



DECISION

CABLE & WIRELESS (BARBADOS) LTD.

CONSOLIDATED REFERENCE INTERCONNECTION OFFER

No: FTC/UR/ 2010 - 01

Date: February 22, 2010

INTRODUCTION AND BACKGROUND

1. On September 25, 2008 the Fair Trading Commission “Commission” requested that Cable & Wireless (Barbados) Ltd. “Cable & Wireless” file a Consolidated Reference Interconnection Offer (RIO). The Company was asked to include in this RIO the terms and conditions for interconnection of mobile, domestic fixed wireless and international service providers.
2. Previously, the interconnection process was regulated by three separate Reference Interconnection Offers - Mobile (filed August 22, 2003), Domestic Fixed Wireless (filed January 22, 2004) and International (filed July 30, 2004). These RIOs marked the phased liberalisation of the Barbados telecommunications market.
3. The liberalisation schedule for the telecommunications sector has been completed. TeleBarbados Inc. “Telebarbados”, Blue Communications Inc. “Blue” and Digicel (Barbados) Ltd. “Digicel” have entered the market and there has been growth in services such as mobile and ADSL and the introduction of new telecommunications policies. Consequently, the Commission determined that it was necessary to implement a consolidated RIO to streamline the process for interconnection among all telecommunications providers.

LEGISLATIVE FRAMEWORK

4. The telecommunications sector is regulated by the Commission as well as the Minister responsible for Telecommunications through the Telecommunications Unit in the Ministry of Finance, Investment, Telecommunications and Energy.. The industry is governed primarily by the Telecommunications Act CAP. 282B and sections of the Utilities Regulation Act.

5. Section 26 (1) of the Telecommunications Act CAP. 282B states that the dominant carrier is required to file with the Commission a RIO, which sets out the terms and conditions for interconnection. These terms and conditions are set out in Section 26 (2) of the Telecommunications Act CAP. 282B. On April, 24, 2003 Cable & Wireless was declared dominant carrier in S.I. 2003, No. 75, Telecommunications Act CAP. 282B, Telecommunications (declaration of dominance) Regulations, 2003.

6. The Telecommunications Act CAP. 282B requires the dominant carrier to ensure, inter alia, that:
 - a. Interconnection charges are cost oriented;
 - b. Interconnection services allow the requesting carrier to select the services required and not require the carrier to stand the cost of network components, facilities or services that are not required or have not been requested by that carrier; and
 - c. Interconnection terms are non-discriminatory and non-preferential.

7. Pursuant to Section 27(3) of the Telecommunications Act 282B, in deciding whether or not to approve the RIO, the Commission is required to:
 - (a) consult with the carrier providing the RIO and any other carriers likely to seek interconnection to that carrier's network; and

 - (b) have regard to:
 - the interconnection principles set out in section 25;
 - the interconnection policy specified by the Minister;
 - the need to promote competition;
 - the long-term interests of end-users; and
 - the submissions, whether oral or written, of the carriers providing and seeking interconnection.

8. In arriving at its decision, the Commission took into consideration the Fair Trading Commission's Interconnection Guidelines - Accounting, Costing and Pricing Principles Doc. No. FTC 03/03 and the Dispute Resolution Procedures Doc. No. FTC 03/04 issued on July 01, 2003 and the principles embodied in Section 25 of the Telecommunications Act. The Commission also examined the previously approved RIOs and RIOs from other regional and international jurisdictions.

PUBLIC CONSULTATION

9. On December 5, 2008, Cable & Wireless filed the Consolidated RIO with all of the Tariff Schedules.
10. On January 11, 2009 the Commission commenced public consultation on the Consolidated RIO as part of its review process whereby parties were invited to review the Consolidated RIO and submit written comments. The Consolidated RIO was made available at the Commission's office and on its website. This consultation period ended on March 10, 2009. Submissions were received from TeleBarbados, Blue, Digicel and Caritel.
11. The Commission also invited parties to an Oral Presentation on June 19, 2009. Presentations were made by Cable & Wireless, TeleBarbados, Digicel, Blue, and interested party Caritel.
12. **The Commission considered these submissions and consulted further with Cable & Wireless and the other parties on these issues through written correspondence.**

13. The Commission advised Cable & Wireless that it was not satisfied with certain aspects of the RIO submitted in December 2008 and the Commission requested that Cable & Wireless revise its submission. Cable & Wireless submitted the revised Consolidated RIO on December 15, 2009 for approval.

ISSUES RAISED

14. The following section represents an overview of the issues raised during the consultation on the Consolidated RIO which was submitted December 2008.

15. The issues raised during the written consultation and oral presentation were:

- Interconnection Charges
- Two-Stage Dialling and Indirect Access
- Access Deficit Charges
- Direct Mobile Interconnection
- Incoming International Call Termination to PSTN
- Capacity Requirement
- Carrier Identification Codes
- IP Peering

16. Based on these issues and the information in the Consolidated RIO submitted December 2009 the Commission makes the following findings.

Interconnection Charges

17. The rates proposed by Cable & Wireless in the Consolidated RIO of December 2008 were the same as those in the existing approved RIOs with the exception of the Mobile Termination Part Usage charge of the PLMN to PLMN Termination

Access Service and the Mobile Termination Charge payable to Third Party Mobile Telecom providers. These charges were decreased from \$0.30 to \$0.275 per 60 seconds in order to match the rate for Incoming Interconnection Call termination to PLMN service.

18. All service providers either directly or indirectly raised the issue of high interconnection charges. The Commission's decision on Interconnection Guidelines - Accounting, Costing and Pricing Principles, dated June 30, 2003 was not implemented. This decision stated that ultimately the interconnection rates should be based on Total Service Long Run Incremental Cost (TSLRIC) which is a forward looking cost methodology, rather than a historical approach such as Fully Distributed Cost (FDC). The Commission had preliminary discussions with Cable & Wireless on this issue but acknowledges that implementation was delayed.
19. TeleBarbados' and Blue's submissions argued that due to the non implementation of this decision the interconnection charges are based on FDC. It is for this reason that service providers contended that interconnection charges are too high. Digicel also believed that the cost of special access services (including emergency services and directory inquiries) are high.
20. Cable & Wireless stated that establishing a Long Run Incremental Cost (LRIC) methodology (which would be a basis for TSLRIC) is not a short-term exercise, and suggested that a multi-stage process is the best way to obtain optimum results. As a result Cable & Wireless proposed that they reduce domestic interconnection tariffs for PSTN Termination Access Service, PLMN Termination Access Service and PSTN Transit Service by 5% on the adoption of the Consolidated RIO, and further annual reductions of 5% each over the next two years.

21. The Commission closely examined Cable & Wireless' offer of 5% reductions every year for three years as well as the responses received from the respondents who were also given the opportunity to comment on the offer.

22. The Commission concluded that a one-time 15% reduction in interconnection rates for the specified services should be implemented as these rates had not changed since 2003 and there was general information that the cost of telecommunications had decreased. This was communicated to Cable & Wireless who subsequently submitted a revised Tariff Schedule in the Consolidated RIO submitted in December 2009.

23. The Commission noted anomalies in these tariffs and brought this to the attention of Cable & Wireless on February 03, 2010. Cable & Wireless made the adjustments in accordance with the Commission's directive and resubmitted the revised Tariff schedule on February 15, 2010.

24. This Tariff schedule details reduced tariffs for the following interconnecting services:
 - i) PSTN Terminating Access Service: inclusive of charges for call set up, call duration and interconnect specific;
 - ii) PLMN to PLMN Terminating Access Service, Transit Part: inclusive of charges for call set up, call duration and interconnect specific;
 - iii) PLMN to PLMN Terminating Access Service, Mobile Terminating Part: inclusive of call duration charges;
 - iv) Incoming International Call Termination to PLMN Service, Transit Charges: inclusive of charges for call set up, call duration and interconnect specific;
 - v) PSTN Transit Service: inclusive of charges for call set up, call duration and interconnect specific;

- vi) PSTN Transit Service, Mobile Termination Charge Payable to Third Party Mobile Telecom Providers: inclusive of call duration charges; and
- vii) Domestic Fixed to Mobile Service, Transit Part (payable by Service Supplier to Service Taker where Call transits Service Taker's PSTN Network): inclusive of charges for call set up, call duration and interconnect specific.

25. With regard to the interconnection rates for other interconnection services including special access services, these will remain the same at this time.

26. The Commission will develop terms of reference for the engagement of a consultant to develop guidelines for a LRIC study (as a basis of TSLRIC) to be undertaken by Cable & Wireless to determine interconnection costs and related tariffs.

27. The Commission will review the output of the study including the interconnection costs. The Commission will then issue new interconnection rates as warranted.

Two-Stage Dialling & Indirect Access

28. The respondents to the consultation stated that the Consolidated RIO should contain specific language implementing two-stage dialling and should implement Indirect Access for interconnecting service providers. It was felt that Cable & Wireless should have incorporated this into the RIO by including service descriptions for Outgoing International Call Termination from PSTN and PLMN.

29. The Commission has found generally that two-stage dialling and indirect access have not been directly accommodated under RIOs. The Commission notes that Cable & Wireless has requested a review of Government's two-stage dialling and

Indirect Access polices. The Commission is of the view that under the Telecommunications Act CAP. 282B definition of interconnection, which refers to licensed carriers, two-stage dialling and indirect access would not be considered as interconnection.

30. **The Commission has determined that Cable & Wireless will not be required to include terms related to these services in the Consolidated RIO. The Commission however reserves the right to consult on this matter at a future date.**

Inclusion of References to Access Deficit Charge (ADC)

31. The Commission does not accept Cable & Wireless' reasons for inclusion of references to access deficit charge (ADC) in the Consolidated RIO which state that an ADC be applied to all carriers as they benefit from termination and origination on the Cable & Wireless network. The respondents pointed out and the Commission confirms that an ADC was prohibited by the Fair Trading Commission on October 28, 2003 in its Reference Interconnection Offer - RIO I Phase 1, Version 1.
32. The Commission restates its position that the ADC will not be referenced in the Consolidated RIO.
33. During the Oral Presentation, Cable & Wireless indicated that it was willing to remove related clauses in order to accelerate the process of implementation of the Consolidated RIO.
34. **The Commission notes that references to the Access Deficit Charge have been deleted from the Consolidated RIO submitted on December 15, 2009. This revision has satisfied the Commission's specifications.**

Direct Mobile Interconnection

35. It was argued that other mobile providers who interconnect with Cable & Wireless should not have to pay a fee for transiting Cable & Wireless' PSTN. Other service providers were of the opinion that Cable & Wireless should allow for direct mobile to mobile interconnection. Cable & Wireless countered by stating that they were fully prepared to interconnect on a mobile to mobile basis but the party requesting such should be prepared to pay for the equipment required to interconnect.

36. The Commission believes that Cable & Wireless' position is consistent with the Telecommunications Act CAP. 282B Section 25 (2)(a) which states:

“Interconnection services referred to in subsection (1) shall

a) be offered at points, in addition to network termination points offered to end users, subject to the payment of charges that reflect the cost of construction of any additional facilities necessary for interconnection.”

37. The Commission accepts Cable & Wireless' explanation and does not require the inclusion of direct mobile interconnection charges in the Consolidated RIO.

Incoming International Call Termination to PSTN

Respondents expressed concern about the language in Service Description Incoming International Call Termination to PSTN paragraph 3.2.2. They were of the view that the language appeared to indicate that the service takers have a correspondent relationship with the country as opposed to a correspondent

relationship with other telecommunications providers. The Commission recommended that the phrasing should be revised to state the following:

“The service taker shall be under no obligation to convey calls from third Party International Telecom providers with whom the service taker does not have a correspondent relationship in place for termination to PSTN subscribers.”

38. Cable & Wireless indicated that they were prepared to revert to the original language but noted their concern that Cable & Wireless would find itself having to enter new or additional bilateral correspondent relationships with overseas operators because a third party in Barbados wants such a relationship.

39. **The language was modified in the Consolidated RIO submitted December 2009 and the Commission is satisfied that the revision has met the Commission’s specifications.**

Capacity Requirements

40. Cable & Wireless had been required by the Commission to include the following statement in RIO - International Version 3, Service Description Part 1 - Joining Services (page 3 of 20):

“Cable & Wireless will consider an alternative to optical fibre as the physical means of interconnection pursuant to this Service Description provided that such alternative (i) does not compromise the overall integrity and quality for the Cable & Wireless network, or the interconnection, and (ii) is supportable by Cable & Wireless from a technical and staff perspective”.

41. The inclusion of the above referenced clause facilitates greater flexibility in the negotiation process when new or existing carriers negotiate with Cable & Wireless with regard to their relevant capacity requirements. In the event that disputes arise the Commission will address them on an individual basis through the dispute resolution process.
42. The Commission noted that the Consolidated RIO submitted in December 2008 did not include this clause. Cable & Wireless has now included the referenced footnote in the submission of the Consolidated RIO of December 2009.
- 43. The Commission is satisfied that the inclusion of this footnote in the Consolidated RIO submitted December 2009 will facilitate flexibility in negotiation of capacity requirements.**

IP Peering

44. TeleBarbados continued to place emphasis on this new mode of telecommunications service delivery. They stated that the Consolidated RIO should make provision for IP Peering as this will become the primary mode of telecommunications carriage. TeleBarbados also suggested that IP telephony, internet services and data transmission are fundamental to the development of Next Generation Networks. They stated that current technology often acts as a barrier to the entry of new providers who do not have traditional wired networks.
45. On the question of IP peering, Cable & Wireless stated that IP peering is a voluntary interconnection of administratively separate internet networks for the purpose of exchanging traffic between customers of each network. As such the company indicated that it does not have an IP peering relationship with any interconnected service provider in Barbados nor has the company, trading as

LIME, had an IP Peering relationship with any interconnected service provider in the Caribbean. Cable & Wireless further stated that it has no interest in entering such an arrangement at this time.

46. The Commission notes that IP peering refers to distributed network architecture where participants make a portion of their resources (such as processing power, disk storage or network bandwidth) directly available to other network participants, without the need for central coordination. Peering allows two providers exchanging large volumes of traffic to connect directly, rather than route traffic through the traditional paid transit lines such as those normally referenced in a RIO.

47. The Commission has determined that IP peering which relates to the uses and sharing of communications and network resources of internet networks should not be in the RIO. Parties may negotiate this outside of the RIO framework.

Carrier Identification Code (CIC)

48. The Commission was informed by Blue that its Carrier Identification Code (CIC) has not been included in Cable & Wireless' Service Description. Blue stated that it was issued with a CIC by NANPA¹ on March 6, 2008.

49. The Commission advises that no CIC codes are provided for in the service description schedules of the revised Consolidated RIO or any previously approved RIOs. However, provision for the inclusion of all relevant CIC codes is made in specific interconnection agreements between Cable & Wireless and licensed telecommunications providers.

¹ NANPA; North American Numbering Plan Administration

50. **The Commission is satisfied that no identification of specific CIC codes in the Consolidated RIO is required.**

DECISION

51. The Commission finds that the Consolidated RIO as submitted on December 15 2009 with the Tariff schedule as submitted February 15, 2009 has satisfied the principles of the Telecommunications Act.

52. **The Commission hereby approves all sections of Cable & Wireless' Consolidated RIO as submitted on December 15, 2009 with the Tariff schedule as submitted on February 15, 2010.**

Dated this February 22, 2010

Original Signed by

Neville V. Nicholls
Chairman

Original Signed by

Prof. Andrew Downes
Deputy Chairman

Original Signed by

Gregory Hazzard
Commissioner

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