

IDA Reference: INTC.03.0004

14 September 2007

Singapore Telecommunications Limited
31 Exeter Road,
#18-00 Comcentre,
Singapore 239732

Attention: Ms Chua Sock Koong
Group Chief Executive Officer

Dear Sirs

DIRECTION OF THE INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE: RECOVERY OF ONE-TIME SYSTEM SET-UP CHARGE ("OTSSC") FOR TAIL LOCAL LEASED CIRCUITS ("TLLCs") AS AN INTERCONNECTION RELATED SERVICE ("IRS") ("IRS TLLC")

1. The Info-communications Development Authority of Singapore ("**IDA**"), pursuant to the Info-communications Development Authority of Singapore Act (Chapter 137A), Section 27(1) of the Telecommunications Act (Chapter 323) (the "**Act**") and Condition 34.1 of the Licence to Provide Facilities-Based Operations issued to Singapore Telecommunications Limited ("**SingTel**") on 1 April 1992, hereby issues this Direction to SingTel.
2. Please refer to the following documents:
 - a. IDA's decision dated 12 April 2006 regarding SingTel's request to IDA to reconsider its Direction dated 8 March 2006 for SingTel to modify its Reference Interconnection Offer ("**RIO**") to provide for IRS TLLCs ("**12 April 06 Decision on Reconsideration**");
 - b. The decision made by the Minister for Information, Communications and the Arts ("**Minister**") dated 23 January 2007, on SingTel's appeal against IDA's 12 April 2006 Decision on Reconsideration, wherein the Minister varied the 12 April 2006 Decision on Reconsideration ("**Minister's 23 Jan 07 Decision**");
 - c. IDA's direction dated 5 February 2007 ("**5 February 07 Direction**") for the purpose of giving effect to the Minister's 23 Jan 07 Decision, requiring SingTel to submit for IDA's approval, (i) SingTel's modifications to Schedules 4C and 9, (ii) a proposed mechanism by which IDA may audit SingTel's capacity reservation requirements and (iii) SingTel's detailed justification and substantiation for the

quantum of the OTSSC it proposes to impose for its provision of IRS TLLC services, subject to IDA's audit of the said justification ("**IDA-audited Costs**");

- d. SingTel's written justification and substantiation for the quantum of the OTSSC dated 5 March 2007 ("**5 Mar 07 Letter**"), by which SingTel proposed to recover S\$96,758, comprising costs of modifications to its automated works order system and the Fault Reporting Management System ("**FRMS**") ("**IS Costs**"), and manpower costs;
 - e. SingTel's letter dated 30 March 2007 ("**30 Mar 07 Letter**") proposing to recover the OTSSC from all Requesting Licensees ("**RLs**") by (i) dividing the total IDA-audited Costs equally between RLs who have already obtained IRS TLLCs, and then making necessary credit adjustments for existing RLs when new RLs acquire IRS TLLCs such that the IDA-audited Costs remain equally shared by all RLs; and (ii) restricting the recovery period of the OTSSC, and any subsequent credit adjustments, to 5 years from the first imposition of the OTSSC on an RL that acquires the IRS TLLCs ("**Proposed Cost Recovery Mechanism**");and
 - f. SingTel's letter to IDA dated 28 May 2007 ("**28 May 07 Letter**") enclosing some email correspondences in response to IDA's requests for clarification and substantiation of the proposed manpower costs.
3. IDA has completed its audit of SingTel's proposed OTSSC, and review of SingTel's Proposed Cost Recovery Mechanism.
 4. In respect of SingTel's proposed OTSSC, IDA has carefully considered the written justifications and emails submitted by SingTel in its 5 Mar 07 Letter and 28 May 07 Letter respectively. In addition, IDA also carefully considered all verbal clarifications which SingTel provided to IDA during the course of the audit.
 5. IDA's assessment is that SingTel is able to justify and substantiate costs amounting to S\$17,130.98, being (i) IS Costs to implement changes in respect of order provisioning and SingTel's FRMS; and (ii) certain manpower costs.
 6. In respect of SingTel's Proposed Cost Recovery Mechanism, IDA has carefully considered SingTel's proposal and hereby approves the same.
 7. The grounds for IDA's decision are set out in the accompanying explanatory memorandum.
 8. Accordingly, IDA hereby directs SingTel to propose modifications to Schedule 9 of its RIO to reflect:

- i. the imposition of an OTSSC up to a maximum sum of S\$17,130.98 only; and
 - ii. the Proposed Cost Recovery Mechanism.
9. In revising the RIO, IDA reminds SingTel that:
 - a. to the extent that any of SingTel's proposed modifications fail to give effect to this Direction, or in IDA's view, is not acceptable, IDA will direct SingTel to adopt specific drafting language;
 - b. IDA will reject any proposed modification by SingTel that is not for the purpose of giving effect to this Direction; and
 - c. any non-compliance with this Direction constitutes a contravention of Section 8 of the Act for which IDA will not hesitate to take strong enforcement action.
10. SingTel must submit to IDA for posting on IDA's website, one hardcopy and one softcopy (both in clean and marked-up versions) of its modified RIO by **12 noon, 21 September 2007**. The marked-up version must clearly identify each modification made by SingTel. The softcopy submission must be made in Adobe and Microsoft Word formats, and emailed to liau_chie_kiong@ida.gov.sg, at the same time SingTel submits to IDA the hardcopy of its proposed modifications.
11. Any clarification required on this Direction must be made in writing, marked for the attention of our Mr. Andrew J. Haire (Deputy Director-General (Telecoms)), and faxed to 6211 2116. Please note that any clarification sought by SingTel will not affect SingTel's obligation to comply fully with this Direction.

Yours faithfully,



Leong Keng Thai
Deputy Chief Executive Officer / Director-General (Telecoms)