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PUBLIC UTILITIES COMMISSION

In the matter of an Application by GT&T for an Integrated Package of Interconnection and Related Rates:

<u>Before:</u> (PUC)	Prem Persaud:	Chairman.
	Badrie Persaud:	Member
	John C. Caesar:	Member
	Maurice Solomon:	Member.
GT&T	Mr Yog Mahadeo:	CEO and GM.
	Mr M.G. Fitzpatrick, S.C. Attorney-at-Law:	
	Mr Gene Evelyne:	Director of Rates.
Mobile (Cellular) Inc. (Digicel).	Mr Gregory Dean:	CEO.
Consumers:	Mr Pat Dial.	Consumers Association of Guyana.

ORDER NO 3/2010.

By the Commission.

Guyana Telephone & Telegraph Co. Ltd (GT&T) and U-Mobile (Cellular) Inc. (Digicel), the two telecommunications utility companies in Guyana had been operating under an interconnection agreement for a number of years and for which this Commission had given its sanction.

In July 2009 Digicel issued a notice to GT&T indicating an intention to terminate the agreement. It was a six-month notice and during that period the parties met but could not have arrived at any satisfactory solution. The agreement came to an end on January 13, 2010. Consequently, Digicel has not been making payments for services it had received. GT&T, however, has not pulled the plug and consumers continue to enjoy use the facilities. They have not suffered any inconveniences or embarrassment but continue to receive a seamless service. It is now part of the history that Digicel filed an application with the Commission under the provisions

of Section 41 of the PUC Act for it to fix interconnection rates. The Commission found that Digicel's application was out of order as Section 41 did not provide for such an eventuality.

The Commission, however, in the public interest, initiated a hearing under Section 36 of the Act, with a view to establish an interconnection agreement between the parties. The hearing has been ongoing for sometime. The Commission, during the course of the hearing, has been suggesting to the parties to have discussions with a view to coming to a mutually accepted agreement.

The Commission has set out in clear and precise language that it will not be side-tracked by the question of rates only, but it must also establish all the terms and conditions, including technical specifications as well as coordination procedures and arrangements that are necessary for both utilities to provide interconnection services to each other.

The last hearing of the matter was held on September 8, 2010 when it was adjourned to a date to which Counsel for the parties will agree. Despite reminders by the Commission to them, they have had no agreement and the Commission informed them that it will fix a date to continue to hear the matter to its conclusion.

On October 12, 2010, the Commission ever anxious to have the matter concluded at an early date, wrote the utilities, informing them that should we not hear from them by October 20, 2010 we shall continue by fixing a date. By letter to us dated October 18, 2010 Digicel explained that while their discussions with GT&T were not yet concluded, they expected to conclude same shortly. Eventually, on November 19, 2010 GT&T informed us that the parties have reached an agreement in principle on an "integrated package of interconnection rates and related issues but have not finalized all the terms and conditions of a full-fledged interconnection agreement", and requested that the Commission approve the package to which the parties have agreed upon in principle.

The application stated that both GT&T and Digicel have been forced to make compromises in order to reach a common ground in establishing a new rate schedule; that each party's agreement is dependent on the acceptance of all rates in the schedule, which was attached. And that rejection of any rate will require the parties to return to the drawing board with respect to all rates.

In a comment on GT&T's application the Chief Executive Officer of Digicel explained that the compromise was arrived at after intensive and lengthy negotiations and that the compromises were indeed required on both sides to arrive at a mutually agreeable solution. He felt that the compromise is in the best interests of all stakeholders in the telecoms industry in Guyana and he invited the Commission to bear this in mind when considering the application before it.

As referred to earlier, GT&T has applied for what it calls an integrated package of rates. Whether by accident or design this application has drawn attention to the fact that the Commission now has before it an application under Sections 36 and 41 of the PUC Act. The Section 36 application deals with the interconnection rates from mobile to mobile, from landline to mobile, and from mobile to landline, and has an attachment and a Schedule one in two parts. Part one of Schedule One deals with the incoming international calls to Digicel mobile—rates payable to Digicel—and Part Two of Schedule one deals with the outgoing international discount provided to Digicel off the aggregate billing at the retail rate.

The parties have agreed, as stated, on these rates:-

The retail rate for landline to mobile falls under Section 41.

Both Digicel and GT&T have explained that after intense bargaining between them they have arrived at the figures set out in GT&T's document as Attachment and Schedule One, Parts One and Two. They both have added a rider that should the

Commission not find that all the rates applied for could be granted, they will have to return to the drawing board with respect to all the rates.

Underlying all the bargaining and exchanges between the utility service providers, the Commission is very concerned that the matter has been dragging on for too long a time, and in the public interest an interconnection agreement setting out not only rates but other legal requirements must be concluded. We take into account that despite the agreement urged before us we have the gut feeling that the arrangement may be tenuous but, at the same time, we expect the parties to perform in a gentlemanly manner and make every effort to abide by what they may have promised each other leading up to the agreement. When Digicel has requested that we bear all factors in mind when considering the application made by GT&T, and when GT&T has said that rejection of any rate will require the parties to return to the drawing board with respect to all rates, we appreciate their understanding that it is the Commission which will have to fix the rates—despite their “agreement”.

Having set out what we may call some of the preliminaries, we shall deal with the matter at hand.

We will consider that the Section 36 hearing is still in esse and treat with the agreement as part of that hearing. These proceedings will form part of that hearing. Because of the nature of the matter being dealt with—it is the hearing initiated by the Commission, we shall take into account that the consideration of the landline to mobile rate, is intimately bound up with the overall application and shall give it due consideration. The Commission has by notice in the press and to the consumers’ groups duly advertised the meeting to deal with this application, and copies of the application have been forwarded to them and their officials.

We have given due consideration to all the issues. Our requests for information on the basis for the land to mobile rate have not been adequately answered. We,

however, appreciate that the question of rates only was given consideration by the parties in arriving at their negotiated condition for the interconnection agreement.

We pointed out earlier that there must be other terms and conditions, etc, which must be agreed upon before we can have a full, complete and binding interconnection agreement.

We have arrived at a finding, in the meanwhile, and hope this will be the first stage in the continuing process to have the interconnection agreement settled to the intent of all stakeholders.

We have been advised that after we would have issued our Order the parties will enter into a settlement agreement in which Digicel will commit to pay the sum of US\$1.270 million within seven (7) days to GT&T to cover interconnection costs for the period January 14, 2010 to September 30, 2010; that with effect from October 01, 2010 through December 31, 2010, Digicel will pay to GT&T the sum of US\$150,000.00 per month, including VAT; and that both companies will commit to the completion of the interconnection agreement, including technical specifications and coordination procedures and arrangements necessary for the utilities to provide seamless interconnection service to each other. There may be other conditions also.

If this is correct we say it is very commendable on the part of both utility operators, and it underlies the fact that with co-operation based on the give and take position, with a win-win understanding, and with mutual respect much can be achieved, and all including the consumers will benefit.

Our investigations, based on figures submitted by the parties over the course of time tend to suggest that if all calls can go through GT&T's network, it will compensate for the substantial concessions it has made to Digicel. Indeed, both utility companies will most likely earn higher returns.

We hold no brief for anyone but it is only fair and just that all relevant calls be channelled through GT&T's infrastructure, who has been licensed for the international gateway.

We grant the application filed by GT&T on the following conditions:

- A. The attachment to GT&T's letter dated November 19, 2010 and Part One and Part Two of Schedule One to the said letter, copies attached hereto are granted and approved subject to the "Retail landline fixed to mobile rate which is now fixed at \$12.00 per minute.

CONDITIONS:

- I. The above rates are granted for four (4) months from date hereof, and to be reviewed on application of either party.
- II. The orders are not retroactive but applicable as of current date.
- III. The Commission understands that the parties have agreed to an amount payable from one to the other as at September 30, 2010.
- IV. The parties have agreed to a compensation mechanism for October, November and December, 2010, prior to the current date.
- V. If, for whatever reason the order with respect to the retail rate for landline to fixed mobile calls lapses or becomes inactive then the order with respect to the Attachment and Schedules One and Two also lapses or becomes inactive.
- VI. Either Section 41 or Section 36 order to be reviewed if the other not continued after this order expires.

VII. Digicel to submit the following information for the period January 1, 2011 to April, 30, 2011 on a monthly basis—at the end of each month.

- Digicel's mobile minutes to Cellink's mobile.
- Digicel's mobile minutes to GT&T's landline.
- International inbound minutes terminated on Digicel's network.
- International outbound minutes originating from Digicel's network.

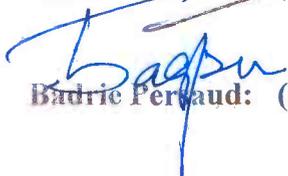
VIII. GT&T to submit the following information for the period January 1, 2011 to March 31, 2011 on a monthly basis—at the end of each month.

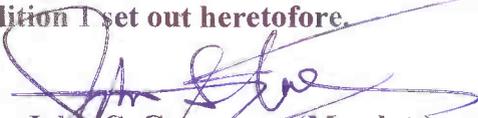
- GT&T's landline minutes to GT&T's Cellink mobile.
- GT&T's landline minutes to Digicel's mobile.
- GT&T's Cellink mobile minutes to Digicel's mobile.
- GT&T's inbound international minutes showing total traffic minutes and net traffic minutes less Digicel's minutes.
- GT&T's outbound international minutes showing total traffic minutes and net traffic minutes less Digicel's minutes.

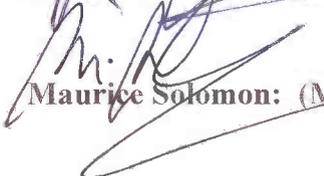
IX. The continuation, revision or amendment to these rates are contingent upon the parties submitting an agreement setting out all the terms and conditions including technical specifications, as well as coordination procedures and arrangements necessary for the parties to provide interconnection services to each other.

THIS ORDER SHALL TAKE EFFECT FROM JANUARY 01, 2011 until April 30, 2011, when it will be reviewed as per condition 1 set out heretofore.


Prem Persaud: (Chairman)


Badric Persaud: (Member)


John C. Caesar: (Member)


Maurice Solomon: (Member)

Dated this 28th day of December, 2010.



ATTACHMENT

MOBILE TERMINATION RATE:	\$14 per minute
RETAIL LANDLINE FIXED-TO-MOBILE RATE:	\$12 per minute
FIXED TERMINATION RATE:	\$12 per minute
FIXED NETWORK TRANSIT RATE:	\$1 per minute

FIXED TOLL RATE: \$2 per minute for calls terminating on GT&T's fixed line network outside the Georgetown area, as agreed between the Parties, such that the monthly average per minute rate paid to GT&T for calls terminating on GT&T's fixed network (the sum of the fixed termination rate, fixed network transit rate, and fixed toll rate) shall equal \$14 per minute.

INTERCONNECTION LINKS: Digicel shall pay US\$150 per existing E1.

INTERNATIONAL INCOMING CALLS: GT&T shall pay a base rate of \$14 per minute, and this rate shall increase incrementally as agreed between the Parties relative to monthly traffic volumes terminated by GT&T on Digicel's network (see Schedule One, Part One).

INTERNATIONAL OUTBOUND CALLS: Digicel shall receive a base discount of 15%, and this discount shall increase incrementally as agreed between the Parties depending on the monthly volume of minutes terminated to international destinations by GT&T on behalf of Digicel (see Schedule One, Part Two).



Schedule One

Part One

**Incoming International Calls to Digicel mobile
Rates Payable to Digicel**

	MOUs Mth (000s)		GYD
	LOW	HIGH	
Below	0	1,874	\$14.00
Incremental minutes between	1,874	2,074	\$16.50
Incremental minutes between	2,074	2,274	\$19.00
Incremental minutes between	2,274	2,474	\$21.50
Incremental minutes between	2,474	2,674	\$24.00
Incremental minutes between	2,674	2,874	\$26.50
Incremental minutes above	2,874		\$29.00

Schedule One

Part Two

**Outgoing International Discount
Provided to Digicel off of the Aggregate billing at the Retail Rate**

	Outbound MOUs Mth (000s)		Discount on Incremental Traffic
	LOW	HIGH	
Below	0	300	15%
Incremental minutes between	300.1	435.1	24%
Incremental minutes between	435.1	570.1	31%
Incremental minutes between	570.1	705.1	39%
Incremental minutes between	705.1	840.1	44%
Incremental minutes between	840.1	975.1	48%
Incremental minutes above	975.1		50%

