

DOCUMENT TITLE AND APPROVAL PAGE

1. DOCUMENT NUMBER: Tel 2004/02

2. DOCUMENT TITLE: Modification of Decision on Settlement Rate

3. PURPOSE OF DOCUMENT

This document modifies the decision taken on minimum settlement rates for incoming international rates.

4. RECORD OF REVISIONS

Revision Number	Description	Date
1	Modification of Settlement Rate Decision	February 20, 2004

5. APPROVAL

This document is approved by the Office of Utilities Regulation and becomes effective on February 23, 2004.

On behalf of the Office:

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J Paul Morgan

Director General

February 20, 2004

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Date

OFFICE OF UTILITIES REGULATION

Modification of Settlement Rate Decision (TEL 2004/02)

The Office issued a directive, Tel 2004/02 'Decision on Settlement Rate' dated January 23, 2004, ("the said decision") which included among other things the setting of minimum settlement rates of US\$0.081 and US\$0.169 for calls to the fixed and mobile networks respectively. The Office stated then that this decision would be under monthly review in light of the dynamic nature of the market and the lack of costing data to set a minimum margin above termination charges. In order to aid decision making, the Office stipulated that reports on activities in the market should be submitted within 5 days of a calendar month. Despite the lateness and inadequacy of some of the reports, sufficient information has emerged to warrant a modification of the decision. In addition to these reports the Office received commentary and feedback arising out of its consultations with other affected parties in the industry including Digicel, Cable and Wireless, Oceanic Digital, Gotel. In addition, Knutsford Telecoms, NewGen Technologies, Reliant Enterprise Communications Limited, Telecommunications Alliance, Callworks Jamaica Limited, Jamaica Network Access Point, representing themselves individually and as "Telecommunications Association" provided commentary and feedback. The Office has also received comments from a number of overseas-based carriers including MCI and BT.

The Office also received and considered an application for reconsideration and stay of the implementation of the said decision but unfortunately the said application was submitted to the Office outside of the timeframe specified by the Telecommunications Act, 2000.

The Office also wishes to affirm its intention to keep the matter under review through inter alia consultations and to make such other decisions as are necessary until the market stabilizes.

From the information submitted and other investigations into the market, the Office has found that -

1. Long term contracts entered into by the local operators who own domestic networks require extended notice period to effect price changes.
2. The market for termination to mobile networks remains substantially closed to operators without a domestic network and who have no special arrangements with parties overseas.
3. Although the information received indicate that some operators have not experienced any significant reduction in the amount of traffic received whilst some who experienced the reduction in traffic have seen a recovery, the majority

of operators in this market are having difficulty in attracting traffic at a price consistent with the directive.

4. The pricing structures of long term contracts have the potential to affect the ability of other operators to compete.
5. Certain arrangements between buyers and sellers in the market make it difficult to ascertain the true price of transactions.
6. Traffic is being traded in the market at prices below those indicated in the directive.

Following analysis and consideration of the available information received and the extensive consultations which took place and referred to above, the Office **HEREBY MODIFIES** the directive: Tel 2004/02 dated and effective January 24, 2004 as follows:

1. **DECISION 2** (ii) designating a minimum settlement rate for calls to the fixed network of US\$ 0.081 (being US\$ 0.05 plus US\$0.031) **IS HEREBY STAYED** until 12:01 a.m. April 1, 2004.
2. **DECISION 3** (ii) designating the minimum settlement rate for international calls to mobile network of US\$0.169 (being US\$ 0.138 plus US\$ 0.031) **IS HEREBY STAYED** until 12:01 a.m. April 1, 2004
3. **DECISION 5** which directs all licensed international carriers to provide the Office within five days of a calendar month information pertaining to –

“ i. Contract details with each correspondent foreign carriers indicating prices, number of lines, points of handing over of traffic’ and all other terms of the contract for traffic terminated in Jamaica in that calendar month.

ii. The volume of traffic obtained from each foreign carrier for termination on fixed and mobile networks. ”

IS HEREBY AMENDED TO INCLUDE THE FOLLOWING ADDITIONAL REQUIRMENTS, BEGINNING WITH SUUBMISSIONS TO BE MADE BY THE 5TH DAY OF MARCH 2004:

- a. Photocopies of all contracts duly executed by each carrier with the foreign correspondent carrier duly certified by the

Secretary/Director of each local carrier to be a true copy of the original contract.

- b. Daily volumes of traffic obtained from each foreign carrier for termination on fixed and mobile networks respectively with corresponding evidence to support such volumes.
- c. The daily prices at which the traffic in (b) above was obtained with corresponding evidence to support such prices.

EFFECTIVE DATE OF THIS MODIFICATION

The modifications to the said decision as stated herein **SHALL COME INTO FULL FORCE AND EFFECT** on **FEBRUARY 23, 2004**

CORRECTIONS

The Office **HEREBY DIRECTS** that the following typographical errors in the said decision be corrected, namely –

1. The preamble to the decision which reads “The current termination rate of international calls on mobile networks is not uniform. C&WJ and Oceanic Digital Jamaica Limited have given notice for a rate of US\$ 0.0138 while Digicel has given a notice of US\$ 0.135” (our emphasis). Delete the figure “US\$ 0.0138” and substitute therefor “US\$ 0.138”.
2. In the first paragraph under the heading ‘Background’ delete “Section 3 (a)” and substitute therefor “Section 4 (3) (a)”.

BY ORDER OF THE OFFICE

SIGNED THIS TWENTIETH DAY OF FEBRUARY 2004

**J. PAUL MORGAN
DIRECTOR GENERAL**