



Český telekomunikační úřad

MONTHLY MONITORING REPORT

May 2014

Briefly on Communications

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Public telephones

The Czech Telecommunication Office (hereinafter referred to as "Office") published the plan to continue imposing the obligation to provide within the universal service the partial service of public pay telephones, for the period of three years from 1 January 2015. According to the information available to the Office, there are still reasons for imposition of this obligation. In the individual following years the number of public pay telephones within the universal service will slightly decrease depending on the size of the population in the relevant municipalities.

Annual report of the Office for the year 2013

Czech Telecommunication Office published its 2013 Annual Report. It summarizes the main changes in the electronic communications and postal services markets. The report also provides information on the fulfilment of the tasks ensuing from the obligations and powers of the Office, including its international activities.

The Office will focus on audit of penalties for early contract termination

The Office recommends caution when signing contracts with respect to the terms of termination of a contract for definite period. Customers should read these contract terms carefully

regarding the potential application of penalties for early contract termination.

The Electronic Communications Act limits the amount of payment for early contract termination prior to the expiry of the term for which the contract has been made to one fifth of the sum of monthly fees remaining until the end of the agreed-upon contract term, or one fifth of the sum of the minimum agreed-upon monthly payment remaining until the end of the agreed-upon contract term.

The condition for the application of this limitation is therefore termination of a contract made for a definite period.

The purpose of this regulation, according to the lawmakers, is to ensure that the subscribers are no longer deterred from a change of the existing service provider by an obligation to pay a high amount of money associated with the contract termination.

Within its inspection activities, the Office will now consistently focus on the practices of the operators which are aimed at by-passing the above-mentioned purpose of the lawmakers.



Decision history of the Office: Fine imposed on UPC for deceitful business practices

A fine in the amount of CZK 1,000,000 imposed on UPC Česká republika, s.r.o., (UPC), for violation of the prohibition of unfair business practices, came into force in May. UPC committed the administrative offence by offering some of its services (packages) with price guarantee "forever" in the period from 1 January 2012 to 31 March 2013 while breaching the guarantee soon after the commencement of its offer.

UPC promised its customers in the above-mentioned period when the package with the discount "forever" was still being offered to guarantee the price for the services and, at the same time, included in its terms and conditions a clause giving it the right to change the price unilaterally. This fact proves that UPC had no intention to preserve

the guaranteed price in the future, and as early as at the time of offering of the package it reserved the option to change the price which it hid in the terms and conditions.

The misconduct concerned the price, i.e., one of the principal factors which influence consumers in the selection of the service provider.

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Telefónica Czech Republic, a.s. (Telefónica) replaced the use of the unlimited number of free minutes for calls to all networks provided within plan "Volání CZ Max" with the limit of 10,000 free minutes for the billing period. It justifies it with concerns about possible abuse. Telefónica considers, among other things, artificial or automatic generation of calls, use of the benefit primarily for the purpose of gaining any other financial or other benefit of the subscriber or, as the case may be, a third party to be abuse of the benefit of free minutes. If a subscriber, upon exceeding the above-mentioned volume of free minutes used, fails to provide satisfactory explanation that it was a standard use of the service Telefónica will charge the subscriber for the calls the relevant rate according to the plan "O2 Mini".

Telefónica extended until the end of June 2014 its special regional offer, Internet Bundle with automatic prolongation. For more information on this offer see the Monthly Monitoring Report of January 2014.

Starting 2 May 2014 Telefónica started offering new mobile plans "Basic" and "Basic data S". The plan Basic is offered in a version without the Internet in mobile phone for monthly fee of CZK 19; the plan "Basic data S" is offered with Internet in mobile phone with data limit of 200 MB per month for monthly fee of CZK 171. One minute of calls to all networks within the Czech Republic for both plans costs CZK 3.50 (billing 60+60); the price for one text message (SMS) to all networks within the Czech Republic is CZK 1.90.

Starting 2 May 2014 Telefónica modified the price of Internet in mobile phone for voice plans. The prices for the data service now offer depending on the voice plan chosen.

Telefónica also started offering data packages called "Extra data". Customers can purchase a data package "Extra data 100 MB" with data limit of 100 MB per month for monthly fee of CZK 49 or data package "Extra data 500 MB" with data limit of 500 MB per month for monthly fee of CZK 99. The data plans are intended for customers who already own a voice plan with "Internet in mobile phone" or a plan with mobile Internet connection.

Within its short-term marketing events Telefónica started offering with its O2 Mobile internet connection the data plan "Mobilní připojení S" with data limit of 200 MB per month. The monthly fee for the data plan is CZK 99 and the plan is intended for customers who also have an active plan FREE, [kúl:] or O2 NEON/xDSL/O2 TV. The maximum (theoretical) achievable downstream speed is 42 Mbit/s.

Within a short-term marketing event Telefónica started offering "Internet v mobilu" ("Internet in Mobile Phone") with higher data limit for the price of the lower data limit. The offer is valid in the period from 2 May 2014 to 30 June 2014 for subscribers with "FREE: plans who also have "Internet v mobilu" within their plan with the minimum data limit of 200 MB. Every subscriber who increases his/her data limit will pay for the period of two months from the date of increase of the data limit a monthly price corresponding to the plan with the next lower data limit. Telefónica also offers from 2 May 2014 to 30 June 2014 a marketing promo called free Data with the plan for one month.

Telefónica published its financial results for the first quarter 2014. The operating income before depreciation and amortization (OIBDA) decreased on year-on-year basis by 15.9% to CZK 3.45 billion. Total revenues of the company decreased on year-on-year basis by 9.5% to CZK 10.79 billion. The company also stated that the worse results are due to the stagnating total number of mobile customers in Czech market in the amount of 5.07 million and the average monthly revenue per customer which dropped by 16.6% to CZK 282.

T-Mobile

T-Mobile also published its financial results for the first quarter 2014. Year on year, revenues from mobile and fixed services increased by 2.5% and exceeded CZK 5.9 billion, and the revenues from mobile services decreased on year-on-year basis by 6.8% to CZK 4.7 billion. The average revenue per user (ARPU) decreased on year-on-year basis by 15% to CZK 256. The continuous growth of consumption of data services was reflected in the share of non-

voice services in ARPU. This indicator increased by more than 7 percentage points to the record-breaking 37.9 %. EBITDA decreased on year-on-year basis by 4.5%.

The mobile operator T-Mobile will take over the Czech branch of GTS, a telecommunication company, by the end of the year. The full operational integration in the Czech Republic is anticipated on the 1st October and the legal merger is scheduled to take place on 1 January 2015. The transaction was finalized on 30 May 2014, and as of the same date Deutsche Telekom started consolidation of GTS group.



From May UPC has been offering its customers who are using the UPC fixed line service the possibility to download in their phones the application 'UPC Telefon'. The service requires Internet connection. It works through WiFi connection or 3G network. Depending on the mobile data plan the use of the UPC Telefon service can be associated with additional charges paid directly to the mobile operator whose services are also used by the UPC customer.

Thanks to the application, customers can make calls from mobile phone for fixed line prices wherever there is 3G or Wi-Fi signal. Application UPC Telefon can be downloaded from free, but the customer must be registered on UPC client portal.



From 5 May 2014 Air Telecom started offering mobile Internet connection with monthly data limit of 8 GB under the name "Mobilní internet 8 GB" for the price of CZK 289 per month. The maximum achievable downstream speed 3.1 Mbit/s.

In May 2014 Air Telecom started charging CZK 15 for sending printed bills. It also decreased the price for unblocking outgoing calls after late payment of the bill from CZK 250 to CZK 50 and stopped charging CZK 2230 for cancelation of the request for porting of a "fixed" number to the U:fon network.

Changes in the market of mobile virtual operators

<p>Klokanmobil New price list Company: Benefim s.r.o. Network operator: Vodafone Czech Republic a.s..</p>	<p>Starting from 1 May 2014, virtual operator Klokanmobil has been offering new plans "Tarif Klokan" and "Nabitý klokan". The operator also offers with the above-mentioned plans data packages with limits 150 MB, 300 MB, 500 MB and 1000 MB including the service of daily Internet connection with data limit of 25 MB.</p>
<p>Skyfonel New price list Operator: Ladislav Němec Network operator: Vodafone Czech Republic a.s.</p>	<p>Virtual operator Skyfone published on 1 May 2014 a new price list where it decreased the price of calls beyond the number of free minutes to all networks in the Czech Republic na úroveň CZK 1.60 per minute (from the original price of CZK 1.80 per minute). The price is valid for all plans offered by the operator..</p>
<p>Odorik New price list Operator: miniTEL s.r.o. Network operator: T-Mobile Czech Republic a.s.</p>	<p>From 1 May 2014 virtual operator Odorik decreased the price of calls to other mobile and fixed networks within the Czech Republic from CZK 1.69 per minute to CZK 1.49 per minute..</p>
<p>sevencall New price list Operator: Vole-j.cz s.r.o. Network operator: Vodafone Czech Republic a.s.</p>	<p>On 1 May 2014 the operator sevencall published on its website a new price list in which it introduces regular monthly fixed fees for plans "Volej NEJ", "Volej FÉR". The 60+1 billing now applies to calls within own "network" as well as to other networks within the Czech Republic in all plans ("Volej NEJ", "Volej FÉR", "Volej FAJN", "Volej NAMAX").</p>
<p>SAZKAmobil New data package Company: SAZKA sázková kancelář, a.s. Network operator: Vodafone Czech Republic a.s.</p>	<p>Starting from 6 May 2014 virtual operator SAZKAmobil offers as a reward for credit recharging with minimum amount of CZK 300 the possibility of getting a data package with the size of 300 MB of free data for CZK 0 per month. The offer is valid until 31 December 2014..</p>
<p>Private Mobile New billing Company: Private Mobile a.s. Network operator: Vodafone Czech Republic a.s.</p>	<p>On 19 May 2014 virtual operator Private Mobile published through its website a new pricelist which modifies, within the plan "STANDARD", the method of billing of calls to billing per second after the first minute called (60+1) as opposed to the former billing by one-minute increments (60+60)..</p>
<p>Telestica New data packages Company: Telestica Czech Republic s.r.o. Network operator: T-Mobile Czech Republic a.s.</p>	<p>Starting from 21 May 2014 virtual operator Telestica increased the limits of the data packages offered to 200 MB (formerly 100 MB), 500 MB (formerly 200 MB) and 1000 MB (formerly 500 MB). The prices of these packages remained unchanged..</p>
<p>Kaktus New data package Company: T-Mobile Czech Republic a.s.</p>	<p>Starting on 24 May 2014 virtual operator Kaktus offers a new data package with the size of 500 MB for CZK 200 per 30 days.</p>

Market analyses

Market 1 – access to public telephone network at a fixed location

Following an approval by the European Commission the Office issued on 19 May 2014 a Measure of General Nature entitled "Analysis of Market No. A/1/05.2014-4, Market No. 1 – Access to public telephone network at a fixed location". The text of the aforesaid measure of general nature, including the summary of the position of the Office for the Protection of Competition and the comments of the European Commission (for the full wording see here), was published by the Office in part 10/2014 of the Telecommunication Bulletin on 23 May 2014..

Market 3 – terminating calls (termination) in individual public telephone networks provided at a fixed location

All 24 decisions on imposition of corrective measures, including the application of price control entered into force in May 2014. The Office imposed on the individual companies which were designated as undertakings with significant market power obligations to allow access, and obligations of transparency and non-discrimination. With a price decision it also ordered to agree no later than 1 August 2014 on prices for call termination so that the maximum price of CZK 0.03 per minute plus VAT would not be exceeded.

Telefónica Czech Republic, a.s. was also given the obligation to keep

separate records of costs and revenues. In May also seven decisions on cancellation of obligations in relevant market No. 3 entered into force. With respect to the result of the analysis of relevant market No. 3 the Office cancelled the designation of selected companies which are no longer active in the market as undertakings with significant market power, and subsequently cancelled their obligations imposed on them pursuant to the previous analysis. On 22 May 2014 the Office published an invitation of comments on the proposed decision to designate MAXPROGRES telco, s.r.o. as undertaking with significant market power. This decision is based on the conclusions of the analysis.

Market 4 – wholesale (physical) access to network infrastructure (including shared or full access of subscriber's line) at a fixed location

On 17 May 2014 the public consultation on the proposed measures of general nature of analysis of markets No. A/4/XX.2014-YY and No. A/5/XX.2014-YY. Within the statutory period, Telefónica, T-Mobile and three companies (GTS Czech s.r.o., T-Mobile, Vodafone) raised their suggestions on the analysis of market No. 4 and market No. 5 in a joint text. The full wording of the comments received was published by the Office at the discussion site.

Market 6 – wholesale terminating segments of leased lines irrespec-

tive of the technology used to ensure leased or reserved capacity

On 5 May 2014 the Office received the assessment of the Commission on the draft analysis of market No. 6 in which the Commission voiced serious doubts regarding the draft analysis and thus opened the second phase of investigation pursuant to Article 7 of Directive No. 2002/21/EC (as amended by Directive 2009/140/EC). The Office subsequently decided to withdraw the draft analysis of market No. 6 from the notification process and started a new analysis. The Commission's doubts were mainly related to the factual definition of the relevant market and the proposed corrective measures.

Market 7 – terminating calls (termination) in individual public mobile telephone networks

The Office consulted the draft decisions to impose obligations related to the regulation of prices on undertakings with significant market power with the Office for the Protection of Competition which did not raise any suggestions on the draft decisions.

The Council of the Office on its meeting in the 21st week discussed the draft decisions to impose obligations related to the regulation of prices on undertakings with significant market power and approved them to be sent to the European Commission for notification. On 21 May 2014 the Office presented the proposals of the corrective measures to the European Commission for notification.

Decision history of the Office: **Fine imposed on the Czech Post ...**

(continue from page 1)

According to UPC, the service was introduced in good faith in preservation of the guaranteed price "forever" or – in other words - always until the expiry of each service contract. With respect to the growing costs and decrease of the rate of return, according to UPC, the price had to be subsequently increased.

In its decision the Office emphasized that the undertaking must carefully consider its business decision be-

fore putting it on the market, so that the consumer rights could not be infringed or so that the consumer would not be deliberately deceived. UPC, as an undertaking, was certainly aware of the economic situation in the Czech Republic as well as its own financial situation. In the Office's opinion, UPC knowingly broke the law, for the period of one year, and was subsequently not willing to keep its promises to the customers with whom it signed the contract with the price guarantee while stating absolutely irrelevant

reasons as the cause of the failure to breach the guarantee.

The breach of the prohibition of unfair business practices is an administrative offence pursuant to Section 24 (1) a) of Act No. 634/1992 Sb. (Collection of Laws), on consumer protection. Pursuant to the consumer protection act, unfair practices are in particular deceitful and aggressive business practices. A business practice is deceitful if false information is used in it.

Fine imposed on the Czech Post (Česká pošta) for discrimination of customers

In 2012 Česká pošta, s.p., inadmissibly favored one of its customers and delivered approximately 1.3 million mailings at a lower price than the price charged to other applicants for a comparable service. The Czech Telecommunication Office imposed the maximum fine of CZK 2,000,000 on the company. The post lodged an administrative appeal which was dismissed by the chairman of the Council of the Office by its decision of 27 May 2014.

The post committed an administrative offence by delivering mailings with the Tesco Clubcard bill for Tesco Stores ČR a.s. for CZK 3.03 plus VAT while the set

price for the basic postal service of 'ordinary letter' whose nature corresponds to the service of delivery of the bill is CZK 10. The Czech Post, being afraid of losing a customer, offered Tesco a service different from the basic service which could result in decrease of the number of basic services provided and an increase of their unit costs, which could have adverse impact on the prices of basic services.

The Czech Post took advantage of its then monopoly position in the market of delivery of letters when it offered such service as a service of delivery of addressed advertisement mailings, thus

negatively affecting the competitive environment in the postal services market. It was motivated by an effort to achieve higher revenues in a way which is inconsistent with the law.

Pursuant to Section 33 (4) of the Postal Services Act (in wording effective until 31 December 2012), it is not admissible to provide unjustified advantage or disadvantage to some basic services customers.

The administrative offence was evaluated as particularly serious by the Office with respect to the large extent, heavy consequences and other circumstances. The amount of the fine was determined accordingly.

The management of radio spectrums

General authorizations

On 7 May the Council of the Office approved general authorization No. VO-R/10/05.2014-3 for the use of radio frequencies and for the operation of short-range

devices which replaces the existing general authorization No. VO-R/10/04.2012-7. The reason for issuing the authorization is particularly the need for implementation of the implementing decision of the Eu-

ropean Commission No. 2013/752/EU and also modifications resulting from the update of recommendation CEPT ERC/REC 70-03. The general authorization entered into force on 1 June 2014.

In May the Office checked...

...performance of communication activities without authorization

The Office discovered one case of performance of communication activities without authorization and will open administrative proceeding with the provider.

...compliance with the conditions of individual authorizations for the use of radio frequencies

the Office carried out 28 audits of compliance with the conditions of individual authorizations for the use of radio frequencies, focusing primarily on the operators of UHF FM transmitters and aircraft stations. Subsequently it issued six requests to remedy the deficiencies and opened administrative proceedings in these cases.

...compliance with the conditions of general authorization No. VO-R/12/09.2010-12 to use radio frequencies and operate facilities for broadband data transmission in the bands from 2.4 GHz to 66 GHz

the Office carried out 38 audits. In 26 cases it discovered deficiencies, in particular use of indoor frequencies outside buildings

and use of frequencies outside the bands defined by the general authorization. The Office requested remedy in these cases and started administrative proceedings.

...use of radio frequencies without authorization – the Office carried out 30 inspections focusing

on entities using frequencies without authorization, in particular operators of wifi equipment outside the permitted frequency bands. In ten cases the Office discovered use of radio frequencies without authorization and will open administrative

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Overview of inspection activities in performance of inspection of electronic communications for the month of May 2014

Type of activity	Number of certifications or inspections		number of notices requesting elimination of the deficiencies	number of administrative proceedings opened	number of decisions issued ¹⁾	decided in favor of		fines imposed number	fines imposed amount in CZK
	Total	of which				The subscriber	The provider		
1. The number of certifications notifying business activities issued (Section 14)	12								
2. The number of changes of certifications notifying business activities (Section 27)	27								
3. Performance of communication activities without certification	1			1	0			0	0
4. Observance of conditions of general authorizations	39		16	23	27			54	415000
a) for the operation of public communication networks and associated facilities		0	0	0	0			0	0
b) for provision of services of electronic communications		1	0	0	0			27	0
c) for utilization of radio frequencies and operation of instruments (radio equipment)		38	16	23	27			27	415000
5. Audit of radio frequencies	133		9	17	10			10	158000
a) utilization of radio frequencies without authorization for their utilization		30		10	5			5	86000
b) Observance of conditions of individual authorization for utilization of radio frequencies		28	6	3	3			3	32000
c) locating sources of interference of operation of electronic communication facilities and networks, provision of services of electronic communication or operation of radio communication services		75	3	4	2			2	40000
6. Inspection of numbers for the purposes of management of numbers (number of inspection calls)	0		0	0	0			0	0
a) utilization of numbers without authorization for their utilization		0		0	0			0	0
b) utilization of numbers violating authorization for their utilization		0	0	0	0			0	0
7. Settlement of subscribers' disputes	0			7012	9824	2645	5934		
a) on objection against the settlement of complaint about the service provided		0		0	1	0	0		
b) on objection against the settlement of a complaint about the billing of the services		0		16	25	8	5		
ba) on access to data services with specific price (data and voice)		0		0	0	0	0		
baa) přístup k datovým službám s vyjádřenou cenou poskytovaným na síti		0		0	0	0	0		
baa) on access to data services with specific price provided on the Internet network or on other data networks (Dialer)		0		0	0	0	0		
c) on payment of the price for services (payment)		0		6993	9794	2634	5929		
d) other		0		3	4	3	0		
8. Failure to provide information pursuant to Section 115 of ECA				1	1			1	5000
9. Other	15		7	37	49			47	188500
TOTAL	187		32	7091	9911	2645	5934	112	766500

¹⁾ the total number of decisions issued includes also cases of termination of administrative proceedings in the form of resolution, i.e., cases of death of the subscriber, extinction of a company, interruption of proceedings ex lege (bankruptcy), incompetency to decide, etc.

proceedings in the matter.

...sources of interference with the operation of electronic communication facilities and networks, provision of services of electronic communications or operation of radio communication services – the Office carried out 75 local investigations, of which 53 interference with digital and satellite TV and 10 interferences with public mobile networks. The sources of interference identified were Wifi devices, radiation of active TV antennas and GSM repeaters (interferences with public GSM and UMTS networks), and high-voltage lines.

...test operation of LTE base stations in frequency band 800 MHz – as of the end of May, 282 LTE base stations in frequency band 800 MHz were in test operation. In May the Office received 17 reports of listeners regarding interference with digital TV signal caused by the operation of BTS LTE. After investigation, in six cases the LTE operators were ordered to pay for interference filters and in seven cases the report turned out to be unfounded (1 cancellation, 1 insufficient resistance of the receiver, 2 amplifier defects, 3 cases of no interference during the investigation by the Office). 4 cases are pending.

Cooperation between the Office and Česká obchodní inspekce (the Czech Trade Inspection Authority) – During the process of checking of the vendors of telecommunication terminal and radio equipment within the cooperation between the Office and Česká obchodní inspekce (the Czech Trade Inspection Authority) in Vejprty in Chomutov region and in Liberec the authorities discovered the sale of models of radio-controlled models of cars working in the 49 MHz bands. Such radio equipment cannot be operated in the Czech Republic without an individual authorization for the use of radio frequencies. The inspectors also discovered the sale of wireless doorbells operating in bands from 309 to 316 MHz reserved in the Czech Republic for the Ministry of Defence in the Czech Republic. The deficiencies discovered are resolved by the Czech Trade Inspection Authority within its scope of powers.



Postal services

In May one change occurred in the issued certificate of notification of business in the area of postal services. The current list of registered operators providing postal services or international postal services is available at the Office's website in the search database. In one instance the Office also discovered performance of postal activities without license and will open administrative proceeding in the matter. The Office also continued checking the marking of mailings with the name of the provider with whom the mailings were posted pursuant to Act No. 29/2000 Sb. (Collection of Laws), on postal services, as amended.

Report on the compliance with the obligation of the Czech Post for the past year

The Office issued and on 23 May 2014 published the Summary report on the compliance with the obligations imposed on the holder of the postal license, the Czech Post, for the year 2013.

The report is based on the results of the supervision of the compliance with the obligations of the Czech Post as the holder of the postal license in the first year of opening of the fully liberalized postal services market in the Czech Republic. The knowledge was gained from the state inspections performed, during the processing of the submissions of the customers of the Czech Post and, as the case may be, using other methods in accordance with Section 37 (2) of the Postal Services Act.

The Office stated that the Czech Post (Česká pošta) complied with its statutory obligations in 2013 and ensured the availability of the basic services; partial deficiencies were related mainly to delivery through package delivery contractors.

In 2013 the number of submissions of the customers of the Czech Post with the Office decreased in absolute terms by 37%, but at the same time the position of the consumers was reinforced to include the option to lodge with the Office a request for proceeding on objections against the processing of a complaint. This new instrument, however, was not used by the customers last year to a large extent, which was

probably caused by the low awareness of such instrument. The largest share of the dissatisfaction with the processing of complaints was again the deficiencies in the delivery of mailings.

Last year the Office started two state inspections focusing on the method of delivery of mailings to the recipients. Subsequently in both cases it opened administrative proceedings resulting in fines in total amount of CZK 11,000.

The Office imposed as final 18 fines in total amount of CZK 1,669,000 on the Czech Post in 2013 for the breach of legal obligations. In 2013 it started additional nine administrative proceedings on imposition of a fine in aggregate amount of CZK 4,905,000 which, however, were not finalized by the end of 2013.

In the first quarter 2014 the Office collected statistical data for the year 2013 for the first time, from all authorized providers of postal services. The data from the companies is processed by the Office and will be used, among other things, as a basis for the definition and funding, as the case may be, of net costs of the Czech Post from its operations. Although a number of these companies notified provision of services which could be considered substitutes of the basic services the Office did not find that the liberalization of the postal market in the beginning significantly affects the market of basic services.

Disputes between undertakings in el. communications

In May 2014 the Office opened a proceeding upon request of Vodafone against Telefónica, the defendant, in the matter of a dispute regarding the imposition of an obligation to allow access to specific network equipment for the purpose of wholesale broadband access in the networks of electronic communications, including the FTTx technology.

In May 2014 the dispute between Telefonuji s.r.o. and Voinet s.r.o. about the payment in respect of the unpaid invoices was settled amicably. Within the new hearing of the case the dispute was settled amicably before the first-level body, effective from 10 May 2014.

The Office on the consumer's side

In May 2014:

- ♦ the Office opened **7022** administrative proceedings pertaining to subscriber disputes between a person performing communication activities, on the one hand, and a participant, on the other hand, concerning payments and motions for opening proceeding on objection against the settlement of a complaint about the billing of the price or publicly available service of electronic communications which are decided by the Office pursuant to Section 129 of the Electronic Communications Act.
- ♦ The Office issued **9824** decisions in the matter,
- ♦ Of which **9794** decisions on the subject of payment (payment of price for services)

In May 2014 the Office checked the contract terms of almost all entities (72 in total) active in Czech market of the services of electronic communications as mobile virtual operators.

In this stage the Office particularly focused on checking:

whether the providers of the service of a mobile virtual operator have notified the start of their business operations in accordance with the applicable provisions of the Electronic Communications Act,

whether the draft contract is published in respect of the service offered in a manner allowing remote access,

whether it is possible to find out from the service offer and the draft contract readily and comprehensibly who is the service provider in relation to the end user (consumer) and who is obliged to comply with the obligations imposed on the providers by the Electronic Communications Act (e.g., to handle complaints about the service provided or billing of the price of the service, to ensure number portability, etc.),

whether the contract terms audited include provisions which are evidently inconsistent with the Electronic Communications Act, the Consumer Protection Act and, as the case may be, other regulations.

In terms of the proper notification of the business operations the Office did not find any defects (save for minor exceptions) in the entities audited.

On the other hand, the Office found defects in the availability of contract documentation. The most frequent transgression in this re-

spect was publication of an incomplete draft contract, i.e., only the terms and conditions and the price list and not the draft contract which the consumer signs. Some companies did not publish any contract documents or these documents were hidden (either deliberately or by negligence) on website to such extent that they were very difficult to find, which cannot be considered fulfilment of the statutory condition of easy availability and comprehensibility of the draft contract.

Quite often the comprehensible information was missing on who is the actual provider of the service and whom the consumer may contact with requests (complaints, number portability, etc.). This reservation pertained in particular to the so-called branded resellers who are in fact operated by the three major mobile operators, but on the outside they present themselves as independent entities. Similar defects were discovered by the Office also in the providers who recently changed the legal form of their business (typically from a natural person carrying out business activities to a legal entity) but then failed to modify their terms and conditions accordingly. Some companies identify in the contract documentation one entity as the service provider but the contact information on the website refers to another entity (which was usually not notified as undertaking in the area of services of electronic communications).

The analysis revealed an often insufficient or incorrect implementation of Act No. 214/2013 Sb. (Collection of Laws), of Act No. 89/2012

Sb. (Collection of Laws) (the New Civil Code), or the Measure of General Nature No. OOP/10/10.2012-12. Number of deficiencies were related to complaint conditions (e.g., use of deadlines for complaints and the handling thereof in violation of the Consumer Protection Act and the Electronic Communications Act, or application of conditions which make it more difficult for the customer to lodge a complaint).

Within the next phase of the analysis of the contract terms the Office will focus particularly on the businesses which show the highest numbers of subscribers and also those in which the most defects were discovered within this first phase of the analysis.



Universal service

On 7 May 2014 the Office published its plan to impose the obligation to provide within the universal service the partial service of public pay telephones or other similar technical devices allowing access to the publicly available telephone service.

The Office concluded that the reasons for provision of the partial service of public pay telephones or other similar technical devices allowing access to the publicly available telephone service still exist. The Office intends to impose this partial service for the period of three years from 1 January 2015. In the individual following years the number of public pay telephones within the universal service will slightly decrease depending on the size of the population in the relevant municipalities.

Comments on the plan could be raised by 9 June 2014.

Telecommunication regulation in the EU

The following was published in the Official Journal of the European Union in May 2014:

➤ [Implementing decision of the Commission No. 2014/276/EU dated 2 May 2014 on amending Decision 2008/411/EC on the harmonization of the 3400 - 3800 MHz frequency band for terrestrial systems capable of providing electronic communications services in the Community.](#)

➤ [Directive 2014/53/EU of the European Parliament and of the Council of 16 April 2014 on the harmonization of the laws of the Member States relating to the making available on the market of radio equipment and repealing Directive 1999/5/EC.](#) The directive shall enter into effect on the twentieth day after published in the Official Journal of the European Union (11 June 2014). By 12 June 2016 the Member States will adopt and publish the legislation necessary for achieving compliance with this directive. These regulations shall be used from 13 June 2016 when Directive 1999/5/EC will be invalid.

➤ [Directive 2014/61/EU of the European Parliament and of the Council](#)

[of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks.](#)

The directive shall enter into effect on the twentieth day after published in the Official Journal of the European Union (12 June 2014). The Member States will adopt and publish the legislation necessary for achieving compliance with this directive by 1 January 2016; its effect is envisaged to be from 1 July 2016.

On 23 May 2014 the meeting of the Contact Network (CN) for the European Regulators Group for Postal Services (ERGP) took place in Brussels. The main point in the agenda was the preparation of the administration and approval of documents which will be presented on the Plenary Meeting of ERGP in June 2014.

Information from the workgroups of CEPT ECC

The 46th meeting of the project team CEPT ECC PT1 focusing on IMT (mobile communication) together with the meeting of the project team CEPT CPG PTD which is preparing the agenda of the World Radiocommunication Conference WRC-15 (definition of additional frequency bands for IMT systems and the conditions of the use of the frequency band 700 MHz by mobile service) took place in Luxembourg on 27 April – 2 May 2014.

The supported bands proposed for harmonization of IMT include 1427–1492 MHz and 3400–3800 MHz. The possible use of the band 2.7 GHz by low-output applications of IMT and the use of additional sections from the band 5 GHz for broadband systems RLAN were also discussed at the meeting.

The 80th meeting of the work group for frequency management (WGFM) ECC took place on 26 – 30 May 2014 in Trondheim, Norway. The agenda included issues of spectrum monitoring, satellite and security communications, PMSE (Program Making Special Event), short-range devices, and European information databases EFIS.

5 / 2014

Decrease of the prices of roaming services in the EU

Regulation (EU) No. 531/2012 of the European Parliament and of the Council of 13 June 2012 on roaming on public mobile communications networks within the Union (hereinafter referred to as “Regulation”) lays down, among other things, the maximum wholesale and retail prices of regulated voice, SMS and data services. In this respect also the wholesale and retail maximum limits in roaming voice calls, roaming text messages (SMS) and roaming data services further drop starting 1 July 2014.

The maximum average wholesale prices valid from 1 July 2014 are shown in the following table No. 1. The prices specified in EUR per unit billed (minute, SMS, MB) are converted to the national currency (CZK) using the [reference exchange rate](#) published in the Official Journal of the European Union issued on 1 May 2014 in the amount of CZK 27.454 per EUR. The roaming provider may

use 30+1 billing for outgoing wholesale roaming calls. Data services are billed in one kB increments.

The maximum retail prices for roaming services valid from 1 July 2014 are shown in table No. 2. The retail prices are converted to the national currency (CZK) using the

	Wholesale roaming services					
	Outgoing calls		Text messages (SMS)		Data	
	in €/min.	in CZK/min.	in €/SMS	in CZK/SMS	in €/MB	in CZK/MB
Regulated price from 1 July 2013	0.10	2.58	0.02	0.52	0.15	3.87
Regulated price from 1 July 2014	0.05	1.37	0.02	0.55	0.05	1.37

Table No. 1: Price limits for wholesale roaming services valid from 1 July 2013 and from 1 July 2014
Note: The prices are quoted exclusive of VAT.

average value from exchange rates published in the Official Journal of the European Union as of 1 March 2014, 1 April 2014 and 1 May 2014 in the amount of CZK 27.413 per EUR. The roaming provider is obliged to charge its customers for the calls in one-second increments (1+1). In outgoing calls roaming provider may use a minimum initial billing time which shall not exceed 30 seconds after which the call is charged in one-second increments (30+1). The roaming provider charges its customers the relevant data euro-plan in one kB increments. The services of MMS messages is charged per unit consumed, and the maximum price per MMS message sent corresponds to the maximum price for 1 MB of data downloaded.

The roaming provider is obliged to offer retail roaming services with maximum price caps defined by the Regulation within the voice, data and SMS euro-plan unless the customer opts for any special roaming plan or plan package from the portfolio of the roaming provider. The regulated retail prices are therefore not applied to all roaming plans or packages offered.

Development of price limits from the beginning of the regulation of roaming services

From the beginning of the regulation of roaming services by the European Union the price caps were significantly decreased, both on retail and wholesale level.

Validity of the price caps pursuant to the present Regulation effective from 1 July 2014 is limited for

retail price caps until 30 June 2017 and in wholesale price caps until 30 June 2022. The Commission will re-

view the functioning of the Regulation, assessing in particular whether competition has developed sufficiently on the wholesale as well as retail level. Subsequently, until 30

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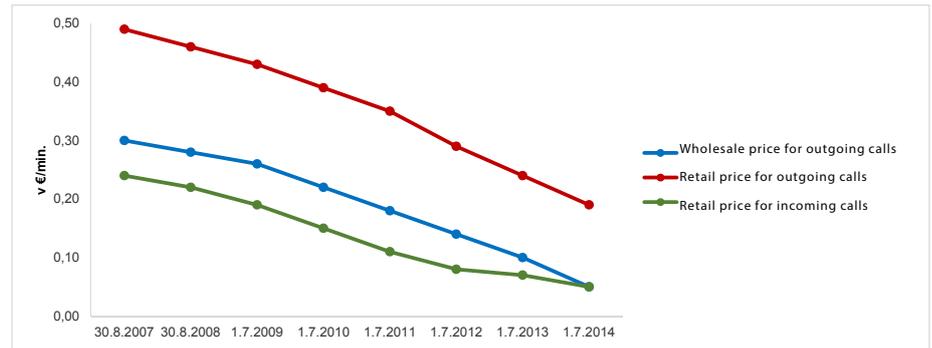


Chart No. 1: Development of regulated maximum prices of roaming calls in the EU/EEA in €/min. since 2007

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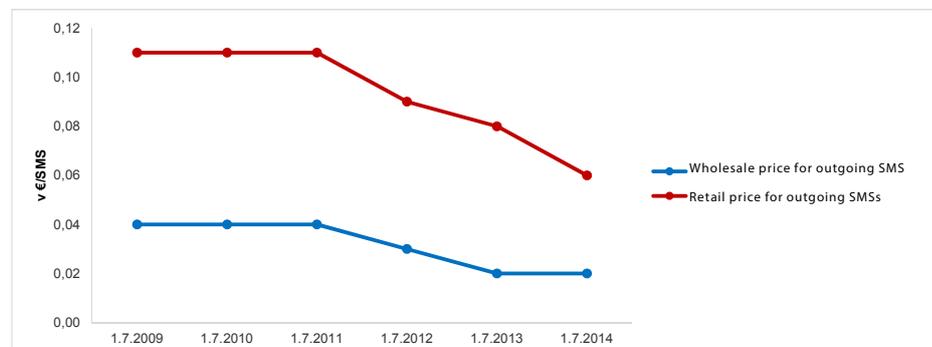


Chart No. 2: Development of regulated maximum prices of roaming text messages (SMS) in the EU/EEA in €/min. since 2007

June 2016 it will issue a report to the European Parliament and the Council. If the report implies that the measures laid down by the Regulation are not sufficient the validity could be extended and the level of maximum wholesale and retail roaming prices could be reviewed, if applicable, or additional technical and structural measures could be defined to achieve the internal market of mobile communication ser-

call and the gradual decrease thereof from the beginning of the regulation (i.e., from 30 August 2007) until 1 July 2014. The price for outgoing calls on wholesale level decreased by 83% from the beginning of the regulation until 1 July 2014. In retail price caps for outgoing calls the decrease during the same regulation period was 61% and for incoming calls the decrease was 79%.

Chart No. 2 shows the development of the prices for the service of roaming text messages (SMS) within the EU/EEA in € per SMS from the introduction of the regulation (i.e., from 1 July 2009)

	Retail roaming services							
	Outgoing calls		Incoming calls		Text messages (SMS)		Data	
	in €/min.	in CZK/min.	in €/min.	in CZK/min.	in €/SMS	in CZK/SMS	in €/MB	in CZK/MB
Regulated price from 1 July 2013	0,24	7,47	0,07	2,18	0,08	2,49	0,45	14,01
Regulated price from 1 July 2014	0,19	6,30	0,05	1,66	0,06	1,99	0,20	6,63

Table No. 2: Price limits for retail roaming services valid from 1 July 2013 and from 1 July 2014

Note: The prices in EUR are quoted exclusive of VAT and the prices in CZK are quoted inclusive of VAT.

until 1 July 2014. In the wholesale price per SMS the decrease from the introduction of the regulation until 1 July 2014 was 50%. In the retail SMS services the decrease from the introduction of the regulation until 1 July 2014 was 45%.

Chart No. 3 shows the development of the prices for roaming data services within the EU/EEA in €/MB. The wholesale price of data services decreased by 95% during the regulation period from 1 July 2009 until 1 July 2014 and the prices of data services on the retail level decreased by 71% from the introduction of the regulation (i.e., from 1 July 2012) until 1 July 2014.

Separated sale of regulated retail roaming services

The Regulation introduces, starting from 1 July 2014, an obligation

of the national roaming providers to allow its customers access to the regulated roaming voice, SMS and data services provided (as a package) by any alternative roaming provider. Roaming customers thus will be able to change the roaming provider any time. The change of the roaming provider should be done without undue delay as quickly as possible depending on the technical solution chosen but no later than three business days after the signing of the agreement between the customer and his/her new roaming provider. The transfer to the alternative roaming provider is offered to the customers free of charge, can be done in any plan and does not require signing of the associated subscriber contract or any additional fixed or periodical payments. The information on the op-

tion to choose the alternative roaming provider shall be provided by the national providers in a manner regulated by the [Commission Implementing Regulation \(EU\) No. 1203/2012 of 14 December 2014 on the separate sale of regulated retail roaming services within the Union.](#)

The technical solution for the introduction of the separated sale of regulated retail roaming services can combine one or more options. It is in particular "Single-IMSI" solution and alternative access for provision of data services directly in the network visited ("LBO"). Within the "Single-IMSI" solution the separate sale of roaming services is provided on wholesale basis by any alternative roaming provider who sells roaming services to end retail customers. Regulated voice, SMS and data roaming services are provided by the alternative roaming provider within a package. The "LBO" solution allowing access to local roaming data services provides only access to roaming data services and will be attractive particularly for data users.

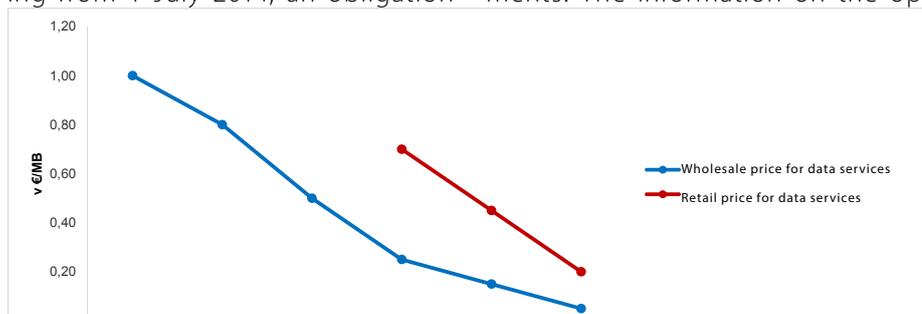


Chart No. 3: Development of regulated maximum prices of roaming calls in the EU/EEA in €/min. since 2007

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