

NMP FORM A: USER GUIDE

BASIS OF FORM A

NTC MEMORANDUM CIRCULAR No. 09-09-2018: RULES AND REGULATIONS ON THE SELECTION PROCESS FOR A NEW MAJOR PLAYER IN THE PHILIPPINE TELECOMMUNICATIONS MARKET

SECTION 1. DEFINITION OF TERMS

As used in this Memorandum Circular (MC), the following terms shall be defined as:

1.1 **“Capital and Operational Expenditure”** means the cumulative sum of Capital and Operational Expenditures in the Philippines of the Participant directly related to the installation, operation and maintenance of fixed (wired and wireless) networks, mobile networks, and offer all types of national and international telecommunications services including broadband, calculated in accordance with applicable accounting standards associated with the provision of Nationwide Population Coverage and Minimum Average Broadband Speed by the Participant.

In accordance with Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS), as applicable, Capital and Operational Expenditures are further defined as follows:

- a. Capital Expenditures shall refer to the initial cost of property and equipment which includes its purchase price and any cost attributable to bringing the property and equipment to its intended location and working condition. The term also includes:
 1. Expenditures which result in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance;
 2. Interest and other financing charges on borrowed funds specifically used to finance the acquisition of property and equipment to the extent incurred during the period of installation and construction;
 3. Assets under construction and transferred to the related property and equipment account when the construction or installation and the related activities necessary to prepare the property and equipment for their intended use are complete, and the property and equipment are ready for service; and
 4. Net present value of asset retirement obligations specifically on property and equipment installed/constructed on leased properties which arise from contracts to restore leased property to its original condition and dismantling and de-installation at the end of the contract period of the related property and equipment accounts.

For purposes of the Selection Process, Participants who have existing operations in the Philippines may include as part of their Capital Expenditures the net book value, as of its latest Annual Audited Financial Statements, of properties and equipment directly related to the installation, operation and maintenance of fixed (wired and wireless) networks, mobile networks associated with the provisioning of Nationwide Population Coverage and Minimum Average Broadband Speed by the Participant.

- b. Operational Expenditures refers to expenditures directly related to the installation, operation and maintenance of fixed (wired and wireless) networks, mobile networks associated with the provisioning of Nationwide Population Coverage and Minimum Average Broadband Speed by the Participant. Interest expense directly related to capital expenditures, as defined above and which are not capitalized, may be accounted for as operational

expenditures. Operational Expenditures for purposes of this MC shall exclude depreciation and amortization on Capital Expenditures.

1.7 **“Minimum Average Broadband Speed”** is to be measured in Megabits per second (Mbps) and means the committed minimum national average broadband speed applicable to both fixed and mobile broadband services which is available at least eighty percent (80%) of the time.

1.8 **“National Population Coverage”** means the service coverage of the Participant's network committed to be established in terms of specified barangays and its corresponding populations stated as a percentage of national population of the Philippines excluding any coverage provided by dominant telecommunications players under a national roaming or similar agreement. The population per barangay shall be based on the August 2015 Official Census conducted by the Philippine Statistics Authority, the details of which are contained in the Philippine Statistics Geographic Code Table as of June 2018. refers to expenditures directly related to the installation, operation and maintenance of fixed (wired and wireless) networks, mobile networks associated with the provisioning of Nationwide Population Coverage and Minimum Average Broadband Speed by the Participant. Interest expense directly related to capital expenditures, as defined above and which are not capitalized, may be accounted for as operational expenditures. Operational Expenditures for purposes of this MC shall exclude depreciation and amortization on Capital Expenditures.

SEC. 4. NMP SELECTION CRITERIA

4.1 The Selection Criteria shall be the following along with their respective weightage:

Criteria	Weightage
National Population Coverage	40
Minimum Average Broadband Speed	25
Capital and Operational Expenditure	35
Total	100

The Participant's points shall be computed annually over a five (5) year period referred to as the "Commitment Period".

4.2 The annual cumulative score for the Commitment Period shall be computed as follows:

a. The minimum and maximum population coverage for each year shall be:

Year	Minimum	Maximum
1	10%	50%
2	20%	60%
3	30%	70%
4	40%	80%
5	50%	90%

For every whole one percent (1%) of National Population Coverage (NPC) over the minimum NPC up to a maximum NPC for each year, a Participant will receive one (1) point per annum.

Bids lower than the minimum population coverage for each year of the Commitment Period shall be rated as "non-compliant", shall no longer be processed further, and shall immediately be set aside.

- b. For every whole 2 Mbps of Minimum Average Broadband Speed over 5 Mbps up to a maximum Minimum Average Speed of 55 Mbps, a Participant will receive one (1) point per annum.

Bids of less than 5 Mbps minimum average broadband speed shall be rated as “non-compliant”, shall no longer be processed further, and shall immediately be set aside.

- c. The minimum and maximum cumulative Capital and Operational Expenditure for each year shall be:

Year	Minimum	Maximum
1	₱ 40 B	₱140 B
2	₱ 65 B	₱165 B
3	₱ 90 B	₱190 B
4	₱115 B	₱215 B
5	₱140 B	₱240 B

For every ₱10 B of cumulative Capital and Operational Expenditure over the minimum Capital and Operational Expenditure for each year, a Participant will receive three and one-half (3.5) points per annum.

Bids lower than the Capital and Operational Expenditure for each year of the Commitment Period shall be rated as “non-compliant”, shall no longer be processed further, and shall immediately be set aside.

Likewise, any blank, zero “0”, or invalid entry shall be rated as “non-compliant”, shall no longer be processed further, and shall immediately be set aside.

- d. Nothing shall limit or restrict a Participant from submitting entries beyond the maximum values provided in paragraphs (a), (b) and (c) above, but no additional point shall accrue to the Participant in these cases, except in deciding cases of ties as provided for in Sec. 7.4(c)(6).
- e. A Participant’s annual point score shall be multiplied by the corresponding weightages in the table below reflecting the Government’s policy on encouraging rapid network roll-out and the difficulty of deploying the NMP’s networks and facilities in the shortest possible time:

Year	Weightages
1 st	100%
2 nd	140%
3 rd	130%
4 th	70%
5 th	60%

6.3 SECOND SUBMISSION PACKAGE

The Second Submission Package (one envelope or box) shall be submitted simultaneously with the First Submission Package, and shall contain the Participant’s duly accomplished **NMP Selection Documents Form A and Form B** enumerated in Section 6.4 below, and shall be properly sealed, and clearly/legibly marked as:

“SELECTION PROCESS FOR NEW MAJOR PLAYER:
SECOND SUBMISSION PACKAGE OF (NAME OF PARTICIPANT)
 (ORIGINAL SET)”

The required three (3) copies shall be similarly packed, sealed and serially clearly/legibly marked as follows:

“SELECTION PROCESS FOR NEW MAJOR PLAYER:
SECOND SUBMISSION PACKAGE OF (NAME OF PARTICIPANT)”

(COPY SET NO. 1)”

“SELECTION PROCESS FOR NEW MAJOR PLAYER:
SECOND SUBMISSION PACKAGE OF (NAME OF PARTICIPANT)

(COPY SET NO. 2)”

“SELECTION PROCESS FOR NEW MAJOR PLAYER:
SECOND SUBMISSION PACKAGE OF (NAME OF PARTICIPANT)

(COPY SET NO. 3)”

Notwithstanding the submission of such scanned or digitalized copies of Selection Documents, each Participant shall be bound by the terms and entries contained in the hard copies submitted to the Selection Committee.

6.4 CONTENTS OF THE SECOND SUBMISSION PACKAGE:

Without prejudice to such other additional documents as may be specified in the Instructions to Participants, the Second Submission Package shall contain the following:

- a. **NMP Selection Documents Form A** is the filled-in electronic template of the specific barangays to be covered and the year of coverage, which shall also be stored in a suitable flash drive tagged as “Form A of (Name of Participant)” containing both the electronic spreadsheet (MS Excel) and searchable and non-editable PDF file. The electronic media shall be accompanied by a printout of all the sheets which shall be signed on each and every page by the duly authorized representative of the Participant which shall be contained in an envelope or box marked as “Form A hardcopies of (Name of Participant)”.
- b. **NMP Selection Documents Form B** is the Participant’s Annual Bids and Weight, on the selection criteria which shall be signed on each and every page by the authorized representative of the Participant.

INSTRUCTIONS

The file provided to complete Form A is in a Microsoft Excel Workbook: Form A 201809291300.xlsx which is composed of the following sheets:

1. PSGC Coding Form
2. City_Municipal Level
3. Province Level
4. Regional Level
5. Minimums
6. Form A Summary
7. Form B

Sheet: PSGC Coding Form

Notes:

The sheet is based on the latest PSA publication of the PSGC, i.e. June 2018. The PSGC table was simplified to generate pivot table summaries by city and municipality, province and regions with the following notes:

- a) NCR Cities and Municipality are also 'classified' as provinces of the region
- b) Disregarded districts and sub-municipalities

COVERAGE

- 1) Proceed to the sheet:[PSGC Coding Form] and in the field/column:[Fiscal Year Covered], encode the particular fiscal year of the committed period: 1, 2, 3, 4, and 5, to indicate barangay's year of coverage. Leave the cell blank if the barangay will not be covered during the commitment period. (Note: 'Fiscal Year Covered' marked as 'CONTROL': Region, Province, City/Municipality, Barangay are locked)
- 2) To update the sheets:[Regional Level], [Province Level], [City_MunicipalLevel], refresh all the pivot tables (command: Data, Refresh, Refresh All or command:Alt,A,R,A) after every encoding or update in the PSGC Coding Form
- 3) The summaries of the sheet:[Regional Level] presents the annual coverage by region: population in absolute values and coverage or percentage of population which in turn updates the coverage values in sheet:[Form A Summary]

SPEED

In the sheet:[Form A Summary], encode the committed minimum average broadband speed in Mbps for each year in the rows:[Speed] for each fiscal year. Only values will be allowed to be encoded and the cells are formatted to display the value followed by 'Mbps.'

CAPEX/OPEX

In the sheet:[Form A Summary], encode the annual committed capital and operational expenditures in Philippine Pesos (PhP or ₱) in the assigned rows:[Capex/Opex (annual)]. Encode values until the last peso (one's), e.g. encoding 4000000000 or 40e9 will show 40 Bn. Any blank, zero "0", or invalid entry shall not be allowed as an entry for any of the years.

Participants who have existing operations in the Philippines may include as part of their Capital and Operational Expenditures the net book value, as of its latest Annual Audited Financial Statements, of properties and equipment as defined in Sec. 1.1 of the MC.

The Participant's inputs are checked against each minimum value in the respective selection criteria and for every instance below the required minimums, the Participant's total score is replaced by the term "NOT COMPLIANT".

SUBMISSION

Once all the required inputs: coverage, speed and capex/opex values are updated, the points garnered by the Participant is presented in sheet:[Form A Summary]. The Participant shall then proceed to fill in the required details: Name of Participant and authorized representative in the applicable boxes and print the sheets, sign, package and mark as required in Secs. 6.3 and 6.4. The accomplished sheets and equivalent PDF files shall also be stored in USB flash drives as required in Sec. 6.4.