

## **Press Release**

### **Number 11/2013**

Mexico City, December 1<sup>st</sup>, 2013

#### **THE IFT PLENARY APPROVES THE VARIABLES THAT WILL APPLY TO THE MOBILE INTERCONNECTION COST MODEL FOR THE PERIOD OF 2012 - 2014**

- The transparency of the resolutions that the Commission issues on mobile interconnection rates is strengthened
- IFT orders the beginning of the review process for the methodology of cost models
- It issues the Institute Transparency Council organizational and operational rules
- IFT designates Commissioner Fernando Borjón as president of the Technical Committee of Portability
- IFT approves modifications to capacity provision services on concession titles for microwave connections, with regards to the possibility of extension.

In extraordinary session, the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, IFT) Plenary, unanimously approved the relevant variables that will apply to the Cost Model for Mobile services that will be used to resolve the non-stipulated interconnection conditions between public telecommunication networks concessionaires, pursuant to article 42 of the Federal Telecommunications Law for the 2012-2014 period. This determination will allow to quickly resolve the interconnection disagreements presented by the concessionaires to this regulating body.

The relevant variables of the cost model of mobile interconnection and the obtained results will be effective from January 1<sup>st</sup>, 2012 to December 31<sup>st</sup>, 2014. Within the approved variables, by means of Agreement P/IFT/EXT/291113/11, it was determined that the cost model of mobile interconnection will be based on an existing hypothetical operator in the long term, with a 33 percent market quota. This is going to offer certainty and transparency when calculating the rates that concessionaires will apply to interconnect their networks, which will fortify the decisions of this Institute.

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On the other hand, it is important to note that this Institute is aware of the international debate that exists regards the accomplishment of interconnection approaches, as well as of the methodologies for cost models. In this respect, the European Community has pronounced the use of sole incremental costs, whereas other international bodies have debated on diverse approaches for interconnection such as *El que llama paga* ("Calling party pays"), make-whole agreements (Bill & Keep), fees based on the quality of the service and massive invoicing.

Due to the above, the Institute Plenary instructed the Regulatory Policy Unit (UPR) to a review process of the regulatory policy for interconnection issues during the first quarter of 2014. With this process the IFT recognizes the existence of the international debate in which Mexico cannot be isolated.

It is important to note that with this Agreement, continuity is achieved with a suitable regulation, precisely and impartially in interconnection issues, which promotes and facilitates the public telecommunications networks use, which entrance of efficient competitors in the market encourages, and incorporates new technologies and services and generates healthy competition between the participants of the market. The above will be translated in a direct benefit toward the users when granting them the opportunity to acquire more services at a lower price, higher quality and diversity.

#### **IFT agrees to issue rules for the Transparency Council**

Furthermore, the IFT Plenary decided, by means of Agreement P/IFT/EXT/291113/9, to issue the organizational and operational Institute Transparency Council rules, as well as

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the procedures for the review and reconsideration pursuant to article 61, sections V and VII of the Federal Transparency Law and Access to Governmental Public Information.

This article establishes that the independent constitutional bodies, such is the Institute case, must have a procedure to the effect in which any person can promote a review or reconsideration recourse under the terms according to the law.

Pursuant to the IFT Organic Statute, the Plenary designated Commissioner Adriana Labardini as Transparency Council president, which will be in charge of resolving the recourses of review and reconsideration, as the case may be, the incidents of resolution breaches that occur, will promote transparency and access to information in the Institute and will require information from the responsible areas that allows the fulfillment of its functions.

The Transparency Council is authorized to issue recommendations on the policies of the Institute and programs in the matters of transparency and access to information.

#### **IFT designates Commissioner Fernando Borjón to preside over the Technical Committee of Portability**

On another note, during the past ordinary session, IFT Plenary designated Commissioner Luis Fernando Borjón Figueroa, by means of Agreement P/IFT/271113/21, to preside and coordinate the Technical Committee of Portability, as well as the Head of the Industry Services Unit, Rafael Eslava Herrada, as deputy for the President of this Committee.

In addition, it named General Director of Telecommunications and International Subjects, Ante Salcedo González, as secretary to this Committee, and the General Director of Supervision, Felipe Alfonso Hernández Maya, as deputy.

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Due to the relevance of the numerical portability scheme for the efficient development of telecommunications, the permanent approach with the suppliers of the service - within the sessions of the Portability Committee - is fundamental to comprehend the problems of the industry, enter into dialogues, promote consensus, and consequently, to make the best regulatory decisions, always in benefit of the user.

#### **IFT approves modification to concession titles**

Similarly, in the last ordinary session, the Plenary approved modifications to the eighth condition of provider capacity concession services for the establishment of microwave connections point to point and point to multipoint pertaining to the companies owned by Teléfonos de México, S.A.B de C.V., with Agreement P/IFT/271113/17; Nextel de México, S. de R.L. de C.V., with Agreement P/IFT/271113/18; and Inalam, S.A. de C.V., under Agreement P/IFT/271113/19, in order that these concessions have the possibility of being subject to analysis for the granting of the prorogation of their respective validity by IFT, authority with the exclusive attribution to determine the origin or not of this grant.

The eighth condition of the concession titles of these companies establishes that the assigned frequencies will be auctioned again at least three years before the concessions ongoing ends, which contravenes article 19 of the Federal Telecommunications Law, reason why the approved resolution today contributes to harmonize the rules of the effective normativity.

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The Plenary approved for the referred titles of concession it is established that the concession could be extended totally or partially, according to IFT judgment, pursuant to Law and other applicable prescribed and administrative legal dispositions, for which, in its case, it will previously require the payment of a consideration, which amount will be taken into account, among other criteria, the bandwidth of the frequencies under concession, the geographic coverage of the concession and the services that the bands can provide.

With this concession titles of merit modification, IFT grants legal certainty to the concessionaires, which promotes the use of the infrastructure and stimulates the connection of networks for data massive transportation.

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