

# Implementation of Interconnecting Rates

## Introduction

The Council of Ministers of ECTEL, approved the Directorate's recommendation for the Long Run Incremental Cost (LRIC) models to be used to determine cost-oriented interconnection rates in the ECTEL Member States, at the 19th Meeting of the Council held in St Lucia on Friday March 13, 2009.

## Special Notes to NTRCs and Licensees

The following recommendations do not bind ECTEL or the NTRCs with respect to any rates contained therein. These recommendations represent the culmination of the public consultation process on ECTEL's proposed LRIC model. They provide a cost-oriented reference against which ECTEL will assess any rates contained in any proposed interconnection agreement between interconnecting licensees. This notice is intended only to provide a clear statement of ECTEL's determination as to what constitutes "cost oriented rates" in the ECTEL Contracting States as required by relevant sections of the Telecommunications Act and related Interconnection Regulations. The document is therefore intended only to communicate to interested parties, the formal outcome of the Council's decision. NTRCs and licensees should note that, each new proposed interconnection agreement negotiated in future, will still need to be referred to ECTEL for a formal recommendation prior to approval or rejection by the NTRC, as required by both the Act and Regulations. Other than the requested actions recommended by ECTEL for NTRCs and licensees at (f) below, NTRCs are therefore not required to take any further action with respect to this notice.

The recommendation approved by the Council of Ministers is outlined below:

### (a) Mobile Termination Rates

The Council of Ministers approved a three year phased reduction in the rates for mobile termination. The recommended rates will result in an up to 40 per cent reduction in the wholesale rate for mobile termination in the first year and up to 60 percent reduction over the three year period. The impact of this is expected to be significant reductions in rates for fixed to mobile and mobile to mobile calls over the next three years. The recommended rates are presented in table 1.

Table 1: Recommended rates for mobile termination

Member State	Mobile Termination Rate		
	April 1 2009	April 1, 2010	April 1, 2011
Dominica	0.369	0.3135	0.2580
Grenada	0.369	0.3100	0.2510
St Kitts and Nevis	0.369	0.3253	0.2817
Saint Lucia	0.369	0.2965	0.2240
St Vincent and the Grenadines	0.369	0.3051	0.2413

The first period of the phased introduction of reduced rates will be truncated to a six month

period from April to September 2009 in St Vincent and the Grenadines and St. Lucia. In both Member States the last interconnection agreement expired in September 2008 and there have been delays in the negotiations for a new agreement. In the interim, providers have been using, and benefiting from, the older higher interconnection rates. This truncation will ensure that consumers can benefit from cost savings in a timely manner.

The recommended rates are applicable for calls originating domestically and internationally.

**(b) SMS termination Rates**

The Council approved maximum rates for SMS termination in the ECTEL Member States as presented in table 2.

Table 2: Rates for SMS termination

Member State	SMS Termination Rate
Dominica	0.0482
Grenada	0.0395
St Kitts and Nevis	0.0352
Saint Lucia	0.0300
St Vincent and the Grenadines	0.0329

**(c) Fixed Public Interconnection Charges**

The Council approved maximum rates for fixed interconnection services in the ECTEL Member States as presented in table 3.

Table 3: Rates for Fixed Interconnection Services

Member State	Dominica	Grenada	St Kitts and Nevis	Saint Lucia	St Vincent and the Grenadines
PSTN Termination	0.0586	0.0407	0.0261	0.0346	0.0534
PSTN Transit	0.0307	0.0206	0.0296	0.0186	0.0270
Local Directory Enquires	0.9700	0.9200	0.8800	1.030	0.8800
International Directory Enquires	0.8800	0.9500	0.8800	1.4800	0.9000
Emergency Services	0.0251	0.0307	0.0196	0.0216	0.0178
International Call Origination	0.0727	0.0610	0.0290	0.0546	0.0670

**(d) Rates for PSTN and PLMN Transit**

The Council approved maximum rates for transit services for both PSTN and PLMN as presented in table 4.

Table 4: Rates for transit service

Member State	Dominica	Grenada	St Kitts and Nevis	Saint Lucia	St Vincent and the Grenadines
PSTN Transit	0.0307	0.0206	0.0296	0.0186	0.0270
PLMN Transit	0.0307	0.0206	0.0296	0.0186	0.0270

**Notes**

- (i) All rates are per minute and denominated in Eastern Caribbean Dollars
- (ii) The composite interconnection rates (call duration plus interconnect-specific charges) for telecommunications providers should not exceed the rates recommended in table 3.
- (iii) Telecommunications providers may negotiate lower interconnection rates and may adopt a pricing structure that included peak and off peak rates. Where providers propose lower rates in an interconnection agreement the providers must submit supporting documents presenting the basis for the lower rates.

**Recommended Action by NTRC**

(f) ECTEL hereby recommends that, pursuant to its powers under Regulation 12(3) of the new Interconnection Regulations No. 60 of 2008, the NTRC should:

- (i) Publish, in the Gazette, a notice on the decision of the Council of Ministers on the new interconnection rates.
- (ii) Direct all parties to currently approved interconnection agreements to submit revised tariff schedules to the Commission, amended in accordance with the foregoing recommendation approved by the Council, within thirty (30) days of the notice from the NTRC; and
- (iii) Within seven (7) days of receipt from licensees, forward all revised tariff schedules to ECTEL for a formal review and recommendation.

Licensees should be explicitly advised that, unless an approved interconnection agreement is due to expire or is in the process of being renegotiated, interconnecting parties are not required to submit new proposed interconnection agreements. Parties are required to submit revised tariff schedules only, clearly referenced to the appropriate legal framework. Licensees should be advised that ECTEL proposes to recommend changes only to the tariff schedules of existing agreements, in order to ensure currently approved interconnection agreements comply with the legislated requirement to contain “cost-oriented” rates.

As regards the duration of currently approved agreements, NTRCs should explicitly advise that any directions to amend tariff schedules shall not affect the agreement in any other regard. Save for regulator mandated reductions of agreed rates, all currently approved interconnection agreements shall remain unchanged and parties rights under such agreements shall remain

unaffected. Agreements due to expire, for example, in one year or two years do not need to be re-negotiated or re-submitted to ECTEL for review until three (3) months prior to their expiration, as stipulated section 34 of the Interconnection Regulations.

NTRCs should therefore explicitly direct licensees that all rights and obligations outlined in current agreements remain in force and binding on the parties, unless otherwise directed by the Commission, acting on the recommendation of ECTEL, as a result of, for example, the outcome of a dispute or a lawful regulatory determination (unrelated to tariffs).

The decision of the Council of Ministers on the interconnection rates follows the approval of revised Interconnection Regulations which together will ensure the improvement of the regulatory environment for competition in the telecommunications sector.