

Calculation of fees due for the pursue of the activity of postal services provider, pursuant to paragraphs 2, 3 and 4 of article 44 of Law No. 17/2012, of 26 April

1. In accordance with paragraph 3 of Annex IX to Administrative Rule No. 1473-B/2008 of 17 February, as amended by Administrative Rule No. 296-A/2013, of 2 October, public notice is made of the total value of administrative costs incurred by ICP-ANACOM to be considered for the purpose of the settlement of fees due in 2013 (Year n) for the pursue of the activity of postal services provider. As such, $C_{(\text{Year } n)} = 2\,432\,453$ Euro (average of costs of the last 3 years, with the exception of provisions made in respect of ongoing legal proceedings related to the regulation of postal services, for which the average is taken of the last 5 years.)
2. The following table provides a detailed breakdown of ICP-ANACOM's costs, based on the implemented ABC model, the functioning of which is described in Annex A. This breakdown makes it possible to identify the administrative costs that are relevant for the calculation of the fee referred to in paragraphs 2, 3 and 4 of article 44 of Law No. 17/2012, of 26 April, which lays down the legal regime that governs the provision of postal services.

Breakdown of total costs (expenses) borne by ICP-ANACOM per type of activity

Unit: Euro

	Costs excluding provisions for ongoing legal proceedings related to regulation				Related provisions (5-year average)	Breakdown of costs borne by ICP-ANACOM (with provisions)
	2012	2011	2010	Average (3 years)		
1. Regulation and spectrum management costs	41.018.085	45.822.941	44.534.854	43.791.960	6.337.808	50.129.768
1.1 Costs related to Electronic Communications	32.976.084	36.620.521	35.148.334	34.914.980	6.337.808	41.252.788
1.1.1 Administrative costs	22.275.825	23.948.836	24.326.637	23.517.099	6.337.808	29.854.908
a) Declarations supporting rights	62.785	44.349	45.836	50.990		50.990
b) Provision of networks and services	21.785.718	22.800.542	23.726.227	22.770.829	6.337.808	29.108.637
c) Allocation of rights of use for frequencies	348.961	985.674	446.020	593.552		593.552
d) Allocation of rights of use for numbers	78.361	118.271	108.554	101.728		101.728
1.1.2 Frequency management costs	10.565.537	12.519.907	10.691.483	11.258.975		11.258.975
1.1.3 Numbering management costs	134.723	151.778	130.214	138.905		138.905
1.2 Postal regulation costs	2.588.845	2.263.579	2.511.944	2.454.789	0	2.454.789
1.2.1 Pursue of the activity of postal services provider	2.537.545	2.252.318	2.507.496	2.432.453	0	2.432.453
1.2.2 Declarations and licenses	51.300	11.261	4.448	22.336		22.336
1.3 Other regulation costs	5.453.156	6.938.841	6.874.576	6.422.191		6.422.191
2. Other costs	1.408.935	5.447.114	2.644.475	3.166.841	0	3.166.841
3. Total costs excluding provisions for ongoing legal proceedings related to regulation	42.427.020	51.270.055	47.179.328	46.958.801	6.337.808	53.296.609

Provisions for ongoing legal proceedings related to regulation	2.012	2011	2010	2009	2008	Average (5 years)
Concerning electronic communications	3.864.284	2.644.854	0	1.937.213	23.242.690	6.337.808
Concerning postal services	0	0	0	0	0	0
Total	3.864.284	2.644.854	0	1.937.213	23.242.690	6.337.808

3. Pursuant to paragraphs 2 and 3 of Annex IX to Administrative Rule No. 1473-B/2008, of 17 December, as amended by Administrative Rule No. 296-A/2013, of 2 October, it is hereby made public knowledge of the value of the t2 contributory rate, which results from the application of the following formula, thus obtained:

$$\text{Formula: } t2 = (C_{(\text{Year } n)} - T1_{(\text{Year } n)}n1_{(\text{Year } n)}) / \Sigma R2_{(\text{Year } n-1)}$$

C = Total costs resulting from the regulation of the activity, value which corresponds to fees due to ICP - ANACOM in 2013 = 2.432.453 €;

$\Sigma R0$ = Total relevant revenues of bodies of step 0, in 2012 = 2.959.666 €;

T1 = Fee due by bodies of step 1 (relevant revenues \leq 1.500.000 €) = 2.500 €;

n1 = Number of bodies of step 1 = 16;

Σ of relevant revenues of all bodies paying fees due for electronic communications networks and services in 2012 = 837.786.767 €;

$\Sigma R1$ = Total relevant revenues of bodies of step 1, in 2012 = 10.215.915 €;

$\Sigma R2$ = Total relevant revenues of bodies of step 2, in 2012 = 824.611.186 €;

$\Sigma T1n1$ = 2.500 € x 16 = 40.000 €

t2 = contributory rate to be paid by of bodies of step 2 (relevant revenues $>$ 1.500.000 €) = (2.432.453 € - 40.000 €) / 824.611.186 € = 0,2901%;

a2_(Year n) = Part to be deducted in the calculation of fees due by bodies of step2

a2 = t2_(Year n) x R₂^{LI} - T1_(Year n) = 0,2901% x 1.500.001 € - 2.500 € = 1.851,50 €

T2_(Year n) = t2_(Year n) x R2_(Year n-1) - a2 (the value of fees to be settled is obtained by applying the 0,2901% rate to relevant revenues of each operator of step 2 and deducting 1.851,50 €).

ANNEX A

Method to calculate regulation costs

Introductory note

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

A. Breakdown of costs borne by ICP - ANACOM

1. ICP-ANACOM's costing system was developed based on the ABC method and aims to identify the costs related to the development of the activities inherent to its statutory assignments, as well as to meet the provision in paragraph 4 of article 105 of Law No. 5/2004, of 10 February, as well as that in paragraphs 1 and 2 of article 44 of Law No. 17/2012, of 26 April.

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

Figure 1: Breakdown of costs borne by ICP - ANACOM

1. Regulation and spectrum management costs
1.1 Administrative costs related to Electronic Communications
1.1.1 Administrative costs
a) Declarations supporting rights
b) Pursue of the activity of electronic communications networks and services provider
c) Allocation of rights of use for frequencies
d) Allocation of rights of use for numbers
1.1.2 Frequency management costs
1.1.3 Numbering management costs
1.2 Postal regulation costs
1.2.1 Pursue of the activity of postal services provider
1.2.2 Declarations and licenses
1.3 Other regulation costs
2. Other costs

2. Regulation and spectrum management costs represent costs related to the activities of regulation, supervision, rule-making, sector representation and cooperation, and comprise the following costs:

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

i) Electronic Communications Costs.

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

ii) Spectrum Management Costs.

Costs related to the set of activities undertaken by ICP-ANACOM related to the planning, assignment, monitoring and oversight of the radio frequency spectrum.

iii) Numbering Management Costs.

Costs related to the set of activities undertaken by ICP-ANACOM related to the planning, assignment, monitoring and oversight of the numbering plan.

b) Costs related to the Postal Sector.

Costs related to the issue of declarations and licenses for the provision of postal services and all activities concerning regulation, supervision, rule-making, sector representation and cooperation.

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

Costs incurred with the regulation of services not covered by Law No. 5/2004, such as audiotext services, ITED (Telecommunication Infrastructure in Buildings) and ITUR (Telecommunication Infrastructure in housing developments, urban settlements and concentrations of buildings), Information Society services, amateur service and personal radio service - citizen band (CB).

3. Other costs incurred by ICP-ANACOM which are not directly related to the regulatory activity¹, including:

a) Contributions related to national and international bodies, such as²:

i) National bodies:

CPEC, Municipal Councils, among others.

ii) Non-national bodies:

¹ These costs are not considered to be relevant as far as ICP-ANACOM's regulation activity is concerned, according to the interpretation of paragraph 4 of article 105 of Law No. 5/2004.

² The amounts referring to contributions and levy costs tend to decrease sharply, since part of them resulted from Government decisions that were already carried out, or from ICP-ANACOM decisions that were not renewed.

ANRT - Morocco, ESA, CPLP, PALOP and Timor, PECO, other countries in the framework of cooperation, Satellite Organizations and URSI.

b) Costs related to Advising and Representing the State.

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

- i) Preparation of and participation in meetings and conferences, as well as all exchange of information in this area.
- ii) Responding to requests of a different nature, such as requests for information, licensing requests, requests for expertise, and others.
- iii) Responding to requests for radio easements and protection of radiocommunication services.
- iv) Development of cooperation programmes.
- v) Monitoring of special projects (ESA).

National bodies:

Ministries, Regional Governments, Tribunal de Contas (Court of Auditors), among others.

Non-national bodies:

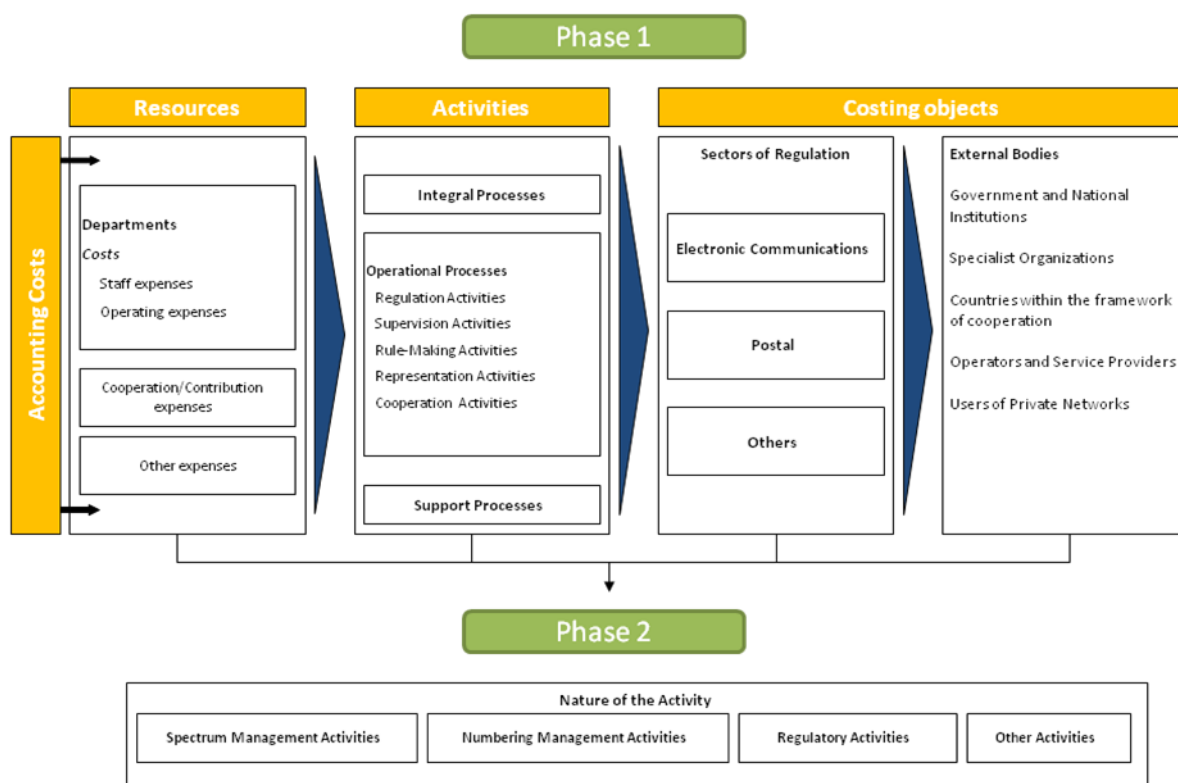
NATO, ITU (Council, Development Sector, Plenipotentiary Conference, World and Regional Radiocommunication Conferences, Agence Nationale de Réglementation des Télécommunications (ANRT-Morocco), Satellite Organizations, URSI, CPLP, PALOP and Timor, PECO and other countries in the scope of cooperation.

4. To identify costs associated with electronic communications, costs will now be broken down so as to enable the determination of costs related to each action defined in points a) to f) of paragraph 1 of article 105 of the Electronic Communications Law. Thus, costs are broken down according to the following blocks:
 - a) Spectrum management (point f) of paragraph 1 of article 105);
 - b) Numbering management (point e) of paragraph 1 of article 105); and
 - c) Regulation activities - corresponding to the remaining administrative costs related to paragraph 1 a) to d) of article 105 and to the regulation of communications services that are not covered by Law No. 5/2004.
5. In the scope of the identification of costs related to postal services, a breakdown is carried out so that costs associated to each of the actions defined in paragraphs 1 and 2 of article 44 of the Postal Services Law are determined.

B. Methodology for allocating costs to different areas

6. Costs are allocated according to 2 phases:
- Phase 1: Analysis and attribution of administrative costs to ICP-ANACOM's processes/activities/regulation areas/external entities.
 - Phase 2: Attribution of costs to the different types of activity according to actions mentioned in article 105 of Law No. 5/2004 and to activities associated with sectors outside the scope of the Electronic Communications Law, namely the postal sector, infrastructures (ITDE), equipment, information society.

Figure 2: Phases of the Method for attribution of ICP-ANACOM's costs



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

7. First, costs are listed by groups and by department according to the following classification:
- Direct resources - costs directly related to regulation services, through a cause-effect relation.
 - Indirect/common costs - costs not directly related to regulation services.

- c) Expenses associated with cooperation and contributions - specific expenses incurred with ICP-ANACOM's cooperation and representation activities.
8. Secondly, costs are attributed to processes/activities in a direct way or through criteria that represent a cause-effect relation between the nature of the expense and the process (processes) it supports.
9. As an example, we briefly present the steps taken to classify costs:
- a) Grouping of total accounting costs by type and by department.
 - b) Classification of costs according to the structure of the work processes in force, regulated and non-regulated areas (services), and external entities (clients). Analysis and allocation of costs to the processes³/services and costing objects/clients of ICP-ANACOM⁴.
 - c) Staff costs⁵ are attributed directly to the processes/services and costing objects/clients of ICP-ANACOM, according to the report made by all employees on a computer application "Reporte de Horas de Trabalho (RHT)" (Working Hours Report).
 - d) Costs incurred as a result of travelling abroad, travelling within Portugal, advertising, specialized works, professional fees, training, documentation, meetings and sponsorships are directly associated with the processes/services/clients, on a case by case basis, without prejudice to an irrelevant part thereof being distributed according to Man-Hours (MH).
 - e) Electricity, water, air conditioning, rents of the head office premises, property insurance, elevators, cleaning, surveillance and security services costs are considered as structural costs and are distributed according to the area in m² used by each department. Remaining operating costs, notably those related to stationery, reprography and communications are distributed between all departments, according to their consumption⁶.
 - f) Costs related to cooperation and contributions/levies⁷ are distributed according to the nature of the activity⁸.
 - g) Depreciation and amortisation costs, where of a relevant amount, are associated with the work processes related to equipment, IT applications and hardware⁹, and the remaining part is distributed according to MH.

³ According to the Processes/Activities Dictionary that supports the report of working hours of all ANACOM employees in the "Reporte de Horas de Trabalho (RHT)" - Working Hours Report, and the cost classification. The RHT application provides ANACOM's overall Man-Hours (MH).

⁴ Combination process and/or service or costing object and/or client.

⁵ Except for costs related to the Christmas Party, Anniversary and similar events concerning employees which are treated like common costs (Common Costs type - All activities - Distributing other costing objects).

⁶ Being distributed to processes/services/clients according to each department's hours report (MH - Man Hours for each department).

⁷ Always connected to the "Cooperation" process and to a specific external body.

⁸ Part of these costs is not related to the regulation activity. *Vide* also List of Types of Activity (Figure 3).

- h) Provisions are treated similarly to common costs, being attributed to the several types of activity, according to the kind of provision¹⁰.
 - i) Other costs, for which a cause-effect relation may not be established, are distributed according to their relative cost or to MH.
10. It is important to note that certain work processes, such as “Planning and Control”, “Financial System”, “General Services” and “Human Resources” do not have a direct relation to a specific area of regulation, cutting across all areas¹¹. As such, costs related to these work processes are redistributed among all operational processes based on criteria of relative costs or MH.

Phase 2 - Attribution of costs to the sectors of regulation

11. In order to ensure a proper attribution of costs, by each sector of regulation and within the scope of electronic communications, by action detailed in paragraph 1 of article 105 of Law No. 5/2004, a process was developed which enables the distribution of costs, and which is identified as “type of activity”.
12. The type of activity is identified according to a combination - work process/regulated area (services)/external entity (client)¹². Each type of activity corresponds to a given set of combinations¹³.
13. The attribution of costs related to each type of activity follows the process below:
- a) Identification of the amount of direct costs by type of activity block (spectrum management activities, numbering management activities, regulation activities, and others).
 - b) Distribution of the amount of common costs (common accounting costs) of the amount of cooperation/contribution costs by regulation block, considering one of the following options as a distribution criterion, in light of the type of common/cooperation cost:
 - i) Direct attribution to the corresponding block of type of activity using the cause-effect relation.
 - ii) Proportion of costs directly associated to each type of activity block.
 - iii) Proportion of MH allocated to each type of activity block.

⁹ For instance: the amortisation of SINCRER equipment (Integrated Remote Control System for Radio Stations) is associated with the “Spectrum monitoring” sub-process and all radiocommunications services.

¹⁰ It may be broken down on the basis of direct costs or MH. Provisions for ongoing legal proceedings accounted for in recent years have been regarded as Common Costs - Regulation Activities - Services Law No. 5/2004 and Common Costs - Spectrum Management Activities - Services Law No. 5/2004.

¹¹ They are regarded as common processes.

¹² In some circumstances it is a function of the department that generated the cost.

¹³ According to the Processes/Activities Dictionary used by ANACOM, that supports the costing system.

c) Subsequently, after determining costs by each type of activity block, the costs attributed to “all activities” of regulation are distributed among the following sectors of regulation:

- i) Electronic Communications Sector;
- ii) Postal Sector;
- iii) Other sectors outside the scope of the Electronic Communications Law and the Postal Services Law.

14. Subsequently, costs calculated for the Electronic Communications Sector are distributed according to the actions defined in points a) to d) of paragraph 1 of article 105 of the Electronic Communications Law, and costs calculated for the Postal Sector are distributed according to the actions defined in paragraphs 1 and 2 of article 44 of the Postal Services Law.

Figure 3: List of Types of Activity

Type of Activity: Costs attributed to sectors within the scope of Law No. 5/2004	
Declarations supporting Rights	Regulation
Exercise of activity - Regulation	Regulation
Allocation of Rights of use for Frequencies	Regulation
Allocation of Rights of use for Numbers and their Reservation	Regulation - Numbering
Spectrum Management Activities	Spectrum Management
Numbering Management Activities	Numbering Management
Type of Activity: Costs attributed to sectors outside the scope of Law No. 5/2004	
Declarations supporting Rights ¹⁴	Regulation
Exercise of activity - Regulation ¹⁵	Regulation
Amateur and CB records and certificates ¹⁶	Spectrum Management
Allocation of Rights of use for Numbers and their Reservation ¹⁷	Regulation - Numbering
Spectrum Management Activities ¹⁸	Spectrum Management
Numbering Management Activities ¹⁹	Numbering Management
Costs not directly related to the regulation activity	
Common Costs	
Common Costs - Spectrum Management Activities	Spectrum Management
Common Costs - Spectrum Management Activities - Services Law No. 5/2004	Spectrum Management
Common Costs - Spectrum Management Activities - Services not covered by Law No. 5/2004	Spectrum Management
Common Costs - Regulation Activities	Regulation
Common Costs - Regulation Activities - Services Law. No 5/2004	Regulation
Common Costs - Regulation Activities - Services not covered by Law No. 5/2004	Regulation
Common Costs - Numbering Management Activities	Numbering Management

¹⁴ Declarations and Licenses for the postal activity and records of providers of audiotext and value-added services.

¹⁵ Postal services, ITED/ITUR services, audiotext and value-added services.

¹⁶ Records and certificates related to CB (citizen band) and amateur service.

¹⁷ Audiotext and premium services.

¹⁸ CB and amateur service.

¹⁹ Audiotext and value-added services, premium services.

Type of Activity: Costs attributed to sectors within the scope of Law No. 5/2004	
Common Costs - Allocation of Rights of use for Frequencies	Regulation
Common Costs - Allocation of Rights of use for Numbers and their Reservation	Regulation - Numbering
Common Costs - Declarations supporting Rights	Regulation
Common Costs - All activities - To be distributed based on direct cost	
Common Costs - All activities - To be distributed based on MH	
Common Costs - All activities - Distributing other costing objects	