

**REPORT ON THE 2012 FINANCIAL YEAR
CONCERNING ADMINISTRATIVE COSTS AND THE SUM RESULTING FROM THE
COLLECTION OF FEES REFERRED TO IN PARAGRAPH 1 a) TO d)
OF ARTICLE 105 OF THE
ELECTRONIC COMMUNICATIONS LAW**

**(LAW No 5/2004, OF 10 FEBRUARY, AS AMENDED AND REPUBLISHED BY
LAW No 51/2011, OF 13 SEPTEMBER)**

**DRAWN UP PURSUANT TO PARAGRAPH 5 OF ARTICLE 105 OF THE
ELECTRONIC COMMUNICATIONS LAW**

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1. Legal framework and background

1.1. Law No 5/2004, of 10 February, as amended and republished by Law No 51/2011, of 13 September, which lays down the legal regime applying to electronic communications networks and services and to related resources and services (ECL), lays down in its article 105 that fees may be imposed for the following acts, the respective proceeds benefiting ICP - ANACOM:

- a) Declarations supporting rights issued by the National Regulatory Authority (NRA) pursuant to paragraph 5 of article 21;
- b) The provision of electronic communications networks and services, on an annual basis;
- c) The assignment of rights of use for frequencies;
- d) The assignment of rights of use for numbers and their reservation;
- e) The use of numbers;
- f) The use of frequencies.

According also to the ECL, the amounts of fees referred to in points a) to d) must be “determined with regard to the administrative costs incurred in the management, control and enforcement of the general authorisation scheme and of rights of use and of specific obligations as referred to in article 28, which may include costs for international cooperation, harmonisation and standardisation, market analysis, monitoring of compliance and other market control, as well as regulatory work involving the preparation and enforcement of secondary legislation and administrative decisions, such as decisions on access and interconnection; such fees shall be imposed upon undertakings in an objective, transparent and proportionate manner which minimises additional administrative costs and associated charges”.

1.2. Administrative Rule No 1473-B/2008, of 17 December, as amended and republished by Administrative Rule No 291-A/2011, of 4 November, established the amounts of the above-mentioned fees, which came into force on 1 January 2009. The publication of the Administrative Rule was preceded by a discussion within ICP-ANACOM’s Advisory Board, which specifically includes representatives from electronic communications networks and services providers. This discussion was based on a document entitled “ICP-ANACOM Fee Model”.

1.3. Under paragraph 5 of article 105 of ECL, the NRA must publish an annual report of its administrative costs and of the total sum resulting from the collection of fees referred to in points a) to d) of paragraph 1, in order to perform the appropriate adjustments with respect to the difference between the total sum of fees and administrative costs. That report, which we are now presenting, only relates to fees the amounts of which are determined based on administrative costs, excluding the fees mentioned in points e) and f) of article 105 of the said Law, since these fees should “reflect the need to ensure the optimal use of frequencies and numbers”, and therefore cannot be cost-oriented. It should be noted that fees referred to in points a), c) and d) of paragraph 1 of article 105 of ECL were set on the basis of “unit costs related to the issue of declarations, based on a typical situation, and assuming an efficient performance by ICP-ANACOM¹”, which implies that, for fees of this type, there are no direct adjustments between their amount and the costs actually borne, except where unit costs are subject to revision.

1.4. As regards fees referred to in paragraph 1b) of the mentioned article 105 of ECL, a costing methodology was established in order to determine costs related to the various areas of operation, based on the ABC – Activity Based Costing - system. At the same time, this Authority developed an additional process for cost classification which enables it to determine these costs in compliance with paragraph 4 of article 105 of ECL, also enabling the distribution of costs related to ICP-ANACOM's other activities, pursuant to its Statutes. This methodology is described in Annex I, a document which was already part of the “ICP-ANACOM Fee Model” discussed by ICP-ANACOM's Advisory Board.

1.5. By determination of ICP - ANACOM's Management Board of (MB) taken on 19.07.2012 (DE1262012CA), in fulfilment of provisions laid down in Administrative Rule No 1473-B/2008, and based on the amount of relevant income submitted by electronic communications networks and services providers, the following was approved:

- a) The total sum of regulation costs as regards the provision of electronic communications networks and services, amounting to 29.440.460 €;
- b) The publication at ICP-ANACOM's website of a document explaining how administrative costs are calculated, pursuant to paragraphs 1 and 2 of Annex II to Administrative Rule No 1473-B/2008;
- c) The audit to providers that showed, for 2012, higher relevant income and changes in values (relatively to the 2011 civil year), the respective procedures being required, taking specifically into account the fact that one of the operators of a significant size had

¹ In accordance with the “ICP-ANACOM Fee Model”, paragraph 25, page 15.

adopted the view that a large portion of its income should not be deemed as relevant income. This audit aimed to assess whether criteria used by the various providers were uniform and, if necessary, to correct values submitted.

1.6. The audit mentioned in point 1.5, carried out by Baker Tilly PG Asociados, SROC, S.A., showed that changes to relevant income submitted by some operators were justified. Based on the audit report, and further to the prior hearing of interested parties, the following was approved by MB determination of 16.11.2012 (DE2812012CA):

- a) The establishment of a new t2 contribution rate of 0.5538%, set pursuant to paragraph 2 of Annex II to Administrative Rule No 1473-B/2008;
- b) The authorisation to settle fees due for the provision of electronic communications networks and services, taking into account the changes to the value of the Relevant Income that resulted from the said audit.

1.7. Following the determination mentioned in the previous point, ICP - ANACOM published on its website data on how the value of the t2 contribution rate, of 0.5538%, had been calculated, as well as on the new total sum of Relevant Revenues, concerning bodies of step 2, determined within the audit performed by Baker Tilly, which amounted to 5.306.603.845€.

2. Determination of costs for the purpose of settling fees due for the provision of electronic communications networks and services, in November 2012

2.1. According to the above-mentioned conceptual model for the determination of fees, administrative costs, defined under paragraph 4 of article 105 of ECL, which constitute the tax base of the annual fee due for the provision of electronic communications networks and services, were determined based on a three-year average - 2010, 2011 and 2012, calculations for the first two years being based on real figures corresponding to the respective financial years, and those for the last year being based on the budget figure, since the financial year was still underway. It should be mentioned that the 2012 budget corresponds to the first year of the 2012-2014 Activity Plan, on which ICP-ANACOM's Advisory Board delivered an opinion and which was approved by the member of the Government in charge of electronic communications.

2.2. The amount of provisions for ongoing legal actions was determined based on the average for the last five years, years between 2008 and 2011 being based on real figures, and 2012 being based on the figure included in the budget for that year.

2.3. Table 1 contains the calculation of costs considered for the purpose of settling fees due for the provision of electronic communications networks and services for 2012:

Table 1 - Calculation of costs considered for the purpose of settling fees due for the provision of electronic communications networks and services for 2012 (Euro)

	Allocation of costs borne by ICP-ANACOM (without provisions related to EC)				Provisions related to EC (5-year average)	Allocation of costs borne by ICP-ANACOM (with provisions related to EC)
	2012	2011	2010	Average (3 years)		
1. Regulation and spectrum management costs	48.189.618	45.822.941	44.534.854	46.182.471	5.664.951	51.847.422
1.1 Costs related to Electronic Communications	38.180.304	36.620.521	35.148.334	36.649.719	5.664.951	42.314.671
1.1.1 Administrative costs	26.048.739	23.948.836	24.326.637	24.774.737	5.664.951	30.439.688
a) Declarations supporting rights	48.238	44.349	45.836	46.141		46.141
b) Provision of electronic communications networks and services	24.799.760	22.800.542	23.726.227	23.775.509	5.664.951	29.440.460
c) Allocation of rights of use for frequencies	1.072.101	985.674	446.020	834.598		834.598
d) Allocation of rights of use for numbers	128.641	118.271	108.554	118.489		118.489
1.1.2 Frequency management costs	11.966.478	12.519.907	10.691.483	11.725.956		11.725.956
1.1.3 Number management costs	165.086	151.778	130.214	149.026		149.026
1.2 Costs of Postal regulation	2.462.056	2.263.579	2.511.944	2.412.526		2.412.526
1.3 Other regulation costs	7.547.258	6.938.841	6.874.576	7.120.225		7.120.225
2. Other costs	2.380.782	5.447.114	2.644.475	3.490.790		3.490.790
3. Total Costs	50.570.400	51.270.055	47.179.328	49.673.261	5.664.951	55.338.212

Unit: Euro

3. Determination of costs for the purpose of settling fees due for the provision of electronic communications networks and services, in May 2012

3.1. In April 2013, after the closing of accounts for the 2012 financial year, the actual administrative costs related to the regulation activity, relevant for the calculation of the fee referred in paragraph 1b) of article 105 of ECL, were determined, which makes it possible to replace the figures of the 2012 budget by this year's actual figures in the calculation of the moving average of the last three years. Likewise, as regards the moving average of the last 5 years for the provisions resulting from legal actions filed on regulatory matters, the amount stated in the 2012 budget (500.000 €) was replaced by the amount that was actually provisioned during that year (3.864.284 €). Accordingly, the calculation of the amount of the annual fee due for the provision of electronic communications networks and services presents the corrections shown in Table 2.

Table 2 - Calculation of final costs considered for the purpose of settling fees due for the provision of electronic communications networks and services for 2012 (Euro)

	Allocation of costs borne by ICP-ANACOM (without provisions related to EC)				Provisions related to EC (5-year average)	Allocation of costs borne by ICP-ANACOM (with provisions related to EC)
	2012	2011	2010	Average (3 years)		
1. Regulation and spectrum management costs	41.018.085	45.822.941	44.534.854	43.791.960	6.337.808	50.129.768
1.1 Costs related to Electronic Communications	32.976.084	36.620.521	35.148.334	34.914.980	6.337.808	41.252.788
1.1.1 Administrative costs	22.275.825	23.948.836	24.326.637	23.517.099	6.337.808	29.854.908
a) Declarations supporting rights	62.785	44.349	45.836	50.990		50.990
b) Provision of electronic communications networks and services	21.785.718	22.800.542	23.726.227	22.770.829	6.337.808	29.108.637
c) Allocation of rights of use for frequencies	348.961	985.674	446.020	593.552		593.552
d) Allocation of rights of use for numbers	78.361	118.271	108.554	101.728		101.728
1.1.2 Frequency management costs	10.565.537	12.519.907	10.691.483	11.258.975		11.258.975
1.1.3 Number management costs	134.723	151.778	130.214	138.905		138.905
1.2 Costs of Postal regulation	2.588.845	2.263.579	2.511.944	2.454.789		2.454.789

1.3 Other regulation costs	5.453.156	6.938.841	6.874.576	6.422.191		6.422.191
2. Other costs	1.408.935	5.447.114	2.644.475	3.166.841		3.166.841
3. Total Costs	42.427.020	51.270.055	47.179.329	46.958.801	6.337.808	53.296.609

Unit: Euro

Table 3 breaks down the calculation of the moving average of the provisions used in Table 2.

Table 3 – Provisions for ongoing legal actions – average amount for the last five years (Euro)

YEARS	2012	2011	2010	2009	2008	Average
Provisions related to EC	3.864.284	2.644.854	0	1.937.213	23.242.690	6.337.808

3.2. Pursuant to paragraph 5 of article 105 of ECL, one of purposes of the annual report on administrative costs and on the total sum resulting from the collection of fees referred to in points a) to d) of paragraph 1, is to “perform the appropriate adjustments in respect of the difference between the total sum of fees and administrative costs”.

Having regard to the actual administrative costs associated to the regulation activity, deemed to be relevant for the purpose of the calculation of the fee referred to in paragraph 1b) of article 105 of the ECL (29.108.637 €) and those previously considered with the budget value (29.440.460 €), for 2012, a difference of 331.823 € exists.

Therefore, the value of the **t2 contribution rate** is thus **0.5475%**, instead of the previously established **0.5538%**, according to the following calculations.

It follows from the application of the 0.5475% rate that an amount of 334.316,04€ must be returned to electronic communications operators.

2012 Financial Year

Formula: $t2 = (C - \sum t1n1) / \sum P2$;

C= Total regulation costs resulting from the provision of electronic communications networks and services, for 2012 = 29.108.637 €;

$\sum P0$ = Value of relevant revenues of bodies of step 0, for 2011= 1.008.206€

t1 = Fee due by bodies of step 1 (Relevant Income <= 1.500.000€) = 2.500€;

$n1$ = number of bodies of step 1= 22;

Σ of relevant revenues of all providers of electronic communications networks and services subject to pay fees due for 2011 = 5.320.476.059€;

$\Sigma P1$ = Total of relevant income of bodies of step 1 for 2011= 12.864.007€

$\Sigma P2$ = Total of relevant income of bodies of step 2 for 2011 = 5.306.603.845€

$\Sigma t1n1$ = 2.500€ x 22 = 55.000€;

$t2$ = Fee due by bodies of step 2 (Relevant Income >1.500.000€) = (29.108.637 € - 55.000 / 5.306.603.845€ = 0.5475%

The value of fees to be settled results from applying the 0.5475% rate to the relevant income of each operator in step 2.

3.3. Given that the amount settled in 2012, based on the inclusion of the amounts budgeted for that year, was 29.440.460 € – that is 331.823 € in excess –, it follows from the application of paragraph 5 of article 105 of ECL that the value of fees in question must be adjusted, which results in the return of amounts collected in excess, in proportion to the relevant income used for the purpose of calculating the fees already settled.

4. Settlement and collection of electronic communications fees for 2012

The collection of fees for the provision of electronic communications networks and services took place between November 2012 and January 2013. Almost all fees settled were collected, as shown in Table 4. The collection of amounts by instalments complies with article 19 of the Regulation on the settlement and collection of fees due to ICP-ANACOM (Regulation No 300/2009, of 15 July, as amended by Regulation No 355/2012, of 13 August), involving the application of default interest pursuant to paragraph 1 of the mentioned article.

Table 4 - Settlement and collection of electronic communications administrative fees

Activity	2012
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	Value	%
Provision of electronic com. networks and services		
- Invoiced (- Credit note 1.041,67€+ Interest 2.074,56€)	29.444.005,00	100%
- Collected	29.390.875,66	99,82%
- Collection by instalments	33.011,95	0,11%
- Yet to be collected	20.117,39	0,07%

Unit: Euro

It should also be noted that four legal challenges (three of which by companies of the same economic group) and an administrative appeal were filed related to the settlement of fees due for the provision of electronic communications networks and services for 2012.

The challenges against the settlement of fees settled in 2009, 2010 and 2011, as well as the challenge against Administrative Rule No 1473-B/2008, of 17 December, are still undergoing judicial review (the challenge against the fee for 2009 being already at the appeal stage).

A decision is also pending on the complaint presented to the European Commission, invoking the incompatibility of paragraphs 4 and 5 of Annex II to Administrative Rule No 1473-B/2008, with the ban on State aid laid down in paragraph 1 of article 107 of the Treaty on the Functioning of the European Union.

5. Adjustment to the t2 value for 2011 due to the adjustment to the value of relevant revenues of Optimus

The adjustment in the value of relevant revenues of Optimus for a higher value led to an increase of relevant revenues of companies of step 2, with impact on the t2 value for 2011, which changed from 0.5510% considered in the report of the 2011 financial year to 0.5505%. It follows from the application of the 0.5505% rate that an amount of 22.426,21€ must be returned to electronic communications operators.

2011 financial year (corrected)

Formula: $t2 = (C - \sum t1n1) / \sum P2;$

C= Total regulation costs resulting from the provision of electronic communications networks and services, for 2011 = 28.808.655 €

$\Sigma P0$ = Value of relevant revenues of bodies of step 0, for 2010 = 922.771€

t1 = Fee due by bodies of step 1 (Relevant Income \leq 1.500.000€) = 2.500€;

n1 = number of bodies of step 1 = 17

Σ of relevant revenues of all providers of electronic communications networks and services subject to pay fees due for 2010 = 5.236.665.910€;

$\Sigma P1$ = Total of relevant income of bodies of step 1 for 2010 = 10.526.040€

$\Sigma P2$ = Total of relevant income of bodies of step 2 for 2010 = 5.225.217.099€

$\Sigma t1n1$ = 2.500€ x 17 = 42.500€;

t2 = Fee due by bodies of step 2 (Relevant Income $>$ 1.500.000€) = (28.808.655 € - 42.500€) / 5.225.217.099€ = 0.5505%

The value of fees to be settled results from applying the 0,5505% rate to the relevant income of each operator in step 2.

Annex I

Methodology for calculating regulation costs

Introductory note

The allocation of costs borne by ICP - ANACOM to determine its regulation costs is equivalent to the allocation of its annual accounting expenditure according to the Standard Accounting System (SAC) and to the Activity Based Costing (ABC) method.

A. Allocation of costs borne by ICP - ANACOM

1. ICP-ANACOM's costing system was developed based on the ABC method and aims to identify the costs related to the development of the activities inherent to its statutory assignments, as well as to meet the provision in paragraph 4 of article 105 of Law No 5/2004, of 10 February².

Overall, two major cost groups were identified: regulation and spectrum management costs, and costs not related to the regulation activity, the latter essentially including the costs related to Advising and Representing the State. The allocation of costs is shown in Figure 1.

Figure 1: Allocation of costs borne by ICP-ANACOM

² Where the amount of fees referred to in points a) to e) of its paragraph 1 is determined with regard to the administrative costs incurred in the management, control and enforcement of the general authorisation scheme and of rights of use and of specific obligations as referred to in article 28, which may include international cooperation costs, among others.

1. Regulation and spectrum management costs
1.1 Administrative costs related to Electronic Communications <ul style="list-style-type: none"> 1.1.1 Administrative costs <ul style="list-style-type: none"> a) Declarations supporting rights b) Provision of electronic communications networks and services c) Allocation of rights of use for frequencies d) Allocation of rights of use for numbers 1.1.2 Frequency management costs 1.1.3 Number management costs 1.2 Costs of Postal regulation 1.3 Other regulation costs
2. Other costs

2. Regulation and spectrum management costs represent the costs related to the activities of regulation, supervision, sector representation and cooperation, and they include the following costs:

a) Costs related to the electronic communications sector (scope of Law No 5/2004).

i) Electronic Communications Costs.

Costs related to the issue of declarations for pursue of the activity, allocation of rights of use for resources, and all regulation, supervision, sector representation and cooperation activities.

ii) Spectrum Management Costs.

Costs related to the set of activities carried out by ICP-ANACOM related to radio spectrum planning, assignment, monitoring and supervision.

iii) Numbering Management Costs.

Costs related to the set of activities carried out by ICP-ANACOM regarding the planning, monitoring and supervision of the numbering plan.

b) Costs related to the Postal Sector.

c) Other administrative costs related to the regulator's mission.

Costs with the regulation of services that are not covered by Law No 5/2004, such as audiotext services, ITED (Telecommunication Infrastructure in Buildings), Information Society services, amateur service and personal radio service - citizen band (CB).

3. The other costs incurred by ICP-ANACOM which are not directly related to the regulation activity³, include:

a) Contributions and levy costs related to national and international entities, such as ⁴:

i) National entities:

CPEC, Municipal Councils, FDTI, and others.

ii) Non-national entities:

ANRT - Morocco, ESA, CPLP, PALOP and Timor, PECO, other countries covered by cooperation agreements, Satellite Organisations and URSI.

b) Costs related to Advising and Representing the State.

The costs resulting from ICP-ANACOM's participation as a technical representative for the Portuguese State for the sector (paragraph 1 r) of article 6 of the Statutes, approved in annex to Decree-Law No 309/2001, of 7 December), which were not directly relevant to the regulation activity, were excluded. These costs are generically those related to the following events and entities:

i) Preparation of and participation in meetings and conferences, as well as all the exchange of information in this area.

³ These costs are not considered to be relevant for ICP-ANACOM's regulation activity, according to the interpretation of paragraph 4 of article 105 of Law No 5/2004.

⁴ The amounts referring to contributions and levy costs tend to decrease sharply, since part of them resulted from Government decisions that were already carried out, or from ICP-ANACOM decisions that were not renewed.

- ii) Replies to requests of different nature, such as information requests, licensing requests, expertise requests, and others.
- iii) Replies to requests for radio easements and protection of radiocommunication services.
- iv) Development of cooperation programmes.
- v) Follow-up of special projects (ESA).

National entities:

Ministries, Regional Governments, Court of Auditors, CPEC, FDTI, among others.

Non-national entities:

NATO, ITU (Council, Development Sector, Plenipotentiary Conference, World and Regional Radiocommunication Conferences), Agência Nacional de Regulamentação de Telecomunicações (ANRT-Morocco), Satellite organizations, URSI, CPLP, PALOP and Timor, PECO and other countries covered by cooperation agreements.

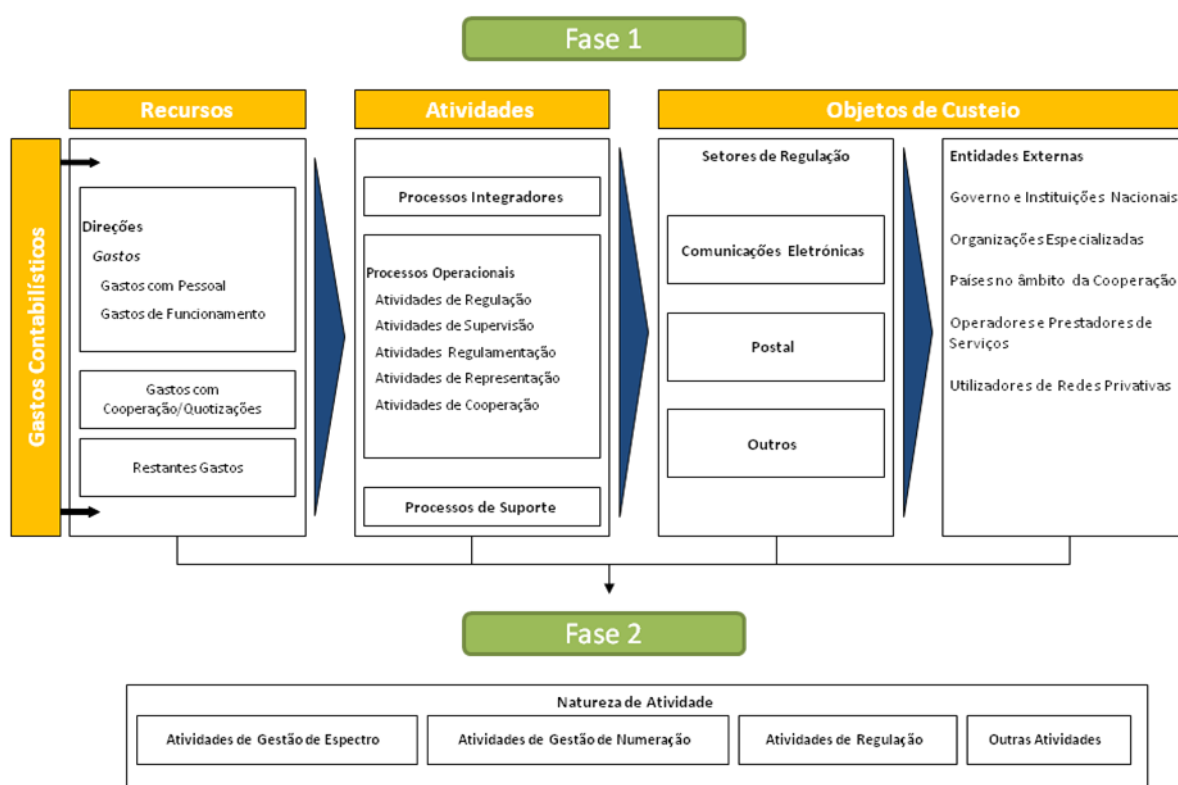
4. In the scope of the identification of electronic communications costs, costs will now be broken down so as to enable the determination of costs related to each action defined in points a) to f) of paragraph 1 of article 105 of the Electronic Communications Law. Thus, costs are broken down according to the following items:
 - a) Spectrum management (paragraph 1f) of article 105);
 - b) Numbering management (paragraph 1e) of article 105); and
 - c) Regulation activities - corresponding to the remaining administrative costs related to paragraph 1 a) to d) of article 105 and to the regulation of communications services that are not covered by Law No 5/2004.

B. Method for allocating costs to the different areas

5. The allocation of costs takes place in 2 stages:

- a) Stage 1: Analysis and allocation of accounting expenditure related to processes/activities/regulation areas/entities outside ICP-ANACOM.
- b) Stage 2: Allocation of expenditure to the different types of activity according to the acts underlying article 105 of Law No 5/2004, and related to sectors outside the scope of the Electronic Communications Law.

Figure 2: Stages of ICP-ANACOM's cost allocation method



Phase 1: Analysis and allocation of accounting expenditure to ICP-ANACOM's processes/activities

6. First, expenditure is listed by groups and by department according to the following classification:
 - a) Direct resources - expenditure directly related to regulation services, through a cause-effect relation.

- b) Indirect/common expenditure - expenditure not directly related to the regulation services.
 - c) Expenditure related to cooperation and levy - ICP-ANACOM's specific cooperation and representation expenditure.
7. Second, expenditure is allocated to processes/activities in a direct way or through criteria that represent a cause-effect relation between the nature of the expense and the process (processes) it supports.
8. By way of example, we briefly present the sequence of movements for expenditure classification:
- a) Listing of total accounting expenditure by nature and by department.
 - b) Classification of expenditure according to the structure of the work processes in force, regulated and non-regulated areas (services), and external entities (clients). Analysis and allocation of expenditure to the processes⁵/ services and costing objects/clients of ICP-ANACOM⁶.
 - c) Staff costs⁷ are directly allocated to the processes /services and costing objects/clients of ICP-ANACOM, according to the report made by all employees on a computer application "*Reporte de Horas de Trabalho* (RHT)" - Working Hours Report.
 - d) Expenditure on travelling abroad, travelling within Portugal, advertising, specialized works, honoraria, training, documentation, meetings and sponsorships are directly related to the processes/services/clients, based on case-by-case relations, without prejudice to an irrelevant part being distributed according to the Man-Hours (MH) criterion.
 - e) Expenditure on electricity, water, air conditioning, rents of the head office facilities, installation insurance, elevators, cleaning, surveillance and security services costs are considered structure costs and are distributed according to the m² used by each department. The remaining functioning expenditure, namely those related to

⁵ According to the Processes/Activities Dictionary that supports the report of working hours of all ANACOM employees in the "*Reporte de Horas de Trabalho* (RHT)" - Working Hours Report, and the cost classification. The RHT application provides ANACOM's overall Man-Hours (MH).

⁶ Combination process and/or service or costing object and/or client.

⁷ Except for costs related to the Christmas Party, Anniversary and similar events concerning employees which are treated like common costs (Common Costs type - All activities - To distribute other costing objects).

economat, reprographics and communications, is distributed among all departments, according to their consumption⁸.

- f) Expenditure on cooperation and contributions/levies⁹ are distributed according to the nature of the activity¹⁰.
 - g) Depreciation and amortisation expenditure of a relevant amount is associated with the work processes related to equipment, computer applications and hardware¹¹, the remaining part being distributed by MH.
 - h) Provisions are treated similarly to common costs, being allocated to the several types of activity, according to the kind of provision¹².
 - i) Other expenditure, for which a cause-effect relation may not be established, is distributed according to their relative cost or to MH.
9. It is important to stress that certain work processes, such as "Planning and Control", "Financial System", "General Services" and "Human Resources" do not have a direct relation to a specific regulation area, cutting across all areas¹³. For this reason, expenditure related to these work processes is redistributed to all operational processes, based on the criteria of relative costs or MH.

Phase 2 - Allocation of expenditure to the regulation sectors within the Electronic Communications Law

10. In order to ensure a correct allocation of accounting expenditure, by each regulation sector and within the scope of electronic communications, and by act broken down in paragraph 1 of article 105 of Law No 5/2004, a process was developed which enables this distribution, and which is identified as "type of activity".

⁸ Being distributed to processes/services/clients according to each department's hours report (MH - Man Hours for each department).

⁹ Always linked to the "Cooperation" process and to a specific external body.

¹⁰ Part of these costs is not related to the regulation activity. Vide also List of Types of Activity (Figure 3).

¹¹ For instance: the amortisation of SINCRER equipment (Integrated Remote Control System for Radio Stations) is associated with the "Spectrum monitoring" sub-process and all radiocommunications services.

¹² It may be broken down on the basis of direct costs or MH. Provisions for ongoing legal proceedings accounted for in recent years have been regarded as Common Costs - Regulation Activities - Services Law No 5/2004 and Common Costs - Spectrum Management Activities - Services Law No 5/2004.

¹³ They are regarded as common processes.

11. The type of activity is identified according to a combination of work process/regulated area (service)/external entity (client)¹⁴. Each type of activity corresponds to a given set of combinations¹⁵.
12. The allocation of expenditure related to each type of activity follows the following process:
 - a) Identification of the amount of expenditure by item of type of activity (spectrum management activities, numbering management activities, regulation activities, and others).
 - b) Distribution of the amount of common costs (common accounting expenditure) and cooperation/levy costs by regulation item, considering one of the following options as a distribution criterion, bearing in mind the type of common/cooperation expenditure:
 - i) Direct allocation to the corresponding item of type of activity through cause-effect relation.
 - ii) Proportion of expenditure directly associated to each item of type of activity.
 - iii) Proportion of MH allocated to each item of type of activity.
 - c) Afterwards, after determining the expenditure by each item of type of activity, the expenditure allocated to "all activities" of regulation is distributed among the following regulation sectors:
 - i) Electronic Communications Sector;
 - ii) Postal Sector;
 - iii) Other sectors outside the scope of the Electronic Communications Law.
13. Subsequently, the costs determined at the level of the Electronic Communications Sector are distributed among acts defined in paragraphs a) to d) of article 105 of the Electronic Communications Law.

¹⁴ In some circumstances it is a function of the department that generated the cost.

¹⁵ According to the Processes/Activities Dictionary in use in ANACOM, that supports the costing system.

Figure 3: List of Types of Activity

Types of Activity according to acts underlying article 105 of Law No 5/2004	
Declarations supporting Rights	Regulation
Pursue of the activity - Regulation	Regulation
Allocation of Rights of Use for Frequencies	Regulation
Allocation of Rights of Use for Numbers and their Reservation	Regulation - Numbering
Spectrum Management Activities	Spectrum Management
Numbering Management Activities	Numbering Management
Costs allocated to sectors outside the scope of Law No 5/2004	
Declarations supporting Rights ¹⁶	Regulation
Pursue of the activity - Regulation ¹⁷	Regulation
Amateur and CB records and certificates ¹⁸	Spectrum Management
Allocation of Rights of Use for Numbers and their Reservation ¹⁹	Regulation - Numbering
Spectrum Management Activities ²⁰	Spectrum Management
Numbering Management Activities ²¹	Numbering Management
Costs not directly related to the regulation activity	
Common Costs	
Common Costs - Spectrum Management Activities	Spectrum Management
Common Costs - Spectrum Management Activities - Services Law No 5/2004	Spectrum Management
Common Costs - Spectrum Management Activities - Services not covered by Law No 5/2004	Spectrum Management
Common Costs - Regulation Activities	Regulation
Common Costs - Regulation Activities - Services Law No 5/2004	Regulation
Common Costs - Regulation Activities - Services not covered by Law No 5/2004	Regulation
Common Costs - Numbering Management Activities	Numbering Management
Common Costs - Allocation of Rights of Use for Frequencies	Regulation
Common Costs - Allocation of Rights of Use of Numbers and their Reservation	Regulation - Numbering
Common Costs - Declarations supporting Rights	Regulation
Common Costs - All activities - To distribute based on direct cost	
Common Costs - All activities - To distribute based on MH	
Common Costs - All activities - To distribute other costing objects	

¹⁶ For the postal activity.

¹⁷ Postal Services and ITED.

¹⁸ Records and certificates related to CB (citizen band) and amateur service.

¹⁹ Audiotext and premium services.

²⁰ CB and amateur service.

²¹ Audiotext services, added-value services and premium services.