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Determination of 21.7.2005

## Draft Decision Concerning Changes to the SLRO Reference Offer

### Foreword

Following a determination of 29 April 2005<sup>1</sup>, ICP-ANACOM approved the minimum information to be included in the Subscriber Line Resale Offer (SLRO) Reference Offer, the specifications applicable to the offer's beneficiaries and the consultation report on the corresponding draft decision. Under the terms of this determination, PT Group companies active in the retail access markets for the public telephone network at a fixed location, including both residential and non-residential customers<sup>2</sup>, were required to submit an SLRO Reference Offer<sup>3</sup> to ICP-ANACOM, with rigorous justification, within a period of twenty days.

On 1 June 2005, PT Comunicações, S.A. (PTC) sent ICP-ANACOM version 1.00 of the Reference Offer, which was incomplete with regard to certain issues, for which various questions remained open. Thus, on 8 June 2005, ICP-ANACOM's Board of Directors authorized a fax to PTC requesting clarification on the following issues: (i) beneficiary company credit risk and payment deadlines; (ii) non-fulfillment of payment deadlines; (iii) SLRO order confirmation through call recording; (iv) SLRO order processing capacity; (v) service quality parameters, and (vi) Reference Offer presentation deadline. PTC subsequently sent version 1.01 of the SLRO Reference Offer on 15 June 2005.

Thus, in light of the justification presented in the analysis which is an integral part of this process, in accordance with the provisions of item 1 and article 68, item 3, section a) of Law n.º 5/2004 of 10 February, ANACOM's Board of Directors has resolved to hold a preliminary hearing of the interested parties in accordance with the provisions of articles 100 and 101 of the Code of Administrative Procedure, establishing a period of thirty working days for the interested parties to state their opinions in writing with regard to the decision it is intended to adopt, whose content is as follows:

**PT Group companies must amend and publish the SLRO Reference Offer in accordance with the changes outlined below within ten working days:**

#### **I. Entities obliged to submit a Reference Offer**

1. The Reference Offer must be submitted by all PT Group companies active in the retail access markets for the public telephone network at a fixed location, including both residential and non-residential customers.

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<sup>1</sup> See <http://www.anacom.pt/template12.jsp?categoryId=150562>.

<sup>2</sup> Hereinafter "PT Group companies".

<sup>3</sup> Hereinafter "Reference Offer".

## **II. Terms, abbreviations and definitions**

2. The definition of “subscriber” must be replaced by the definition in article 3, section e) of Law n°. 5/2004. [Table in point 2 of the Reference Offer]
3. The term “FTS” must be replaced by “public telephone service at a fixed location”.
4. “Supplementary services/service facilities” must be defined and itemized. [Table in point 2 of the Reference Offer]

## **III. Accesses Covered**

5. PT Group companies must send ICP-ANACOM a properly justified proposal covering all conditions associated with the inclusion of ISDN accesses in the Reference Offer before 15 October 2005.

## **IV. Beneficiary companies**

6. In addition to companies duly qualified to provide a telephone service at a fixed location in a pre-selection regime relative to a given subscriber line, regardless of the type of pre-selected traffic, beneficiary companies also include those which provide broadband Internet access services or support these services in unbundled network lines in shared access mode. [Point 3, section ii) of the Reference Offer]

## **V. Services covered**

7. In the case of traffic owned by a third party company (i.e. not beneficiaries, or PT Group companies), the third party company or PT Group company owning the line (if duly ordered by the third party company) may request beneficiary companies to bill and collect for services provided by that company. [Point 5 of the Reference Offer]
8. When PT Group companies request a beneficiary company to bill and collect for its services, this request must include both the services it provides and the services provided by other companies billing and collected from subscribers by PT Group companies. This option must remain in effect for a minimum of twelve months, except in the case of termination of the SLRO or an agreement to the contrary.

## **VI. Service start-up**

9. PT Group companies must begin providing services under the SLRO immediately the offer’s activation process is concluded. [Point 2, paragraph two of the Reference Offer]

## **VII. Prices**

10. The monthly SLRO payment amount may not exceed €1.32, without VAT. [Table in Appendix 1, point 1 of the Reference Offer]
11. The SLRO activation price may not exceed the maximum pre-selection activation price, currently €5.60, without VAT. [Table in Appendix 1, point 1 of the Reference Offer]

12. The minimum advance notice for changes to service prices to be billed and collected by the beneficiary company is fifteen working days. [Appendix 1, point 2.3 of the Reference Offer]

### **VIII. Service provision procedures**

13. All subscriber contact with the PT Group concerning the subscriber line or changes to services provided under the SLRO must be made through the beneficiary company. [Point 8, paragraph three of the Reference Offer and Appendix 2, point 4, paragraph one of the Reference Offer]
14. It is recommended that every effort is made to see that the automatic processing of SLRO orders is successful. If manual processing becomes absolutely necessary, PT Group companies must allocate resources so as to fulfill all orders, bearing in mind the expected demand.
15. When processing a service change order in a given line, PT Group companies must not reject subsequent orders under the SLRO if they meet the requirements of the Reference Offer (namely, compatibility with other orders) and are received within five working days of the previous order. [Appendix 2, point 4, paragraph four of the Reference Offer]
16. A service change order form must be added to Appendix 2, Insert C and a space must be designated for a beneficiary company representative's signature in the form in Insert D.
17. In cases where the subscriber requests termination of the SLRO from the beneficiary company, as long as the latter notifies the PT Group company providing the SLRO with reasonable advance notice relative to the deactivation date agreed with the subscriber, the PT Group company in question will be responsible for failure to meet deadlines agreed with the subscriber for SLRO deactivation. [Appendix 2, point 5, paragraph four of the Reference Offer]
18. If a PT Group company receives a direct request for SLRO termination, the company in question will be responsible for notifying the subscriber of his obligation to redirect this request to the beneficiary company. [Appendix 2, point 5, paragraph three of the Reference Offer]
19. All possible reasons for SLRO order rejection must be presented. A mere change to the subscriber's telephone number, a change in the ownership of the agreement (unless the new holder specifically states his desire to terminate the SLRO) or the mere temporary suspension of the network line may not constitute grounds for termination of the SLRO. Termination of the provision by the beneficiary company (but not to the beneficiary company) of the pre-selection service or PT ADSL network associated with the SLRO may constitute grounds for terminating the provision of the SLRO to this beneficiary company. In addition, three occurrences of late payment to PT Group companies for bills associated with the SLRO, when occurring within one year, are grounds for SLRO termination for a maximum of three months only. [Appendix 2, point 5, paragraph eight and last paragraph of the Reference Offer and point 12, paragraph six of the Reference Offer]
20. The SLRO activation process begins with an order, sent electronically by the beneficiary company to the PT Group company, based on the subscriber's

express consent (provided by any means) containing sufficient information to identify the customer as a subscriber of the PT Group company, including name and telephone number, in full compliance with legislation on personal data and privacy protection.

21. PT Group companies must provide the SLRO within a maximum of five working days of the date of the beneficiary company's electronic order under the terms of item 20 above.
22. Notwithstanding the provisions of item 20, the beneficiary company must request consent from the subscriber by means of a signed document and send PT Group companies, on a monthly basis, all documentation on SLRO activations in the previous thirty days, under terms to be mutually agreed.
23. Notwithstanding the right to compensation under the general terms, the beneficiary company is responsible, before subscribers and PT Group companies, for SLRO activations without subscriber consent under the following terms:
  - a) The beneficiary company may not request subscriber payment for calls made through an improperly activated SLRO;
  - b) The beneficiary company must compensate PT Group companies for all costs incurred due to improper SLRO activation.

#### **IX. Management, Operating and Maintenance Procedures**

24. A forecast of the number of accesses to be made under the SLRO must be presented every year in the last week of December. [Appendix 3, point 2, paragraph three of the Reference Offer]
25. Notwithstanding PT Group companies' need to access subscriber facilities to assess faults, such processes must be carried out by the beneficiary company, as PT Group companies should have no direct communication with customers. Consequently, the beneficiary company must notify the customer that PT Group employees will be visiting the subscriber's facilities, and PT Group companies must notify the beneficiary company accordingly in advance. [Appendix 3, point 3, section d), paragraph six of the Reference Offer]
26. The beneficiary company must confirm the resolution of a fault with PT Group companies within twenty four hours. [Appendix 3, point 3, section d), paragraph eight of the Reference Offer]
27. Maintenance activities or operations in the PT Group company network which may cause temporary interruption or suspension of services under the SLRO must be performed, whenever possible, on a date agreed in advance between PT Group companies and the beneficiary company. [Appendix 3, point 4, paragraph two of the Reference Offer]

#### **X. Service quality parameters, applicable performance objectives and compensation for non-fulfillment**

28. The expression "indicator", used to measure service quality, must be replaced by "parameter".

29. The definition of parameters SQI1 (repair time for faults) and SQI2 (fault rate per access line) must be changed in accordance with the provisions of the ICP-ANACOM decision of 29 April 2005. [Appendix 4, point 1 of the Reference Offer]
30. With regard to claims purged from the measurement of parameter SQI3 (billing error complaints), PT Group companies must keep, for a minimum of three years from the last day of the corresponding calendar year and for each claim purged, documentation supporting the invalidity of the claim and/or proof that it is not attributable to PT Group companies. [Appendix 4, point 1 of the Reference Offer]
31. The sentence “Service quality indicators and levels under this offer (...) are specified in Appendix 3” must be changed to read “Performance parameters and objectives under this offer (...) are specified in Appendix 4”. [Point 10 of the Reference Offer]
32. The applicable performance objective for service quality parameter SQI4 (deadline for meeting requests for SLRO start-up, alteration or termination) must refer to 100% of observations.
33. The applicable performance objectives for SQI1 (repair deadline for faults) and SQI6 (response time for billing claims) must refer not to the average, but to the worst record from the best 90% and 95% of observations, respectively. [Appendix 4, points 1 and 2 of the Reference Offer]
34. The penalty for non-fulfillment of SQI4 (deadline for meeting requests for SLRO start-up, alteration or termination) must be reformulated as follows: the penalty must equal a 50% discount of the SLRO’s monthly price for up to ten working days of non-fulfillment, after which it will equal the amount obtained using the formula specified for this parameter in the Offer. [Table in Appendix 4, Point 3 of the Reference Offer]
35. With regard to the line’s degree of availability, non-fulfillment must be subject to a penalty, with compensation for non-fulfillment of SQI7 (subscriber line degree of availability) to be calculated using the following formula:

$$\frac{G}{30 \times 24} \quad \times \quad \text{Monthly SLRO Price}$$

where G is the difference between the line’s potential number of operating hours and the number of operating hours. [Table in Appendix 4, point 3 of the Reference Offer]

36. PT Group companies undertake to pay the non-fulfillment penalties as long as the beneficiary company has supplied service volumes forecast, regardless of whether the beneficiary company has payments in default, or a late payment outstanding, for services provided under this SLRO by PT Group companies. [Appendix 4, point 3, paragraph five of the Reference Offer]

## **XI. Subscriber billing and collection**

37. It must be specified that when PT Group companies request beneficiary companies to bill and collect for services under the SLRO other than access,

they must compensate them for costs and credit risk incurred for the billing and collection of the services in question.

## **XII. Dispute resolution**

38. It must be specified that the provisions of article 10 of Law n°. 5/2004 constitute the terms under which ICP-ANACOM may intervene in resolving conflicts.  
[Point 13.3, paragraph one of the Reference Offer]

## **XIII. Version history**

39. In future versions of the Reference Offer, as with the RIO and RUO, PT Group companies must submit an appendix identifying changes to the Offer relative to the previous version.