

# Monthly monitoring report no. 1/2013 of the Czech Telecommunication Office January 2013

## ***Executive summary***

Since January 1, 2013, when the Amendment of the Act on Postal services became effective, also the competencies of the CTU were enlarged considerably as far as the field of protection of the rights of consumers is concerned. The power of supervision over the operation of the market of postal services was newly assigned to the CTU together with the decision-making process concerning consumer disputes in the field of postal services, including performance of State control and possibility to punish breach of statutory duties perpetrated by operator of postal services (more information can be found in the Chapter 8)

On January 17 the CTU has announced the commencement of the analysis of the relevant market no. 3 – The Termination of call (Termination) in individual public telephone networks provided in fixed location.

The CTU distributed completed draft analyses of the markets no. 4 and 5 to relevant associations and authorities, including the invitation for working meeting concerning these analyses. Meeting, on which the CTU will present drafts of both analyses, will take place on February 22 (more information can be found in the Chapter 2).

On January 31 the public consultation was completed concerning the draft Measure of general nature - the Analysis of the market no. A/8/XX.2012-Y, the relevant market no. 8 – the access and origin of call (origination) in public mobile telephone networks. (more information can be found in the Chapter 2).

Within the framework of the second phase of the investigation of the European Commission concerning the proposal of the CTU on determination of new prices for termination in fixed location, the Association of the European regulatory bodies BEREC supported the approach of the CTU (more information can be found in the Chapter 2).

During the month of January, continued the electronic auction phase of tender procedure for the award of rights for the utilization of radio frequencies supporting public mobile communication networks in the bands of 800 MHz, 1,800 MHz and 2,600 MHz.

The CTU successfully completed the project „Implementation of Recommendation of the Commission of European Communities no. 2009/396/EC dated May 7, 2009, on the Regulation of rates for termination of call in fixed and mobile networks in the EU, in the regulation of prices by the Czech Telecommunication Office“ paid from the Operational program „Human resources and employment“. The target of the project was the creation of tools for price regulation, which will be in harmony with requirements defined in the Recommendation of the Commission. (more information can be found in the Chapter 2).

In the Theme of the month the CTU dedicates itself to complaints of subscribers, and/or users of services of electronic communications during the Fourth Quarter of 2012. The information provides the survey of total number of complaints and queries during the Fourth Quarter of 2012, development of number of complaints concerning the services of electronic communications on a year-on-year basis for the period from the Fourth Quarter of 2011 until the Fourth Quarter of 2012 and the number of complaints as compared to identical periods of preceding years (more information can be found in the Chapter 2).

## **1. Current situation on the market**

### **Telefónica**

From the beginning of 2013 the company Telefónica reflected increase of VAT rates from 20 % to 21% in prices of voice services provided within the framework of fixed networks, which was demonstrated in the slight increase of end prices of majority of provided services.

The company prolonged validity of special offer of O2 Internet Bundle. Customers, who, during January 2013, within the framework of this offer, newly established, on the same connecting line, the service of digital television O2 TV with the tariff O2 Flexi, including the commitment for utilization of the service for the period of 12 months and the service O2 Internet connection with the tariff Internet Optimal or Internet Aktiv, obtained bonuses in the form of price privilege. For the utilization of the tariff O2 TV Flexi customers will pay for the period of 12 months, starting from the day of establishment of the service, the price of CZK 202 per month (instead of standard price of CZK 454) and for the lease of the set-top-box the price of CZK 49 per month (instead of standard price of CZK 150 per month). During privileged period a customer may, within the framework of the tariff O2 TV Flexi, order selected program packages only. For the period of twelve months, starting from the day of establishment of the service, customers will also pay for the utilization of the service Internet Optimal CZK 454 per month (instead of standard price of CZK 757 per month), and/or of the service Internet Aktiv CZK 555 per month (instead of standard price of CZK 858 per month).

Starting from January 1 until June 30, 2013, the company offers to subscribers, having the tariffs O2 Neon, Neon Basic and O2 [:kùl:] and the commitment to stay for two or three years, packages of free minutes and SMS in all mobile networks. In addition, if a subscriber, simultaneously with the request for the activation of package, will give the company Telefónica his/her consent to sending commercial information to his/her e-mail, he/she will get a 50% discount from monthly price of the package for the time of two years.

Starting from January 23, the company Telefónica offers to customers having pre-paid card the roaming tariff "Volání bez hranic", which was so far offered to tariff customers only. Thus the customers can use the uniform rate at the amount of CZK 3.90 per minute for incoming and outgoing calls and for sending a text message. However, operator in some non-member states (Croatia, Switzerland, Norway, Lichtenstein and Iceland) can charge the amount of CZK 50 for the compilation of call as a surcharge. In remaining states of the World operator charges extra CZK 30 for each call outside minute price.

An important fact, which characterizes the offer of mobile services of the company Telefónica, is reported number of approximately 120,000 users of mobile services, who, according to the information of the Czech Press Agency, used the services offered under the brand BLESKmobil at the end of January 2013.

Starting from January 1, 2013, the company Telefónica offers to all its residential and corporate customers, who will establish the new service O2 Mobile Internet connection with the tariff Mobile Internet L or who will increase the tariff from the tariff Mobile Internet M to Mobile Internet L, monthly flat rate of CZK 303 for the period of three months from the establishment of the tariff if this service is used independently. If they use the service Mobile Internet L together with the service xDSL or digital television O2TV, the monthly flat rate will then be CZK 202. Similar acquisition offers the company has also for Mobile Internet XL.

Starting from January 1 until February 28, 2013 the company offers the acquisition bid to the "Internet v mobilu+ S" and "Internet v mobilu+ M" used together with the tariff O2 [:kùl:]/O2 Pohoda. This offer is valid for all subscribers at the age from 6 to 26 years registered under their birth numbers in stores or in eShop. Subscriber will pay monthly flat rate of the tariff "Internet v mobilu+ S" at the amount of CZK 100 and the price of 200 CZK for "Internet v mobilu+ M" from the day of the beginning of utilization of this offer until February

28, 2013. After the expiry of privileged period subscriber will pay standard price of CZK 200 per month for "Internet v mobilu + S" and CZK 350 per month for "Internet v mobilu + M".

Subscribers at the age from 6 to 26 years of age, having the tariff O2 [:kùl:] / Chytrý [:kùl:] or O2 Pohoda / Chytrá Pohoda, who, before June 31, 2013, will establish the new service Mobile Internet M in the variant UMTS on another data SIM, will receive the bonus in the form of discount from monthly flat rate. For the tariff Mobile Internet M subscriber will pay monthly flat rate at the amount of CZK 202 for the period of 24 months, then the standard price at the amount of CZK 303 per month. Within the framework of establishment of the service O2 mobile Internet connection subscriber will have the opportunity to buy modem Huawei for 1 CZK, if he/she takes over the commitment to use services for 24 months. If this commitment is breached, subscriber will pay contractual fine at the amount of CZK 694 (i.e. additional payment corresponding to the total price of modem which is CZK 695).

Also during January 2013 the company continued its temporary marketing activities when, within the framework of acquisition of new customers, it offered the Internet connection xDSL in the variant Internet Optimal with the speed of up to 20 Mbit/s for CZK 505 and Internet Aktiv with the speed of up to 40 Mbit/s for CZK 606 for the period of 12 months. Establishment of this service is free of charge, without charges for fixed line and without limitation of data transferred. At the same time the acquisition offer associated with the possibility of privileged obtaining of Wi-Fi modem for the price CZK 999. Starting from the 13<sup>th</sup> month customers will be charged standard monthly price for the utilization of the service which is CZK 757 in the variant Internet Optimal and CZK 858 in the variant Internet Aktiv. For additional payment of CZK 150 to the tariff Internet Optimal some of bonuses in the form of the service O2 IPTV with as many as 46 TV programs or the tablet Prestigio can be obtained.

To its existing customers the company offered, under the condition of technical feasibility, also free upgrade to the variants Internet Optimal and Internet Aktiv with higher speeds of Internet connection under the same conditions as it offers to its new customers. Moreover, the offer increasing the speed is supplemented by the possibility to purchase relevant Wi-Fi modem for CZK 499 in brand stores of the company Telefónica and, if ordered by telephone, for CZK 299. Starting from the 13<sup>th</sup> month customers will be charged for the utilization of the service the standard monthly price of CZK 757 and/or CZK 858.

For corporate customers the company Telefónica offers, apart from the above mentioned variants of asymmetric Internet connection Optimal and Aktiv, and under the same conditions, also symmetric connection SDSL within the extent from 2 Mbit/s to 20 Mbit/s. If client takes over the commitment for 24 months the price of activation is then CZK 1.

Also for corporate customers the offer is earmarked, temporarily limited until the end of May 2013, serving for the establishment of IP telephone connection in the variant Unlimited line for CZK 185 per month or Unlimited line abroad for CZK 305 per month, where lease of the basic IP telephone device is included in the price. This line can be established if commitment for Internet connection Optimal and Aktiv is concluded for the period of 12 months.

In some regions, during January, the company Telefónica has kept on offering the acquisition bid of provision of Internet connection to customers for lower price. New customers, who in selected corporate stores (the offer is limited only to the list of corporate stores defined by city, street and house number), concluded the contract with the obligation to stay for twelve months, obtained the service Internet Optimal for the price of CZK 404 and the service Internet Aktiv for CZK 555 per month. Starting from the 13<sup>th</sup> month customers will again pay standard prices stipulated in the price-list of the company.

## T-Mobile

Starting from January 27 the company T-Mobile began to offer the service Mobile internet, which has replaced existing data tariffs. The service Mobile internet unified existing offer of services of the "Internet do mobilu" and "Internet na cesty", on the one hand, and the speed of all data variants to the maximum transfer speed for downlink to 42 Mbit/s, on the other hand. Services offered differ mutually by their FUP size (data limit) from 150 MB to 30 GB and in connection with it also their usability for users of the internet in mobile, tablet or notebook. After the allocation of FUP is exhausted, transfer speed of subscriber's services for downlink will be reduced to 64 kbit/s.

The table hereunder shows basic monthly prices, prices for the purchase of supplementary FUP and technical parameters of individual variants of the service Mobile internet.

Name of the service	Mobile internet.					
	150 MB	400 MB	1 GB	3 GB	10 GB	30 GB
Data limit	150 MB	400 MB	1 GB	3 GB	10 GB	30 GB
Basic price	CZK 149 per month	CZK 249 per month	CZK 349 per month	CZK 449 per month	CZK 649 per month	CZK 849 per month
Price for individual data SIM card for customers with voice tariff with T-Mobile	cannot be activated	cannot be activated	CZK 199 per month	CZK 299 per month	CZK 499 per month	CZK 699 per month
Maximum speed of data transfer (downlink/uplink)	425.76 Mbit/s	425.76 Mbit/s	425.76 Mbit/s	425.76 Mbit/s	425.76 Mbit/s	425.76 Mbit/s
Maximum speed after data limit is reached (downlink/uplink)	64/32 kbit/s	64/32 kbit/s	64/32 kbit/s	64/32 kbit/s	64/32 kbit/s	64/32 kbit/s
Increase of data limit	CZK 99/100MB	CZK 99/300MB	CZK 99/300MB	CZK 99/1 GB	CZK 199/3 GB	CZK 199/3 GB

Source: Price-list of services T-Mobile – January 27, 2013; [www.t-mobile.cz](http://www.t-mobile.cz)

The company announced that until the end of March 2013 it will continue to provide in the package 2v1, accompanied by the obligation to stay for 24 months with the voice tariff of up to CZK 600, also the Internet ADSL/VDSL Standard for reduced monthly price at the amount of CZK 402.33. Standard price of this package outside special offer is CZK 493.08 and the price of independent Internet connection without fixed voice line is CZK 704.83 per month. Similar offer exists also for customers with voice tariff over CZK 600 per month, where, within the framework of special offer the price of Internet ADSL/VDSL Premium is CZK 503.16, within the framework of standard offer of the package 2v1 the price is CZK 603.99 per month and independent Internet connection without fixed voice line is CZK 856.08 per month.

## Vodafone

Since January 25 the company Vodafone offers its new pre-paid card under the name of "Karta se vším všudy". For a single charge at the amount of CZK 300–599 customer will obtain, for the period of seven days, unlimited calls in the Vodafone network, unlimited SMS to Vodafone network, free connection for one week, and data volume of 60 MB (FUP). For a

single charge at the amount of CZK 600 and more, customer will obtain the same for the period of 14 days. The rate per one minute of call to all mobile networks (including the network of the company Vodafone) is CZK 4.90 and price of SMS to all mobile networks is CZK 1.50. MMS to all mobile networks costs CZK 4.50. Within the framework of this tariff the first minute of call is fully charged, and after the first minute the call is charged per seconds.

Each weekend in January the company offered privileged rate of call with the pre-paid Vodafone service wild card to remaining mobile networks in the Czech Republic at the amount of CZK 2.01 compared to standard rate of CZK 7.50.

The company increased the total monthly price with all its data mobile services reacting thus to the change of the VAT. The basic price remained unchanged.

As per January 1 the company increased also the prices of its services of the access to the Internet network (by means of xDSL technology) due to the increased VAT rate. Thus the end monthly prices of these services increased by CZK 5–7. Currently, the company offers Internet connection on the platform of ADSL technology in speed variants of up to 2 Mbit/s for the price of CZK 376.11 per month and the connection with the speed of up to 8 Mbit/s and up to 16 Mbit/s for the same price of CZK 665.50 per month. Neither the Vodafone changed the offer of services using VDSL technology encompassing higher speeds of up to 20 Mbit/s for the price of CZK 665.50 per month and up to 40 Mbit/s for the price of CZK 887.33 per month. The prices mentioned are valid for the variant of services provided without fixed voice line. For customer, who has activated or who already has active any of „The Special edition of tailor-made tariffs“, „Fair tariffs“, or „Joint tailor-made tariffs“, the offer of privileged prices continued also in January 2013 and which, in the variants ADSL offering up to 8 Mbit/s and VDSL of up to 20 Mbit/s, represents CZK 399.30 and in the variant VDSL of up to 40 Mbit/s represents CZK 532.40.

## **UPC**

Starting from January 21 the company UPC began to offer to its customers four new voice tariffs and namely "Telefon 30", "Telefon 100" and "Telefon 200" and "Volám pevná". The first three tariffs include free minutes which can be used for domestic calls to fixed and mobile networks and for international calls to fixed and mobile lines in selected countries (for example Slovakia, Germany.) The first minute is always charged as a whole and then calls are charged every 30 seconds. The tariff "Telefon 30" offers 30 free minutes for CZK 25 per month, tariff "Telefon 100" offers 100 free minutes for CZK 70 per month and the tariff "Telefon 200" offers 200 free minutes for CZK 120 per month. After free minutes are exhausted, the price of one minute of call is CZK 2.75 regardless of the length of call. With the tariff "Volám pevná" the company UPC offers free calls in the UPC network for monthly price of CZK 70, 150 free minutes for calls to fixed lines within the framework of the Czech Republic, and after they are exhausted one minute of call within the framework of domestic fixed networks for CZK 1.16 in peak hours and CZK 0.58 in off-peak hours, one minute of call to mobile networks within the framework of the Czech Republic for CZK 4.95 and international call from CZK 1.94 per minute. UPC does not offer any more the tariffs Basic, Kredit 50, Kredit 150, Kredit 200 and Kredit 300 to its new customers.

Starting from January 21 the company UPC offered to its customers, who conclude the contract, including the commitment of minimum period of utilization for twelve months, new combination of services, and namely :

- Internet Fiber 30 + 40 TV programs Klasik + Telefon 100 for CZK 622 per month,
- Internet Fiber 60 + 80 TV programs Komfort + Telefon 100 for CZK 733 per month,
- Internet Fiber 120 + 80 TV programs Komfort + Telefon 100 for CZK 828 per month.

Until January 31, 2013 the company UPC prolonged its acquisition offer earmarked to its new customers for services of digital television Klasik, Komfort and Mini. Privileged price

offers are valid for on-line orders including the commitment to utilize the service for twelve months. Concerning the service Klasik with program packages Sport, Relax or Darwin, customers have received, for the period of first six months, discount from the monthly price so that they will pay for this service CZK 156 instead of standard CZK 265 and they can use more than 40 Czech and Slovak programs including 7 HD programs. Concerning the service Komfort, customers will pay, within the framework of this offer, CZK 375 per month instead of standard price of CZK 579 for the period of six months and during this time they can use more than 80 programs including 15 HD programs. Customers, who have ordered within the framework of acquisition offer the service of digital television Mini, will permanently pay for this service monthly price of CZK 154 instead of standard price of CZK 222 and will be able to watch, within the framework of this service, 20 Czech programs including 6 HD programs.

In 2013 the company came with the acquisition offer of quick connection to the Internet for households limited in time, where, in the variants Fiber Power 30 Mbit/s, it offers, under the condition of commitment for twelve months, privileged price of CZK 312 also for the period of twelve months, whereas standard monthly price is CZK 520.30. The service Fiber Power 60 Mbit/s has privileged price of CZK 525 for the period of six months with the commitment to stay for twelve months, whereas standard monthly price is CZK 624.15. Similar privileged offer for six months can also be used for Internet tariff having the highest speed offered Fiber Power 120 Mbit/s, where the price is CZK 625, whereas standard price is CZK 832.88 per month. To be able to have this privileged tariff it is necessary to conclude the commitment for twelve months, and after this privileged period expires standard monthly tariff will be applied. It is always necessary to pay one-time connection fee of 100 CZK.

The company UPC also presented advantageous package of Internet connection supplied together with the program of digital television, where in the variant Fiber Power 30 Mbit/s combined with the program KOMBI Klasik+, customer will pay CZK 572 per month, whereas if ordered individually outside this offer he/she would pay CZK 786 per month. Also the privileged price in the variant Fiber Power 60 Mbit/s combined with the programs KOMBI Komfort the price is CZK 683 unlike standard price of CZK 1,204 per month. In the variant Fiber Power 120 Mbit/s also combined with the programs KOMBI Komfort the privileged price of the package in the offer is CZK 778 as compared to individual services the price of which is CZK 1,412 in total.

Also in January 2013 the company UPC continued to offer its special bid for corporate customer who could obtain, under the condition of commitment for twenty four months, the service Fiber Business in the variant 60 Mbit/s for the price of CZK 439 per month, in the variant 80 Mbit/s for the price of CZK 619 per month and in the variant 120 Mbit/s for the price of CZK 829 per month. If commitment is concluded for the period of twelve months only these prices are higher (CZK 519 for the speed of 60 Mbit/s, CZK 719 for the speed of 80 Mbit/s a CZK 929 for the speed of 120 Mbit/s). After the commitment expires standard price will always be applied, therefore for the variant 60 Mbit/s it is the price of CZK 619 per month, for the variant 80 Mbit/s the price of CZK 826 per month and for the variant 120 Mbit/s the price of CZK 1,032 per month will be applied. All above prices for entrepreneurs are without the VAT.

### **Air Telecom – U:fon**

Starting from January 1, the company Air Telecom projected increase of VAT rates of offered tariffs "Domáci linka MINI" and "Domáci linka Standard" in prices of call to fixed lines outside its proper network by 1 heller (from CZK 0.80 per minute to CZK 0.81 per minute) and with calls to mobiles outside its proper network by 2 hellers (from CZK 2 per minute to CZK 2.02 per minute). Monthly price of these tariffs remained the same.

## **Conclusions from research of consumption of Czech population**

The company Ipsos published [Results of research](#) from the second half of 2012 focused on the level of spendings of consumers and households for services of the so-called network industries and for financial services. From results of research it is, inter alia, obvious that approximately one half of Czech consumers pay for services of mobile operators less than CZK 500 per month. Another one third spend on average from 500 to 1,000 CZK per month. More than 90 % of Czech population spend no more than 1,500 CZK per month.

## **New technologies**

In January the Sector of standardization of the ITU-T announced approval of audiovisual compress standard H.265, known under the abbreviation of HEVC (High-Efficiency Video Coding). Compared to the existing standard H.264, employed in the compression of audiovisual content offering almost HDTV resolution, demands on the width of transmission channel are half. Standard H.265 has wide utilization, for example in consumer electronics, distribution channels of television broadcasting and professional studio processing of videa. At the same time the adoption of the standard opens the door to more effective modes of coding of 3D video and development of imaging formats with very high resolution UHDTV (Ultra HDTV), specification of which, from the point of view of resolution, photography and colorimetry, was endorsed by the Radiocommunication sector of the ITU in August 2012 when it approved the Recommendation ITU-R BT.2020.

## ***The Theme of the month – Information about complaints of subscribers, and/or users of services of electronic communications during the Fourth Quarter of 2012***

Within the framework of its competency the CTU resolves complaints and queries of subscribers and/or users of services of electronic communications, the nature of which is obvious from the Table no. 2.

The CTU monitors, registers and evaluates complaints of subscribers and/or users of services of electronic communications since 2007, while in the middle of 2007 more detailed division of registration of these complaints was introduced, focused on monitoring of complaints relating to provision of partial services within the framework of Universal service, which were imposed as the obligation on entrepreneurs by the decision of the CTU.

Another change in division of complaints took place from January 1, 2012, and namely in connection with the approval of the Act no. 468/2011 Coll., which amends the Act no. 127/2005 Coll., on Electronic communications and some other Acts (inter alia the Act no. 634/1992 Coll., on the Protection of consumer), and according to which the CTU, within the meaning of § 23 Para. 15 of the Act no. 634/1992 Coll., on Protection of consumer, is responsible for the protection of consumer in the field of services of electronic communications, more specifically to control compliance with honesty of services provided, dealing with unfair trade practices, aggressive trade practices, observance of the prohibition of discrimination of consumer, inspection of performance of information and other obligations during provision of services of electronic communications. On the basis of the above mentioned authorisation also consumer issues and queries of consumers were included in the survey of complaints.

**Complaints can be divided into groups according to several aspects. The first one is the method of settlement according to which complaints can be included in the following three categories:**

- Complaint are resolved by the CTU within the framework of its competencies stipulated by the Act no. 127/2005 Coll., on Electronic communications and the Act no. 634/1992 Coll., on the Protection of consumer. The CTU informs complaining

subscriber/user how to proceed towards provider of services pursuant to the Act on Electronic communication (for example, about the right to claim rights with the provider of services), or that the complaint will be used as a stimulus for further investigation pursuant to the Act on Electronic communications or the Act on Protection of consumer, and/or will be used as a stimulus for performance of State control or for the promulgation of call pursuant to § 114 of the Act on Electronic communications demanding remedy of deficiencies.

- The CTU cannot solve complaint in question, is incompetent to take decision in relevant case within the framework of its competencies. In this case it informs complainant which authority is competent to resolve complaint in question, and/or that it refers the matter to be settled by competent body (for example, cases of deceitful advertisement, unsolicited trade communications, non-ethical acquisition of customers, protection of personal data, etc.).
- The CTU finds the complaint unfounded and informs complainant that his/her complaint is unjustified because obligations stipulated by the Act on Electronic communications, the Act on Protection of consumer, implementing regulations to these Acts, and/or decisions of the CTU, were not violated.

During the Fourth Quarter of 2012 the CTU registered altogether **721** complaints of subscribers/users. Out of this number **530** complaints were resolved by the CTU pursuant to the Act on Electronic communications (i.e. 73,5 % of the total number), in **113** complaints the CTU was incompetent to take decision and referred them to competent authority (i.e. 15,7 % of the total number) and **78** complaints were unfounded (i.e. 10,8 % of the total number).

As compared to the total number of complaints in the Third Quarter of 2012, the number of complaints in the Fourth Quarter of 2012 decreased by 610 complaints (i.e. by 45.8 %), what was caused particularly by decrease of complaints against the company M77 Group S.A., providing the services of satellite television Skylink and CS Link. Compared to the Fourth Quarter of 2011 with the Fourth Quarter of 2012 the total number of complaints increased by 188 complaints (i.e. by 26 %). A year-on-year increase of complaints is formed, in particular, by conspicuous share of the number of complaints in the field of protection of consumer, where the CTU is materially competent authority only from January 1, 2012. The biggest number of complaints in this field relates primarily to deceitful commercial practices within the meaning of the Act on Protection of consumer.

In the period evaluated also increased the number of complaints, which the CTU was not materially competent authority to solve (increase by 145 %), this increase was represented in major part by services of third parties – primarily by the so-called Premium Services and audio text services. Because these are not the services of electronic communications also the APMS, which allocates the codes for Premium Services, was continuously informed about this situation. The biggest number of complaints related to the case DIMOCO and the so-called chargeable SMS.

**Another aspect for division of complaints into groups is material subject of complaints.** Concerning the services of electronic communications taken generally, most complaints relate to charging of prices for services. There are 186 complaints, what makes 25.8 % of the total number. These complaints are resolved by providing legal advice to complainant or these cases are resolved in administrative procedure pursuant to § 129 of the Act on Electronic communications (subscriber disputes) as objections against the settlement of claim concerning the price for provided services. Compared to the Third Quarter of 2012 a slight decrease of the total number of complaints by 36 complaints (i.e. by 8,7 %) was registered in the Fourth Quarter of 2012 concerning the services of electronic communications.

Another field manifesting most of complaints are subscriber contracts – altogether 107 complaints. Compared to the preceding period also this agenda registered a slight



decrease by 19.5 %, and compared to the same period of 2011 it is, however, increase by 8.4 %. Most complaints relate to subscriber contracts of companies T-Mobile and Telefónica, particularly the contracts concluded for the definite period of time.

As far as the issues of telephone number portability is concerned, the monitored period, as compared to the Third Quarter, registered further decrease of number of complaints concerning the service of number portability in mobile network, and namely to 31 complaints (i.e. decrease by 29.5 %). The decrease mentioned was confirmed also in the company Vodafone during the State inspection in November and December, which was focused on observation of deadlines of telephone number portability among operators. Within the framework of this inspection no obstructive activities were proved and deficiencies discovered were caused primarily by technical problems.

In the consumer agenda of the CTU significant decrease of number complaints took place by 613 complaints, what is almost six fold decrease as compared to the Third Quarter of 2012. This decrease was caused primarily by the decrease of number of complaints against the company M77 Group S.A. (from January 1, 2013 the legal successor of this company is the company M7 Group SA) and services provided by Skylink and CS link. The CTU is engaged in three administrative procedures against this company, where decisions were already promulgated in two procedures, specifically for the breach of the Act on Electronic communications committed by administrative delict resting in the change of contractual terms and failure to meet information obligation towards subscribers and users of the service, for which the fine at the amount of CZK 10,000,000 was imposed on that company, and this company was also penalized for the breach of the Act on the Protection of consumer committed by administrative delict resting in deceitful commercial practices because the company offered the product under the name of „GRATIS“ and simultaneously demanded regular payments connected with the utilization of this product. For the perpetration of this delict the company was penalized by fine at the amount of CZK 5,000,000. These decisions have not yet become effective because the company appealed against both decisions within the deadline prescribed.

The number of complaints concerning the services provided within the framework of the Universal service is minimum in the long-term, during the Fourth Quarter of 2012 the CTU registered only one complaint about services provided within the framework of the Universal service.

**The last aspect employed for division of complaints is provider of service against which complaint is applied.** The following table registers only complaints against biggest providers of services of electronic communications considering their prevailing share both in the number of subscribers/users of services, and in the number of complaints. The survey of the number of complaints against selected providers is given in the Table no. 1. Compared to the previous quarter period the Table no. 1 takes into account also queries of subscribers relating to individual providers. As in the previous period complaints against the company M77 Group S.A. were not included in this number because this company, until the present time, is not notified as entrepreneur providing publicly available services of electronic communications in the Czech Republic and for this reason administrative procedure has been initiated against this company. There were altogether 144 complaints against this company what is 9 % of the total number of received complaints and queries.

Table no. 1

	Company	Number of complaints and queries	Illustration of number of complaints and queries compared to the number of subscribers/users of company in question <sup>1)</sup> (‰)	Illustration of number of complaints and queries compared to the total number of complaints and queries (%)
1.	LIVE TELECOM	11	0.333	0.7
2.	MobilKom	10	0.091	0.6
3.	Vodafone CZ	162	0.048	10.2
4.	T-Mobile CZ	171	0.031	10.8
5.	Telefónica CZ	287	0.038	18
6.	UPC CZ	68	0.060	4.3

<sup>1)</sup> Number of all subscribers/users as per 30. 6. 2012.

The CTU began to register **queries concerning the services of electronic communications** from January 1, 2012. These queries are thematically structured like complaints (see Table no. 2). During the Fourth Quarter of 2012 altogether **869** queries were registered, what is by 286 queries less than in the preceding Quarter. Apart from queries which were aimed at the issues of conditions for doing business in the field of electronic communications and promulgation of certification pursuant to provisions of § 26 of the Act on Electronic communications (37.7 %), major part of these queries was formed by consumer questions. Like complaints, significant part of queries was aimed at the issues of settlement of prices for services (14.5 %), subscriber contracts (11.1 %) and the issues of services of third parties – Premium Services and audiotext services (6.9 %).

The survey of total number of complaints and queries for the Fourth Quarter of 2012 is given in the Table no. 2 and illustrated in the graph no. 1. Development of the number of complaints against services of electronic communications on a year-on-year basis from the Fourth Quarter of 2011 to the Fourth Quarter of 2012 is given in the graph no. 2. Number of complaints as compared to identical periods of previous years is illustrated in the graph no.3. The graph no. 4 illustrates proportion of the number of complaints to the number of subscribers of relevant companies (in ‰) from the Fourth Quarter of 2011 until the Fourth Quarter of 2012.

### **Conclusion:**

Considering the gradual increase of the number of complaints against the so-called services of third parties, namely both Premium Services, and services provided by means of telephone numbers with defined price, the so-called audiotext services, these issues were raised during the meeting of the CTU with the Czech commercial inspection (ČOI). On the basis of ČOI's demand, testing and monitoring of these services according to requirements of the ČOI was performed with the help of technical means, and this testing concerned several selected numbers which are used in entertainment television programs. Results of testing were handed over to the ČOI as materially competent authority.

The CTU considers the issues of services of third parties as serious problem. For this reason the issues of services were included in the analysis of contracts and contractual conditions of mobile operators. In view of the fact that services of third parties by means of mobile telephones are always activated as the service when contract concerning any voice

service is concluded and subscriber may learn relevant information only after careful study of general commercial conditions, and/or other contractual documents, the CTU considers it necessary that subscriber, when concluding contract, have the chance to give his/her active consent that he/she really wants to use these services and/or wants to block them. Existing practise, when subscriber learns about their existence only when he/she receives the settlement and subsequently makes the steps to block them, is significantly disadvantageous for consumer according to the CTU.

Table no. 2

Stížnosti a dotazy účastníků / uživatelů<sup>1)</sup> za IV. Q 2012

Předmět	Dotazy	Stížnosti				Stížnosti celkem <sup>10)</sup>	Vyřizeno ve prospěch účastníka / uživatele <sup>1)</sup>	Celkem <sup>12)</sup>
		Způsob vyřízení						
		Poskytnutí informací						
		Postup podle zákona <sup>9)</sup>	Nedošlo k porušení zákona <sup>9)</sup>	Nepříslušnost Úřadu				
a	b	c	d	e	f	g	h	
<b>1. 1 Služby elektronických komunikací</b>	<b>282</b>	<b>321</b>	<b>37</b>	<b>19</b>	<b>377</b>	<b>622</b>	<b>659</b>	
2 nezřízení služby elektronických komunikací	0	3	1	1	5	4	5	
3 kvalita služby elektronických komunikací	34	38	2	1	41	73	75	
4 účastnické smlouvy	97	87	17	3	107	187	204	
5 nes poskytování služby elektronických komunikací v souladu se smlouvou	19	19	3	0	22	38	41	
6 aktivace nevyžádané služby elektronických komunikací	6	8	4	4	16	18	22	
7 nesouhlas s vyúčtováním	126	166	10	10	186	302	312	
<b>2. 8 Radiokomunikační služby</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	
<b>3. 9 Přenositelnost telefonního čísla v mobilní síti</b>	<b>27</b>	<b>24</b>	<b>7</b>	<b>0</b>	<b>31</b>	<b>51</b>	<b>58</b>	
<b>4. 10 Přenositelnost telefonního čísla v pevné síti</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>2</b>	
<b>5. 11 Nezřízení nebo přeložení telefonní stanice</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	
<b>6. 12 Služba zákaznické podpory poskytovatele služeb elektronických komunikací</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>2</b>	
<b>7. 13 Způsob získávání zákazníků ze strany poskytovatelů a dealerů</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>6</b>	
<b>8. 14 Příjem TV signálu v souvislosti s digitalizací vysílání</b>	<b>26</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>26</b>	<b>28</b>	
<b>9. 15 Klamavá reklama</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>5</b>	
<b>10. 16 Ochrana spotřebitele<sup>2)</sup></b>	<b>46</b>	<b>115</b>	<b>12</b>	<b>0</b>	<b>127</b>	<b>161</b>	<b>173</b>	
17 dodržování poctivosti poskytování služeb (§ 3 ZOS)	0	0	0	0	0	0	0	
18 nekalé obchodní praktiky <sup>3)</sup> (§ 4 ZOS)	3	2	0	0	2	5	5	
19 klamavé obchodní praktiky (§ 5 ZOS)	40	109	11	0	120	149	160	
20 agresivní obchodní praktiky (§ 5a ZOS)	3	3	0	0	3	6	6	
21 zákaz diskriminace spotřebitele (§ 6 ZOS)	0	0	0	0	0	0	0	
22 informační povinnosti (§ 9 až 10 a § 11 až 13 ZOS)	0	1	1	0	2	1	2	
23 další povinnosti při poskytování služeb elektronických komunikací (§ 15 až 16 a § 19 ZOS)	0	0	0	0	0	0	0	
<b>11. 24 Univerzální služba</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	
25 přístup zdravotně postižených osob k veřejně dostupné telefonní službě <sup>4)</sup>	2	0	1	0	1	2	3	
26 veřejné telefonní automaty <sup>5)</sup>	0	0	0	0	0	0	0	
27 přístup a možnost využívání služeb osobami s nízkými příjmy <sup>6)</sup>	0	0	0	0	0	0	0	
<b>12. 28 Ostatní<sup>7)</sup></b>	<b>476</b>	<b>67</b>	<b>13</b>	<b>94</b>	<b>174</b>	<b>637</b>	<b>650</b>	
29 telefonní seznamy	3	3	1	0	4	6	7	
30 informační služba o telefonních číslech účastníků	0	0	0	0	0	0	0	
31 služby třetích stran - premium SMS	47	13	1	44	58	104	105	
32 služby třetích stran - audiotexové služby	13	3	0	19	22	35	35	
33 obtěžující a nevyžádaná volání	19	16	3	6	25	41	44	
34 nabízení marketingové reklamy v rozporu s § 96 ZEK	5	1	2	0	3	6	8	
35 komunikační sítě, ochranná pásma a využívání cizích nemovitostí	24	0	1	4	5	28	29	
36 podnikání v elektronických komunikacích	202	0	0	0	0	202	202	
37 zkouška odborné způsobilosti (§ 26 ZEK)	126	0	0	0	0	126	126	
38 pokrytí signálem TV a GSM	11	1	0	0	1	12	12	
39 ochrana osobních údajů	1	1	1	0	2	2	3	
40 různé	25	29	4	21	54	75	79	
<b>CELKEM</b>	<b>869</b>	<b>530</b>	<b>78</b>	<b>113</b>	<b>721</b>	<b>1512</b>	<b>1590</b>	

Překlad Tabulky č. 2 :

**Table no. 2**

**The Czech Telecommunication Office**

**Complaints and queries of subscribers/users<sup>1</sup> for the Fourth Quarter of 2012**

Předmět = subject      stížnosti = complaints      dotazy = queries  
způsob vyřízení = method of settlement  
poskytnutí informací = provision of information  
postup podle zákona = procedure pursuant to the Law  
nedošlo k porušení zákona = the Law not violated  
nepříslušnost Úřadu = non-competency of the Office  
stížnosti celkem = complaints in total  
vyřízeno ve prospěch účastníka/uživatele = settled in favour of subscriber/user  
celkem = in total

**1. Services of electronic communications**

non-delivery of service of electronic communications  
quality of service of electronic communications  
subscriber contracts  
non-delivery of service of electronic communications in harmony with the contract  
activation of non-solicited service of electronic communications  
disagreement with the contract

**2. Radiocommunication services**

**3. Portability of telephone number in mobile network**

**4. Portability of telephone number in fixed network**

**5. Non-establishment or transfer of telephone station**

**6. Service of customer support of provider of services of electronic communications**

**7. The way of acquisition of customers from the part of providers and dealers**

**8. The reception of TV signal in connection with digitalisation**

**9. Misleading advertisement**

**10. Protection of consumer**

Observance of honesty in provision of services (§ 3 of the AEC)  
unfair commercial practices (§ 4 of the AEC)  
misleading commercial practices (§ 5 of the AEC)  
aggressive commercial practices (§ 5a of the AEC)  
ban on discrimination of consumer (§ 6 of the AEC)  
obligations of information (§ 9-10 and § 11-13 of the AEC)  
another obligations in provision of services of electronic communications (§ 15-16 and § 19 of the AEC)

**11. Universal service**

the access of handicapped persons to publicly available telephone service  
publicly available telephones  
access and possibility to use services for persons with low incomes

**12. Others**

telephone directories  
information service on telephone numbers of subscribers  
gradual repayment of the price for establishment of connection to public telephone network  
free of charge selective prevention of outgoing calls for the subscriber  
free of charge itemized price charging for the consumer  
services of third parties

harrassing and non-solicited calls  
marketing calls  
communication networks, protection bands and utilization of other subjects' real estates  
entrepreneurship in electronic communications  
test of professional qualification (§ 26 of the AEC)  
coverage by the signal of TV and GSM  
protection of personal data  
miscellaneous  
**IN TOTAL**

**TABLE NARRATIVE :**

- 1) They are not the complaints pursuant to § 175 of the Act no. 500/2004 Coll., the Administrative Order, as amended by the Act no. 413/2005 Coll. They are not the objections against the settlement of warranty claim concerning publicly available service of electronic communications, nor any other subscribers's disputes resolved in the administrative proceedings. Complaints and queries are registered in the phase of settlement.
- 2) Pursuant to the Act no. 634/1992 Coll., on the Protection of Consumer, as later amended.
- 3) There are commercial practices in harmony with provisions of § 4 of the Act on the Protection of Consumer, according to which commercial practice is unfair if actions of entrepreneur towards consumer are in contradiction to requirements of professional care and is capable to influence his/her decisions so that he/she may take a decision which he/she would never made. Unfair commercial practices are, in particular, misleading and aggressive commercial practices.
- 4) The decision no. 44 813/2009-610/IVII. vyř. dated June 23, 2009, on Imposition of the obligation to provide, within the framework of the Universal service, the partial service – the access of handicapped persons to publicly available telephone service, which is equivalent to the access employed by other end users, particularly by means of specially equipped telecommunication end devices, pursuant to § 38 Para. 2 Letter f) of the Act of Electronic communications.
- 5) The decision no. 466/2006-610/II.. vyř. dated March 13, 2006, as amended by the decision no. 20 583/2008-610/IX., vyř. ref.no. 63 465/2009-610/IX. and ref.no. 100 041/2010-610/VI. vyř., by which the obligation was imposed to provide, within the framework of the Universal service, the partial service – services of public telephones.
- 6) The decision ref.no. ČTÚ-43 632/2011-610/VI. vyř., dated June 7, concerning the imposition of the obligation within the framework of the Universal service, to allow persons having special social needs, pursuant to § 38 Para. 4 of the Act of Electronic communications and in harmony with § 44 and § 45 of this Act, the choice of prices or price plans different from price plans provided under normal commercial conditions, so that these persons have the access and could utilise partial services and publicly available telephone service.
- 7) It is a different type of complaint mentioned, cannot be included into points 1 to 10.
- 8) It is a provider of services of electronic communications and provider of contents specified in the remark.

9) It is the Act on Electronic communications and in case a complaint or query deals with protection of consumer then it is the Act on Protection of Consumer.

10) It includes complaints – procedure pursuant to the Act on Electronic communications (column c) – complaints - the Act on Electronic communications was not violated (column d) and complaints - non-competency of the Office (column e).

11) It includes complaints (column b) – procedure pursuant to the Act on Electronic Communications (column c) and complaints - non-competency of the Office (column e).

12) It includes queries (column b), complaints – procedure pursuant to the Act on Electronic Communications (column c), complaints - the Act on Electronic communications was not violated (column d) and complaints - non-competency of the Office (column e).

**ZEK** – the Act no. 127/2005 Coll., on Electronic communications and amendments of some related Laws (the Act on Electronic communications), as amended by subsequent Laws.

**ZOS** - the Act no. 634/1992 Coll., on the Protection of Consumer, as later amended.

### Překlad grafů

#### **The Graph no. 1 Complaints for the fourth quarter of 2012**

1. Services of electronic communications
2. Radiocommunication services
3. Portability of telephone number in the mobile network
4. Portability of telephone number in the fixed network
5. Non-establishment or displacement of telephone station
6. The service of customers's support of the provider of services of electronic communications
7. The way of acquisition of customers from the part of providers and dealers
8. The reception of TV signal in connection with digitalisation of broadcasting
9. Deceitful advertisement
10. Protection of consumer
11. Universal service
12. Others

#### **The Graph no. 2 Complaints on services of electronic communications from the fourth quarter of 2011 until the fourth quarter of 2012**

Non-establishment of service of electronic communications  
Quality of service of electronic communications  
Subscriber contracts  
non-delivery of service of electronic communications in harmony with the contract  
activation of non-solicited service of electronic communications  
disagreement with the settlement

#### **The Graph no. 3 Complaints for the fourth quarters of 2009, 2010, 2011, 2012**

- 1) Services of electronic communications

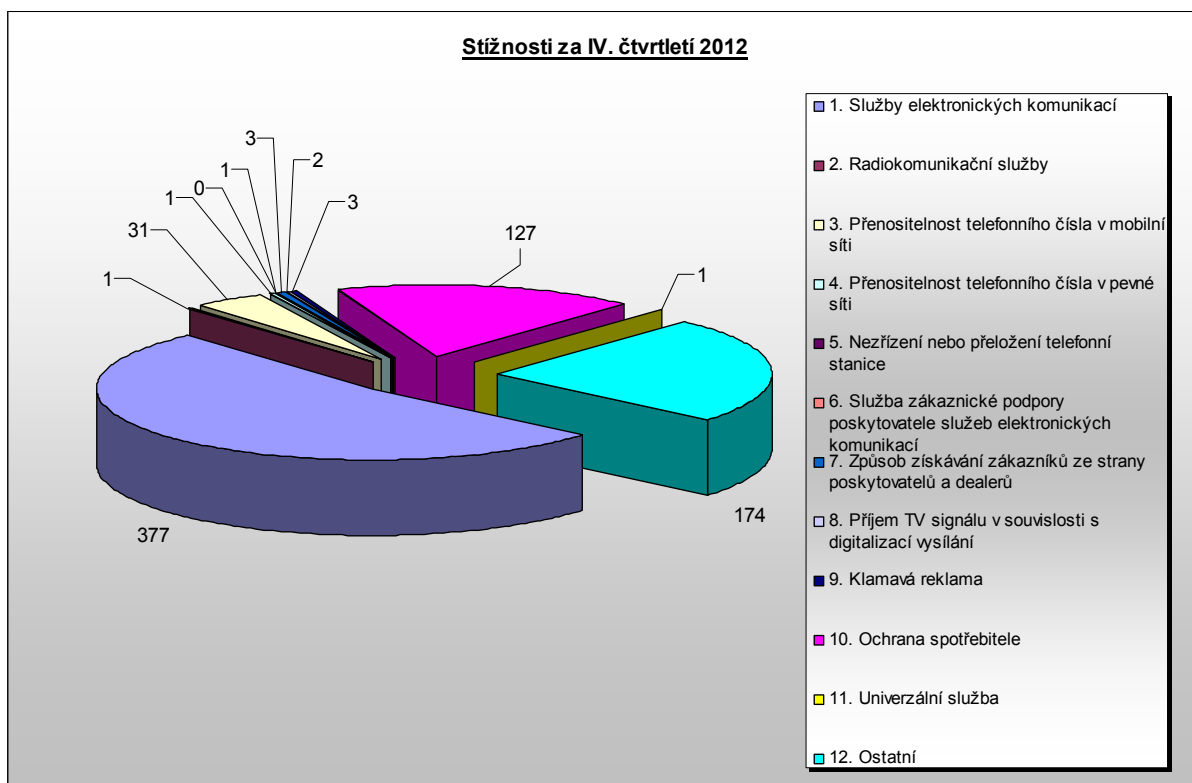
- 2) Radiocommunication services
- 3) Portability of telephone number in the mobile network
- 4) Portability of telephone number in the fixed network
- 5) Non-establishment or displacement of telephone station
- 6) The service of customers's support of the provider of services of electronic communications
- 7) The way of acquisition of customers from the part of providers and dealers
- 8) The reception of TV signal in connection with digitalisation of broadcasting
- 9) Deceitful advertisement
- 10) Protection of consumer
- 11) Universal service
- 12) Others

#### **The Graph no.4**

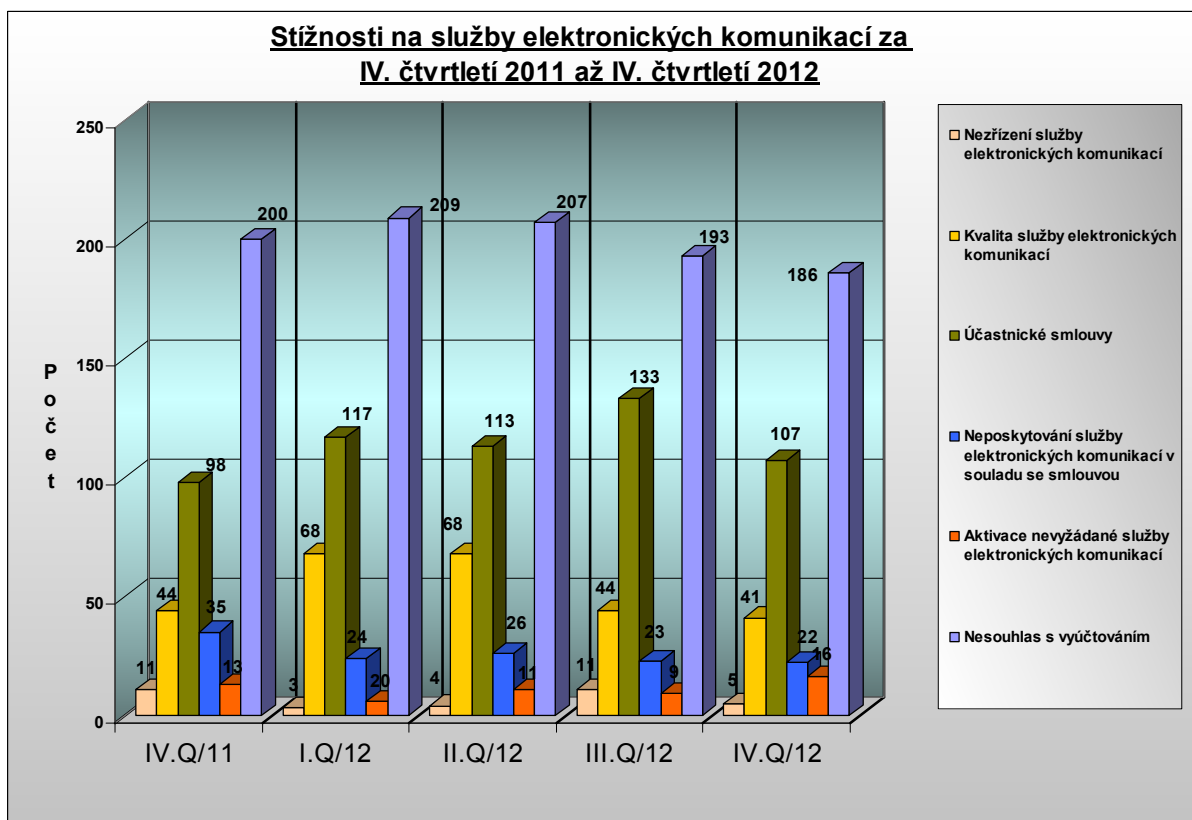
**The representation of the number of complaints in relation to the number of subscribers of given companies (in %) from the fourth quarter of 2011 until the fourth quarter of 2012**



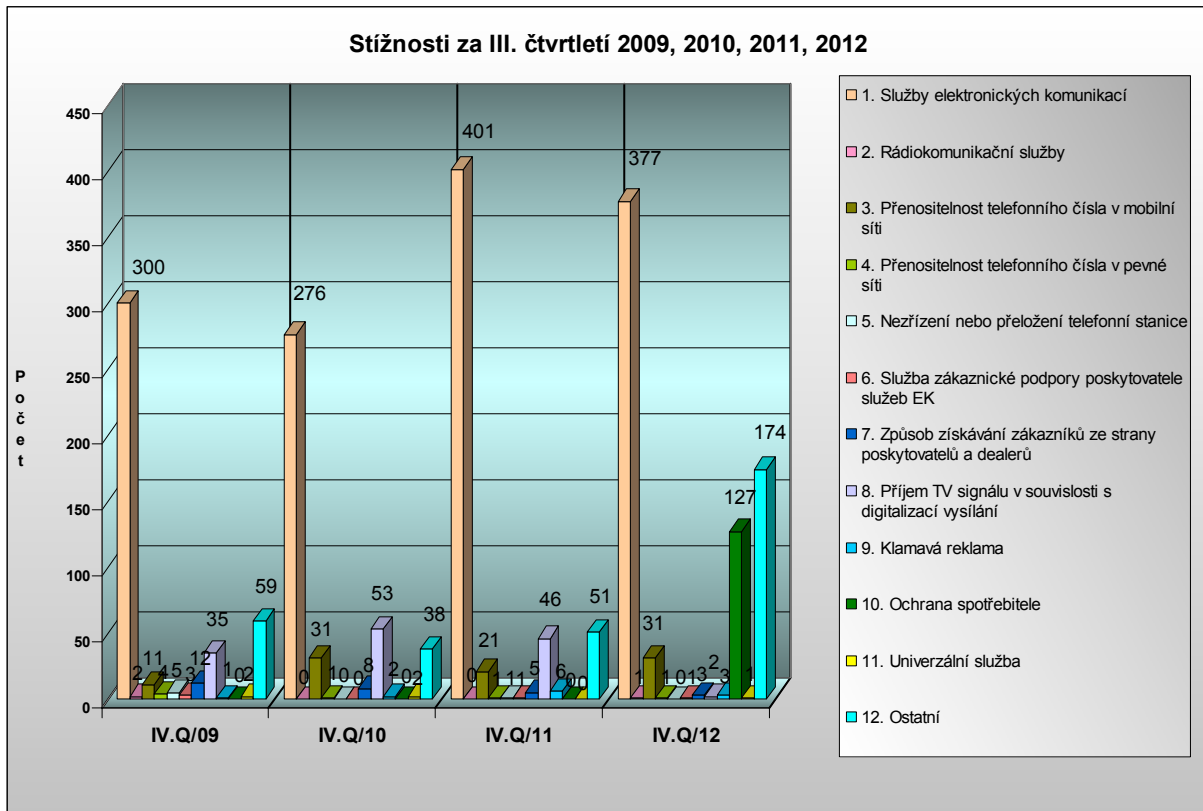
Graf č. 1



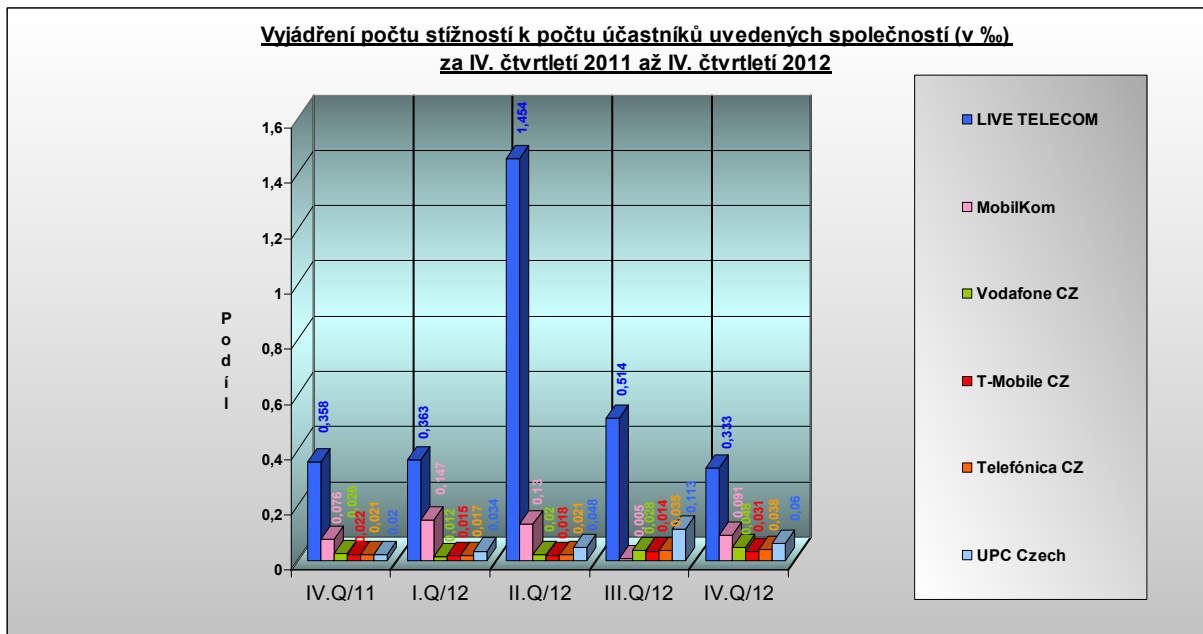
Graf č. 2



Graf č. 3



Graf č. 4



## **2. Regulatory measures**

### **Market analysis**

#### **Market no. 3 – Termination of call (termination) in individual public telephone networks provided in fixed location**

Pursuant to § 51 Para. 1 of the Act on Electronic communications, on January 17 the CTU published the information about the commencement of the analysis of relevant market no. 3 – Termination of call (termination) in individual public telephone networks provided in fixed location. The CTU assumes that the analysis of this relevant market will be promulgated in the second half of this year.

#### **Market no. 4 – Wholesale (physical) access to the infrastructure of network (including shared or full local loop unbundling) in fixed location and market no. 5 – Wholesale broadband access in networks of electronic communications**

The CTU finished draft analyses of markets no. 4 and 5 and sent invitations to the workshop including draft analyses to relevant associations and authorities. The workshop will be held on February 22. The CTU has prepared parallel drafts of both analyses after it has withdrawn previous draft analysis of the market no. 5 in August on the basis of the decision of the European Commission.

#### **Market no. 8 – The Access and origin of call (origination) in public mobile telephone networks**

On January 31 terminated the public consultation [of the draft Measure](#) of general nature - the analysis of the market no. A/8/XX.2012-Y, relevant market no. 8 – the Access and origin of call (origination) in public mobile telephone networks. Comments concerning the draft analysis were sent by six subjects and they are published on the Internet pages of the CTU. Currently the CTU is preparing reaction to these comments received.

#### **The project of „Implementation of the Recommendation of the Commission of the European Communities no. 2009/396/EC, from May 7, 2009, on the Regulation of rates for termination of call in fixed and mobile networks in the EU in the regulation of prices by the Czech Telecommunication Office“**

On December 31, 2012 the CTU successfully terminated the project<sup>1</sup> covered from the Operational program „Human resources and employment“. The target of the project was the creation of tools for price regulation, which will be in harmony with requirements defined in the Recommendation<sup>2</sup> through which the European Commission tries to harmonize policy of regulators in individual countries.

The following methodologies were created:

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<sup>1</sup> Implementation of the Recommendation of the Commission of the European Communities no. 2009/396/EC, from May 7, 2009, on the Regulation of rates for termination of call in fixed and mobile networks in the EU in the regulation of prices by the Czech Telecommunication Office.

<sup>2</sup> The Recommendation of the Commission no. 2009/396/EC on the Regulation of rates for termination of call in fixed and mobile networks in the EU and The Recommendation of the Commission no. 2010/572/EU from September 20, 2010 on Regulated approach to access networks of the new generation (NGA).

- for the calculation of termination prices in harmony with the Recommendation of the Commission on Regulation of rates for termination of call in public and mobile networks in the European Union
  - [Methodology LRIC, including the model](#), for the service of termination of call in public mobile networks ([Manual for users](#)),
  - [Methodology LRIC, including the model](#), for the service of termination of call in public fixed networks ([Manual for users](#)),

to meet the requirements ensuing from the Recommendation on Regulated approach to access networks of the new generation

- Broadband model,
- Methodology of determination of surcharge, taking into account the risk of investments in the do NGA networks,
- Methodology for keeping separated registration of costs and revenues when the geographic definition of the market is employed.

Broadband model is composed of three partial submodels, and namely cost model for services of the relevant market no. 4 (without services of colocation), cost model for services of the relevant market no. 5 and cost model for the services of retail market of broadband access to the Internet network.

Outputs from this model will be used for determination of regulated prices if the obligation is imposed in connection with price regulation in some of specified markets and for evaluation of performance of other remedies imposed (for example, the obligation of non-discrimination). The principal starting point of all partial models is formed by the bottom-up methodology of incremental costs (LRIC), with the exception of submodel for services of retail market of access to the Internet network, which calculates relevant retail costs (above the market no. 5) with the help of the FAC method (Fully Allocated Costs).

The methodology of determination of surcharge taking into account the risk of investments in the NGA networks defines quantifiable investment risks of operator having significant market power in building access networks composed of optical fibres and determines their level. These risks will be, in harmony with the Recommendation on regulated approach to access networks of new generation (NGA), taken into account in the surcharge included in the price of capital for relevant investments.

The target of the methodology of keeping separated registration of costs and revenues was determination of general rules for keeping separated registration of costs, revenues, invested capital and profitability of services of enterprise operating in the sector of electronic communications, which was determined as the enterprise with significant market power in the geographically defined market, i.e. in case that the relevant market will not cover the whole territory of the Czech Republic but only its strictly defined part or will be divided in (geographical) segments.

### **Next steps in the review of prices for termination in fixed location**

In the preceding [monitoring report](#) for December 2012 the CTU informed about the commencement of review phase of notification process concerning the draft decision on price for termination of call in fixed network of the company Telefónica. The target of the review phase opened by the European Commission pursuant to the Article 7a of the Framework Directive is to verify if the CTU proceeded correctly during the implementation of the [Recommendation dated May 7, 2009 on the Regulation of rates for termination of call in fixed and mobile networks in the EU](#), and/or, if by imposition of the obligation to conclude and exercise the price in proposed level, the EU Law is not violated and barriers of the domestic market not created.

Concerning serious reservations of the European Commission, the Association of European Regulatory Bodies BEREC, after votes of presidents of individual regulatory EU authorities were cast, endorsed its [standpoint](#) on January 21, 2013. In this standpoint the BEREC did not agree with serious doubts which the European Commission raised towards the draft decision on price of the CTU. At the same time the BEREC highlighted three parts of cost model, which should be verified again before final decision on price for the company Telefónica is promulgated. It is the enumeration of costs for wholesale settlement of services of termination (billing), determination of relation of prices in peak hours and in off-peak hours and verification of impact of (non)inclusion of termination of international incoming calls in the increment, the costs of which are determined by the model. The CTU will consult these circuits with the European Commission in the ongoing process of notification of the decision on price. The CTU reminds that similarly the BEREC [did not agree](#) with objections of the Commission in July last year within the framework of review phase concerning the draft analysis of relevant market no. 5 (wholesale broadband access in networks of electronic communications). More information can be found in [monitoring report for July 2012](#).

### ***3. Disputes pursuant to § 127 of the Act on Electronic Communications***

#### **Proceedings initiated in January 2013**

In January 2013 no proceedings concerning disputes pursuant to § 127 of the Act on Electronic communications were initiated.

#### **Proceedings terminated as legally effective or returned to new hearing in January 2013**

In January 2013 no proceedings were terminated as legally effective or returned to new hearing pursuant to § 127 of the Electronic Communications Act.

### ***4. Universal service***

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### ***5. Inspection activities***

#### **Inspection activities in the field of provision of services and support of networks of electronic communications**

During the month of January the CTU performed the following inspection activities:

- Performance of communication activities without authorization – in the period monitored the CTU performed four inspections and in one case performance of communication activities without authorization was discovered. Administrative proceedings will be opened in this case.
- Observance of conditions of general authorization no. VO-R/24/11.2008-16 concerning operation of infrastructure equipment serving for dissemination of radio signal inside tunnels and internal space of buildings – violation was discovered in Prague, Pardubice, Jihlava, Znojmo and Týniště nad Orlicí. This violation consisted in operation of GSM repeaters without written consent of operators of networks, whose signal is covered by this repeater; moreover, these devices caused jamming of

networks of mobile telephony. Administrative proceedings will be opened with subjects involved.

- Observance of conditions of general authorization no. VO-R/12/09.2010-12 concerning utilization of radio frequencies and operation of devices for broadband data transmission in the bands of 2.4 GHz up to 66 GHz – the CTU performed 22 inspections. In 12 cases it discovered failures which will be resolved by a call demanding elimination of failures and administrative proceedings will be opened in this case.
- Inspection of radio frequencies utilization without authorization – the CTU performed altogether eleven inspections orientated at subjects whose individual authorization's validity terminated. In two cases utilization of frequencies without authorization was discovered and administrative proceedings will be opened in these cases.
- Inspection of observance of conditions of individual authorization for the utilization of radio frequencies – the CTU performed 174 inspections of observance of conditions of individual authorization for the utilization of radio frequencies. Altogether 25 calls demanding elimination of failures were promulgated. The inspections are orientated mainly at the observance of planning parameters (frequency elevation and multiplex output) of UHF FM transmitters. The failures were discovered in 17 cases and calls demanding elimination of failures were promulgated.
- Inspection of the equipment of VKV FM transmitter in Česká Lípa. During flight measurement performed by the Air Traffic Management of the Czech Republic (ŘLP ČR), violation of conditions of authorization was discovered resting in non-observance of determined radiation diagram of the antenna. The CTU promulgated the call demanding elimination of failure.
- Determination of sources of jamming of the operation of electronic communication facilities and networks, provision of services of electronic communications or operation of radiocommunication services – the CTU performed altogether 55 local investigations. In one of these cases as the source of jamming was discovered radio control of urinal flushing working in the band of 5.8 GHz, which caused jamming of UMTS by parasite radiation on frequency 1977 MHz.
- Collaboration with the Česká obchodní inspekce (ČOI) – during inspection of sellers of telecommunication terminal and radio devices within the framework of collaboration between the CTU and the Czech Commercial Inspection sale of wireless doorbells working in the band of 300–310 MHz, reserved in the Czech Republic for the Ministry of Defence, was discovered in Ústí nad Labem and in Děčín. Deficiencies discovered are resolved by the ČOI within its competence.

Přehled kontrolní činnosti při výkonu státní kontroly elektronických komunikací za měsíc leden 2013

Druh činnosti	Počet osvědčení nebo kontrol		Počet výzev k odstranění nedostatků	Počet zaháj. SR	Počet vyd. rozh. *)	Rozhodnuto ve prospěch		Uložené pokuty	
	Celkově	Z toho				účastníka	poskytovatele	počet	výše v Kč
1. Počet vydaných osvědčení o oznámení podnikání (§14 ZEK)	23								
2. Počet změn osvědčení o oznámení podnikání (§14 ZEK)	24								
3. Výkon komunikační činnosti bez osvědčení	4			1	5			4	28000
4. Dodržování podmínek všeobecných oprávnění	30		8	9	7			7	121500
a) k zajišťování veřejných komunikačních sítí a přirazených prostředků		0	0	0	0			0	0
b) k poskytování služeb elektronických komunikací		1	0	1	1			1	6000
c) k využívání rádiových kmitočtů a provozování přístrojů (rádiových zařízení)		29	8	8	6			6	115500
5. Kontrola rádiových kmitočtů	240		37	8	8			8	155000
a) využívání rádiových kmitočtů bez oprávnění k jejich využívání		11		5	6			6	132000
b) dodržování podmínek individuálního oprávnění k využívání rádiových kmitočtů		174	25	2	2			2	23000
c) Zjišťování zdrojů rušení provozu elektronických komunikačních zařízení a sítí, poskytování služeb elektronických komunikací nebo provozování radiokomunikačních služeb		55	12	1	0			0	0
6. Kontrola čísel pro účely správy čísel (počet kontrolních volání)	3		0	0	0			0	0
a) využívání čísel bez oprávnění k jejich využívání		0		0	0			0	0
b) využívání čísel v rozporu s oprávněním k jejich využívání		0		0	0			0	0
7. Rozhodování účastnických sporů	0			7802	5196	388	2908		
a) o námitce proti vyřízení reklamace na poskytnutou službu		0		0	6	4	0		
b) o námitce proti vyřízení reklamace vyúčtování cen za služby		0		28	42	12	13		
ba) přístupu ke službám s vyjádřenou cenou (datové i hlasové)		0		0	0	0	0		
baa) přístupu k datovým službám s vyjádřenou cenou poskytovaným na síti Internet nebo na jiných datových sítích (Dialer)		0		0	0	0	0		
c) o zaplacení ceny za služby (peněžitě plnění)		0		7766	5134	368	2892		
d) ostatní		0		8	14	4	3		
8. Neposkytnutí informací podle § 115 ZEK				0	0			0	0
9. Ostatní	13		2	20	15			12	28500
CELKEM	286		47	7840	5231	388	2908	31	333000

\*) Celkový počet vydaných rozhodnutí zahrnuje i případy ukončení správního řízení usnesením, tj. případy úmrtí účastníka, zániku firmy, přerušení řízení ze zákona (konkurz), nepříslušnosti rozhodovat apod.

Překlad tabulky : Přehled kontrolní activities při výkonu státní kontroly elektronických komunikací za měsíc leden 2013

**The Survey of inspection activities in performance of State control of electronic communications for the month of January 2013**

Druh activities = kind of activity

počet osvědčení nebo kontrol = the number of certifications or inspections

celkově = in total z toho = of which

počet výzev k odstranění nedostatků = the number of notices to eliminate deficiencies

počet zahájených správních řízení = the number of administrative proceedings commenced

počet vydaných rozhodnutí\* = the number of decisions promulgated

rozhodnuto ve prospěch = decided in favour

účastníka = participant poskytovatele = provider

uložené pokuty = fines imposed počet = number výše v Kč = amount in CZK

**1. The number of certifications notifying business activities issued (§ 14 of AEC)**

**2. The number of changes of certifications notifying business activities (§ 14 of AEC)**

**3. Performance of communication activities without certification**

#### **4. Observance of conditions of general authorisations**

- a) for the operation of public communication networks and associated facilities
- b) for provision of services of electronic communications
- c) for utilization of radio frequencies and operation of instruments (radio equipment)

#### **5. Inspection of radio frequencies**

- a) utilization of radio frequencies without authorisation for their utilization
- b) Observance of conditions of individual authorisation for utilization of radio frequencies
- c) locating sources of interference of operation of electronic communication facilities and networks, provision of services of electronic communication or operation of radiocommunication services

#### **6. Inspection of numbers for the purposes of management of numbers (number of inspection calls)**

- a) utilization of numbers without authorisation for their utilization
- b) utilization of numbers violating authorisation for their utilization

#### **7. Resolution of subscribers' disputes**

- a) on objection against the settlement of reclamation of service provided
- b) on objection against the settlement of reclamation of charging of services
  - ba) on access to data services with specific price (data and voice)
  - baa) on access to data services with specific price provided on the Internet network or on other data networks (Dialer)
- c) on reimbursement of price for services (monetary performance)
- d) others

#### **8. Withholding of information pursuant to § 115 of AEC**

#### **9. Others**

IN TOTAL

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

### ***6. Other regulators, inspection authorities, courts***

#### **Regulation in the market no. 6 in Poland**

The BEREC [recommended](#) to the Polish regulator UKE to withdraw its proposal for deregulation of wholesale broadband access (WBA) in eleven Polish cities (in original draft analysis in the second round in twenty cities). UKE has proposed this draft as the termination of the second round analysis of the market no. 5 after it has withdrawn the analyses in the third round (see [MMZ 10/2012](#)). BEREC agreed to serious doubts of the European



Commission concerning utilization of outdated information of the market and inconsistency with recent, though withdrawn, notification of the analysis in the third round. It also expressed its doubts concerning differing conclusions on the basis of old and new data file. Old data file leads to the conclusion that in eleven cities the wholesale market is competitive, while more recent data file used in the third round of withdrawn analysis identifies only four. UKE explained that the difference took place on the basis of collection of data rather than by principal changes on the market. According to the BEREC it shows that these data are unreliable and do not reflect adequately market reality. It recommended to the UKE to submit again the analysis in the third round and employ the data reflecting real situation of the whole market. During the second phase of investigation the Commission suspended acceptance of the draft Measure of the UKE by two month (until February 1, 2013). The Commission may withdraw its serious doubts or ask the UKE to withdraw its proposal.

## **7. Associations**

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## **8. Consumer issues**

### **Subscriber disputes – disputes concerning financial performance and objections against the settlement of complaint**

During the month of January the CTU initiated 7,802 administrative proceedings concerning subscriber disputes between a person performing communication activities, on the one hand, and a subscriber, on the other hand, concerning financial performance and proposals for commencement of procedure concerning objections against the settlement of complaint concerning price settlement or provision of publicly available service of electronic communications, which the CTU decides pursuant to § 129 of the Act on Electronic Communications. 5,196 decisions in re were promulgated, of which 5,134 were decisions concerning financial performance (payment of price for services).

### **Protection of consumer**

From January 1, 2013 the most important change in the field of postal services took place concerning the protection of rights of consumers.

The Act no. 221/2012 Coll., which amended the Act no. 29/2000 Coll., on Postal services, implemented in the Czech legal order the Directive of the European Parliament and the Council 2008/6/EC, which amends the Directive 97/67/EC considering complete formation of internal market of postal services of the Communities, the so-called „Third postal Directive“.

In this connection the CTU was newly delegated authority of surveillance over the market of postal services in order to ensure fair competitive environment and also to ensure proper provision of basic services including performance of State control in the field of postal services and the power to sanction, within the meaning of relevant statutory provisions, violation of obligations by operator of services ensuing from the Law. Starting from January 1, 2013 consumers may address their incentives concerning postal services to the CTU, including objections against the settlement of their claims. Newly obtained competencies will also be reflected in the commencement of monitoring of postal services and in the introduction of the system of registration of entrepreneur in this field. The CTU will also prepare and apply the system of regular surveillance over availability of basic postal services and review of the level of their quality and method of provision and support. Further

information concerning the agenda of postal services are published on [Internet pages](#) of the CTU.

To another significant fact important for consumers, which should help to attain better quality of protection of consumer, belongs newly prepared consumer portal. This portal will improve transparency of information provided by the CTU and extend them so that users of services of electronic communications and postal services, including handicapped users, will obtain practical information allowing them to apply their consumers' rights. Simultaneously, the CTU will focus on the update of formerly determined conditions of quality of provided services.

## **9. Legislative changes**

On January 1, 2013 **the Act no. 221/2012 Coll., became effective, amending the Act no. 29/2000 Coll., on Postal services and Amendments of some other Acts (the Act on Postal services), as later amended and some other Acts**, and also the following Decrees implementing relevant provisions of the Act on Postal services, as amended by this Amendment:

- a) Decree no. 432/2012 Coll., on the Method of registration of revenues and incomes of operator providing postal services or supporting foreign postal services,
- b) Decree no. 433/2012 Coll., on Determination of content, form and way of publication of information on results of provision and support of basic services and evaluation of performance of quality parameters,
- c) Decree no. 434/2012 Coll., on Determination of the model form of notification of business in the field of postal services,
- d) Decree no. 464/2012 Coll., on Determination of specification of individual basic services and basic quality requirements for their provision,
- e) Decree no. 465/2012 Coll., on the Method of keeping separated registration of costs revenues of holder of postal licence,
- f) Decree no. 466/2012 Coll., on the Approach of the Czech Telecommunication Office in calculation of net costs concerning performance of the obligation to provide basic services.

During January 2013 no legal regulations were published in the Collection of Laws having principal impact on the fields of electronic communications or postal services.

## **10. European Union**

On January 1, 2013 the [Ireland](#) takes over the presidency of the EU Council after the Cyprus. Priorities, to which the Ireland wants to focus its attention, are economic stability, growth and employment. To those priorities In the field of electronic communications belong acceleration of works on electronic identification (e-ID) and services which form a key part of unified digital market together with other issues as accessibility of web pages and support of construction of networks for higher-speed broadband services.

On January 8, 2013 the public consultation was closed aimed at the update of existing list of relevant wholesale and retail telecommunication markets which, pursuant to the EU rules for telecommunications, must respect the so-called „procedure pursuant to the

Article 7<sup>o</sup>. The review had to respect principal development trends in the field of market and technologies, as, for example, Internet applications and services, convergence of different kinds of networks and services and development of very fast Internet networks and services. On the basis of results of consultation, the Commission, after the consultation with the Association of European Regulatory Bodies in the field electronic communications (BEREC) and with the Communication Committee (advisory committee composed of representatives of Member States), will accept revised Recommendation. It is the second review of the Recommendation of the Commission on relevant markets. The first Recommendation of the Commission from 2003 ([2003/311/EC](#)) was revised in 2007 ([2007/879/EC](#)). The current Recommendation includes one retail and six wholesale markets: access to the fixed telephone network, origin of call in fixed telephone network, termination of call in individual fixed telephone networks, wholesale access to local loop, wholesale broadband access, wholesale terminal segment of leased local loops and termination of voice call in individual mobile networks.

On January 26, 2013 was published [Communication of the Commission – EU Instructions concerning utilization of rules of State subsidy in relation to the fast introduction of broadband networks](#). In this communication the Commission, on the basis of Article 108 Para. 1 of the Agreement of the EU operation, proposes that the Member States accept suitable measures and, in case of necessity, change their existing subsidy schemes in order to attain their harmony with provisions of these Instructions within twelve months of their publication in the Official Journal of the European Union. The Instructions shall be used from the first day after their publication in the Official Journal of the European Union. The Commission may examine existing Instructions on the basis of important aspects of future development of markets, technologies and regulations.

## ***11. ITU and other international organisations***

### **CEPT**

#### **ECC/PT1**

On January 14 – 18, 2013 the 42<sup>nd</sup> meeting of the project team of the CEPT ECC PT1 was held in Marseilles, France. The team is focused on the issues of mobile communications – IMT and both national administrations and representatives of manufacturers and operators of networks are involved in its activities. The team, inter alia, made a significant progress in the preparation of conditions of utilization of the band 3.4–3.8 GHz by IMT applications allowing high-speed access to services of electronic communications and prepared proposals of emission masks (BEM), discussed proposals of principles of synchronisation of networks in the TDD mode, proposals of scenarios of transition to utilization of preferential channel width of 5 MHz and other related issues. In parallel, the second meeting of the CPG PTD was held whose responsibility is the European preparation for points 1.1 and 1.2 of the WRC-15 agenda (identification of another bands for the systems IMT and the allocation of the band of digital dividend II to mobile service). The CPG PTD meeting discussed proposals concerning points 1.1 and 1.2 of the WRC-15 and continued in preparation of the CEPT report. On the basis of the analysis of implemented studies of co-existence of networks in mobile service with stations serving to others, preliminary standpoints were prepared for identification of another bands for IMT; partial consent was reached in the band 1,452–1,492 MHz, which is currently earmarked for multimedial mobile systems in the Czech Republic. Concerning other bands, studies of sharing are not yet finished. The issues of channel arrangement of the IMT systems in the bands of 694–790 MHz made a progress from the viewpoint of support of the most likely variant, what is the border of allocation to mobile service defined by the lower frequency 694 MHz.

## ECC/CPG

In Luxemburg, on January 22 – 25, 2013, was held the second meeting of the working group of the ECC CPG for the preparation of membership rights of the CEPT for the World's Conference of the WRC-15. The target of the second meeting was to discuss reports and primary document from working groups for the preparation of the Report of the CEPT and Joint European standpoints concerning allocated points of the WRC-15 program. The document, prepared by the CTU, which represents the Czech Republic as the coordinator of program items 2 and 4 of the WRC-15, was accepted without any comments. For the following meeting of project team of the ECC CPG PT A the coordinator should prepare updated version of draft Report of the CEPT concerning program and introductory draft Report of the CEPT program item 2. The situation of preparation concerning program item 1.5 (communication for control of pilotless devices) was considered serious and administrations were invited to appoint coordinator for this program item. A comprehensive discussion was held regarding conclusions of project team PT D, responsible for the preparation of program item 1.1 (identification of additional bands for IMT) and 1.2 (allocation of mobile service in the band of 700 MHz). Principal subject of discussion were the issues of frequency bands identified for the IMT and definition of lower border of the band of 700 MHz.

## 12. Digitalisation of RTV

In connection with termination of transition to terrestrial digital television broadcasting and with development of broadcasting network 4 in 2012, the CTU presents summary of current situation in the coverage of population of the Czech Republic by the signal of terrestrial digital television broadcasting distributed at the end of 2012 in broadcasting networks 1–4:

Broadcasting network	coverage of population	Number of transmitters in the network
1	99,9 %	116
2	99,6 %	78
3	96,4 %	20
4	86,0 %	26

Following the adoption of the Measure of general nature – the Annex of the Plan for the utilization of radio spectrum no. PV-P/10/08.2012-11 for the frequency band 470–960 MHz, permitting utilization of another radio frequencies for distribution of signals DVB-T during the limited period until December 31, 2017, individual authorizations were promulgated for the utilization of radio frequencies for regional broadcasting (regional networks 1–10) on the basis of request of operators. Information about basic technical parameters of transmitters, for which individual authorizations were promulgated, can be found on the [Internet pages of the CTU](#).

During 2012 digital television broadcasting began in the frequency band of 1,452–1,492 MHz on the territory of the Czech Republic (in the so-called L band ) in the system T-DAB and T-DAB+. Already in April 2012, the operation of transmitters in Prague and Příbram (frequency block LA) began, before September 2012 the operation of transmitters began in Brno (frequency block LE), in Ostrava region (frequency block LP) and in Hradec Králové region (frequency block LH). Before the end of 2012 broadcasting began in Liberec (frequency block LL). In January 2013 broadcasting of T-DAB began in Plzeň (frequency block LM), in České Budějovice (frequency block LD) and in the transmitter

Jáchymov on Klínovec (frequency block LJ). Basic technical parameters of transmitters are listed on the [Internet pages of the CTU](#).

### **13. Radio spectrum management**

#### **Auction of frequencies**

In January 2013 electronic auction phase of tender procedure continued for the purpose of granting rights for the utilization of radio frequencies to provide public communication networks in the bands of 800 MHz, 1,800 MHz and 2,600 MHz, which began on November 12.

### **14. Postal Act services**

On January 1, 2013, when the Amendment of the Act on Postal services and related legal regulations (Decrees) became effective, the CTU began to perform newly entrusted competencies. Since January also new conditions became effective in the field of operation of postal services. The monopoly, which the Česká pošta had for delivery of documents having the maximum weight of 50 g and the maximum price of 18 CZK, was cancelled and liberalization of the market of postal services was finished. The holder of postal licence, which has the obligation to ensure general availability of basic services on the whole territory of the Czech Republic is, for the period of 5 years, the Česká pošta by the Act on Postal services.

Starting from the New Year, different obligations related to notification of business in the field of postal services are in force for entrepreneurs. The notification of business in the field of postal services shall be newly communicated to the CTU, which, on the basis of notification of relevant subject, and in compliance with all requirements, will promulgate the so-called certificate and operator will be recorded in electronic registration available to the public using the method permitting remote access. In the month of January two subjects communicated notification to the CTU and certificate was already issued to one of them.

On the basis of delegating provisions of amended wording of the the Act on Postal services, the CTU also promulgated individual implementing Decrees. The List of Decrees promulgated, implementing relevant provisions of the Act on Postal services, as amended by this Amendment, is brought forward in Chapter 9.

#### **Administrative procedure concerning the award of postal licence**

Pursuant to the Article II of the point 3 of the Act no. 221/2012 Coll., which amends the Act no. 29/2000 Coll., on Postal services and on Amendment of some other Acts (the Act on Postal services), as later amended, and some other Acts, the CTU, on January 24, 2013, opened administrative procedure with the Česká pošta concerning award of postal licence. It is the intention of the CTU, in harmony with transient provisions of the Act no. 221/2012 Coll., to award to the Česká pošta postal licence for the period ending on December 31, 2017. The content of this postal licence is the obligation to provide general availability of all basic services pursuant to § 3 of the Act on Postal services on the whole territory of the Czech Republic.

#### **Administrative proceedings on the violation of conditions for provision of basic postal services**

During the month of January one decision concerning imposition of fine on the Česká pošta s.p. became effective against which the Česká pošta s.p. did not file remonstrance. In

case of registered consignment, addressed to be delivered to own hands of addressee, the Česká pošta violated postal secrecy because it delivered it to unauthorized person.

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Discussed in the CTU Council on February 13, 2013