

**FINAL DECISION ON THE**

**PRICES OF MAM CIRCUITS AND**

**INTER-ISLAND CIRCUITS**

**ANACOM**

**2019**

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## 1. Framework

In the context of the final decision regarding the analysis of the wholesale high-quality access market provided at a fixed location (access and trunk segments<sup>1</sup>), ANACOM analysed the ring connections between the Mainland and the Autonomous Regions (AR) of the Azores and of Madeira (henceforth MAM circuits<sup>2</sup> – and the ring connections between various islands of the Azores (Inter-island circuits) supported by submarine cables which are the property of MEO - Serviços de Comunicação e Multimedia S.A. (MEO), having decided, by determination of 1 September 2016, to impose on MEO<sup>3</sup>, among others, the obligation to control prices, including the obligation for prices to be in line with costs<sup>4</sup>.

The main purpose of this decision is to improve the conditions of competition in the market, with benefits for operators and service providers (OSP) providing alternatives to MEO, who must lease those connections (leased lines<sup>5</sup>) to carry out their activity, and so that consumers in general, in the AR, may enjoy a wider range of retailer offers.

In order to monitor compliance with this obligation, ANACOM also determined in that decision that prices of MAM lines and Inter-island lines would be reviewed on an annual basis, and, for this purpose, MEO was required to make cost data available every year (including operating and maintenance costs, as well as incurred and forecasted investment costs) and data on capacity contracted by OSP and reserved by MEO itself.

Thus, in 2017, ANACOM analysed the costs of these circuits/infrastructure and decided, on 6 July 2017<sup>6</sup>, to maintain the (maximum) prices of the MAM lines and Inter-island lines, within the scope of the leased lines reference offer (LLRO) and reference Ethernet leased lines offer (RELLO), until the next annual review of these prices. In this decision, ANACOM also determined that, in the future, the annual review of prices of MAM lines and Inter-island lines

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<sup>1</sup> Respectively, market 4 and ex-market 14 of the Commission Recommendation on relevant product and service markets within the electronic communications sector susceptible to *ex ante* regulation – henceforth ‘analysis of market 4’.

<sup>2</sup> The set of MAM circuits (over the submarine cable optical infrastructure) form a ring which connects the Mainland, the AR of the Azores (ARA) and the AR of Madeira (ARM).

<sup>3</sup> The operator designated as having significant market power – SMP – in the trunk segments leased lines market.

<sup>4</sup> Decision available at <https://www.anacom.pt/render.jsp?contentId=1395262>.

<sup>5</sup> In the wholesaler trunk segments component.

<sup>6</sup> Available at <https://www.anacom.pt/render.jsp?contentId=1414400>.

should take place in the second half of the year, in order to be based on final annual data, and not on cost estimates submitted by that operator <sup>7</sup>.

This document thus covers the annual cost analysis and revision of MAM circuit and inter-island circuit prices, based on the most recent final costing data, i.e. for 2017.

In view of the above, in order to carry out this analysis, ANACOM requested, on 9 July 2018, detailed information on the costs of the referred circuits in 2017, with MEO having simultaneously responded by electronic mail and by letter of 7 of August 2018.

Following the analysis of this response, and regarding the investment that MEO reported to be making in the MAM ring, on 28 August 2018, ANACOM requested additional information, particularly regarding the strategic context of this and estimates of the evolution in demand and revenues from the expected business potential, with MEO having responded by email and letter dated 19 September 2019.

By decision of ANACOM's Board of Directors, on 7 November 2018<sup>8</sup>, a draft decision on the prices of the MAM circuits and Inter-island circuits (hereinafter SPD - Draft Decision) was approved.

The aforementioned SPD was submitted to a prior hearing of interested parties, in accordance with and for the purposes of articles 121 et seq. of the *Código de Procedimento Administrativo* (Administrative Procedure Code), as well as to the general consultation procedure established in Article 8 of the *Lei das Comunicações Eletrónicas* (LCE - Electronic Communications Law)<sup>9</sup>; in both cases, interested parties were given a period of 20 working days in which to respond.

The consultation procedures took place until 5 December 2018, having been received within the period established for this purpose, statements from the following:

- MEO – Serviços de Comunicações e Multimédia, S.A. (MEO);
- NOS, SGPS, S.A. (NOS);
- ONITELECOM – Infocomunicações, S.A. (ONI);

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<sup>7</sup> It should be noted that on the date of the previous analysis of the prices for the MAM lines and Inter-island lines, final values were only available for the 1st six months of 2016, such that costs were analysed with final values established for 2015 and estimated values for 2016.

<sup>8</sup> Available at <https://www.anacom.pt/render.jsp?contentId=1463480>.

<sup>9</sup> (Law no. 5/2004 of 10 February, in its current wording)

- VODAFONE Portugal – Comunicações Pessoais, S.A. (VODAFONE);

As a result, the corresponding report was drawn up, considered to be an integral part of this decision, which includes the positions expressed on the SPD, as well as ANACOM's opinion on them.

Under the terms of subparagraph d) of paragraph 3 of ANACOM's Consultation Procedures<sup>10</sup>, approved by determination of 12 February 2004, this Authority publishes all statements received on its Website, safeguarding any information of a confidential nature.

By decision of 24 January 2019<sup>11</sup>, ANACOM approved a draft final decision on the revision of the prices of the MAM circuits and the prices of the Inter-island circuits supported by submarine cables owned by MEO, as well as the prior hearing and the consultation report to which the respective draft decision was submitted.

In compliance with the applicable procedures, this draft decision was notified, on 25 January 2019, to the European Commission (EC), the Body of European Regulators for Electronic Communications (BEREC) and the national regulatory authorities of the other Member States of the European Union.

By letter of 30 January 2019<sup>12</sup>, the EC requested ANACOM to provide information on the said draft final decision in accordance with article 5, paragraph 2 of the Framework Directive. After analysing the information submitted by ANACOM on 4 February 2019, on 18 February 2019, the EC announced that, having examined the notification, it had no observations to make and ANACOM could, pursuant to paragraph 7 of article 7 of the Framework Directive, approve the draft measure.

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<sup>10</sup> Available at <https://www.anacom.pt/render.jsp?contentId=420767>.

<sup>11</sup> Available at <https://www.anacom.pt/render.jsp?contentId=1467886>.

<sup>12</sup> With reference Ares(2019)534313 - 30/01/2019.

## 2. Analysis

The present analysis uses the final data submitted by MEO on the annual costs of submarine cables used in the MAM circuits and Inter-island circuits and associated activities, determined under the scope of its Cost Accounting System (CAS) for 2017<sup>13</sup>.

In the case of the MAM and Inter-island Ethernet circuits, the same methodology used in the 2017 analysis was adopted.

### 2.1 Traditional MAM and Inter-island lines

According to data from the LLRO submitted quarterly by MEO, at the end of 2017 the pool of traditional lines was one (single) MAM circuit for one OSP.

As such, and bearing in mind the downward trend in demand, currently zero, and the very much reduced size of the pool of traditional lines<sup>14</sup>, ANACOM takes the view that it should not undertake any changes to prices in force for traditional MAM and Inter-island lines, regulated under the scope of the LLRO.

### 2.2 MAM Ethernet lines

With regard to the capacity of the network infrastructure supported by MEO submarine cables, based on the data provided in the aforementioned letters, it is estimated that the Ethernet capacity used in the MAM ring at the end of the year 2017 was [BCI] [ECI]<sup>15</sup> Gigabit per second (Gbps), with the following breakdown by technology and OSP:

- (a) [BCI] [ECI] Gbps connected/reserved for MEO in the MPLS network;
- (b) [BCI] [ECI] supported in the SDH network;
- (c) [BCI] [ECI] supported in DWDM.

<sup>13</sup> The data related to the investment made by MEO in the 1st half of 2018 on some sections of the Inter-island ring were also analysed, as well as the ongoing investment in increasing the capacity on the sections of the MAM ring, which MEO expects to be completed by the end of 2018.

<sup>14</sup> The average annual pool was 8 traditional circuits in 2015, passing to 4 in 2016 and less than 3 in 2017.

<sup>15</sup> [BCI]: [beginning of confidential information] and [ECI]: [end of confidential information].

In its letters, MEO once again highlighted that in (its) MPLS network, a packet data transmission network, there is a sharing of resources by the services that are consuming debit simultaneously due to the statistical multiplexing of the packages belonging to the various services, but there is no concept of capacity reserve per service or operator, but a total reserved/connected capacity for the MPLS network, to be used by all the services supported on it (N2 Ethernet, VPN, VLAN, among others). MEO thus considers that it is not possible to establish unambiguously which capacity is allocated to a particular service/operator<sup>16</sup>.

ANACOM notes that this is not a new matter and it has already been analysed and discussed in the context of the last analysis of Market 4 and the previous decision on the prices of MAM circuits and Inter-island circuits<sup>17</sup>.

It should be stressed that for ANACOM, and regardless of the strictly technical and technological considerations associated with the routing of data/packet traffic in the MEO network infrastructure, what is relevant is accounting for all the capacity that is actually being used by and/or reserved/linked to each operator, i.e. to MEO and to the alternative operators.

In the case of the MPLS network, MEO seems to claim that this is a network shared by operators, but this is not correct. That is, it is a network (infrastructure) only of MEO (with its own equipment and managed by it), and this company uses it to carry out most of its own traffic, so all reserved/connected capacity must be accounted for by MEO. This with the exception of the capacities of the point-to-point N2 Ethernet circuits leased by the alternative operators supported in this network, a situation which moreover is new to ANACOM, since that company has always recognized that “*circuits are not configured in a permanent or dedicated form in the MPLS network*”<sup>18</sup>, capacity which was taken into account by ANACOM in the analysis carried out in 2017.

ANACOM acknowledges that the traffic carried in the MEO MPLS network may include, as this company mentions, traffic originating and/or intended for alternative operators, but this switching and transport service is already remunerated downstream, e.g. by providing a VPN service, and

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<sup>16</sup> MEO mentioned that the capacities it identified vis-à-vis the other operators have been exclusively point-to-point N2 Ethernet circuit capacity contracted by these operators, in so far as, in this case, logical links in the MPLS network between the terminal points are configured in the name of the operators in question and, as such, identifiable.

<sup>17</sup> See in particular the Report of the public consultation and prior hearing for the 2017 decision, available at <https://www.anacom.pt/render.jsp?contentId=1409942>.

<sup>18</sup> As already mentioned in the Report of the public consultation and prior hearing on the SPD on the prices of the MAM and Inter-island circuits for 2017.

cannot be confused with the service of (trunk segment) leased lines in the MAM ring (and in the Inter-islands ring), which MEO itself does now, by excluding the traffic carried in the N2 Ethernet circuits configured and supported on the same MPLS network.

In addition, and more importantly, MEO cannot use the reserved/linked capacity (which is not being used) in its MPLS network for purposes other than carrying its own traffic. Unless it is to provide the service of leased lines, as it mentions it is doing, but with a clear identification of the capacity allocated and to which OSP.

Therefore, ANACOM intends to maintain the capacity accounting methodology currently in use in the MAM (and Inter-island) rings.

As regards the costs of providing (leased lines) services on MEO's submarine cable infrastructure in the MAM ring, according to MEO's CAS data for 2017, the costs associated with the 'MAM Submarine Cables' activity were [BCI] [ECI]<sup>19</sup> Euros.

Taking into account the costs of this activity and the capacity utilized at the end of 2017 detailed above, of [BCI] [ECI] Gbps, it is estimated that the annual depreciation cost per Gbps of a MAM circuit associated with said activity, in 2017, was [BCI] [ECI] Euros.

To this value must be added:

- the cost of demultiplexing equipment located in exchanges for access to the underwater part of the MAM lines<sup>20</sup>, which amounted in 2017 to [BCI] [ECI] Euros per Gbps and per (non-secured) section.
- a percentage to cover other costs, such as common costs and commercial costs (including customer services, invoicing and collection costs), representing (in 2017) [BCI] [ECI]% of network costs for the MAM circuits, which translates into [BCI] [ECI] Euros per Gbps; and also
- the cost of capital resulting from the transfer of ex-Marconi, allocated to the activities "MAM Submarine Cables", to the amount of [BCI] [ECI] Euros per Gbps,

<sup>19</sup> Includes investment costs (depreciation and cost of capital) and operation and maintenance costs (O&M). It should be mentioned that the latter showed an increase of [BCI] [ECI]% between 2016 and 2017, especially in percentage, in the item [BCI] [ECI] and, in amount, in the item [BCI] [ECI].

<sup>20</sup> Which are the exchanges of Carcavelos (01CV01), of Picoas (01LX00) and of Boa-Hora (01LX22) in the Mainland, the Fajã de Baixo exchange (96PD02), in São Miguel, in the Azores and the exchange of Nazaré (91FX03) on the island of Madeira, including, in addition, the exchange of Ponta Delgada (96PD01) in the Azores.



with it being estimated that the total cost of a non-secured MAM circuit<sup>21</sup> in 2017 was [BCI] [ECI] Euros per Gbps.

Considering that the price of a 1 Gbps MAM line in the RELLO is currently 2 534 Euros per month, it is noted that this price is higher than the costs calculated for 2017 of [BCI] 2 185 [ECI] Euros per Gbps per month, with an estimated margin slightly above 10%, specifically of [BCI] [ECI] %.

It should be noted, however, that according to MEO an increase is underway to the capacity of [BCI] [ECI] Gbps in each section of the MAM ring, the entry into service of which is expected to occur by the end of 2018, with a total investment of [BCI] [ECI] million Euros<sup>22</sup>.

As mentioned above, ANACOM asked that company for additional information on this investment, particularly details regarding its strategic context, the companies possibly interested in reserving additional capacity in the said ring and estimating the evolution of revenues against the expected business potential<sup>23</sup>.

It its letter of 19 September 2018, MEO mentioned that, “*from an efficiency point of view*”, it decided to carry out an expansion of its network [BCI]

[ECI] in each of its MAM ring sections<sup>24</sup>.

However, taking into account the estimates for the capacity used at the end of 2018, which have not significantly changed from the capacity utilised at the end of 2017, of [BCI] [ECI]

<sup>21</sup> That is, a link/section between the Mainland and the ARA or between the Mainland and the ARM or between the ARA and the ARM.

<sup>22</sup> According to MEO, the main component of the investment to be made in 2018 on terminal equipment assets in the MAM ring concerns [BCI] [ECI] % of the total investment, which would always be necessary regardless of the installed capacity, representing the remaining investment of [BCI] [ECI].

<sup>23</sup> In terms of the estimate for the end of 2018, and in view of the capacities contracted at the end of June 2018, MEO is considering supplying [BCI] [ECI] Gbps on the Continent-ARA section of the MAM ring, not being expected [BCI] [ECI].

<sup>24</sup> MEO emphasized that the total installed capacity in the MAM (and Inter-islands) rings, resulting from the investments now being made, will probably be [BCI]

[ECI]. At the end of the 1st half of 2018, the following was deactivated [BCI] [ECI], with total installed capacity in the MAM ring becoming [BCI] [ECI] Gbps; with the extension underway which MEO estimates will be completed by the end of 2018, total installed capacity will become [BCI] [ECI] Gbps.

Gbps, ANACOM foresees that such investment will not be considered efficient against (the absence of) evolution in demand:

- firstly, the capacity used in 2017, according to MEO's methodology, represented about [BCI] [ECI]% of the total capacity available in the LAM ring<sup>25</sup>;
- furthermore, MEO's investment resulted in an increase in the total available capacity in the ring greater than [BCI] [ECI] by the end of 2018, without the capacity used estimated by MEO itself for the same period increasing more than [BCI] [ECI] Gbps, which would be totally supported by the existing capacity in 2017;
- this capacity available at the end of 2018 will represent about 10 times more than the capacity used on the same date, according to MEO's own estimates.

Therefore, ANACOM foresees that those costs may not be considered eligible for the determination of the wholesale price of the LAM Ethernet circuits, since ANACOM considers that it is not appropriate, reasonable and proportional to charge the other operators with higher prices resulting from this opportunity from which only MEO benefits.

Indeed, according to MEO, this investment was an opportunity in which "[BCI]

<sup>26</sup> [ECI]".

It should also be recalled in this respect that ANACOM, in its analysis of 2017, decided to change the period in which it carries out the annual revision of the MAM circuit and inter-island circuit prices, therefore postponing it, considering that the analysis supported by final costing data, (in this case, 2017) is more accurate and robust, and as such, specifically, the costs for 2018 will be assessed in detail in the next analysis.

In conclusion, given the above estimated margin for the price of one MAM circuit of 1 Gbps defined in the RELLO, taking into account the costs calculated for 2017 and the need to ensure regulatory predictability and conditions for regulated wholesale offers, ANACOM has

<sup>25</sup> According to ANACOM's estimates, the capacity used represented about [BCI] [ECI]% of the total capacity available in the LAM ring.

<sup>26</sup> It is important to also mention that, according to MEO, "[BCI]  
[ECI]; with ANACOM considering it is also feasible to use this in other network projects/sections of MEO's core network.

decided to impose a 10% price reduction<sup>27</sup> (maximum) per non-secured section/line (between any of the exchanges for access to the underwater part), within the RELLO<sup>28</sup>, as shown in **Table 1**.

**Table 1. Maximum monthly price per MAM non-secured section/line<sup>29</sup>**

Debit	Price (Euros) <sup>30</sup>
10 Mbps	314
100 Mbps	691
1 Gbps	2 281
10 Gbps	22 803

This reduction makes it possible to allow for possible changes in costs which are not very significant, avoiding annual fluctuations in very small prices that are objectively unnecessary, as they would introduce unpredictability and instability into the markets.

## 2.3 Inter-islands Ethernet lines

As regards Inter-island lines that rely exclusively on submarine cables owned by MEO, a similar methodology to the one used for MAM Ethernet lines was once again adopted (and in the 2017 analysis), bearing in mind, for this purpose, the following:

- (a) costs with Inter-island lines, associated with the “Inter-island Submarine Cables” activity;
- (b) occupation of sections that make up the Inter-island ring in the ARA, namely the total pool of self-owned and leased lines to third parties that uses resources in this submarine cable, per section;
- (c) the length of the Inter-island ring, per section.

In this context, ANACOM began by calculating the capacity used throughout the ring, which was estimated<sup>31</sup> to be [BCI] [ECI] Gbps, by the end of 2017, with the following breakdown according to section (**Table 2**):

<sup>27</sup> This reduction will have a direct negative impact on the total income MEO earns from the operators, to the amount of [BCI] [ECI] Euros.

<sup>28</sup> Prices published in Annex 2 to RELLO. To the prices of the MAM Ethernet section/line must be added prices of the respective land trunk segments (where appropriate) and of internal extensions/or terminating segments.

<sup>29</sup> Where operators request one or two MAM sections/lines with a given capacity to be secured, MEO must propose an appropriate solution; however, the price must not exceed, in any case, three times the price due for non-secured contracted sections/lines.

<sup>30</sup> The current ratio between the monthly prices of the circuits for the various debits, in relation to the price of one 1 Gbps circuit, is maintained.

<sup>31</sup> On the basis of data submitted in the letter from MEO on 7 August 2018.

**Table 2. Capacity per section in the Inter-island ring, in 2017 [BCI]**

Inter-island sections	Capacity 2017 (Gbps)
Sta. Maria – S. Miguel	
S. Miguel – Terceira	
Terceira – Graciosa	
Graciosa – S. Jorge	
S. Jorge – Faial	
Faial – Pico	
Pico – Sta. Maria	
<b>Total</b>	

[ECI]

Subsequently, the cost per section of the “Inter-island Submarine Cables” activity was calculated, considering that the allocation to each section of the total cost of activities should be conducted on the basis of the respective lengths, which resulted in the following cost per section (Table 3):

**Table 3. Cost of the “Inter-island Submarine Cables” activity (including operational costs) per non-secured section for 2017<sup>32</sup> [BCI]**

Inter-island sections	Totals (annual) per section (Euros)
Sta. Maria – S. Miguel	
S. Miguel – Terceira	
Terceira – Graciosa	
Graciosa – S. Jorge	
S. Jorge – Faial	
Faial – Pico	
Pico – Sta. Maria	
<b>Total</b>	

[ECI]

To these values must be added:

- the cost of demultiplexing equipment located in exchanges for access to the underwater part of the Inter-island lines, which amounted in 2017 to [BCI] [ECI] Euros por Gbps and per (non-secured) section;
- common and commercial costs (including invoicing and collection costs), that represent (in 2017) [BCI] [ECI]% of network costs allocated to Inter-island links, i.e., the costs of the “Inter-island Submarine Cables” activity, the operational costs and the demultiplexing costs;

<sup>32</sup> Includes investment costs (depreciation and cost of capital) and O&M costs.

- the cost of capital resulting from the transfer of ex-Marconi, allocated to the referred activity in 2017, which amounted to [BCI] [ECI] Euros, and which, according to MEO, must be allocated to each section on the basis of the respective lengths,

a total cost of Inter-island lines of [BCI] [ECI] Euros per Gbps is estimated for 2017.

Prices of 1 Gbps Inter-island lines, as currently defined in the RELLO, thus appear on average higher than the respective costs in 2017, a margin of [BCI] [ECI]% being estimated for this ring.

Just as for the LAM ring, ANACOM asked MEO for additional information on the investment made concerning the Inter-island lines, particularly details regarding its strategic context, the companies possibly interested in reserving additional capacity in the said lines and estimating the evolution of revenues against the expected business potential<sup>33</sup>.

MEO reported that in the 1st half of 2018, it had carried out a new extension of the capacity of the Inter-island ring, of [BCI] [ECI], which involved an additional investment of [BCI] [ECI] Euros<sup>34</sup>.

However, and for the same reasons stated for the MAM Ethernet circuits, ANACOM foresees that such investment costs for 2018 may not be accounted for in estimating the margin obtained with these circuits (in 2018). In any case, and as with that stated regarding the LAM circuits, the costs for Inter-island circuits for 2018 will be assessed in the next analysis.

Thus, given the above estimated margin for the prices of 1 Gbps Inter-island lines defined in the RELLO, taking into account the costs calculated for 2017, ANACOM has decided to impose a 6% reduction in the current monthly maximum prices of a non-secured Ethernet circuit for the underwater sections of the Inter-island ring within the RELLO<sup>35</sup> as shown in **Table 4**:

<sup>33</sup> According to MEO, the [BCI] [ECI] in 2017 contracted [BCI] [ECI] circuits at [BCI] [ECI] Gbps in the [BCI] [ECI] and, in 2018, carried out [BCI] [ECI] in the Sta. Maria – São Miguel section of the same ring. That company does not foresee, by the end of 2018, the occurrence of [BCI] [ECI].

<sup>34</sup> MEO took the decision to extend its network in the Inter-island ring for the same reasons previously mentioned regarding the investments in the LAM ring.

<sup>35</sup> Prices published in Annex 2 to RELLO. It should be noted, as laid down in this offer, that: (a) the price of a fully secured line in the Inter-island ring corresponds to the sum of the prices of the seven sections that make up the ring; (b) the price of a line that uses Inter-island sections in the ARA should correspond to the sum of the prices of the Inter-island sections corresponding to the route that occupies fewest sections between the origin and destination, based on the structure of MEO's Inter-island ring.

**Table 4. Maximum monthly price for one Inter-island circuit per section (without being secured)**

Inter-island sections	Price per debit (Euros) <sup>36</sup>			
	10 Gbps	1 Gbps	100 Mbps	10 Mbps
Sta. Maria – S. Miguel	7 946	794	241	109
S. Miguel – Terceira	12 255	1 226	371	169
Terceira – Graciosa	6 446	645	196	88
Graciosa – S. Jorge	7 352	735	223	102
S. Jorge – Faial	5 915	591	180	82
Faial – Pico	5 630	563	170	77
Pico – Sta. Maria	16 383	1 638	496	226

Also for the Inter-island circuits, this reduction makes it possible to allow for possible changes in costs which are not very significant, avoiding annual fluctuations in very small prices that are objectively unnecessary, as they would introduce unpredictability and instability into the markets.

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As for the LAM lines, to the prices of the Inter-island lines must be added the prices of the respective land trunk segments (where appropriate) in the terminating islands and the prices of the internal extensions and/or terminating segments.

<sup>36</sup> The current ratio between the monthly prices of the Inter-island circuits of the various debits, in relation to the price of one 1 Gbps circuit, is maintained in each of the sections.

### 3. Determination

Considering the analysis made and whereas:

- (a) MEO is subject, as regards the leased lines offer, and further to the analysis of market 4, to the obligation, among others, of price control, including the obligation for cost-orientation of prices;
- (b) in that market analysis, ANACOM determined that the prices of MAM lines and Inter-island lines would be reviewed on an annual basis, in order to monitor compliance with this obligation;
- (c) pursuant to sub-paragraph a) of paragraph 3 of article 68 of the LCE, ANACOM may decide to change the reference offers, at any time and if necessary with retroactive effect, in order to make effective the obligations imposed in accordance with the provisions of article 66 of the LCE;
- (d) by decision of ANACOM's Board of Directors, on 7 November 2018, a draft decision on the prices of the MAM circuits and Inter-island circuits was approved, which was submitted to a prior hearing of interested parties, in accordance with articles 121 et. seq. of the *Código de Procedimento Administrativo* (Administrative Procedure Code), as well as to the general consultation procedure established in article 8 of the LCE;
- (e) the contributions received as part of these procedures were analyzed in the “Report of the public consultation and prior hearing on the draft decision concerning the prices of the MAM circuits and Inter-island circuits”,

ANACOM's Management Board, within the scope of the powers provided for in sub-paragraphs a), b) and h) of paragraph 1 of article 8 of ANACOM's Statutes, approved by Decree-Law No. 39/2015, of 16 March, in the exercise of powers provided for in sub-paragraph a) of paragraph 1 of article 9 of its Statutes, and in the pursue of its regulatory objectives and principles, especially that provided for in sub-paragraph a) of paragraph 1 and in paragraph 6, both of article 5 of the LCE, and under paragraph 3 of article 68 of the same law, and to implement measures determined further to the analysis of Market 4, hereby determines:

1. MEO must:

- (a) Maintain the prices of traditional circuits, within the framework of MEO's LLRO regulated offer.
  - (b) Reduce the (maximum) prices of MAM circuits by 10% and Inter-island circuits by 6%, within the framework of MEO's RELLO regulated offer. The new prices should enter into force from the date of approval of the draft decision which preceded the present decision.
2. Communicate the decision in the previous point to the European Commission.