rate (Table II)).

PART II: AFTER 31 AUGUST 2001

- 1.9 The findings below reflect the current intentions of the Office, based on the information available to it at this time. They do not represent a firm commitment and may be changed in light of new information.

Interconnection rates.

- 1.10 The office will continue to work with C&WJ and other interested parties to refine C&WJ's cost model. Interconnection rates after 31 August 2001 will be cost-oriented. They will take account of C&WJ cost data unless the Office considers that those data are not relevant or reliable. Other intended changes in methodology are described below.
- 1.11 Fixed termination - As part of its assessment of C&WJ's overall plan for rebalancing rates, the Office will determine whether an ADC should be applied to calls originating on C&WJ's fixed network and carried by another carrier (e.g., a long-distance competitor). The Office does not intend to apply an ADC to calls originating on mobile networks.
- 1.12 C&WJ's retention for calls that originate on the fixed network and terminate on another carrier's mobile network. The Office will consider whether an ADC should be applied to these calls.
- 1.13 Termination charge for international calls that terminate on the network of a mobile carrier other than C&WJ (to be paid by C&WJ to the terminating mobile carrier). This rate will be the uniform cost-oriented retail rate for calls that originate on the fixed network and terminate on any mobile network less the cost-oriented retention rate. This net amount equals the cost-oriented rate for mobile termination. It will be the same for all mobile carriers.

1.14 Termination charge for calls that terminate on C&WJ's mobile network and originate on the mobile network of another carrier (to be paid by the other mobile carrier to C&WJ). This rate will be cost-oriented, based on the specific cost of these particular calls.

Retail Rates for Fixed-to-Mobile Calls

1.15 These rates will be cost-oriented. They will include a cost-oriented charge for mobile termination plus a cost-oriented retention charge. The rates will take account of C&WJ cost data unless the Office considers that those data are not relevant or reliable.

February 9, 2001

Miss Janet Li
Director of Regulatory Affairs
Digicel
RKA Building,
10-16 Grenada Way,
Kingston 5

Dear Miss Li,

Re: Decision on Interconnect Charges and Mobile-Fixed Prices

We are pleased to provide you with an advance notice of the OUR's decision with regard to interconnect charges and retail prices for calls from fixed to mobile networks. The Office will release the full text of its final determination of the assessment of C&WJ's Reference Interconnect Offer on February 19, 2001.

Please note that the level and structure of charges set out in Part I relate specifically to the period ending August 31, 2000 as the Office will be conducting another review of Cable & Wireless RIO prior to the beginning of Phase II of the Telecoms Act, 2000.

Yours sincerely,

C. Courtney Jackson
Deputy Director General - Telecommunications