The information is also available in Anacom's Internet website in:

http://www.anacom.pt/template31.jsp?categoryId=257962

Determination of 31.10.2007

RECTIFICATION OF THE DETERMINATION ON MARGIN SQUEEZE ASSESSMENT OF BROADBAND OFFERS PROVIDED BY PT GROUP

– 1:50 contention offers –

I. FRAMEWORK

1. By determination of 03/10/2007[1], approval was given to the method for the assessment of margin squeeze in the broadband offers of Grupo PT (1:50 contention offers).

2. In respect of the estimate of specific costs of products of the dominant operator to provide services to its end customers (point 4 of the above determination), this Authority considers it to be appropriate that there is an annual reduction of 5% in the calculated costs, in respect of 2005, which would determine the 2007 values as follows:

$$CF = 3.43 \tag{26}$$

$$CV_{CONS} = 0.05 \tag{27}$$

$$CV_{PRÇS/IVA} = 0.10 \tag{28}$$

$$C_{RET-TEMP} = 2.63 \tag{29}$$

3. However, a material error was detected in formulas (26) and (29) of point 4 of the determination of 03/10/2004, given that the annual reduction of 5 per cent is not correctly reflected therein.

   Accordingly, the following values should be considered:

$$CF = 3.41 \tag{26}$$

$$C_{RET-TEMP} = 2.62 \tag{29}$$

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[1] See determination at http://www.anacom.pt/template31.jsp?categoryId=254542.

4. Furthermore, as a result of uncertainty with respect to the application of formula (16) of the same determination, the opportunity is being taken to present some clarifications which may prove useful for market agents on the most efficient procedures to be adopted in the use of this formula.

Formula (16) provides an estimate of the traffic consumption for various speed classes:

$$CONS_n = CONS_i \times 1{,}45^{\log_2\left(\frac{D_n}{D_i}\right)}$$

(16)[2]

5. In the example of the practical implementation of the "retail minus" rule specification, consumption is estimated as a direct result of the consumption estimate of the entry-level class[3], without using the intermediate step of estimating traffic consumption in the class immediately below the class of service in which the retail service being assessed is supported[4]. The calculation procedure used can be represented by the following formula:

$$CONS_n = CONS_0 \times 1{,}45^{\log_2\left(\frac{D_n}{D_0}\right)}$$

(16a)

6. With the adoption of this formula giving rise to queries, it is clarified that, for this purpose, formulas (16) and (16a) are equivalent, with the second formula providing an estimate of traffic consumption in a more direct way.

II. DETERMINATION

In light of the deliberations of the Board of Directors of ICP-ANACOM, under article 148 of the Code of Administrative Procedure, it is determined to rectify the determination of 03/10/2007, as follows:

(a) "CF = 3.43" shall read "CF = 3.41"; [formula (26) of the determination of 03/10/2007 – page 18];

(b) "$C_{RET\text{-}TEMP}$ = 2.63" shall read "$C_{RET\text{-}TEMP}$ = 2.62"; [formula (29) of the determination of 03/10/2007 – page 18];

(c) "$C_{RET\text{-}N\text{-}TEMP}$= 3.43$_{euros}$ + (0.05$_{euros}$ $\times$ 10.76) + (0.10$_{euros}$ $\times$ 20.65$_{euros}$) = 6.03$_{euros}$"

shall read:

"$C_{RET\text{-}N\text{-}TEMP}$= 3.41$_{euros}$ + (0.05$_{euros}$ $\times$ 10.76) + (0.10$_{euros}$ $\times$ 20.65$_{euros}$) = 6.01$_{euros}$"

[Specific retail offer marketing costs – page 20];

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[2] Where $CONS_i$ corresponds to the traffic consumption estimated in the speed class immediately below the new class and where the 1.45 coefficient was estimated taking into consideration the most up-to-date information submitted by PT.Com.

[3] Starting class: Class 21, with maximum 256 kbps downstream speed.

[4] Class in which the retail offer is supported: Class 20.

(d) "€3.43 + €0.10 $\times$ $PRÇ_{S/IVA}$ + €0.05 $\times$ $CONS$, for unmetered offers; or €2.63, for metered offers" shall read "€3.41 + €0.10 $\times$ $PRÇ_{S/IVA}$ + €0.05 $\times$ $CONS$, for unmetered offers; or €2.62, for metered offers" [number 1 of the determination of 03/10/2007 – page 21].