



WITHOUT PREJUDICE

To,
Advisor (Network, Spectrum & Licensing), TRAI
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg,
(Old Minto Road), New Delhi-110002

Kind attention: Shri Arvind Kumar, Advisor (NSL)

No. Regln/1-4/2011-13/ 54

Dated: 8th Jan, 2015

Sir,

Sub:- Comments of BSNL as regard to TRAI's consultation paper on "Interconnection usage Charges"

Kindly refer to the Consultation paper No.13/2014 dated 19-11-2014 on the above mentioned subject. Response/ Comments of BSNL to this consultation paper and participation in consultation is without prejudice to its stand that the issuance of the consultation paper is in teeth of pendency of the Civil Appeal No. 271-281 of 2011 in the Hon'ble Supreme Court of India.

It is pointed that TRAI had earlier sought permission from Hon'ble Supreme Court of India for notifying the regulation, the same was declined by Hon'ble Supreme Court of India. The issue of IUC charges is sub-judice before the Hon'ble Supreme Court of India. Therefore, any action from TRAI, without seeking permission from Hon'ble Supreme Court of India would amount to overreaching the orders/ directions of the Hon'ble Supreme Court of India. The action of TRAI in issuing consultation paper on IUC dated 19-11-2014 or any IUC Regulation is in contravention of the Hon'ble Supreme Court of India's orders/ Directions.

BSNL therefore reserves its right to take appropriate legal remedies on the subject matter including on this consultation paper:-

Q. N.	BSNL's comments:-
1	Bill and Keep approach for Mobile Termination Charge and Cost oriented or cost based approach for Fixed Termination Charge.
2	Cost based termination charge is the best way to factor the cost of service in the tariff. However, there a need to give a glide path towards Bill and Keep for Mobile Termination Charge.
3	Written Down Value (WDV) method of depreciation should be used for the network elements.
4	Yes, we agree that existing rate of return of around 15% in the form of pre tax WACC as adopted in other Regulations by TRAI should be continued.
5	Fully Allocated Cost (FAC) method would be appropriate for prescribing Mobile Termination Charge and Fixed Termination Charge.
6	Yes. Historical cost data submitted by service providers in Accounting Separation Reports (ASRs), Annual Reports/published documents or other reports submitted to TRAI would be appropriate to calculate IUC.
7	The IUC charges may be considered separately for both Mobile and Landline services. Presently, BSNL is maintaining around 18 million working DELs in its wire-line network The OPEX incurred on maintaining landline service is considerably higher in comparison to other network viz GSM, CDMA etc. The OPEX for the landline network is mainly due to expenditure on maintenance of switching equipment, transmission equipment & media, power, fuel, infrastructure, subscriber's lines (u/g cable & overhead lines) and subscriber instrument including the salary of the

