

## Press Release Number 76/2014

Mexico City, December 29<sup>th</sup>, 2014

### **THE PLENARY OF IFT APPROVES THE MINIMUM TECHNICAL CONDITIONS AND INTERCONNECTION RATES IN FORCE FOR 2015**

- **Met in a timely manner the mandated by Law that establishes the obligation to issue these provisions in the fourth quarter**
- **The minimum technical conditions provide a framework under which interconnection services will be provided**

In compliance with Article 137 of the Federal Telecommunications and Broadcasting Law, the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, IFT) approved the minimum technical conditions and fees resulting from the cost methodologies issued by the regulatory body, which will be force during 2015.

On December 18, 2014, the Institute published in the Official Gazette of the Federation (*Diario Oficial de la Federación*, DOF) the Agreement by which the Plenary of IFT issued the methodology for calculating interconnection costs in accordance with the Federal Law on Telecommunications and Broadcasting so it proceeded to elaborate models, one for fixed services and another one for mobile services, and calculate rates.

These models considered an efficient operator with a network deployment that, in the case of the Fixed Pattern comprises a national scope, and a covering of 90% of the population in the Mobile Model. It also took into account a market share of 16% for alternative mobile operator and 36% for alternative fixed operator, using modern technology efficiently.

It is important to note that the models were calibrated with data from the network of existing concessionaires, including all services provided by operators in Mexico and were developed with a focus on Pure Incremental Costs of Long Term.

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It is noteworthy to mention that, according to the provisions of the methodology for calculating interconnection costs, a factor of gradualism was applied in order to allow dealers to public telecommunications networks to adapt their business plans to the new regulatory environment.

Thus, for fixed or mobile local services other than the Preponderant Economic Agent, rates are as follows:

- For termination services Local Service Mobile users under the "calling party pays" is \$ 0.2505 pesos M.N. per interconnection minute.
- For termination services (SMS) to mobile users is \$ 0.0261 pesos M.N. per message.
- For local termination services in fixed service users is \$ 0.004179 pesos M.N. per interconnection minute.

For services rendered by the Preponderant Economic Agent, the applicable rates are:

- For local origination services in fixed service users is \$ 0.005162 pesos M.N. per interconnection minute.
- For transit services is \$ 0.006246 pesos M.N. per minute.

Also, the Plenary of the Institute approved the Agreement by which it is established the minimum technical conditions for interconnection between concessionaires operating public telecommunications networks, which is published in the following days in the Official Gazette of the Federation (*Diario Oficial de la Federación, DOF*) and is valid throughout the following calendar year.

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The Agreement issued incorporates comments received during the public consultation process that was subject to the corresponding draft from November 21<sup>th</sup> to December 4<sup>th</sup> of 2014, which allowed clarifications and improvements to this regulatory instrument.

The minimum technical conditions provide a framework under which interconnection services are provided and consider the following:

- Technical aspects that allow the interconnection of public telecommunications networks considering technological developments and current conditions of public telecommunications networks.
- The technical information necessary for interconnection points that dealers must provide for the interconnection of their networks.
- The concessionaires will conduct the traffic within its network to interconnection points where traffic exchange is performed. Such traffic may be of any origin or destination within the country, as well as any type (local, transit, mobile, fixed).
- To ensure continuity in the provision of interconnection services redundancy schemes are established.
- Methods, parameters and required fields are indicated to perform the interconnection over IP technology, ensuring the provision of voice service with the same quality with which the service is offered currently.
- Technical conditions for collocation service are defined by establishing three types of physical space for it, which promotes efficiency in service delivery.
- The basis for cross interconnection between concessionaires with presence in one interconnection point are established.

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The Federal Institute of Telecommunications (IFT) is the autonomous body entrusted with the regulation, promotion and supervision of the efficient performance of broadcasting and telecommunications sectors in Mexico, and also exercises, in exclusive manner, the authorities in matters of economic competition of such sectors pursuant to the Decree whereby several provisions of Articles 6, 7, 27, 28, 94 and 105 of the Political Constitution of the United Mexican States are amended and supplemented in telecommunications matters, published in the Official Gazette of the Federation on June 11th of 2013.

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