



# OFFICE OF UTILITIES REGULATION

April 18, 2001

## **NOTICE OF APPROVAL/DISAPPROVAL OF REFERENCE INTERCONNECT OFFER (RIO)**

### **Introduction**

The Office is mandated by the Telecommunications Act 2000 to regulate interconnection. Interconnection is defined in the Telecommunications Act as the physical or logical connection of public voice networks of different carriers. Section 29 (1) of the Act makes it obligatory for each carrier to provide interconnection with its public voice network on request. It also stipulates the principles and the conditions governing interconnection.

The Act provides for the Office to assess Reference Interconnect Offers (RIOs) to ensure that they are in keeping with the principles and the stipulations set out in the legislation. A RIO is defined in the Act as “an offer document setting out matters relating to the price and terms and conditions under which a public voice carrier will permit interconnection to its public voice network”. The RIO provides the preliminary basis for arriving at an agreement between carriers on the terms of interconnection.

Section 32 (1) imposes an obligation on a carrier that has been declared dominant by the Office to submit a RIO. A carrier, other than a dominant carrier may submit a RIO to the Office but this is not obligatory. Outside of any declaration of dominance, Section 32 (2) provides that the existing telecommunications carrier (Cable & Wireless Jamaica) shall submit its initial RIO to the Office within thirty (30) days of the appointed date (i.e. March 1, 2000). In accordance with this, Cable and Wireless Jamaica (C&WJ) submitted its RIO to the Office on March 30, 2000.

In respect of a RIO submitted to the Office, Section 32 (4) of the Act contemplates that the RIO may be approved in whole or in part by the Office. “A RIO or part thereof, shall take effect upon approval by the Office in the prescribed manner”. Section 31 (a) of the Telecommunications Act specifies that the terms and conditions pertaining to interconnection services shall be determined in accordance with the relevant Reference Interconnect Offer or any part thereof which is in effect. The effect of this is that once a RIO or a part of it is approved by the Office, it is binding on all parties. This effectively removes it from the ambit of commercial negotiation.

Where the interconnection seeker and the interconnection provider fail to agree on the terms and conditions of a proposed interconnection agreement, and the transaction involves a dominant carrier, the Office has a responsibility to arbitrate if either of the parties refers the matter to it.

Section 29(3) of the Act requires that copies of all interconnection agreements must be lodged with the Office “which may object to any such agreement in the prescribed manner”. Such agreements must be consistent with the terms approved in the RIO or with the principles set out in Section 29 (2) and 30 (1) of the Act, as applicable.

The Act further provides for the Office to prescribe on terms and conditions relating to interconnection. Such prescriptions relate to, charges and terms and conditions for termination (Sections 29 and 33); the content of RIOs (Section 32 [3]); the process for arbitrating pre-contract disputes (Section 34 [2]); and the handling of objections to interconnect agreements (Section 29 [3]).

The Office has carried out extensive consultation on the RIO first submitted by C&WJ in March 2000 and subsequent revisions. As part of this process, a Determination Notice was issued on February 21, 2001. That Notice directed Cable and Wireless to carry out certain amendments to its RIO. C&WJ has subsequently submitted a Revised RIO to the Office. The Revised RIO is segmented into seven schedules, namely:-

- ? Definitions Schedule,
- ? Legal Framework Schedule,
- ? Service Description Schedule,
- ? Tariff Schedule,
- ? Service Schedule,
- ? Joint Working Manual Schedule, and
- ? Parameter Schedule

By this Notice, the Office now indicates the provisions of this revised RIO that have received its approval. This is done by way of negative affirmation, in that any provision not expressly identified as unapproved are deemed approved. Three categories of provisions falling within the not approved category are identified:-

- ? Those provisions which are not approved in their current format but will be regarded as approved once specified amendments are made;
- ? Those provisions which the Office cannot approve at this time for various reasons including insufficient information, a belief that they are best left to commercial negotiation or because they represent new services for which it is yet to review the supporting cost data;

- ? Those provisions of which the Office expressly disapproves and considers that they should not be included in the RIO.

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## LEGAL FRAMEWORK SCHEDULE

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### **Charges and Payment.**

The bad debt provisions set out in clauses 9.2 and 9.5 should be adjusted to reflect the proviso that the fixed line operator may retain a fixed amount from outpayment to mobile carriers. This fixed amount shall not exceed 8% of the mobile termination rates. The use of a fixed percentage of the amount billed avoids the arbitrariness of determining the cause of non-payment in situations where there are multiple destinations of calls. For calls to the fixed network from a mobile network the same provision obtains. The mobile network operator would be bearing all the risk of customers not paying for calls to the fixed network if a reciprocal provision for deduction of bad debts is not allowed. This would be unfair to the mobile operator who carries the risk of not collecting fixed to mobile charges. The Office therefore prescribes that a maximum of 8% be deducted from the amounts billed for fixed termination as a hedge against bad debts.

The Office is of the view that from September 2001 onwards, an appropriate amount should be added to the retention rate to cover the risk of non-payment by customers. For the avoidance of doubt any amount for bad debt from September 2001 onwards shall not apply retroactively. The Office also proposes to consult with a view to changing the maximum allowed mobile termination rates so that operators can recover the cost of non-payment.

In the case of mobile to mobile calls, the Office will not, at this time, make any stipulation regarding bad debt. The parties are free to negotiate any commercial arrangement that they think fit.

### **Variation of Charges**

1. At the end of clause 10.2 insert, “***Such date being at least five (5) weeks from the date the notice is deemed to be received.***”
2. Delete clause 10.5. The scenario described in this clause is not likely in the short to medium term. It is the intention of the Office to revisit this issue at the September 2001 RIO review.

### **Service Performance and Standards**

1. Delete the phrase “use all reasonable endeavors” from clauses 15.1 and 15.2 and replace with “***best endeavors.***”
2. In relation to the saving provision for warranties (Clause 15.3) replace “all implied warranties are hereby excluded” with, “ ***save those implied by statute.***”

### **New Services**

Clause 18.5 is to be modified to read, ***“In the event that C&WJ develops a new service falling within clause 18.4, C&WJ will announce that the service will be available to all interconnecting parties pursuant to Clause 18.2 at the time the deployment decision is made.”***

### **Use of DQ Information**

Delete clause 20.2. Determination notice 4.4 is aimed at preventing C&WJ from using its position to gain unfair competitive advantage over its competitors. In any case this issue is irrelevant at this time as C&WJ has a monopoly on the DQ database. At the point where the DQ database is liberalized the issue will be revisited. The Office will shortly issue a consultative document on the liberalization of DQ database which will also address this issue.

### **Review and Amendment**

1. At clause 23.1(d) insert ***“and section 34”*** after “section 29”.
2. At clause 23.7 delete ***“except that .....as referred to in clause [10.6].”***

### **Liability**

1. In the penultimate line of clause 27.2, replace the text after “ ....this Agreement” with ***“to the extent permitted by law, unless caused by wilful acts or omissions.”***
2. At clause 27.3 delete “wilful acts or omissions.”
3. At clause 27.4 add ***“or wilful acts or omissions”*** after “Party’s” in the last line.

### **Assignment**

At the last sentence in clause 33.1 replace “C&WJ” with ***“the relevant party.”***

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## **SERVICE DESCRIPTION SCHEDULE**

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### **Footway Box/Non-Footway Box Joining Service**

The description of these services is not in full compliance with the Determination Notice (February 2001) and must be modified to reflect the following principles:-

- ? interconnecting carriers must be able to use any transmission medium including microwave,
- ? no restriction to one Interconnect Access Area (IAA) i.e. Telco need not have a switch in an IAA to have a point of interconnection, and
- ? allowance for provisioning at T1s rather than OC-1.

### **Incoming International PLMN Terminating Access Service**

Delete paragraph 1.5.3.

### **Fault Report Service**

Reference to “generic routing number” at paragraph 1.3.3 should be deleted.

### **National and International DQ Service**

1. Paragraphs 1.1.8 and 1.1.7 should read “**One listing**” instead of “One telephone number.”
2. At paragraph 1.2.2 add “**and SMS Messages**” after “Roaming Messages.”

### **Additional RIO Services**

1. Some new services have been added to the Service Description Schedule of the revised RIO. These are :-
  - ? Fault Report Service,
  - ? Speaking Clock Service,
  - ? International DQ Service,
  - ? 1-888-Call C&WJ Service,
  - ? National Freephone Service,
  - ? International Freephone Service,
  - ? 56 Kbit/s Messaging Bearer Service,
  - ? International Signalling Service, and
  - ? Directory Number Inclusion and Publication Service.
2. The Office has not had a chance to conduct a careful review of the proposed tariffs for these services. For this reason all provisions except for those dealing with charges are approved.

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## **4. TARIFF SCHEDULE**

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1. **PSTN Outgoing International Service:** Rates should be rounded to three places of decimal in keeping with the other rates in the RIO. Subject to this change the rates are approved.
2. The RIO should only contain the rates for fixed termination, transit and national and regional retention.
3. **PSTN Transit Rates:** The approved tariff for this service is 0.5 of the fixed termination charges set out in Table 5.1 of Determination Notice (2001 February). Included in the duration charges, is an across the board interconnect specific charge of J\$0.211. The approved charges based on this computation are set out in Table 1.

**Table 1: PSTN Transit Service**

		<i>Units</i>	<i>Peak</i>	<i>Off-Peak</i>	<i>Weekend</i>
Regional	Call Setup	J\$ per call	0.207	0.145	0.104
	Duration	J\$ per minute	0.268	0.219	0.187
National	Call Setup	J\$ per call	0.311	0.217	0.156
	Duration	J\$ per minute	0.410	0.318	0.258

4. **Mobile Termination for Domestic Calls:** The termination rates for calls from the fixed network to a mobile network are the Calling Party Pays (CPP) retail rates *minus* national or regional retention. The CPP rates are set outside the RIO and should not be included. Additionally, there is no need to break out CPP rates to show call set-up charges. The negative call set-up charge which results from subtraction of retention from CPP will be part of the billing adjustment.
5. **Mobile Termination for Incoming International Calls:** The mobile termination rates for incoming international calls is C&WJ's CPP *minus* regional retention.
6. **Mobile to Mobile Rates:** Items 5.5 and 5.6 of Determination Notice (2001 February) no longer apply. For calls from C&WJ Mobile to another mobile carrier the following arrangements will apply until September 1, 2001:-
  - ? C&WJ Mobile is free to set its retail rates for calls from its mobile network to Digicel/Centennial Digital.
  - ? Digicel/Centennial sets its termination rate subject to the ceiling set out in Table 5.4 of the OUR's Determination Notice (2001 February) *minus* the retention in Table 5.2.
  - ? C&WJ Fixed is paid a charge for transit set at 0.5 of the fixed termination set out in Table 5.1 of the above dated Determination Notice.
  - ? C&WJ Mobile pays C&WJ Fixed the sum of the transit charge and Digicel/Centennial's mobile termination rate (under the PSTN Transit Service Description)
  - ? C&WJ Fixed pays Digicel/Centennial its termination rate (under the PLMN Terminating Access Service Description).

For calls from Digicel to C&WJ Mobile the same arrangement would apply in reverse:-

- ? Digicel/Centennial is free to set its retail rates for calls to C&WJ Mobile.
- ? C&WJ Mobile sets its termination rate subject to the ceiling determined by the OUR in Table 5.4 of Determination Notice *less* the retention in Table 5.2.

- ? C&WJ Fixed charges 0.5 of the fixed termination rate for transit.
- ? Digicel/Centennial pays C&WJ the sum of the transit charge and C&WJ Mobile termination rate (under the PSTN Transit Service Description)
- ? C&WJ Fixed pays C&WJ Mobile its termination rate (under the PLMN Terminating Access Service Description).

7. **National DQ Service** – C&WJ has submitted a revised schedule of rates for this service. In a letter to the OUR dated April 6, 2001, the Company furnished the supporting costing information for DQ charges set out in Table 2. These rates were considered reasonable by the Office and were therefore approved. No additional charges have been approved.

**Table 2: National DQ Service**

<i>Tariff (J\$ per call)</i>	<i>Peak</i>	<i>Off-Peak</i>	<i>Weekend</i>
Regional	29.953	20.888	14.977
National	30.374	21.182	15.187

8. The proposed rates for emergency services (119 and 110) are approved.
9. The OUR is yet to make a determination on the proposed tariffs for the services listed below. Carriers should negotiate rates for these services and in the event of a disagreement the Office may issue a determination:-
- ? Fault Report Service,
  - ? Speaking Clock Service,
  - ? International DQ Service,
  - ? 1-888-Call C&WJ Service,
  - ? National Freephone Service,
  - ? International Freephone Service,
  - ? 56 Kbit/s Messaging Bearer Service,
  - ? International Signalling Service, and
  - ? Directory Number Inclusion and Publication Service.

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**5. Service Schedule**

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1. At section 1.1.7 change “International Roaming Service ” to ***International Signalling Service.***”
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**6. Joint Working Manual**

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1. Delete “OC-Express” from the last line at section 1.2.4.2 and “identical” should be changed to “same.” According to determination notice 6.12, “equipment of other vendors designed with the same interface identifications

as Nortel equipment [and therefore should not be limited to OC-3 Express] should not be subject to additional tests.... ”

2. At Section 1.6.3.1 “V2 should be changed to “**V5**”.

#### **Parameter Schedule**

1. Signalling – C&WJ is to amend these provisions to reflect standard signalling arrangement.