

REPORT - FINANCIAL YEAR 2017

REGARDING

**ADMINISTRATIVE COSTS AND SUMS RESULTING FROM THE COLLECTION OF
FEES REFERRED TO IN POINTS a) to d) of PARAGRAPH No. 1 OF ARTICLE 105 OF
THE ELECTRONIC COMMUNICATIONS LAW**

(LAW No. 5/2004 OF 10 FEBRUARY)¹

**PREPARED UNDER THE TERMS OF PARAGRAPH No. 5 OF ARTICLE 105 OF THE
LEI DAS COMUNICAÇÕES ELETRÓNICAS (ELECTRONIC COMMUNICATIONS LAW)**

¹ Republished by Law no. 51/2011 of 13 September, and as subsequently amended by Law no. 10/2013 of 28 January, by Law no. 42/2013 of 3 July, Decree-Law no. 35/2014 of 7 March, Law no. 82-B/2014 of 31 December, Law no. 127/2015 of 3 September, Law no. 15/2016 of 17 June and Decree-Law no. 92/2017 of 31 July.

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1. Legal framework and background

1.1. Law no. 5/2004 of 10 February, amended and republished by Law no. 51/2011 of 13 September, and subsequently amended by Law no. 10/2013 of 28 January, by Law no. 42/2013 of 3 July, Law no. 82-B/2014 of 31 December, Decree-Law no. 35/2014 of 7 March, Law no. 82-B/2014 of 31 December, Law no. 127/2015 of 3 September and Law no. 15/2016 of 17 June, and by Decree-Law no. 92/2017 of 31 July, establishes the legal regime applicable to electronic communications networks and to services and related resources and services (LCE) and defines, in article 105, that the following are subject to the imposition of fees, with revenues from said fees constituting revenues for ANACOM:

- a) Declarations supporting rights issued by the NRA pursuant to paragraph 5 of article 21;
- b) Exercise of the activity of electronic communications networks and services provider, on an annual basis;
- c) Assignment of rights of use of frequencies;
- d) Assignment of rights of use for numbers and the reservation thereof;
- e) Use of numbers;
- f) Use of frequencies.

Also according to the LCE, the amounts of fees referred to in points a) to d) shall be “determined with regard to the administrative costs incurred in the management, control and enforcement of the general authorisation scheme, and the rights of use and the specific obligations referred to in article 28, which may include costs of international cooperation, harmonisation and standardisation, market analysis, monitoring of compliance and other market control, as well as regulatory work involving the preparation and enforcement of secondary legislation and administrative decisions, such as decisions on access and interconnection; such fees shall be imposed upon companies in an objective, transparent and proportionate manner, which minimises additional administrative costs and associated charges”.

1.2. Administrative Rule no. 1473-B/2008 of 17 December (as amended and republished by Administrative Rule no. 291-A/2011 of 4 November, subsequently amended and republished by Administrative Rule no. 296-A/2013 of 2 October and amended by Administrative Rule no. 378-D/2013 of 31 December and by Administrative Rule no. 157/2017 of 10 May, sets the amounts of the fees referred to above; these fees entered into force on 1 January 2009. Publication of Administrative Rule no. 1473-B/2008 was preceded by a discussion by ICP-ANACOM's Advisory Board, whose members included representatives of providers of electronic communications networks and services. This discussion was based on a document entitled "*Modelo de Taxas do ICP-ANACOM*" (ICP-ANACOM Fees Model). The review instigated by Administrative Rule no. 296-A/2013 was preceded by a public consultation, which ICP-ANACOM conducted in the context of its assignments of providing assistance to the Government.

1.3. Pursuant to paragraph 5 of article 105 of the LCE, the NRA shall publish an annual report of its administrative costs and of the total sum resulting from the collection of fees referred to in points a) to d) of paragraph no. 1, so that it may perform appropriate adjustments in respect of the difference between the total sum of the fees and the sum of administrative costs. That report, as presented now, relates only to fees whose amounts are determined based on administrative costs and excludes the fees referred to in paragraphs e) and f) of article 105 of the aforementioned LCE, fees which "shall reflect the need to ensure the optimal use of frequencies and numbers" and are not therefore subject to cost orientation. It should be noted that the fees referred to in points a), c) and d) of paragraph no. 1 of article 105 of the LCE were set on the basis of "unit costs related to the issue of declarations, based on a typical situation, and assuming efficient performance by ICP-ANACOM²". This implies that, for fees of this type, the values are not directly adjusted according to the costs actually incurred, except where there is a review of the unit costs.

² As according to the "*Modelo de Taxas do ICP-ANACOM*" (ICP-ANACOM Fees Model), paragraph 25, page 15.

1.4. As regards the fees referred to in point b) of paragraph 1 of article 105 of the LCE, a costing methodology was established in order to determine the costs related to the various areas of activity, based on the ABC – Activity Based Costing – system. At the same time, ICP-ANACOM developed an additional process to classify costs, enabling it to determine these costs in accordance with paragraph no. 4 of article 105 of the LCE, also enabling the distribution of costs related to ANACOM's other activities, pursuant to its Statutes. This methodology is described in Annex I, a document which has already been incorporated into the "ICP-ANACOM Fees Model" as discussed by ICP-ANACOM's Advisory Board.

1.5. By determination of ANACOM's Board of Directors of 20 July 2017 (DE2017CA), in execution of the provisions of Annex II of Administrative Rule no. 1473-B/2008 (as amended by Administrative Rule no. 296-A/2013) and based on the average value of the cost component (expenses) without provisions over the last 3 financial years, plus the average value of provisions for lawsuits related to the electronic communications sector from the last 5 financial years, as well as the amount of relevant revenues reported by entities supplying electronic communications networks and services, the following was approved:

- a) The sum of costs incurred in regulating the activity of electronic communications networks and services provider, making a total of €31 290 315;
- b) The publication of a document on ANACOM's website explaining how its administrative costs were calculated, pursuant to paragraphs nos. 1 and 2 of Annex II to Administrative Rule no. 1473-B/2008;
- c) The auditing of electronic communications networks and services providers which, in 2016, reported more significant levels of relevant revenues and larger variations in values (versus civil year 2015). These procedures are to be conducted in light of the fact that one operator of significant size adopted the view that a substantial portion of its revenues should not be deemed as relevant. This auditing set out to assess whether the criteria used by the various providers were uniform and, where warranted, correct the submitted values.

1.6. The auditing referred to in point 1.5 was performed by the company Grant Thornton & Associados – Sociedade de Revisores Oficiais de Contas, Lda., and demonstrated that changes in the relevant revenues, as reported by certain operators, were warranted. Based on the audit report and after a preliminary hearing of interested parties, by decision of the Board of Directors of 16.11.2017 (DE2017CA), ANACOM approved the following:

- a) To determine a t2 contribution rate of 0.7195%, set pursuant to paragraph no. 2 of Annex II to Administrative Rule no. 1473-B/2008 (as amended by Administrative Rule no. 296-A/2013 of 2 October);
- b) To issue notices to settle fees payable in respect of the exercise of the activity of electronic communications networks and services provider, taking into account the adjustments made to the values of relevant revenues as having resulted from the audit.

1.7. Following the determination referenced in the point above, ANACOM published data on its website on how the t2 contribution rate (0.7195%) had been calculated, as well as information on the new total sum of relevant revenues (€4 340 635 911) reported by tier 2 entities, determined in the context of the auditing performed by the company Grant Thornton & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

2. Determination of costs for purposes of the application and settlement of fees payable in respect of the exercise of the activity of electronic communications networks and services provider, in July 2017 and the determination of the t2 contribution rate in November 2017

2.1. According to the conceptual model for the determination of fees referred to above, the administrative costs (defined under the terms of paragraph no. 4 of article 105 of the LCE), which constitute the rateable base of the annual fee payable in respect of the exercise of the activity of electronic communications networks and services provider, were determined based on a three-year average comprising 2014, 2015 and 2016, as under the new wording of paragraph no. 1 of Annex II to Administrative Rule no. 1473-B/2008, applicable as from 1 January 2014, under the terms of article 13, paragraph no. 2 of Administrative Rule no. 296-A/2013.

2.2. The value of provisions for ongoing legal actions was determined based on the average for the last five years, understood as between 2012 and 2016, under the new wording of paragraph no. 1 of annex II to Administrative Rule 1473-B/2008, applicable as from 1 January 2014, under the terms of article 13, paragraph no. 2 of Administrative Rule no. 296-A/2013.

2.3. Accordingly, Tables 1 and 2 set out the calculation of costs considered for purposes of the application and settlement of fees payable in respect of the exercise of the activity of electronic communications networks and services provider for 2017:

Table 1 – Calculation of the costs considered for the purposes of the application and settlement of fees payable by providers of electronic communications networks and services for 2017 (euros)

Breakdown of costs of ANACOM (without provisions)					Provisions (5-year average)	Breakdown of costs of ANACOM (with provisions)
	2016	2015	2014	Average (3 years)		
1. Regulation and spectrum management costs	38 159 566	38 122 819	36 881 186	37 721 190	9 799 594	47 520 784
1.1 Costs related to Electronic Communications	31 832 808	31 568 558	29 707 978	31 036 448	9 762 496	40 798 944
1.1.1 Administrative costs	22 724 908	22 376 615	20 267 678	21 789 734	9 762 496	31 552 230
a) Declarations supporting rights	40 040	111 599	83 244	78 294		78 294
b) Exercise of the activity of networks and services provider	22 469 348	22 088 021	20 026 086	21 527 818	9 762 496	31 290 315
c) Assignment of rights of use of frequencies	187 013	154 324	122 161	154 499		154 499
d) Assignment of rights of use of numbering	28 507	22 671	36 186	29 121		29 121
1.1.2 Frequency management costs	8 969 772	9 055 497	9 176 837	9 067 369		9 067 369
1.1.3 Numbering management costs	138 128	136 445	263 463	179 345		179 345
1.2 Costs of Postal regulation	1 723 198	1 870 955	1 915 994	1 836 716	37 098	1 873 814
1.2.1 Exercise of the activity of provider of postal services	1 706 642	1 847 974	1 907 356	1 820 657	37 098	1 857 755
1.2.2 Authorisations and licences	16 556	22 981	8 638	16 058		16 058
1.3 Other regulation costs	4 603 559	4 683 307	5 257 215	4 848 027		4 848 027
2. Other expenses	2 553 541	2 538 682	2 698 567	2 596 930		2 596 930
3. Total costs	40 713 107	40 661 502	39 579 754	40 318 121	9 799 594	50 117 715

Table 2 - Provisions in respect of ongoing legal proceedings – average amount for the last five years (euros)

YEARS	2016	2015	2014	2013	2012	Average
Provisions associated with electronic communications	8 559 888	9 806 240	5 900 288	20 930 103	3 615 963	9 762 496

2.4. The t2 contribution percentage was determined according to the following formula:

Year 2017

Formula: $t2 = (C - t1n1) / \Sigma R2$;

C = Total costs of regulating the activity of providers of electronic communications networks and services, amount corresponding to the fees payable to ANACOM in 2017 = 31 290 315 euros;

$\Sigma R0$ = Value of relevant revenues reported by tier 0 undertakings in 2016 = 2 711 722 euros;

$\Sigma R1$ = Total value of relevant revenues reported by tier 1 undertakings, in 2016 = 16 447 816 euros;

$\Sigma R2$ = Total value of relevant revenues reported by tier 2 undertakings, in 2016 = 4 340 635 911 euros;

ΣR = Total value of relevant revenues reported by all entities providing electronic communications networks and services in 2016 = 4 359 795 449 euros;

T1 = Fee payable by tier 1 undertakings (relevant revenue > 250 000 euros <= 1 500 000 euros) = 2 500 euros;

n1 = Number of tier 1 undertakings = 24;

T1n1 = 2 500 € x 24 = 60 000 euros;

t2 = Rate payable by tier 2 undertakings (relevant revenues > 1 500 000 euros) = (31 290 315 euros - 60 000 euros) / 4 340 635 911 euros = 0.7195%;

Applying the rate of 0.7195% to the relevant revenues of each tier 2 undertaking, the amount for the application and settlement of fees is obtained.

3. Settlement and collection of electronic communications fees for 2017

3.1. The collection of fees in respect of the exercise of the activity of electronic communications networks and services provider took place between November 2017 and 2018. Almost all payable fees were collected, as shown in Table 3. Collection of fees by instalments is in accordance with article 19 of the *Regulamento de Liquidação e Cobrança de Taxas devidas à ANACOM* (Regulation governing settlement and collection of fees due to ANACOM - Regulation no. 300/2009 of 15 July, as amended by Regulation no. 355/2012 of 13 August), and is subject to application of late-payment interest.

Table 3 – Application and collection of administrative fees for electronic communications

Activity	2017	
	Amount	%
Exercise of the activity of electronic communications networks and services provider		
- Applied	€ 31 290 875.38	100.00%
- Collected	€ 30 897 643.43	98.74%
- To be collected	€ 394 735.36	1.26%

Unit: euros

3.2. It should also be noted that, as of the date of this report's submission, ANACOM has been cited in three legal challenges brought in relation to the settlement of fees payable in respect of the exercise of the activity of electronic communications networks and services provider in respect of 2017.

3.3. Legal challenges to the settlement of fees payable with respect to 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016, as well as the challenge brought against Administrative Rule no. 1473-B/2008 of 17 December, remain pending.

ANNEX

A. Breakdown of ANACOM costs

Introductory Note

Breakdown of ANACOM costs with the aim of determining the regulation costs, equivalent to allocating its annual accounting expenses under the terms of its *SNC - Sistema de Normalização Contabilística* (Accounting Standardization System) and using the Activity Based Costing (ABC) methodology.

1. ANACOM's costing system

ANACOM's costing system was developed based on the Activity Based Costing (ABC) methodology and aims to identify the costs related to the development of the activities inherent to its statutory responsibilities, as well as to respond to the requirements of paragraph no. 4 of article 105 of the LCE - *Lei das Comunicações Eletrónicas* (Electronic Communications Law - Law no. 5/2004) and the provisions of paragraphs nos. 1 and 2 of article 44 of the LSP - *Lei dos Serviços Postais* (Postal Services Law - Law no. 17/2012).

Overall, two major cost groups are identified: **regulatory and spectrum management costs, and costs which are unrelated to the regulatory activity**, the latter mainly consisting of costs associated with the activity of advising and representing the State.

The breakdown of costs is as shown in Figure 1.

Figure 1: Breakdown of ANACOM costs

1. Regulation and spectrum management costs
1.1 Administrative Costs relating to Electronic Communications
1.1.1 Administrative Costs
a) Declarations supporting rights
b) Exercise of the activity of provider of networks and services
c) Assignment of rights of use of frequencies
d) Allocation of rights of use of numbering
1.1.2 Frequency management costs
1.1.3 Numbering management costs
1.2 Costs of Postal regulation
1.2.1 Exercise of the activity of provider of postal services
1.2.2 Declarations and licences
1.3 Other regulation costs
2. Other costs

2. Regulation and spectrum management costs

The costs of regulation and spectrum management comprise the costs associated with the activities of regulation, supervision, sector representation and cooperation; they include the following costs:

a) Costs associated with the electronic communications sector (pursuant to Law no. 5/2004).

To identify the costs associated with electronic communications, a breakdown is provided which enables determination of the costs associated with each of the acts defined in points a) to f) of paragraph no. 1 of Article 105 of the LCE. As such, costs are divided into the following blocks:

i) Electronic Communications costs.

Costs associated with the issuing of declarations supporting exercise of activity, assignment of rights of use of resources and all of ANACOM's regulatory and supervisory activities, as well as sector representation and cooperation in the context of regulation (points a) to d) of paragraph no. 1 of Article 105).

ii) Spectrum Management Costs.

Costs associated with the set of activities undertaken by ANACOM with respect to the planning, assignment, monitoring and oversight of the radio frequency spectrum. (point f) of paragraph no. 1 of Article 105)

iii) Numbering Management Costs (point e) of paragraph no. 1 of Article 105)

Costs associated with the set of activities performed by ANACOM with respect to the planning, monitoring and oversight of the numbering plan.

b) Costs associated with the Postal Sector

Costs associated with the issuing of declarations and licences for the exercise of the activity of postal services provider and with all activities of regulation, supervision, sector representation and cooperation.

For the identification of costs incurred with respect to postal services, a breakdown is given that enables the determination of costs associated with each of the acts defined in paragraph nos. 1 and 2 of Article 44 of the LSP.

c) Other administrative costs associated with the mission of the regulator.

Costs incurred as a result of the regulation of services which are outside the scope of Law no. 5/2004 (LCE) and likewise outside the scope of Law no. 17/2012 (LSP), including audiotext services, ITED - *Infraestruturas de Telecomunicações em Edifícios* (Telecommunications Infrastructure in Buildings), ITUR - *Infraestruturas de Telecomunicações em Loteamentos, Urbanizações e Conjuntos de Edifícios* (Telecommunications Infrastructure in Housing Developments, Urban Settlements and Concentrations of Buildings), Information Society services, amateur service and personal radio service - citizen's band (CB).

3. Costs not directly related to the regulatory activity

This category includes the remaining costs incurred by ANACOM which are not directly related to the regulatory activity³, comprising the following costs:

a) Costs incurred Advising and Representing the State

Costs arising from ANACOM's participation in providing technical representation for the Portuguese State in the sector are excluded (point c) of paragraph no. 2 of Article 8 of ANACOM's Statutes, as approved in annex to Decree-Law no. 39/2015 of 16 March), where not directly linked to ANACOM's regulatory activity. These costs are generally those associated with the following events⁴:

- i) Preparation of and participation in meetings and conferences, as well as all the exchange of information in this context.
- ii) Responses to requests of a different nature, such as technical opinions, requests for studies by the overseeing ministry, requests for information, expertise requests, and others.
- iii) Response to requests for radio easements and protection of radiocommunications services.
- iv) Development of government cooperation programmes.
- v) Monitoring of special projects (e.g. ESA).

b) Contributions and levies associated with certain groups

Includes contributions and fees payable to the following groups: ITU, UPU, UPAEP, ESA, CPLP, Satellite Organizations and URSI.

³ It is considered that these costs are not relevant to ANACOM's regulatory activity, according to the interpretation of paragraph no. 4 of Article 105 of Law no. 5/2004.

⁴ Comprises all international activity carried out within certain EU/ITU groups/committees (Council, Development Sector, Plenipotentiary Conference, World and Regional Radiocommunications Conferences), UPU, UPAEP, satellite organizations, ESA and URSI and also all the national activity carried out on behalf of the Government.

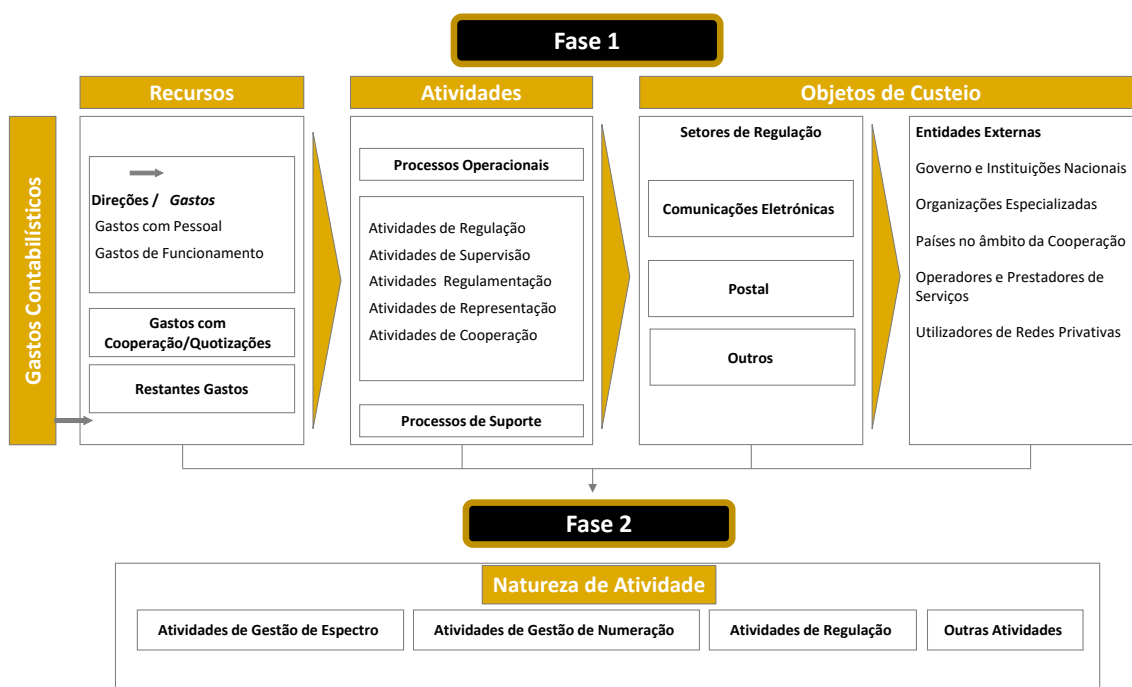
B. Methodology for allocating costs to different areas

4. Phases of ANACOM's Cost Allocation Methodology

The process of allocating costs is essentially carried out in 2 phases:

- Phase 1: Analysis and allocation of accounting expenditure associated with the processes/activities, areas of regulation and external entities of ANACOM⁵.
- Phase 2: Allocation of expenditure to the different types of activity according to the acts underlying article 105 of Law no. 5/2004 (LCE), and to the acts defined in paragraph nos. 1 and 2 of Article 44 of Law no. 17/2012 (LSP), as well as categories associated with the other sectors regulated by ANACOM, i.e. infrastructure (ITED and ITUR), the equipment sector and the information society.

Figure 2: Phases of ANACOM's Cost Allocation Methodology



(Ver a tradução no final deste documento)

4.1. Phase 1- Analysis and allocation of accounting costs to ANACOM processes/activities

Initially, expenditure is listed by groups and by department according to the following classification:

- Direct resources - expenditure directly related to regulation services, through a cause-effect relation.
- Indirect/common expenditure – expenditure not directly related to regulation services.
- Expenses associated with cooperation and contributions - specific expenses incurred as a result of ANACOM's cooperation and representation work.

⁵ The external entities considered are separated into several groups and their identification allows assessment of costs according to the classification presented in this document.

Secondly, administrative costs are allocated to processes/activities directly or using criteria that represent a cause-effect relationship between the respective nature of the cost and the process(es) which they support.

As an example, the sequence of movements to classify expenditure is summarized below:

- d) Grouping of total accounting costs by type and by department.
- e) Classification of expenditure according to the structure of prevailing work processes, regulated and non-regulated areas (services), and external entities. Analysis and allocation of costs to processes⁶/services and costing objects/entities external to ANACOM⁷.
- f) Personnel expenditure⁸ is allocated directly to the processes/services and costing objects/customers of ANACOM, in accordance with the data reported by all staff using a computer application "Report of Hours Worked (RHT)".
- g) Expenses related to international travel, travel within Portugal, advertising, specialized work, fees, training, documentation, meetings, sponsorships are directly linked to the processes/services/customers, on a case-by-case basis, notwithstanding the distribution of an insignificant value according to the Staff-Hours criterion.
- h) Expenditure on electricity, water, air conditioning, rent of the Head Office, buildings insurance, lifts, cleaning services, surveillance and security are considered as structural costs and are distributed on the basis of area, the m² used by each department. The remaining functioning expenditure specifically as related to economat, reprographics and communications, is distributed among all departments, according to their spending⁹.
- i) Expenses related to cooperation and contributions/membership fees¹⁰ are distributed according to the nature of the activity¹¹.
- j) Amortization and depreciation costs, where of a relevant amount, are associated with the work processes related to equipment, IT applications and hardware¹²; the remaining part is allocated according to Staff-hours.
- k) Provisions are allocated to the various types of activity, according to the type of provision¹³.
- l) Other expenses, particularly those for which a cause-effect relationship cannot be ascertained, are distributed according to relative cost or Staff-hours.

It should be emphasized 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, and encompass all

⁶ According to the Dictionary of Processes/Activities which supports the reporting of hours of all ANACOM staff in the application "Reporting of Hours Worked (RHT)" and the classification of expenditure. The RHT application is used to obtain the total number of ANACOM staff hours.

⁷ Combination of process and/or service or object of costing and/or external entity.

⁸ Excluding costs associated with the Christmas Party, Anniversary and other staff events, which are treated as equivalent to common expenditure (Common Costs – All activities – For distribution to other costing objects).

⁹ Being distributed to the processes/services/customers, depending on the reported hours worked by each department (Staff Hours of each department).

¹⁰ Always associated with the "Cooperation" process and a particular external entity.

¹¹ A portion of these expenditures is unrelated to the regulatory activity. See also List of Types of Activity (Figure 3).

¹² For example, amortization of equipment used by SINCRER (Integrated Remote-Control System for Radio Stations) is associated with the "Spectrum monitoring" sub-process and all radiocommunications services.

¹³ Provisions may be distributed based on direct cost or Staff-hours. Provisions for ongoing litigation accounted for in recent years have been regarded as costs incurred from regulation activities (Law no. 5/2004), spectrum management activities (Law no. 5/2004) and regulatory costs (Law No. 17/2012).

areas¹⁴. Therefore, costs related to these work processes are re-allocated among all operational processes, based on the criteria of relative costs or Staff-hours.

4.2. Phase 2 - Allocation of expenditure to the regulation sectors

In order to ensure proper allocation of accounting expenditure to each regulation sector, both within the scope of electronic communications, according to the acts detailed in paragraph no. 1 of article 105 of Law no. 5/2004, and also within the scope of postal services, according to the acts detailed in paragraphs nos. 1 and 2 of article 44 of the LSP, a process was developed which enables this allocation and which is identified as the "type of activity" process.

The type of activity is identified according to a combination - work process/regulation area (service)/external entity¹⁵. Each type of activity corresponds to a particular set of combinations¹⁶.

Expenses associated with each type of activity are allocated according to the following process:

- a) Identification of the amount of expenditure by type of activity grouping (spectrum management activities, numbering management activities, regulation activities, and others).

In summary, the costs established in respect of the Electronic Communications Sector are distributed according to the acts defined in points a) to d) of paragraph no. 1 of article 105 of the *Lei das Comunicações Eletrónicas* (Electronic Communications Law), while the costs identified in respect of the Postal Sector are distributed according to the acts defined in paragraphs nos. 1 and 2 of Article 44 of the *Lei dos Serviços Postais* (Postal Services Law).

- b) Distribution of the value of common costs (common accounting expenditure) and cooperation/contribution costs by regulation grouping, considering one of the following options as a distribution criterion, bearing in mind the type of common/cooperation expenditure:

- i) Direct allocation to the corresponding type of activity grouping through a cause-effect relation.
- ii) Proportion of expenditure directly associated with each type of activity grouping.
- iii) Proportion of Staff-hours associated with each type of activity grouping.

- c) Subsequently, after determining the expenditure by each type of activity grouping, the expenditure allocated to "all activities" involving regulation is distributed among the following regulation sectors:

- i) Electronic Communications Sector;
- ii) Postal Sector;

¹⁴ They are considered common processes.

¹⁵ The costs associated with certain external entities are not considered as regulatory costs.

¹⁶ According to the Dictionary of Processes/Activities in application at ANACOM which supports the costing system.

- iii) Other sectors outside the scope of the *Lei das Comunicações Eletrônicas* (Electronic Communications Law) and the *Lei dos Serviços Postais* (Postal Services Law).

Figure 3: List of Types of Activity

Types of Activity: Costs allocated to sectors within the scope of Law no. 5/2004	
Declarations supporting Rights	Regulation
Exercise of Activity - Regulation	Regulation
Assignment of Rights of Use of Frequencies	Regulation
Assignment of Rights of Use of Numbering and Reservation thereof	Regulation - Numbering
Spectrum Management Activities	Spectrum Management
Numbering Management Activities	Numbering Management
Types of Activity: Costs allocated to sectors outside the scope of Law no. 5/2004	
Declarations supporting Rights ¹⁷	Regulation
Exercise of Activity – Regulation ¹⁸	Regulation
Amateur and CB records and certificates ¹⁹	Spectrum Management
Assignment of Rights of Use of Numbering and Reservation thereof ²⁰	Regulation - Numbering
Spectrum Management Activities ²¹	Spectrum Management
Numbering Management Activities ²²	Numbering Management
Costs not directly related to regulatory 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 outside 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 outside Law no. 5/2004	Regulation
Common Costs - Numbering Management Activities	Numbering Management
Common Costs - Assignment of Rights of Use of Frequencies	Regulation
Common Costs - Assignment of Rights of Use of Numbering and Reservation thereof	Regulation–Numbering
Common Costs - Declarations Supporting Rights	Regulation
Common Costs - All activities - Allocation based on direct cost	
Common Costs - All activities - Allocation based on Staff-Hours	
Common Costs - All activities - Allocate to other costing objects	

Phase 1

Resources

Activities

Costing objects

¹⁷ Declarations and Licences for postal activity and registration of audiotext and VAS providers. Regulatory Sectors

¹⁸ Postal Services, ITED/ITUR, audiotext and VAS

¹⁹ Registrations and certificates associated with CB (citizen band) and amateur service.

²⁰ Audiotext and premium services.

²¹ CB and amateur service.

²² Audiotext services, VAS, premium services.

Methodology for calculating regulation costs

