

**Decision on the final results of the audit of CLSU - custos líquidos do serviço universal (universal service net costs), resubmitted by PT Comunicações (PTC), for the 2010 and 2011 financial periods**

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## 1. Scope and legal framework

This Decision aims to determine the final values of net costs of universal service obligations (CLSU - *custos líquidos do serviço universal*) for the 2010 and 2011 financial periods, calculated in compliance with article 95 a) of the Electronic Communications Law (ECL)<sup>1</sup>, having regard to article 96 thereof.

Under point a) of the referred article, where the National Regulatory Authority considers that the universal service (US) provision may represent an unfair burden on respective providers, it shall calculate CLSU taking into account any market benefit accruing to providers.

In the 2010 and 2011 financial periods, PT Comunicações, S.A. (PTC) was the universal service provider (USP) of i) connection to a public communications network at a fixed location and of a publicly available telephone service through the said connection, ii) a comprehensive directory and of a comprehensive telephone directory enquiry service, and iii) public payphones.

It should be referred that the USP, under paragraph 4 of article 96 of ECL, has a duty to make available all accounts and other relevant information for the purpose of CLSU calculation, which are audited by the NRA or a body independent of the interested parties and subsequently approved by the Regulatory Authority. It is also incumbent on the latter, as set out in paragraph 5 of the same article, to make the calculation and audit results publicly available.

This decision implements ECL provisions on this specific matter of CLSU calculation.

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<sup>1</sup> Law No. 5/2004, of 10 February, as amended and republished by Law No. 51/2011, of 13 September, and later amended by Law No. 10/2013 of 28 January, by Law No. 42/2013 of 3 July and by Decree-Law No. 35/2014, of 7 March.

## **2. Action taken to calculate CLSU for 2010-2011**

ICP - ANACOM's decision of 09.06.2011 defines the methodology to be used to calculate CLSU and the concept of unfair burden, establishing that the methodology to be used to calculate CLSU, as approved by ICP - ANACOM, will be applied in the period subsequent to 01.01.2007 and until such time as US provider(s) designated by means of a public tender commence provision of that service.

For the 2010-2011 financial periods, US electronic communications were provided by PTC under the concession contract in force, and for the purpose of the 2010-2011 CLSU calculation, the methodology defined by ICP - ANACOM was applied, which is based on the costs that the universal service provider would avoid and the revenues that would be lost in the event that, as a result of it not being subject to universal service obligations, it did not supply the service in geographic areas which are not profitable and did not supply the service to non-profitable customers, and also that it did not supply the service according to conditions other than normal commercial conditions.

Also according to the methodology, costs and assets of the USP are to be valued at historical costs, as those presented in the company's financial statements. CLSU further include an income portion in respect of the cost of capital.

CLSU calculation also take into account indirect benefits, associated with advantages, in some cases intangible, from which the universal service provider derives a gain as a result of being designated as such.

Subsequently to the determination of 09.06.2011, a set of other determinations with relevance for the purpose of CLSU calculation was approved, specifically:

- Determination of 29.08.2011 that upheld the complaint lodged by PTC and amended determination of 09.06.2011 on the methodology for calculation of CLSU, so as to use prices effectively charged to determine unprofitable areas and unprofitable customers living in profitable areas, as well as CLSU concerning unprofitable areas/customers;
- Determination of 25.11.2011 on the application of the price-elasticity of demand effect in the element associated to retired persons and pensioners. It was decided

in the scope of this determination that the elasticity value to be considered for the purpose of CLSU calculation should be -0.1;

- Determination of 12.10.2012 which implemented the concept of “abnormally high access costs”, for the determination of unprofitable customers living in profitable areas, and consequently for CLSU calculation purposes;
- Determination of 20.06.2013 on the results of the audit to PTC’s CLSU for the 2007-2009 financial periods.

In order to ensure that 2010-2011 CLSU estimates presented by PTC were audited and aiming for the approval of CLSU values, under paragraph 4 of article 96 of the LCE, ICP-ANACOM adopted several determinations in this regard, as follows:

- 18.06.2012 - launch of a public tender which included the audit of CLSU estimates presented by PTC for the 2010-2011 financial periods, in order to check whether the calculation presented conformed to the methodology defined by ICP-ANACOM;
- 06.09.2012 - award to SVP Advisors, S.L. (hereinafter AXON)<sup>2</sup> of the audit of CLSU estimates presented by PTC for the 2010-2011 financial periods;
- 17.07.2014 - permission to consult AXON to conduct an audit of recast CLSU estimates for the 2010-2011 financial periods;
- 01.08.2014 - award to AXON of the audit of recast CLSU estimates for the 2010-2011 financial periods.

As such, the first audit conducted by AXON consisted of a thorough, systematic and comprehensive analysis of CLSU estimates presented by PTC on 19.08.2013 for the 2010-2011 period, and was intended to verify compliance of the presented calculations with the methodology defined by the Regulatory Authority, in the light of article 96 of ECL, so as to guarantee that CLSU estimates presented by PTC for financial periods concerned met principles, criteria and conditions laid down in ICP - ANACOM’s determinations. The audit involved, namely, the review of calculations and sources of

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<sup>2</sup> After being awarded the audit contract, SVP Advisors, S.L. changed its name to AXON Partners Group Consulting S.L., and will be referred to as AXON throughout this text.

information, as well as the identification and analysis of any limitations, discrepancies, alternative approaches and all relevant matters related to the employed methodology.

It is stressed that in this initial audit, auditors concluded that, except for reconciliation limitations, results and calculations reviewed by PTC and presented on 29.01.2014 are in accordance with principles, criteria and conditions laid down in ICP - ANACOM's determinations, and data, assumptions and calculations used are sufficiently appropriate. It should be referred that identified discrepancies, namely at the level of the reconciliation of values used to determine CLSU with information in the Cost Accounting System (CAS) for 2010 and 2011, correspond to situations which were duly justified, and which result from an underestimation of CLSU, in conformity with information provided by auditors<sup>3</sup>.

Auditors thus concluded that *“(...) the methodology followed by PTC in 2010 and 2011 complies with the methodology established by ANACOM according to the Applicable Regulatory Framework (...) including with provisions laid down in the decision taken on 20.06.2013 on the results to the audit to CLSU for 2007-2009. This provides soundness, certainty and consistency to total calculations over the years”*.

Upon conclusion of the audit, on 21.03.2014, ICP-ANACOM approved a DD on the results of the audit of PTC's CLSU for the 2010-2011 financial periods, which was submitted to a prior hearing of interested parties and the general consultation procedure.

Further to the analysis of contributions received, the respective final decision was approved on 12.06.2014<sup>4</sup>, PTC having been ordered to resubmit new CLSU estimates for 2010-2011, within fifteen working days after approval of ICP - ANACOM's decisions on the conformity of recast CAS results for 2010 and 2011, so as to reflect alterations that have been introduced to the CAS for the referred years.

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<sup>3</sup> Compared to initial data for 2010-2011 CLSU, auditors identified several discrepancies in formulas and data used for CLSU calculation purposes, and the most relevant concerning the way how CLSU for 2010 were calculated, as regards the annualisation of non-recurring installation costs (and revenues), having auditors identified a discrepancy in the coefficient used to estimate the unit cost reviewed for unprofitable customers. Compared to values first audited by AXON, estimates presented by PTC on 29.01.2014, which already reflected recommendations made by auditors, led to a reduction of the value of CLSU, for the 2010-2011 period, of around 0.5 million Euro relatively to initial values.

<sup>4</sup> Note that, by determination of 10.04.2014, further to a request presented by an entity, ICP - ANACOM decided to allow an extension of the initial twenty-day time-limit for further five working days, thus the general consultation procedure ended on 02.05.2014.

These decisions on recast CAS results for 2010 and 2011 were adopted on 07.08.2014, having PTC, within the time-limit granted for the purpose, conveyed new 2010-2011 CLSU estimates, on 13.08.2014.

In the scope of the determination of 12.06.2014, it was also determined that CLSU estimates to be resubmitted by PTC should be subject to a new audit procedure, so as to verify the conformity of resubmitted values with changes introduced to the CAS, and by determination of 01.08.2014, AXON was awarded the conduct of the audit of recast CLSU estimates for the 2010-2011 financial periods.

The audit report drafted by AXON was submitted by consultants together with the declaration of conformity on the audit of recast estimates to universal services net costs for 2010 and 2011.

As referred in this declaration, procedures were carried out so as to guarantee that recast results and calculations complied with principles, criteria and conditions specified in ICP - ANACOM's determinations as well as to verify the appropriateness of data, assumptions and calculations used.

On 25.09.2014, ICP-ANACOM approved a DD on this decision, which was subject to the general consultation procedure and the prior hearing of interested parties, for a period of 20 working days.

Upon completion of the referred procedure, comments were received (by the deadline set) from three operators, which were summarized and examined in the report of the public consultation and prior hearing, which forms part of the present decision. A contribution was also received after the deadline, and has not been considered in the scope of the referred report.

In the following chapters reference is made to results of the audit and its main conclusions, as well as to the position taken by ICP-ANACOM in this regard. Additionally, an analysis of CLSU values for the years concerned is presented.

### **3. Audit of CLSU values resubmitted by PTC for 2010-2011**

As referred earlier, determination of 12.06.2014 ordered PTC to resubmit new CLSU estimates only in order to reflect alterations introduced to the CAS for 2010 and 2011, not having been identified other aspects that required amendment.

PTC refers, as regards estimates submitted on 13.08.2014, that they embody final CAS results for 2010 and 2011, stressing that it adjusted the way the double-counting effect of traffic between unprofitable customers living in profitable areas is calculated, so as not to compromise the correspondence of the CLSU model to the reality being portrayed.

PTC mentions that the need for revision was clear due to changes in net margins enjoyed by the company as a result of values revised in its CAS.

AXON conducted an audit to CLSU values resubmitted by PTC, having reached the conclusion as regards amendments introduced to reflect final results of the 2010-2011 CAS that, except for situations concerning deviations that existed in the scope of the reconciliation of values with information of the CAS, values resubmitted by PTC on 13.08.2014 meet principles, criteria and conditions specified by ICP - ANACOM in its decision on the results of the audit to CLSU for the 2010-2011 financial periods. Auditors further refer that *"(...) PTC has properly implemented all recommendations presented in the report submitted on 29 January 2014 and adjustments concerning the values of the 2010-2011 CAS were properly carried out and introduced into inputs"*. The referred recommendations and adjustments had already been implemented in the scope of the first audit, and this remains the case as regards resubmitted values.

Deviations referred by AXON concern information from the CAS and data used in the calculation of CLSU, on: (i) traffic volumes used in the model of unprofitable areas; (ii) access and traffic revenues used in the model of unprofitable areas; (iii) traffic volumes used in the public payphone model; and (iv) revenues used in the public payphone model.

In the scope of these deviations, AXON notes that reconciliation differences found for 2010-2011 had already occurred as regards CLSU calculations for 2007-2009, concluding that *"(...) traffic volumes used in models for unprofitable areas and unprofitable public payphones are lower than those contained in the CAS. Since these traffic volumes are used to obtain avoidable traffic costs (PxQ) attributable to CLSU, PTC may be*



*underestimating CLSU” and “[i]n terms of access and traffic revenues considered in the calculation of CLSU, used in models for unprofitable areas and unprofitable public payphones, it is noted that these are, in general, higher than those reflected in the CAS, whereby PTC may be underestimating CLSU”.*

As regards the revision to adjustments made to avoid double-counting of traffic between unprofitable customers living in profitable areas, AXON explains in its audit report that this revision introduced by PTC arises from the need to adjust CLSU calculation to the company's new situation, that is, the fact that overall margins for on-net calls decreased. As such, AXON clarifies that PTC now calculates the proportion of revenues from unprofitable customers in the total of revenues of on-net calls made in profitable areas on the basis of gross revenues instead of net revenues.

On this matter, AXON concludes that *“Given that the change at the level of calculation from net revenues to gross revenues is in accordance with the established methodology, reflects the company’s new situation (decrease of margins for on-net calls) and increases the soundness of the calculation, we believe that this change is reasonable.”*

The table below shows final CLSU values for the 2010-2011 financial periods.

**Table 1 – Final CLSU values for the 2010-2011 financial periods**

	<b>2010</b>	<b>2011</b>
CLSU of unprofitable areas	916 931.07	963 417.54
CLSU of unprofitable customers	8 730 564.18	8 923 835.00
CLSU of unprofitable public payphones	3 788 093.00	4 794 619.00
CLSU from retired persons and pensioners	11 705 510.00	10 345 946.29
<b>Total CLSU before indirect benefits</b>	<b>25 141 098.25</b>	<b>25 027 817.83</b>
Corporate reputation and brand enhancement	914 507.78	649 230.14
Advertising on public payphones	563 556.69	644 279.52
Mailing	100 248.36	149 706.58
Ubiquity	6 102.81	4 235.19
Regulation fees	33 699.95	52 741.06
Total indirect benefits	<b>1 618 115.59</b>	<b>1 500 192.50</b>
Total CLSU after indirect benefits	<b>23 522 982.66</b>	<b>23 527 625.33</b>

Source: PTC. Values in Euro.

#### **4. ICP-ANACOM's assessment of audit results**

Bearing in mind that AXON, in the scope of the audit of 2010-2011 CLSU resubmitted by PTC, concluded that, except for some deviations with respect to data from the CAS and data considered in the calculation of CLSU, values re submitted by PTC on 13.08.2014 are in accordance with principles, criteria and conditions stipulated by ICP-ANACOM, and taking also into account that it concludes that ICP - ANACOM's determinations of 12.06.2014 were properly implemented by PTC, this Authority finds that PTC has presented CLSU estimates that appropriately reflect amendments that were determined to the 2010-2011 CAS.

As regards identified aspects with respect to the reconciliation of traffic and revenue data, it is stressed that this corresponds to a situation already reported in the previous audit report, and auditors maintain their view that this may have the effect of underestimating the final value of the CLSU. Auditors further stated that, notwithstanding the situations mentioned, clarifications given by the PTC on the matter, which also appear in the previous audit report, are acceptable. Aspects identified in the scope of the reconciliation have already occurred as regards CLSU calculations for 2007-2009, and were deemed both by auditors and by ICP - ANACOM to be acceptable.

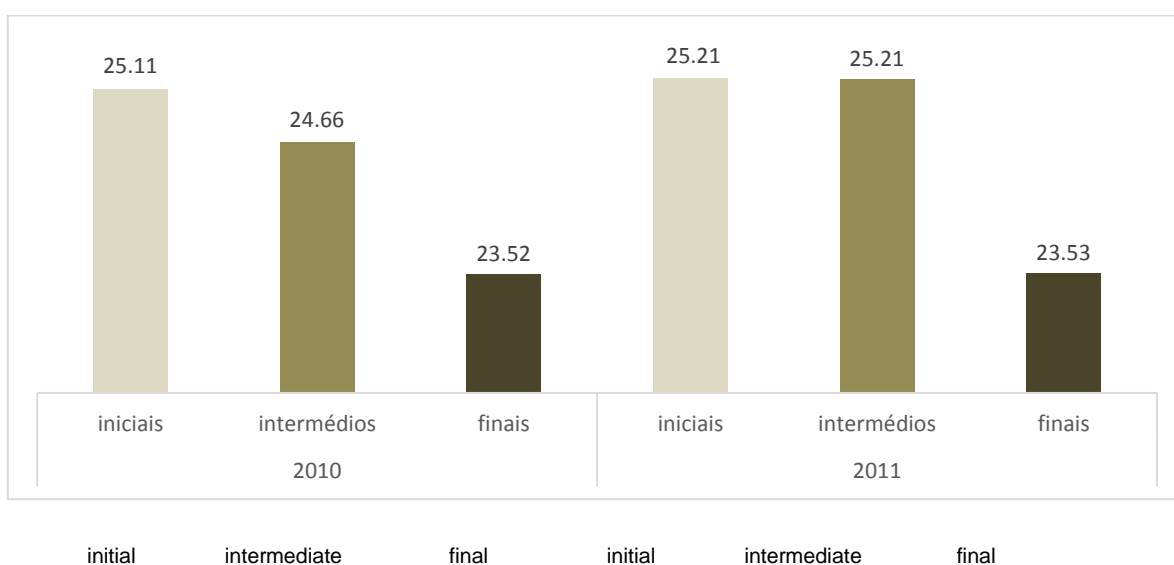
As regards the change in calculations introduced by PTC to establish the net cost of the element of unprofitable customers living in profitable areas, namely the adjustment made to avoid double-counting of traffic between unprofitable customers living in profitable areas, and taking into account that auditors concluded that this new criterion is more stable and does not change significantly with the fact that the net revenue is close to zero, increasing the soundness of the calculation, ICP - ANACOM takes the view that PTC's approach is reasonable and appropriate to frame the new observed context.

The next chapter presents CLSU values and the respective analysis.

## 5. Final values of CLSU for 2010-2011

Chart 1 shows CLSU results for 2010-2011, as initially submitted by PTC on 19.08.2013 (initial values), as recalculated by PTC on 29.01.2014 following the preliminary report of the initial audit by AXON (intermediate values), and as recalculated and presented by PTC on 13.08.2014 following ICP-ANACOM's decision of 12.06.2014 (final values).

Chart 1 – CLSU estimates for 2010-2011



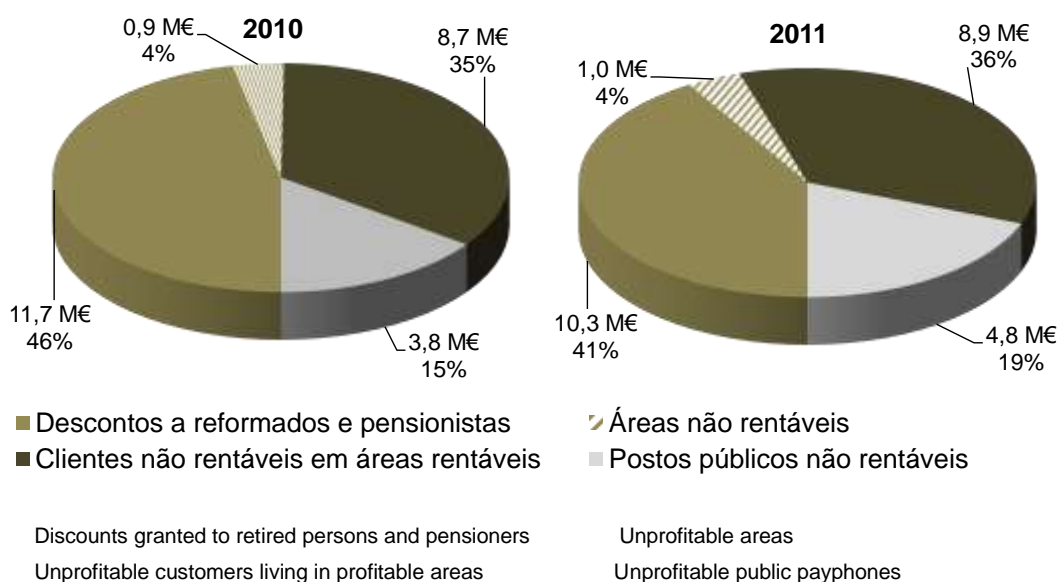
Source: PTC. Values in million Euro.

Compared to CLSU values initially submitted by PTC (on 19.08.2013), there has been a reduction by 3.3 million Euro, for the two-year period concerned, which represents a decrease of CLSU by 6.5%. The final value established for the two years is similar, by around 23.5 million Euro.

Relatively to the weight of each element in the value of net costs (difference between avoidable costs and lost revenue), it is found that, as in previous years, the element which takes greater weight corresponds to discounts provided to retired people and pensioners, 46% in 2010 and 41% in 2011, followed by the element related to unprofitable customers living in profitable areas, the weight of which is around 35%.

As far as the two other elements are concerned, the unprofitable public payphone element has a weight between 15% and 19%, whereas the element with the least weight is the one associated with unprofitable areas - around 4%.

**Chart 1 – Net costs before indirect benefits according to element, for 2010-2011**

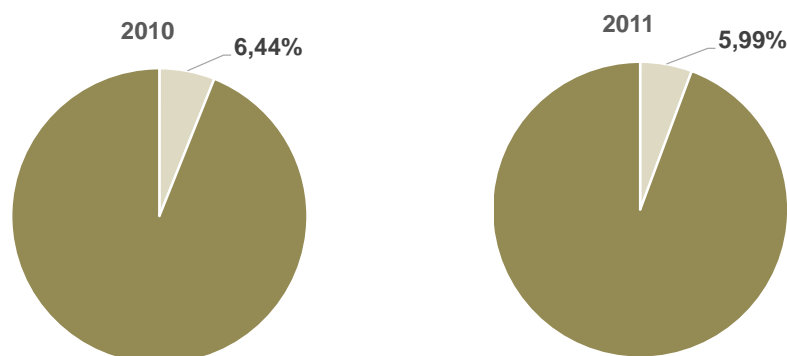


Source: PTC and ICP-ANACOM calculations. Absolute values in million Euro.

It may be concluded, in terms of relevance of each element in the final CLSU value before indirect benefits, that the ranking already verified in the scope of CLSU for 2007-2009 is maintained, however there is a trend for the reduction of the weight associated with the elements on retired persons and pensioners and unprofitable areas, which may respectively be explained by the gradual decrease in the number of retired persons and pensioners that enjoy the discount concerned and the decreasing number of unprofitable areas.

In terms of relevance of indirect benefits in the total value of costs, that is, for the determination of CLSU, their weight registers a sharp decrease compared to the 2007-2009 period. As the following table and chart show, in 2010 and 2011, indirect benefits do not carry as much weight - around 6% - as in the 2007-2009 period, when the lowest weight was around 17%.

**Chart 2 – Weight of indirect benefits in total CLSU before indirect benefits**



Source: PTC and ICP-ANACOM calculations.

**Table 2 – Final values of indirect benefits for the 2010-2011 financial periods**

	2010	2011
<b>Indirect benefits</b>	1.6	1.5

Source: PTC. Values in million Euro.

The decrease of relevance arises from the fact that the overall value of indirect benefits in 2010-2011 registers a significant reduction when compared to the values of preceding years. For example, in 2009 benefits amounted to 4.6 million Euro. From 2009 to 2010, the total value of indirect benefits decreases by 65%, and from 2010 to 2011, a new reduction occurs, although lower, by around 7%. A significant reduction of the value associated to the corporate reputation and brand enhancement benefit (-75% from 2009 to 2010) explains the sharp reduction of the total value of indirect benefits in 2010 and 2011 compared to 2009.

Notwithstanding the significant reduction of the benefit associated to corporate reputation and brand enhancement, this indirect benefit is still the most expressive in terms of total benefits, with a weight of around 57% for 2010 and 43% in 2011. In absolute terms, the values reported for this benefit have decreased, as a result of variations in the brand value registered by the “Portugal Telecom” brand in Brand Finance studies, taken into account for the purposes of the determination of this indirect benefit as from 2010<sup>5</sup>.

<sup>5</sup> In 2010, the PT Group’s brand value taken into account was around 824 million Euro, while in 2011 this value was 692 million Euro.

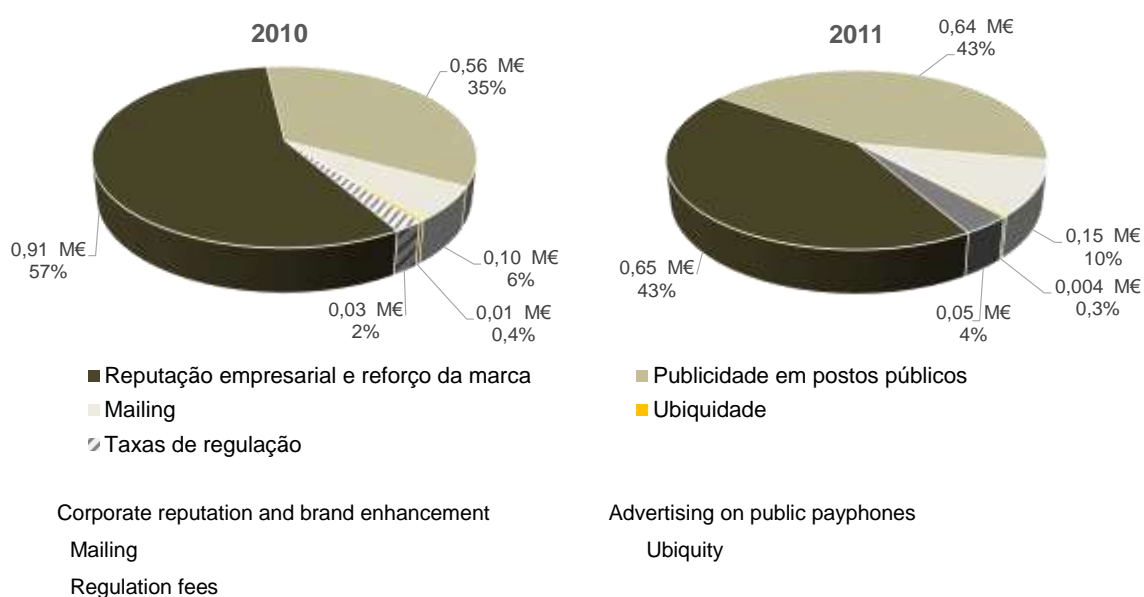
“Advertising on public payphones” is the second largest indirect benefit in terms of weight in the total value of indirect benefits, over 35% in the total value of indirect benefits, while in 2011 this benefit takes on a value which is very close to the benefit associated to corporate reputation and brand enhancement. The increase in the value for this benefit for 2010 and 2011 (around 14%) is due to the increase of space in terms of square meters associated to advertising in unprofitable public payphones and the increase of the price charged for those advertising spaces.

“Mailing” is the third most significant benefit, with a maximum weight in total benefits ranging between 6 and 10%, and in 2011 this benefit corresponded almost to 1.5 times the value for 2010, as a result of an increase of the percentage of bills that included advertising.

The indirect benefit associated to “regulation fees” has a weight by 2% and 4%, respectively for 2010 and 2011.

With little relevance, the “ubiquity” indirect benefit registers a maximum weight by 0.4% in the period concerned, and continues to show a decrease in its value - from 2009 to 2010 this benefit decreased by around 32% and from 2010 to 2011 by around 31%. This reduction is particularly associated to the fact that the number of customers moving from unprofitable areas to profitable areas is decreasing.

**Chart 3 – Final values of indirect benefits according to the type of benefit for 2010-2011**



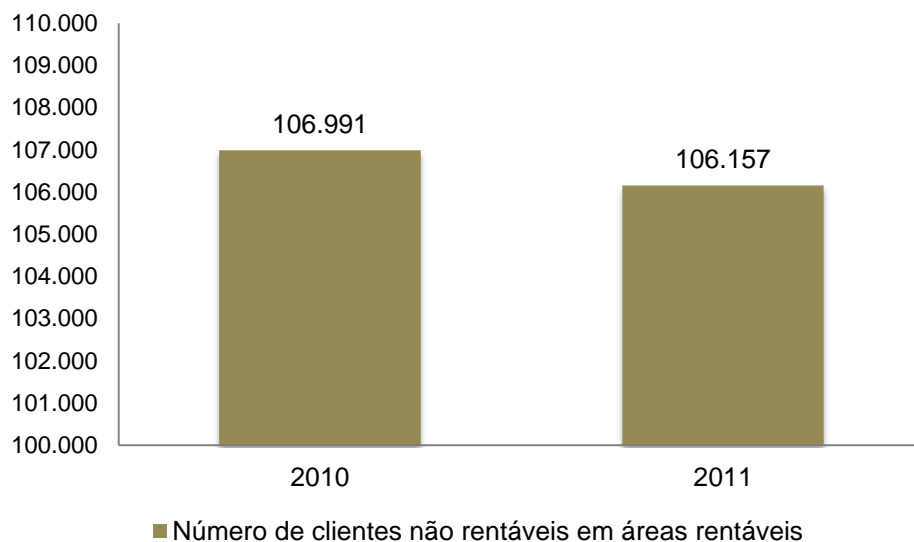
Source: PTC and ICP-ANACOM calculations. Values in million Euro.

It is also important to take account of other CLSU data. As such, and as regards the area model, it is stressed that the calculation model covers 1853 areas, 39 of which were considered to be unprofitable in the years concerned (that is, 2.4% percent of the total number areas), covering 0.59% of total customers. It is noted that this number of areas reflects the application of plausibility criteria and is limited to areas that are unprofitable in all years considered.

As regards the three other elements - unprofitable customers living in profitable areas, unprofitable public payphones and retired persons and pensioners - other relevant data are shown in the charts below, and the following must also be emphasised:

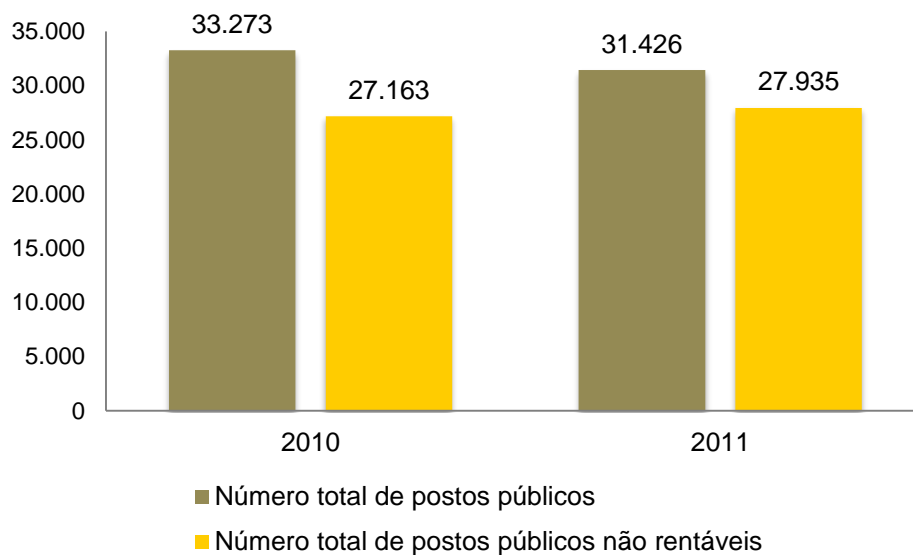
- the percentage of unprofitable customers living in profitable areas represented for the years concerned around 6% of the total of customers living in profitable areas, thus still representing only a small part, as verified for the 2007-2009 period;
- the percentage of unprofitable public payphones in the total number of public payphones showed a growing trend, increasing from a value around 82% in 2010 to 89% in 2011;
- the number of retired persons and pensioners who enjoy this specific offer (and consequently the discount granted in this context) significantly decreased in the last two years under analysis - by around 12% from 2010 to 2011 - a trend which was already under way in the preceding years.

**Chart 4 – Number of unprofitable customers living in profitable areas**



Source: PTC.

**Chart 5 – Total number of public payphones and of unprofitable public payphones**

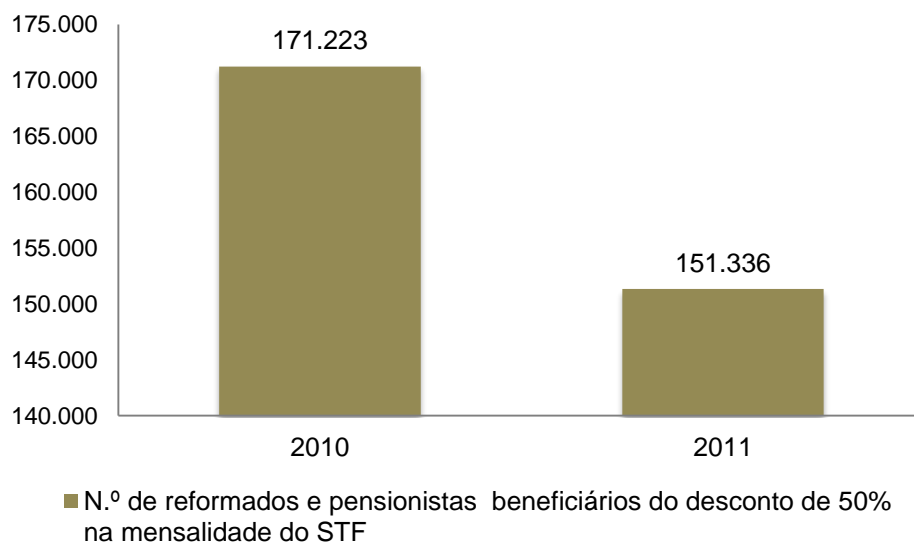


Total number of public payphones  
Total number of unprofitable public payphones

Source: PTC and ICP-ANACOM calculations.



**Chart 6 – Number of retired persons and pensioners enjoying the 50% discount in the monthly FTS subscription (also includes beneficiaries via SLRO)**



Number of retired persons and pensioners enjoying the 50% discount in the monthly FTS subscription

Source: PTC.

## 6. Conclusion and Determination

Whereas:

- a. On 19.08.2013, PTC submitted CLSU estimates to ICP-ANACOM for the 2010-2011 financial periods, which were subject to an audit procedure, so as to verify the conformity of the calculation presented with the methodology defined by the Regulatory Authority, in the light of article 96 of ECL;
- b. In the course of the audit, on 29.01.2014, PTC submitted new CLSU estimates, having auditors concluded that *“in general, the results and calculations revised by PTC are in accordance with principles, criteria and conditions laid down in ANACOM’s determinations, and data, assumptions and calculations used are sufficiently appropriate”*; however, as exceptions to this conclusion, three minor aspects were mentioned as having negligible impact on results and one aspect, regarding the treatment of non-recurring costs and revenues with respect to

unprofitable customers living in profitable areas, was referred to have a material impact on results.

- c. On 12.06.2014, ICP-ANACOM approved a decision on the results of the audit of PTC's CLSU for the 2010-2011 financial periods, given that *"(...) the methodology used to determine unprofitable areas, including the application of criteria such as plausibility, unprofitable customers living in profitable areas, retired people and pensioners, unprofitable public payphones in profitable areas, and indirect benefits, is appropriate and in accordance with determinations issued by this Authority" and "[i]dentified discrepancies, namely at the level of the reconciliation of values used to determine CLSU with information in the CAS for 2010 and 2011, correspond to situations which were duly justified, and which result from an underestimation of CLSU, in conformity with information provided by auditors, and as such are without prejudice to other companies, such as those that may in the future contribute to the US funding, in addition to PTC itself"*.
- d. In this decision, ICP-ANACOM ordered PTC to resubmit new CLSU estimates for 2010-2011, so as to reflect final results of the CAS for those years, having determined further that such CLSU estimates were submitted to a new audit procedure.
- e. On 13.08.2014, PTC submitted new CLSU estimates for 2010-2011, in compliance with ICP-ANACOM's determination of 12.06.2014, on the results of the audit of PTC's CLSU for the 2010-2011 financial periods.
- f. These estimates were subject to new auditing procedure carried out by AXON, which had already undertaken the first audit.
- g. The audit under consideration was carried out in September 2014 and sought to verify, further to the referred decision of 12.06.2014, whether resubmitted values complied with changes made to the PTC's CAS for the years concerned.
- h. Auditors concluded that, except for situations referred to as regards the reconciliation, which could underestimate CLSU, values resubmitted by PTC on 13.08.2014 are in accordance with principles, criteria and conditions laid down by ICP- ANACOM.

- i. Situations on reconciliation referred to in the preceding paragraph correspond to a situation already reported in the previous audit report, auditors having maintained their view that this may have had the effect of underestimating the final value of CLSU; notwithstanding, explanations given by the PTC on the matter, which also appear in the previous audit report, are acceptable for 2010-2011.
- j. The change in calculations introduced by PTC to establish the net cost of the element of unprofitable customers living in profitable areas, namely the revision of the adjustment to avoid double-counting of traffic between unprofitable customers living in profitable areas, is an alteration deemed to be reasonable by auditors, as it increases the soundness of the calculation and complies with the established methodology.
- k. The declaration of conformity on the audit to recast estimates on the universal service net costs for 2010-2011, issued by Grant Thornton states as follows:

*“Accordingly, we are of the opinion that, with the exception of the situations described in paragraph 10 above, which may have the effect of underestimating CLSU, recast estimates of net costs of the Universal Service provision as presented by PTC for the 2010-2011 are consistent with the methodology, assumptions and determinations of ICP-ANACOM contained in the Technical Specifications and correspond to the following values:*

- *2010: 23 522 982.66 Euro (twenty-three million, five hundred and twenty-two thousand, nine hundred and eighty-two Euro and sixty-six cents);*
- *2011: 23 527 625.33 Euro (twenty-three million, five hundred and twenty-seven thousand, six hundred and twenty-five Euro and thirty-three cents); resulting, for the 2010-2011 period, in a total amount of 47.050.607.99 Euro (forty-seven million, fifty thousand, six hundred and seven Euro and ninety-nine cents).”<sup>6</sup>*

- i. The general consultation procedure and prior hearing of interested parties ran for twenty days, according to article 8 of ECL and articles 100 and 101 of the Administrative Procedure Code, in the course of which contributions were received

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<sup>6</sup> Paragraph 10 referred to in the declaration of conformity concerns identified reconciliation differences.

from three operators, which were summarized and analysed in the public consultation and prior hearing report, which is deemed to be an integral part of this decision.

- m. Contributions received pursuant to the general consultation procedure and the prior hearing essentially restate aspects which had already been raised in the scope of the consultation on the DD of 21.03.2014 which supported ICP - ANACOM's decision of 12.06.2014.

The Management Board of ICP - ANACOM, in the scope of powers conferred under paragraph 1 b) and d) of article 6 of its Statutes, in annex to Decree-Law No. 309/2001, of 7 December, in the exercise of competencies provided for in articles 95 and 96 of Law No. 5/2004, of 10 February, as amended and republished by Law No. 51/2011 of 13 September, and subsequently amended by Law No. 10/2013, of 28 January, by Law No. 42/2013, of 3 July and by Decree-Law No. 35/2014, of 7 March, hereby determines:

To approve the last accounts presented by PT Comunicações, S. A. on 13.08.2014, taking into account audit results and respective declaration of conformity, and to determine that CLSU values for the 2010 and 2011 financial years are those set out in the table below:

**Table 3 - Final CLSU values for the 2010-2011 financial periods (Euro)**

	<b>2010</b>	<b>2011</b>
<b>CLSU</b>	<b>23 522 982.66</b>	<b>23 527 625. 33</b>

# **ANNEX**

**REPORT ON THE AUDIT OF RECAST ESTIMATES OF NET COSTS OF THE  
UNIVERSAL SERVICE PROVISION SUBMITTED BY PT COMUNICAÇÕES, S.A. (2010-  
2011 FINANCIAL PERIODS) AND RESPECTIVE DECLARATION OF CONFORMITY**