



June 07, 2021

**HON. GAMALIEL A. CORDOBA**

Commissioner  
National Telecommunications Commission  
NTC Bldg., East Triangle  
Diliman, Quezon City

**Subject: CLARIFICATION ON MC09-09-2003 (WIRELESS DATA NETWORKS AND DEVICES) AND MC06-08-2005 (FREQUENCY BAND ALLOCATION FOR BROADBAND WIRELESS ACCESS)**

Dear Commissioner,

PLDT, Inc. (PLDT) and Smart Communications, Inc. (Smart) support the subject draft Memorandum Circular (MC) insofar as it seeks to clarify the (Spectrum User Fee) SUF rates applicable to RF bands 2400MHz to 2483.5MHz, 5150MHz to 5350MHz, and 5470MHz to 5850MHz.

However, we recommend that the SUF computation in the draft MC for 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> class municipalities should extend to all BWA frequencies to further encourage the deployment of infrastructure in said underserved areas.

We also take this opportunity to reiterate our call for the reduction and/or rationalization of SUF for all spectrum/ frequency.<sup>1</sup> Currently, fees imposed on PTEs are becoming unreasonable and excessive. It is our position that SUF must be set at modest levels with a view to recovering the regulator's spectrum management costs.<sup>2</sup>

As discussed in the June 02 public hearing, the current pricing structure where SUF on a particular band is computed on a per KHz/ station basis discourages network rollout as deploying more base stations increases the SUF. Usage fees must not hinder the development of innovative services or act as a barrier to competition. High spectrum costs will make it difficult for PTEs to make the

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<sup>1</sup> PLDT and Smart support the passage of HB 8168 establishing a zero SUF for WiFi frequency.

<sup>2</sup> RA 7925 provides that the SUF must be reasonable and that fees and charges should only cover reasonable costs and expenses for the regulation and supervision of the operations of telecommunications entities.

In NTC v. ICC, G.R. No. 141667, 17 July 2006, the Supreme Court said that such fees must be reasonably related to the cost of such supervision and/or regulation.

necessary investments to support expansion projects— which ultimately impacts quality of service. Evidence shows that when prices are too high, consumers can suffer from more expensive, lower quality mobile services.<sup>3</sup> On the other hand, a more reasonable method of computing SUF will certainly encourage PTEs to invest and deploy more advanced technologies like 5G, which promises faster speeds, lower latency, and greater load capacity.

Spectrum fees set too high combined with income taxes, VAT, excise, regulatory fees, and other charges can negatively impact growth opportunities and attractiveness, sector valuations, investment levels, and compliance with authorizations.<sup>4</sup> As high spectrum prices threaten affordable, high quality broadband services,<sup>5</sup> there is a pressing need to review existing policies and regulations relative to SUF.

Thank you for giving us the opportunity to provide our inputs.

Very truly yours,

**PLDT, INC.**

By:



**ATTY. AILEEN D. REGIO**  
First Vice President  
Head - Regulatory and Strategic Affairs

**SMART COMMUNICATIONS, INC.**

By:



**ATTY. ROY D. IBAY**  
Vice President  
Head - Regulatory Affairs

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<sup>3</sup> <<https://www.gsma.com/spectrum/what-is-spectrum/>>.

<sup>4</sup> 2016 ITU Guidelines for the Review of Spectrum Pricing Methodologies and the Preparation of Spectrum Fees Schedule.

<sup>5</sup> Spectrum Pricing, GSMA Public Policy Position, 2017 Ed.