

MEMORANDUM CIRCULAR

No. _____

Subject: Additional Guidelines for the Evaluation of New CATV Applications

WHEREAS, pursuant to Executive Order No. 546, Series of 1979, the National Telecommunications Commission (NTC) is vested with the power to promulgate rules and regulations as public safety and interest may require, to encourage a larger and more effective use of communications and broadcasting facilities and to maintain effective competition among private entities;

WHEREAS, cable TV continues to be a vital source of news, information and entertainment for the public;

WHEREAS, the entry of new pay TV services may impact on the viability of the cable TV business;

WHEREAS, the viability of cable TV operations is essential in order to ensure the continued provisioning of the service;

NOW THEREFORE, the NTC, pursuant to Act No. 3846, the Radio Control Law (as amended) and Executive Order 546 series of 1979, Executive Order 205 series of 1987 and Executive Order 436 series of 1997, hereby issues the following guidelines for the evaluation of new cable TV applications:

Section 1 PURPOSE

The purpose of this Memorandum Circular is to provide guidelines in determining the viability of proposed cable TV applications, noting that changes in the economic condition affects the CATV business.

Section 2 GENERAL PROVISIONS

Section 2.1 The minimum project cost for a new CATV application to include Head-End equipment shall be Five Million Pesos (Php 5,000,000.00).

Section 2.2 The average monthly household income for potential subscribers:

P 35,000 (for all class of cities)

P 20,000 (for all class of municipalities)

Section 2.3 In order to determine more effectively the financial capacity of a CATV applicant / operator, the maximum debt-to-equity (d/E) ratio shall be at least 70:30.

Section 2.4 For Renewal of Provisional Authority, a CATV operator must have rolled-out at least 50% of barangays within its service area.

Section 2.5 Expired Provisional Authority of five (5) years or more with no Motion for Renewal filed shall be revoked.

Section 2.6 The Certificate of Authority shall be granted to CATV operator that have covered at least 80% of the barangays within its service area.

Section 2.7 As a general rule, in order to address the issue on over-building, and to account for the existence of other Pay TV services such as DTH/DTU (direct-to-home / direct-to-user) service, only 70% of the potential subscribers in a given service area shall be considered as the total number of potential subscribers for a CATV service irrespective of the number of authorized DTH/DTU service provider.

Section 2.7 The potential subscribers are computed based on the monthly household income as furnished by the Philippine Statistics Office (PSA).

Section 3 NUMBER OF CATV OPERATORS PER SERVICE AREA

Cable television service areas that are subject for evaluation are hereby classified as follows:

- Service Area with 1,000 potential CATV subscribers and below - 1 CATV operator
- Service Area with 1,001 to 3,000 potential CATV subscribers - 2 CATV operators
- Service Area with 3,001 to 6,000 potential CATV subscribers - 3 CATV operators
- Service Area with more than 6,001 to 15,000 potential CATV subscribers - 4 CATV operators
- Highly Urbanized Cities and Other Areas with more than 15,000 potential CATV subscribers - Multiple CATV operators

Section 4 REPEALING CLAUSE

Any Circular, Office Order or Memorandum or parts thereof inconsistent herewith are deemed superseded and/or amended accordingly.

Section 5 EFFECTIVITY

This Circular shall take effect fifteen (15) days after publication in a newspaper of general circulation and upon filing with the UP Law Center of three (3) certified true copies of the Circular.

Quezon City, Philippines _____ .

GAMALIEL A. CORDOBA
Commissioner

DELILAH F. DELES
Deputy Commissioner

EDGARDO V. CABARIOS
Deputy Commissioner