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### **3. Universal telecommunication service**

The universal telecommunication service is a service of specified quality that is provided to all end-users, irrespective of their geographic location, at an affordable price. By virtue of Decision of the CRC No. 1742 of 12 September 2005, BTC AD, having been designated as an operator with significant market power on the market of fixed telephone networks and provision of fixed voice telephone service, has the obligation to provide universal service. This obligation is written in the operator's individual license. During the year, no requests for universal service provision were submitted to the CRC by operators not having significant market power.

In most of the SEE countries, except Albania and Bosnia & Herzegovina, there are mechanisms for compensating the possible financial losses of the operator, providing universal service.<sup>1</sup> In 2005, such a mechanism was introduced in Bulgaria as well. A Fund for guaranteeing the universal telecommunication service provision was set up and Rules for assessment of the net losses of the public operators providing that service were adopted (Decision of CRC No. 906/26.05.2005). The Rules stipulate the way in which the public operators develop a scheme for determination of the amount of the net losses. The scheme developed is approved by the Commission.

#### **3.1. Affordability of the price of the fixed voice telephone service**

With the change in the tariff policy of BTC AD, effective as of 1 April 2005, the price packages for "Economical use" and "Restricted use" and the packages for disabled people First group, as well as for social and medical institutions were retained.

In 2005, both in the standard scheme and in these packages, minute-based charging of the calls over digital and analogue lines with a technical feasibility of time-based charging was introduced, and for the remaining analogue subscribers pulse-based charging was retained. For the sake of comparison, in 2004 all subscribers were charged by pulses.

The monthly rental for disabled people and social and medical institutions remained unchanged in 2005 and is to the amount of 1,50 BGN. Almost unchanged is the monthly rental for the restricted plan (around 30% of the standard monthly rental). The monthly rental for the economical plan is changed relative to 2004, and the differentiation depending on the kind of lines (direct or party-lines) and on the capacity of the local telephone exchange was removed. The increase is 36% on the average, the subscribers paying on the average around 64% of the price of the standard plan.

In 2005, BTC AD introduced call set-up charge of 0.11 BGN for automatic telephone calls for all subscribers with technical possibilities of time-based charging. After expending the minutes, included in the subscription schemes, the subscribers entitled to time-charging of the packages for disabled people and for social and medical institutions, pay the initial call price as well as minutes of conversation in accordance with BTC's standard tariff scheme. Subscribers lacking the technical feasibility of time-based charging pay 0.11 BGN per 1 pulse. After expending the minutes in the plans, the subscribers to the economical and restricted plans pay in accordance with tariffs many times higher than the standard plan, but call set-up is not charged. That is why these schemes are advantageous for the user only if the consumption is within the minutes included.

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<sup>1</sup> Cullen International, Report 2 – Country Comparative Report: Supply of Services in Monitoring of South East Europe – telecommunications services sector and related aspects, May 22, 2006.

### 3.2. Quality of the fixed voice telephone service and the universal telecommunication service

In Bulgaria, just like in almost all SEE countries (without Serbia), the national regulatory authority in the field of telecommunications sees that the provision of the fixed voice telephone service meet adopted international standards. In Bulgaria, just like in Turkey, Macedonia, Bosnia and Hercegovina, Republic of Croatia, Montenegro and Kosovo<sup>2</sup>, the ETSI EG 201 769 standard is applied. This is the standard with which the indicators for quality of service of the universal service provided by BTC should comply.

As of 31 December 2005, BTC AD continues to improve the quality of service by the indicator “Number of waiting applications for installation of a new telephone line”, reporting an 11% decrease in the indicator value compared to 2004.

**Table 3**

Quality of service indicators	31.12.00	31.12.01	31.12.02	31.12.03	31.12.04	31.12.05
Waiting applications for installation of a new telephone line (pcs.)	245 414	187 000	151 845	114 568	63 073	56 220
Number of failures eliminated within 24h (%)	89,91	90,00	88,21	78,74	80,20	86,00
Average reported faults per 100 lines per year (%)	4,04	3,76	3,53	3,18	4,20	3,17
Average number of complains for the amount of the monthly bills per 1000 issued subscriber bills per month	0,63	0,41	0,35	0,31	0,23	0,08
Average number of complains for quality of connection per 1000 subscribers per month	0,13	0,33	0,08	0,07	0,05	1,40

*Source: Data of BTC AD*

In 2005, BTC reports higher quality of service in terms of the indicators “Average number of complains for the amount of the monthly bills per 1000 issued subscriber bills per month”, “Number of failures eliminated within 24h” and “Average reported faults per 100 lines per year”.

However, during the year, the average monthly number of complains for quality of connections per 1000 subscribers has increased, which shows that during the following years the company has to make efforts to improve the quality of the connections.

<sup>2</sup> Cullen International, Report 2 – Country Comparative Report: Supply of Services in Monitoring of South East Europe – telecommunications services sector and related aspects, May 22, 2006, p. 113-114

### **3.3. Elements of the universal telecommunication service**

#### **3.3.1. Public pay telephones**

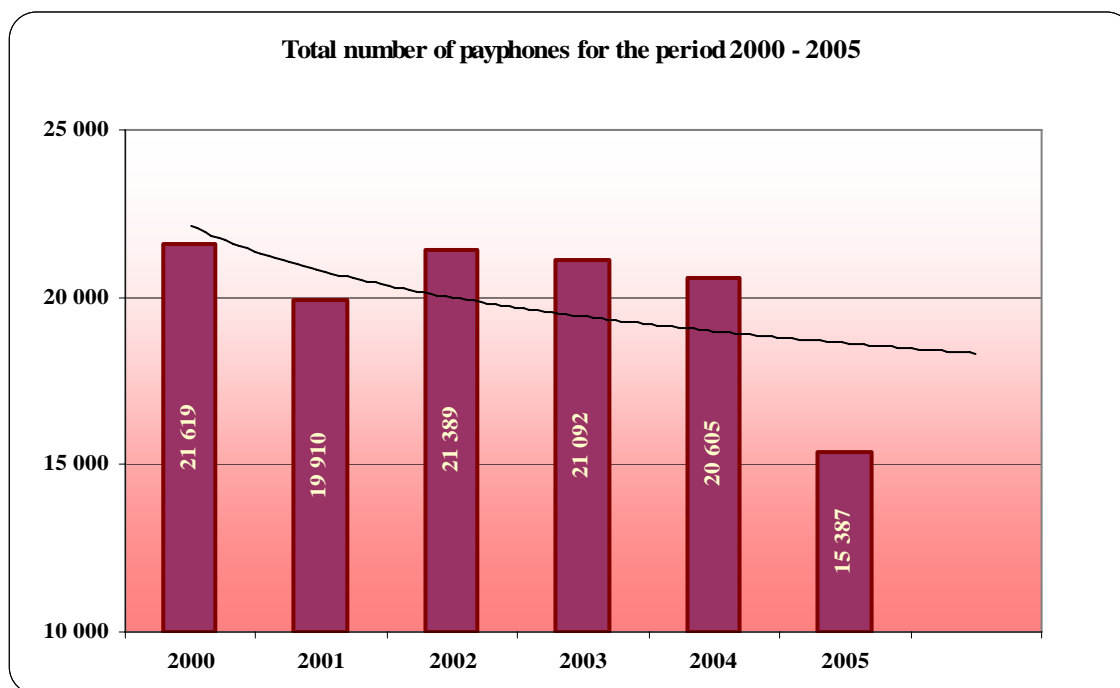
As an element of the universal service, the provision of access to the fixed voice telephone service through public pay telephones is an obligation of the operator with significant market power on the market of fixed telephone networks and provision of voice telephone services through them. Operators, providing the service “access to voice telephone service through public payphones not as an obligation for providing an element of the universal service, carry out that kind of telecommunication activity on the basis of registration under General license No. 204, adopted by Decision of the CRC No. 1312 of 07 June 2004.

In 2005 the activities of instalment and operation of systems of public payphones are carried out by BTC AD, BULFON AD and RADIOTELECOMMUNICATION COMPANY OOD (RTC OOD). As a significant market power operator on market of fixed telephone networks and provision of voice telephone services BTC carries out this type of activity within its obligation for universal service provision, while BULFON AD and RTC OOD on the basis of authorization under General License. Such authorizations have also INTERTEL OOD and SPECTRUM NET AD, but these operators have declared they have not carried out activities as of 31.12.2005.

In 2005, BTC AD acquired 61% of the registered capital of RTC OOD and 66% of the capital of „BULFON”AD and became a 100-per cent owner of the two companies. The Competition Protection Commission allowed the deal of concentration of economic activity, imposing a number of restrictions on the parties to it in order to preserve the efficient competition. From a market point of view, those restrictions are:

- termination on the part of RTC OOD of provision of the service „access to the fixed voice telephone service through public payphones”;
- real investments in „BULPHON” AD on the part of BTC AD, aimed at optimisation and development of the network and maintenance of the public payphones;
- the players involved in the concentration shall not allow unreasonable termination or degradation of the conditions of already established contractual relations with contracting parties;
- BTC AD and RTC OOD shall provide the services “Internet access” and “VoIP” at equal and non-discriminating conditions to all customers and users, and shall not offer discounts in the prices of the services, based solely on advantages, resulting from a high market share, and shall not distort the efficient competition on the market.

In 2005, the number of public payphones in the country diminished by 25.3% with respect to 31 December 2004, which is due to BTC’s policy of phased termination of the operation of coin-operated pay telephones and upcoming investments on payphones operating by phone cards which offer a more up-to-date method of provision of the service.

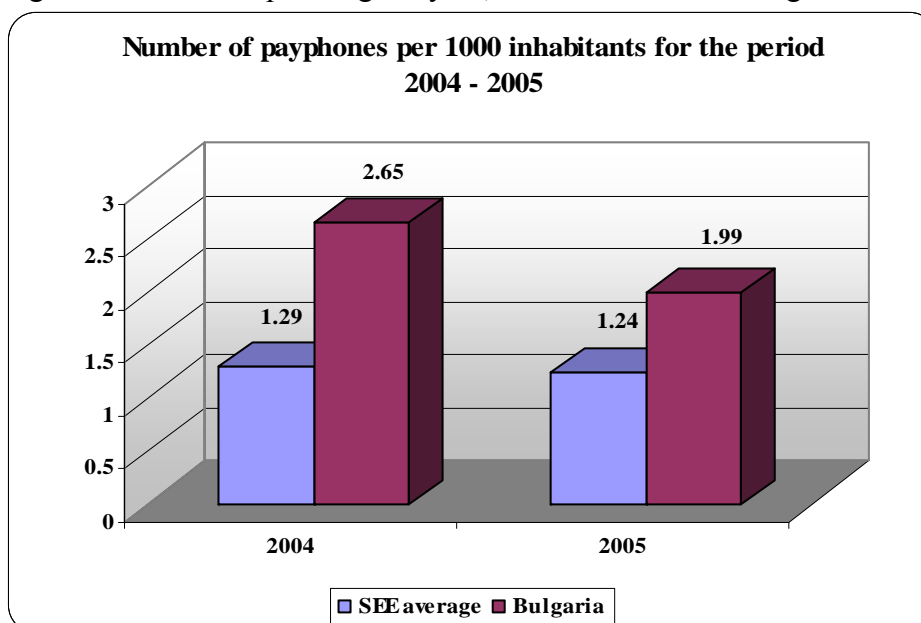


Source: Data submitted to CRC

Figure 51

Following the acquisition of RTC OOD and „BULFON” AD by BTC AD in 2005, the distribution of the shares in the general structure of the pay telephones changed to 100% in favour of BTC.

In 2005, the number of pay telephones per 1000 inhabitants in the country is down from 2.65 to 1.99 compared to 2004. For the sake of comparison, as of the end of 2005, the average number of pay telephones per 1000 inhabitants in the SEE countries is 1.24, so that this indicator, regardless of the drop during the year, is still above the average for the region.



Source: Cullen International, Report 2 – Country Comparative Report: Supply of Services in Monitoring of South East Europe – telecommunications services sector and related aspects, May 22, 2006

Figure 52

At the end of 2005, the revenues earned from provision of services through public payphones amount to 11.8 mln BGN, which is 26% less than in 2004. The decrease can be attributed to the trend of intensive consumption of mobile services, as well as to the growing competition on the part of operators providing VoIP services in public telephone booths, because of which the operators of systems of public pay telephones do not invest in further development of the systems of public payphones.

### **3.3.2. Directory enquiry services and facilities for disabled users**

Another element of the universal telecommunication service is the provision of directory enquiry services and directories for the telephone numbers of subscribers of both fixed and mobile networks, while meeting the requirements for protection of personal data and privacy, provided for in the Telecommunications Act and the Personal Data Protection Act.

In 2005, CRC adopted a draft Ordinance of the terms and reference of issuing telephone directories, including work with data bases, their transfer and use, as well as provision of directory enquiry services.

In 2005, in connection with the provision of specialised services allowing access to telecommunication services for disabled users from different groups, facilitations were ensured, such as possibilities of connecting to the network of equipment designed especially to assist disabled users, free provision of BTC AD telephone directory and preferential price packages for use of telephone services.