



**PAKISTAN TELECOMMUNICATION AUTHORITY**  
**HEADQUARTERS, F-5/1 ISLAMABAD**  
<http://www.pta.gov.pk>

**Re:**  
**Pakistan Telecommunication Company Limited (PTCL)**

**Enforcement Order under Section 23 of the Pakistan Telecommunication (Re-organization) Act, 1996**

**File No.14-598/L&A/PTA/2010**

Date of Issuance of Show Cause Notice: 4<sup>th</sup> February, 2010  
Date of Hearing: 24<sup>th</sup> August, 2010  
Venue of Hearing: PTA HQs, Islamabad

**The Authority Present:**

Dr. Mohammed Yaseen:	Chairman
S. Nasrul Karim A. Ghaznavi:	Member (Finance)
Dr. Khawar Siddique Khokhar:	Member (Technical)

**The Issue:**

**“Failure to meet or exceed QoS standards as laid down in the license and KPIs”**

**Decision of the Authority**

**Brief Facts:**

1.1. **Pakistan Telecommunication Company Limited** (the “licensee”) is a public limited company incorporated under the Companies Ordinance, 1984, in the light of sub-section (1) of section 34 of the Act and is engaged in the business of operating telecommunication system and provision of telecommunication services pursuant to non-exclusive and integrated license No. PTA/M (T)-01/A dated 15<sup>th</sup> April, 1997 which was modified on 13<sup>th</sup> June 2006 (the “license”) issued by Pakistan Telecommunication Authority (the “Authority”) to establish, maintain & operate telecommunication system and to provide telecommunication services in Pakistan other than AJK and Northern Areas on the terms and condition contained in the license.

1.2. the licensee is obliged to comply with the provisions of prevailing regulatory laws comprising the Act, the Pakistan Telecommunication Rules, 2000 (the “Rules”) the Pakistan Telecommunication Authority (Functions & Powers) Regulations, 2006 (the “Regulations”) and the terms and conditions of the license.

1.3. vide clause 8.1 of Appendix-B of the Rules and clause 23.1 of the license, the licensee is required to comply with all orders, determinations, directions and decisions of the Authority made or issued by the Authority in accordance with its powers under the Act, the Rules and the Regulations.

1.4. vide clause (b) of sub-section (2) of Section 5 of the Act the Authority is empowered to monitor and enforce licenses and vide clause (d) of section 4 of the Act, the Authority is under obligation to

promote the availability of a wide range of high quality, efficient, cost effective and competitive telecommunication services throughout Pakistan.

1.5. vide Para 23.7 of Part 6 of the Rules and regulation 10 of the Regulations empower the Authority to conduct, with or without notice, its own surveys and tests or make surprise checks through its designated officers or conduct performance audit of the quality of service of the licensee from time to time to ensure that users of telecommunication services get such quality of service as laid down in the license, regulations, and/or KPIs.

1.6. vide regulation 9 of the Regulations the licensee is obliged to provide good quality of services to its customers.

1.7. vide clause 2.1 and 2.2 of part 1 of Schedule 2 of the license oblige the licensee to take reasonable and prudent measures to ensure that the licensed system and the licensed services are available and operate properly at all times and any fault in any component of the licensed system or the licensed services be repaired as early as possible.

1.8. vide clause 2.3 of part 1 of Schedule 2 of the license prescribed the quality of service standards in detail manner and requires the licensee to take all reasonable and prudent measure to ensure that its Telecommunication System and licensed services are available and operate properly at all times and during each calendar month it shall meet or exceed the quality of services standards mentioned in clause 2.3 of the license.

1.9. vide clause 23.3 read with clause 23.5 of part 6 of Schedule 2 of the Rules empower the Authority to call for special quality tests and surveys and reports thereon, as it may deem appropriate, and the licensee shall comply with the Authority's directives in this behalf.

1.20. While enforcing the aforesaid license conditions and performing its regulatory/statutory obligation to ensure that the consumers of Pakistan get the quality of services at the standards given in the license and KPIs determined by the Authority, the Authority had conducted two nationwide surveys from March, 2008 to September, 2008 and November, 2008 to January, 2009 for checking the quality of service being provided by the licensee to its customers against the benchmarks mentioned in the license, but the results were not upto the mark, hence, the licensee was directed to improve the quality of services vide letters No.5-1/2009/Enf/PTA dated 6<sup>th</sup> April, 2009 and 9<sup>th</sup> April, 2009. Brief of the efforts is given below:

- (i) In addition, to the aforesaid inspections and consumers' oral and written complaints regarding poor quality of services, PTA also conducted country wide surveys to obtain public opinion regarding customer related services and overall performance of the PTCL. The results of the surveys/inspections showed that PTCL is not able to meet the service quality standards as detailed in the license and also the public opinion was not satisfactory as far as the PTCL services was concerned. Therefore, the outcome of these inspections/surveys was communicated to PTCL with a caution to improve its performance as per the license conditions.
- (ii) In order to verify PTCL performance/ improvement in light of the directions as a result of the survey/inspections conveyed vide first survey; a second country wide survey was carried out from November 2008 to January 2009. However, no significant improvement was observed in the performance with respect to the QoS standards set in the license. As a consequence, the second survey results/report were presented to President PTCL along with their senior management and following important decisions were concluded: -
  - i. PTCL to analyze the QoS Survey results and take corrective measures

- ii. Joint survey of PTA & PTCL to be held from 1st Aug, 2009 to 31st Sep, 2009
- iii. PTCL to forward methodology of joint survey by 30th April, 2009
- iv. PTCL to develop internal SOP for fault identification and their rectification
- v. PTCL to submit monthly report
- vi. Preparation of Joint Survey Methodology

(iii). In light of the above decision, the monthly reports submitted by PTCL also showed that the service quality was not as per the standards mentioned in the license. The details are as follows: -

**Monthly Report**

**KPIs Shortfall**

July - 2009  
 August - 2009  
 September - 2009  
 October - 2009  
 November -2009

**Fault Incidence**  
**Fault Clearance**  
**Call Failure Rate**  
**Inquiry Response**

(iv). Subsequently, a joint survey methodology was prepared in consultation with the PTCL for the third survey.

1.21. the Authority carried out a joint nationwide survey in accordance with the methodology mutually agreed to and communicated to the licensee vide letter dated 28<sup>th</sup> July, 2009 pursuant to decisions made during meeting dated 8<sup>th</sup> April, 2009 to check the quality of service of the licensee. It has been taken notice of the fact through the nationwide joint survey conducted by the Authority from August, 2009 to October, 2009 that the quality of the licensed system maintained and services offered by the licensee are far below the required standards mentioned in the license referred to above.

1.22. the detail of average result of nationwide survey is as under:

**PTA-PTCL Joint Survey (August 2009 to September 2009)**

**Country-wide Results**

Parameters	Fault Incidence	Fault Clearance		Call Failure Rate		Billing Error	Inquiry Response
Threshold	37/100 lines/annum	95% within 24 hrs	100% within 48 hrs	2.70% (Local calls)	4.10% (NWD calls)	0.05 /100 bills/month	98% in 10 sec.
Avg. Results	121.29	74.87 %	92.86 %	2.19 %	2.83 %	0.79	17.34 %

1.23. the detail of the dates and location of survey is given below:

Date Wise Summary of Joint PTA&PTCL Survey				
Sr. No.	Zone	Region	Exchanges Name	Date
1	Rawalpindi	ITR	City Rawalpindi	12.08.2009
2			I-10 Islamabad	13.08.2009
3			Cantt Rawalpindi	31.08.2009

4			Chaklala Rawalpindi	02.09.2009
5			Korang Town	03.09.2009
6			F-11 Islamabad	09.09.2009
7			Sihala Islamabad	16.09.2009
8			Bhara Kahu Islamabad	02.10.2009
9		<b>RTR</b>	Talagang	17.08.2009
10			Jand	18.08.2009
11			Murree	19.08.2009
12			Pindi Gheb-II	20.08.2009
13			Rawat	21.05.2009
14			Wah Cantt	25.08.2009
15			Attock	28.09.2009
16			Chakwal	29.09.2009
17			Jehlum	30.09.2009
18			Gujar Khan	01.10.2009
19			Kotlisatian	05.10.2009
20			Kahuta	06.10.2009



Sr. No.	Zone	Region	Exchanges Name	Date
1	<b>Lahore</b>	<b>GTR</b>	Gujranwala Central Exchange	10.08.2009
2			Gujrat Central	11.08.2009
3			Wazirabad Central	12.08.2009
4			Narowal Central	16.09.2009
5		<b>CTR</b>	Raiwind Central	24.08.2009
6			Kasur Central	25.08.2009
7			Sheikhupura Central	26.08.2009
8			Pakpattan Central	17.09.2009
9		<b>FTR</b>	Jhang Central	02.09.2009
10			Bhakar Central	03.09.2009
11			Darya Khan Central	04.09.2009
12		<b>MTR</b>	Multan Central	17.08.2009
13			Khanewal Central	18.08.2009
14			Qadirpur Rawan Central	19.08.2009
15		<b>LTR</b>	Baghbanpura	07.08.2009
16			Cantt	09.09.2009
17			Township	10.09.2009
18			Multan Road	14.09.2009
19			Muridke-1	15.09.2009

20			Shahdara	05.10.2009
----	--	--	----------	------------

Sr. No.	Zone	Region	Exchanges Name	Date
1	Quetta	WTR	Quetta Central MSU	10.08.2009
2			Pishin Alcatel MSU	18.08.2009
3			Pishin ZTE MSU	18.08.2009
4			Si bbi EWSD MSU	17.08.2009
5			Si bbi ZTE	17.08.2009
6			Brewery RLU	28.08.2009
7			Churmian RLU	19.08.2009
8			Quetta Cantt RLU	11.08.2009
9			Dasht Kambela RLU	25.08.2009
10			Hanna Urak	12.08.2009
11			Citiy Quetta	27.08.2009
12			Khanozai RLU	19.08.2009
13			Kuchlak RLU Alcatel	24.08.2009
14			Ziarat RLU	20.08.2009
15			Yaru RLU	18.08.2009
16			Hazar Ganji	04.09.2009
17			Nawa Killi	31.08.2009
18			Saryab Road	02.09.2009
19			Samungli	03.09.2009
20			Sheikh Manda	07.09.2009

Sr. No.	Zone	Region	Exchanges Name	Date
1	Karachi	Karachi	Azizabad	10.09.2009
2			Cantt	14.09.2009
3			Pak Capital	15.09.2009
4			SITE	28.09.2009
5			Gul-e-Johar	29.09.2009
6			North Karachi	30.09.2009
7		Hyderabad	Thatta	15.08.2009
8			Badin	15.08.2009 16.08.2009
9			Matli	16.08.2009
10			Tando Mohammad Khan	16.08.2009
11			Hyderabad	17.08.2009
12			Tando Jam	18.08.2009

13		<b>Sukkar</b>	Mir Pur Khas	18.08.2009
14			Hala	19.08.2009
15			Dour	20.08.2009
16			Nawanshah	19.08.2009
				20.08.2009
17			Moro	20.08.2009
18			Khairpur	21.08.2009
19			Sukkar	20.08.2009
				21.08.2009
20			Shikarpur	20.08.2009

Sr. No.	Zone	Region	Exchanges Name	Date
1	<b>Peshawar</b>	<b>HTR</b>	Haripur	21.08.2009
2			Mansehra	17.08.2009
3			Abbottabad	18.08.2009
4			Seer	19.08.2009
5			Nagri	19.08.2009
		20.08.2009		
6		<b>NTR-I</b>	Swabi	22.08.2009
7			Chitral	27.08.2009
8			Garam Chashma	28.08.2009
9			Peshawar Cantt	31.08.2009
10			Khyber EWSD	01.09.2009
11			Khyber ZTE	01.09.2009
12			Charsadda Road RLU	03.09.2009
13			Peshawar City EWSD	07.09.2009
14			Peshwar City ZTE	07.09.2009
15			Hayatabad ZTE	08.09.2009
16			Mardan	09.09.2009
17			Korugh	09.09.2009
18			Hayatabad EWSD	11.09.2009
19			Nowshera	14.09.2009
20	Charsadda MSU		15.09.2009	

1.24. Since continuous poor state of services by PTCL to its customers as witnessed during the continuous monitoring that lasted approx. 2 years and despite repeated instructions of the Authority, the licensee has failed to provide the required level of telecommunications services to its customers as mandated under the provisions of the Act, the rules, the regulations and the license conditions, which constrained the Authority to invoke the provisions of section 23 of the Act, therefore, the Authority issued show cause notice dated 4<sup>th</sup> February, 2010 pursuant to sub-section (1) of section 23 of the Act requiring

it to remedy the aforementioned contravention by bringing and maintaining the required standards of quality of service at par with clause 2.3 of the license within twenty five days of the issuance of this Show Cause Notice and also to explain in writing, within thirty (30) days of the issuance of this notice, as to why the license should not be suspended, terminated or any other enforcement order as referred to above, may not be passed against the licensee under section 23 of the Act. The licensee made request vide letter dated 8<sup>th</sup> February, 2010 for provision of data which was provided vide PTA's letter dated 26<sup>th</sup> February, 2010.

1.25. **Licensee's response to the notice:** The licensee has submitted its response to the notice vide letter dated 5<sup>th</sup> March, 2010 and addendum vide letter dated 6<sup>th</sup> April, 2010 which is reproduced in *verbatim* as under:

**“SHOW CAUSE NOTICE UNDER SECTION 23 OF THE PAKISTAN TELECOMMUNICATION (RE-ORGANIZATION) ACT, 1996 (the “Act”)**

*Dear Sir,*

*Kindly refer to subject SHOW CAUSE NOTICE numbering 14-598/L&A/PTA/2010/831 dated February 4, 2010 issued to Pakistan Telecommunication Company Limited ("PTCL") on the basis of Quality of Service Surveys conducted by Pakistan Telecommunication Authority ("Authority") during August 2009 to October 2009 (copy of the Show Cause Notice is attached as Annex-A).*

*2. Through the above Show Cause Notice, the Authority has required PTCL to respond in writing within 30 days regarding alleged failure of PTCL in maintaining the quality of service as per Clause 2.3 of Schedule II of the PTCL's license. In this regard, we submit as follows:*

**3. PRELIMINARY**

*This reply is furnished without the benefit of a review of the analysis carried out by the inspection team of the Authority following the measurements taken during the survey, and their findings and recommendations to the Authority (the "analysis report") leading to the issue of the instant Show Cause Notice. The said analysis report would be a logical step after the survey, drawing conclusions of fact and mixed law and fact based on the measurements taken during the survey.*

*The inferential exercise underlying the afore-said conclusions cannot be considered 'evidence' unless PTCL is confronted with the underlying methodological approach along with the opportunity to respond to the said inferential exercise. For the reasons aforesaid, this reply remains preliminary with reservation of right of PTCL to submit a final reply once the said analysis report is shared.*

*The proceedings relating to the instant Show Cause Notice are quasi-judicial in nature and are therefore subject to the provisions of the Qanun-e-Shahadat Order, 1984. As such, the 'evidence' being relied upon by the Authority has to be presented and, subject to all legal exceptions, properly 'admitted' at the hearing on the instant Show Cause Notice. PTCL has the right to cross-examine the officials of the Authority who participated in the survey and wrote the underlying analysis report. In the absence of the afore-said process being adopted, the Authority may not treat the 'findings' stated in the Show Cause Notice as evidence against PTCL and pass any adverse order based thereon.*

*It is therefore reiterated it would have been better if the underlying analysis report and the recommendations of the relevant officials of the Authority would have been furnished to PTCL.*

4. PTCL fully respects the Authority's observations about Quality of Service and re iterate its resolve and makes all out efforts to meet license obligations and to comply with the Pakistan Telecommunication (Re-Organization) Act, 1996 ("the Act"), rules and regulations made there under.

5. Keeping in view the fact that for business survival in the face of full blown competition, the quality of services offered is the primary detemining factor of customers' satisfaction. To assure QoS, PTCL has established a Quality Assurance Department, which is monitoring Quality of both operational network & system as well as under-construction works with the objective to bring overall QoS improvement in the PTCL networks. PTCL has also established state of the art Network Operation Centre for round the clock surveillance of the active network elements.

6. It is also brought into the notice of the Authority that PTCL requested for provision of the report comprising underling data and the analysis conducted with detailed documents elaborating the conditions and context. So far we have not received the requested documents. (Copies of our requests are attached as Annex-B).

7. Notwithstanding the pendency of the provision by the Authority of the requested detailed documents/reports of the referred Survey, we request the Authority to treat this Show Cause Notice as Notice only under Regulation 10(3) of Pakistan Telecommunications (Functions & Power) Regulations, 2006 to allow PTCL sufficient time and extend required support to take remedial measures. The position of PTCL vis-a-vis various benchmarks is explained in following paras.

7.1 Quality indicators / benchmarks

7.1.1 The values of various QoS parameters detemined by the Authority through its own analysis and given in the Show Cause Notice are reproduced hereunder:

Quality of Service Report

Period	Fault Incidence	Fault Clearance		Call Failure Rate		Billing Error	Inquiry Response
Bench Marks	37/100 lines/ annum	95% within 24hrs	100% within 48hrs	2.7% (Local Calls)	4.10% (NWD calls)	0.05/100 bills/month	98% in 10 sec.
August 2009 Survey	121.2	74.87%	92.86%	2.19%	2.83%	0.79	17.34%

7.1.2. It is pertinent to mention here that the problems faced by a fixed line telecom operator are entirely different from those of cellular and wireless operators. Fixed line networks are highly capital intensive, takes long time to build and incur higher O&M cost due to larger workforce requirement and manpower and more PoPs because of distance limitations. Due to larger spread fixed network have very high exposure to the external hazards.

7.1.3. The above mentioned bottlenecks have deterred the fixed LL licensees from investment in the wire line network and PTCL is still the only country wide operator. To sustain the wire line network and implement upgrades in tandem with the development in technology and growth of ICT services, strong encouragement and support is required from the Regulator and Policy makers.

7.2 Based on the available data with PTCL, it is evident that PTCL has achieved significant improvements in Quality of Service for some of the license benchmarks including following:



- a). Call Failure Rates (Local Calls)
- b). Call Failure Rates (NWD)
- c). Call Failure Rates (International)
- d). Answer to Seizure Ration (Incoming)
- e). Answer to Seizure Ratio (Outgoing)
- f). Service Availability (1217)
- g). Service Availability (1218)
- h). Service Availability (1236 & 080080800)

*PTCL's point of view about the bench marks referred to in the Notice by the Authority is given below:*

#### *7.2.1 Call Failure Rate:*

*PTCL call failure rate is within the prescribed limits and has improved from the results of the previous surveys calculated on the basis of weighted average for the entire switching network. PTCL has been regularly sending reports to PTA confirming that overall call failure rate remains within license obligations. From the indicator's definition it is clear that the measurement is to be over a calendar year period, hence PTCL would request for more detailed supporting data based on which the performance has been measured.*

#### *7.2.2 Billing Errors:*

*We believe that the billing error rate of 0.79/100/month as determined by the Authority does not give a true picture which can be applied across the board. The determined rate is highly lopsided because of the two regions of HTR and NTR-I with determined billing error rates of 1.22 and 6.99 respectively. The apparent reason for these asymmetrical rates in these regions is the prevailing law and order situation in NWFP province whereby the normal operations of bill distribution, payment-stub collection and gathering of information thereof etc. are severally affected. For all other regions surveyed by the Authority, such error rate is either within or near to the given threshold.*

*This argument is further strengthened by the data pertaining to excessive billing complaints as available with PTCL which records a total of 18,480 complaints for a period of 6 months which is around 3,080 per month (0.01/month/100 lines taking 3.2 million working wire-line) which is far lower than the benchmark of 0.05% provided in the license.*

*It is also pertinent to mention that a modern state-of-the art Billing & Customer Care System (B&CC) is now fully functional in PTCL. Based on the data collected on regular basis from exchanges and banks, the B&CC, inter-alia, not only generates accurate billings for the consumers across the country but also records collections thereof in a timely manner. This facility has been instrumental in reducing the billing errors and, hence, the customers' complaints.*

*However, on the bill payment side, the legacy system of gathering paid bill stubs from bank branches, receipt thereof at the banks' processing centers, data punching thereof, generation of requisite MIS and receipt and updating of such MIS in PTCL system is time consuming (48-72 hours cycle) and prone to human error thus resulting in some inevitable billing error, albeit at smaller scale. This system is being practiced by all the utility companies throughout Pakistan. Nevertheless, cognizant of the stated inherent limitations of the legacy system, PTCL keeps a constant vigilance on the whole process and the stake holders involved with the objective to keep such errors at minimum possible. Besides, certain measures have been /*

are being taken (detailed in succeeding paragraphs) to attain maximum possible automation of this process.

Another reason of alleged billing errors, as experienced by PTCL, is complaints by some of the customers about inclusion of billing for Premium Rate Service calls in the bills. Based on the fact that such calls are automatically recorded in exchanges with distinct reference, the origination of these calls from the customers' specific numbers cannot be doubted on technical grounds. The apparent reason for such complaints, therefore, is the "surprise" customer gets on receipt of the bill for such calls which in most of the cases are made by their dependents without the customers' knowledge. Such billing complaints are beyond our control. Nevertheless, in order to facilitate and retain such arguing customers, most of the time we subtract these calls from the bills thus giving away the genuine revenue earned.

We also believe that to further investigate the problem area, detailed analysis of data indicating types of billing errors, size of sample & source of information is required. It may be noted that small sample size may lead to wrong conclusion, particularly in case where range level is very small.

### 7.2.3 Fault incidence and fault clearance:

It is pertinent to mention that the inside plant of PTCL's network is of world class standard and is evident from the PTA surveys' as the results are fully matching license benchmarks. PTCL has improved its Quality of Service with regard to Call Failure Rates (Local, NWD & International), Answer to Seizure Ratio (inward & outward), and Service availability.

The fault Incidence, it is reiterated, is not attributable to PTCL only. There are numerous external factors responsible for the disruption of PTCL's network contributing to the increase in fault incidence.

The external factors include but are not limited to:

- i. Poor in-house wiring (no bylaws for concealed wiring in multi storied buildings),
- ii. Large scale damages to PTCL outside plant (cable networks) in large and small cities/towns. The damages are caused by local governments' development activities relating to buildings & roads construction, infrastructure building,
- iii. Utility companies i.e. Power, Water Supply, Sewerage and Gas Companies, cable laying by cable TV operators, LLOs and IDIs.
- iv. Malicious cable cuts and theft has also increased manifold despite the fact that we are continuously and constantly in touch with local administration,
- v. RoW is another major factor causing hindrances in maintenance activities. Civic bodies either refuse the RoW for charge very heavily and delayed too much procedural activities,

It is also pointed out that the Supreme Court of Pakistan also took notice of the issue of fault incidence and clearance. PTCL filed its submissions based on the ground realities that the numerous external factors are the cause of frequent disruption of PTCL's network. The Supreme Court, in the light of PTCL's submissions, directed the Secretary Interior and Secretary Home Department, Government of Punjab to ensure that no un-authorized digging to be made which may result in the cutting or causing damage the telephone and other allied services such as Telephone Cables, Optic Fiber etc. by or through the semi-autonomous/autonomous bodies, organizations or by the city district governments or local government authorities (copy of Supreme Court Order is attached as Annexure-C).

We also request the Authority to help PTCL by taking up the matter with concerned agencies/Authorities to avoid damage to the fixed telecom network.

#### 7.2.4 Inquiry Service:

The increase in number of mobile and fixed wireless customers has lead to manifold increase in the inquiry call transactions. The search for short cuts and non-maintenance of contact lists also contributes to more calls and load to the inquiry service. In general the response is as per standard but there may be sporadic occurrence of delayed response which does not justify investment to cater for peak traffic. We understand that the results given in show cause for inquiry services do not depict the true picture and sharing of the detailed results is essential.

It is also pertinent to mention here that the benchmarks for PTCL for inquiry services are too stringent as compared to the regional countries and cellular mobile operators in the country. It is requested that these may be rationalized and PTCL should also be treated at par with regional countries and CMOs in Pakistan (refer table "Quality of Service Standards" below). It may also be noted that no obligation / benchmark for inquiry services is imposed on any other LL operator in Pakistan.

## 8 ANALYSIS

8.1 It may be noted that PTCL has identified the problem areas and initiated programs for improvement including OSP rehabilitation and focusing on lines with repeated faults. The results given in Show Cause Notice and that given in earlier Surveys are reproduced for comparison purpose as follows:

#### Quality of Service Report

Period	Fault Inciden	Fault Clearance		Call Failure Rate		Billing Error	Inquiry Respons
Bench Marks	37/100 lines/ annum	95% withi n	100% withi	2.7% (Lo	4.1% (N	0.05/100 bills/	98% in 10 sec.
Survey of August	121.2	74.87%	92.8%	2.1%	2.8%	0.79	17.34%
Survey of 2008-09	135.58	69.37%	82.4%	1.91%	4.7%	0.14	71.50%

The above referred figures show an improvement with regard to fault incidence, fault clearance and reduction in Call Failure rates specifically. However, we have strong reservations about the results shown regarding Billing Complaints and Inquiry response time. Both the Fault Incidence and Fault Clearance are interlinked and if the Fault Incidence level goes down the clearance automatically improve. We would like to point out that clearance of 93% of faults within 48 hours is a considerable achievement compared to the operators' performance in similar regional telecom markets.

8.2 We would also like to highlight that the benchmarks provided in PTCL's license are very stringent compared to regional benchmarks and those of local LL & Mobile Operators. The Section 9(2) of Pakistan Telecommunication (Functions & Powers) Regulations, 2006 provides that in fixing QoS global/international trends be considered. Some of the regional and national benchmarks are reproduced below:

#### Quality of Service Standards

	Fault Incidence	Fault Clearance	Call Failure Rate	Billing Error	Inquiry Response

	Per 100 lines/	withi n	withi n 48	(Local Calls)	(NWD calls)	Bills per month	Seconds
Pakistan -	37	95%	100%	2.7 %	4.10%	0.05/100	98% in 10 sec.
India	60	90%	100% in 72 hrs	Instead of CFR,, CCR of 55% for local network and ASR of 75%		0.1/100	90% in 60 sec.
Bangladesh	60	80%	100% in 72			0.1/100	80% in 20 sec.
Malaysia	50	80%	90%	6%	6%	2 / 1 0	90% in 10 sec.
Singapore		90%	95%				
Pakistan	37					0.2/100	No bench mark
Pak- CMO						0.2/100	70% within 20

(Source: TRAI, BTRC, MCMC, CMO Pakistan, LL Pakistan QoS Standards attached as Annexure "D")

Though the bench marks in other countries are quite lenient compared to those in PTCL's license, still achieving these are very difficult as is evident from the attached QoS results about wire line network of BSNL in India. On the average, fault incidence in metro areas approach 10 faults / month/100 lines. (Copies of the published results are attached as Annexure "E"). This shows that in developing countries, specifically in metro areas with high development activities wire line networks are susceptible to sever external hazards though to a lesser extent as the power shortages and order situation are not so sever as faced by PTCL in Pakistan.

#### 9. CAUSES OF INTERRUPTION DUE TO EXTERNAL FACTORS:

PTCL always strive to offer the best Quality of Service to its valued customers, however, like any other fixed wire line operator face several challenges which are unique in comparison with other operator (wireless and mobile operators) as explained. Such challenges, inter-alia, include acts on part of civic and other Agencies while digging along the road sides and pathways for the development work in the towns, malicious cuts and thefts of cable, power breakdowns/shortage, law and order situation, high costs of maintenance adversely impacting the wire line networks and the Operators' capacity to deal with such challenges.

The region-wise report of faults caused by Civic Agencies, Malicious Cuts, Power Shortage, law and order situation etc. is attached separately as Annex-F. Brief description is give below:

##### 9.1 Interruption caused by Civic Agencies

The civic and other agencies while executing their works by digging along the road sides and pathways, development works for road widening, digging by the utility companies including SNGPL, WAPDA, Railways, WASA, NHA and municipalities for their development works has impacted PTCL network very badly resulting into heavy loss in terms of restoration cost and revenue loss due to service interruption.

During the last ten years, a significant increase in the development work has been witnessed in major cities. New roads have been built, existing roads are broadened, flyovers and underpasses have been built to facilitate ever increasing traffic. Such mega development projects have severely damaged PTCL network and number of times hundreds of pair damaged with one such instance.

*In major metro areas of Pakistan, the water drainage problems also badly affect outside network in areas where heavy rainfall occurs.*

### *9.2 Interruption caused by Malicious Cuts & Thefts*

*PTCL extensive copper network is experiencing malicious cuts and theft of cables. There is rise in fault incidence due to increase in malicious cuts because of increase in price of copper metal. PTCL has employed human resources to check these activities but 100% monitoring is not possible due to large scattered network and huge financial impact.*

*During last six months, around 1,000 events of malicious cuts and thefts occurred affecting 157,047 numbers of customers and 306,942 pairs (lines) which resulted into revenue loss as well as heavy expense in terms of restoration of services. It may be noted that such events also caused a raise in fault incidence as well as reduction in % of fault clearance figures increasing the repair time beyond the benchmarks. It is also apprised that such events have been reported in different print media and these have also been reported to law enforcing agencies.*

### *9.3 Interruption caused by Power Failure*

*During the last two years country is facing severe power shortages. The breakdowns are so long and frequent that the alternate power arrangements cannot suffice the power requirements. The remote small exchanges and Optical Network Units (ONUs) are mostly affected from the severe shortage of commercial power. Currently in PTCL there are 2362 remote exchanges mostly serving the rural areas where load shedding of 18 hours per day have been experienced and require standby power raising the OPEX to very high level. . In addition there is 1679 ONUs where power backup is provided through batteries. The long and frequent power interruptions are not only causing system failure but also deteriorating the batteries life. The batteries life depends upon its full charging and discharging and every battery has a fixed number of charging/discharging cycles. In case of ONUs frequent interruptions do not allow the batteries to be charged at required level. Moreover, the number of charge/discharged cycles are more than the designed figures resulting into reduction in batteries life.*

*The power breakdown of only three regions (Sukkur, Hyderabad and Peshawar) touching the figure of 400 during last six months causing inconvenience almost 60,000 customers.*

### *9.4 Break downs caused by other events:*

*This category includes strikes, law and order situation, natural calamities and other force majeure events. Country is experiencing the worse law and order situation in general and warlike situation is prevailing in the North-Western borders of the country. PTCL has suffered huge losses to terrorist activities including destruction of telephone exchanges, transmission media and outside plant. PTCL image as government entity often invites miscreants to damage its assets during any agitation against government.*

*The summary of the reported breakdowns due to such external factors affecting customers is reproduced hereunder:*

<i>Details</i>	<i>No. of Events</i>	<i>Affected Customers</i>
<i>Breakdown by Civic Agencies</i>	<i>2,868</i>	<i>204,461</i>
<i>Breakdown by Malicious Cuts</i>	<i>904</i>	<i>154,402</i>
<i>Breakdown due to Power failure</i>	<i>414</i>	<i>60,548</i>

Misc Breakdown	447	73,683
Grand Total	4,633	493,094

*It may please be noted that the above list is not exhaustive as the comprehensive information from the whole country require more time. Details gathered so far are attached for reference.*

#### 9.5 Interruption due to Law and Order:

*The insurgency and military operation in Malakand/Swat, and FATA (Bajaur, Khyber, Orakzai, Kurram, North & South Waziristan), frontier regions adjoining FATA, Tank, DIK, Bannu, Kohat, Hangu, Dir and Chitral caused major damages to PTCL installations. PTCL staff was kidnapped, vehicles snatched and some staff killed/injured. Rebuilding of the installation was done with great cost at the same time PTCL suffered huge revenue loss due to services disruption both on account of damages and ordered closure by the PTA. PTCL's installations, damaged include Microwave Radio Transmission related equipment, power system, tower and buildings, switches and Outside Plant. A number of Solar Power Systems were also stolen by the miscreants. Details attached.*

S	Title	Cost
1.	Damage to DRS Backhaul Transmission Media and its restoration Cost	206.41(M)
2.	Complete & Partially destroyed Switches	74.95 (M)
3.	OSP Network	80.00(M)
4.	Revenue Loss due to closure of PTCL BTSs	18.35(M)
	Total Loss	379.71 (M)

*The compound effect of the aforementioned is that tremendous amount of time and resources are consumed to clear the faults which in certain cases take longer than 24 hours.*

*We would also like to highlight here that PTCL staff have suffered through the events of kidnapping, threats to life and physical assault resulting in injuries' by the miscreants. Such activities have also adverse impacts on quality of service and spirit of the employees on field jobs.*

#### 10. MEASURE TO IMPROVE OoS

*Due to above referred events and external hazards, incidence of faults is beyond our reasonable control. Despite adverse environment PTCL has taken several initiatives to meet the customers' expectation and license obligations that includes;*

*10.1 Rehabilitation: Legacy Access Network which include Copper Cables, Distribution, boxes and Cabinets to improve the Outside Plant performance. In the 1<sup>st</sup> phase Project with cost of Rs. 490 Million is being implemented.*

- i. Installation of standby power i.e. diesel generating sets to ensure uninterrupted services as the commercial power availability is far below the requirements level.*
- ii. Provision of motor bikes to staff for patrolling of the optical Fiber cable routes against malicious cuts/digging by other agencies and quick access in case of fault.*
- iii. Increased surveillance of the OSP against malicious cable cuts.*

#### 10.2 Billing Errors and Complaints:

*10.2.1 In order to facilitate our customers, efforts are under way to eliminate or minimize the role of processing banks (intemediary for collecting and processing of stubs) by encouraging all major collecting banks to process the bills collected at their own bank counters and provide automated*

MIS thereof. We believe that this will reduce the processing time and errors considerably. Some of the initiatives in this direction are as under:-

- i. KASB bank consortium (KASB, Samba, Bank Islami & Tameer) has been added as processing bank and is now sending intraday (two hourly) bill collection files.
- ii. HBL (1400 branches) is already their own processor and providing automatic MIS on 24 hours basis.
- iii. Agreement with Bank Al Habib (255 branches) is at final stage to process all its collections and send the requisite MIS on two hourly bill basis.
- iv. MCB (1026 branches) has already started the pilot project in Karachi and are hopeful to implement this to all PTCL regions once their IT is ready.
- v. ABL (700 branches) will be starting similar pilot project from ITR soon.
- vi. UBL (1112 branches) who is acting as processing bank for our five regions is approached to start country wide processing of the bill collected at all UBL bank counters. However, UBL needs to enhance its IT capabilities in this regard.
- vii. SCB (162 branches) and Arif Habib (38 branches) are at different stages of setting up their billing platforms and thereafter they will be on board for processing of PTCL bill collections at their respective bank counters.

10.2.2 Certain other measures to facilitate the customers in bill receipt and payment thereof are as follows:

- (i) Effective coordination with Post Office for timely and accurate delivery of telephone bills to the subscribers.
- (ii) Cash collection and instant updating of receipt information at PTCL's own One Stop Shops (OSS).
- (iii) Online Bill payment through ATMs and NADRA kiosks
- (iv) E-Payments facility from 10 Banks
- (v) Web Self Services system is ready for roll out. This system will provide numerous facilitate to customers ranging from bill inquiry, information about packages, changing the package on-line, bill printing etc.
- (vi) Bill inquiry (1200)
- (vii) Near Real time call details and charges availability to the Revenue offices through Revenue console to satisfy the customers about current bill status.

### 10.3 Customer Care:

PTCL has taken several measures to improve the performance of Inquiry and other call centre based services:

- i. Increase capacity of Call centers.
- ii. Up-gradation of Directory Inquiry Service records in coordination with the 2<sup>nd</sup> wire line service provider i.e. NTC. It may be noted that a great number of queries are related to Government numbers.
- iii. Up-gradation of Directory Inquiry Service records encouraging customers to call on Toll Free number and update their antecedent.
- iv. Investment in customers' relationship savvy manpower.
- v. IVR based CDAS has been deployed to further improves the inquiry service and in case of all inquiry positions being busy, announcement is extended to the customers well within 10 seconds.

Contact Center	Type Of Service	Location	Total Staff	Average Calls Per Day

1218 & 1260	Complaint Management	Kara	107	9475
		Lahor	165	40218
1217	Directory Assistance	Kara	100	26487
		Laho	166	46376
1236 & 0800 80800	Information & Order Taking	Kara	164	12000
		Lahor	361	25000
Outbound CC	Outbound	Islam abad	225	40000

#### 10.4 Network Operation Center:

PTCL has established state of the art Network Operation Center (NoC) for 24/7 remote monitoring of our exchanges and transmission equipment. The central NOC facility is located in Islamabad and 3 regional NOC's are in Lahore, Rawalpindi and Karachi respectively. The NOC helps in faster root cause analysis and expediting service restoration through proactive identification and resolution of faults and generation of centralized performance statistics and reports.

#### 11: REHABILITATION:

The increasing cost of maintenance is another factor hampering PTCL to maintain quality bench marks. The cost of each component related to maintenance has increased. Local Bodies, Municipalities and NHA has increased RoW charges manifold. Even some of the civic agencies are constantly denying RoW for maintenance purposes. Material, fuel and service charges have increased significantly contributing to exorbitant maintenance costs. On the contrary margins have squeezed to bare minimum as fixed sector has to compete with cellular mobile sector with comparatively lower maintenance costs.

PTCL is determined to update and rehabilitate its existing infrastructure. PTCL's network comprises copper based OSP, (the components have been shown in the diagramme below) which is in process of up gradation partly with new Optical Fiber Network. However, complete replacement of copper based network is capital intensive and time consuming and would be achieved in phased manner. The up-gradation speed is also impeded by delays in RoW by civic bodies.

iii. The network rehabilitation projects have been launched and are executed in phased manner to bring the network back to desired standard. PTCL initiated the rehabilitation just before the joint survey.

iv. In 1<sup>st</sup> phase 2393 cabinets have been earmarked for renovation. The cabinets so far renovated have given very encouraging results i.e. improvements in the cable electrical characteristics and retrieval of good pairs, which will help in provision of communication facilities to the new subscribers and satisfied services to the existing subscribers.

v. So far 1071 cabinets have been renovated and 27000 Primary and 44800 secondary good pairs have been retrieved, which will help to provide good services to the subscribers.

vi. The analysis of results can be summarized as follows:

Region	Cabinets Earmarked	Cabinets Renovated	Fault before renovation	After renovation
--------	--------------------	--------------------	-------------------------	------------------



<i>Peshawar</i>	56	39	9-11%	6-7%
<i>Abbottaba</i>	34	23	7-8%	5-6%
<i>D I khan</i>	44	25	15%	15-20%
<i>Islamaba</i>	439	276	11-13%	7-9%
<i>Lahore</i>	552	284	11-13%	8-9%
<i>Multan</i>	156	117	10-13%	7-9%
<i>Faisalaba</i>	200	108	12%	5-6%
<i>Gujranwa</i>	115	113	12-13%	6-7%
<i>Hyderaba</i>	68	41	11-13%	8-10%
<i>Sukkur</i>	49	47	12-15%	9-10%
<i>Quetta</i>	105	97	8-10%	5-7%

**12. CONSUMER PROTECTION:**

*PTCL has been diligently following, the Act, the Rules, the Regulations and its license. In this regard, PTCL has facilitated the customers through implementation of several channels of complaints registration and escalation. It may be noted that PTCL together with PTA has spent millions of rupees on media campaign to create awareness among the consumers. PTCL takes very seriously all complaints referred to it by the Authority and compliance for last six months indicates seriousness as under:*

**Summary Of Complaints (Jun 09 To Jan 2010)**

	Total Complaints	%age of Resolution
<i>Jun-09</i>	567	95%
<i>Jul-09</i>	859	92%
<i>Aug-09</i>	1523	91%
<i>Sep-09</i>	1097	84%
<i>Oct-09</i>	884	95%
<i>Nov-09</i>	710	87%
<i>Dec-09</i>	687	91%
<i>Jan-10</i>	740	94%
<b>GRAND TOTAL</b>	<b>7067</b>	<b>91%</b>

*Region wise detailed performance is attached as Annexure "G".*

**13. SUPPORT TO INDUSTRY:**

*In 2003 - 04, GoP announced Telecom Deregulation Policy, Mobile Policy and Broadband Policy with the objective of bringing competition, investment and introduction of new services. PTCL being the incumbent with country wide presence fully supported the GoP objectives and extended support to the new licensed operators. PTCL provided co-locations, media, power, towers and interconnection on a very fast track. This enabled them in quick launch of their services within a year of issuance of licenses. Significant amount of PTCL's resources were engaged in supporting the new licensees.*

**14.SERVICE IN REMOTE RURAL AREAS;**

*With regard to unviable areas (un-served and underserved areas), PTCL as a national company has invested in many remote and unviable areas of the country hardly having any potential for commercial activities. There are 2362 remote exchanges mostly serving the rural areas where load shedding of 18 hours per day have been experienced and require*

*standby power raising the OPEX to very high level. The revenues are far lower to meet even a fraction of the operational expenses.*

#### **15.SUMMARY**

*The results of QoS surveys conducted in 2009 show an improvement with regard to fault incidence, fault clearance and reduction in Call Failure rates compared to 2008. PTCL call failure rate is within the prescribed limits and has improved. Clearance of 93% of faults within 48 hours is a considerable achievement. With regard to billing the data pertaining to excessive billing complaints as available with PTCL for a period of 6 months gives a monthly figure of 0.01/month/100 lines compared to the benchmark of 0.05%. With regard to inquiry service, in general the response is as per standard but there may be sporadic occurrence of delayed response.*

*In case of line fault incidence, there are numerous external factors responsible including but not limited to poor in-house wiring, large scale damages to outside plant in cities/towns by local governments' utility companies, power shortages and other operators. Moreover malicious cable cuts, theft of cable and power equipment (solar sets), adverse law and order situation, and kidnapping of PTCL staff have affected the quality of service badly.*

*The Honorable Supreme Court of Pakistan also reviewed this matter in a case referred to the Court and realizing the situation on the ground and difficulties faced by PTCL in its operation consequently and after thorough deliberation it ordered:*

*"...Therefore, keeping in view the submissions so made and in the light of the documents filed by the respondent we direct the secretary interior and secretary home department Govt of Punjab to ensure that no unauthorized digging to be made which may result in cutting or causing damage to the telephone and other allied services such as telephone cable, optic fiber, etc by or through the semi autonomous/autonomous bodies, organizations or by the city district governments or by the local authorities. No further orders in the matter needs be passed according, this human right case stands disposed off. Copy of this order be sent to all concerned for compliance."*

*The benchmarks provided in PTCL's license are relatively high compared to regional benchmarks and those of local LL & Mobile Operators in the country.*

*PTCL has taken several measures to offer good Quality of Service as envisaged in the license including rehabilitation of Access Network, arrangement of enhanced standby power and provision of fast moving transportation facilities to line staff. PTCL has also taken actions to improve the performance of inquiry system and other call centre based services through enhanced capacity of Call centers, up-gradation of Directory Inquiry Service records. With regard to bring further improvement in billing, PTCL has increased; i) the number of bill processing entities for updating of paid bills in PTCL's system with considerable reduction in time; and ii) modes/channels of bill payments by adding payment through One Stop Shop, ATMS, NADRA KIOSK, E-payment through several banks, web-self services (in process) and PTCL's revenue offices and ensuring right and in-time delivery of bills to subscribers.*

*It is apprehended that while issuing show cause notice the Authority did not consider the whole picture as explained above. The issuance of the Show Cause at this stage when PTCL is working on war footing to improve the QoS, will affect it adversely in this highly competitive market.*

#### **16. PRAYER**

*In view of what has been stated herein above, it is requested that the Show Cause Notice may kindly be withdrawn and related proceedings may please be stopped.*

*The Authority is further requested to recommend to GoP for framing and issuance of laws on RoW facilitating availability at reasonable fee and without undue delay.*

*Any other relief that the Authority may deem fit including revision of the QoS benchmarks in the PTCL's license in line with regional countries and other national operators."*

1.26. **Licensee's 2<sup>nd</sup> response to the notice:** In its addendum/2<sup>nd</sup> response dated 6<sup>th</sup> April, 2010 to the notice and in continuation of the licensee's earlier to the notice, the licensee submitted the following which is reproduce in *verbatim*:

*"Subject: **Show Cause Notice Under Section 23 Of The Pakistan Telecommunication (Re-Organization) Act, 1996 (The "Act") - Additional information about initiatives regarding billing and Network Improvement.***

*Dear Sir,*

*In continuation of our earlier response numbering RA/PR/PTA/4/Feb/2010 dated March 5, 2010 we would like to intimate to the Authority about new PTCL initiatives regarding billing and network improvement to improve billing and network to deliver better Quality of Service. The detailed analysis and underlying report of the Authority was not available to PTCL to get further insight for more targeted actions. However to facilitate the customers following additional measures/actions are being taken:*

*(i) In addition to measures referred in our earlier response, following measures has been taken to minimize the billing complaints:*

- (a) A survey based on cluster sampling for bill distribution was conducted through its outbound call centers to devise the following control mechanism:
  - > To put in place target dates for bills delivery.*
  - > Investigation to confirm timely bills delivery.*
  - > Incorporation of penalty clause for late or non delivery of bills by courier.**
- (b) Strengthening & empowering regional offices & issuance of directives for better monitoring and timely handling of complaints based on the customer surveys.*

*(ii). The scope of call centers has been extended with new SOP to facilitate PTCL customers by authorizing call centers to restore the telephone connections on payment and request by the customers.*

*(iii). PTCL has made arrangements to increase collection options by customers through credit card machines installed at its One Stop Shop (Customer Service Centers).*

*(iv) PTCL is in finalization stage of making arrangements with U-fone for bills collection through its customer service centers & franchises and interface with its system is being arranged for U-fone Customer Service Centers and franchises for timely exchange of data for up-dation of records and number restoration.*

(v) *An SOP has already been issued to incorporate requisite controls to bring down arrear complaints.*

(vi) *PTCL has upgraded its system for online exchange of information in order to address customer complaints.*

(vii) *In order to further facilitate the customers, PTCL has developed an effective online web-based interface to get Duplicate Bill View/Print on its web-site to take print and walk into any channel of payment including Customer Care Centres, Revenue Offices or designated banks to pay the bill.*

**b) Improvement in Network**

(i) *PTCL is always keen to improve its Network Quality through Quality Management Standard and is developing Quality Management System. To date, following departments are ISO-9001:2008 certified:*

- (a) *Corporate Quality Assurance Wing*
- (b) *One Stop Shop*
- (c) *IBA-1 Exchange in Islamabad Telecom Region*
- (d) *Sector F-5, Islamabad*
- (e) *Procurement Wing*
- (f) *Contact Centre*
- (g) *PTCL Complex*
- (h) *Wafaqi Colony, Lahore*

(ii) *A dedicated task force on fault management and subsequent rectification has been created which is working and reporting directly to top management.*

(iii). *Fault occurrences and their rectification delay is really a matter of great concern for PTCL not only to meet PTA license obligations but more importantly to create good image in end user's eye and PTCL has already started actions to curb the issue on war footing basis. A thorough analysis of fault incidence and its clearance ratio has been conducted at regional level and these have been made major KPI for operational heads at regional level.*

(iv) *PTCL continued its project of Rehabilitation to improve its Outside Plant to minimize the fault occurrences. In addition to the ongoing rehabilitation project referred in our earlier response, PTCL selected couple of exchanges in Islamabad Telecom Region, Rawalpindi Telecom Region and Lahore by identifying the worse fault sections/segment. As part of the activity, Chaklala Exchange Commercial Market and adjacent residential areas were selected. Figures attached are few examples of work done showing comparison of pre and post revamp.*

(v). *PTCL has made plans for Technical Audit Corrective Action Plan and implemented for F-11 exchange, Taxila, Attock, Jhelum and Dinga Exchange (Gujrat) and these activities have been made mandatory for all regional teams of Quality Assurance to identify the corrective action plan to improve QoS.*

2. *As already submitted that fault incidence is not attributable to PTCL only and is caused due to external factors responsible for the disruption of PTCL's network. Apart from the factor elaborated earlier, there are incidences of cable cuts and hindrances to the*

*PTCL staff in carrying out maintenance work. Following are the very recent examples of such incidences:*

a) *In Hangu area, cables was removed from the main holes/ducts and cut in small pieces (photographs are attached). These incidences are adversely impacting PTCL's revenues and the morale of the PTCL staff engaged in service restoration. The communication was restored at an expense of about PKR1 60,0007-*

b) *In Rawalpindi Cantt (Adyala Road), PTCL's cable team was working to trace buried cable and ducts who were detained unlawfully by FWO staff the whole day and were let go after very hectic efforts and negotiation with FWO officers. Due to such events, our staff members are being harassed and humiliated resulting in lowering their efficiency.*

3. *In order to discourage such incidents, we request Authority's support through legal action.*

4. *Keeping in view the above, we would again request the Authority Show Cause Notice may kindly be withdrawn.”*

1.27. **The Hearing:** On the licensee's request, the hearing scheduled for 23<sup>rd</sup> April, 2010 was later on adjourned for 21<sup>st</sup> May, 2010, 10<sup>th</sup> August, 2010 and then finally fixed on 24<sup>th</sup> August, 2010. On the said date the licensee appeared before the Authority through its representatives namely Mr. Sikandar Naqi (SEVP-CD), Mr. Gul Ahmed (EVP-RA), Mr. Muhammad Kamran (EVP-Customer Care), Mr. Junaid Azzim (EVP- Contact Centers), Mr. Zakir H. Satti (GM-Revenue Accounts), Mr. Muhammad Farooq (GM- PM&Coord-Ops), Mr. Ahsan Aziz Khan (GM-BACC), Mr. Roshan Anwar (GM), Mr. Aziz-ur Rehman (SM-Contract & Policy), Lt. Col(Rtd) Ikram Ahmed Khan (SM-CQA-CD) and Mr. Shahid Javed (Manager-RA).

1.28. The representatives of the licensee informed about the steps taken by it to improve the quality of service and highlighted the difficulties being faced by it due to various factors including law and order situation, cable cuts, load shedding etc and the measures taken by it to improve the QoS issues relating to Billing Errors and Complaints, Customer Care Inquiry Services and Rehabilitation of OSP alongwith statistics and requested the Authority to: (i) withdraw the aforesaid show cause notice, (ii) recommend to Federal Government to frame laws on the Right of Way facilitating availability at reasonable fee and without undue delay, (iii). QoS benchmarks of PTCL be revised in the light of benchmarks applicable in other similar countries and local licensees keeping in view the peculiar operational environment prevailing in Pakistan, (iv). PTCL be given time of two years to overcome QoS problems through implementation of special rehabilitation projects and other measures. Brief of the arguments submitted by the licensee is given below:

***Preamble:***

- *The Authority has identified the areas of improvements with respect to service quality offered by PTCL to its customers.*
- *PTCL is fully seized with the Quality of Service and re-iterates its resolve to make its best efforts to improve the QoS.*
- *PTCL recognizes the facts that business survival in the face of full blown competition, quality of services s the primary determining factor of customers' satisfaction.*

- PTCL is making all out efforts including rehabilitation of Network, arrangement of enhanced standby power, provision of fast moving transportation facilities to staff, revamping work flow processes and improving the skill set of its employees.
- PTCL has also taken actions to improve the performance of inquiry system and other call centre based services through enhanced capacity of Call centers, up-gradation of Directory Inquiry Service records.

**Overview of Quality Survey Results**

**QoS parameters and Survey results are reproduced hereunder:**

**Quality of Service Report**

Period	Fault Incidence	Fault Clearance		Call Failure Rate		Billing Error	Inquiry Response
<i>Bench Marks</i>	<i>37/100 lines/ annum</i>	<i>95% within 24 hrs</i>	<i>100% within 48 hrs</i>	<i>2.7% (Local Calls)</i>	<i>4.10% (NWD calls)</i>	<i>0.05/100 bills/ month</i>	<i>98% in 10 sec.</i>
<i>August 2009 Survey</i>	<i>121.2</i>	<i>74.87%</i>	<i>92.86%</i>	<i>2.19%</i>	<i>2.83%</i>	<i>0.79</i>	<i>17.34%</i>

**Comparison with Earlier Surveys**

The results given in Show Cause Notice and that given in earlier Surveys are reproduced for comparison purpose as follows:

**Quality of Service Report**

Period	Fault Incidence	Fault Clearance		Call Failure Rate		Billing Error	Inquiry Response
<i>Bench Marks</i>	<i>37/100 lines/ annum</i>	<i>95% within 24 hrs</i>	<i>100% within 48 hrs</i>	<i>2.7% (Local Calls)</i>	<i>4.10% (NWD calls)</i>	<i>0.05/100 bills/ month</i>	<i>98% in 10 sec.</i>
<i>Survey of August 2009</i>	<i>121.2</i>	<i>74.87%</i>	<i>92.86%</i>	<i>2.19%</i>	<i>2.83%</i>	<i>0.79</i>	<i>17.34%</i>

Survey of 2008-09	135.58	69.37%	82.40%	1.91%	4.76%	0.14	71.50%
-------------------	--------	--------	--------	-------	-------	------	--------

*The above referred figures show an improvement with regard to fault incidence, fault clearance and reduction in Call Failure rates specifically.*

**Quality Indicators Achievement Status**

- *These results show that PTCL has achieved significant improvements in some of the important benchmarks including following;*
  - *Call Failure Rates (Local Calls)*
  - *Call Failure Rates (NWD)*
  - *Call Failure Rates (International)*
  - *Answer to Seizure Ration (Incoming)*
  - *Answer to Seizure Ratio (Outgoing)*
  - *Service Availability (1217)*
  - *Service Availability (1218)*
  - *Service Availability (1236 & 080080800)*
  - *For the following benchmarks survey results show underperformance:*
  - *Billing Error*
  - *Inquiry Response*
  - *Fault Incidence & Clearance*

**Billing Errors:**

- *The bill distribution, collection and gathering of information thereof are severally affected in two telecom regions HTR and NTR-I due to the prevailing law and order situation in NWFP province.*
- *The high billing error rates of 1.22 and 6.99 respectively in these regions have distorted the average billing errors across all the region.*
- *Individually the billing error rate for all other regions surveyed by the Authority, is either within or near to the given threshold.*
- *The data pertaining to excessive billing complaints as available with PTCL which records a total of 18,480 complaints for a period of 6 months which is around 3,080 per month (0.01/month/100 lines taking 3.2 million working wire-line), far lower than the benchmark of 0.05% provided in the license.*
- *The bill payment and collection information system depends on the legacy system of gathering paid bill stubs from banks and updating PTCL B&CC system. This system is time consuming (48-72 hours cycle) and prone to human error. However this system is being practiced by all the utility companies throughout Pakistan.*
- *Complaints about inclusion of billing for Premium Rate Service are major portion of reported billing complaints. In most of the cases, PRS calls are made by dependents of the customer without his knowledge. Such calls are automatically recorded and usage is genuine and cannot be controlled by PTCL.*
- *Still to facilitate customers, on most of the cases, PTCL delete these calls from bills thus giving away the genuine revenue earned.*

- *Benchmark set in PTCL's license regarding Billing Errors of 0.05% are also too stringent compared to regional benchmarks. The practice prevailing in the developing countries and Pakistan is as follows:*

	<i>Pakistan</i>	<i>India</i>	<i>Bangladesh</i>	<i>Malaysia</i>	<i>Nepal</i>	<i>Oman</i>	<i>Lebanon</i>
<i>Billing Errors</i>	<i>PTCL: 0.05% CMOs: 0.2% LLOs: 0.2%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>2.0%</i>	<i>0.1%</i>	<i>0.15%</i>	<i>0.3%</i>

- *The above referred figure clearly shows that the Indicator referred to in PTCL's license is not in line with those in other Operators' licenses i.e. (both LL & CMO) and PTCL is at disadvantages position in this regards.*

#### ***Fault incidence and Fault Clearance***

*PTCL's internal network is world class as evident from the PTA surveys' as the results. We accept that PTCL outside plant has problems. However these are not entirely attributable to PTCL as numerous external factors listed below are responsible for these as well:*

- *Poor in-house wiring (no bylaws for wiring in multi storied buildings), sub/non-standard line attachments at customers' premises and multiple parallel extensions.*
- *Power outages / low voltage impacting operation of the line side equipment. Hundreds of power breakdowns every month affecting equal number of customers connected to ~4000 remote RLUs and ONUs.*
- *Large scale damages to PTCL outside plant in cities/towns caused by development activities of the Utility companies i.e. Power, Water Supply, Sewerage and Gas Companies, cable laying by cable TV operators, LLOs and LDIs.*
- *Malicious cable cuts and theft has occurred in thousands during last 9 months, affecting large numbers of customers and cable pairs.*
- *Refusal, delayed permissions and high charge of RoW are impacting the O&M activities badly leading to lower QoS.*
- *Law & order problems restricting repair personnel movement also impacts the O&M.*

#### ***External Factors: Damages due to Law & Order and cost Impact***

- *The deteriorating law and order situation causing heavy damage to telephone exchanges, transmission media and outside plant. PTCL staff killed/injured and kidnapped. The summary of the damages in NTR-I and NTR-II on account of the worsening law and order situation are as follows:*

<b><i>SN.</i></b>	<b><i>Title</i></b>	<b><i>Cost</i></b>
<i>1.</i>	<i>Damage to DRS Backhaul Transmission Media and its restoration Cost</i>	<i>206.41(M)</i>
<i>2.</i>	<i>Complete &amp; Partially destroyed Switches</i>	<i>74.95 (M)</i>
<i>3.</i>	<i>OSP Network</i>	<i>80.00(M)</i>
<i>4.</i>	<i>Revenue Loss due to closure of PTCL BTSs</i>	<i>18.35(M)</i>
	<b><i>Total Loss</i></b>	<b><i>379.71 (M)</i></b>



- *The situation is also getting worse in the province of Baluchistan where miscreants have damaged PTCL network and equipment many a times.*

***External Factors: Damages due to development works and theft/cuts by external elements***

*The summary of faults caused by these external factors and the affected customers is as follows:*

<i>Details</i>	<i>No. of Events</i>	<i>Affected Customers</i>
<i>Breakdown by Civic Agencies</i>	<i>2,868</i>	<i>204,461</i>
<i>Breakdown by Malicious Cuts</i>	<i>904</i>	<i>154,402</i>
<i>Breakdown due to Power failure</i>	<i>414</i>	<i>60,548</i>
<i>Law &amp; order</i>	<i>447</i>	<i>73,683</i>
<i>Grand Total</i>	<i>4,633</i>	<i>493,094</i>

***External Factors: Damages due to development works and theft/cuts by external elements: Very recent example of incidences:***

- *In Hangu area, cables was removed form the main holes/ducts and cut in small pieces (photographs forwarded with response). These incidences are adversely impacting PTCL’s revenues and the morale of the PTCL staff engaged in service restoration.*
- *In Rawalpindi Cantt (Adyala Road), PTCL’s cable team was working to trace buried cable and ducts who were detained unlawfully by FWO staff the whole day and were let go after very hectic efforts and negotiation with FWO officers. Due to such events, our staff members are being harassed and humiliated resulting in lowering their efficiency.*
- *PTCL exchanges (Tump, Baleecha in Turbat, Baluchsitan) were put on fire and during the last two years more than 800 solar panels of DRS repeaters have been stolen. These instances are on the rise as law & order situation is not under control.*

***External Factors: Supreme Court’s Decision for Support in RoW:***

- *The Honorable Supreme Court of Pakistan also reviewed this matter in a case referred to the Court and realizing the situation on the ground and difficulties faced by PTCL in its operation consequently and after thorough deliberation it ordered:*

*“...Therefore, keeping in view the submissions so made and in the light of the documents filed by the respondent we direct the secretary interior and secretary home department Govt of Punjab to ensure that no unauthorized digging to be made which may result in cutting or causing damage to the telephone and other allied services such as telephone cable, optic fiber, etc by or through the semi*

autonomous/autonomous bodies, organizations or by the city district governments or by the local authorities. No further orders in the matter needs be passed according, this human right case stands disposed off. Copy of this order be sent to all concerned for compliance.”

**External Factors: Assessment of damages due to Flood:**

The initial estimates for damages due to flood are provided below. The damages for many areas of Sind & Baluchistan are not included as not accessible. Therefore, the figures will vary after completion of assessment:

S.No.	Name Of Region	Damage Assessment (PKR Million)
1	NTR-I	645.84
2	HTR	8.55
3	MTR	605.87
4	RTR	28.08
5	NTR-II	52.05
6	STR-V	22.26
7	FTR	2.80
8	Transmission Region South	18.95
9	STR-I	7.10
10	ITR	17.96
11	Transmission Region North	75.29
12	GTR	1.52
	<b>Total</b>	<b>1486.26</b>

**Comparison of regional benchmarks and LL & Mobile Operators with PTCL.**

Considering the environment prevailing in Pakistani compared to similar developing countries like India, Bangladesh, Singapore, Malaysia, Nepal, Lebanon, Oman, Saudi Arabia etc., these QoS indicators are too stringent and require revision in line with standards prevailing in countries having similar conditions. Some regional figures are as under:

	Fault Incidence	Fault Clearance			
	Per 100 lines/annum	within 24 hrs	within 48 hrs	within 72 hrs	in 5 days
Pakistan -PTCL	37	95%	100%		

India (Urban areas)	60	90%		100%	
India (Rural areas)	60	90%			100%
Bangladesh	60	80%		100%	
Malaysia	50	80%	90%		
Saudi Arabia	60	90%			
Singapore		90%	95%		
Nepal	96	80%	95%	99%	

### **Comparison of regional benchmarks and LL & Mobile Operators with PTCL.**

Though the bench marks in the above mentioned countries are lenient compared to those in PTCL's license, still achieving these are very difficult as is evident from the attached QoS results about wire line network of BSNL in India. On the average, fault incidence in metro areas approach 10 faults / month/100 lines. This shows that in developing countries, specifically in metro areas with high development activities wire line networks are susceptible to severe external hazards. Power shortages and law & order situation in Pakistan has further exacerbated the problems.

- Because of logistic issues, long duration power outages, security concerns and long loops more time is consumed per repair in rural areas compared to urban areas. PTCL has to deploy more resources in rural areas due to wide spread wire line network whereas the service provisioning in such areas are already in loss. Therefore, more relaxed benchmarks are required for rural areas to cut down the company's cost and expenses.

### **Inquiry Service**

- The standard 70% calls within 12 sec of 1997 was set when the calls were answered without IVR's assistance. The standard of 98/10 is meant for IVR response and not for Operator assisted services such as Customer Support & Service (CSS/1236) and Complaint Management Service (CMS/1218).
- Contact Centers internationally do not meet or target the service levels of 98/10. The benchmark is very stringent compared to bench marks of regional countries as given in table below:

### **Response time to Customers' calls**

Pakistan	India	Bangladesh	Malaysia	Nepal	Oman	Saudi Arabia	Lebanon
PTCL: 98% in 10 sec CMOs: 70% in 20 sec LLOs No obligation	90% in 60 sec	80% in 20 sec	90% in 10 sec	80% in 30 sec	90% in 20 sec	80% in 60 sec	90% in 15 sec

## **MEASURE TO IMPROVE**

**Quality of Service**  
**Billing Errors and Complaints**

- *In order to facilitate our customers, efforts are under way to encourage all major collecting banks to process the bills collected at their own bank counters and provide automated MIS which will reduce the processing time and errors considerably.*
- *Some of the initiatives in this direction are as under:-*
  - *HBL (1400 branches) is already their own processor and providing automatic MIS on 24 hours basis.*
  - *MCB (1026 branches) has already started the pilot project in Karachi and are hopeful to implement this to all PTCL regions.*
  - *ABL (700 branches) will be starting similar pilot project from ITR.*
  - *UBL(1112 branches) is approached to start country wide processing of the collected bills.*
- *PTCL IT has developed an online collection system which has been tested with Ufone outlets and will be rolled out commercially very soon. Initially this would be launched at 22 outlets and then will be extended to all Ufone Franchise. After the initial launch this capability will be used for any collection agency including banks, ATMs, Nadra etc.*
- *Certain measures to facilitate the customers in bill receipt and payment thereof are as follows:*
  - *Effective coordination with Post Office for timely and accurate delivery of telephone bills to the subscribers.*
  - *Cash collection and instant updating of receipt information at PTCL's own One Stop Shops (OSS).*
  - *Online Bill payment through ATMs and NADRA kiosks.*
  - *E-Payments facility from 10 Banks*
  - *Web Self Services system will provide numerous facilities ranging from bill inquiry, package information and on-line package change and bill printing etc.*
  - *Billing inquiry (1200)*
  - *Near Real time call details and charges availability to the Revenue offices through Revenue console to satisfy the customers about current bill status.*
- *The regional staff has been empowered for better monitoring and timely handling of complaints based on the customer surveys.*
- *Call center agents have been authorized to restore the telephone connections on payment confirmation by the customers.*
- *PTCL is making arrangements with U-fone for bill collections through its customer service centers & franchises and timely exchange of data for up-dation of records and number restoration.*
- *PTCL has made arrangements to increase collection options by customers through credit card machines installed at its One Stop Shop.*
- *Online web-based interface has been development to get Duplicate Bills payable at any channel of payment.*

#### **Customer Care – Inquiry Services**

- *PTCL has taken several measures to improve call centre based services:*
  - *Increase capacity of Call centers.*
  - *Up-gradation of Directory Inquiry Service records.*
    - *Coordination with the 2<sup>nd</sup> wire line service provider i.e. NTC.*

- *Encouraging customers to update antecedents by calling on Toll Free number*
  - *Significant increase in number of call center agents.*
  - *Significant investment in training of call center agents.*
  - *Deployment for IVR based CDAS.*

#### **Rehabilitation of OSP**

- *PTCL has initiated a comprehensive rehabilitation plan, partly replacing copper with optical fiber cable.*
- *However, complete replacement of copper based network is capital intensive and time consuming and would be achieved in phased manner. The up-gradation work is impeded by delays in RoW by civic bodies.*
- *PTCL has completed the rehabilitation project Phase I at a cost of **Rs 490 million**.*
- *PTCL has started the 2<sup>nd</sup> Phase of rehabilitation at a cost of **Rs 450 million** which has plan to complete 1500 cabinets with target date as June 30, 2011.*
  - *~800 cabinets will be renovated till December 2010*
  - *The remaining 700 will be completed in June, 2010*
  - *MSAG project has also been launched and new 84,000 primary lines Fiber and Secondary through copper will be available in major cities like Karachi, Lahore Sukkur, Hyderabad, Quetta, Faisalabad, Gujranwala, Gujrat, Multan, Rawalpindi, Islamabad and Peshawar which will be used for replacement of bad copper primary and for provision of services to new subscribers*
  - *Fiber to the Home (FTTH) Pilot Project in Karachi, Lahore and Islamabad has been planned and will be completed by June 2011*
  - *The Project for replacement of TDM switch with NGN of 300,000 lines is in planning stage and will be completed by June 2011*

#### **Rehabilitation of PTCL TDM to NGN conversion:**

- *39 old Ericsson & NEC TDM exchanges has been converted to NGN.*
- *Conversion of Siemens & Alcatel in Karachi, Lahore & Islamabad is being planned to bring these cities totally on NGN.*
- *Replacement of old batteries for 444 small RLUs have been completed and additional 115 sites are in the pipeline*
- *Replacement of 208 batteries & rectifiers at 134 major exchanges (MSUs) is in progress*
- *Replacement of outlived & unserviceable DG sets at 18 sites is in process*
- *Replacement of outlived & unserviceable A/C units(349 units) at 189 sites is in pipeline*
- *DG set automation Conversion:*
  - *First phase with installation of 246 Auto Start Panels has been completed successfully,*
  - *Second phase for 981 sites is under process to enhance availability of PTCL service at remote areas.*
  - *The pilot project for remote monitoring of Power Plant Equipment in ITR and RTR regions is in process for effective monitoring of Power Plant equipment.*

**Rehabilitation of OSP:**

- *In 1<sup>st</sup> phase of 2109 cabinets have been renovated with health improvement of 436,119 working paris. The city-wise results are summarized below:*

<b>Region</b>	<b>Cabinets Earmarked</b>	<b>Cabinets Renovated</b>	<b>Faults Before Renovation</b>	<b>Faults After Renovation</b>
<i>Peshawar</i>	<i>56</i>	<i>56</i>	<i>9-11%</i>	<i>6-7%</i>
<i>Abbottabad</i>	<i>34</i>	<i>34</i>	<i>7-8%</i>	<i>5-6%</i>
<i>D I Khan</i>	<i>36</i>	<i>36</i>	<i>15%</i>	<i>15-20%</i>
<i>Islamabad/ Rawalpindi</i>	<i>439</i>	<i>439</i>	<i>11-13%</i>	<i>7-9%</i>
<i>Lahore</i>	<i>503</i>	<i>503</i>	<i>11-13%</i>	<i>8-9%</i>
<i>Multan</i>	<i>170</i>	<i>170</i>	<i>10-13%</i>	<i>7-9%</i>
<i>Faisalabad</i>	<i>200</i>	<i>200</i>	<i>12%</i>	<i>5-6%</i>
<i>Gujranwala</i>	<i>150</i>	<i>150</i>	<i>12-13%</i>	<i>6-7%</i>
<i>Hyderabad</i>	<i>68</i>	<i>68</i>	<i>11-13%</i>	<i>8-10%</i>
<i>Sukhur</i>	<i>49</i>	<i>49</i>	<i>12-15%</i>	<i>9-10%</i>
<i>Quetta</i>	<i>105</i>	<i>105</i>	<i>8-10%</i>	<i>5-7%</i>
<i>Karachi</i>	<i>277</i>	<i>277</i>	<i>-</i>	<i>-</i>

*In 2nd phase 1500 cabinets have been earmarked for renovation. The summarized is given below:*

<b>S. No</b>	<b>Name Of Regions</b>	<b>No Of Cabinets to be renovated</b>	<b>Terminated Pairs</b>	
			<b>Primary</b>	<b>Secondary</b>
<i>1</i>	<i>CTR</i>	<i>80</i>	<i>22700</i>	<i>28770</i>
<i>2</i>	<i>GTR</i>	<i>197</i>	<i>61275</i>	<i>74170</i>
<i>3</i>	<i>FTR</i>	<i>150</i>	<i>66310</i>	<i>78470</i>
<i>4</i>	<i>LTR(S)</i>	<i>132</i>	<i>61150</i>	<i>70675</i>
<i>5</i>	<i>LTR(N)</i>	<i>160</i>	<i>85100</i>	<i>108470</i>
<i>6</i>	<i>MTR</i>	<i>120</i>	<i>36635</i>	<i>46670</i>
<i>7</i>	<i>NTR-I</i>	<i>50</i>	<i>15575</i>	<i>21370</i>
<i>9</i>	<i>HTR</i>	<i>16</i>	<i>5300</i>	<i>7200</i>
<i>10</i>	<i>RTR</i>	<i>160</i>	<i>55899</i>	<i>58915</i>
<i>11</i>	<i>ITR</i>	<i>200</i>	<i>107785</i>	<i>125355</i>
<i>12</i>	<i>STR-I</i>	<i>85</i>	<i>26000</i>	<i>33900</i>

14	<i>Karachi</i>	<i>150</i>	<i>23567</i>	<i>28678</i>
15	<b><i>Total</i></b>	<b><i>1500</i></b>	<b><i>693937</i></b>	<b><i>850775</i></b>

***Network Operation Center (NOC)***

- *PTCL has established state of the art NOC located in Islamabad with 3 regional NOC's at Lahore, Rawalpindi and Karachi for 24/7 remote monitoring of our exchanges and transmission equipment.*
- *The NOC helps in faster root cause analysis and expediting service restoration through proactive identification and resolution of faults and generation of centralized performance statistics and reports.*

•

***Consumer Protection***

- *PTCL has facilitated the customers through implementation of several channels of complaints registration and escalation.*
- *It may be noted that PTCL together with PTA has spent millions of rupees on media campaign to create awareness among the consumers.*
- *PTCL takes very seriously all complaints referred to it by the Authority and compliance for last eleven months indicates the seriousness.*

***Summary Of Complaints (Jun 09 To Jun 2010)***

<b><i>Month</i></b>	<b><i>Total Complaints</i></b>	<b><i>%age of Resolution</i></b>
<i>Jun-09</i>	<i>567</i>	<i>95%</i>
<i>Jul-09</i>	<i>859</i>	<i>92%</i>
<i>Aug-09</i>	<i>1,523</i>	<i>91%</i>
<i>Sep-09</i>	<i>1,097</i>	<i>84%</i>
<i>Oct-09</i>	<i>884</i>	<i>95%</i>
<i>Nov-09</i>	<i>710</i>	<i>87%</i>
<i>Dec-09</i>	<i>687</i>	<i>91%</i>
<i>Jan-10</i>	<i>740</i>	<i>98%</i>
<i>Feb-10</i>	<i>760</i>	<i>98%</i>
<i>Mar-10</i>	<i>807</i>	<i>99.60%</i>
<i>Apr-10</i>	<i>781</i>	<i>99.50%</i>
<i>May-10</i>	<i>745</i>	<i>100%</i>
<i>Jun-10</i>	<i>1,071</i>	<i>99%</i>
<b><i>GRAND TOTAL</i></b>	<b><i>10,449</i></b>	<b><i>95%</i></b>

***Prayer***

- *In view of our submissions herein above, we request that the Show Cause Notice may kindly be withdrawn and related proceedings may please be stopped allowing PTCL 2 years time to implement rehabilitation and up-gradation project.*

- *The Authority is further requested to recommend to GoP for framing and issuance of laws on RoW facilitating availability at reasonable fee and without undue delay.*
- *The Authority is requested that in view of the peculiar operational environment prevailing in Pakistan and the benchmarks of other similar countries and local licensees, the QoS benchmarks of PTCL may please be revised.”*

## **2. Findings of the Authority**

2.1. Since the licensee has failed to respond and to defend the specific allegations leveled against it in the show cause notice for not providing the required level of quality of services to its customers, through its reply and arguments, as ordained in the license condition, hence, contravened condition 2.1, 2.2 and 2.3 of part 1 of schedule 2 of the license, regulation 9 and 10 of the PTA (Functions & Powers) Regulation and Para 23.7 of part 6 of Telecom Rules, in effect admitted the same. Moreover, it also has shown disregard to the Authority’s orders/instructions on the subject issue. This being the case, the notice is rightly issued and there is no reason for withdrawing it as requested in reply to the notice and hearing.

2.2. The law relating to Right of Way (RoW) has been provided in section 27-A of the Act, which has already addressed the issue of payable fee (i.e. reasonable and equitable) and period for providing RoW (upto 30 days), hence, no need to recommend to the Federal Government for promulgation of laws on the subject, which is already in place.

2.3. The request for grant of two years time to implement the upgradation of QoS cannot be granted at the cost of the consumers because the Authority has to protect the interest of the consumers as well which are already suffering from poor quality of service.

2.4. Since the data asked by the licensee vide its letter dated 8<sup>th</sup> February, 2010 was provided to the licensee vide PTA’s letter dated 26<sup>th</sup> February, 2010, hence, the argument of the licensee made in its reply dated 5<sup>th</sup> March, 2010 for sharing of analysis report was misconceived. Without prejudice the aforesaid, though the licensee has not reiterated/stressed this argument during hearing but is necessary to respond to avoid further implication. The said survey was carried out jointly by the officers of PTCL and PTA and the average results mentioned in the show cause notice was prepared from the aforesaid results/data and on the basis of information/data provided and signed by officers of PTCL during the survey by matching with the criteria given in the license and KPIs. Moreover, the licensee has not disputed the results of aforesaid surveys, which may compel the Authority to share data in the interest of justice, hence, the demand of sharing of data which was given by the licensee seems illogical.

2.5. No doubt the proceedings under section 23 of the Act are quasi-judicial in nature. However, the licensee has, during the hearing, neither demanded the data nor stressed for cross examination of the officers of the Authority, hence, has forgone its right to cross-examine the concerned officers. Without prejudice to the aforesaid, this argument or demand is based on incorrect information on the ground that the results were prepared on the basis of data provided/signed by the officers of the licensee during joint survey and is also available with the licensee for which no need to cross examine the officers of the Authority.

2.6. Since previously the licensee had failed to provide required level of quality of service to its customers as was established through two nationwide surveys from March, 2008 to September, 2008 and November, 2008 to January, 2009 for checking the quality of service being provided by the licensee to its customers against the benchmarks mentioned in the license, but the results were not upto the mark, hence, the licensee was directed to improve the quality of services vide letters No.5-1/2009/Enf/PTA dated 6<sup>th</sup> April, 2009 and 9<sup>th</sup> April, 2009, therefore, the instant show cause notice cannot be considered as



notice/report under regulation 10(3) of the Pakistan Telecommunication Authority (Functions & Powers) Regulations, 2006, hence, the argument of the licensee is based on incorrect and incomplete information.

2.7. The Authority is not satisfied with the measures taken by it to improve the quality of services to its customers as per the license conditions and benchmarked set for the said purposes. The major part of the steps taken by the licensee towards improvement of quality of service started after the issuance of show cause notice, but still a lot of work and resources have to be deployed by the licensee to provide the required quality of services to its customers as per the benchmarks given in the license and set in the KPIs, which establish that the licensee has failed to meet its obligation under the license which resulted in poor quality to services to its customers. Therefore, any in-action or non-action on the part of licensee despite repeated demands and directions of the Authority and its persistent oblivion to the mandate given in the statutory and licensed conditions, do not absolve the licensee from fixing the liability or imposing additional conditions under section 23 of the Act.

2.8. PTA has been regularly receiving the complaints of the consumers who are continuously suffering due to poor quality of services, hence, consumers could not be let at the mercy of the licensee to provide them with poor quality of service contrary to licensed terms and conditions and the criteria set in the license/KPIs.

2.9. the following comparison provided by the licensee regarding its QoS very rightly establish the fact that it is providing the services very far below the thresholds set in the license and KPIs and the improvements shown by it are not of required extent, hence, miserably failed to provide the required standards of services to its consumers.

<i>Period</i>	<i>Fault Incidence</i>	<i>Fault Clearance</i>		<i>Call Failure Rate</i>		<i>Billing Error</i>	<i>Inquiry Response</i>
<i>Bench Marks</i>	<i>37/100 lines/ annum</i>	<i>95% withi n 24 hrs</i>	<i>100% within 48 hrs</i>	<i>2.7% (Local Calls)</i>	<i>4.10% (NWD calls)</i>	<i>0.05/100 bills/ month</i>	<i>98% in 10 sec.</i>
<i>Survey of August 2009</i>	<i>121.2</i>	<i>74.87%</i>	<i>92.86%</i>	<i>2.19%</i>	<i>2.83%</i>	<i>0.79</i>	<i>17.34%</i>
<i>Survey of 2008-09</i>	<i>135.58</i>	<i>69.37%</i>	<i>82.40%</i>	<i>1.91%</i>	<i>4.76%</i>	<i>0.14</i>	<i>71.50%</i>

2.10. The benchmarks for QoS are agreed to by the licensee and are same with other LL/WLL/LDI operators in Pakistan. Secondly, the benchmarks applicable in other similar countries are agreed to by those licensees through license conditions/regulations, hence, these benchmarks cannot be changed/modified on the ground that these have become difficult to achieve by the licensee, as argued, during the proceedings under section 23 of the Act.

2.11. the claim of the licensee for improvements in some of the benchmarks: (i) Call Failure Rate (Local Calls/NWD/Intemational) and (ii) Answer to Seizure Ratio (Incoming/outgoing) and (iii) Service availability (1217, 1218, 1236 &080080800), is correct to some extent, but the improvements cannot be claimed to be significant, though improved, but still are far below the threshold given in the license/KPIs. The rest of the parameters relating to Billing Error, Inquiry response and Fault Incidence & Clearance, as has been admitted by the licensee, as under performance, shows without

shadow of doubt that the licensee is sufficiently aware of the faults of its services/system but failed to achieve the set standards given in the license/KPIs, hence, caused sufferings of the customers and contravened its obligations, which rightly compel the Authority to invoke its powers under section 23 of the Act. The high billing errors as claimed by the licensee in the regions of HTR and NTR-1 due to law and order situation, being an exception, cannot absolve it from the liability for high billing errors in the regions of RTR, KTR, FTR and WTR.

2.12. the claim of the licensee that benchmark regarding Billing Errors of 0.05% is stringent compared to regional benchmarks and is not in line with the benchmark of other LL operators is based on incorrect information, hence, is not accepted. The said benchmark of Billing Error is lesser in case of PTCL license (*0.05% per 100 bills issued over the course of each calendar month*) with respect to other LL licenses (*i.e.0.02 per 100 bills issued during each calendar month*) [Mobile license is irrelevant for the subject purpose being license for different technology and category), hence, the licensee was not placed at disadvantageous position in this regard. Regarding regional benchmarks it is highlighted that every country has its own licensing regime and has set its benchmarks for QoS which are either incorporated in the licenses or the regulations. In the same way, the said benchmark was agreed to by the licensee in its license like other LL operators, hence, has no right to dispute the same at this stage during proceedings under section 23 of the Act.

2.13. the claim of the licensee that benchmark regarding Fault incidence and Fault Clearance being 37 per 100 lines and 95% (within 24 hrs) and 100% (within 48 hours) are stringent as compared to similar developing countries like India, Bangladesh, Singapore, Malaysia, Nepal, Lebanon Oman and Saudi Arabia cannot be accepted on the ground that these benchmarks are same as in PTCL license and in other LL licenses (Mobile license is irrelevant for the subject purpose being license for different technology and category), hence, there is no discrimination nor the licensee was placed at disadvantageous position in this regard. The benchmark for inquiry service is also agreed by the licensee in its license. Regarding other developing countries as mentioned in its arguments it is highlighted that every country has its own licensing regime and has set its benchmarks for QoS which are either incorporated in the licenses or the regulations. In the same way, the said benchmarks were designed keeping in view the wireline/fixedline limitations and were agreed to by the licensee in its license like other LL operators, hence, has no right to dispute the same at this stage during proceedings under section 23 of the Act.

2.14. Regarding fault incidence and fault clearance, the licensee has argued that these are because of external factors including poor-in-house wiring, power outages/low voltage impacting operation of the line side equipment, large scale damages to PTCL outside plant in cities/towns by development activities of the Utility Companies, Malicious cable cuts and thefts occurred during last nine (09) months, refusal/delayed permission and high charges for Right of way impacting O&M activities and law and order situation restricting repair personnel movement, etc, which cannot be accepted on the ground: (i) this reply is general in nature, hence, cannot be associated with the overall performance of the licensee with respect to QoS, (ii) the data was given by the licensee and the survey was conducted in association with representatives of the licensee who had not highlighted such incidents/information during the survey of each of the exchange of the licensee, (iii), the licensee has to seek legal remedies available under the law with respect to damages/cable cuts and right of ways, (iv) it has to make alternative arrangements for power outages/loadshedding, to ensure that its customers get the QoS as per the benchmarks/criteria/standards given in the license and KPIs,(v) it has not sought force majeure clause in law and order hit areas as per the license/rules,(vi) the damage due to flood does not relate to the period of survey, therefore, the aforesaid said arguments of the licensee are an afterthought measure, hence, cannot absolve the licensee from implementing its responsibilities under the license, rules/regulations and KPIs.

2.15. The orders of the august Supreme Court dated 18-05-2009 and 06-07-2009 (in HRC.No.750-Lof 2009), as referred by the licensee in its arguments, has also come in aid to PTCL

for pursuing its legal remedies available under the law to ensure that its consumers could not suffer due to poor quality of services of the licensee due to unauthorized digging and cable cuts.

2.16. The Authority has duly considered and appreciated the measures taken by it for resolving billing errors and complaints, customer care inquiry services, rehabilitation of PTCL network and OSP and consumer protection as stated during its arguments, but when confronted with questions relating to DSL service, Billing for IP-TV and service issues on consumer complaints it failed to satisfy the Authority.

### **3. Order of the Authority:**

3.1. Keeping in view the above mentioned facts coupled with the available record, the Authority has considered the submissions of the licensee and took a lenient view for this time and decided to dispose of the show cause notice dated 4<sup>th</sup> February, 2010 in the following terms:

(i). Since the licensee has failed to satisfy the Authority on the aforementioned contraventions made by it regarding mandatory level and standards of Quality of Service, however, keeping in view the difficulties being faced by it and the progress made so far on this account after the issuance of show cause notice, the licensee is, therefore, directed to remedy the aforementioned contraventions by bringing and maintaining the required standards of quality of service within six (06) months of the issuance of this order. In case of failure strict legal action will be initiated against the licensee under the provisions of the Act, the rules/regulations and the license conditions.

\_\_\_\_\_  
(Sayed Nasrul Karim A. Ghaznavi)  
Member (Finance)

\_\_\_\_\_  
(Dr. Khawar Siddique Khokhar)  
Member (Technical)

Since, the Authority is unanimously not satisfied with the reply of the licensee and has reached to the conclusion that the licensee has failed to provide the QoS to its customers as per the standards laid down in license and the regulations on the subject, therefore, I disagree with the enforcement order passed by both the members for granting six month time for remedying the contraventions. I am of the view that the enforcement order should be passed according to the rules and regulations. According to rule 9(4) of Pakistan Telecommunication Rules, 2000 if the Authority is not satisfied, it can grant time to the licensee for remedying the contravention which shall be less than thirty days from the date of service of the enforcement order. In the instant case the time period should be less than thirty days. Secondly, grant of six months period to the licensee will create discrimination in the circumstances that the Authority has already passed orders against five mobile operators on the issue of poor QoS and required them to remedy the contravention within twenty nine days.

\_\_\_\_\_  
(Dr. Mohammad Yaseen)  
Chairman

Signed on this 31<sup>st</sup> day of March, 2011