

**This is unofficial translation of the Decision and is provided here for information purposes only.
Reliance may only be placed on the official Arabic version of the Decision**

Decision No. 50/2018 Amending TRA Decision No. 68/2017 regarding Omantel RAIO

Pursuant to the Telecommunications Regulatory Act issued by the Royal Decree No. 30/2002; and
The Executive Regulation of the Telecommunications Regulatory Act issued by the Ministerial Decision No. 114/2008; and
The provisions of Access and Interconnection Regulation issued by Decision No. 25/2016 (A&I Regulation);
and
TRA Decision No. 68/2017 regarding Omantel Reference Access and Interconnection Offer; and
Omantel Review Request on TRA Decision No. 68/2017 submitted on 29 January 2018; and
The Review Committee Decision No. 1/2018 issued on 2 July 2018 on Omantel Review request; and
The approval of TRA Board of Directors vide circulation No. 1/2018; and

Based on the exigencies of the public interest;

It is decided

Article 1: Amending Decision 68/2017 in accordance with the modifications specified under Annex (1) of this decision.

Article 2: The TRA directs Omantel to submit, within thirty (30) days of this Decision, to the TRA its Final Draft RAIO, after making all the changes as specified in Decision No. 68/2017 subject to amendments provided in Annex-I of this Decision. In doing so, Omantel shall submit to the TRA (a) clean copy of all relevant documents comprising the RAIO in Word and PDF version and (b) a copy with track changes showing the changes made between the Second Draft RAIO and the Final Draft RAIO, inclusive of all the relevant documents comprising the RAIO in Word and PDF version.

Article 3: In case of failure by Omantel to comply with this Decision, the TRA, without prejudice to any penalty set out in the Act, any other law or licenses, reserves the right to charge a minimum penalty of OR 100,000 under Article 83 of the A&I Regulation.

Article 4: This Decision is without prejudice to any further decisions and determinations, that the TRA may consider necessary pursuant to its powers under the Act.

Issued on: 24 Shawwal 1439 H

Corresponding to: 8.7.2018

Mohammed Bin Hamed Al-Rumhi

Chairman of Board of Directors

الموافق

الملحق رقم (١)

التعديلات على ملحق القرار رقم ٢٠١٧/٦٨

Amendment in Annex 2 of the Decision (68/2017 dated 31 December 2017):

1. WACC (Weighted Average)

The WACC (Weighted Average Cost of Capital) is used to calculate the return on the capital employed that should be allowed to an operator when providing wholesale services. Therefore, this return needs to be representative of the relevant underlying assets. The cost models provided by Omantel and developed by TRA for determining the wholesale charges under this exercise were built on 2015 accounts. Consequently, the WACC used relates to the same period, hence, no change is required in this element of cost.

2. No consultation on TRA BU – LRIC model which was recalibrated:

The TRA had already considered this issue while issuing the Decision and its position is given in Section 2.7.2 of the Decision, which is reproduced below:

- i. “The Regulation does not require the TRA to share its BULRIC models to be used in reviewing the RAIO charges;*
- ii. The aim of this review is Omantel’s RAIO charges and not to reopen the consultation on TRA’s BULRIC models which may unduly delay the RAIO approval process;*
- iii. The TRA has not changed the methodology in BULRIC models as compared to the one finalized in 2015 with industry consultation;*
- iv. Omantel and Ooredoo, in 2015, have been provided with TRA’s BULRIC models along with supporting documentation and user manual to help enable the update and amendments to these models;*
- v. The details of updates and modifications by the TRA are provided in Annex B of this Decision, in case the licensees want to implement the same.”*

The TRA has also shared its final BU-LRIC models with Omantel and Ooredoo in 2015 and thus Omantel can update the BU-LRIC model by itself if it wishes to do so. Since no further change in the BULRIC models methodology was made by the TRA, hence no further consultation was deemed appropriate by the TRA.

Based on the above, no change is required in TRA’s Decision.

3. Overhead Factor for overhead costs, Annex 3 B of Annex 2

Firstly, it is important to note that the “overhead factor” is only applicable to Non-Recurring Charges (NRC), since overhead costs are already included in the BU and TD models from which most of the Monthly Recurring Charges (MRC) have been derived.

With regards to NRC charges, most of them are derived based on the product of the man-hours needed to provide the service (q) and the price per man-hour (p). Omantel has applied an additional overhead factor (which it justified as recovery of the royalty fee, its expected margin and taxation elements) on top of the (pxq) calculation.

This overhead factor was calculated by Omantel as follows:

$$Factor = \frac{1}{1 - (Royalty + Margin \cdot (1 + taxation))}$$

Taking into account a 7% royalty fee (applicable at that time), a proposed margin of 20% and a taxation of 15%, Omantel came up with an overhead factor of 1.43.

Firstly, in the above equation, the ‘Margin’ factor cannot be applied in the determination of wholesale charges, because this factor is already included in the WACC.

Secondly, given that the WACC applied in the models is before taxes, no taxation overheads can be included in the calculations performed.

Finally, the royalty fee factor has been accepted as it applies on the calculation of the wholesale charges to be implemented in the country.

On the other hand, and despite that Omantel did not include any such factor, an “Admin Cost” component, accounting for overhead costs related to the provision of wholesale services to the requesting party, such as contracting or invoicing, was included by the TRA. The percentage of these costs over the total cost base was later reported by Omantel to be 4%, a figure, which was accepted by the TRA.

As per Article 48 of the A&I Regulation, the proposed charges are required to be supported with sufficient information and documents. The TRA all along the process repeatedly requested Omantel to provide supporting calculation and justification for the 20% margin; which Omantel could not justify. In view of the above explanation, the TRA cannot accept the introduction of a completely unjustified overhead element submitted by Omantel.

Based on the above, no change is required in TRA’s Decision as such.

4. Non-Recurring Charges

The Non-Recurring Charges (NRCs) are generally estimated based on identified activities involved in the provision of each service and then monetizing the activities by calculating effective man-hour rate of the relevant staff. This is reflected as a product of man-hours involved (q) and the man-hour rate (p). In order to assess reasonability of Omantel’s request for review of NRCs, the TRA carried out a comprehensive review of the sub-tasks involved for each service. On the basis of this examination the TRA rationalized and reviewed the man-hours through the review of sub-tasks. The TRA has also examined the relevant financial records to assess the authenticity of effective man-hour rates proposed by Omantel. Based on this exercise, the TRA has revised the NRCs, as provided in the table below:

Non-recurring Charges (NRCs)

S.No	RAIO Ref	Service Description	NRC as per Original Decision 68/2017 (OMR)	Revised NRC (OMR)
1	CFA 01,02,03	Local loop unbundling Per customer loop charges	15	72
2	CFA 01,02,03	Local loop unbundling Initial service setup fee per MSAN	385	1,387
3	CFA 04	Colocation	296	1,087
4	CFA 05	Wholesale Line rental Per customer line charges	2	72
5	CFA 05	Wholesale Line rental Initial service setup fee	87	405

S.No	RAIO Ref	Service Description	NRC as per Original Decision 68/2017 (OMR)	Revised NRC (OMR)
6	CFA 06,07	Bitstream layer 2 and layer 3 Link fee per customer	15	72
7	CFA 06,07	Bitstream layer 2 and layer 3 STM1 on various rings	1,421	3,376
8	CFA 06,07	Bitstream layer 2 and layer 3 Per MSAN charges per slot	15	72
9	CFA 10	Terminating segment of leased line	15	72
10	CFA 11	Trunk segment of leased line (National Submarine)	865	2,877
11	CFA 11	Trunk segment of leased line (National Terrestrial)	200	200
12	CFA 12	Trunk segment of leased line (IPLC)-E1	3,531	3,241
13	CFA 12	Trunk segment of leased line (IPLC)-DS3	5,309	3,241
14	CFA 12	Trunk segment of leased line (IPLC)-STM1	7,087	3,241
15	CFA 13	International IP bandwidth capacity	397	1,570
16	CFA 14	Access to Omantel landing station	1,915	7,071
17	CFA 15,16	Access to Omantel Earth station and Data center	1,500	6,306
18	CFI 01	Establishment of POI	492	3,500
19	CFI 01	Fixed port capacity service	100	100
20	CFI 01	Disconnection fee per port	15	70
21	CFI 01	Number range implementation within timeframe	480	480
22	CFI 01	Number range implementation in a specified timeframe	960	960
23	CFI 02	Fixed CCS	717	2,534
24	CFI 03	Fixed CPS	717	2,534
25	CFI 03	Fixed CPS Change fee per customer	2	72
26	CFI 07, 08	Prepaid CCA type 1, Prepaid CCA type 2	717	2,514
27	CMA 01	National roaming	485	100+1,929

S.No	RAIO Ref	Service Description	NRC as per Original Decision 68/2017 (OMR)	Revised NRC (OMR)
28	CMI 01	Establishment of POI	503	3,500
29	CMI 01	Fixed port capacity service	100	100
30	CMI 01	Disconnection fee per port	15	70
31	CMI 01	Mobile Number range implementation within timeframe	480	480
32	CMI 01	Mobile Number range implementation in a specified timeframe	960	960
33	CMI 03	Mobile CCS	717	2,592
34	CMI 04	Mobile CPS	717	2,592
35	CMI 04	Mobile CPS Change fee per customer	2	72

Notes:

- (i) The Revised NRCs for Services at S.No 12, 13 and 14 (CFA 12) in the above table are exclusive of 3rd party charges. Omantel is allowed to charge the Requesting Party for the 3rd Party charge, including Royalty and admin charge (i.e. factor of 1.16). In this regard, Omantel shall provide the quote of each requested destination to the Requiring Party for the sake of transparency.
- (ii) The revised NRC for National Roaming (CMA 01) as shown at S.No. 27 in the above table shall be indicated in the RAIO in two parts showing the charges for per site upgradation (RO 1,929) and the labour cost per site (RO 100). The charges on account of upgradation shall be recoverable only in case a site requires upgradation, for which Omantel shall provide evidence to the Requesting Party based on the traffic forecast and investment involved.

5. Monthly recurring charges for wholesale line rental (C – FA05):

TRA acknowledges that tariffs of Omantel are not yet fully rebalanced and that Omantel is offering its entry-level tariff to fixed telephony services at 2.9 OMR/month mainly due to social reasons and that there is no direct competitor offering telephony services on copper lines in Oman. Considering these facts, the TRA agrees with Omantel to price this service based on average of Omantel TD-LRIC model and TRA BU-LRIC model which suggest the monthly charge of RO 13.28/line.

6. Call to special fixed services (C-FI 06)

Omantel's claim of loss of 0.2 baiza/call is due to rounding of figures, which is a standard practice. Omantel also rounded the figures for its proposed RAIO charges. Applying the TRA factor of

$[(1+4\%)/(1-10\%)]$ to 130 baiza/call results in 150.22 baiza/call. Accordingly, the TRA determined the charge to be 150 baiza/call.

Alternatively, applying the factor of 1.16 to 130 baiza/call would result in 150.8 baiza/call. Although the issue is not material, the TRA agrees to change the rate of 150 baiza/call to 151 baiza/call.

7. Mobile Call Termination (C – MI 02)

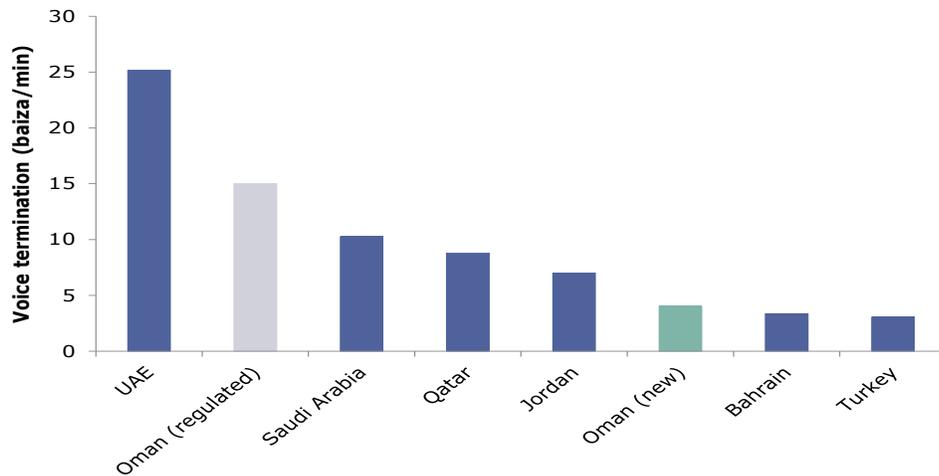
The A&I Regulation (see point 1 under Section Fifth of Annex 3.2 of the Regulation) requires that the charges of mobile call termination “*shall be fair, reasonable and based on forward looking long run incremental cost (LRIC) of **efficient service provision***” [Emphasis added].

To meet this requirement, the TRA considered to “*Use both the Operator top-down LRIC and its own bottom-up LRIC models **in the manner it deems appropriate***.” [Emphasis added] (see point 2 under Section Fifth of Annex 3.2 of the Regulation). The methodology used by the TRA in determining the wholesale charges is provided in Section 2.8 of the Decision, which under point (iii), indicates that “*Where the information is available in both Omantel’s TDLRIC model and TRA’s BULRIC model **but they are not aligned**, either the results from Omantel’s TDLRIC model or TRA’s BULRIC model are used, and the reasons for its selection are properly explained.*” [Emphasis added].

Clearly, the results of TDLRIC model (i.e. 10.57 baiza/min) and BULRIC model (i.e. 4 baiza/min) were not aligned. Accordingly, the TRA has to use either the results from Omantel’s TDLRIC model or TRA’s BULRIC model. As provided in the Decision, the adoption of a BU-LRIC model, instead of TD-LRIC model, is essential to maximise the level of efficiency of the results obtained as supported by the European Commission in its Recommendation on “Regulatory Treatment of Fixed and Mobile Termination Rates in the EU” [C(2009) 3359]¹, “*The implementation of a bottom-up model is consistent with the concept of developing a network for an efficient operator whereby an economic/engineering model of an efficient network is constructed using current costs. It reflects the equipment quantity needed rather than that actually provided and it ignores legacy costs*”. This would also meet the requirements mentioned in point 1 under Section Fifth of Annex 3.2 of the Regulation.

The TRA also notes that by using the BU-LRIC model, the resultant charge of 4.0 baiza/min falls within the range registered in other nearby countries. On the other hand, the TD-LRIC cost of 10.57 baiza/minute fell above all the references considered (see chart below) except UAE (which is not a representative figure as it has not been updated since 2006).

¹ See <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009H0396&from=SL>



It was thus considered more appropriate for the evolution of the sector to use the BULRIC based charge together with a glide path.

The TRA also notes that the current mobile termination rate of 15 bz/min was also determined by the TRA in 2009 using BULRIC model only. This was accepted by all licensees including Omantel.

The TRA further notes that similar approach was adopted by TRA Bahrain when it issued the Reference Offer Orders on Bahrain Telecommunications Company B.S.C., Viva Bahrain B.S.C, and Zain Bahrain B.S.C. setting the regulated call termination rates on 17th September 2015. The relevant parts of the Order are reproduced below:

“The Authority has decided to mostly rely on the results of the BU models for the review of the call termination rates. The use of the BU models for setting termination rates has several advantages:

a. Transparency: Batelco, Viva and Zain all have a non-confidential version of the mobile BU model. Contrarily to regulatory accounts which contain confidential information that cannot be shared, all operators have access to the same source of information.

b. Symmetric mobile termination rate: the mobile BU model reproduces the mobile network of a generic operator, whose parameters have been set to represent an efficient operator while taking into account specific parameters for Batelco, Viva and Zain. Using the results of the generic operator’s model is therefore more appropriate to set a symmetric mobile termination rate.

c. Forward looking termination rates: the core BU model calculates the cost of fixed termination up to 2015, while the mobile BU model calculates the cost of mobile termination up to 2020. The use of BU models therefore enable to set forward looking termination rates. This cannot be achieved using regulatory accounts as there is always a gap of approximately two years between the time cost are incurred and the time dominant operators submit their regulatory accounts.

d. Termination rates based on incremental costs: contrarily to regulatory accounts, BU models enable to identify the true incremental cost of providing the call termination service.

For the above reasons, the Authority is of the view that it is appropriate to put more weights on the BU model results than on the top down (‘TD’) regulatory accounts prepared by dominant operators for the purpose of setting call termination rates based on forward-looking incremental cost.”

The issue of consultation on BULRIC model is already addressed in point 2 above.

With regards to the European Commission Recommendation dated 7 May 2009 on regulatory treatment of Fixed and Mobile Termination Rates in the EU (Annex 4 of Omantel's Request), the TRA notes EC's Recommendation No. 2 when it states that *"It is recommended that the evaluation of efficient costs is based on current cost and the use of a bottom-up modelling approach using long-run incremental costs (LRIC) as the relevant cost methodology."* In this regard, the TRA Decision is fully in line with the said EC Recommendation.

Based on the above, no change is required in TRA's Decision except for the glide path as prescribed below:

- Till 30th June 2019: 10.0 baiza/min
- Till 30th June 2020: 8.0 baiza/min
- Till 30th June 2021: 6.0 baiza/min
- From 1st July 2021 onwards: 4.0 baiza/min

8. Mobile Call-by-Call Carrier Selection (C-MI 03) and Mobile Carrier Pre Selection (C-MI 04)

As per calculations based on TDLRIC model result submitted by Omantel, the mobile call origination charge was proposed as 12.52 bz/min. The TRA notes that this value included Royalty, which has not been calculated correctly. The TRA, therefore, recalculated Royalty for the Wholesale service, which yields resultant wholesale charge to be 10.54 bz/min. From technical point of view, the call origination service uses almost same network elements as for call termination, and thus call origination charge should be close to the call termination charge. Having said that, the TRA considers that there is currently lower traffic volumes for call origination as compared to the call termination, which justifies a higher charge for mobile call origination. The TRA, therefore, decides to set mobile origination service charge at 10.54 bz/min for one year to be reviewed using either its BULRIC model or both TD and BU LRIC models, whichever is considered fair and reasonable.

9. Monthly recurring charges for Wholesale Trunk Segment of Leased Line (C- FA I2) pages 40-44 of Annex

The TRA, in principle, accepts Omantel's argument that the cost of the international tail should account for Royalty and admin charge. At the same time, the TRA notes that Omantel, in Sub Annex C-FA 12 of its RAIO, is offering this service for the following destinations:

- Middle East - UAE, Kuwait, Qatar, Saudi Arabia, Bahrain, Iraq, Iran, Yemen
- Non Middle-East – Marseille, Paris, London, Frankfurt, New York, Karachi, Mumbai, Singapore, Hong Kong

However, Omantel has provided TRA the quotes for only two destinations i.e. Yemen (for STM1) and Islamabad (DS3 and STM1). The TRA further notes that Islamabad destination has not been offered in Omantel's RAIO. Considering the fact that B-Party charge will be different for each destination and will also be different for the same destination over the period, the TRA reassessed the issue and considers that in order to allow Omantel to add Royalty and admin charge to each B-Party charge and to provide certainty to Requesting Parties with respect to B-Party charges, the TRA decides to approve Omantel's own charge only (for both NRC and MRC) and Omantel is allowed to charge the Requesting Party for the B-Party charge, including Royalty and admin charge (i.e. factor of 1.16). In this regard, Omantel shall provide the quote of each requested destination to the Requesting Party for the

sake of transparency. As regards the NRC for this service, the TRA examined the detailed sub-tasks required for this service. Based on this detailed review, the TRA has also revised these charges.

The original and revised IPLC prices are provided below:

IPLC	Destination	STM1	DS3	E1
Original Decision (including B-Party Charge):				
NRC in OMR	Non-ME	7,087	5,309	3,531
	ME	7,087	5,309	3,531
MRC in OMR	Non-ME	31,730	16,250	3,866
	ME	40,043	22,177	5,205
Revised Decision (excluding B-Party Charge):				
NRC in OMR	Non-ME	3,241	3,241	3,241
	ME	3,241	3,241	3,241
MRC in OMR	Non-ME	27,110	13,555	2,711
	ME	13,555	6,777	1,355

10. Monthly recurring charges for IP International Bandwidth Capacity (C-FA 13) pages 44-46

The TRA notes that as per A&I Regulation, Omantel was obliged to provide supporting models and evidences for each proposed charge. However, Omantel failed to provide mapping of this service with its TDLRIC model (as mentioned in Section 2.4 of Annex 2 the Decision) despite requests from the TRA. Consequently, the TRA was left with no choice but to refer to other available sources in determining a reasonable and fair charge. The TRA also notes that Omantel has only proposed charges for STM-1 in its RAIO but not included higher and lower speeds along with the corresponding charge in its RAIO.

Having said this, the TRA accepts the arguments of Omantel that 10.51 OMR/Mbps and 16.96 OMR/Mbps were extracted from the model for the capacity of 10 GB and should not be applied to calculate the charges for each Mbps for STM1. The TRA agrees with Omantel and will apply these figures along with other references (i.e. existing agreements and benchmarks which are also for 10 GB capacities) for setting charge for 10 GB capacity charge. Recognizing Omantel's claim that the *"prevailing practice is that the bandwidth charge for each Mbps of STM 1 is usually more than four times the bandwidth charge for each Mbps of 10 Gbps"*, the TRA agrees to use this to estimate a cost ratio to apply to the price for 10 GB. Applying the value of 4 to the cost per Mbps of 8.64 OMR, the cost per Mbps for STM-1 links is 34.56 OMR/Mbps. Consequently, the cost for a STM-1 link shall then be 5,357 OMR/month (instead of earlier decided 1,338 OMR/month). Omantel shall propose charges for lower and higher bandwidths in its Final Draft RAIO along with rationale and justifications for TRA review and approval.

11. Monthly recurring charge per sqm for access to landing stations (C-FA 14 pages 47-48)

As indicated in TRA's Decision, *"The TRA included other costs (electricity, water, cleaning, etc.) that had not been considered by Omantel by relying on the information provided by Omantel for the Earth Station."* The overhead costs for the Landing Station were estimated based on the contracts provided for the Earth Station, proportionally to the areas of both buildings indicated by Omantel. Thus, these costs were already accounted for and Omantel's claim is not justified.

Moreover, the overhead factor proposed by Omantel was not justified by Omantel, which was corrected by the TRA, as provided in its Decision.

Based on the above, no change is required in TRA's Decision as such.

12. International Outgoing Transit (C-FI 05) page 56 and Voice Call Charges – International Calls (C-FA 05) page 23

As per TRA's Decision, "Omantel is expected to explain in its reference offer how the international leg charges and termination party charges will be determined and justified to the Requesting Party.", which does not exclude the possibility of including the royalty fee within the terminating party fees.

Based on the above, no change is required in TRA's Decision.

13. National Roaming C- MA 01

Considering the limitation indicated by Omantel for not being able to differentiate between retail and corporate calls for national roaming, the TRA allows Omantel to charge average minus of 25.50 % for both segments.

14. Establishment of a Point of Interconnection (C-FI 01 – C-MI 01)

The TRA examined the detailed sub-tasks involved in establishing the PoIs. Based on the time required for these tasks and applying the relevant man-hour rate, the TRA accepted Omantel's proposed charges for these services.

15. Fixed Call Termination Service (International Calls) (C-FI 09) and Mobile Call Termination Service (International Calls):

The charge for termination of international originated calls is required to be cost-oriented as per Annex 3.1 and 3.2 of the A&I Regulation. Consequently, Omantel's proposal is contrary to the provisions of the A&I Regulation. In addition, there is no valid reason to artificially increase the price of this service as bringing an international incoming call to Oman using Omantel IGW is not part of this service. The TRA does not agree with Omantel's claim on loss for the Omani economy, as the other Omani licensed operator bringing the call to the country would still bill the price of an international call to the international operator.

Nevertheless, the TRA decides to review the international termination rates through a separate study within 12 months of this decision. Till that time, the charges for termination of international incoming traffic by Omani IGW licensees on local mobile network will be 10 bz/min and for fixed network the following charges will apply:

Tandem count	Bz/min
Single	2.31
Double	2.36
Long	2.55

16. Prepaid calling cards access - Type 1

The TRA earlier used Omantel's prepaid calling card (Jibreen) in calculating the average retail price of 25 baiza/min. However, it has been learnt that Omantel is no longer providing this service at

retail level. Resultantly, the TRA defers the pricing of this service until the launch of such service by Omantel.

17. Fixed Carrier Pre Selection change fee per subscriber (C-FI 03)

TRA carried out a detailed examination and review of the detailed sub-tasks required to provide this service. Based on this review, TRA observed that Omantel would need 2-3 hours' time to perform the sub-tasks involved in provision of this wholesale service. Therefore, based on the average man-hour rate, the TRA agreed to allow Omantel its proposed charge of RO 72.

(B) Non-price Terms

1. Fiber Optic Service was added to Reference Offer services without taking into account that the Fiber Optic Service is a brand new investment and it is not part of the Access and Interconnection Regulation (A&I Regulation) (points 117, 130,150, 188 & 202).

With regards to Market 13 (Wholesale broadband access at a fixed location), the TRA in its Response Report on MDD Consultation dated 10th June 2013 stated that *"The market is defined in terms of substitutability, not technical capabilities"*. Similarly, while defining Market 14 (Wholesale terminating segments of leased lines) the MDD Decision states that *"The services may comprise any bandwidth using any transmission medium..."*

Omantel's argument that fiber optic service is not part of A&I Regulation is not correct. Nothing in the A&I Regulation limits these services to copper only. Specifically, the definitions of these services (included in Annex 3.3 of the Regulation) do not refer to any technology, be it copper or fiber.

The TRA further notes that it is not uncommon in the Arab Region to include fiber in this market definition. For instance, CITC in Saudi Arabia in its "Market Definition, Designation and Dominance (MDDD) Report" issued in October 2017² explicitly states that Wholesale Broadband Access market "include line sharing services, virtual unbundling (VULA) and self-supply of broadband services over fiber, DSL, WiMAX or (fixed) LTE technology." Similarly CRA Qatar³ also defines "Access to broadband services at fixed locations" as a single (technology neutral) product market for wholesale broadband access services at a fixed location. TRC Jordan in its "Regulatory Decision on the Fixed Broadband Markets Review" issued on 14th July 2010 included xDSL, fixed broadband wireless access and fiber-to-the-home in the definition of "Wholesale Broadband Access market". The TRA further notes that Bahrain's incumbent operator Batelco under its RIO⁴ is offering Bitstream Service on copper as well as fiber.

Without prejudice to the above, the TRA acknowledges that Omantel's investment in fiber is relatively new and providing regulatory holidays on the same is not uncommon in other countries. The TRA also considers the fiber deployment of Oman Broadband Company, which is currently focused in Muscat area. The TRA thus may consider reassessing the geographical scope of these markets in the future. The TRA therefore, defers the regulation of access to dominant operators' fiber network until the TRA completes its next market review where the issue will be determined in consultation with all stakeholders.

² See <http://www.citc.gov.sa/en/reportsandstudies/Reports/Documents/PL-SP-317-E-Market%20Definition%20Designation%20and%20Dominance%20Report.pdf>

³ See <http://www.cra.gov.qa/sites/default/files/MDDD%202016%20Consultations%20Responses%20and%20Orders%202015%20-2016.pdf>

⁴ See <http://batelco.com/reference/20161017-sch-1-2-12-service-description-bitstream.pdf>

Call Detail Record (CDR) charges (point 36)

Omantel has not understood the Decision correctly. The Decision in fact allows Omantel to charge for CDR in case of billing dispute (even for less than three months). For cases, other than billing disputes, the other party has to pay for CDRs if it requests more than three months' CDR. This is in line with Batelco RIO⁵ and should address the concerns highlighted by Omantel i.e. it will encourage billing disputes from other parties. As noted in the Decision (Point 36 of Annex 1 of the Decision on Omantel RAIO), Omantel was asked by the TRA to clarify what supporting information it shall provide with the invoice to enable the other party to validate the invoice. However, Omantel failed to provide such details and only argued that the details of the information in the invoice will vary from service to service.

During the consultation, TeO and Renna proposed that there should be no charges for CDR from Omantel since it also involves time and efforts invested by the other party to reconcile the CDR. This point is further strengthened by Ooredoo which agreed to provide CDR with each invoice free of cost (See Point 13 of Annex 1 of the Decision on Ooredoo RAIO) and will only charge for CDR in case of billing dispute.

Omantel failed to indicate that provision of CDRs without charge violates which principle of the A&I Regulation. In fact, Annex 1 of the Regulation clearly stipulates that *"The RAIO shall establish procedures for the collection, recording, exchange and retention of CDR data"* without specifying any charge. The onus of proof that the proposed charges are reasonable is on Omantel which failed to provide any supporting calculation and evidence despite requests from the TRA. As provided in the Decision, the TRA is willing to review the charges if Omantel duly justifies its charges to the TRA at later stage.

Based on the above, no change is required in TRA's Decision as such.

2. Billing accuracy increased from 90% to 99% (point 41) :

Omantel has misread the RIO of STC (Annex 7 of Omantel Request) and RIO of Ooredoo Qatar (Annex 8 of Omantel Request). The 97% is not mentioned anywhere in either STC RIO or Ooredoo Qatar RIO. In fact this is Omantel's own calculations wrongly claimed to be billing accuracy. STC RIO states (See Clause 2.7.2 of Annex 7 of Omantel Request) that no billing reconciliation is required to be conducted if the discrepancy between Interconnection Usage Report supplied by the billing party and generated by the billed party is less than 3% or a monetary value of less than SAR 40,000. This is similar in Ooredoo Qatar RIO which defines "Tolerable Discrepancy" to be up to 3% of total invoice amount or monetary value of less than QR 100,000 (see Page 51 of Annex 8 of Omantel Request). Omantel wrongly used this discrepancy limit to calculate billing accuracy of 97% i.e. 100% - 3%.

The TRA notes that Omantel, in clause 6.8 of Annex B of its Second Draft RAIO, has proposed this discrepancy limit to be 0.5% or less which the TRA has not directed Omantel to change. Considering Omantel's own arguments its billing accuracy should be set at 99.5% (100% - 0.5%).

The TRA also notes that Omantel under Annex C of its license is required to ensure that retail billing complaints should be less than 10 per 1,000 bills (i.e. billing accuracy target is 99%) for First Year, less than 8 per 1,000 bills (i.e. billing accuracy target is 99.2%) for Second Year, less than 6 per 1,000 bills (i.e. billing accuracy target is 99.4%) for Third Year, 99.6% for Fourth Year and less than 1.5 per 1,000 bills (i.e. billing accuracy target is 99.85%) for Fifth Year. As Omantel, under its license granted in 2004, is operating in Oman for the past almost 15 years, the target of 99.85% is applicable. In this context, the billing accuracy of 99% for wholesale services is reasonable and thus Omantel's arguments are not considered valid.

⁵ See <http://batelco.com/reference/20161017-sch-4-ro-billing-and-collection.pdf>

Based on the above, no change is required in TRA's Decision as such.

3. Remedy measures requested by the Party not in breach - removal of the words "per day" (point 23):

Considering Omantel's clarifications, the TRA agrees to allow the words "per day" to be inserted in order to correct an error in the Draft RAIO.

4. Late payment interest rate was amended from 0.045% to 0.03% per day (point 42):

The TRA considered Omantel's request to allow them a return on its delayed payments equivalent to the WACC. Therefore, the late payment interest rate shall be amended to 0.035% per day to allow Omantel to earn interest on late payment of its dues.

5. Renewal / extension of contracts should be on a rolling monthly basis:

Omantel has argued that in order to provide wholesale services, it usually enters into contract with third parties and vendors. Therefore, to limit its exposure to such financial obligations, timely termination notice from the Requesting party is essential. The TRA agrees that in case of no notice from the requesting parties, the contract shall be renewed for the same initial period or on yearly basis, whichever is shorter, instead of monthly basis.

6. TRA has ruled out the Early Termination Fee:

Omantel has argued that the parties should treat the service contracts as serious obligation. Since Omantel shall be allocating resources to provide services to the requesting parties, which can cause loss to Omantel in case of un-planned service termination and non-utilization of allocated resources. Considering Omantel's concerns, the TRA allows that in case of early termination, the requesting parties shall be required to pay full dues for the remaining period of the contract.

7. Contract terms revised downwards from 3 years to 1 year

For references of Turkey (Annex 9 of Omantel Request) and Romania (Annex 10 of Omantel Request), documents were neither submitted in Arabic nor English language. Hence, these have not been considered by the TRA. As indicated in point (7) above, Qatar which has been quoted by Omantel (Annex 8 of Omantel Request) has minimum contract period of only 3 months as against 3 years proposed by Omantel. In Bahrain⁶, the minimum contract period is 12 months as against 3 years proposed by Omantel.

Omantel's claim, that limiting the contract period has an impact on Omantel's costs which has been taken account of in the pricing of the RAIO services affected, is not considered valid as Omantel failed to substantiate such impacts on Omantel's costs.

Based on the above, no change is required in TRA's Decision as such.

8. Co-location includes those "buildings used/occupied by Omantel" (point 96)

The TRA is of the view that Omantel has not correctly understood the Decision. The concern highlighted by Omantel has already been addressed by the TRA in the explanation section of the Decision, which states:

⁶ See [http://batelco.com/reference/20161017-sch-1-2-16-service-description-\(wla\).pdf](http://batelco.com/reference/20161017-sch-1-2-16-service-description-(wla).pdf) and [http://batelco.com/reference/20161004-sch-1-2-17-service-description-wholesale-data-connection-service-\(wdc\).pdf](http://batelco.com/reference/20161004-sch-1-2-17-service-description-wholesale-data-connection-service-(wdc).pdf)

“However, where the building is not owned by Omantel, the RAIO can stipulate that collocation shall be offered where this is not expressly prohibited by Omantel’s lease or contract and where such restriction cannot be reasonably waived by the owner of the building.”

With regards to Article 6 of the A&I Regulation as referred by Omantel, the TRA notes that it is a general provision of the Regulation. However, Omantel's obligations with regards to each regulated service which it must include in its RAIO are set out in the Service Annexes (and those parts of the Regulation which refer to the provision of Regulated A&I Services). Service Annex 3 of the A&I Regulation defines collocation as *“A Fixed Wholesale Access Service where accommodation in the Providing Party’s operation building is rented to the Requesting Party to permit the installation and operation of the Requesting Party’s network equipment required in conjunction with an associated point of interconnection or point of access.”* As such, this is not limited to buildings which Omantel owns.

Based on the above, no change is required in TRA’s Decision as such.

9. VOIP allowed on International bandwidth (point 241)

Omantel’s claim that offering voice over data is contrary to the Telecoms Act and TRA Decision 34/2012 is baseless as nothing in the Telecoms Act and TRA Decision 34/2012 prohibits provision of such service.

It is noted that whoever will use VoIP will be subject to having the right license authorizing him to conduct such activity. Based on the above, no change is required in TRA’s Decision as such.

10. TRA objects to the fact that the Network is defined as 2G, 3G, 4G and requires Omantel to amend the text so that it applies to all future technologies (point 365)

Omantel’s arguments are not accepted as these are contrary to the A&I Regulation, which states under Article 3 of Section Second of Annex 3.4:

“National Roaming Services shall cover all networks (2G, 3G, 4G etc.) that the Providing Party and the Requesting Party are licensed to operate at the time of the agreement.”

This is also in line with the general principle of technology neutrality and reflects TRA’s concern (as per the MDD) that the mobile market is not effectively competitive. Without offering access to all networks, roaming parties could be at a disadvantage to the network operators. Nevertheless, Omantel may approach the TRA upon introducing future technologies and the TRA will decide the matter accordingly.

11. Removal of penalty on the Requesting Party for not placing orders in line with their committed forecast (point 465)

The TRA notes that Schedule 4 of Batelco RIO (Annex 11 of Omantel Request) states:

“If either party (Defaulting Party) places Capacity Orders on the other party for less than the minimum Capacity specified in the Forecast under the Joint Working Manual, then the Defaulting Party shall pay to the other party not later than 30 Working Days from the date of the Capacity Order, the underutilization charges calculated in accordance with paragraph 5.2.”

“Underutilization charges are calculated in accordance with the following formula:

$$A = ((80\% \times B) - C) \times D$$

Where:

A is the underutilization charge payable;

B is the aggregate Capacity provision (in units of 2 Mbit/s Capacity) specified in the relevant Advance Capacity Order; C is the Capacity (in units of 2 Mbit/s Capacity) ordered not including cancellations of Capacity Orders; and D is thirty-five per cent. (35%) of the installation Charge for the relevant Interconnect Links as listed in Schedule 3 of these Supply Terms.”

Considering the possibility that Omantel may incur any costs on the basis of forecasts, the TRA agrees to allow Omantel to charge underutilization charges for capacity orders only, using the above formula with 40% instead of 35% figure. For services other than capacity, the TRA also agrees to allow Omantel to recover such costs if Requesting Party’s actual numbers are less than 80% of the forecasted numbers in line with practice in Qatar and Jordan. Therefore, for services other than capacity, Omantel may add below text in its RAIO:

“Where Requesting Party’s actual numbers are less than 80% of the forecasted numbers and if Omantel, based on such forecasts, has purchased any equipment or facilities that cannot be reasonably used elsewhere within the network then the Requesting Party may be obliged to pay all objectively incurred costs that have been incurred by Omantel provided Omantel shall substantiate all such costs on request.”

12. Most of these services are new services but TRA is imposing KPIs of 80% and 90% from second year on Omantel

Omantel’s arguments are not valid. Firstly, Omantel has not supported its proposed KPI of 70% with any objective evidence. Secondly, the TRA also allows in its Decision (See explanation section under Point 469 of Annex 1 of Decision on Omantel RAIO) that *“If for any reason Omantel is not in a position to meet that target, it should apply to the TRA with evidence and reasons, no later than two months before the implementation of the new figure.”* Thirdly, the TRA while setting KPI of 80% and 90% also stipulates (See Point 469 of Annex 1 of Decision on Omantel RAIO) that *“For the avoidance of doubt, this figure will be subject to the Requesting Party having fully cooperated with Omantel and that no delays have been caused by factors outside Omantel’s control.”* Fourthly, despite demand from the industry, the TRA has not yet introduced the penalty on Omantel for failing to meet these KPIs (See Point 468 of Annex 1 of Decision on Omantel RAIO). Fifthly, as indicated above, for services, which exceed the forecasted amount, Omantel shall not be subject to stipulated delivery times (See Point 465 of Annex 1 of Decision on Omantel RAIO).

Based on the above, no change is required in TRA’s Decision as such.

13. Unreasonable and arbitrary reductions are proposed in delivery timelines in Annex 1.1 and Table 1.1

The TRA agrees to amend the service delivery timelines as provided in the table below, which TRA may review later based on actual execution experience:

Item	A&I Service	RAIO Reference	TRA Decision
------	-------------	----------------	--------------

General

Existing services

1	Issue Order Acknowledgement (OA) to Requesting Party	Clause 3.1, Annex H	2 working days after receiving Submitted Order (SO)
2	Issue Delivery Order Offer (DOO) to the Requesting Party	Clause 3.5, Annex H	5 working days after OA.
3	Issue Request Acknowledgement (RA) to Requesting Party	Clause 4.1, Annex H	2 working days after receiving request
4	Specify additional information needs to process request	Clause 4.2, Annex H	2 weeks after sending RA
5	Issue Notification of Delivery (ND)	Clause 5.3, Annex H	3 working days after delivering and testing the service
6	Issue Notification of non-compliance of delivery (NCD)	Clause 5.4, Annex H	3 working days after expiry of Delivery Due Date (DDD) or ND
7	Correct the delivery in case of receipt of a NCD	Clause 5.6, Annex H	7 working days

Fixed Access Services

Wholesale Network Infrastructure Access at a Fixed Location

8	Local Loop Unbundling (LLU)	Clause 6.1, Sub Annex C FA 01	Connectivity between Omantel MSAN and Requesting Party MSAN in 45 working days
		Clause 6.3, Sub Annex C FA 01	Local Loop order in 30 working days
9	Local Loop Unbundling (Line Sharing)	Clause 6.2, Sub Annex C FA 02	see LLU above - Connectivity between Omantel MSAN and Requesting Party DSLAM in 45 working days
		Clause 6.4, Sub Annex C FA 02	Local Loop order in 30 working days
10	Sub-loop Unbundling	Clause 6.2, Sub Annex C FA 03	see LLU above - Connectivity between Requesting Party MSAN and Omantel Cabinet in 45 working days
		Clause 6.4, Sub Annex C FA 03	Local Loop order in 30 working days
11	Co-location	Clause 3.17, Sub Annex C FA 04	Allow Requesting Party access/visit to Omantel Premise: 7 working days
		Clause 5.2, Sub Annex C FA 04	Service delivery: 25-70 working days

Wholesale Broadband Access (WBA) at a Fixed Location

12	Wholesale Line Rental (WLR)	Clause 7.3, Sub Annex C FA 05	30 working days
13	Bitstream Layer 2	Clause 6.2.1, Sub Annex C FA 06	Backbone capacity and network connectivity: 3 months
		Clause 6.2.3, Sub Annex C FA 06	Connectivity to each customer: 30 working days
14	Bitstream Layer 3	Clause 6.2, Sub Annex C FA 07	Backbone capacity and network connectivity: 3 months
		Clause 6.4, Sub Annex C FA 07	Connectivity to each customer: 30 working days
15	Wholesale Transmission	Clause 6.2, Sub Annex C FA 08	45 working days
16	Broadband Resale Service	Clause 7.1.2, Sub Annex C FA 09	30 working days

Wholesale Leased Lines

17	Wholesale Terminating Segments of Leased Lines	Clause 6.3, Sub Annex C FA 10	30 working days
18	Wholesale Trunk Segments of Leased Lines - National	Clause 6.2, Sub Annex C FA 11	30 working days
19	Wholesale Trunk Segments of Leased Lines - IPLC	Clause 6.3, Sub Annex C FA 12	60 working days

Wholesale IP international bandwidth capacity

20	Wholesale IP International Bandwidth Capacity	Clause 6.2, Sub Annex C FA 13	3 months
21	Access to Landing Stations	Clause 3.19, Sub Annex C FA 14	Allow RP Access/visit to Omantel Premise: 7 working days
		Clause 5.2, Sub Annex C FA 14	Service delivery: 70 working days
		Clause 5.7.1, Sub Annex C FA 14	Cable pulling between lead-in and colocation space: 70 working days
22	Access to Earth Stations	Clause 5.2, Sub Annex C FA 15	Service delivery: 70 working days
		Clause 5.7.1, Sub Annex C FA 15	Cable pulling between lead-in and colocation space: 70 working days
23	Access to Data Centers	Clause 5.2, Sub Annex C FA 16	Service delivery: 70 working days
		Clause 5.7.1, Sub Annex C FA 16	Cable pulling between lead-in and colocation space: 70 working days

Fixed Interconnection Services

Fixed ancillary services

24	Fixed ancillary services	Clause 3.6.3, Sub Annex C FI 01	New POI: 34-75 working days.
		Clause 4.3.2, Sub Annex C FI 01	Port capacity at existing POI: 25-70 working days
		Clause 5.3.2, Sub Annex C FI 01	Basic Block and Expansion Co-Location: 30-60 working days

Fixed Call Origination

25	Call Origination – Call by Call Selection (“CCS”)	Clause 5.6, Sub Annex C FI 02	System preparation: 34-75 working days; Delivery date is subject to technical feasibility. Route Link Expansion: 30 working days
26	Call Origination - Carrier Pre-Selection (“CPS”)	Clause 6.6, Sub Annex C FI 03	System preparation: 34-75 working days
		Clause 6.8, Sub Annex C FI 03	Customer activation: 14-30 working days
27	Call Origination for Non-Geographic Calls	Clause 5.1, Sub Annex C FI 04	30-70 working days
28	Outgoing International Calls	Clause 5.1, Sub Annex C FI 05	30-70 working days
29	Calls to Special Services Fixed	Clause 6.1, Sub Annex C FI 06	30-70 working days
30	Pre-paid Calling Card Access Type 1	Clause 5.6, Sub Annex C FI 07	30-45 working days
31	Pre-paid Calling Card Access Type 2	Clause 5.6, Sub Annex C FI 08	30-45 working days

Fixed Call Termination

32	Call Termination	Clause 6.1, Sub Annex C FI 09	30-70 working days
----	------------------	-------------------------------	--------------------

Fixed Call Transit

33	Fixed Call Transit	Clause 5.1, Sub Annex C FI 10	30-70 working days
----	--------------------	-------------------------------	--------------------

Mobile Access Services**National Roaming Services**

34	National Roaming Services	Clause 10.1, Sub Annex C MA 01	To be negotiated by parties or otherwise directed by TRA
----	---------------------------	--------------------------------	--

Mobile Access Services

35	Mobile Access Services	Sub Annex C MA 02	To be negotiated by parties or otherwise directed by TRA
----	------------------------	-------------------	--

Mobile Interconnection Services**Mobile Ancillary Services**

36	Mobile ancillary services	Clause 3.3.2, Sub Annex C MI 01	New POI: 34-75 working days
		Clause 4.3.2, Sub Annex C MI 01	Port capacity at existing POI: 25-70 working days
		Clause 5.3.3, Sub Annex C MI 01	Basic Block and Expansion Co-Location: 30-60 working days

Mobile Termination

37	Mobile call termination	Clause 5.1, Sub Annex C MI 02	30-70 working days
38	SMS and MMS Termination	Clause 6.1, Sub Annex C MI 03	40-70 working days

Mobile Origination

39	Call Origination – Call by Call Selection (“CCS”)	Clause 5.6, Sub Annex C MI 04	System preparation: 34-75 working days; Delivery date is subject to technical feasibility. Route Link Expansion: 30 working days
40	Call Origination - Carrier Pre-Selection (“CPS”)	Clause 6.6, Sub Annex C MI 05	System preparation: 34-75 working days
		Clause 6.8, Sub Annex C MI 05	Customer activation: 14-30 working days