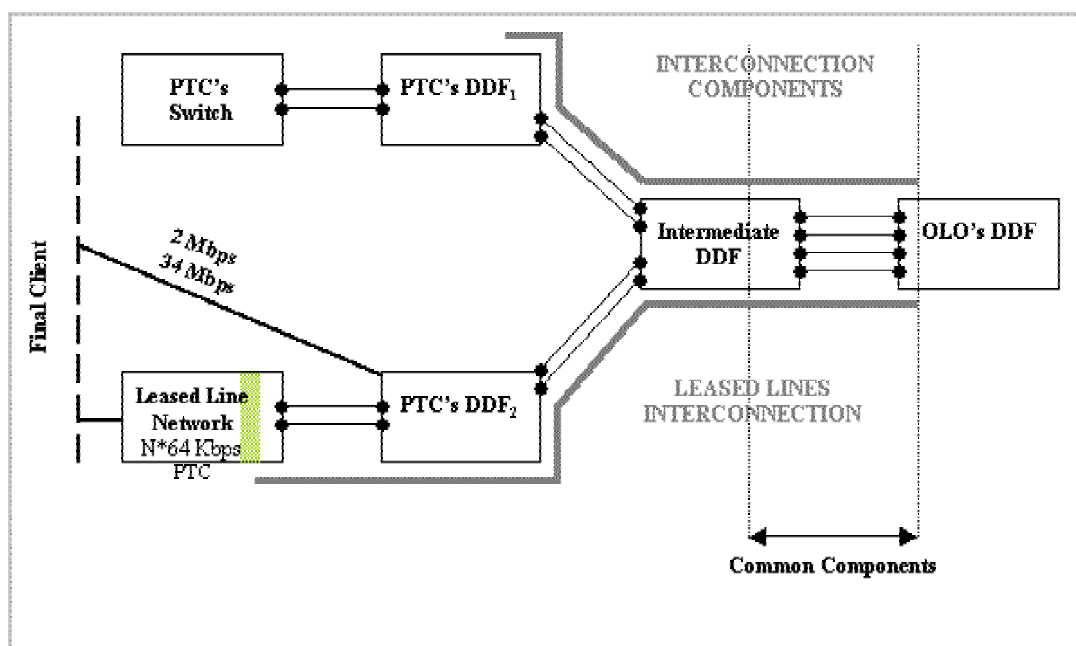


ANACOM DRAFT DETERMINATION REGARDING THE INTERCONNECTION PRICES FOR LEASED LINES INTERCONNECTION SERVICES AND FOR INTERCONNECTION COMPONENTS

On 26 March 2004, PT Comunicações submitted to ANACOM a proposal to reformulate the leased lines interconnection services and the interconnection components offer conditions associated with the lines supplied by another operator. In the same proposal, PT Comunicações submitted their reasoning for the services proposed prices.

The model proposed by PT Comunicações for the provision of those services is as follows:



After the evaluation of PT Comunicações proposal, ANACOM thinks that the same, as far as prices are concerned, is not compatible with the cost orientation principle, since:

- (a) PT Comunicações considers that some of the time spent with the execution of the services (namely as to cable installation) and the contracting costs (namely

as to the installation of **split ducts**) are excessive for purposes of cost evaluation;
and

- (b) PT Comunicações is overestimating the cost for the space occupied by the DDFs.

In addition, in order to avoid subjectivity in the estimate of cable length, a tariff according to cable length should be adopted.

Also in a letter dated 31 March 2004, PT Comunicações informed to have adapted and published the Reference Interconnection Offer, in compliance with the Determination of the Board of Directors of ANACOM of 16 March 2004.

In view of the changes made, should an operator choose to supply interconnection circuits using third party means, and provided that this third operator is collocated, PT Comunicações does not accept that the interconnection point is located in the space for the co-installation already hired by this third operator. Besides, this issue was also raised by OniTelecom, which requested ANACOM intervention.

ANACOM considers that this fact introduced inefficiency and constitutes an unjustified restriction to an offer that should be unlimited.

Therefore, taking into account the reasoning submitted in the analysis that is integral part of the case, the Board of Directors of ANACOM, within the scope of its duties foreseen in subsections b) and f) of paragraph no. 1 of article 6 of the Statutes, approved by Decree-Law no. 309/2001, of 7 December, taking into account the regulation objectives foreseen in article 5 of Law no. 5/2004, of 10 February, namely the promotion of competition in the offer of electronic communications services and the defence of the citizens' interests, and pursuant to subsection f) of paragraph no. 2 of article 122 of Law no. 5/2004, of 10 February and subsections b) and g) of article 9 of the Statutes, decides as follows:

- I. To carry out prior hearing to the interested parties, pursuant to the provisions of articles 100 and 101 of the Rules of the Administrative Procedure, fixing a deadline of 10 days for these entities to give their opinion about the determination that is deemed to be adopted with the following content:

- 1. PT Comunicações should change, within 10 days, the Reference Interconnection Offer so as to introduce the following changes:**

| Maximum price of the common components service for traffic interconnection circuit and for leased lines interconnection | Price |
|--|------------------------------|
| Installation of a support component for 21 pairs of coaxial cables | € (467+22.55d ₁) |
| Monthly fee of a support component for 21 pairs of cables | € 5.25 |

d₁: length of the 21 pairs of coaxial cables (in meters)

| Maximum price of internal extension for traffic interconnection circuit | |
|--|-------------|
| Installation | Monthly Fee |
| € (72,4+1,40d ₂) | € 0.35 |

d₂: length of the pair of coaxial cables (in meters)

| Maximum prices of the internal extension and access to the PTC leased line network for interconnection of leased lines | | |
|---|------------------------------------|-------------|
| Debits | Installation | Monthly Fee |
| 64 Kbps (N=1) | $N \times (133,80 + 0,10d_2) + 59$ | € 0.70 |
| 128 Kbps (N=2) | | € 1.30 |
| 192 Kbps (N=3) | | € 1.90 |
| 256 Kbps (N=4) | | € 2.45 |
| 384 Kbps (N=6) | | € 3.65 |
| 512 Kbps (N=8) | | € 4.80 |
| 768 Kbps (N=12) | | € 7.15 |
| 1024 Kbps (N=16) | | € 9.50 |
| 1536 Kbps (N=24) | | € 14.20 |
| 2 Mbps and 34 Mbps | € (72,4+1,40d ₂) | € 0.35 |

d₂: length of the pair of coaxial cables (in meters)

The prices hereby set out will have to be applied as from the date on which the service provision begins.

- PT Comunicações should change the Reference Interconnection Offer so as to allow the operators interconnected with this company to be able to hire third parties for the establishment of interconnection lines and, for this purpose, those third parties should be able to use the respective co-installation spaces thereto.**