

SUGGESTIONS

Dear Sir

Re: Draft Tariff Order

We write in the context of the Tariff Order propositions put forth by TRAI and begin by thanking TRAI for the elaborate detailing and attempts to encompass all aspects of the Content distribution business

Our response is confined to the Provisions related to Last Mile Owners referred to as LCOs in the Document and our silence on some of the aspects may kindly not be construed as our concurrence or opposition thereto .Given an opportunity like an Open House or rejoinder filing to responses by other Value Chain Members, we will revisit those aspects

Rider:

Tariff Order , for that matter all Notifications that relate to Cable TV Services are best dealt with together rather than one by one since their implications are inter-linked and often what is given by one set of Notification is taken away by another set of Notification e.g. Tariff Propositions need to be read with SLA and Interconnect Terms

We are, however, confining our comments to the Tariff Order only

Concerns:

1) Status of ICA

The Inter Connect Agreements- SIA or MIA are still in the process of signing and have a validity if one/two years

Some MSOs have agreed to provide Feed at a Flat Fee while others have opted for Revenue Share

The Revenue Model itself is being overhauled and ARPU is unpredictable

Under such circumstances we believe that the ICA in force need to be made inoperable so far as commercial understanding is concerned, else LCOS will end up paying large sums of money to MSOs than the pre-ICA envisaged Share

2) Factoring Cost Elements

We believe that considerable number crunching on Cost components has been done before arriving at the BST Service Fees (Rs.1.30 Per Channel/PM) and thereafter 80Paisa per Channel

We request you to kindly share the break-up for us to understand the weightage given to Head-end costs, Base Technology costs and Head-end to LCPO Hub Transportation costs. This will help the Sector arrive at a fair Revenue Share pattern

3) Ambiguity

The Proposition very rightly enables the Customer to pick and choose Bouquets and Channels and can opt for BST only

Prima facie we are unable to understand whether a Customer can opt for only Single Pay Channel as 101st beyond the BST and if he can, how much would the Service Fee be?

4) Fee Allocation

The service components have three distinct cost centres viz

- Aggregation and encryption
- Transmission from head-end to LCO Hub and LCO hub to Customer premises and
- Collections and transfer of Funds

Of these,

- The first is entirely within DPO domain
- The second is jointly by DPO and LCO and the
- Third entirely by LCO

We believe that the Collection fees should be deducted at source and retained by the LCO instead of remitting the Gross amount to DPO and/or share the same with DPO

Over 85% of the Universe and 100% of each LCO sub-Universe being serviced directly by LCO, it is the LCO who collects from the doorstep and transmits the amount so collected to the MSO for onward remittance to Broadcasters

We therefore believe that the Collection fees are directly recoverable by the concerned LCO from the Broadcaster charges that he collects. The Tariff Order should therefore specify the same

In closing, we reiterate our intent to proactively participate in digitalization, Customer-centric initiatives and at the same time protect the interest of the LCO fraternity on whom the entire Sector rides

We urge you to have a relook at cost elements and contributions made by MSO and LMOs in rendering services and treat each STB as a Revenue Generating Unit