

**DECISION ON THE DRAFT PUBLIC PAY-PHONES TARIFF
PRESENTED BY PTC ON 16.07.2014**

1. By letter dated 16.07.2014, PT Comunicações, S.A. (PTC) presented to ICP - ANACOM a proposal for amendment of tariffs charged to communications made from public pay-phones (PPP), to take effect as from 01.08.2014.
2. PTC indicates that the tariff amendment is required in the light of principles of non discrimination and uniform tariff, set out in the service specifications of the contract concluded with the State for the provision of the PPP universal services (US), and motivated by the evolution of the VAT value applicable in each of the regions of the national territory and the evolution of traffic profile originating on public pay-phones. The draft tariff is presented in the table below, being identified prices that apply in the Mainland (ML), the Autonomous Region of Madeira (ARM) and the Autonomous Region of the Azores (ARA).

Region	ML		ARM		ARA	
Traffic	FF	FM	FF	FM	FF	FM
Impulse (Euros)	0.0569	0.0569	0.0574	0.0574	0.0593	0.0593
Initial price (impulses)	2	2	2	2	2	2
Initial period of time (seconds)	60	30	60	30	60	30
Timing (seconds)	22.1	9.1	22.4	9.2	23.4	9.6

Prices exclusive of VAT.

3. As defined in Annex 2 (services specifications) to the contract concluded with the State, the provision of the PPP US must meet the need to ensure the affordability of prices for end users of the services, guaranteeing that the latter are provided with a means to access the public communications network and to make telephone calls over it. The PPP offer price system is based on the principles of non discrimination in its application, guaranteeing equal treatment for all users under equal circumstances, and of geographic uniformity.
4. PTC was imposed in the same scope the obligation to comply with an annual price-cap of CPI-2.75%, that applies to the price element of communications to the same network and to other fixed and mobile networks. Verification of compliance with such rule takes place on an annual basis, except for the first and second year of the contract, for which it must be ensured that the accumulated price variation is at least equivalent to the application of the price cap corresponding to two years. It was also defined that, in compliance with the price-cap rule, where the value of inflation is equal to or lower than 2.75%, PTC is not required to introduce a negative nominal change, and may maintain prices unchanged.
5. The board for tender selection of companies to be designated for the US provision disclosed, in the scope of a clarification in November 2013, the tariff in force at the date of the publication of tender instruments, which corresponded, as defined in specifications, to the starting point for prices to be applied by the co-contractor. The table below shows the tariff defined in the scope of the tender:

Region	ML		ARM		ARA	
Traffic	FF	FM	FF	FM	FF	FM
Impulse (Euros)	0.0569	0.0569	0.0574	0.0574	0.0603	0.0603
Initial price (impulses)	2	2	2	2	2	2
Initial period of time (seconds)	60	30	60	30	60	30
Timing (seconds)	22.0	9.0	23.3	9.5	23.3	9.5

Prices exclusive of VAT.

6. As regards compliance with the price cap, it must be noted that, according to the Draft State Budget for 2014, the inflation value expected for 2014 was 1%, and that, according to estimates of the *Bank of Portugal*¹, deemed to be appropriate for this analysis, as this value is not yet available in the Draft State Budget for 2015, this value is 1%, that PTC will not be required, in the period concerned, to decrease prices of the service. At the same time, PTC is also not entitled to introduce an overall increase of prices of the public pay-phone tariff.
7. Having analysed the proposal presented by PTC, and bearing in mind that:
 - a. Overall changes of average prices per minute for the whole of the national territory resulting from the draft tariff presented by PTC correspond to negative values, of around -0.7% (-0.8% in the Mainland, 2.7% in the Autonomous Region of Madeira and -2.4% in the Autonomous Region of the Azores), compared to the tariff defined in the contract as a starting point for prices to be charged by PTC for calls originated on public pay-phones;
 - b. Average prices per minute (exclusive of VAT) charged for fixed-to-fixed and fixed-to-mobile calls in all regions of the national territory (namely the Mainland and the Autonomous Regions of Madeira and the Azores) are practically the same (with deviations lower than 0.2%), being even closer than those which result from the tariff defined in the contract as a starting point for prices to be charged by PTC, thus being ensured an uniform average price (excluding VAT) throughout the national territory;
 - c. The tariff proposed is also characterized by the application of a uniform price per impulse, VAT included, throughout the national territory (0.070€);
 - d. The tariff guarantees a uniform price for calls originated to the same network and to other fixed networks;
 - e. The tariff applies to the general population, which ensures that equal treatment is applied to all users;
8. It is thus concluded that the tariff proposed by PTC does not jeopardise the fulfilment of the applicable price cap, nor principles of non-discrimination and uniform tariff defined in the contract for provision of the universal service for provision of public pay-phones.
9. Accordingly, in compliance with assignments provided for in points b), d) and h) of paragraph 1 of article 6 of the Statutes in annex to Decree-Law No. 309/2001, of 7 December, in the exercise of powers granted under paragraph 1 of article 93 of 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, and in the pursue of regulatory

¹ Economic Bulletin of the Portuguese Central Bank - June 2014 edition.

objectives laid down in point c) of paragraph 1 and point a) of paragraph 4 of article 5 of the same Law, ICP - ANACOM's Management Board hereby determines:

- a. Not to oppose the public pay-phones draft tariff proposed by PTC on 16.07.2014, without prejudice to compliance with transparency obligations under the law;
- b. To submit PTC's proposal to ICP - ANACOM's Advisory Council, for the purpose of point c) of article 37 of this Authority's Statutes, and any developments resulting therefrom shall be notified in due time to PTC.