

**DECISION ON QUALITY OF SERVICE PARAMETERS AND PERFORMANCE TARGETS
FOR THE UNIVERSAL POSTAL SERVICE**

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1. Introduction

Law No. 17/2012, of 26 April (Postal Law), as amended by Decree-Law No. 160/2013, of 19 November, and by Law No. 16/2014, of 4 April, lays down the legal regime that governs the provision of postal services, under a full competition regime, on national territory, as well as of international services to or from national territory, transposing to the national legal system Directive 2008/6/EC of the European Parliament and of the Council, of 20 February 2008.

This law aims to (according to paragraph 1 of article 2 thereof):

- a) Define the conditions for provision of postal services under a full competition regime;
- b) Ensure a sustainable and efficient provision of a universal postal service; and
- c) Establish the rights and interests of users, especially of consumers.

The Postal Law lays down that, in order to achieve the objectives established in this law, the following principles must be observed (article 2, paragraph 2):

- a) To ensure the existence, availability, accessibility and quality of the universal service provision;
- b) To ensure the economic and financial sustainability and viability of the universal service provision;
- c) To ensure the protection of users in their dealings with postal service providers, namely the handling and resolution of complaints.

With the entry into force, in Portugal, of the Postal Law, postal services started to be provided under a full competition regime.

Notwithstanding, on grounds of public policy and security, or in the general interest, some services or activities may be reserved to specific postal service providers, such as the sitting of letter boxes on the public highway intended for the deposit of postal items, the issue and sale of postal stamps bearing the word “Portugal”, and the registered mail service used in court or administrative proceedings. Up to 31.12.2020, CTT - Correios de

Portugal, S. A., remains as the exclusive provider of the mentioned reserved activities and services (cfr. article 57, paragraph 3, of the Postal Law).

The Postal Law contains a chapter which focuses on the universal service, which consists in the supply of postal services defined in the Law, of a specified quality and permanently available throughout the territory, at affordable prices for all users¹, aiming to meet the communication needs of the population and those of economic and social activities (article 10, paragraph 1).

The universal service covers the following facilities (article 12), in the national and international scope: a postal service for correspondence², catalogues, books, newspapers and other periodicals up to 2 kgs and postal parcels up to 10 kgs, as well as services for registered items and insured items. The universal service covers also the delivery within the national territory of postal parcels received from other Member States of the European Union and weighing up to 20 kgs.

The provision of the universal service must ensure the fulfilment of appropriate quality standards, namely as regards routing times, regularity and reliability of the service [point b) of paragraph 1 of article 11].

The Postal Law designates CTT as universal postal service provider (USP) until 31.12.2020 (article 57, paragraph 1).

The same Law (article 13, paragraph 1, as amended by Decree-Law No. 160/2013, of 19 November) lays down that it is incumbent on ICP - ANACOM to set out, for a three-year minimum multiannual period, parameters of quality of service and performance targets associated to the universal service provision, related in particular to routing times, the regularity and reliability of services, as well as rules on their measurement, monitoring and disclosure.

This document aims to define the referred parameters of quality of service and performance targets, to be applied in the 2015-2017 three-year period.

¹ The Postal Law defines as user (article 3, paragraph 4): any natural or legal person benefiting from the provision of a postal service as a sender or an addressee.

² Excluding direct mail.

The establishment of such parameters and targets was preceded by the hearing of the universal service provider (article 13, paragraph 1) and of consumer organisations (article 43 and article 13, paragraph 1). As services involved do not have a regional or local nature, this right was granted to associations of a national scope [cf. article 18, paragraph 1h) and paragraph 3 of Law No. 24/96, of 31 July (consumer protection legal regime)].

These rules are deemed to have a significant impact on the market, as they focus on liberalised services that integrate the universal service, provided by CTT, and they may represent a reference for competing service providers, as well as for users of postal services, and for this reason the public consultation mechanism provided for in article 9 of the Postal Law was adopted.

Having these rules been defined, the Universal Postal Service Quality Convention of 10 July 2008 (Quality Convention), as amended on 9 July 2010, which under the Postal Law remained temporarily in force (article 57, paragraph 7), will no longer be in effect.

2. Regulatory framework

2.1. Quality of the universal service

Paragraph 1 of article 13 of the Postal Law lays down that it is incumbent on ICP - ANACOM, having heard the universal service provider and consumer organizations, to set out, for a three-year minimum multiannual period, parameters of quality of service and performance targets governing the provision of the universal service, related in particular to routing times, the regularity and reliability of services, as well as rules on their measurement, monitoring and disclosure.

Parameters of quality of service and performance targets must be compatible with quality standards for intra-Community cross-border services and other international services (paragraph 2 of article 13).

Universal service providers must implement a system for measuring levels of quality of service actually provided, in compliance with rules on the measurement of the quality of the universal service, namely intra-Community cross-border services, such measurement being carried out at least once a year by an independent external body (paragraph 3 of

article 13). Measurement results are the subject of a report published at least once a year by providers of the universal service (paragraph 4 of article 13).

ICP-ANACOM must ensure that levels of quality of service provided by universal service providers are submitted to audits and to other control mechanisms, in order to ensure the accurateness and comparability of data provided by universal service providers, and that results are published at its website at least once a year (paragraphs 5 and 6 of article 13).

2.2. Non-compliance with performance targets

According to article 47 of the Postal Law, in case of failure to meet performance targets associated to the provision of the universal service, set out pursuant to paragraph 1 of article 13, ICP-ANACOM must apply mechanisms to compensate users of the universal service, according to the principles of proportionality, adequacy, non-discrimination and transparency.

2.3. Essential Public Services Law

Article 7 of Law No. 23/96, of 26 July (Essential Public Services Law)³, lays down that the provision of any [essential public] service must comply with high quality standards, including user satisfaction, especially where the price setting varies according to these standards.

In this scope, ICP - ANACOM carries out regularly (as a rule, every two years) a survey on the use of postal services, seeking to gauge the level of usage and perception as to the quality of postal services among residential users.

3. Quality of service parameters

Quality indicators currently in force

³ Subsequently amended by Decree-Law No. 195/99, of 8 June, by Law No. 12/2008, of 26 February, by Law No. 24/2008, of 2 June, by Law No. 6/2011, of 10 March, by Law No. 44/2011, of 22 June and by Law No. 10/2013, of 28 January.

The following services integrate the universal service provided by CTT, in the national and international scope⁴:

- a) Correspondence service:
 - Standard mail;
 - Priority mail;
 - Registered mail, including the legal summons and notifications service, and insured mail;
 - Easy mail;
 - Economic mail - Special Regime;
- b) Delivery service of editorial mail/ newspapers and other periodicals;
- c) Delivery service of postal parcels, in the standard parcel modality.

Under the above-mentioned Quality Convention, the following quality of service indicators and respective levels of quality, which must be achieved every year by CTT (vide Table 1) are currently defined:

Table 1- QSI and respective levels of quality as defined in the Quality Convention

QUALITY OF SERVICE INDICATORS (QSI)		Quality Convention		
		RI (%)	Value	
			Minimum	Target
QSI 1	Transit time for standard mail (D+3)	45.0	95.5%	96.3%
QSI 2	Transit time for priority mail - Mainland (D+1)	15.0	93.5%	94.5%
QSI 3	Transit time for priority mail - MAM (D+2)	4.0	84.0%	87.0%
QSI 4	Standard mail not delivered within 15 working days (per one thousand letters)	5.0	2.3‰	1.4‰
QSI 5	Priority mail not delivered within 10 working days (per one thousand letters)	3.0	2.5‰	1.5‰
QSI 6	Transit time for newspapers and periodicals (D+3)	11.0	95.5%	96.3%
QSI 7	Transit time for intra-community cross-border mail (D+3)	3.5	85.0%	88.0%
QSI 8	Transit time for intra-community cross-border mail (D+5)	3.5	95.0%	97.0%
QSI 9	Transit time for standard parcels (D+3)	5.0	90.5%	92.0%
QSI 10	Waiting time at post establishments (% of cases up to 10 minutes)	5.0	75.0%	85.0%

Notes: D+X means delivery up to X working day(s) after deposit of items at mail reception points. RI - relative importance.

⁴ Within weight limits defined in the referred article 12 of the Postal Law.

The Quality Convention further defines an overall quality of service indicator (OI), which is calculated according to levels of quality of service achieved by CTT for each of the referred QSI. The calculation method is as follows:

- 1st) each QSI defined in the Quality Convention is given a score according to the following methodology: (i) where the value achieved corresponds to the target value defined for each QSI, the QSI scores 100; (ii) where the value achieved is lower than the minimum value, the QSI scores 0; (iii) where the value achieved lies between the minimum value and the target value, the QSI scores a proportional value between 0 and 100; (iv) for values exceeding the target, the QSI's score also exceeds 100, in proportion to the positive deviation from the target;
- 2nd) Scores achieved by each QSI are added together, being weighted by the respective relative importance.

As such, quality indicators have been laid down, which concern:

- transit time (deadlines and reliability): QSI1 to QSI9;
- waiting time: QSI10,

and which cover the following services:

- standard mail, priority mail and cross-border mail, as regards items of correspondence;
- newspapers and periodicals;
- parcels.

It may also be considered that all services provided by CTT, in the scope of the universal service, are covered by the indicator concerning waiting time at post establishments.

Quality parameters to be defined

“Properly delivered mail (in good time, with no losses or damages)” was deemed by residential customers to be the most relevant parameter for the overall quality of the postal service, according to the Survey on the Use of Postal Services developed by ICP -

ANACOM by the end of December 2012⁵. Waiting time was also deemed to be relevant for the overall quality of the postal service by residential customers, having generated one of the lowest levels of satisfaction⁶.

Moreover, according to information regularly reported by CTT to ICP - ANACOM⁷ on complaints received by this operator, on services within the scope of the universal service, the issue which drove the highest number of complaints in 2013 was the loss or substantial delay of postal items, representing 32.4% (17 537 files)⁸ of the total number of complaints.

Of total complaints on loss or substantial delay, around 70% concern international registered correspondence and around 12% concern national registered correspondence. The remaining 17% mainly concern non-registered national correspondence.

Other grounds for complaint received by CTT in the universal service scope, in 2013, included: distribution⁹ (25.9% of complaints); accessibility and conditions of service

⁵ The universe defined for this survey was made up of individuals aged 15 years old or older, residing in conventional dwellings, as their usual residence, located in Portugal (Mainland and Autonomous Regions). The sampling process was based on a two-stage approach: (1) selection of dwellings occupied as the usual residence through a sampling approach that was stratified according to NUTS II region and habitat; (2) selection of an individual within each dwelling ensuring quotas regarding gender, age, education level and professional occupation within each NUTS II region, according to INE's general population census (2012). The sample size corresponds to 1374 interviews, being guaranteed a maximum margin of error of 2.68 p.p. (semi-range of a 95% confidence interval for a proportion). Data were collected via computer-assisted telephonic interviews (CATI) which took place between 8 November and 15 December 2012. The fieldwork and processing of information was undertaken by GFK.

⁶ The following issues were also assessed in the referred survey: clarity and transparency of the information provided; performance of counter staff; opening hours; location; accessibility for people with special needs. The first issue (clarity and transparency of the information provided) is also covered by this decision, in the scope of the disclosure of information to users. Opening hours and location are dealt with in the scope of the definition of targets concerning the density of the postal network and minimum services provided, under Base XV of the universal postal service concession. Accessibility for people with special needs is the subject of specific legislation. The performance of counter staff may be related, in certain situations, to emotional factors and not necessarily to the service provided, in terms of compliance with disclosed or agreed service conditions.

⁷ In the scope of and under paragraph 5 of article 41 of the Postal Law, according to ICP - ANACOM's determination of 12.12.2013.

⁸ Note: values yet to be audited, the respective audit being currently underway.

⁹ This category covers complaints on when, where and how postal items are delivered, as well as complaints on items delivered at the wrong address or to wrong addressees.

provision¹⁰ (2.3% of complaints); damaged items (2.3% of complaints), re-routing of postal items¹¹ (2.0%), disclosed information¹² (0.4 %) and handling of complaints¹³ (0.1 %).

In the light of the above, ICP - ANACOM believes that indicators related to transit times (deadlines and reliability) and waiting times should continue to be defined.

ICP - ANACOM will continue to monitor complaints received by CTT, the definition of additional quality parameters, for the purpose of article 13 of the Postal Law, not being regarded as necessary.

Covered services

In the scope of the universal postal service, CTT provides the standard parcel service.

It is deemed in this context that performance obligations must continue to be defined, under and for the purposes provided for in paragraph 1 of article 13 of the Postal Law.

It should be mentioned that, at European level, in addition to Portugal, other 18 countries have defined quality of service indicators for parcel transit times¹⁴, in a range of 32 countries (*vide* Table 3).

Likewise, it is deemed also that performance obligations for transit times for newspapers and periodicals must be defined.

At European level, in addition to Portugal, only Denmark, Malta, France and Belgium have defined transit time indicators for newspapers and periodicals. In the case of France and Belgium, these targets are comprised in the scope of public service obligations and not in the scope of universal service obligations.

¹⁰ These complaints concern aspects related to working hours of postal establishments, waiting times, cleanliness of postal establishments, accessibility for people with special needs.

¹¹ These complaints concern postal item re-routing services provided by the operator, for example associated to a permanent or temporary change of address on the part of the addressee.

¹² These complaints concern information provided by the postal service provider on services provided and respective conditions, such as: provision of information on specifications and prices of products, provision of inaccurate information or advice; information on complaint procedures.

¹³ These complaints concern the way how complaints made were handled.

¹⁴ Source: ERGP (13) 31 – report on QoS and end-user satisfaction, for 2012.

Given that this is a strand of the universal postal service in Portugal and as CTT still holds a significant market share, it is considered, as referred above, that performance targets should be defined for this service.

As far as items of correspondence are concerned, performance targets are presently defined for standard mail and for and priority mail.

According to available data, these are the services most commonly used by residential customers (according to the referred survey on the use of postal services and to data reported by CTT, in the scope of pricing proposals for the universal postal service).

As such, ICP - ANACOM believes that performance targets for these services must be defined.

At European level, according to the referred study by ERGP, all 31 countries taken into consideration (Portugal included) have defined performance targets for transit times for the national priority correspondence delivery service, which corresponds to the priority mail service provided by CTT (*vide* Table 3).

Of these 31 countries, 22 also provide, at national level, a non-priority correspondence delivery service, which in Portugal corresponds to the standard mail service. Of these 22 countries, 17 (including Portugal) have defined transit time performance targets (*vide* Table 3).

Performance targets for easy mail are not currently defined.

Given that:

- a) in the scope of correspondence, this service is the least used by residential customers, being used by only 8% of respondents¹⁵;
- b) this service shows one of the lowest weights in the traffic of postal services provided by CTT¹⁶;

¹⁵ Source: ERGP (13) 31 – Report on QoS and end-user satisfaction, for 2012.

¹⁶ According to data regularly reported by CTT to ICP - ANACOM and to CTT's Prospectus for Open Bid and Admission to Trading at Euronext Lisbon, of 18.11.2013 (page 136).

- c) although it is less used, this service presents, in 2012, a better level of satisfaction by residential customers as far as compliance with disclosed deadlines (delivery) is concerned,

the definition of performance targets for this service is not deemed to be required.

As far as registered mail is concerned, and whereas:

- a) revenues of registered services represent close to half of total revenues of services that integrate the universal service, excluding direct mail;
- b) one of the main grounds for complaints received by CTT is the loss or substantial delay of registered mail;
- c) 13 European countries have defined quality targets for the registered mail service;
- d) According to the survey on the use of postal services by the residential population, published in March 2013, the registered mail service is one of the most used services, second only to the standard mail service,

ICP - ANACOM takes the view that performance targets for registered mail must be defined.

Table 2 – Regulatory targets, according to quality parameter

Country	Transit time	Loss or substantial delay (reliability) *	Waiting time
AT	Yes	No	No
BE	Yes	No	No
BG	Yes	No	No
HR	Yes	No	No
CY	Yes	No	No
CZ	Yes	No	No
DK	Yes	No	No
EE	Yes	No	No
FI	Yes	No	No
FR	Yes	Yes	No
DE	Yes	No	No
EL	Yes	Yes	No
HU	Yes	Yes	No
IE	Yes	No	No
IT	Yes	No	No
LV	Yes	Yes	Yes
LT	Yes	No	No
LU	Yes	No	No
MT	Yes	Yes	No
NL	Yes	No	No
NO	Yes	Yes	No
PL	Yes	No	No
PT	Yes	Yes	Yes

Country	Transit time	Loss or substantial delay (reliability) *	Waiting time
FY	Yes	Yes	No
RO	Yes	No	No
RS	Yes	Yes	No
SK	Yes	No	Yes
SI	Yes	Yes	No
ES	Yes	No	Yes
SE	Yes	No	No
CH	Yes	Yes, underway	No
UK	Yes	Yes	No
Total positive responses	32	12	4

Source: ERGP (13) 31 – Report on QoS and end-user satisfaction, for 2012.

Note *: It should be stressed that these indicators may in fact not correspond exactly to substantial delays and/or losses, as defined in Portugal and in the measurement technical standard developed by the European Committee for Standardisation, as they may correspond, for example for 3 to 5 working-day transit times.

Table 3 - Regulatory targets defined for the transit time parameter

Countries	Priority mail	Non-priority mail	Newspapers and periodicals	Parcels	Registered mail	Others
AT	Yes	N/A	No	Yes	Yes	No
BE	Yes	Yes	No*	Yes	Yes	No
BG	Yes	Yes	No	Yes	No	No
HR	Yes	Yes	No	No	No	No
CY	Yes	N/A	No	No	No	No
CZ	Yes	N/A	No	No	No	No
DK	Yes	Yes	Yes	Yes	Yes	No
EE	Yes	No	No	No	No	No
FI	Yes	Yes	No	No	No	No
FR	Yes	Yes	No*	Yes	Yes	Yes
DE	Yes	N/A	No	Yes	No	No
EL	Yes	No	No	No	No	No
HU	Yes	Yes	No	Yes	No	Yes
IE	Yes	N/A	No	Yes	Yes	No
IT	Yes	N/A	No	No	No	No
LV	Yes	Yes	No	Yes	Yes	No
LT	Yes	Yes	No	No	Yes	No
LU	Yes	No	No	Yes	Yes	No
MT	Yes	N/A	Yes	Yes	Yes	Yes/No
NL	Yes	N/A	No	No	No	No
NO	Yes	Yes	No	Yes	No	No
PL	Yes	Yes	No	Yes	Yes	No
PT	Yes	Yes	Yes	Yes	No	No
FY	Yes	No	No	No	No	No
RO	Yes	No	No	No	No	No
SK	Yes	Yes	No	Yes	Yes	Yes
SI	Yes	Yes	No	Yes	Yes	No
ES		Yes**	No	Yes	No	No
SE	Yes	Yes	No	No	No	No
CH	Yes	Yes	No	Yes	No	No
UK	Yes	Yes	No	Yes	Yes	Yes
Total positive responses	31	17	3	19	13	4

Source: ERGP (13) 31 – Report on QoS and end-user satisfaction, for 2012.

Notes:

* In the case of France and Belgium, these targets are comprised in the scope of public service obligations and not in the scope of universal service obligations.

** In Spain only one letter category exists, priority and non-priority services not being distinguished.

Serbia also responded, informing that a new Decree-Law on quality standards for the provision of the universal postal service is currently being drafted.

Performance targets to be defined, referred above, cover the national service, as it corresponds to the majority of postal traffic.

Additionally, it is considered that quality obligations must continue to be defined for international services, for which quality of service obligations have been defined in the Postal Directive, and which in the current Quality Convention correspond to QSI7 (Transit time for intra-community cross-border mail in D+3) and QSI8 (Transit time for intra-community cross-border mail in D+5).

Conclusion:

Based on the above, it is considered that the quality parameters and respective quality indicators, as set out below, must be defined, which corresponds to the maintenance of indicators currently defined in the Quality Convention, of July 2008 (*vide* Table 4), plus a new indicator on registered mail.

This new indicator applies only as from 2016, inclusively, so as to allow CTT to prepare its implementation, which is no longer possible for 2015.

Table 4 – Quality of service parameters and indicators to be defined

Quality parameters	Indicators	
QSP 1 Transit time	QSI1	Transit time for standard mail (D+3)
	QSI2	Transit time for priority mail - Mainland (D+1)
	QSI3	Transit time for priority mail - MAM (D+2)
	QSI6	Transit time for newspapers and periodicals (D+3)
	QSI 7	Transit time for intra-community cross-border mail (D+3)
	QSI9	Transit time for standard parcels (D+3)
	QSI11	Transit time for registered mail (D+1)*
QSP 2 (Loss or substantial delay - Reliability)	QSI4	Standard mail not delivered within 15 working days (per one thousand letters)
	QSI5	Priority mail not delivered within 10 working days (per one thousand letters)
	QSI8	Transit time for intra-community cross-border mail (D+5)
QSP 3 Waiting time	QSI10	Waiting time at post establishments (% of cases up to 10 minutes)
QSP 4 Overall quality parameter	OI	Overall Quality of Service Indicator

Notes: N.A. – Not applicable. * Applies as from 2016, inclusively.

Lastly, it must be referred that indicators on standard mail, priority mail, registered mail, intra-community cross-border mail and parcels concern only single piece mail, and do not take bulk mail into consideration.

The following definitions apply to each quality of service indicator (QSI):

1. Transit time for Standard Mail (D+3)

Defined as the average percentage of letters sent to any location of the national territory as standard mail that reach their destination within 3 working days of being deposited at a mail reception point, taking as reference the total amount of letters conveyed.

2. Transit time for Priority Mail (D+1) - Mainland

Defined as the average percentage of letters sent to any location of the national territory as priority mail that reach their destination within 1 working day of being deposited at a mail reception point, taking as reference the total amount of letters conveyed.

3. Transit time for Priority Mail (D+2) - MAM

Defined as the average percentage of letters sent to any location of the Mainland and Autonomous Regions of Azores and Madeira (and vice-versa) or between the latter, referred to as MAM flows, as priority mail, that reach their destination within 2 working days of being deposited at a mail reception point, taking as reference the total amount of letters conveyed.

4. Standard mail not delivered within 15 working days

Defined as the number of letters sent to any location of the national territory as standard mail, which are not returned and which do not reach their destination within 15 days of being deposited at a mail reception point, per one thousand letters conveyed.

5. Priority mail not delivered within 10 working days

Defined as the number of letters sent to any location of the national territory as priority mail, which are not returned and which do not reach their destination within 10 working days of being deposited at a mail reception point, per one thousand letters conveyed.

6. Transit time for Newspapers and Periodicals (D+3)

Defined as the average percentage of items covered by the newspapers and periodicals category sent to any location of the national territory, which reach their destination within 3 working days of being deposited at a mail reception point, taking as reference the total amount of items conveyed.

7. Transit time for Intra-community Cross-border Mail (D+3)

Defined as the average percentage of intra-community cross-border letters, sent to and from Portugal as international first class mail, which reach their destination within 3 working days of being deposited at a mail reception point, taking as reference the total amount of letters conveyed.

8. Transit time for Intra-community Cross-border Mail (D+5)

Defined as the average percentage of intra-community cross-border letters, sent to and from Portugal as international first class mail, which reach their destination within 5 working days of being deposited at a mail reception point, taking as reference the total amount of letters conveyed.

9. Transit time for Standard Parcels (D+3)

Defined as the average percentage of postal parcels sent to any location in the national territory, as standard parcels, which reach their destination postal establishments within 3 working days of being deposited at a mail reception point, taking as reference the total amount of postal parcels conveyed.

10. Waiting time at Post Establishments

Defined as the average percentage of customer service operations performed at the various types of postal establishments, namely, post stations and post offices, the waiting time of which does not exceed ten minutes. The waiting time is measured from the moment the customer starts waiting in a queue until he/she is actually served, over the whole period during which front-desk points are opened.

11. Transit time for registered mail (D+1)

Defined as the average percentage of letters sent to any location of the national territory as registered mail delivered by hand that reach their destination (delivery at the address of the addressee, or where it is impossible to perform the delivery, on the date of the first attempt to perform the delivery at the address of the addressee, and placing of a delivery notice) within 1 working day of being deposited at any mail reception point, taking as reference the total amount of registered letters conveyed as registered mail delivered by hand.

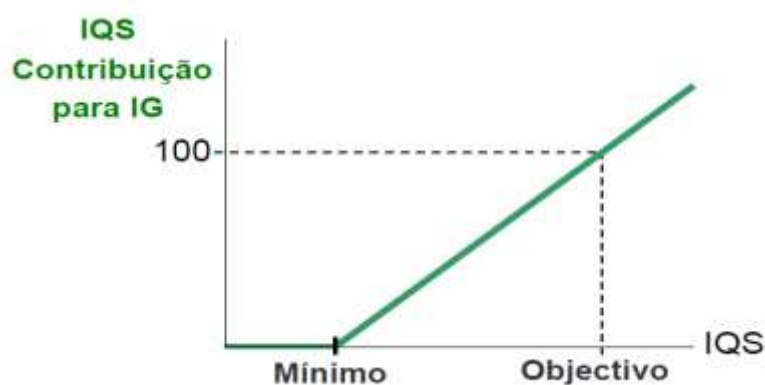
12. Overall Quality of Service Indicator (OI)

The overall quality of service indicator is calculated, in each year, according to the levels of quality of service achieved for each of the referred QSI in force in each year, being calculated as follows:

First, each of the defined QSI is given a score, according to the quality achieved by CTT, as described in the table below:

Quality of Service (QoS) achieved by CTT	Score given to the QSI
$QoS \leq \text{Minimum}$	0
$QoS = \text{Target}$	100
$\text{Minimum} < QoS < \text{Target}$	Allocation of a proportional value between 0 and 100
$QoS > \text{Target}$	Allocation of a score over 100, in proportion to the positive deviation from the Target

Graphically:



QSI contribution to OI

Minimum

Target

QSI

Second, scores obtained as defined above are multiplied by the relative importance (RI) of each QSI.

Third, scores of all QSI obtained previously are added together.

The calculation of OI requires the definition of the RI of each QSI taken separately.

Given that the new QSI on registered mail applies only as from 2016, inclusively, and that QSI currently defined in the 2008 Quality Convention remain in force for 2015, RI values currently defined in the Quality Convention remain also in force for 2015, in the interest of simplification.

The RI of QSI to be applied in 2016 and 2017 will now be defined, taking into account available information on services traffic and revenue for 2013.

Table 5 – Relative importance of postal services (2013)

Postal Service	2013 Traffic (No. of items)	Weight on traffic	2013 Revenues (Euro)	Weight on revenues	RI in force	
National standard mail	(BCI)				50%	
National priority mail					22%	
National editorial mail					11%	
Cross-border mail *					7%	
National standard parcel					5%	
National registered mail					ECI)	N.A.
Total postal services					100.00%	100.00%

Source: Data reported by CTT (2013), not taking bulk mail into consideration.

Notes: *international outgoing standard mail and incoming priority correspondence.

RI – Relative importance. N.A. – Not applicable.

Remaining 5% correspond to the RI of the waiting time indicator.

It is deemed that the relative importance of each QSI must, in principle, correspond to the average weight of the service in terms of traffic and revenues, As such, both the effective use of services by users, and their value, are equally taken into consideration.

Some adjustments are however made, primarily because it is necessary to assign a relative importance to the waiting time indicator.

Moreover, an increased importance must be granted to QSIs for priority mail, standard mail and parcels, compared to what results from the corresponding average of weights in traffic and revenues.

These adjustments are made against relative importance values that would result for registered mail and intra-community cross-border mail.

Quality of Service Indicators		Current RI	New RI
QSI1	Transit time for standard mail (D+3)	45.0%	32.0%
QSI2	Transit time for priority mail - Mainland (D+1)	15.0%	6.0%
QSI3	Transit time for priority mail - MAM (D+2)	4.0%	3.0%
QSI4	Standard mail not delivered within 15 working days (per one thousand letters)	5.0%	3.0%
QSI5	Priority mail not delivered within 10 working days (per one thousand letters)	3.0%	3.0%
QSI6	Transit time for newspapers and periodicals (D+3)	11.0%	10.0%
QSI7	Transit time for intra-community cross-border mail (D+3)	3.5%	2.5%
QSI8	Transit time for intra-community cross-border mail (D+5)	3.5%	2.5%
QSI9	Transit time for standard parcels (D+3)	5.0%	3.0%
QSI10	Waiting time at post establishments (% of cases up to 10 minutes)	5.0%	5.0%
QSI11	Transit time for registered mail (D+1)	N.A.	30.0%
Total		100%	100%

Note: N.A. – Not applicable.

4. Measurement method

According to paragraph 3 of article 13 of the Postal Law, universal service providers must implement a system for measuring levels of quality of service actually provided, which must comply with rules that apply to the measurement of quality of universal service, namely intra-Community cross-border services, this measurement of levels of quality of service being carried out at least once a year by an independent external body.

In this field, an extensive work at standardisation level has been developed, specifically by the European Committee for Standardisation (CEN). CEN has drafted and developed standards on postal services, focusing on the measurement of the quality of service, in the scope of specific mandates that stem from the Postal Directive (Directive 97/67/EC, as amended by Directive 2008/6/EC) and that were granted by the European Commission.

In this context, where applicable, the measurement of quality of service indicators is in accordance with the respective published standards, as most recently updated.

Measurement methods for quality of service indicators are presented below in Table 6.

Table 6 - Measurement methods for quality of service indicators

Quality of Service Parameters	Quality of Service Indicator	Measurement methodology
QSP 1 Transit time	QSI1 Transit time for standard mail (D+3)	Standard EN 14508:2003+A1:2007, on the measurement of transit time for non-priority mail.
	QSI2 Transit time for priority mail - Mainland (D+1)	Standard EN 13850:2012, on the measurement of transit time for priority mail.
	QSI3 Transit time for priority mail - MAM (D+2)	Standard EN 13850:2012, on the measurement of transit time for priority mail.
	QSI6 Transit time for newspapers and periodicals (D+3)	Must take into account Standard EN 14534:2003+A1:2007, on the measurement of the transit time of end-to-end services for bulk mail.
	QSI7 Transit time for intra-community cross-border mail (D+3)	Flows between Portugal and remaining 27 European Union Member States must be taken into consideration. Standard EN 13850/2012, on the measurement of transit time for priority mail, information used by the concessionaire being provided by the International Post Corporation (IPC), in the scope of the Unipost Monitoring System (UNEX).
	QSI9 Transit time for standard parcels (D+3)	Standard EN 13850:2012, on the measurement of transit time for priority mail, must be used as reference, duly adapted.
	QSI11 Transit time for registered mail (D+1)	Standard EN 13850:2012, on the measurement of transit time for priority mail, duly adapted.
QSP2 Loss and Substantial Delay (Reliability)	QSI4 Standard mail not delivered within 15 working days (per one thousand letters)	Technical Specification TS 14773:2004, on loss of priority mail, must be used as reference, duly adapted.
	QSI5 Priority mail not delivered within 10 working days (per one thousand letters)	Technical Specification TS 14773:2004, on loss of priority mail.
	QSI8 Transit time for intra-community cross-border mail (D+5)	Flows between Portugal and remaining 27 European Union Member States must be taken into consideration. Standard EN 13850:2012, on the measurement of transit time for priority mail, information used by the concessionaire being provided by the International Post Corporation (IPC), in the scope of the Unipost Monitoring System (UNEX).
QSP3 Waiting time	QSI10 Waiting time at post establishments (% of cases up to 10 minutes)	Waiting times must be measured based on a sample of observations over the year, which must be representative of the frequency and distribution of customer services provided (demand) at postal establishments over the day and week, as well as of the geographic distribution and of types of postal establishments.

Where standards are updated, their application for the purpose of QSI measurement requires a previous decision on the part of ICP - ANACOM, and relevant prior procedures must be put in place.

The calculation of QSI7 and QSI8 must take into consideration the levels of quality of the forwarding and reception flows, weighted by the proportion of traffic of each flow in the total of intra-community cross-border letter traffic, sent to and from Portugal as first class international mail, according to the following calculation methodology:

$$QSI7 = E_{D+3} * e + R_{D+3} * (1-e)$$

$$QSI8 = E_{D+5} * e + R_{D+5} * (1-e)$$

where:

- E_{D+3} : Average percentage of intra-community cross-border letters, sent from Portugal as international first class mail, which reach their destination within 3 working days of being deposited at any mail reception point, taking as reference the total amount of letters conveyed;
- R_{D+3} : Average percentage of intra-community cross-border letters, received in Portugal as international first class mail, which reach their destination within 3 working days of being deposited at any mail reception point, taking as reference the total amount of letters conveyed;
- E_{D+5} : Average percentage of intra-community cross-border letters, sent from Portugal as international first class mail, which reach their destination within 5 working days of being deposited at any mail reception point, taking as reference the total amount of letters conveyed;
- R_{D+5} : Average percentage of intra-community cross-border letters, received in Portugal as international first class mail, which reach their destination within 5 working days of being deposited at any mail reception point, taking as reference the total amount of letters conveyed;
- e: Proportion of traffic of intra-community cross-border letters sent from Portugal as international first class mail, in the total of traffic of intra-community cross-border letters sent to and from Portugal as international first class mail, both (traffics) concerning the calendar year preceding that for which the indicator is being calculated.

The measurement of indicators is performed by bodies independent of CTT, under paragraph 3 of article 13 of the Postal Law, which are engaged by the concessionaire for this purpose. ICP - ANACOM must be informed, preferably in advance by the end of November each year, as regards the body chosen to perform the measurement of each indicator.

5. Performance targets

Table 7 shows QSI defined in the current Quality Convention and the corresponding level of quality achieved by CTT in 2013.

In 2013, QSI values reported by CTT reached the value established in the convention, except for standard mail not delivered within 15 working days (QSI4), which however stood above the Minimum value (*vide* Table 7 and Charts 1 to 10).

Table 7 – QSI values reached in 2013

QUALITY OF SERVICE INDICATORS		Quality Convention			Quality of Service achieved in 2013 (a) (c)
		RI (%)	Value		
			Minimum	Target	
QSI1	Transit time for standard mail (D+3)	45.0	95.5%	96.3%	97.6%
QSI2	Transit time for priority mail - Mainland (D+1)	15.0	93.5%	94.5%	94.9%
QSI3	Transit time for priority mail - MAM (D+2)	4.0	84.0%	87.0%	93.3%
QSI4	Standard mail not delivered within 15 working days (per one thousand letters)	5.0	2.3‰	1.4‰	1.5%
QSI5	Priority mail not delivered within 10 working days (per one thousand letters)	3.0	2.5‰	1.5‰	1.3%
QSI6	Transit time for newspapers and periodicals (D+3)	11.0	95.5%	96.3%	97.5%
QSI7	Transit time for intra-community cross-border mail (D+3)	3.5	85.0%	88.0%	(i) 93.1%
QSI8	Transit time for intra-community cross-border mail (D+5)	3.5	95.0%	97.0%	(i) 98.9%
QSI9	Transit time for standard parcels (D+3)	5.0	90.5%	92.0%	95.5%
QSI10	Waiting time at post establishments (% of cases up to 10 minutes)	5.0	75.0%	85.0%	90.4%
OI	OVERALL QUALITY OF SERVICE INDICATOR	N/A	N/A	N/A	228

Source: (a) CTT. (b) ICP-ANACOM calculation. (c) values yet to be audited.

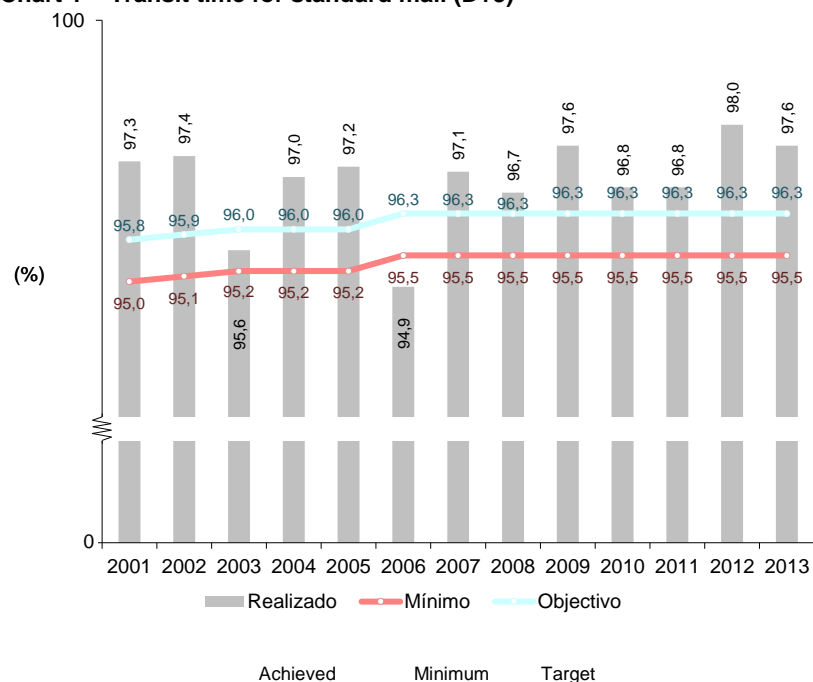
Notes: (i) Annual value corresponding to the weighted average of the value for the 4th quarter of 2012 and the value of the first three quarters of 2013.

D+X, means delivery up to X working day(s) after deposit of items at a mail reception point.

RI – Relative importance

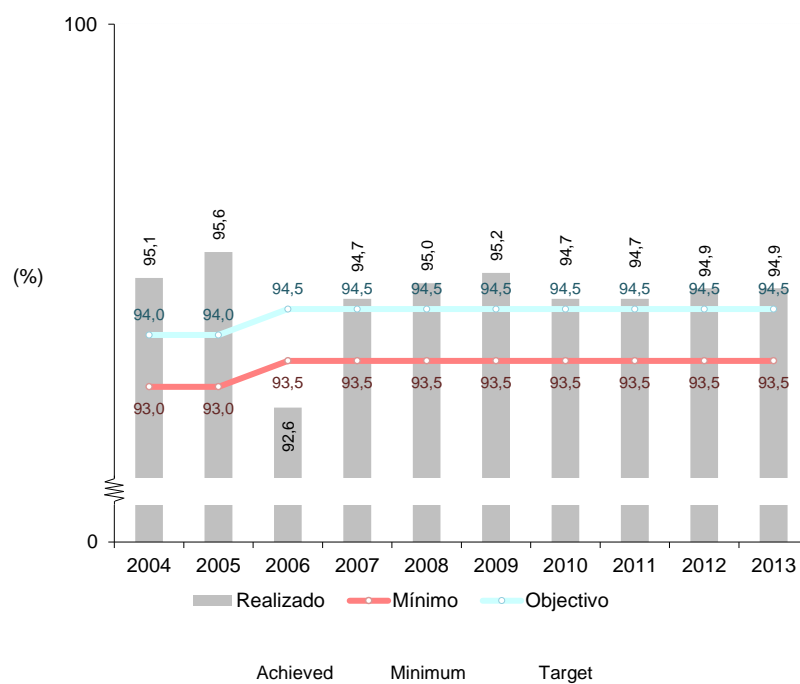
N/A – Not applicable

Chart 1 – Transit time for standard mail (D+3)



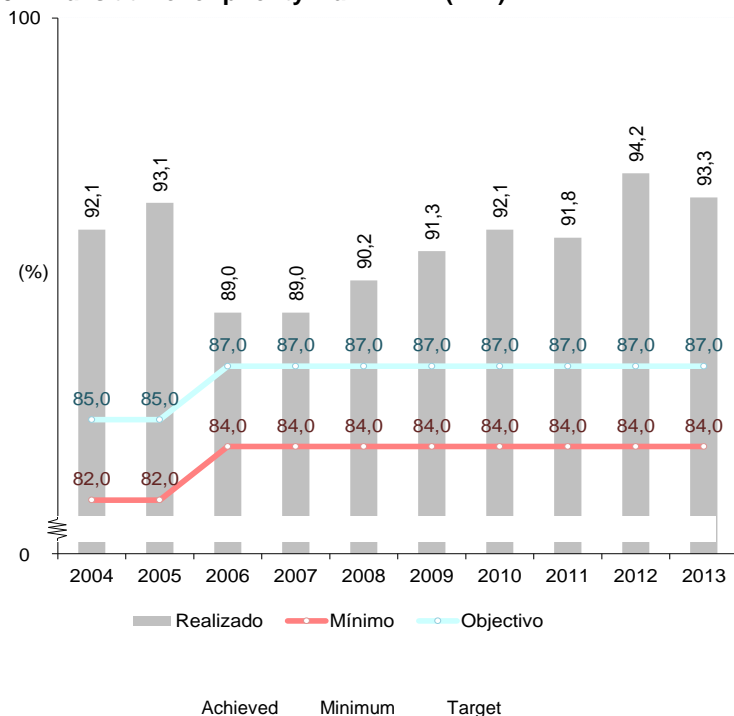
Source: CTT. Indicator exists since 1995. Values achieved as from 2001 are given.

Chart 2 – Transit time for priority mail - Mainland (D+1)



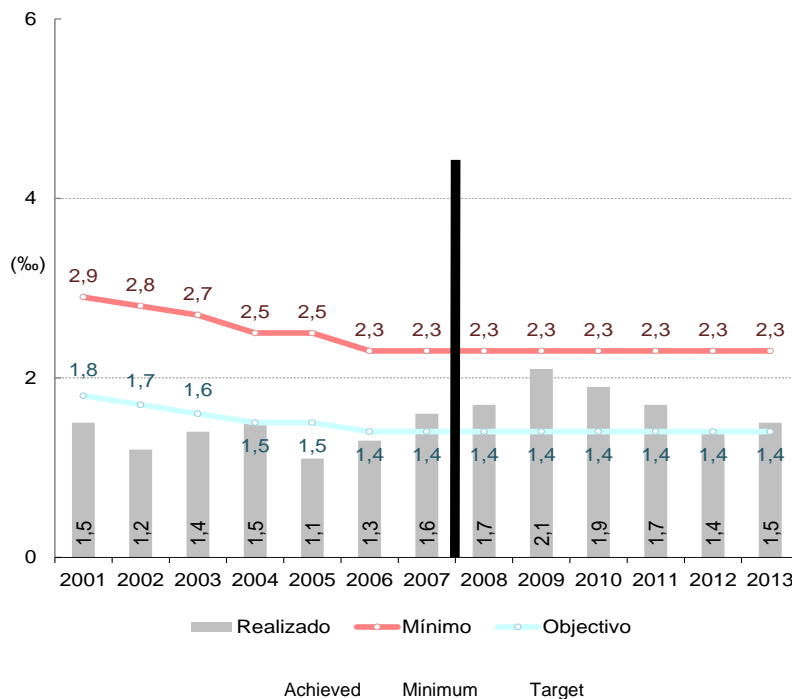
Source: CTT. Indicator exists since 1994.

Chart 3 – Transit time for priority mail - MAM (D+2)



Source: CTT. Indicator exists since 1994.

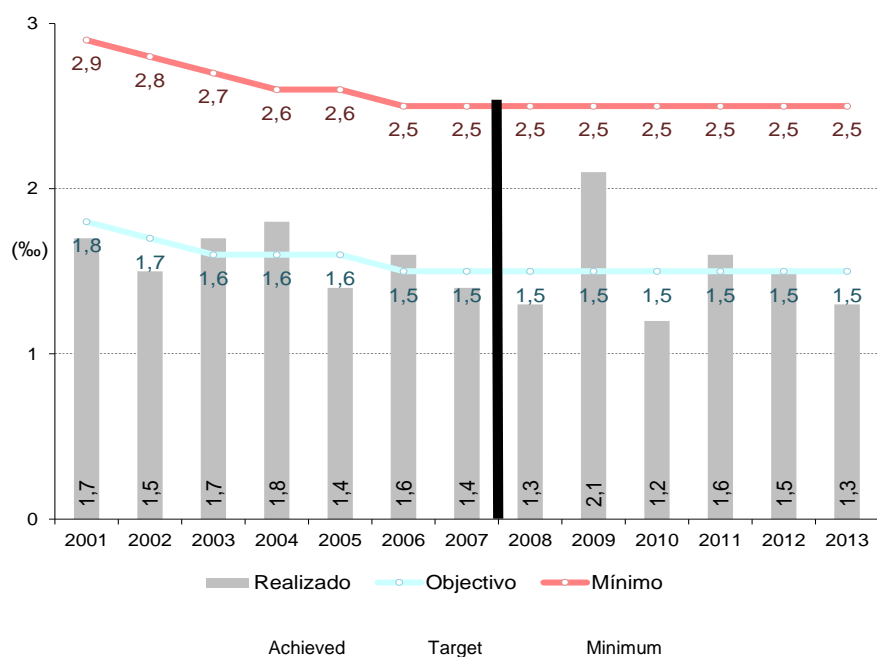
Chart 4 – Standard mail not delivered within 15 working days*



Source: CTT. Indicator exists since 1995, however values achieved as from 2001 are presented.

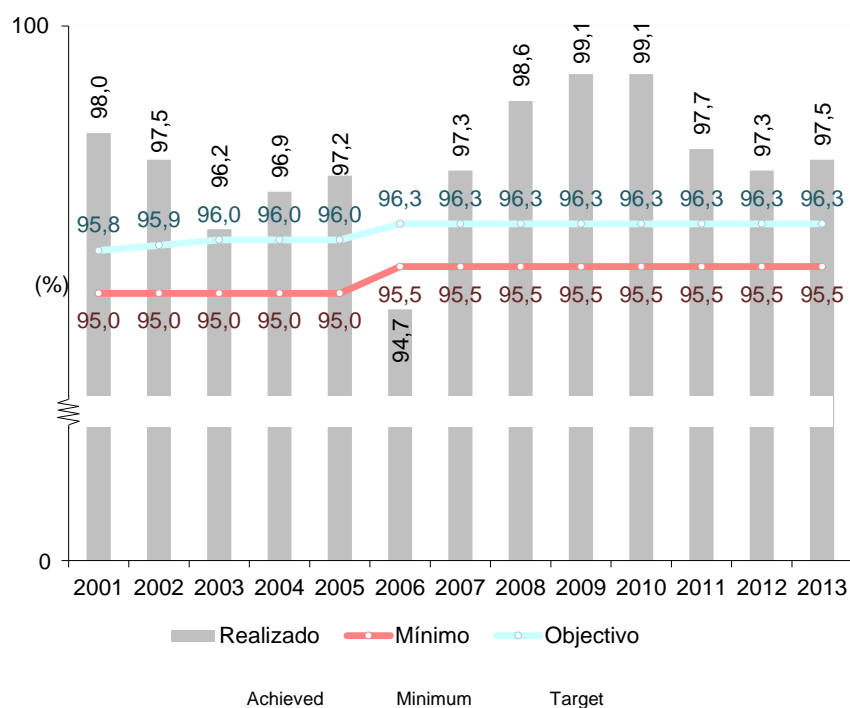
*The lower the value, the better the quality. In 2007 the calculation methodology was changed, thus its comparison with previous values must be properly addressed.

Chart 5 – Priority mail not delivered within 10 working days *



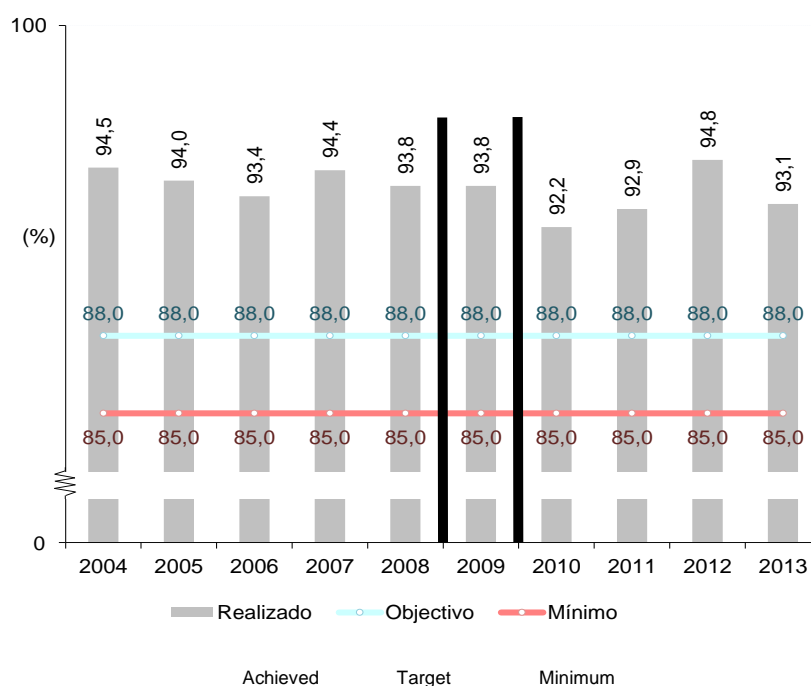
Source: CTT. Indicator exists since 1995. Values achieved as from 2001 are given.
 *The lower the value, the better the quality. In 2007 the calculation methodology was changed, thus its comparison with previous values must be properly addressed.

Chart 6 – Transit time for newspapers and periodicals (D+3)



Source: CTT. Indicator exists since 2001.

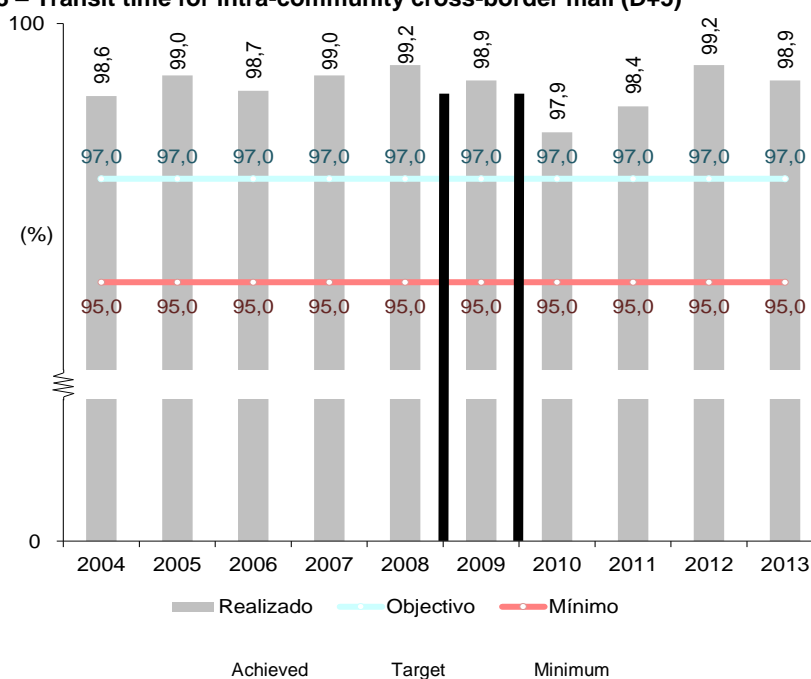
Chart 7 – Transit time for intra-community cross-border mail (D+3)



Source: CTT. Indicator exists since 1994.

*The calculation methodology was changed in 2008 and 2009, thus its value as from 2009 is not directly comparable to previous years.

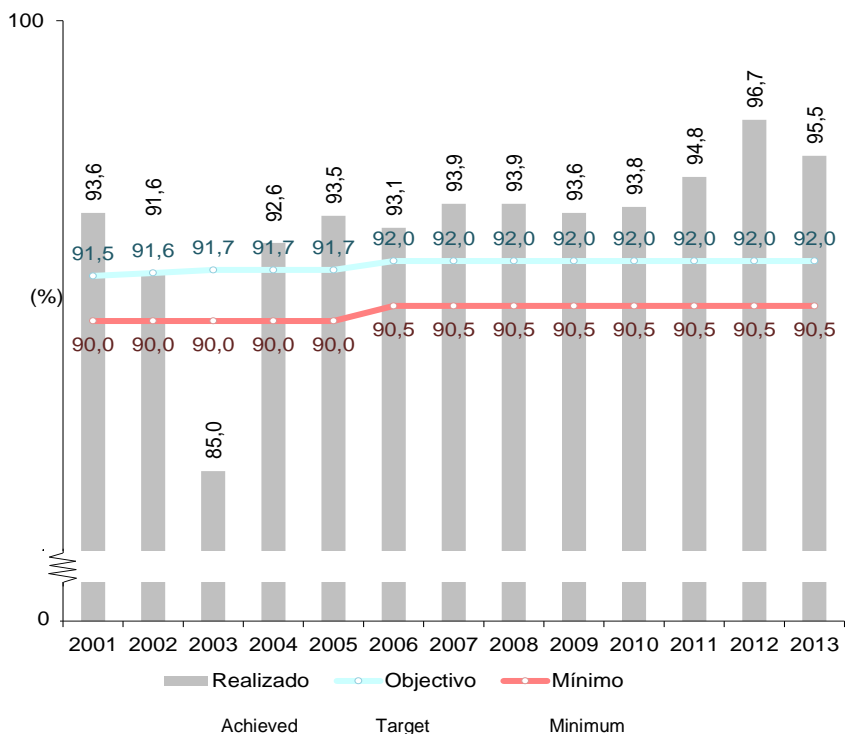
Chart 8 – Transit time for intra-community cross-border mail (D+5)



Source: CTT. Indicator exists since 1994.

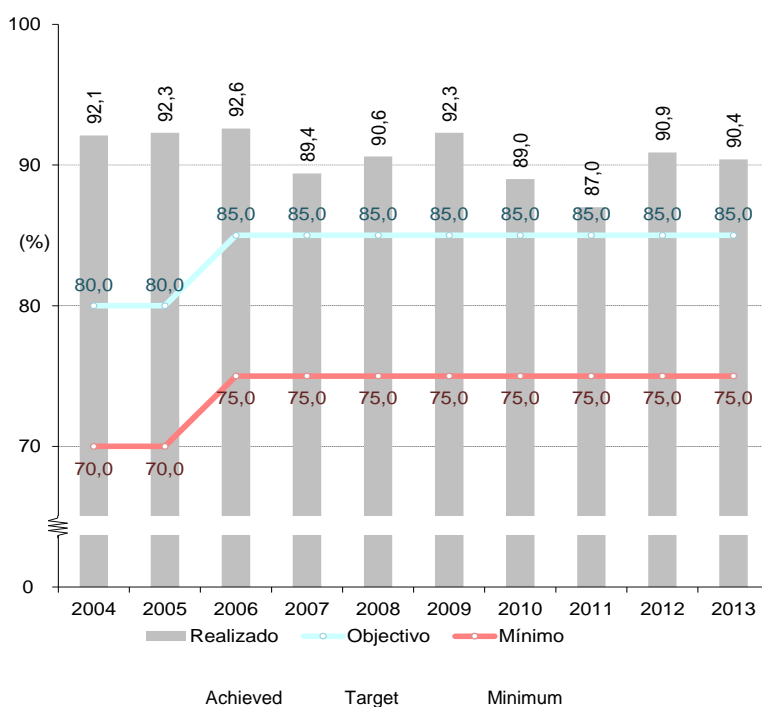
*The calculation methodology was changed in 2008 and 2009, thus its value as from 2009 is not directly comparable to previous years.

Chart 9 – Transit time for standard parcels (D+3)



Source: CTT. Indicator exists since 2001.

Chart 10 – Waiting time at post establishments (% of cases up to 10 minutes)



Source: CTT. Indicator exists since 2001.

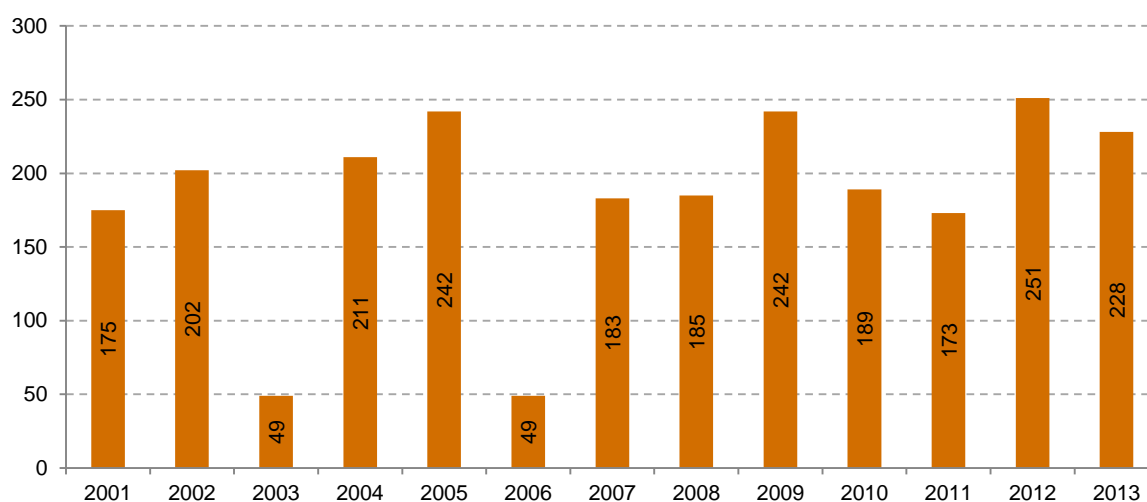
It was found that for QSI3, QSI7, QSI8 and QSI10, levels of quality achieved by CTT always exceeded the Target value.

For QSI1, QSI2, QSI6 and QSI9, values achieved exceeded the respective Target value, except for 2003 and 2006.

Since 2007, the value achieved for QSI4 does not exceed the defined Target value, matching or exceeding however the Minimum value. In 2003, 2004, 2006, 2009 and 2011, QSI5 did not reach the defined Target value, although the Minimum value was always exceeded.

The value of the overall quality of service indicator (OI), which depends on values of remaining QSI taken separately, has exceeded 100, except for 2003 and 2006 (Chart 11).

Chart 11 – OI evolution

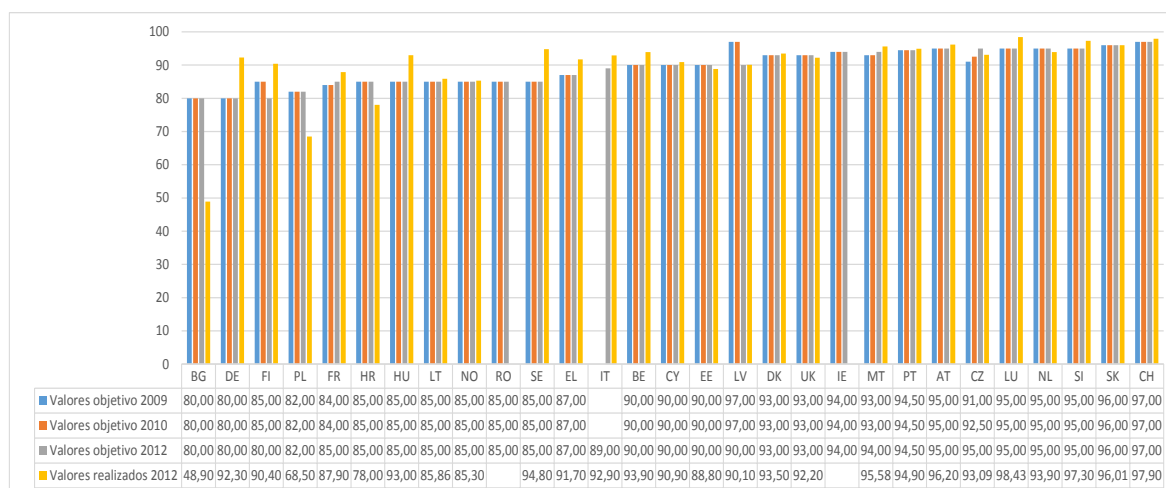


Note: Given that the OI value is a result of QSI individual values, due account must be taken when comparing OI evolution, bearing in mind changes introduced at the level of QSI defined for each year and of the respective calculation methodology.

At European level, the Target value defined in Portugal for national priority mail transit time is the 8th most demanding, in a total of 29 countries (Chart 12). At the level of results effectively achieved, in 2012, Portugal was surpassed only by Malta, Austria, Luxembourg, Slovenia, Slovakia and Sweden.

It was found also that in most countries, Target values have remained constant, except for France, Malta and the Czech Republic, which have increased the respective Target values, and for Latvia and Finland, which have decreased their Target values.

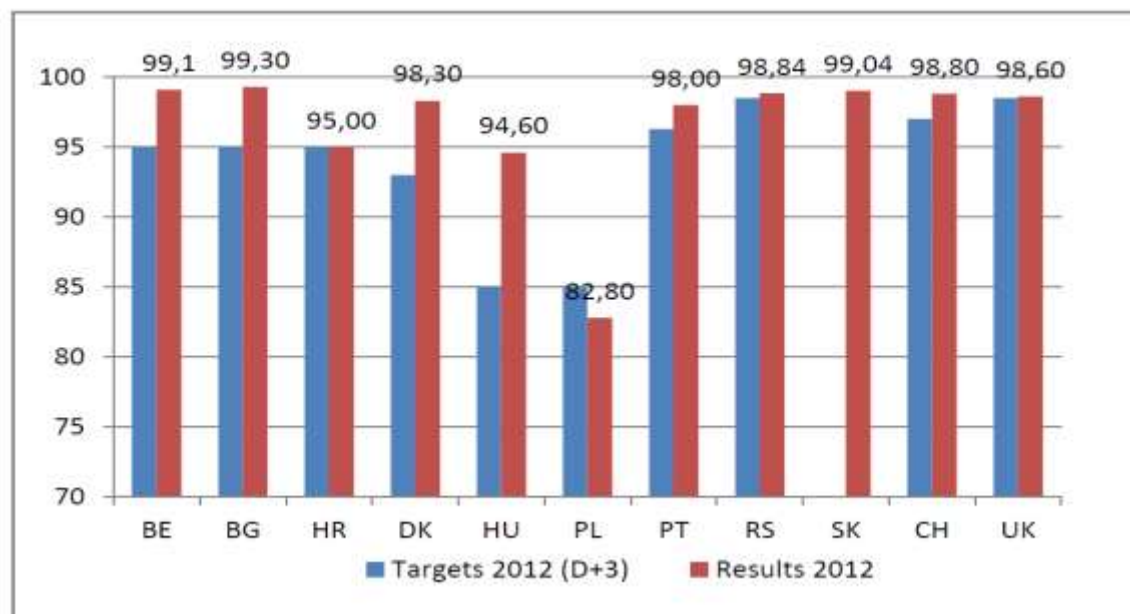
Chart 12 - Target values (2009, 2010 and 2012) and achieved value (2012) for domestic priority mail



Target values 2009
 Target values 2010
 Target values 2012
 Achieved values 2012

Source: ERGP reports on quality of service (available at http://ec.europa.eu/internal_market/ergp/documentation/documents/index_en.htm).
 Notes: the standard of service is D+1. In Portugal, values concerns QSI2, and thus only the priority letter delivery service to and from the Mainland, excluding mail to and from the Autonomous Regions, is taken into consideration.

As regards non-priority mail transit time, as can be seen from Chart 13, the value achieved by Portugal is one of the highest among countries where this service is also provided and where regulatory targets have been defined.

Chart 13 - Target and achieved values for domestic non-priority mail in 2012**Targets and results (figures) 2012 for EN 14508(D+3)**

Source: "ERGP Report 2013 on the quality of service and end-user satisfaction", of 2013.

Note: Portugal, QSI1. According to the referred report, the average for values achieved in the 11 countries where Target regulatory values for non-priority mail transit time have been set out is 96.58%: "In general, the results for D+3 were good in 2012, with an average of 96.58%."

Taking into account that levels of quality currently defined represent appropriate quality targets, bearing in mind the required balance between the provision of a quality universal service and costs associated to its provision, it is deemed that current Target and Minimum levels should be maintained.

As far as the new QSI11 is concerned, on transit time for registered mail (D+1), as this is an indicator with a standard of service similar to priority mail, delivery on D+1, although this standard of service may be extended in the case of mail between the Mainland and the Autonomous Regions, and inter-island mail, according to transport limitations¹⁷, in principle performance targets similar to those practised by CTT for national priority mail should be defined. According to the most recent annual data, for 2011, 2012 and 2013, CTT delivered annually between 92% and 93% of priority mail, at national level, in D+1¹⁸.

¹⁷ Source: CTT's website, consulted on 16.10.2014.

¹⁸ Source: CTT data reported under paragraph 3 of article 10 of the 2008 Quality Convention.

However, taking into account that operational procedures for registered mail differ from those associated to priority mail, namely involving more demanding operational tasks and manual handling, which priority mail does not require, ICP - ANACOM believes that lower performance targets than values achieved by CTT for national priority mail should be defined. In this context, it is deemed that Minimum and Target values should be 89% and 91%, respectively.

In the light of the above, Target and Minimum values intended to be defined are as follows:

Table 8 – Performance targets to be defined

QUALITY OF SERVICE INDICATORS		Quality Convention					
		2015			2016-2017		
		RI (%)	Value		IR (%)	Value	
Minimum	Target		Minimum	Target			
QSI1	Transit time for standard mail (D+3)	45.0	95.5%	96.3%	32.0	95.5%	96.3%
QSI2	Transit time for priority mail - Mainland (D+1)	15.0	93.5%	94.5%	6.0	93.5%	94.5%
QSI3	Transit time for priority mail - MAM (D+2)	4.0	84.0%	87.0%	3.0	84.0%	87.0%
QSI4	Standard mail not delivered within 15 working days (per one thousand letters)	5.0	2.3‰	1.4‰	3.0	2.3‰	1.4‰
QSI5	Priority mail not delivered within 10 working days (per one thousand letters)	3.0	2.5‰	1.5‰	3.0	2.5‰	1.5‰
QSI6	Transit time for newspapers and periodicals (D+3)	11.0	95.5%	96.3%	10.0	95.5%	96.3%
QSI7	Transit time for intra-community cross-border mail (D+3)	3.5	85.0%	88.0%	2.5	85.0%	88.0%
QSI8	Transit time for intra-community cross-border mail (D+5)	3.5	95.0%	97.0%	2.5	95.0%	97.0%
QSI9	Transit time for standard parcels (D+3)	5.0	90.5%	92.0%	3.0	90.5%	92.0%
QSI10	Waiting time at post establishments (% of cases up to 10 minutes)	5.0	75.0%	85.0%	5.0	75.0%	85.0%
QSI11	Transit time for registered mail (D+1)	N.A.	N.A.	N.A.	30.0	89.0%	91.0%
OI	Overall Quality of Service Indicator	N.A.	90.0%	100.0%	N.A.	90.0%	100.0%

Note: Not applicable – N.A.

6. Cases of force majeure

It is deemed that where in a given period any force majeure or phenomenon situation takes place, the burst and evolution of which are clearly outside the control of CTT, and which has an impact on the quality of service provided by CTT, the latter may request, for the purpose of QSI calculation, the deduction of the inputs for the concerned periods of time and geographic flows.

The decision as to whether the request referred to in the preceding paragraph should be taken into consideration is incumbent upon ICP-ANACOM.

Force majeure or phenomenon situations, mentioned in the preceding paragraph, are deemed to mean unpredictable or insurmountable natural events and/or facts attributable to third parties, that are triggered, evolve, or the effects of which occur regardless of CTT's will and ability to control, such as war, subversion, epidemics, cyclones, earthquakes, fire, lightning, floods, general strikes and any other similar events that may impair normal conditions of clearance, sorting, transport and distribution of postal items.

CTT's internal work disruptions are not deemed to be force majeure or phenomenon situations to which the preceding paragraphs refer.

7. Disclosure to ICP-ANACOM and users

So as to enable the monitoring of values achieved by CTT over the year, CTT must submit information to ICP - ANACOM on values achieved for each QSI, for the whole year, for each quarter and for each month of such quarter, where appropriate.

Values for the last quarter of the year must be reported together with annual indicator values.

Moreover, the report must include disaggregated information for the Mainland, the Autonomous Region of Azores, the Autonomous Region of Madeira and MAM, as regards indicators on priority mail, standard mail, registered mail and parcels. For the parcel delivery service, information to be reported must include values achieved for standards of service disclosed by CTT to users, as follows:

Service	Involved area	Standard of service
Parcels	Mainland	D+3
	ARM	D+5
	ARA	D+7 to D+15

Source: CTT's website on 02.05.2014.

Notes: ARA – Autonomous Region of Azores; RAM – Autonomous Region of Madeira.

In the scope of Quality Conventions, annual indicator values were reported by the end of January of the following year. Bearing in mind that indicators proposed herein will be measured by an external and independent body, which will be required to submit values achieved to CTT so that the company may report them to ICP - ANACOM, it is deemed

that annual values may be reported to the Regulatory Authority by 15 March (or following working day, in case that date is not a working day).

As regards information to be submitted to users, it is deemed that:

1. CTT must publish, namely at its website and at postal establishments, namely post stations and post offices, information on defined parameters of quality of service, including the respective Minimum values (Min) and Target values (Targ);
2. CTT must publish, by the end of March, values of parameters of quality of service effectively achieved in the previous calendar year, as well as:
 - a. Values effectively achieved for parcel transit time, for up to D+7 and D+15 (minimum and maximum standards of service disclosed by CTT to users), in the Autonomous Region of the Azores;
 - b. Values effectively achieved for standard parcel transit time, for up to D+5, in the Autonomous Region of the Madeira;
 - c. Values effectively achieved for registered mail, for up to D+2, in MAM flows;
3. Information referred to in paragraphs 1 and 2 must be made available on request to users at CTT's customer services.
4. CTT must inform ICP-ANACOM of the website address referred to in paragraph 1, which may be disclosed by ICP-ANACOM to users.

8. Non-compliance with performance targets

In case of failure to meet performance targets, established in this Determination, ICP-ANACOM must apply mechanisms to compensate users of the universal service (article 47 of the Postal Law).

The universal service consists, among other aspects, in the supply of a set of services of a specified quality, at affordable prices. It is thus deemed to be important that, in principle, failure to meet performance targets associated to the provision of the universal service is reflected in prices of the universal service.

In this context, ICP - ANACOM believes that non-compliance with performance targets must have an impact on price changes allowed for the universal service, in the scope of pricing rules defined by ICP - ANACOM under paragraph 3 of article 14 of the Postal Law.

Notwithstanding, ICP - ANACOM may accept the application of alternative measures, proposed by CTT, with an estimated similar financial impact.

In any case, the mechanism is applied in the year following that in which the non-compliance occurs and shall take effect only and exclusively in relation to that year.

Non-compliance situations shall be verified by ICP - ANACOM, having heard CTT.

The compensation mechanism referred herein shall be without prejudice to other penalties applicable by law.

9. Decision

As such, taking into account:

- a) what is mentioned in the preceding chapters;
- b) that, by determination of 01.08.2014, ICP - ANACOM's Management Board approved a Draft Decision (DD) on quality of service parameters and performance targets for the universal postal service, which was submitted to a prior hearing of interested parties (under articles 100 and 101 of the Administrative Procedure Code), to the hearing of consumer organisations (under article 43 of the Postal Law) and to a public consultation procedure (under article 9 of the Postal Law);
- c) contributions received in the framework of the referred procedures, the analysis of which is laid down in the "Report of the prior hearing of interested parties, the hearing of consumer organisations and the public consultation on the DD concerning quality of service parameters and performance targets for the universal postal service";
- d) that contributions received in the framework of the referred procedures convey new and relevant facts for the definition of performance targets for the indicator, referred to in the mentioned DD, on transit time for registered mail,

ICP - ANACOM's Management Board:

- a) In the exercise of assignments conferred under:
 - a. Points b), d), h) and n) of paragraph 1 of article 6 and point b) of article 26, all of its Statutes, approved by Decree-Law No. 309/2001, of 7 December;
 - b. As well as paragraph 1 of article 8 of Law No. 17/2012, of 26 April (Postal Law), as amended by Decree-Law No. 160/2013, of 19 November, and by Law No. 16/2014, of 4 April;
- b) In pursue of and in compliance with objectives and principles laid down in points b) and c) of paragraph 1 and in points a), b) and d) of paragraph 2 of article 2 of the Postal Law;
- c) Pursuant to paragraph 1 of article 13 of the Postal Law,

hereby determines:

1. To approve the "Report of the prior hearing of interested parties, the hearing of consumer organisations and the public consultation on the DD concerning quality of service parameters and performance targets for the universal postal service";
2. To approve quality of service parameters and performance targets for the universal postal service, set out in the **Annex** hereto, except for Minimum and Target values for QSI11 - Transit time for registered mail (D+1), respectively of 89.0% and 91.0%, to be applied in 2016 and in 2017, which through this decision are submitted to:
 - a) The prior hearing of interested parties (CTT), under articles 100 and 101 of the Administrative Procedure Code;
 - b) the hearing of consumer organisations, under article 43 of the Postal Law;
 - c) a public consultation procedure, under article 9 of the Postal Law,

interested parties being granted a time-limit of twenty working days to assess each of these procedures in writing, if they so wish.

ANNEX

Quality of service parameters and performance targets for the universal postal service

QUALITY OF SERVICE PARAMETERS AND PERFORMANCE TARGETS FOR THE UNIVERSAL POSTAL SERVICE

Article 1

Purpose and scope

This document sets out quality of service parameters and performance targets for the universal postal service, which the universal service provider, CTT – Correios de Portugal, S.A. (CTT), must meet.

Article 2

Definitions

For the purpose of this document, definitions contained in Law No. 17/2012, of 26 April, as amended by Decree-Law No. 160/2013, of 19 November, and by Law No. 16/2014, of 4 April, (Postal Law) shall apply.

Article 3

Quality of service parameters, performance targets and measurement method

- 1 - Quality of service parameters (QSP), respective quality indicators (QSI), performance targets and measurement methods are those laid down in Appendix 1.
- 2 - Quality parameters, respective quality indicators, performance targets and measurement methods may be amended or added by ICP - ANACOM, according to developments in the area of standardisation, specifically where standards and other reference documents (technical specifications and technical reports) are published by the European Committee for Standardisation in the scope of postal services, or as a result of audits and other mechanisms for controlling the provided levels quality of service, carried out by ICP - ANACOM under paragraph 5 of article 13 of the Postal Law.
- 3 - The measurement of quality parameters and respective quality indicators, referred in paragraph 1, shall be undertaken by an external body independent of CTT, engaged by the latter for this purpose, using the methods referred to in paragraphs 1 and 2.

Article 4

Deductions for the purpose of calculating quality of service indicators

- 1 - Where force majeure or phenomenon situations take place, the burst and evolution of which are clearly outside the control of CTT, and which have an impact on the quality of service provided by CTT, the latter may request, for the purpose of QSI calculation, the deduction of inputs for the concerned periods of time and geographic flows.
- 2 - Force majeure or phenomenon situations mentioned in the preceding paragraph shall be deemed to mean unpredictable or insurmountable natural events and/or facts attributable to third parties, that are triggered, evolve, or the effects of which occur regardless of CTT's will and ability to control, such as war, subversion, epidemics, cyclones, earthquakes, fire, lightning, floods, general strikes and any other similar events that may impair normal conditions of clearance, sorting, transport and distribution of postal items.
- 3 - CTT's internal work disruptions are not deemed to be force majeure or phenomenon situations to which paragraphs 1 and 2 refer.
- 4 - The request for activation of the deduction referred to in paragraph 1 must be submitted in writing by CTT, in a substantiated manner, within 60 days at the most from the date on which the events or phenomena took place.
- 5 - The decision as to whether the request referred to in the preceding paragraph is granted is incumbent upon ICP-ANACOM, and shall be notified to CTT within 30 days at the most from the date of receipt thereof. Any rejection of the request must be duly substantiated. Regardless of the request for deduction, CTT undertakes to seek out the best possible alternatives for the duration of situations mentioned in paragraphs 1 and 2.

Article 5

Provision of information to ICP-ANACOM

- 1 - CTT shall convey to ICP - ANACOM, by the last working day of the month following the end of each quarter of the calendar year, a report with information on of levels of quality registered in that quarter and in each month of that quarter, for each of the QSI set out in Appendix 1, except where the referred Appendix lays down a different reporting period and in the case of values for the last quarter of the year, in which case the following paragraph shall apply.

- 2 - The report with information on annual levels of quality registered in the year, as well as the report with information of levels of quality registered in the last quarter of the year, shall be conveyed by CTT to ICP - ANACOM by 15 March, or the following working day in case that date is not a working day, of the following year.
- 3 - As regards QSI 1, 2, 3, 9 and 11, set out in Appendix 1, CTT shall also convey to ICP - ANACOM, every quarter, information on levels of quality achieved, disaggregated by Mainland, Azores, Madeira and MAM (including flows from and to the Autonomous Regions and Madeira). For QSI1, QSI2 and QSI3, CTT shall report information on values achieved up to D+1, up to D+2 and up to D+3. For QSI9, in delivery services to and from Madeira, CTT shall report information on values achieved up to D+5. For delivery services to and from the Azores, CTT shall report information on values achieved up to D+7, up to D+8, up to D+9, up to D+10, up to D+11, up to D+12, up to D+13, up to D+14 and up to D+15. For QSI11, CTT shall report information on values achieved up to D+1 and up to D+2.
- 4 - Information provided to users under paragraphs 1 and 2 of article 6 must attach information conveyed by CTT under paragraph 2 hereof.
- 5 - The website referred in paragraph 2 of article 6 may be disclosed by ICP-ANACOM.

Article 6

Provision of information to users

- 1 - CTT shall publish, at a specific address of its website and at postal establishments, information on QSP and QSI defined in Appendix 1, including the respective Minimum values (Min) and Target values (Targ).
- 2 - CTT shall publish, by the end of March of the following calendar year, at the specific address of its website referred in paragraph 1, and at postal establishments, namely post stations and post offices:
 - a) QSI values effectively achieved in the previous calendar year;
 - b) Values effectively achieved, in the previous calendar year, for parcel transit time, for standards of service (up to) D+7 and (up to) D+15, as regards deliveries concerning the Autonomous Region of the Azores and (up to) D+5, as regards deliveries concerning the Autonomous Region of the Madeira;

- c) Values effectively achieved, in the previous calendar year, for registered mail transit time, for standards of service (up to) D+2, as regards MAM flows.
- 3 - Information referred to in paragraphs 1 and 2 must be made available on request to users at CTT's customer services.

Article 7

Compensation mechanism

- 1 - Failure to meet performance targets established herein shall give rise, in the year following that in which the non-compliance occurs and only and exclusively in relation to that year, to the application of the compensation mechanism set out in Appendix 2.
- 2 - Non-compliance situations that result from the application of the preceding paragraph shall be verified by ICP - ANACOM, having heard CTT.
- 3 - The compensation mechanism referred in paragraph 1 shall be without prejudice to other penalties applicable by law.

Article 8

Duration

- 1 - Quality parameters, quality indicators and respective performance targets, set out herein, shall apply between 01.01.2015 and 31.12.2017.
- 2 - The compensation mechanism referred in article 7 may be applied as from 2016, inclusively, upon assessment of levels of quality for 2015.
- 3 - As regards levels of quality provided in 2017, the compensation mechanism established in article 7 may be applied as from 2018, inclusively.
- 4 - Rules set out in this document shall remain in force until the approval by ICP - ANACOM of a new decision on quality of service parameters and performance targets for the universal postal service, in the scope and for the purpose of paragraph 1 of article 13 of the Postal Law.

APPENDIX 1

UNIVERSAL POSTAL SERVICE QUALITY PARAMETERS

Quality parameters, respective quality indicators and performance targets shall be as follows:

QSP1 Transit time

QSI1 - Transit time for standard mail (D+3)

		2015			2016-2017		
No.	Description	RI%	Min	Targ	RI%	Min	Targ
QSI1	Transit time for standard mail	45.0	95.5	96.3	32.0	95.5	96.3

1. Defined as the average percentage of letters sent to any location of the national territory as standard mail that reach their destination within 3 working days of being deposited at a mail reception point, taking as reference the total amount of letters conveyed.
2. Calculations for this indicator take into account items sent in the reference calendar year.
3. Calculations for this indicator do not take bulk mail into consideration.
4. Calculation method: Standard EN 14508:2003+A1:2007, on the measurement of the transit time of end-to-end services for single piece non-priority mail, shall apply to the calculation of QSI1.
5. Without prejudice to articles 5 and 6, CTT shall report to ICP - ANACOM and to users information referred in point 9 of the referred standard EN 14508:2003+A1:2007.

QSI2 - Transit time for priority mail (D+1) - Mainland

		2015			2016-2017		
No.	Description	RI%	Min	Targ	RI%	Min	Targ
QSI2	Transit time for priority mail - Mainland	15.0	93.5	94.5	6.0	93.5	94.5

1. Defined as the average percentage of letters sent to any location of the national territory as priority mail that reach their destination within 1 working day of being deposited at a mail reception point, taking as reference the total amount of letters conveyed.

2. Calculations for this indicator take into account items sent in the reference calendar year.
3. Calculations for this indicator do not take bulk mail into consideration.
4. Calculation method: Standard EN 13850:2012, on the measurement of the transit time of end-to-end services for single piece priority mail, shall apply to the calculation of QSI2.
5. Without prejudice to articles 5 and 6, CTT shall report to ICP - ANACOM and to users information referred in point 7.4 of the referred standard EN 13850:2012.

QSI3 - Transit time for priority mail (D+2) - MAM

		2015			2016-2017		
No.	Description	RI%	Min	Targ	RI%	Min	Targ
QSI3	Transit time for priority mail - MAM	4.0	84.0	87.0	3.0	84.0	87.0

1. Defined as the average percentage of letters sent to any location of the Mainland and Autonomous Regions of Azores and Madeira (and vice-versa) or between the latter, referred to as MAM flows, as priority mail, that reach their destination within 2 working days of being deposited at a mail reception point, taking as reference the total amount of letters conveyed.
2. Calculations for this indicator take into account items sent in the reference calendar year.
3. Calculations for this indicator do not take bulk mail into consideration.
4. Calculation method: Standard EN 13850:2012, on the measurement of the transit time of end-to-end services for single piece priority mail, shall apply to the calculation of QSI3.
5. Without prejudice to articles 5 and 6, CTT shall report to ICP - ANACOM and to users information referred in point 7.4 of the referred standard EN 13850:2012.

QSI6 - Transit time for newspapers and periodicals (D+3)

		2015			2016-2017		
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No.	Description	RI%	Min	Targ	RI%	Min	Targ
QSI6	Transit time for newspapers and periodicals	11.0	95.5	96.3	10.0	95.5	96.3

1. Defined as the average percentage of items covered by the newspapers and periodicals category sent to any location of the national territory, which reach their destination within 3 working days of being deposited at a mail reception point, taking as reference the total amount of items conveyed.
2. Calculations for this indicator take into account items sent in the reference calendar year.
3. Calculation method: Standard EN 14534:2003+A1:2007, on the measurement of the transit time of end-to-end services for bulk mail, shall apply to the calculation of QSI6.
4. Without prejudice to articles 5 and 6, CTT shall report to ICP - ANACOM and to users information referred in point 7 of the referred standard EN 14534:2003+A1:2007.

QSI7 - Transit time for intra-community cross-border mail (D+3)

		2015			2016-2017		
No.	Description	RI%	Min	Targ	RI%	Min	Targ
QSI7	Transit time for intra-community cross-border mail (D+3)	3.5	85.0	88.0	2.5	85.0	88.0

1. Defined as the average percentage of intra-community cross-border letters, sent to and from Portugal as international first class mail, which reach their destination within 3 working days of being deposited at a mail reception point, taking as reference the total amount of letters conveyed.
2. Annual QSI7 values concern the twelve-year period ending in September of the year to which the QSI relates, and correspond to the weighted average of the value of the last quarter of the preceding calendar year and the value of the first three quarters of the year to which it relates. The weighting distribution to be used is 3/12 for the first value and 9/12 for the second.
3. Its calculation takes into consideration the levels of quality of the forwarding and reception flows, weighted by the proportion of traffic of each flow in the total of intra-community cross-border letter traffic, sent to and from Portugal as first class international mail, according to the following calculation methodology:

$$QSI7 = E_{D+3} * e + R_{D+3} * (1-e)$$

where:

E_{D+3} : Average percentage of intra-community cross-border letters, sent from Portugal as international first class mail, which reach their destination within 3 working days of being deposited at any mail reception point, taking as reference the total amount of letters conveyed;

R_{D+3} : Average percentage of intra-community cross-border letters, received in Portugal as international first class mail, which reach their destination within 3 working days of being deposited at any mail reception point, taking as reference the total amount of letters conveyed;

e : Proportion of traffic of intra-community cross-border letters sent from Portugal as international first class mail, in the total of traffic of intra-community cross-border letters sent to and from Portugal as international first class mail, both (traffics) concerning the calendar year preceding that for which the indicator is being calculated.

4. Calculations for this indicator do not take bulk mail into consideration.
5. Calculation method: Standard EN 13850:2012, on the measurement of the transit time of end-to-end services for single piece priority mail, shall apply to the calculation of QSI7. All, and only, (incoming and outgoing) flows between Portugal and remaining European Union Member States must be taken into consideration, the transit time of which is measured, in the reference period, by the quality monitoring system implemented by the International Post Corporation (IPC).
6. Without prejudice to articles 5 and 6, CTT shall report to ICP - ANACOM and to users information referred in point 7.4 of the referred standard EN 13850:2012.

QSI9 - Transit time for standard parcels (D+3)

No.	Description	2015			2016-2017		
		Rl%	Min	Targ	Rl%	Min	Targ
QSI9	Transit time for standard parcels	5.0	90.5	92.0	3.0	90.5	92.0

1. Defined as the average percentage of postal parcels sent to any location in the national territory, as standard parcels, which reach their postal establishment of destination within 3 working days of being deposited at a mail reception point, taking as reference the total amount of postal parcels conveyed.
2. Calculations for this indicator take into account items sent in the reference calendar year.
3. Calculations for this indicator do not take bulk mail into consideration.
4. Calculation method: Measurement principles and rules set out in Standard EN 13850:2012, on the measurement of the transit time of end-to-end services for single piece priority mail, duly adapted, shall apply to the calculation of QSI9.
5. Without prejudice to articles 5 and 6, CTT shall report to ICP - ANACOM and to users information referred in point 7.4 of the referred standard EN 13850:2012, where appropriate and duly adapted.

QSI11 - Transit time for registered mail (D+1)

No.	Description	2015			2016-2017		
		RI%	Min	Targ	RI%	Min	Targ
QSI11	Transit time for registered mail	-	-	-	30.0	89.0	91.0

1. Defined as the average percentage of letters sent to any location of the national territory as registered mail delivered by hand that reach their destination (delivery at the address of the addressee, or where it is impossible to perform the delivery, on the date of the first attempt to perform the delivery at the address of the addressee, and placing of a delivery notice) within 1 working day of being deposited at any mail reception point, taking as reference the total amount of registered letters conveyed as registered mail delivered by hand.
2. Calculations for this indicator take into account items sent in the reference calendar year.
3. Calculation method: Measurement principles and rules set out in Standard EN 13850:2012, on the measurement of the transit time of end-to-end services for single piece priority mail, duly adapted, shall apply to the calculation of QSI11.

4. Without prejudice to articles 5 and 6, CTT shall report to ICP - ANACOM and to users information referred in point 7.4 of the referred standard EN 13850:2012, where appropriate and duly adapted.

QSP2 Loss or substantial delay (Reliability)

QSI4 - Standard mail not delivered within 15 working days

No.	Description	2015			2016-2017		
		RI%	Min	Targ	RI%	Min	Targ
QSI4	Standard mail not delivered within 15 working days (per one thousand letters)	5.0	2.3	1.4	3.0	2.3	1.4

1. Defined as the number of letters sent to any location of the national territory as standard mail, which are not returned and which do not reach their destination within 15 days of being deposited at a mail reception point, per one thousand letters conveyed.
2. Calculations for this indicator take into account items sent in the reference calendar year.
3. Calculations for this indicator do not take bulk mail into consideration.
4. Calculation method: Technical specification TS 14773:2004, on loss and substantial delay in priority mail, duly adapted, shall apply to the calculation of QSI4.
5. Without prejudice to articles 5 and 6, CTT shall report to ICP - ANACOM and to users information referred in point 7 of the referred TS 14773:2004.

QSI5 - Priority mail not delivered within 10 working days

No.	Description	2015			2016-2017		
		RI%	Min	Targ	RI%	Min	Targ
QSI5	Priority mail not delivered within 10 working days (per one thousand letters)	3.0	2.5	1.5	3.0	2.5	1.5

1. Defined as the number of letters sent to any location of the national territory as priority mail, which are not returned and which do not reach their destination within 10 working days of being deposited at a mail reception point, per one thousand letters conveyed.
2. Calculations for this indicator take into account items sent in the reference calendar year.
3. Calculations for this indicator do not take bulk mail into consideration.
4. Calculation method: Technical specification TS 14773:2004, on loss and substantial delay in priority mail, shall apply to the calculation of QSI5.
5. Without prejudice to articles 5 and 6, CTT shall report to ICP - ANACOM and to users information referred in point 7 of the referred TS 14773:2004.

QSI8 - Transit time for intra-community cross-border mail (D+5)

No.	Description	2015			2016-2017		
		RI%	Min	Targ	RI%	Min	Targ
QSI8	Transit time for intra-community cross-border mail (D+5)	3.5	95.0	97.0	2.5	95.0	97.0

1. Defined as the average percentage of intra-community cross-border letters, sent to and from Portugal as international first class mail, which reach their destination within 5 working days of being deposited at a mail reception point, taking as reference the total amount of letters conveyed.
2. Annual QSI8 values concern the twelve-year period ending in September of the year to which the QSI relates, and correspond to the weighted average of the value of the last quarter of the preceding calendar year and the value of the first three quarters of the year to which it relates. The weighting distribution to be used is 3/12 for the first value and 9/12 for the second.
3. Its calculation must take into consideration the levels of quality of the forwarding and reception flows, weighted by the proportion of traffic of each flow in the total of intra-community cross-border letter traffic, sent to and from Portugal as first class international mail, according to the following calculation methodology:

$$QSI8 = E_{D+5} * e + R_{D+5} * (1-e)$$

where:

E_{D+5} : Average percentage of intra-community cross-border letters, sent from Portugal as international first class mail, which reach their destination within 5 working days of being deposited at any mail reception point, taking as reference the total amount of letters conveyed;

R_{D+5} : Average percentage of intra-community cross-border letters, received in Portugal as international first class mail, which reach their destination within 5 working days of being deposited at any mail reception point, taking as reference the total amount of letters conveyed;

e: Proportion of traffic of intra-community cross-border letters sent from Portugal as international first class mail, in the total of traffic of intra-community cross-border letters sent to and from Portugal as international first class mail, both (traffics) concerning the calendar year preceding that for which the indicator is being calculated.

4. Calculations for this indicator do not take bulk mail into consideration.
5. Calculation method: Standard EN 13850:2012, on the measurement of the transit time of end-to-end services for single piece priority mail, shall apply to the calculation of QSI8. All, and only, (incoming and outgoing) flows between Portugal and remaining European Union Member States must be taken into consideration, the transit time of which is measured, in the reference period, by the quality monitoring system implemented by the International Post Corporation (IPC).
6. Without prejudice to articles 5 and 6, CTT shall report to ICP - ANACOM and to users information referred in point 7.4 of the referred standard EN 13850:2012.

QSP3 Waiting time

QSI10 - Waiting time at post establishments

No.	Description	2015			2016-2017		
		RI%	Min	Targ	RI%	Min	Targ

QSI10	Waiting time at post establishments	5.0	75.0	85.0	5.0	75.0	85.0
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1. Defined as the average percentage of customer service operations performed at the various types of postal establishments, namely, post stations and post offices, the waiting time of which does not exceed ten minutes. The waiting time is measured from the moment the customer starts waiting in a queue until he/she is actually served, over the whole period during which front-desk points are opened.
2. Waiting times must be measured based on a sample of observations over the year, which must be representative of the frequency and distribution of customer services provided (demand) at postal establishments over the day and week, as well as of the geographic distribution and of types of postal establishments.
3. Without prejudice to articles 5 and 6, CTT shall also report to ICP - ANACOM and to users the following information: i) sample size; ii) accuracy level of the results (e.g. confidence level and margin of error) and iii) description of calculation formula.

QSP4 Overall Quality of Service Indicator

1. The overall quality of service indicator (OI) is calculated according to the levels of quality of service achieved by CTT for each of the previous QSI, concerning QSP1 to 3.
2. The overall quality of service indicator is calculated as follows:

First, each QSI is given a score, according to the quality achieved by CTT, as described in the table below:

Quality of Service (QoS) achieved by CTT	Score given to the QSI
QoS ≤ Minimum	0
QoS = Target	100

Minimum < QoS < Target	Allocation of a proportional value between 0 and 100
QoS > Target	Allocation of a score over 100, in proportion to the positive deviation from the Target

Second, scores obtained as defined above are multiplied by the relative importance (RI) of each QSI.

Third, scores of all QSI obtained previously are added together.

APPENDIX 2

COMPENSATION MECHANISM PROVIDED FOR IN ARTICLE 7

1. The compensation to be applied for failure to comply with performance targets corresponds to the application of a deduction to the maximum price variation for correspondence, editorial mail and parcel delivery services that integrate the universal service, allowed for the year following that in which the non-compliance occurs, up to a 1% value, and shall benefit all users of such services.
2. The maximum price variation for services that integrate the universal service, referred to in paragraph 1, corresponds to the variation defined in ICP - ANACOM's decision mentioned in paragraph 3 of article 14 of the Postal Law.
3. The deduction shall be calculated as follows:
 - 3.1. Deduction concerning the Overall Quality of Service Indicator (OI)

Where OI is equal to or higher than 100, no deduction shall be applied.

Where OI is lower than 90, the maximum deduction shall be applied.

Where the OI value lies between 90 and 100, a proportional deduction shall be applied.
 - 3.2. Deduction concerning failure to comply with Minimum values of each QSI

Where any QSI lies below Minimum acceptable values, the deduction corresponds to the product between the QSI's relative importance (RI) and the maximum deduction.

Where OI is lower than 90, the deduction associated to the various QSI shall not apply.
 - 3.3. Total applicable deduction

The total deduction to be applied is determined as follows:

- a) Where OI is equal to or higher than 100, the deduction corresponds to the deduction concerning failure to comply with Minimum values of the various QSI;
 - b) Where OI is lower than 90, the deduction corresponds to the result of the sum of the deduction concerning OI and deductions concerning failure to comply with Minimum values of the various QSI, up to a maximum of 1%.
- 3.4. In exceptional situations duly substantiated by CTT, associated to operational difficulties in implementing price reductions, this company may request ICP - ANACOM to apply, in alternative to the compensation referred to in point 1, a financial compensation reverting to users, the specific compensation modalities of which, to be applied in the scope of services integrating the universal service, require previous approval on the part of ICP - ANACOM, bearing in mind the principles of universality, and the financial value of which is at least equivalent to the reduction of revenues that would result from the application of the compensation referred to in point 1.
- 3.5. The request referred to in point 3.4 must be submitted by CTT, in writing and in a substantiated manner, within at the most 15 days from ICP - ANACOM's decision, or equivalent measure, concerning the application of the mechanism compensation due for failure to comply with levels of quality of service. CTT's request must attach, in addition to the proposal for specific modalities of financial compensation, a proposal for application of the compensation under point 1.
- 3.6. The decision on whether or not the request mentioned in points 3.4 and 3.5 should be granted is incumbent on ICP - ANACOM, and must be notified to CTT, duly substantiated, within at the most 30 working days from reception thereof.