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### 3. Universal telecommunication service

In accordance with CRC Decision No 1317 of 20.06.2006, BTC, as operator with significant market power on the market for the fixed telephone networks and provision of fixed voice telephone services, carries on providing universal service. The obligation imposed is written down in the individual license of the operator. In 2006 there were no applications submitted to CRC for provision of the universal telecommunication service by operators not having significant market power, therefore, BTC AD is the only operator in the country obliged to provide the whole scope of the universal service.

In most of the SEE countries, except for Albania and Bosnia and Herzegovina, there are defined mechanisms for compensation of possible financial loss of the operators providing universal service<sup>1</sup>.

According to the TA, public operators having the obligation to provide universal telecommunication service may apply for compensation of proven net loss, when the service provision is an unfair burden for them. The availability of unfair burden is proven based on the net loss and non-material benefits from provision of the universal telecommunication service. Compensation of net loss may be applied for under the condition that the market share of the operator obliged with the universal telecommunication service provision is under 80% of the fixed voice telephone service market and the number of its subscribers, using economical usage tariff plans exceeds 17% of the total number of its subscribers. Based on analysis of the market for fixed telephone networks and provision of fixed voice telephone services was found that BTC AD has share of 98,64% on that market (CRC Decision No 1317 of 20.06.2006). Therefore, in 2006 there was no legal ground for the operator to apply for net loss compensation.

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

In 2006 are still in force the prices introduced as of 1<sup>st</sup> April 2005, including the BTC tariff plans “Economical use” and “Restricted use”.

In December 2005 BTC AD submitted additional preferential conditions for the subscribers of the company, having permanent damages and reduced work capacity. In such a way, in 2006 BTC AD offered to disabled people I group and to social and healthcare organizations the following preferences when using the company's services:

- 20 pulses/ 40 minutes monthly<sup>2</sup> are added to the 60 free pulses/120 free minutes provided monthly to the persons with permanent damages and over 91% disability (disabled people I group);
- 500 pulses/1000 minutes for free (300 pulses/600 minutes monthly until now), as well as free dial-up Internet access are provided monthly to the specialized institutions providing social services.

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

In Bulgaria, as in almost all the SEE countries (except for Serbia), the national telecommunication regulatory authority sees to the compliance of the fixed voice telephone service provision with approved international quality standards. In Bulgaria, as well as in Turkey, Macedonia, Bosnia and Herzegovina, Croatia, Montenegro and Kosovo<sup>3</sup>, the ETSI EG 201 standard is applied. All quality of service indicators for the universal service provided by BTC shall be in compliance with this standard.

In 2006<sup>4</sup> compared to 2005<sup>5</sup> BTC AD reports higher quality of service with regard to the following parameters: supply time for initial connection, unsuccessful call ratio, call set-up time. The indicator “fault rate per access line per year” has almost kept its 2005 value. During the next year the company shall make efforts towards diminishing the value of the “fault repair time” indicator.

<sup>1</sup> Cullen International, Report 3 – Country Comparative Report: Supply of Services in Monitoring of South East Europe – telecommunications services sector and related aspects, March 2007, p. 99

<sup>2</sup> Free minutes are added for the subscribers with possibility for charge per time, free pulses are added for the subscribers with no possibility for charge per time.

<sup>3</sup> Cullen International, Report 3 – Country Comparative Report: Supply of Services in Monitoring of South East Europe – telecommunications services sector and related aspects, March 2007, p. 100-101

<sup>4</sup> Cullen International, Report 3 – Country Comparative Report: Supply of Services in Monitoring of South East Europe – telecommunications services sector and related aspects, March 2007, p. 101-102

<sup>5</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, 2007, p. 115-116

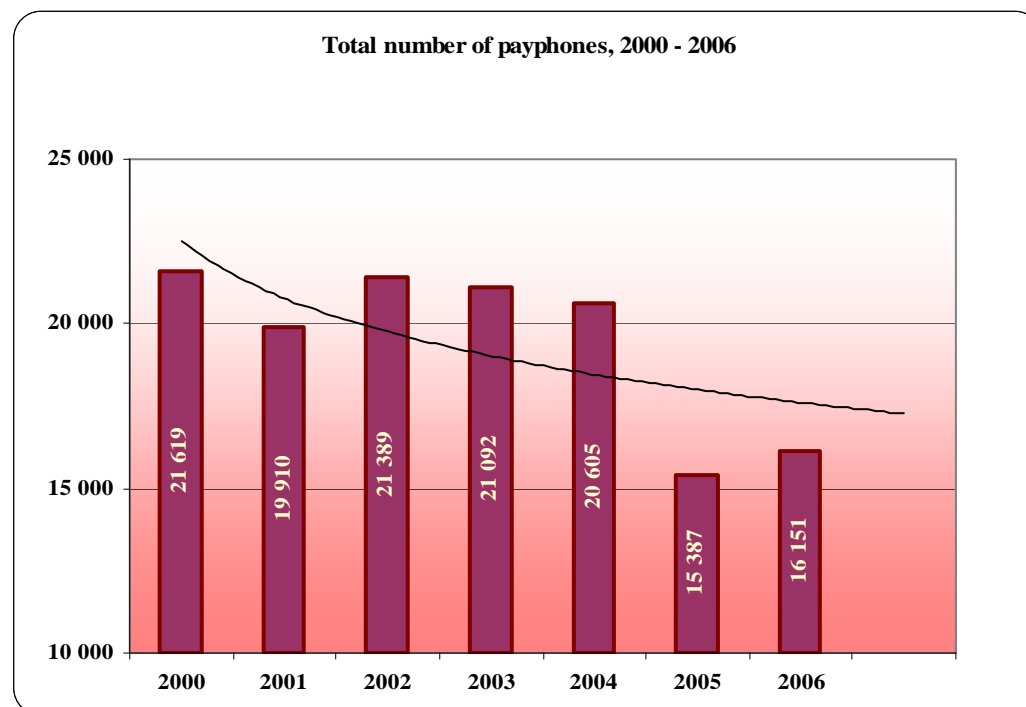
### 3.3. Elements of the universal telecommunication service

#### 3.3.1. Public payphones

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 2006 the registration of RTC OOD has been revoked, but other two companies – XTEL OOD and NEXCOM BULGARIA EAD have been registered for provision of the service “access to voice telephone service through public payphones”, which indicates that there are operators in the country having interest in provision of voice telephone services through public payphones. In such a way, as of 31.12.2006 right to install and operate public payphone systems have six telecommunication operators: BTC AD, BULFON AD (BTC owns 100% of BULFON AD), INTERTEL OOD, SPECTRUM NET AD, XTEL OOD and NEXCOM BULGARIA EAD. Among them, BTC AD, BULFON AD, XTEL OOD and SPECTRUM NET AD are actually providing the service “access to voice telephone service through public payphones”.

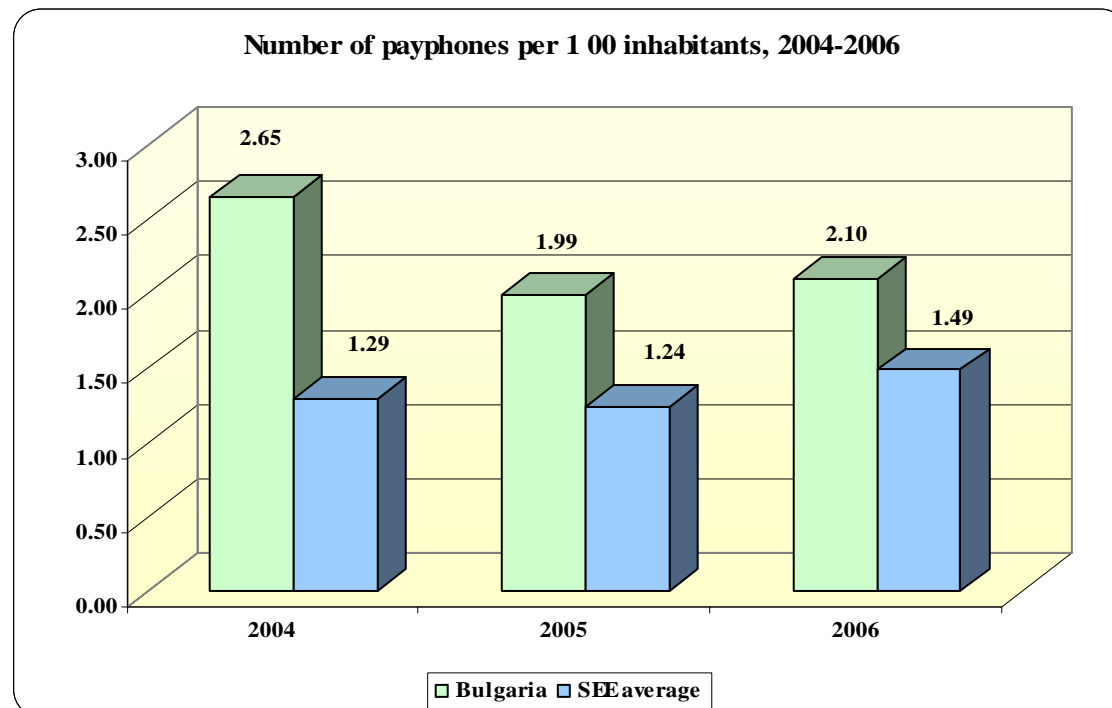
After the significant drop during the previous period, at the end of 2006 the number of public payphones in the country has increased by 5% compared to 31.12.2005. This increase is due to the number of payphones installed by the new market players – XTEL OOD and SPECTRUM NET AD.



*Source: Data submitted to CRC*

**Figure 36**

In 2006, the number of pay telephones per 1000 inhabitants in the country is up from 1,99 to 2,10 compared to the preceding year. For the sake of comparison, as of end 2006, the average number of pay telephones per 1000 inhabitants in the SEE countries is 1,49, so that this indicator for our country is above the average for the region.



*Source: Cullen International, Report 3 – Country Comparative Report: Supply of Services in Monitoring of South East Europe – telecommunications services sector and related aspects, March 2007, p. 118 and data submitted to CRC*

**Figure 37**

Despite the increased number of payphones at end-2006, the revenues earned from provision of such services amount to 5,1mln BGN, which is 56% less than in 2005. The decrease can be attributed to the trend of intensive consumption of mobile services last years, as well as to the growing supply on the part of operators providing VoIP services in public telephone booths.

In 2007 the telecommunication operators intend to invest over 350 000 BGN in instalment and operation of public payphone systems.

### **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, stipulated in the Telecommunications Act and the Personal Data Protection Act.

Regarding the preparation of telephone directory, at the end of 2006 consultations between BTC AD and Communications Regulation Commission were held. During the next year the operator shall prepare electronic directory service and printed edition of the telephone directory. The directory shall contain telephone numbers and other data for the subscribers of all operators licensed to carry out telecommunications through public fixed telecommunications network and to provide fixed voice telephone service.

In 2006, regarding the provision of specialised services allowing access to telecommunication services for disabled users from different groups, facilitations were ensured, such as possibilities for connection to the network of equipment designed especially to assist disabled users, free provision of the BTC AD telephone directory and preferential tariff plans for use of telephone services (See 3.1.).

### **3.3.3. Prices for universal service**

In accordance with the TA in force during 2006, the obligation for provision of universal telecommunication service (US) is designated and determined by the individual licenses of the public operators. By individual license No 100-00001/28.01.2005 CRC has imposed on BTC the obligation for US provision on the territory of the whole country. It comprises requirements for affordability of the following services:

1. initial connection to the network;
2. access to fixed voice telephone services (monthly rental, local, long-distance and international calls);
3. access to fixed voice telephone services through public payphones;
4. access to telephone directory and inquiry services;

#### 5. access to fixed voice telephone service under special conditions.

The prices of the services mentioned above are set by BTC based on the Methodology on conditions and procedure for determination of the affordability of the universal telecommunication service price (the Methodology), adopted by Council of Ministers decree No 229/31.08.2004, promulgated in State Gazette, no. 78/2004. According to the Methodology, the initial connection charge, the monthly rental charge and the prices for local, long-distance and international calls shall be set by analogy with the prices for fixed voice telephone service, based on the consumer price basket. The prices increase of the separate elements within the basket is limited by a common price ceiling which maximum value is equal to the production of the consumer price index and the gross domestic product index. Therefore, excluding the initial network connection charge, which regarding the US comprises only the residential subscribers, in 2006 the monthly rental charge and the call prices (for local, long-distance and international calls) do not differ from the prices for the fixed voice telephone service and are part of the US prices. The prices for calls through public payphone are up to 20% higher than those for the same type of call made through residential or business fixed telephone lines.

In 2006 BTC has not prepared and published printed telephone directory, that is why there are no prices determined in compliance with the obligation for access to directory and inquiry services.

The obligation for provision of access to fixed voice telephone services under special conditions suggests supply of the following tariff plans:

- Economical use (“low user plan”, in accordance with the name announced in the BTC price list). The plan is provided for persons who have the right of social assistance and possess documents issued by competent administrative authorities. The price of the plan of 3,10 BGN, VAT excluded, includes local calls amounting to 20 minutes or 10 pulses (for telephone lines with no feasibility for charging per time) per month, which are charged zero BGN per minute/pulse. When exceeding the minutes/pulses included in the plan, the prices are around 4,3 times higher for peak time calls and 5,2 times higher for off-peak time calls, compared to the standard plan tariff.
- Persons with permanent damages over 91% disability (“disabled people I group”, according to the name announced in the BTC price list). The plan is supplied against provision of the relevant documents proving permanent damages. The price of the plan of 1,50 BGN, VAT excluded, includes 160 minutes or 80 pulses local calls per month, which are charged zero BGN per minute/pulse. When exceeding the minutes/pulses included, prices equal to the prices for calls valid for subscribers of the standard plan are paid.
- Social and healthcare organization. The plan is offered to social institutions provided in a list, annually approved by BTC after consultations with the organizations functioning in the social assistance and social services sphere, ministries and administrations. The price of the plan of 3,50 BGN, VAT excluded, includes 1000 minutes or 500 pulses local calls per month, which are charged zero BGN per minute/pulse. When exceeding the minutes/pulses included, prices equal to the prices for calls valid for subscribers of the standard plan are paid.