

No. : TRA/ECON/177/ 4422 /2008

Date: June 23, 2008

***Subject: Omantel Tariff Rebalancing Proposal 2008***

This has reference to Omantel Revised Tariff Rebalancing Proposal 2008 submitted to TRA under reference No: Omantel/CEO/1/24/431/2008 dated 14<sup>th</sup> June 2008.

The TRA has examined the proposal along with the submissions of Omantel related to Price-cap calculations, ADC calculations and Omantel license conditions, related regulations, and Omantel clarifications provided through meetings. The TRA has observed that:

- (i) Current price structure of Omantel is complex and it may not be sustainable in the competitive environment,
- (ii) There is quite a large amount of Access Deficit, which needs to be eliminated gradually to make the access services sustainable without cross subsidy,
- (iii) There is an urgent need of tariff rebalancing in the context of imminent fixed-line market opening in near future.
- (iv) The TRA, in principle, does not support ADC mechanism because of its inherent drawbacks yet without prejudice to its position, TRA realizes that full rebalancing in one step would invite serious social implications; therefore, other measures including ADC mechanism for a short period of time may be needed to supplement the rebalancing process.

The TRA, therefore, approves the proposal as outlined in the attached Annexes. This approval is without prejudice to the commitments of the Sultanate under WTO and the FTA with the USA and any future similar agreement. Further, this approval is subject to the following conditions:

- (i) The proposed ADC will not be admissible to the fixed-line access provider(s) beyond 2011. In case the Access deficit stands eliminated at an earlier date, the TRA may disallow any ADC earlier than this date.

- (ii) The ADC of 13.5 Bz per min is provisional and subject to verification of Access lines data and Access cost. The operators would be required to adjust their claims based on a true-up exercise at the end of each year.
- (iii) Omantel will make necessary arrangements to ensure timely availability of relevant data for verification of ADC.
- (iv) Omantel will offer at least one package with ADSL bundle service on the effective date.
- (v) Omantel will carry out a mass public awareness campaign in order to educate the public regarding its compulsion for rebalancing plan and features of the new tariff structure.

**Annex-1**

**Revised Tariffs  
Line Rental, National and International Call Rates, and ADSL**

**Table-1: Line Rental Packages**

| Revised Tariff (Fixed to Fixed) |              |              |                                  |                                      | Fixed to Mobile        |
|---------------------------------|--------------|--------------|----------------------------------|--------------------------------------|------------------------|
| Options                         | Monthly Rent | Free Minutes | Price Thereafter (Bz/min) (Peak) | Price Thereafter (Bz/min) (off-Peak) | Price Anytime (Bz/min) |
| Slab 1                          | 4.9          | 75           | 15                               | 7.5                                  | 33                     |
| Slab 2                          | 7.9          | 300          | 15                               | 7.5                                  | 33                     |
| Slab 3                          | 9.9          | 450          | 15                               | 7.5                                  | 33                     |
| Prepaid                         | 4.0          | 0            | 20                               | 10                                   | 40                     |

The following charging principle will be applied.

- 1) Free minutes will be only applicable to Omantel on-net calls.
- 2) Minimum charges will be 15 Bz for Post-paid and 20 bz for pre-paid.
- 3) Off-peak rates apply from 2200 hrs to 0600 hrs each day.
- 4) Payphone and pre-paid Jibreen /Sahl services will be rated as per pre-paid call charges.

**Table-2: International Call Rates**

| <b>Group Description</b> | <b>(Bz/min)Tariff Peak</b> | <b>Tariff off-peak (Bz/min)</b> |
|--------------------------|----------------------------|---------------------------------|
| Group 1                  | 170                        | 120                             |
| Group 2 (UAE)            | 170                        | 105                             |
| Group 3                  | 200                        | 175                             |
| Group 4                  | 225                        | 190                             |
| Group 5                  | 250                        | 200                             |
| Group 6                  | 300                        | 235                             |
| Group 7                  | 350                        | 300                             |
| Group 8                  | 425                        | 350                             |

**Notes:**

**For post paid calls**

- 1) Minimum charge is for one minute
- 2) Calls are charged at 30 second increments i.e. after the first minute
- 3) Off-peak rates are applicable on Fridays and National Commercial Holidays.

**For Prepaid Calls**

- 4) Calls are charged at 15% premium to postpaid rates
- 5) Calls are charged in units of 15 seconds.

**For Payphones (Al Multaqa)**

- 6) Calls are charged at 15% premium to postpaid
- 7) Calls are charged in units of 25Bz.  
These 25Bz units are determined based on the per minute rates and call duration

**Table-3: Fixed Line / ADSL Bundle Offer**

| ADSL / Fixed Line Bundle | Proposed Bundle Price | Free Minutes |
|--------------------------|-----------------------|--------------|
| 512 / Pack 1             | 16                    | 75           |
| 512 / Pack 2             | 18.5                  | 300          |
| 512 / Pack 3             | 20                    | 450          |
| 1 MB / Pack 1            | 21.5                  | 75           |
| 1 MB / Pack 2            | 24.5                  | 300          |
| 1 MB / Pack 3            | 26.5                  | 450          |
| 2 MB / Pack 1            | 31.5                  | 75           |
| 2 MB / Pack 2            | 34.5                  | 300          |
| 2 MB / Pack 3            | 36.5                  | 450          |
| 4 MB / Pack 1            | 41.5                  | 75           |
| 4 MB / Pack 2            | 44.5                  | 300          |
| 4 MB / Pack 3            | 46.5                  | 450          |

- 1) The above bundle would include free minutes as provided in Table 1.
- 2) Fixed line +ADSL bundle will be applicable only to fixed line post-paid residential subscribers.
- 3) Existing installation charges of RO 10 and reconnection charges of RO 5 shall be applicable.
- 5) Upgrade to higher slabs is free of cost. Downgrade will be charged at RO 5.
- 5) Existing Internet usage charges apply.