

JSTAFF 1.42 - 26

CENTURY COMMUNICATIONS LIMITED

15 KILDARE STREET, DUBLIN 2, IRELAND. TELEPHONE (353.1) 615900 FAX (353.1) 615149.

Rt. Hon. Mr. Justice Seamus Henchy,
Chairman,
The Independent Radio and Television Commission,
Marine House,
Clanwilliam Court,
Dublin, 2.

17th February, 1989.
OB/JS/ra.

Dear Chairman,

We wish to advise you that at a Board Meeting of Century Communications Limited held on Tuesday 14th February, Laurence Crowley was co-opted to the Board of Directors and elected Chairman, Terry Wogan and Chris de Burgh were also co-opted to the Board of Directors. In due course the new directors will be participating in up to 12½% of the company's equity. This information remains confidential until 17.00 hrs Monday 20 February when it will be released to the Press.

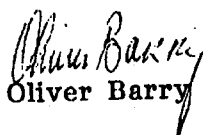
The Board Meeting reviewed the question of transmission charges. They were of the unanimous opinion that the £375,000 offered to RTE for a full transmission service was, given the advice that they had from the IBA, fair and reasonable. Furthermore, they were of the unanimous view that they were not prepared to negotiate or increase that offer as it would effect the viability of the service. They expressed their concern that RTE, as custodian of the National transmission network, had an obvious conflict of interest with their role as providers of transmission services to the independent broadcasters and that in the circumstances they could not understand why, given that the Minister has power under the Act, a directive has not been given to RTE.

At the public hearing on 12th January 1989, we stated that we could provide the service within 90 days of the signing of contracts. At that time there was 108 days to the 1st May. When the award was made on 18th January, there were 102 days left. We received the Broadcast Contract on 9th February and would hope to be able to agree the terms of that contract by the end of next week. As of today, there are 72 days left to the 1st May and we are particularly concerned that the issue of the transmission charges has not been resolved and that there appears to be no way in which it is going to be resolved to meet that date. We are prepared to meet all the extra studio installation costs associated with a shorter deadline and be on air 1st May but we are particularly concerned that there appears to be no urgency to resolve the issue on transmission.

At this stage we must advise you that unless the matter is resolved within the next seven days there is no way in which we can be expected to meet the original date envisaged and furthermore we will have to reconsider our entire position.

Such is the urgency of this matter that we remain available to meet with you at any time to suit your convenience.

Yours sincerely,


Oliver Barry


James Stafford

DIRECTORS: OLIVER BARRY, JAMES JOSEPH STAFFORD.

REGISTERED IN IRELAND No. 137780. REGISTERED OFFICE: 15, KILDARE STREET, DUBLIN 2.

Century Communications Limited

17 February 1989

1. The Agreement should commence on 1 May 1989. As the equipment has a life of 20 years, the Agreement should be for 20 years with rights of renewal on the same terms. The right of renewal deals with the system being phased over the next four years. Avoid bank or personal guarantee and bonds in any form.
2. The phase-in of the eight transmitters and six boosters, being fourteen units, may take up to four years. It would be extremely beneficial if the cost of each unit, being a transmitter or a booster, were taken as one fourteenth of £375,000 but only for the initial phase-in period to full national 98.5% coverage. The rate of commissioning must at all times be determined by Century subject only to Century's obligations to the IRTC.
3. It is important to deal separately and in detail with each of the constituent parts. This will become relevant after phase-in to full national 98.5% coverage.

(a) Rent of transmitters and combiners.

Actual cost spread over 20 years with no indexation.

(b) Maintenance.

Phase-in during the initial four year period the fourteen units as equal cost units to become the agreed £30,000 per annum.

(c) Power and Spares.

Actual costs only.

(d) Linkage.

Given the deregulation of Telecommunications and the possibility that we may wish to use satellite distribution, it is essential that we maintain flexibility in any obligations to use RTE's system.

Phase-in during the initial four year period the fourteen units as equal cost units to become £80,000 per annum.

(e) Fee for RTE.

Will be not less than £75,000 per annum phased during the initial four year period pro rata to the fourteen units or alternatively you may have to concede a minimum of £75,000 per annum with an indexation formula from 1993 onwards.

(a) Rent of Transmitters and Combiners.

Actual cost plus 25% until 1993 reducing to actual cost plus 10% thereafter.

(b) Maintenance.

Agreed cost plus 25% until 1993 and thereafter indexation of agreed cost of £30,000 per annum base 1989 plus 10%.

(c) Power and Spares.

Actual cost plus 25% until 1993 and actual cost plus 10% thereafter.

(d) Linkage.

Actual cost plus 25% until 1993 and thereafter, provided we use the RTE system, indexation of agreed cost of £80,000 per annum base 1989 plus 10%.

Century Communications Limited

17 February 1989
(72 days to 1 May)

Eight transmitters and six boosters to be phased in over four years to provide national 98.5% coverage for a total cost at full coverage made up as follows:-

	<u>IRf per annum</u>
(a) Rent of Transmitter, Combiners etc. Capital Investment £747,000 20 years life at 7% per annum (RTE quote 7%)	70,218
(b) Maintenance (IBA assessment);	30,000
(c) Power & Spares (RTE quote)	115,000
(d) Linkage (RTE quote)	80,000
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Total	295,218 =====
SAY	300,000
(e) Fee for RTE to include Project Management	75,000
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Total Transmission Cost per annum	375,000 =====

Notes

1. Access to, use and maintenance of transmitter masts/antennae and sites at no cost as these have been since 1926, and still are, paid for by licence payments.
2. Maintenance. The RTE quote £26,000 per annum for each of 14 transmitters/boosters is equal to the average salary of each RTE employee. IBA assessment is two visits per annum, which related to RTE proposed charge is £13,000 per visit. The IEA assessment of the marginal increase in costs to RTE is £30,000 per annum.