

Audit of OTE's Costing System (2003-2005)

The results of the audit of the costing system of OTE for the year 2005 (reported-actual data for the year 2003), which led to identifying cost-oriented prices for the services of Interconnection, Leased Lines and voice telephony for the year 2005, have been approved by the Plenary of EETT, in its meeting, as of 3-4-2006, by the Decision 381/1/3-4-2006.

More specifically, the most important output of the cost audit for the year 2005 is the following:

1. For the first time, following three audits, cost-oriented prices were derived for the year 2005 from FDC-CCA costing system, regarding the services of Leased Lines, both at wholesale and retail level, (digital and analogue, as well as the respective connection fees), including Interconnection Leased Lines. Despite this, cost-oriented prices of the wholesale Leased Lines could not be applied for the year 2005, as they raised competition issues.
2. The monthly rental fee of the fully Unbundled Local Loop was proved

to be cost-oriented, as opposed to the one of the shared loop, for which, the calculation method used by OTE did not comply with the costing principles of shared access as specified by the "Regulation of Costing and Pricing Principles for Leased Lines, Interconnection and Local Loop Unbundling" (GG Issue 466/B/2001).

Finally, regarding the pricing policy of OTE for voice telephony services, Leased Lines, Interconnection and Local Loop Unbundling Services for the year 2006, the Plenary of EETT has issued the Decision 381/2/3-4-2006. Given that OTE had not submitted to EETT, in July 2005, as owed to, the information regarding the cost audit for the year 2006 (reported-actual data for the year 2004), and also given that the non-compliance of OTE to its obligations as specified by law cannot lead to limitation or deceleration of the development of the competition in the market and also, taking into account the results of the cost audit for the year 2005 as "indications" of the cost of relevant services, EETT has specified temporary tariffs that will remain into force, for the year 2006, until the determination of cost-oriented prices.



Fine Imposition on OTE within the Frame of Cost Audit for the Years 2005 - 2006

Fine amounting in total to 2,500,000 Euros has been imposed by EETT on OTE, as EETT has detected that the organization proceeded to infringements in the applying legislation that rules the submission of costing data to be audited by EETT. In detail, EETT has imposed on OTE:

- > A fine standing at 1,000,000 Euros for the delayed, by one year, submission of costing data, within the framework of cost audit for the year 2005. OTE owed to submit to EETT the tariffs of the services for which OTE is committed to cost oriented pricing, accompanied by all data proving the orientation of the said tariffs to the cost, within one month from the publication of the financial statements for the specific year. Given that the publication of financial statements of OTE for the year 2003 had already been completed from June 2004, OTE owed to submit to EETT, already from July 2004, any necessary data for the cost audit of the prices as they were to be applied for the year 2005.
- > Fine standing at 1,000,000 Euros for non submission of costing data within the frame of conducting the costing audit for the year 2006. OTE has not at all submitted to EETT the costing data for the year 2006. Given



that the publication of financial statements of OTE for the year 2004 has already been completed from June 2005, OTE owed to have submitted to EETT from July 2005, any necessary data for the cost audit of the prices as they were to be applied for the year 2006.

- > Fine standing at 500,000 Euros for the non timely submission to EETT of the total report data / information in order for the latter to control whether OTE conforms with the competition legislation. As EETT did not have the aforementioned report data, which were necessary for controlling the compatibility of the applied prices with the competition legislation, could not proceed to report auditing of the OTE's tariffs.

Finally, note that the above repeated delays, have brought about important delays in the approvals on behalf of EETT of the annual pricing policies of OTE, and as a result EETT was led to audit the relevant prices of OTE at the end of the year for which they should be valid. This has resulted in creating a confusion in the Electronic Communications market and in limiting the competition, a fact that affects the consumers as well as the other providers.

Publication of the Universal Directories

In May 2006, OTE, in compliance with its obligations as the Universal Service Provider (USP), completed the printing and free distribution of the 15 volumes of the Universal Directories for the year 2005.

These 15 volumes of the Universal Directories cover the following regions: Achaia, Zakynthos, Elia, Kefallonia, Western Greece, Epirus, Corfu, Lefkas, Thessalia, Peloponnesus, Eastern and Central Greece, Evia, Eastern Macedonia, Thrace, Crete, Dodecanese, Cyclades, Islands of Northern Aegean, Western and Central Macedonia and Athens.

It has to be reminded that since June 2005 OTE, in compliance with its obligations as the USP, operates the Universal Directory Enquiry Service through the short call code "11888".

Both the printed Universal Directories and the Universal Directory Enquiry Service, include the telephone numbers of all fixed and mobile telephony subscribers, with the exception of the numbers of those subscribers who have expressed their opposition to be included therein. The subscribers' data of the Universal Directory Enquiry Service is updated on a monthly basis, while the update of the printed Universal Directories is held on an annual basis.

Every volume of the printed Universal Directories is consisted of two parts. The fixed numbers are included in the first part while the mobile numbers in the second part. The publication of the next edition of the Universal Directories has been scheduled to start at the beginning of the following year. Every subscribers' entry in this edition is expected to include both the fixed and mobile subscriber's telephone number.

In order to achieve the publication of the Universal Directories, EETT has proceeded during the last four years to a series of regulatory and auditing actions and initiatives. EETT, having been committed to servicing the consumers benefit, shall continue, within the frame of its competencies, to examine any problems that might arise so as to ensure the smooth provision of both the Universal Directory Enquiry Service and the printed Universal Directories.

