



**TELIKOM PNG**  
*Always there!*

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6 September 2019

Our Ref:

Charles Punaha  
Chief Executive Officer  
NICTA

By Hand/Mail

Dear Mr Punaha

**Subject: Draft Determination on Pricing Principles for Wholesale Broadband Capacity Services and International Submarine Cable Services.**

Telikom PNG Limited (hereafter, Telikom) appreciates the opportunity to comment on the draft NICTA determination on Wholesale Pricing Principles for broadband capacity services and international submarine cable services.

While Telikom generally accepts in principle the legislative requirements to set pricing principles for declared wholesale services hence NICTA's consultation paper, Telikom has some concerns regarding the draft determination or parts of its content.

#### **Domestic Optical Fiber Services**

Telikom was signatory to the Kumul Telikom Holdings Limited submission to the NICTA public enquiry on the declaration of certain wholesale services in 2018 which proposed that the Domestic Optical Fibre Cable Services (DOFCS) to be not declared and that declaration will result in a level of regulatory complexity that may not be managed.

The resulting Ministerial Declaration 2 of 18 February 2019 does not appear to clearly differentiate between DOFC since DOFCS in built up areas such as cities, suburbs and towns that can be provided as a retail service even as a last mile Fiber To The Home/Premises service. The declaration as clarified by its clause 5(2)(b) makes a blanket approval of DOFCS as a wholesale service all the way from the Point of Interconnection at the submarine optical fiber cable launch/landing station to the Customer Premises Equipment. A consequence among possible others of such blanket approval is for end users of the service to demand connection at wholesale prices regardless of the cost to the access-seeking retail services operator or

alternatively seek to connect directly to the submarine optical fiber cable services provider at wholesale prices. Telikom requests that before the draft determination is finalized, NICTA is requested to further consult with Telikom on the details of the DOFCS and its elements to ascertain the demarcation.

### **Costing Methodology**

While Telikom understands the need for the pricing principles to include the use of costing methodology and NICTA's preference over a particular methodology, NICTA needs to take into account the organizational and commercial arrangements that may affect the characteristics of the cost elements hence evaluation of the costs upon which any wholesale price is to be offered by the parties. Telikom is encouraged that under the draft pricing principles both access seekers and access providers are given the opportunity to present their costs based on their preferred costing methodologies however NICTA's '*without limitation*' condition (Clause 5(2) of both determinations in Annexes A and B) appears to prejudice the outcome in favor of NICTA's preferred costing methodologies including its assumptions. Telikom prefers the removal of this precondition and allow the merits of the parties' technical costing analysis dictate the outcome.

### **Indicative Prices**

Telikom considers that the indicative prices for APNG2 and PPC1 specified in Schedule 1 of Annex A of the Draft Determination for Submarine Cable Services does not reflect the current pricing structures. Telikom believes that the lower and higher ends of the said indicative prices range should be much lower and therefore requests that NICTA shares with Telikom details of how this indicative price ranges were reached including any assumptions upon which it depended on so that we can comment further on the prices.

Please note that the brevity of this submission must not be taken to mean that Telikom agrees totally with every single provision of the draft determination and does not have any further reaction on same or related comments at a later date to same or the subject matter.

Please contact the undersigned or Mr. Noel Kera, Head of Legal & Regulatory Services on 3004161 or email: [noel.kera@kthl.com.pg](mailto:noel.kera@kthl.com.pg) for any further deliberations.

Yours sincerely



**Xavier Victor**  
Chief Executive Officer  
Telikom PNG Limited