

**[NTC MEMORANDUM CIRCULAR NO. 14-7-2000,
July 21, 2000]**

**IMPLEMENTING RULES AND REGULATIONS (IRR) FOR THE
INTERCONNECTION OF AUTHORIZED PUBLIC
TELECOMMUNICATIONS ENTITIES**

PREAMBLE

WHEREAS, the State recognizes the vital role of telecommunications in nation-building and economic development and in its desire to attain universal access, it shall promote the rapid expansion of telecommunications services in all areas of the Philippines in order to maximize the use of all available telecommunications facilities, and to ensure that every user of the public telecommunications shall have access to such facilities at a mandated standard of service and at reasonable costs;

WHEREAS, a general framework for interconnection of public telecommunications networks and public telecommunications services, regardless of the supporting technologies employed, is necessary in order to provide end-to-end inter-operability of services for users and access to all;

WHEREAS, fair, proportionate and non-discriminatory conditions for interconnection and inter-operability are key factors in fostering the development of open and competitive markets;

WHEREAS, it is important to lay down principles to guarantee transparency, access to information, non-discrimination and equality of access;

WHEREAS, with the approval and passage of Republic Act No. 7925, the Philippines has effectively liberalized the telecommunications services and has demonstrated its commitment to healthy and sustainable competition by allowing multiple operations by local service providers in partnership with firms of varying nationalities in most segments of the domestic and international telecommunications markets;

WHEREAS, the telecommunications environment is changing at an unprecedented rate driven by technological advancements, expansion of market boundaries and development of new business practices. These developments in the telecommunications sector necessitate the review of Memorandum Circular No. 9-7-93 and the formulation of a new regulatory framework for interconnection of the networks of public telecommunications entities to address the legal, economic, and technical constraints that continue to hamper the continued growth and development of the sector;

WHEREAS, pursuant to the provisions of R.A. 7925 and Executive Order No. 59, Series of 1993, mandating interconnection of all public telecommunications entities and vesting to the National Telecommunications Commission with the power to ensure a larger and more effective use of affordable telecommunications facilities

and to maintain effective and healthy competition, the National Telecommunications Commission, by virtue of the powers vested upon it by law, does hereby promulgate the following implementing rules and regulations:

ARTICLE I

Applicability of the Provisions

SECTION 1. These rules shall be applicable to all duly authorized public telecommunications entities as defined hereunder.

ARTICLE II

Definition of Terms

SECTION 2. The following words and phrases shall have the meaning assigned to them unless the context otherwise requires:

- a. **Access Charges** — remuneration paid to a PTE by an interconnecting PTE for accessing the facilities and/or customer base of such PTE, which are needed by the interconnecting PTE for the origination, termination and/or transiting of all types of traffic derived from the interconnection.
- b. **Access Deficit** — the difference between the required revenue to recover the cost of the line service and the total revenue from retail monthly services fees and the revenue from interconnection.
- c. **Access Provider** — a PTE that is requested to provide access to its network, system, facilities and/or customer base by an access seeker.
- d. **Access Seeker** — A PTE that requests access to the network, system, facilities or customer base of another PTE.
- e. **Access Service** — service given by the access provider to enable the access seeker to avail of any or all of its services.
- f. **Billing Information** — Appropriate network usage data of one PTE that is required by another PTE to facilitate customer billing with attendant acknowledgement and status reports and are exchanged between PTEs to process claims and adjustments.
- g. **Commission** — the National Telecommunications Commission.
- h. **Customer Premises Equipment (CPE)** — equipment located in the premises of a customer which is not part of but connected to the system or network of the PTE.
- i. **Cellular Mobile Telephone System (CMTS)** — a wide area mobile radio telephone system with its own switch, base stations and transmission facilities capable of providing

high capacity mobile telecommunications by utilizing radio frequencies that is neither a wireless local loop (WLL) service provided by a LEC or a trunk radio service ordinarily being provided by a trunked radio carrier.

j. **Direct Access** — the situation where a customer is directly connected to a telecommunications operator by a wire, fiber-optic or radio link to connect that customer to the public telecommunications network.

k. **Enhanced Services** — refers to a service which adds a feature or value to basic telephone service not ordinarily provided by a PTE such as format, media, conversion, encryption, enhanced security features, paging, internet protocol, computer processing and the like; provided that in the provision of such service, no law, rule, regulation or international convention to which the Philippines is a signatory, is circumvented or violated. For purposes of these rules and regulations, enhanced services shall also mean value-added services, and vice-versa.

l. **Exchange** — the entire plant and facilities used in providing telecommunications services to subscribers or customers in a calling (service) area.

m. **Exchange Access** — the offering of access to telecommunications services or facilities for purposes of origination or termination of telephone services between PTEs.

n. **Grade of Service** — the probability that a proportion of the calls will be lost or blocked in the system. The lower the proportion of loss or blockage, the better is the grade of service.

o. **Incoming Collect Calls** — telephone calls originating from a subscriber or customer of a PTE and terminating to and paid by a subscriber or customer of the terminating PTE.

p. **Incoming Paid Calls** — telephone calls originating from a subscriber or customer of a PTE and paid to that PTE.

q. **Indirect Access** — is a situation where a customer's call is routed and billed through the network of a PTE even though the call originated from the network of another PTE.

r. **Interconnection** — the linkage, by wire, radio, satellite or other means, of two or more existing PTEs with one another for the purpose of allowing or enabling the subscribers or customers of one PTE to access or reach the subscribers or customers of the other PTE.

s. **Interconnection Links or Facilities** — facilities consisting of, but not limited to, equipment, devices and materials required to interconnect two telecommunications

systems or networks of two (2) PTEs for the interchange of traffic between them.

t. **Interconnect Services** — network interconnect services, access services or access facility services.

u. **Interconnect Usage Charges** — the network usage charges applicable to direct and indirect interconnections between networks for call origination, call termination and call transit, as the case may be.

v. **Inter-Exchange Carrier (IXC)** — a PTE providing transmission and switching facilities which connect the networks of two (PTEs) that are not located within the same numbering plan area (NPA) or even if located within the same NPA, are not located within the common or overlapping service areas, enabling them to offer telecommunications services of any type, whether of voice, data or images, to each other's subscribers or customers.

w. **International Gateway Facility (IGF)** — a facility consisting of international transmission, switching network management facilities that serve as point of entry and exit in the Philippines of international traffic between a PTE's network and point/s outside the Philippines.

x. **International Gateway Facility Operator** — a telecommunications carrier providing IGF services.

y. **Interoperability** — the technical features of a group of interconnected systems, which ensure end-to-end provisions of a given service in a consistent and predictable way.

z. **Local Calling (Service) Area** — the province within which telecommunications services are furnished subscribers under specific schedule rates and without toll charges. For purposes of these rules, the present areas forming part of the numbering plan area "2" shall be considered a local calling (service) area of all PTEs presently authorized to provide telecommunications service in any portion of the said area.

aa. **Local Calls** — Calls originating and terminating from one and the same PTE, or two (2) separate PTEs within the same local calling area.

bb. **Local Exchange Carrier (LEC)** — a PTE providing transmission and switching of telecommunications services, primarily but not limited to voice-to-voice service, in a geographic area anywhere in the Philippines.

cc. **Major Supplier** — a PTE who has the ability to materially affect the market, directly or indirectly, for basic and/or enhanced telecommunications services as a result of 1) its control over essential facilities; and 2) use of its position in the market.

dd. **Market Power** — the ability to raise and maintain price above the competitive level and so earn above-normal returns. It also means the ability of an operator to act with a degree of independence from competitors and consumers.

ee. **Meet Point** — a point of interconnection between two networks, designated by two PTEs, at which one PTE's responsibility begins and the other PTE's responsibility ends.

ff. **Meet Point Interconnection Arrangement** — an arrangement by which each PTE builds and maintains a network to meet point.

gg. **National Toll Calls** — calls that are (1) originating from one local calling (service) area and terminating to another calling area (service) or (2) originating from another PTE to a CMTS carrier, or vice-versa.

hh. **Network Element** — a facility or equipment used in the provision of telecommunications service including, but not limited to, features, functions, and capabilities that are provided by means of such facility or equipment, including but not limited to, subscriber numbers, database, signaling systems, and information sufficient for billing and collection or used in the transmission, routing, or other provision of a telecommunications service.

ii. **Network Interconnect Service** — a service which supports the physical and logical linking of networks to allow the user of one network to communicate with the user of another network (e.g. call termination).

jj. **Numbering Plan Area (NPA)** — a geographic area in the country which has been given a specific area code by the Commission.

kk. **Outgoing Collect Calls** — telephone calls originating from a subscriber or customer of one PTE and paid by the subscriber or customer of the terminating PTE.

ll. **Outgoing Paid Calls** — telephone calls originating from and paid by the subscriber or customer of the originating PTE.

mm. **Party** — a party to an interconnection agreement or dispute.

nn. **Physical collocation** — offering by an access provider that enables an access seeker to: 1) place its own equipment to be used for interconnection or access to unbundled network elements within or upon an access provider's premises, (2) use such equipment to interconnect with an access provider's network facilities for the transmission and routing of telephone exchange services, exchange access service, or both, or to gain access to an