2018

CZECH TELECOMMUNICATION OFFICE

ANNUAL REPORT





2018 Annual Report of the Czech Telecommunication Office

Including:

Annual report on universal service

Annual report on provision of information pursuant Act No. 106/1999 Coll.

Information on settling complaints on CTU's activity

Annual report on out-of-court settlement of consumer disputes

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Word of Introduction from the Chairman

The worldwide trend towards data society was confirmed in 2018 in the Czech Republic. Most users require connectivity everywhere, connecting everything and at all times. The activities of the Czech Telecommunication Office (hereinafter "CTU") in 2018 were primarily data-centred, aiming at fostering competition and development on the electronic communications market.

In 2018, Government of the Czech Republic approved Technical Plan for Transition to the New Standard of Terrestrial Broadcasting DVB-T2, which was prepared by CTU and the Ministry of Industry and Trade in cooperation. This first step for release of the 700 MHz frequency band allowed CTU to focused on preparation of the method and of the conditions for tender for the released frequency band in order to enable further technological development, effective utilization of spectrum, and to encourage competition on the mobile market.

In 2018, CTU also issued a Report on Development of the Electronic Communications Market in 2012–2017, which describes the situation in and development of the electronic communications market in the reference period. The purpose of the Report is to provide overview information on the situation on the electronic communications market on top of the information which CTU provides in the market evaluation within regular Annual Reports.

With respect to the success of the First Hackathon of Public Administration in 2017, CTU was delighted to participate in organizing the Hackathon of Public Administration version 2.0, where young programmers could compete in the development of innovative applications using open data of the public administration. CTU data-sets have given rise to two applications which competed in the competition called "Společně otevíráme data" ("Opening Data Together") organized by the Open Society Fund. An application called "Budka sem, budka tam..." ("A telephone booth here, a telephone booth there...") uses the public payphone location data and displays it on a map, including the number and other details. Within the second visualization, the competing team processed the data collected by NetMetr application and thus acquired an overview of the upload and download speeds for individual operators across the regions. CTU perceives support to students as a meaningful activity and intends to continue with it.

CTU also concentrated on activities focusing on consumer protection, and therefore continued with the Telecommunication Academy project which helps senior citizens, i.e., the most vulnerable target group in terms of gaining information, to become more aware of the telecommunication issues. Using the form of lectures, our speakers discuss practical life experience with senior citizens. When preparing the lectures, we rely on actual cases with which the Czech Telecommunication Office deals in the area of consumer protection.

The European Electronic Communications Code, in the preparation of which CTU participated, was published at the end of 2018. This Directive is a result of negotiations between the European Commission, the European Parliament and the Council of the EU, and revises the current European regulatory framework for electronic communications. The changes affect the area of consumer protection aiming at for example easier change of provider, more clarity in contracts or greater transparency. The Code newly includes affordable Internet access in the list of universal services which must be available to all consumers. It also aims at facilitating the deployment of new networks and implementation of 5G networks. The development of high-speed Internet should be fostered in particular by a set of measures for encouraging investment in new infrastructure as well as by coordinated approach of the Member States to utilization of harmonized radio spectrum. The new rules also include a price cap for international calls within the EU. This provision practically means significant reduction of retail prices for calls from the home country to another EU country, with effect from 15 May 2019. In cooperation with the Ministry of Industry and Trade, CTU is

currently preparing the process of implementation of the Code into national legislation, and as a member of BEREC, it will also participate on the implementation of the revised rules across the EU in the upcoming years.

> Ing. Mgr. Jaromír Novák, m. p. Chairman of the Council of the Czech Telecommunication Office

2 Basic Information on CTU

The Czech Telecommunication Office was established by Act No. 127/2005 Coll., on electronic communications and on amendment of certain related acts (Electronic Communications Act), (hereinafter "Electronic Communications Act" or "Act") on 1 May 2005 as the central administrative authority for execution of state administration in the matters determined by the Act, including market regulation and definition of the terms and conditions for business activities in electronic communications and postal services. CTU has its own chapter in the state budget and is an accounting entity.

CTU has a five-member Council (hereinafter "Council"). One member of the Council is the Chairman of the Council, who heads CTU. The term of office of members of the Council is five years. Mr. Jaromír Novák is the Chairman of the Council, having been appointed to this position in May 2013, and pursuant to a government decision dated 10 May 2017, he was appointed Chairman of the Council for three years and member of the Council for five years, with effect from 23 October 2017.

CTU carries out its activities through individual units, i.e., sections, departments and separate units. It is based in Prague and has its regional offices also outside of Prague. These include department for the South Bohemian region based in Ceské Budějovice, department for the West Bohemian region based in Plzeň, department for the North Bohemian region based in Ustí nad Labem, department for the East Bohemian region based in Hradec Králové, department for the South Moravian region based in Brno, and department for the North Moravian region based in Ostrava.

The Annual Report (hereinafter "Report") is prepared according to Section 110(1) of the Electronic Communications Act. The first part primarily concentrates on evaluating the basic indicators of the relevant segments of the electronic communications and postal services market. Comments on the activities which CTU performs, the results achieved in individual specialised areas and comments on the international activities conducted by CTU are provided in detail in the parts which follow. In the conclusion, the Report provides comprehensive information on the economic results achieved by CTU and the accomplishment of the defined budget indicators for 2018, and information on the personnel involved in the activities of CTU and on ensuring other, auxiliary activities which are essential for the due accomplishment of CTU's tasks.

In accordance with the requirements of Section 110 and other relevant provisions of the Act, the Report includes an Annual Report on Universal Service (pursuant to Section 50 of the Electronic Communications Act) and a Statement on the Management of Resources of the Radiocommunication Account (pursuant to Section 27(7) of the Electronic Communications Act). The Report also includes an Annual Report on the Provision of Information pursuant to Act No. 106/1999 Coll., on Free Access to Information, as amended, and comprehensive information on CTU's procedure in settling complaints pursuant to Section 175 of Act No. 500/2004 Coll., the Code of Administrative Procedure, as amended (hereinafter "Code of Administrative Procedure").

3 Executive Summary

ELECTRONIC COMMUNICATIONS

In 2018 CTU conducted first necessary steps towards further regulation of wholesale mobile service market as reaction on conclusions of three-criteria test of this newly considered market, which confirmed the prerequisites for application of ex-ante regulation. A preliminary analysis of the market followed in the second half of the year aiming at verification of existence of undertaking/s with significant market power.

CTU also decided to use prepared tender (auction) for frequencies for future 5th generation networks to improve the situation on the mobile market. During preparations of draft conditions CTU focused, inter alia, on supporting entry of a new infrastructure player to the Czech mobile market. For this purpose, CTU propose to directly reserve part of the frequencies from the 700 MHz frequency band in combination with possibility to use national roaming in networks of the incumbent operators. This will create conditions for the entry of a new operator which is perceived to have a positive effect on competition. CTU plans to hold the auction in the second half of 2019.

In 2018 increase in consumption of data in mobile networks accelerated. Based on estimate conducted on the basis of electronic data collection, a total of 368 PB of data was transmitted, which means more than double in comparison with the previous year. The main credit goes to fixed LTE service. While the users transmitted 135 PB via mobile service, the volume of transmitted data by fixed LTE surpassed 234 PB.

According to the Electronic Communications Act, subscriber disputes are extracted from the power of courts and are dealt with by CTU. In 2018, CTU dealt with 92,530 disputes. The most frequent were disputes over financial claims (i.e., unpaid invoices). Besides that, CTU dealt with 2,023 complaints, mostly regarding disagreement with billing of price for a service (24%) and effects of subscriber contracts (23%).

POSTAL SERVICES

At the beginning of 2018, CTU successfully completed the notification process with the European Commission regarding funding of compensation of net costs for the provision of universal service, which allowed to pay compensation of net costs for 2015–2017 to Česká pošta, s.p. (hereinafter "Czech Post"), in the total amount of CZK 1.3 billion. The compensation for 2013 and 2014 will be provided according to the result of the currently negotiated amendment of the Postal Services Act.

Subsequently, CTU initiated pre-notification discussion with the European Commission in the matter of compensation of net costs for the provision of universal service for the new licencing period 2018–2022. Given the fact that Czech Post announced at the end of 2018 change in basic parameters of the so-called basic and alternative scenario, necessary for determination of the amount of net costs, the discussion has not been completed during 2018.

In 2018, CTU registered significant problems by Czech Post when fulfilling the set conditions for the provision of universal service, mainly in the field of delivery of postal consignments. As a reaction to these problems and to an increase in the amount of complaints, CTU conducted a nation-wide inspection of delivery of letter consignments. The inspection took place between July and October 2018 at all seven regional headquarters of Czech Post and proved deficiencies in 55 out of 65 inspected delivery offices; the registered consignments were not delivered in accordance with provision Section 3(2)(d) of the Postal Services Act. 20 delivery offices did not remedy this deficiency even the next business day.

In 2019, administrative proceedings follow the conclusions of the inspection pursuing to remedy the situation.

FINANCIAL MATTERS

In terms of budget, CTU showed CZK 1.065 billion on incomes, and CZK 2.488 billion on expenses. During the year, CTU transferred budget funds into the chapter of the Ministry of Transport in the amount of CZK 10 million following government decision on introduction of a new discount on train and bus fare for seniors, children, and students.

CTU saved CZK 274 million from the 2018 budget, out of which CZK 150 million represents saving in the form of suspended expenses on covering loss from provision of postal service, CZK 49 million saving on covering loss from provision of universal service in telecommunication, and CZK 75 million devolve on other expenses.

In 2018, CTU spent CZK 395.4 million on wages and related payments. As of 31 December 2018 CTU, registered 590 employees and 663 systemized positions...

Situation and Development of the Electronic Communications and Postal Services Market in 2018

Situation and Development of the Electronic Communications and Postal Services Market in 2018

Support of the mobile services market and creation of conditions for the development of modern next generation access networks, including the conditions for the future development of mobile 5th generation networks, were a priority in 2018 for the Czech Telecommunication Office.

On the electronic communications market CTU completed in 2018 a three-criteria test (T3K) of the wholesale mobile services market, which was followed by a preliminary analysis of the market. Its conclusions lead to an assumption of existence of the so-called tacit collusion of all three mobile network operators and their status of undertakings with joint significant market power. On the other hand, the preliminary analysis of mobile backhaul

market did not currently prove risks associated with disruption or restriction of competition or reasons for the application of ex-ante regulation in the market of mobile backhaul. But a risk of unavailable suitable optical infrastructure for high capacity backbone network for mobile services in rural areas came up.

While the volume of traffic of voice calls in mobile networks grew year on year by 1.6%, the data usage through mobile servi-

ces grew by 57%, for fixed LTE by as much as 163%. While in 2017 the total data usage via fixed LTE (89 PB) was only slightly higher than via mobile services (86 PB), in 2018 this difference significantly increased with traffic via fixed LTE amounted to 234 PB and via mobile services only to 135 PB. The average monthly usage per total number of SIM cards with data services shows even more than 48-times greater difference negative for mobile services (1.2 GB as opposed to 60.3 GB for fixed LTE).

The price for an actual call minute slightly decreased approximately by 4.1% to CZK 0.94

THE VOLUME OF DATA USING FIXED LTE SERVICE IN MOBILE NETWORKS DOUBLED.

per minute. This trend is affected both by the decreasing price for residential customers and the price for businesses. The average revenues per user (ARPU) increased for customers using Internet in a mobile phone. Relative to 2011, ARPU grew in the second half of 2018 by more than 106%, when the average revenue per customer was CZK 116.75 per month.

Throughout the year 2018, mobile operators providing the services of international roaming were obliged to charge the same prices for calls made, text messages (SMS) sent, and data used as prices at home (RLAH -Roaming Like At Home). When comparing roaming usage for the period July-September 2016 (a year before the introduction of RLAH) with the same period in 2018, the traffic of mobile services in roaming in the EU significantly increased (except for SMS services). For the above--mentioned period, the outgoing calls traffic increased by 274%, incoming calls traffic increased by 187%, and data traffic by as much as 1,847%.

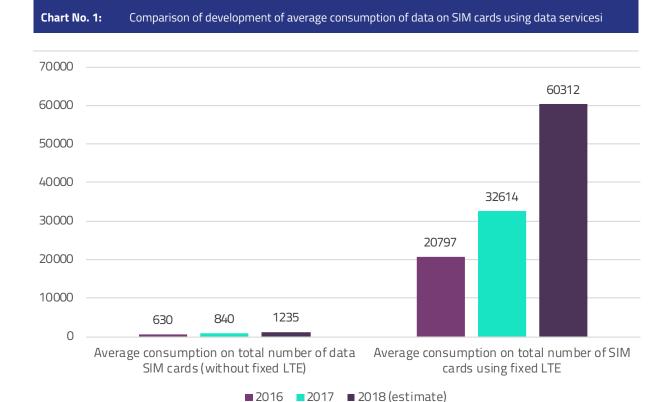
From the point of view of the available infrastructure for the provision of high-speed internet access services, the share of optic fibre networks (FTTH/B) grew, namely from 570,000 subscriptions in 2017 to approximately 620,000 in 2018, and in terms of the number of subscriptions it should exceed subscriptions

Estimated volume of data transmitted mobile in networks in 2018.

In comparison with 2017, the volume of transmitted data doubled.

1 PB (petabyte) = 10¹⁵ bytes

Estimated number of SIM cards using Internet in mobile phone.



via cable TV (CATV). The market share of optic fibre networks would thus increase from 17% to 17.6%. The share of Wi-Fi slightly decreased (from 32.5% to 31.7%), although in absolute terms the number of subscriptions via wireless networks in non--licensed frequency bands grew year on year from 1.09 million in 2017 to 1.12 million in 2018. On the other hand, the share of the so far least represented service of high-speed Internet access, fixed LTE service, keeps increasing. CTU estimates the market share increase to be 9.2%.

The amount of numbers ported in mobile networks in 2018 decreased year on year (by 12%) and reached almost the level of 2016. A total of 423,100 numbers were

In the area of postal services, CTU found in 2018 significant problems on the part of the Czech Post in the compliance with the set conditions for the provision of universal services, in particular in the area of delivery of postal items. It therefore focused its monitoring activities on this area and found numerous lapses.

There was a significant increase of the price of a large portion of the universal postal services. Czech Post increased the price of domestic standard letters of all weight

423,100 ported numbers in mobile networks

categories by CZK 3, and domestic registered letters and valuable letters by CZK 6. Also, the prices of international universal postal services were increased.

Evaluation of the electronic communications market

1.1 Regulation of the electronic communication market

To improve the situation on the mobile market, CTU focused mainly on completion of Three-criteria test of a newly considered wholesale mobile services market. The aim was to verify existence of reasons for measures of ex-ante regulation on this wholesale market. Conclusions of the test confirmed requirements for ex-ante regulation. Based on recommendation from discussion over the conclusions with the European Commission, CTU conducted a preliminary analysis of this market in the second half of 2018 to verify existence of undertaking/s with significant market power. Conclusions were published to consultation at the beginning of March 2019.

Not matter how both materials (three-criteria test and preliminary analysis) confirm reasons for further regulation of the wholesale mobile market in the Czech Republic, they are still first necessary steps before regulatory measures. Therefore, in 2018 CTU could not yet intervene on the mobile market to improve the conditions.

1.1.1 Process of the analyses of the relevant markets in 2018

In 2018 CTU primarily focused on the completion of the fourth round of the relevant market analyses. It started in 2015 based on the voluntary separation of O2 Czech Republic a.s. (hereinafter "O2"). It built upon the analyses of relevant markets No. 3a, 3b and 4 published in 2017 (see below), and in 2018 it completed the process of imposition of remedial measures in these markets. With the imposition of these remedial measures on the undertakings with significant market power, the fourth round of the relevant market analyses is completed.

In 2018 CTU completed the three-criteria test (hereinafter "T3K") of the wholesale mobile services market (focusing on mobile data services via 2G, 3G and 4G networks). After having discussed it with the Office for the Protection of Competition (hereinafter "Office for the Protection of Competition") and with the European Commission, it was published on 3 July 2018. CTU subsequently completed the preliminary analysis of this market in order to verify the reasons for application of the tools of ex-ante regulation.

With respect to the auction of frequencies for the 5th generation networks, which is being prepared, CTU completed the preliminary analysis of the mobile backhaul market in 2018. In this preliminary analysis, it evaluated the current situation in the area of provision of backbone connection of base stations of mobile networks and the expected development thereof, and potential risks (see below). In addition, in 2018 CTU prepared a comprehensive "Report on the Development of the Electronic Communications Market 2012–2017" which was published on 16 October 2018 on its website (see below).

¹ It is an analysis performed outside the scope of Section 51 of the Electronic Communications Act, because it is an analysis of a market which has not been declared relevant pursuant to Section 52 of the Electronic Communications Act.

REMEDIAL MEASURES IMPOSED ON RELEVANT MARKETS NO. 3A AND NO. 3B

Wholesale services with local access provided at a fixed location, and wholesale services with central access provided at a fixed location for mass-market products

Based on the conclusions of the analyses of the relevant markets in question, on 15 May 2018 CTU issued decision No. REM/3a/05.2018-03² and decision No. REM/3b/05.2018-04³ which imposed remedial measures upon Česká telekomunikační infrastruktura a.s. (hereinafter "CETIN") on the above-mentioned markets, including an obligation to allow access to specific network elements and associated facilities pursuant to Section 84 of the Act, transparency pursuant to Section 82 of the Act, non-discrimination pursuant to Section 81 of the Act, and separate records of costs and revenues pursuant to Section 86 of the Act. These decisions entered into force on 23 May 2018. At the same time, this company was also ordered to control prices on market 3a decision on price No. CEN/3a/05.2018-24 dated 15 May 2018. The above-mentioned decision entered into force on 22 May 2018. Price regulation defines a maximum one-time and monthly price for the services of co-location and cost orientation for the price of the dark fibre access service, and newly also remote co-locations.

REMEDIAL MEASURES ON RELEVANT MARKET NO. 4

Wholesale services with high-quality access provided at a fixed location

On this relevant market, CTU completed the process of declaration of an undertaking with significant market power at the beginning of 2018. The subsequently issued decision No. SMP/4/01.2018-1⁵ dated 23 January 2018, which entered into force on 24 January 2018, declared an undertaking with significant market power only in segment A, which includes wholesale services with high-quality access provided at a fixed location with speed not exceeding 6 Mbit/s irrespective of the transmission equipment used, namely CETIN. CTU's subsequent decision No. REM/4/05.2018-056_imposed remedial measures upon this company including an obligation to allow access to specific network elements and associated facilities pursuant to Section 84 of the Act, transparency pursuant to Section 82 of the Act, non-discrimination pursuant to Section 81 of the Act, and separate records of costs and revenues pursuant to Section 86 of the Act.

THREE-CRITERIA TEST ON THE NEWLY DEFINED WHOLESALE MOBILE SERVICES MARKET AND ITS PRELIMINARY ANALYSIS

In 2017 CTU started the process of declaration of a new relevant wholesale mobile services market, with focus on mobile data services. The first step was to perform the T3K and the related preliminary analyses of the wholesale mobile services market. This procedure is necessary for the subsequent declaration of such market relevant and for subject this market, as the case may be, to ex-ante regulation. The result of T3K was the discovery that in the residential customer segment all three criteria have been met cumulatively, and that the wholesale market of access to mobile services is a market suitable for ex-ante regulation.

² lhttps://www.ctu.cz/sites/default/files/obsah/stranky/163710/soubory/rem3afinal.pdf

lhttps://www.ctu.cz/sites/default/files/obsah/stranky/163711/soubory/rem3bfinal.pdf

https://www.ctu.cz/sites/default/files/obsah/stranky/163710/soubory/cen3afinalnikezverejneni2452018.pdf

https://www.ctu.cz/sites/default/files/obsah/stranky/166345/soubory/smp4cetinprovydani.pdf

https://www.ctu.cz/sites/default/files/obsah/stranky/166345/soubory/rem4final.pdf

Based on the T3K, CTU commenced work on the preliminary analysis of the market. It published its conclusions on 8 March 2019 with the discovery of a major indication of existence of the so-called tacit collusion of all three mobile network operators and their status of undertakings with joint significant market power. After the evaluation of the comments and suggestions, CTU will consult the conclusions of its analysis also with the Office for the Protection of Competition and the European Commission. If the new relevant wholesale market of mobile services is subsequently declared and the result of the final analysis of the relevant market will be discovery of existence of an undertaking with significant market power or multiple undertakings with joint significant market power, CTU will resort to ex-ante regulation, i.e., imposition of remedial measures .⁷

PRELIMINARY ANALYSIS OF MOBILE BACKHAUL MARKET

The subject of this preliminary analysis, performed in 2018, is the issue of mobile backhaul which CTU considers to be of key importance in particular for the expected implementation of 5G networks. Within the above-mentioned preliminary analysis, CTU focused on description of the current market situation and the expected development in mobile networks and in the mobile backhaul market, including the preliminary assessment of the current as well as estimated future level of competition on Czech market in order to identify possible potential market development problems together with the assessment of the possible regulatory interventions by CTU. When creating the document, CTU worked together with the Czech Technical University (CVUT) – Faculty of Electrical Engineering, in particular from the point of view of the technical and technological aspects.

Although in this analysis CTU did not currently find any risks associated with disruption or restriction of competition or reasons for the application of ex-ante regulation in the separate market of mobile backhaul. But it identified a risk of unavailability of suitable optical infrastructure for the purpose of high-capacity mobile backhaul in rural areas. CTU therefore formulated possible measures which could contribute to higher availability of optical networks and thus to the development in the mobile backhaul market. Other than the implementation of the different measures specified in the Action Plan of Non-Grant Measures to support the planning and construction of electronic communication networks⁸, inclusion of mobile backhaul in the future grant calls within the grant programme OP PIK was identified as a possible measure. CTU subsequently informed the Ministry of Industry and Trade accordingly, including recommendations. In the final version, CTU published this analysis on 25 June 2018 on its website.

REPORT ON THE DEVELOPMENT OF THE ELECTRONIC COMMUNICATIONS **MARKET 2012–2017**

The Report on Development of the Electronic Communications Market 2012-2017 with focus on the year 2017 was published by CTU on 16 October 2018. This document evaluates the development of the market in the period from 2012 to 2017. It offers a view of the condition and development of the market for selected electronic communications services as well as the sector of electronic communications as a whole. Selected aggregated data was processed in charts and tables, including a brief description. The report on the development thus provides comprehensive information on the situation on the electronic communications markets on top of the regular annual market evaluation in the Annual Reports. The report was accompanied also by an overview

The list of the possible remedial measures is provided in the Methodology of the relevant market analyses on page 42-43, available on-line: [https://www.ctu.cz/metodika-analyz-relevantnich-trhu].

⁸ Available on-line: [https://www.mpo.cz/cz/e-komunikace-a-posta/elektronicke-komunikace/koncepcea-strategie/narodni-plan-rozvoje-siti-nga/akcni-plan-k-provedeni-nedotacnich-opatreni-pro-podporuplanovani-a-vystavby-siti-elektronickych-komunikaci-byl-schvalen--228387/].

infographics² including the information serving as a basis¹⁰ for the individual tables and charts in the report. The resource information is also available in open format within the CTU Open Data¹¹.

1.1.2 Application of price regulation for wholesale electronic communications services

In respect of the nature of the relevant markets currently defined, CTU applies price regulation only to selected wholesale markets in order to create conditions for the development of competitive environment on the entire market.

Within the price decision on relevant market No. 3a – wholesale services with local access provided at a fixed location (see above)12, CTU decided to deregulate prices of the service of local copper loop unbundling. The reason is the fact that after the separation of O2 Czech Republic a.s., CETIN is active solely on wholesale markets. The new decision on price on market No. 3a also did not impose an obligation related to price regulation of the service of access to passive infrastructure, with respect similar obligations of all operators of the physical infrastructure directly under the new Act No. 194/2017 Coll., on measures toward reduction of the costs of implementation of high-speed electronic communications networks.

In the area of wholesale prices, the prices of other wholesale services are also regulated on long-term basis in the Czech Republic. This regulation was in effect continuously also in 2018. On relevant market No. 1 (call termination at a fixed location) it takes the form of maximum prices in the amount of CZK 0.033 per minute excluding VAT; on relevant market No. 2 (call termination in mobile networks) it is price regulation in the form of maximum prices in the amount of CZK 0.248 per minute excluding VAT.

Subject to regulation (by means of laying down the pricing procedure) are also the prices of wholesale services of access to 4G networks which are offered by Czech mobile network operators based on voluntarily assumed commitments from the auction of radio frequencies for 4G networks. In order to check the compliance with the commitment accepted, the operators in question perform a new calculation of the costs twice a year for the wholesale prices for the reference offer for Full MVNO, based on which they adjust their mandatory reference offers. CTU continuously monitors the compliance with the obligations of the mobile network operators.

1.1.3 Updating the value of the Weighted Average Cost of Capital (WACC)

For the purpose of the price regulation applied, CTU performed the regular update of the percentage of the return on the invested capital before tax, WACC, in 2018. In addition, CTU updated the risk bonus for NGA networks which was defined in 2013 for the service of access to new generation networks. It increases WACC for these types of networks (and services).

After the public consultation in the period November–December 2018, and after consultation with the European Commission, CTU specified the new values of WACC at 7.25% and 8.66% for

⁹ https://www.ctu.eu/prices-services

¹⁰ https://www.ctu.cz/sites/default/files/obsah/stranky/8179/soubory/zovt-podkladovadata.xlsx

http://data.ctu.cz/dataset/zprava-o-vyvoji-trhu-elektronickych-komunikacich-2012-2017

Decision on price No. CEN/3a/05.2018-2 dated 15 May 2018 [available online: https://www.ctu.cz/sites/ default/files/obsah/stranky/163710/soubory/cen3afinalnikezverejneni2452018.pdf].

the service of access to new generation networks. The respective measure of general nature No. OOP/4/02.2019-2¹³ was issued by CTU on 26 February 2019 and published.

1.2 Development in the main segments of the retail market

1.2.1 Services provided in mobile networks

In 2018, just like in the previous period, mobile services in the retail market were provided, in addition to the mobile network operators (hereinafter "MNO"14), i.e., T-Mobile Czech Republic a.s., O2 Czech Republic a.s., and Vodafone Czech Republic a.s., also virtual operators such as MVNO¹⁵ – e.g., O2 Family, s.r.o., SAZKA a.s., Tesco Mobile ČR s.r.o., ČEZ Prodej, a.s., TERMS a.s., and also branded resellers - e.g., BLESKmobil, Mobil.cz, OpenCall, PREmobil, etc. Entities offering their commercial offers on the wholesale market of mobile services included the above network operators as well as MVNEs¹⁶ - e.g., Quadruple a.s., IPEX a.s., TERMS a.s., etc. (see Table No. 1). There is no major change relative to the previous year. In terms of the number of SIM cards, the share of MVNO has been stable, at around 7%. The market share of financially independent MVNOs¹⁷ in 2018 is expected to be similar as in 2017, at 3.3%. In general, after the dynamic development which has been taking place since 2013 when many virtual operators gradually entered the market, the number of entities active in the mobile services market is currently stabilizing. Nordic Telecom s.r.o. (formerly Air Telecom a.s.) which provided its mobile services in the CDMA network also as an MNO in the past, currently uses also radio frequencies in the 3600–3800 MHz frequency band, similarly to PODA a.s. On these frequencies, however, it provides FWA internet access service at a fixed location. In terms of provision of mobile services, Nordic Telecom only acts in the capacity of an independent MVNO in the networks of T-Mobile and O2. In 2017 Nordic Telecom started a transformation of its original CDMA network (operated in the 420 MHz frequency band) into LTE network, and it plans to use it for the operation of specialized services (for corporate segment and state administration).

¹³ https://www.ctu.cz/sites/default/files/obsah/predpisy-opatreni/38841/soubory/oop40220192finalnielr.pdf

¹⁴ MNO (Mobile Network Operator) is an entity providing mobile services to end subscribers on its behalf, having its own radio access network.

¹⁵ MVNO (Mobile Virtual Network Operator) is an entity providing mobile services to end customers on its own behalf who does not have its own radio access network (or, more precisely, does not have its own block frequency allocation for building a radio access network).

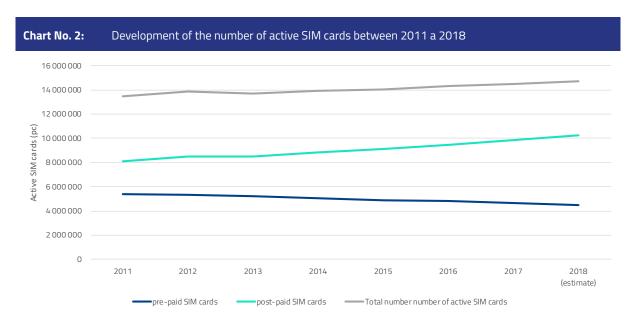
¹⁶ MVNE – Mobile Virtual Network Enabler – is an entity offering wholesale services to other operators (in the form of MVNO or brand resellers), i.e., without its own subscriber contracts. It has some mobile network elements but not the mobile access network (RAN).

¹⁷ i.e., having no asset connections with MNO.

Table No. 1: Service providers on mobile service market by 30 June 2018

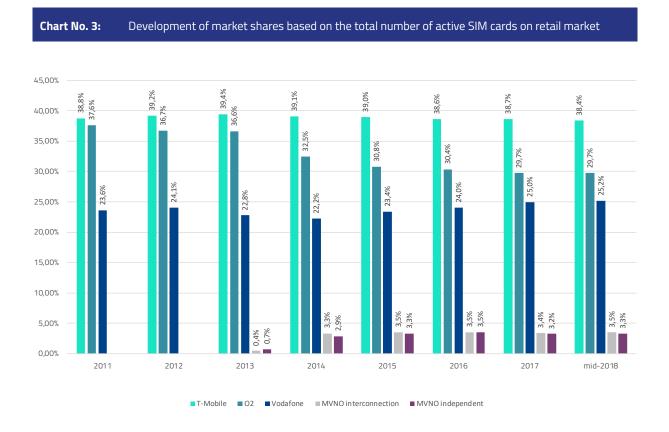
Type of Provider	Number of Providers
MNO	3
MVNE	15
MVNO	149
Branded Reseller	15

In comparison with 2017, the total number of active SIM cards grew again in 2018¹⁸. According to a qualified estimate of CTU, at the end of 2018 the total number of active SIM cards was more than 14.7 million (year-on-year increase by approximately 208,000). Out of this, the number of active post-paid SIM cards (fixed monthly payments for usage) was approximately 10.2 million and the number of pre-paid SIM cards was 4.5 million. Development of the number of active SIM cards in mobile networks, including the division into post-paid and pre-paid SIM cards, is shown in the following chart.

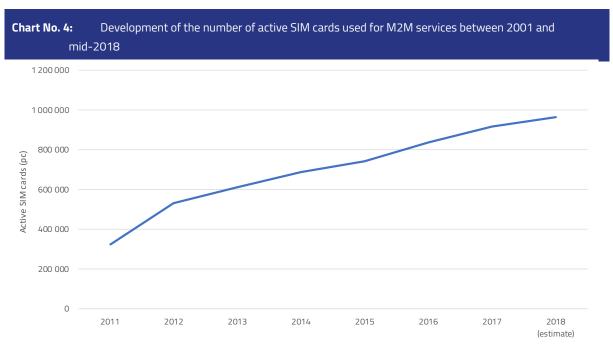


The next chart shows the development of the market share of each provider as of mid-2018. MVNOs are divided in the chart into financially related (to MNOs) and independent, i.e., financially not related to MNOs. Specifically, the financially related MVNOs are COOP Mobil s.r.o. (1/3 owned by Vodafone Czech Republic a.s.), O2 Family, s.r.o. (100% owned by O2 Czech Republic a.s.), and Tesco Mobile CR s.r.o. (50% owned by O2 Czech Republic a.s.).

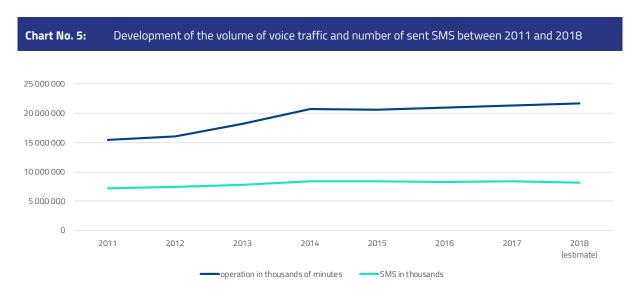
Active SIM cards are SIM cards for which a valid contract on provision of services has been signed (postpaid) or which were used for calls, sending SMS, MMS message or for data services at least once in the last three months of the period in question (pre-paid).



With respect to the current and future development of the services of Internet of Things (IoT) and SMART services (smart city, smart home, smart manufacturing, etc.), implementation of new technologies in the LTE networks, and construction of 5G networks, CTU expects the importance of M2M (Machine to Machine) services to increase in the future. Already now it is possible to observe in the development from 2011 to mid-2018, as shown on Chart No. 4, that the total number of SIM cards used for M2M services almost tripled during this period, and as of 30 June 2018 it reached almost 1 million SIM cards on which 558 TB of data was transmitted over the first half of 2018.



The volume of traffic of voice calls in mobile networks in 2018 is estimated by CTU to be 21.67 billion of actual minutes, i.e., with year-on-year increase by 1.6%. This increase corresponds with the data for the first half of 2018 as well as further migration of pre-paid plans to post-paid plans (their share is almost 70% of the total number of SIM cards), and also the continued expansion of the so-called unlimited voice plans which are predominant in the current offers of MNOs. In the number of SMS messages sent from mobile networks in 2018, CTU estimates – in the context of the increasing popularity of OTT messengers (e.g., WhatsApp, Facebook Messenger, Viber, etc.) – a slight decrease relative to 2017, approximately by 2% to 8.21 billion SMS messages.



1.2.2 Development of mobile data services

In terms of relevance, the market of mobile data services or, more precisely, services of Internet access via mobile networks was strongly emphasized in 2018.

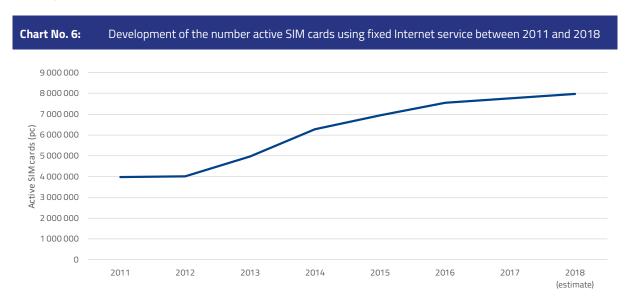
CTU therefore discusses this in greater detail below. Just like in the previous years, mobile operators offered three basic types of Internet access services in 2018 – Internet on a mobile telephone (used in mobile phones and smart phones), mobile Internet, which is intended for portable devices (tablet PCs, notebooks) with the use of a separate data SIM card, and also the services of high-speed Internet access at a fixed location which are provided via SIM cards in mobile networks. This last category of services includes services of nomadic¹⁹ and fixed²⁰ nature, in which mobility is typically limited – usually a specific restrictive provision in the terms and conditions. On the market, these services are offered primarily as an alternative to the services of high-speed Internet access at a fixed location in locations where adequate connection through fixed networks is not available. In 2018 these services were offered and provided only by mobile network operators (MNO); no virtual operator on the market provided this service.

In 2018 the number of active SIM cards using Internet in a Mobile Phone increased again. According to CTU estimates, the number of these SIM cards increased relative to 2017 by more

¹⁹ Nomadic service shall mean such mode of provision of a service that is not limited to a particular fixed location but can be accessed from anywhere within the network coverage, whereas the service is not ensured, or the functioning thereof is not guaranteed during the movement of the end point (device) of the network.

²⁰ These services are provided at a single particular connection place which the subscriber chooses for the use of the service in the subscriber contract – typically it is the so-called installation address.

than 232,000 to approximately 7.98 million. This growth is determined in the Czech Republic by the development of LTE networks and also by easy availability of suitable end devices, development and attractiveness of the content which customers consume via mobile data services, and also retail offers of the providers of mobile services. The development of the number of active SIM cards using the service of Internet in a Mobile Phone in the period 2011 to 2018 is documented by the following chart.:



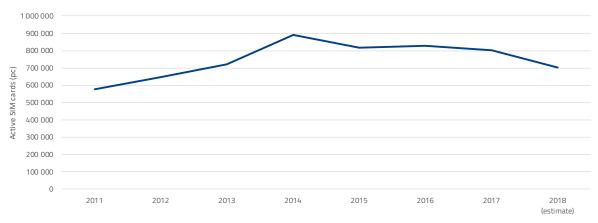
The opposite trend is seen in the period 2017²¹ and 2018 in the number of active SIM cards using the services of Mobile Internet. According to the CTU estimates, in 2018 the number of active SIM cards using the services of Mobile Internet should decrease by approximately 99,000 to approximately 703,000 users. This decrease, in CTU's opinion, reflects the customers' migration to the services of Internet in a Mobile Phone (due to the increasing volumes of the data packages) as well as migration to the services of the so-called fixed LTE (in case the service of Mobile Internet is used as an alternative to Internet connection at a fixed location). The decrease can also be related to the higher usage of Internet access via fixed networks, including the publicly available Wi-Fi hotspots (in transport vehicles, restaurants, hotels, companies, public institutions, etc.)²². Development of the number of active SIM cards using the services of Mobile Internet in the period 2011 to 2018 is shown in the following chart²³.

The services of Mobile Internet saw, as opposed to the original assumptions in the 2017 Annual Report, a decrease in the number of active SIM cards in 2017.

See the comparison of the CSO statistical reports on the Use of information and communication technologies in households and among individuals for the years 2017 (available on-line [https://www.czso.cz/csu/czso/vyuzivaniinformacnich-a-komunikacnich-technologii-v-domacnostech-a-mezi-jednotlivci-2017]) and 2018 (available on-line [https://www.czso.cz/csu/czso/vyuzivani-informacnich-a-komunikacnich-technologii-v-domacnostech-a-mezijednotlivci].

The number of users of Mobile Internet does not include users of the services of the so-called fixed LTE.

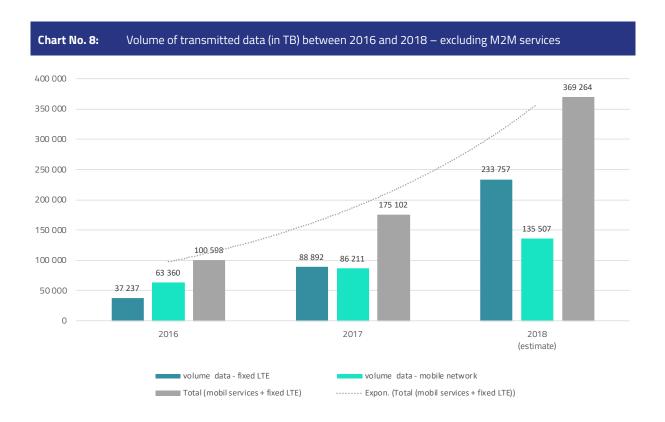




1.2.3 Volume of transmitted data

As shown in the following chart No. 8, in terms of the total data volume used in mobile networks, it is possible to observe in the recent years an exponential trend where the year-on-year usage of data services in mobile networks significantly grows. In mobile data services, the increased demand for data services is reflected in particular in the development in the period 2017 and 2018, responding to the step taken by MNOs who updated their offers of services of Internet in a Mobile Phone in those years by increasing the data limits. In 2017 therefore, the volume of transmitted data in mobile data services increased by 36% relative to 2016, and in 2018, according to CTU estimates, by more than 57% relative to 2017. As also shown by chart No. 7, in the period since 2016²⁴ we see exponential trend also in the increased volume of data transmitted over the services of fixed LTE (i.e., services provided at a fixed location) – in the period between 2016 and 2017 it grew by 139% in the period between 2017 and 2018 approximately by 163% according to CTU estimates. According to CTU, this reflects the fact that MNOs started offering this type of connection (without the limit to the data transmitted) as a substitute of high-speed access at a fixed location, in particular in places where they themselves (or by means of a wholesale offer) do not have an available infrastructure of the fixed network for the provision of Internet access services at a fixed location with sufficient transmission speed.

²⁴ i.e., from the time when CTU monitors separately the volume of data transmitted through the services of fixed LTE within the electronic data collection.



The average monthly data usage in the SIM cards using mobile data services - without the fixed LTE was, according to CTU estimates, 1.2 GB in 2018 – which represents a year-on-year increase by 47% in the average monthly usage; the increase relative to 2016 was approximately 96%. In the fixed LTE, the average monthly data usage per SIM card was, according to CTU estimates, 60.3 GB in 2018. The year-on-year increase in the fixed LTE was therefore 85%, and relative to 2016 it was 190%. These values show that the volume of data transmitted via SIM cards using the services of fixed LTE grows faster than that of the mobile data services (without fixed LTE). The development since 2011, which clearly shows that the data usage accelerates mostly in the last two years, is shown in the following table.

Table No. 2: Average monthly	consumption of data	ner SIM card since 2011	(in MR)
Table 1401 Et / Welage Illollelli	y consumption of data	per brivi cara brice 20 i i	(11111111111111111111111111111111111111

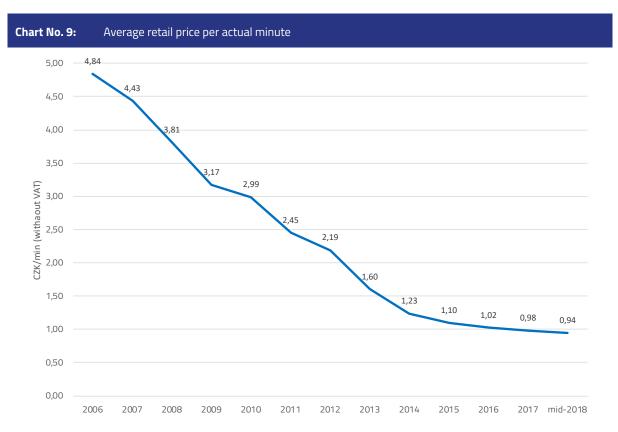
	2011	2012	2013	2014	2015	2016	2017	2018 (estimate)
Average consumption on total number of data SIM cards (without fixed LTE)	203	257	272	347	573	630	840	1235
Average consumption on total number of SIM cards using fixed LTE	-	-	-	-	-	20797	32614	60312

1.2.4 Prices of mobile services

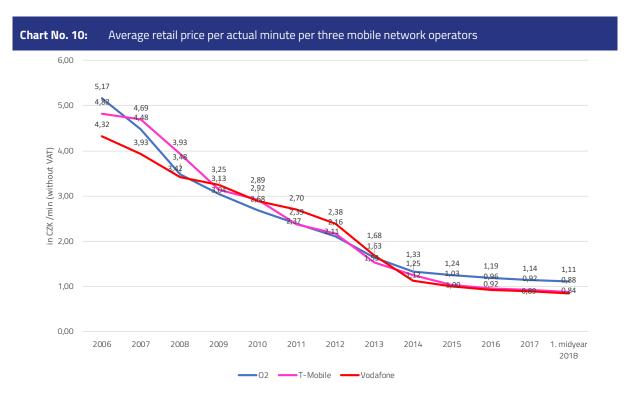
CTU regularly monitors the development of retail prices for mobile services. CTU undertakes an evaluation of price development according to the average prices for an actual call minute (including the incorporation of extra bundles, free minutes etc.) and, if applicable, also according to the defined consumer baskets of mobile services. CTU did not have complete documentation and materials to undertake its annual evaluation on the date of compiling this Annual Report and therefore the findings for the first half of 2018 are discussed below.

Price development according to average minute price

As far as the development of the average price per call minute is concerned, we can say that the long-term trend of falling prices continued in 2018. There was a decrease in the average minute price for an actual call minute of approximately 4.1% to CZK 0.94 per minute in the first half of 2018 in comparison with the average for the whole year 2017. The factors that contribute to the declining trend of the average price per minute include the decreasing average price for non-business (residential) entities and decreasing average price for businesses (see below).



To provide better orientation, we can separate the development of the average price of an actual call minute into the development of prices for voice services by individual network mobile operators. From the information obtained using the chosen method, the biggest decrease in the price of calls in the first half of 2018 was registered at Vodafone, at around 5.6% to CZK 0.84 per minute. The lowest average price for calls in the first half of 2018 was also offered by Vodafone with price of CZK 0.84 per minute. Please note that the resulting price also takes into account the price which the operators charge legal entities and individuals carrying out business activities.

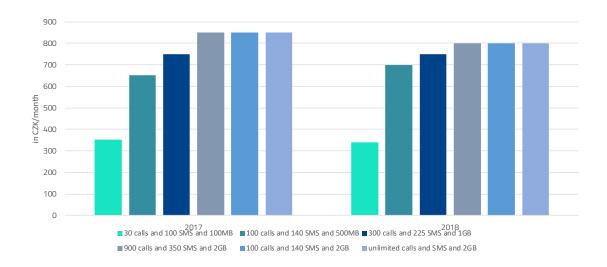


Price development according to consumer baskets

The second method which CTU used additionally to monitor the development of the prices of mobile services is the method of calculating prices according to retail consumer baskets. Since 2018 CTU has been publishing on its website, within the so-called price barometer (see below for more details on the price barometer), consumer baskets defined by OECD. For each consumer basket, the minimum price in the offer of the two largest network operators on Czech market is calculated. The calculation of the prices of these consumer baskets is based on the information supplied by Strategy Analytics.

The results used in the comparison of the plans come from the 4th quarter 2018 and 2017. They are pre-paid plans and post-paid plans with commitment for 24 months. The total lowest monthly price of the consumer basket is captured in the following chart. The chart shows that in the case of the basket with the lowest usage the price decreased year on year by 3.4% (to CZK 341); in the case of the following basket (with usage of 100 calls, 140 SMS messages and 500 MB data) there was an increase by 7.4% (to CZK 699). The price of another consumer basket did not change and the price of the remaining three baskets with higher usage identically decreased year on year by 6.1% (to CZK 799).

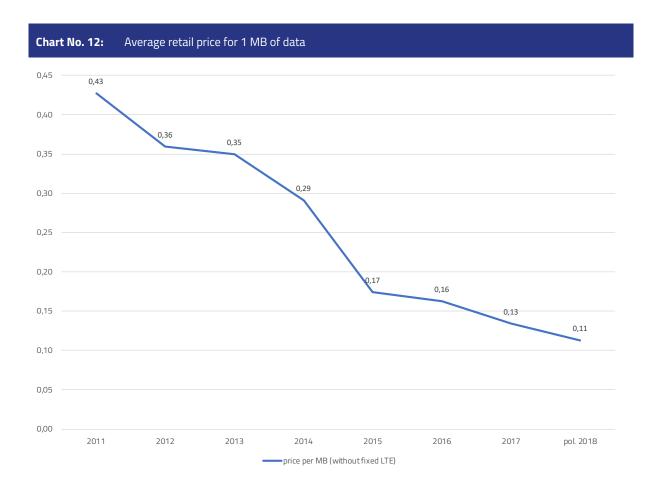
Chart No. 11: Annual development of prices of market baskets of mobile services



Price development of mobile data services by average price per MB of data

With respect to the long-term unfavourable position of the Czech Republic in international price comparisons - focusing primarily on the prices (and achievable volumes) of mobile data, CTU focuses below in greater detail on the price development of this segment of the mobile market services.

The average unit price for 1 MB of actually used data decreases in time based on the long-term trend of increase of data limits in the offers of mobile operators which is then reflected in the increasing data usage of the users, while the absolute level of prices of services is basically stagnating. This trend is supported by the following chart. For the period in question, from 2011 to mid-2018, the average unit price for 1 MB of data (not including fixed LTE) decreased by CZK 0.32, i.e., by more than 74%, whereas for the last 2 1/2 years (between 2015 and mid 2018) it decreased by CZK 0.06, i.e., by 35%, to CZK 0.11 per MB.



Prices of the service of Internet in a mobile phone

Relative to 2017, there have been no significant changes in the offer of data services of Internet in a Mobile Phone. In the cheapest offers with unlimited calls and SMS, two network operators still offer increased data limits of the previous year, namely 4 GB in T-Mobile and 5 GB in Vodafone. Data limit is now a normal part of all standard plans and along with the price also the most important parameter which is used to distinguish the individual offers of mobile operators. The maximum data limits in the largest network operators in 2018 were set at 20 GB (O2 and Vodafone) and 60 GB (T-Mobile).

From the consumers' point of view, in 2018 it was possible to get better conditions of mobile services within family packages or in the case of combined purchase of multiple telecommunication services from one operator. These service packages typically result not only in price savings but also higher data limits which can be shared among multiple devices (household members). An example of such offers is the Magenta service from T-Mobile (offered from February 2018), Red+ from Vodafone or O2 Spolu from O2. Savings on the use of data services are also achieved with services with unlimited access to selected content categories such as, for example, Vodafone Pass from Vodafone, StreamOn from T-Mobile.

Because the services of Internet in a mobile phone are now a standard part of the package of mobile services, the comparison thereof is shown below as a part of the comparison of prices and parameters of mobile services of the three major mobile network operators.

Table No. 3: Comparison of mobile service offers with data limit by three largest mobile network operators for 2018

Operator		Price	Network calls	Calls outside the network	Calls in packages (min)	SMS in the network (CZK/ sms)	SMS outside the network	SMS in the networkover the limit	SMS package (number)		MMS (in the CR)
MOBIL S		499	unlimited	unlimited		1,50	1,50	1,50	0	0,5	4,90
MOBIL M	ë	799	unlimited	unlimited		unlimited	unlimited	unlimited		4	4,90
MOBIL L	T-Mobile	999	unlimited	unlimited		unlimited	unlimited	unlimited		8	4,90
MOBIL XL	프	1 499	unlimited	unlimited		unlimited	unlimited	unlimited		16	4,90
MOBIL L		2 499	unlimited	unlimited		unlimited	unlimited	unlimited		60	4,90
FREE 200 MB		499	unlimited	unlimited		unlimited	unlimited	unlimited		0,2	5,60
FREE 1,5 GB		749	unlimited	unlimited		unlimited	unlimited	unlimited		1,5	5,60
FREE 6 GB	02	849	unlimited	unlimited		unlimited	unlimited	unlimited		6	5,60
FREE 10 GB		1 199	unlimited	unlimited		unlimited	unlimited	unlimited		10	5,60
FREE 20 GB		1 699	unlimited	unlimited		unlimited	unlimited	unlimited		20	5,60
Start 500 minut	a	477	3,49	3,49	500	1,51	1,51	1,51	0	0,5	4,54
Red Naplno 5 GB	٥	777	unlimited	unlimited		unlimited	unlimited	unlimited		5	4,54
Red Naplno 10 GB	뜅	1 077	unlimited	unlimited		unlimited	unlimited	unlimited		10	4,54
Red Naplno 20 GB		1 777	unlimited	unlimited.		unlimited	unlimited.	unlimited		20	4,54

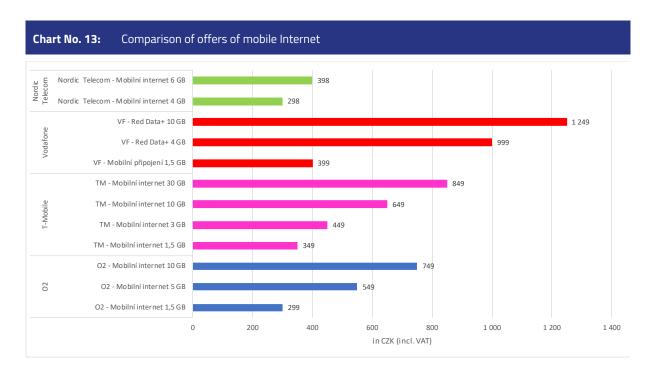
The offers of the three largest mobile network operators in 2018 were more diverse than at the beginning of the previous year where the plans intended also for standard customers were identically prices at CZK 749 with a data limit of 1.5 GB. In 2018 the prices of plans of the same category of services ranged from CZK 749 to CZK 799 and the data limits ranged from 1.5 to 5 GB.

In addition to the services of the three network operators, Internet in a Mobile Phone is offered as a part of the packages of mobile services also by mobile virtual operators. Customers can get better oriented in the broad offering of services with the help of the so-called price calculators which can ask CTU to check their quality and grant accreditation (for more information see below).

Overview of the prices of mobile Internet

The following chart documents a price comparison of individual mobile operators for the second case of the provision of mobile data services, i.e. through mobile Internet with the use of a USB modem or a data SIM card.

The maximum download speed remains for T-Mobile at 42 Mb/s in plans with FUP up to 3 GB and 225 Mb/s in plans with FUP of 10 and 30 GB. O2 preserved the offer of the maximum download speed up to 300 Mb/s, Vodafone has a maximum speed of 355 Mb/s. The lowest download speed of 1 Mb/s is offered by Nordic Telecom for mobile Internet.



Average revenue per user (ARPU) in mobile data services

To illustrate the situation, CTU also presents below the development of monthly ARPU (based on data from MNOs and MVNOs), doing so for the Internet on a Mobile Telephone service as well as for the Mobile Internet Service.

There is long-term growth in the average revenue per user using the service of Internet in a mobile phone. For the first half of 2018 alone, this growth was 14.3% and the average revenue per user of this service increased to CZK 116.75 per month. The following table documents the gradual growth of the average revenues per user (SIM card) using the service of Internet in a Mobile Phone from 2011, showing that in comparison with 2011 the average revenue per user increased in mid-2018 by more than 106%.

Table No. 4: Development of ARPU Internet use on a mobile phone between 2011 and mid-2018 (CZK per month)

		2011	2012	2013	2014	2015	2016	2017	mid- 2018
I	nternet in Mobile	56,61	64,38	76,81	88,17	86,34	91,72	102,19	116,75

In the case of mobile Internet services, there is - in comparison with Internet in a Mobile Phone, significantly higher volatility. Between 2011 and 2014 there is a visible decrease of the monthly ARPU nearly by 37%, subsequently in the period of 2015 and 2016 there is fluctuation when first in 2015 ARPU grew (by 13%) and then in 2016 it dropped again almost to the level of 2014. Starting with 2017, however, we can see a growing trend again when ARPU increased in mid-2018 by 29% relative to 2016 to CZK 229. The development of the average monthly revenue per user (SIM card) using the services of Mobile Internet is shown in the following table.

Table No. 5: Development of ARPU for mobile Internet between 2011 and mid-2018 (CZK per month)

	2011	2012	2013	2014	2015	2016	2017	mid- 2018
Mobile Internet (without fixed LTE)	296,45	265,91	236,53	187,13	211,53	177,04	213,42	229,04

To illustrate this, CTU also provides the development of ARPU for the separate service of fixed LTE^{25} :

Table No. 6: Development of ARPU for fixed LTE between 2016 and mid-2018 (CZK per month)								
2016 2017 mid-2018								
Fixed LTE 265,02 279,9 313,43								

Prices of international roaming

Mobile operators providing the services of international roaming were required throughout 2018 to provide retail roaming services on the so-called RLAH basis (Roam Like At Home) where they are obliged to charge prices for calls made, SMS messages sent, and data used at the same prices as at home. An exception is cases where the end users request a different, so-called alternative plan (e.g., with a discounted roaming in non-EU countries) or where the end users with RLAH violate the fair user policy (FUP). In exceptional cases CTU may permit companies to charge a surcharge if they prove a significant negative impact of the regulation on their economy. The additional charges (after having used up FUP) are set in the amount of the maximum wholesale roaming prices which are subject to periodic revision, and from 1 January 2018 they amounted to EUR 0.032 per minute of the call, EUR 0.01 per SMS and EUR 6 per GB (all excluding VAT). On 13 December 2017, based on information from BEREC, Commission Implementing Regulation (EU) 2017/2311 defined the weighted average of the maximum rates for call termination in mobile networks (MTR) in the whole EU as EUR 0.0091 per minute, which determined the amount of the retail surcharge for inbound calls in the EU after having exceeded FUP starting from 1 January 2018. This amount in EUR corresponds to CZK 0.24 from 1 January 2018 (converted by the average of the exchange rates for March, April and May 2017), and CZK 0.23 from 1 July 2018 (converted by the average of the exchange rates for March, April and May 2018). at the end of 2018 the weighted average of MTR, applicable in the period from January 2019, was reduced by Commission Implementing Regulation (EU) 2018/1979 to EUR 0.0085 (CZK 0.21).

When applying the surcharges for the roaming services, the sum of these surcharges and the domestic prices must not exceed the maximum regulated retail prices provided in the following table.

Data for fixed LTE are individually monitored during electronic data collection of CTU starting from 2016.

Table No. 7: Price caps for retail roaming services

	from 1 July 2018						
	Outgoing calls	Incoming calls	SMS	Data			
EUR/min., 1 SMS a 1 MB	0,19	0,0091	0,06	0,20			
CZK/min., 1 SMS a 1 MB	4,83	0,23	1,52	5,09			

Note: Exchange rate of CZK 25.462 / EUR used as the average of the rates set by the ECB on 1 March, 1 April and 1 May 2018.

The following table displays the maximum wholesale prices converted to CZK which are also the maximum possible retail surcharges on domestic prices.

Table No. 8:	Price caps	for who	lesale ro	paming s	ervices

	from 01.07.2018			01.01.2019	01.01.2020	01.01.2021	01.01.2022
	Outgoing calls	SMS	Data				
EUR/min., 1 SMS a 1 MB	0,032	0,01	0,006	0,0045	0,0035	0,003	0,0025
CZK/min., 1 SMS a 1 MB	0,81	0,25	0,15	0,11	cca 0,08	cca 0,07	cca 0,06

Note: Exchange rate of CZK 25.542 / € set by the ECB on 1 May 2018. Prices in CZK from 1.1.2020 to 1.1.2022 can vary depending on the ECB exchange rate set always on 1 May. Prices are always updated from 1 July of the respective year.

In 2018 CTU did not receive any request for charging surcharges for roaming services above the level of domestic prices. The operators also mostly did not apply fair user policy (FUP) to data usage in roaming (either due to technically relatively complicated solution, due to minimum abuse by end users, or due to the possible competitive disadvantage in the eyes of the end users).

When comparing roaming usage for the period July-September 2016 (a year before the introduction of RLAH) with the same period in 2018, the traffic of mobile services in roaming in the EU significantly increased (except for SMS services). For the above-mentioned period, the outgoing calls traffic increased by 274%, incoming calls traffic increased by 187%, and data traffic by as much as 1847%. Roaming traffic of SMS has been stagnating for a long time, and in 2018 in the same season it was only 60% of the value of 2016.

The following chart shows the percentage share of the individual services in roaming in the EU in total traffic generated by domestic subscribers for each quarter in the period from 1 April 2016 to 30 September 2018.

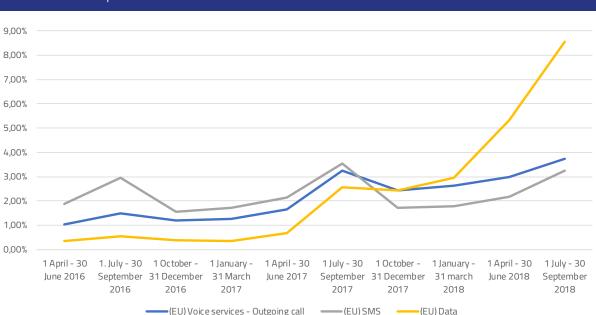


Chart No. 14: Development of the roaming traffic share in the total traffic of users by individual services in the Czech Republic

1.2.5 High-speed Internet access services

At the beginning of this chapter CTU provides information that relative to the market shares displayed in the 2017 Annual Report (and older annual reports), it now states the distribution of the market share in the total retail market only inclusive of the subscriptions in the mobile network (provided by means of a mobile communication network) which are designed for the provision the service of Internet access at a fixed location (including services of both purely fixed and nomadic nature). These services are labelled by CTU as the so-called fixed LTE services²⁶. The below charts therefore do not include, as opposed to the previous annual reports, subscriptions in a mobile network such as Mobile Internet which are intended for mobile use and portable devices (e.g., USB modem/dongle, tablet PC, notebook). Such understanding of the retail market of high-speed access is consistent with the analyses of relevant markets No. 3a and 3b²⁷ where the services of fixed LTE were included²⁸ in the definition of the retail market of high-speed access (at a fixed location). Information presented in such a manner, in CTU's opinion, describe better the current degree of competition in the retail market of high-speed access.

The situation on the retail market of services of high-speed access defined as such did not change much in 2018 relative to the previous period. The percentage distribution of the subscriptions by individual technologies did not mean any dramatic changes, and therefore a majority is still subscriptions via wireless networks in non-licensed frequency bands or combination with LAN (Wi-Fi) whose share slightly decreased in 2018 year on year (from 32.5% to 31.7%). In absolute terms, CTU expects moderate year-on-year in-

The services of the so-called fixed LTE out of the offers of network operators include, for example: "Internet bez drátu" ("Internet without Wire"), "Internet Optimal Air", "Připojení bez kabelu" ("Connection without Cable"), "Pevný internet vzduchem" ("Fixed Internet by Air") and "Internet OPTIMAL HD".

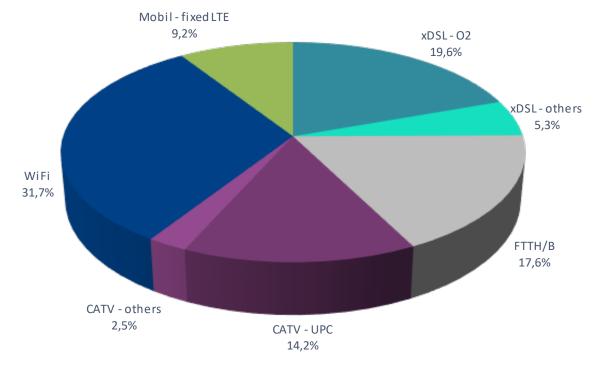
Market No. 3a (https://www.ctu.cz/art-kolo-4/trh-3a) - wholesale services with local access provided at a fixed location, and Market No. 3b (https://www.ctu.cz/art-kolo-4/trh-3b) - wholesale services with central access provided at a fixed location for mass-market products.

As substitutes of the traditional services of high-speed access at a fixed location – such as e.g., wireless access in non-licensed frequency bands (Wi-Fi), xDSL subscriptions, access via cable TV networks (CATV), and access via optical networks (FTTH/B).

crease of these subscriptions from 1.09 million in 2017 to 1.12 million. In xDSL subscriptions CTU expects, give the development thereof in mid-2018, the decrease which occurred in the past years to slow down or even stop. CTU expects that the number of subscriptions via xDSL technologies at the end of 2018 will be approximately 875 thousand, a similar figure to 2017. The market share of xDSL subscriptions should therefore decrease year on year from 26.2% to less than 25%. In the number of subscriptions via optical networks (FTTH/B) we can observe a long-term steady growth in both the absolute number of subscriptions and the market share. In the case of subscriptions via FTTH/B networks, CTU thus expects growth also in 2018, namely from 570 thousand in 2017 to approximately 620 thousand. The market share of subscriptions via FTTH/B networks would therefore grow from 17% in 2017 to 17,6%. With this anticipated year-on-year growth, the number of subscriptions via FTTH/B networks should overcome the subscriptions via cable TV networks (CATV) in terms of the number of subscriptions. As for subscriptions via CATV networks, CTU on the other hand expects slight year-on-year decrease, namely from 589 thousand in 2017 to approximately 588 thousand of subscriptions at the end of 2018. CTU therefore expects a decrease of the market share of subscriptions via CATV networks, namely from 17.6% in 2017 to 16.7%. The services of high-speed access which have so far been least represented in the retail market are, despite their dynamic growth, services of fixed LTE. CTU assumes that in 2018 these services grew again significantly and estimates an increase from 227 thousand in 2017 to approximately 323 thousand. As for the market shares, it is a year-on-year increase from 6.8% in 2017 to 9.2%. Subscriptions via mobile networks including the services of Mobile Internet, according to the current CTU estimate, decreased year on year from 1.028 million to 1.026 million.

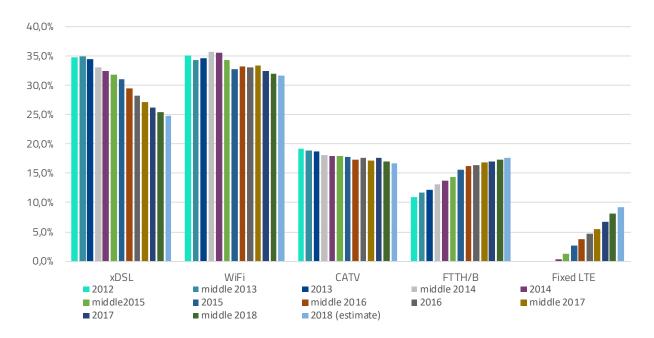
The distribution of the market shares in the retail market of high-speed access in the Czech Republic is characterized by the fact that none of the technologies is significantly dominant. This shows continued significant degree of competition in terms of the infrastructure. The estimated shares in the retail Internet access market at the end of 2018 also in the development since 2012 and long-term development of the number of subscriptions by individual technological solutions are documented by the following charts. The comparison includes also fixed subscriptions within mobile networks, so-called fixed LTE.

Chart No. 15: Share of broadband access by individual technological solutions (including fixed LTE) as of 31.12.2018*

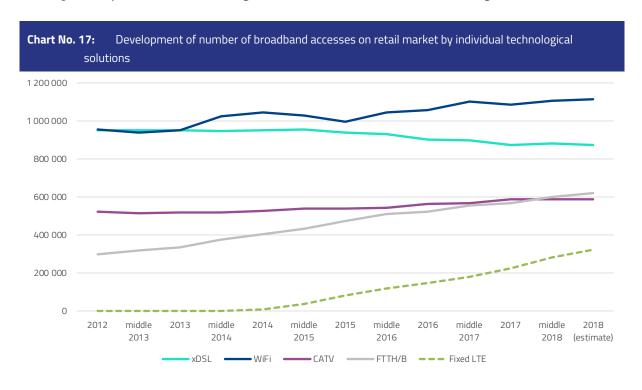


Note: *qualified estimates were used

Chart No. 16: Development of broadband access share by individual technological solutions on retail market



It is possible to observe from the above chart in the retail market of high-speed access that the progressive platforms seeing long-term growth, either in relative or absolute terms, are optical networks FTTH/B and mobile networks through which the services of high-speed Internet access at a fixed location are provided – the so-called fixed LTE. Development of the absolute number of subscriptions by individual technological solutions is shown in the following chart.



An important fact is that the long-term trend of gradual increase of the number of subscriptions via FTTH/B networks continued also in 2018. The number of subscriptions via wireless networks in non-licensed frequency bands (Wi-Fi) as well as the number of subscriptions via cable TV networks (CATV) slightly grew for the most part in the period in question. On the other hand, the number of xDSL subscriptions has been slightly decreasing over the long term at the expense of subscriptions via other technologies. Despite the decrease in the segment of xDSL subscriptions, however, the number of subscriptions via VDSL keeps growing. This is a result of the gradual modernization of the network of subscriber metal loops in the recent years, just like in 2018, when Ceská telekomunikační infrastruktura a.s. (CETIN) invested in further development of the network of the so-called remote DSLAMs (street cabinets), and implementation of the vectoring technology. CETIN states that in 2018 VDSL subscriptions with speeds higher than 50 Mbit/s should be available for 79% of households in the Czech Republic.

It is possible to expect further growth of subscriptions via fixed LTE thanks to the assumed development of networks using the frequency bands 3600 to 3800 MHz, either on wholesale or retail market. In 2018 PODA and Nordic Telecom (allocation holders) publicly expressed their interest in the expansion of these networks, as an alternative to the existing wireless networks in non-licensed frequency bands. This is also supported by the completed activities of some companies in the retail market in 2018 when PODA and COMA s.r.o. merged and when Libli s.r.o. was established (by merging approximately 20 local providers) and its expected cooperation within the Nordic Telecom group. These companies thus can expand their existing wireless and optical access networks in the upcoming years also to include LTE-based access networks. In terms of major acquisitions and mergers, it is also possible to mention that in the second half of 2017 RIO Media a.s., a company which is active mainly in the field of retail Internet access services and operation of cable TV approximately in thirty towns, changed its owner. The new owner, Kaprain Industrial Holding Limited, has owned Nej.cz s.r.o. since 2016. On 1 October 2018 the merger of RIO Media a.s. and Nej.cz s.r.o. was completed, giving rise to a new alternative provider, Nej.cz s.r.o. In 2018 this company continued with purchases of smaller providers of Internet access services in north Moravia, strengthening its market position. Together with STARNET, s.r.o. (operator of wireless and optical access network), these companies will be additional major players in the retail market who historically offered services locally. Both wireless and optical networks within the Czech Republic are still provided mainly by smaller local providers because the share of the three above-mentioned companies in the retail market in 2018 was less than 10%.

The existing coverage with optical networks (FTTH/B) in the Czech Republic can be evaluated as above average in all-European comparison, where e.g., according to the study of the European Commission Broadband Coverage in Europe in 2017 (available online at: [https://ec.europa.eu/ digital-single-market/en/connectivity]) the household coverage in the Czech Republic of 37,4% is above the EU28 average which is 26.8% of households. Looking at international comparison of availability of NGA networks,²⁹ the Czech Republic is above the EU average; specifically, the coverage in the Czech Republic in 2017 was 88.6% and in the EU, it was 80.1%.

If we focus on information on coverage in rural areas, this coverage of households in the Czech Republic according to the study in optical networks FTTH/B is basically identical with the EU average - 11.1% in the Czech Republic as opposed to 11.3% (EU28). In household coverage with NGA networks the Czech Republic is significantly above the EU28 average, specifically by 11.8 p.b. and higher. As opposed to the previous period, further development of optical networks (FTTH/B) took place in the Czech Republic and, in particular, expansion of the availability of the VDSL technology, also in rural areas. The above has manifested within the study by an increase

²⁹ The study includes in the NGA networks also connections implemented through VDSL, FTTH/B and CATV networks with DOCSIS 3.0.

of the overall coverage with NGA networks in the Czech Republic and also by an increase of the coverage with these networks in rural areas.

CTU also provides a list of 20 largest providers of high-speed Internet access at a fixed location in the Czech Republic. The market shares are based on CTU data as of 30 June 2018 and include also the services of fixed LTE. The table shows that one of the most important providers of high-speed connection in the Czech Republic is O2 (providing mainly xDSL connection and connection using fixed LTE) followed by UPC (providing mainly connection via CATV networks). Other major providers on the market are the remaining two MNOs, i.e., T-Mobile and Vodafone (providing, just like O2, mainly a combination of xDSL connection and fixed LTE). These are followed by other, mainly regional providers who offer connection using various methods – via optical networks (FTTH/B), cable TV networks (CATV) as well as wireless networks in non-licensed frequency bands (WiFi).

Table No. 9: List of 20 most significant broadband Internet access providers in the Czech Republic (including fixed LTE) in descending order by reached market share (by number of access) as of 30.06.2018

Provider							
O2 Czech Republic a.s.	STARNET, s.r.o.	SMART Comp. a.s.	INTERNEXT 2000, s.r.o.	GRAPE SC, a.s.			
UPC Česká republika, s.r.o.	PODA a.s.	COMA s.r.o.**	M–SOFT, spol. s r.o.	Magnalink, a.s.			
T-Mobile Czech Republic a.s.	RIO Media a.s.*	Tlapnet s.r.o.	itself s.r.o.	United Networks SE			
Vodafone Czech Republic a.s.	Nej.cz s.r.o.	Planet A, a.s.	JON.CZ s.r.o.	CentroNet, a.s.			

Note: * on 1.10.2018 the company RIO Media a.s. merged with the company Nej.cz s.r.o.

1.2.6 The retail prices of high-speed access services

The retail market of fixed high-speed Internet access brought a relatively stabilized price level for the end customers in 2018. Throughout the year 2018 the subscriber Internet connection speed was gradually increasing in places where new optical networks were laid or where technical changes could be implemented in the existing metal access network. These changes include but are not limited to deployment of remote DSLAMs which reduce the length of the metal loop due to the placement closer to the subscribers, and thus make it possible to increase the data transmission speed.

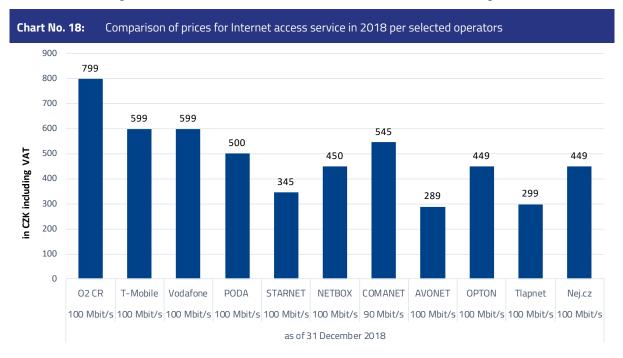
In 2018 the major operators came up with offers of new services with speed up to 250 Mbit/s and more. Nevertheless, there has not been a nationwide solution, but only selected locations where the above-mentioned innovations occurred in the access network. Most providers of Internet connection services at a fixed location offered in 2018 an option to choose out of standard plans, but they usually also offered cheaper versions of the services, usually connected with a contractual

^{**} on 1.10.2018 the company COMA s.r.o. merged with the company PODA a.s.

commitment to use the relevant service, mostly for 12 months, or with taking other electronic communication services.

The largest provider of fixed Internet access services, O2, made several changes in the offering of its plans in 2018. Provision of connection with speed 2 Mbit/s which was not possible to activate from mid-2017 was completely phased out in the second half of 2018. The lowest form of connection of a subscriber from that time on is the plan with speed 20 Mbit/s. In addition to this change, O2 newly started offering a new plan ULTRA HD with advertised maximum speed 250 Mbit/s. The fastest Internet connection via fixed network out of the major operators monitored in 2018, however, was one offered by UPC which states maximum speed of the subscriber connection of 500 Mbit/s and newly also Vodafone with speed up to 1000 Mbit/s.

For the sake of comparison, the following chart shows the offers available from other selected operators on the Czech market that offer their services in the sphere of high-speed Internet access at a fixed location. It must be stated that the price offers are not easy to compare among providers since the individual services are based on different technology and the differing qualitative parameters which ensue from this. The overview clearly shows that most alternative operators respond to the market development and offer, as a standard, subscriber connection with speed 100 Mbit/s.

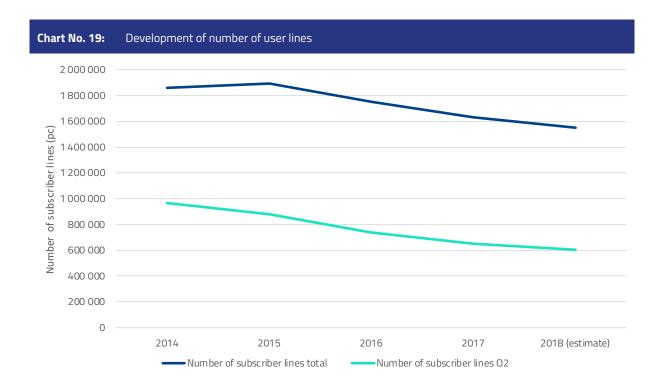


1.2.7 Voice services provided on fixed networks

Similarly to the previous year, in 2018, the most important companies active on the market of telephone services at a fixed location included, in terms of the number of subscriber lines, in particular O2, UPC, Vodafone, T-Mobile and IPEX a.s. O2 maintained its important position in the provision of the publicly available telephone service at a fixed location also in 2018, in spite of the further expected decrease of the number of subscriber lines.

The development in the segment of voice services provided at a fixed location was again influenced by the development of mobile voice services. The trend of expansion of the offer of voice services through the VoIP technology continued in the area of voice services in 2018. Although there are still various forms of packages available on the market which include voice services provided on a fixed network, in general it is possible to observe that the segment of voice services provided at a fixed location continues decreasing.

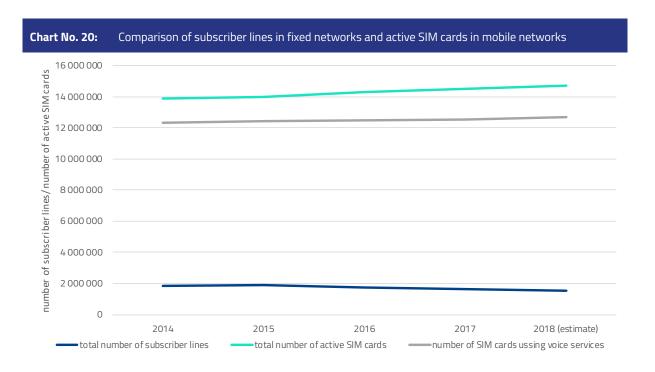
CTU estimates at the end of 2018 the total number of subscribers of voice services provided at a fixed location, expressed as the number of subscriber lines, will decrease again year on year by approximately 5%, approximately to 1.55 million subscriber lines. While the number of subscriber lines of some major alternative providers of voice services at a fixed location slightly grew or stagnated in 2018, O2 is expected to see a year-on-year decrease (based on the preliminary data provided by the company) at approximately 7%, namely to approximately 607 thousand subscriber lines (see the following chart)..



Unlike the development in the period 2016 and 2017 when O2 saw a year-on-year increase of the total average annual volume of traffic per subscriber line, in 2018 this company saw a slight year-on-year decrease of the total average annual volume of traffic per subscriber line, approximately by 4%, to 1,075 actual minutes.

The following chart shows, for comparison of the situation in fixed and mobile network, a comparison of the number of subscriber lines at a fixed location and the number of active SIM cards. This clearly shows that while the total number of subscriber lines in fixed networks is continuously decreasing, the total number of SIM cards as well as the number of SIM cards allowing for the use of voice services (this indicator does not include M2M SIM cards or data SIM cards is growing continuously at the same time³⁰).

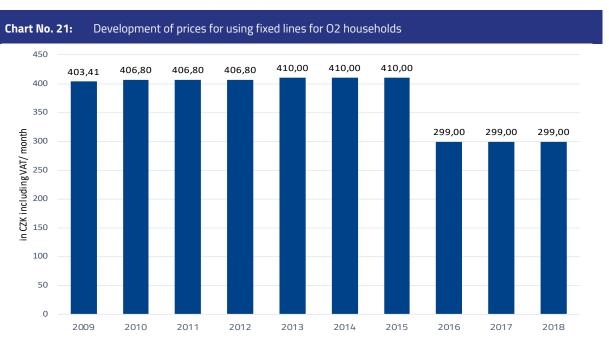
i.e., SIM cards used solely for the services of high-speed Internet access in mobile networks.



Development of the prices of voice services in fixed network

The prices of voice services in fixed networks did not change in 2018 in comparison to the previous year. O2, which is the largest provider of voice services in fixed networks, still offers plans with unlimited number of free minutes for calls to fixed as well as mobile networks in the Czech Republic. If it is necessary to build an additional communication network for the set-up of the telephone service, the set-up of the service is conditional upon payment of the costs of the addition of the network by the subscriber.

With respect to the special position of O2 on the market of voice services at a fixed location, the chart shows the long-term development of the monthly price for the service of using a fixed line under a standard plan used for residential purposes in this company. The chart shows the prices when using only voice services valid as of 31 December of the year in question.



For illustration, the following chart shows the comparison of the monthly prices for the use of the telephone service through fixed networks in all major operators providing this service.



1.3 Development of prices for selected wholesale services

CTU applies price regulation to wholesale relevant markets based on the analysis of relevant markets. The aim of applied price regulation is to help the development of a competitive environment and to make it possible for alternative operators to offer competitive retail services to end users through the available wholesale products.

As an addition to the general information provided in the introductory summary of the market situation, in the next section CTU provides detailed information on the development of the price regulation on each wholesale relevant market.

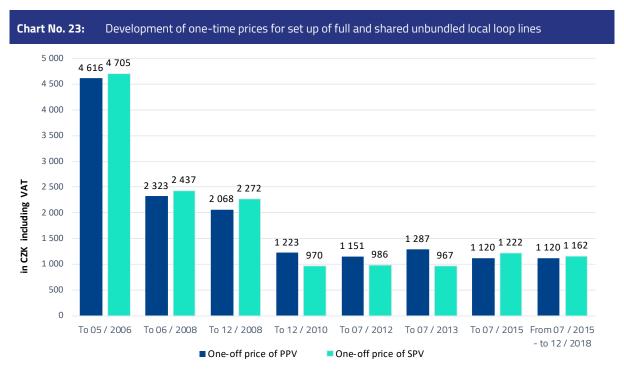
1.3.1 The local loop unbundling wholesale market

In May 2018 CTU issued a new decision on price (No. CEN/3a/05.2018-2) in which it did not specify the maximum prices for the unbundling services, based on the analysis of relevant market No. A/3a/07.2017-3. The main reason was the impact of the split of O2 into two companies of which CETIN is solely active on wholesale markets. The new decision of price on market No. 3a also did not impose an obligation related to price regulation of the service of access to passive infrastructure, with respect similar obligations of all operators of the physical infrastructure directly under the new Act No. 194/2017 Coll., on measures toward reduction of the costs of implementation of high-speed electronic communications networks which transposes Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks.

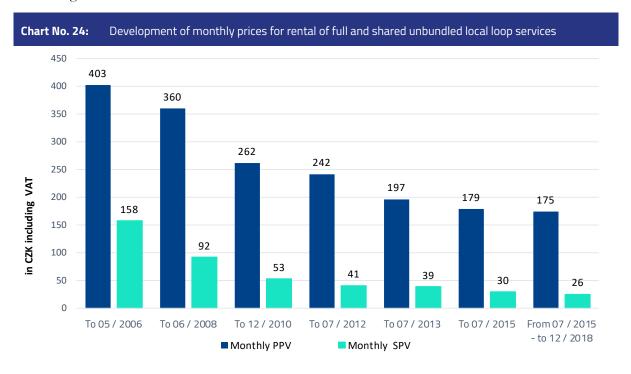
The development of the local metal loop unbundling market confirmed the gradually diminishing interest in this form of wholesale cooperation, based on the need to increase substantially the speed of the subscriber connection and the new technologies available which result mainly in

gradual deployment of optical solutions. The new services typically cannot be implemented on a leased metal loop unless the conditions change.

The overview of the historical development of the prices in the two basic wholesale services involving local copper loop unbundling is illustrated in the following charts where "PPV" means the full unbundled access and "SPV" means shared unbundled access.



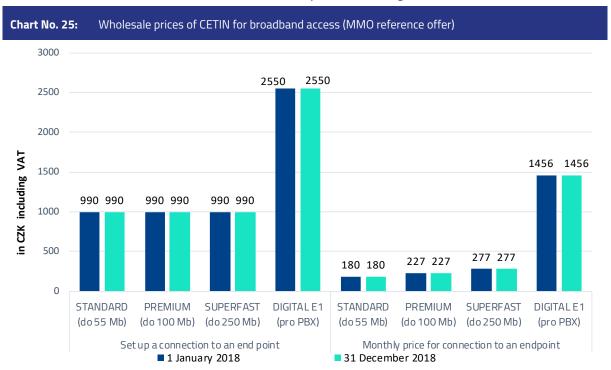
Note: In the case of the one-off prices involving the set-up of full or shared unbundling, the price is not affected by any network elements. The one-off prices only depend on processes associated with the set-up of the access and the costs thereof. Therefore, the prices for shared local loop unbundling can be higher, depending on the current organization of the related processes in some years, than the prices for full local loop unbundling.



1.3.2 Wholesale high-speed Internet access

No major change occurred in 2018 on the market of wholesale high-speed Internet access. CETIN continued with gradual refinement and adjustments of its reference offer of MMO (Mass Market Offer). MMO represents today the basic product offer in the wholesale market of broadband Internet access. Compared with the previous situation (Carrier Broadband and Carrier IP Stream offers), the MMO resulted in more options of cooperation among operators, e.g., in terms of access to the systems of the provider of wholesale services when ordering or in diagnostics of the network operation, and thus allowed for greater flexibility when creating the offer of services for own end customers.

The wholesale MMO includes network connection at the end point in the form of one-off prices for the set-up of the line and monthly recurrent payments for the operation of the line. Based on this connection, the user has an option of access to a number of services provided over the IP network, e.g., on top of the basic Internet connection, also TV and video signal dissemination. The user of MMO services can use the capabilities of the transport network of CETIN and concentrate its data traffic to the central or regional transfer point. MMO also allow the users to influence, according to their needs and priorities, the dimensioning and throughput of the CETIN transport network capacity allocated to them. In addition to these sub-elements, the wholesale MMO also includes the possibility of ensuring access to the control systems and technical support for troubleshooting including online monitoring system. The development of prices of the two basic services out of the wholesale MMO in 2018 is illustrated by the following overview.

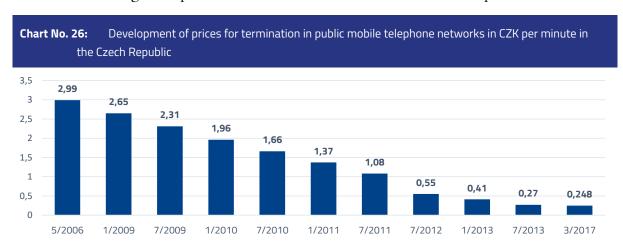


The overview shows that wholesale prices within the wholesale offer of CETIN remained unchanged in 2018. The only changes occurred to the offer of the associated services of the IP transport network which provides connection of the subscribers to the network of the alternative telecommunication operator.

Nevertheless, the current market situation cannot be considered optimal because the alternative wholesale offers are absent on the market. A number of larger and smaller operators are not yet in a hurry to create their own offers of wholesale cooperation in the provision of broadband Internet access. These entities now tend to watch to see what the result of the next round of the tender for grants for the construction of high-speed Internet and the definition of the conditions for the provision of interest-free loans will be. In this context, however, it is necessary to emphasize that most operators who are interested typically do not see prices or the issue of financing as the main problem preventing more dynamic development of high-speed networks, but rather administrative problems with the permissions of construction projects, the relevant bodies' non-compliance with deadlines for statements, or issues of easements, i.e., problems associated with the Building Act. The solution of these problems, however, is the basic prerequisite for improvement of the offer of the services of broadband Internet connection on wholesale market looking forward.

1.3.3 The wholesale market of call termination on individual public mobile telephone networks

Also, in 2018 the regulated price for call termination, set by CTU at the end of 2016 as CZK 0.248 excluding VAT per minute, was valid. The regulated price is the maximum price determined by means of a cost model of Long-Run Average Incremental Cost (BU-LRIC) and in accordance with the Commission Recommendation of 7 May 2009 on the Regulatory Treatment of Fixed and Mobile Termination Rates in the EU (2009/396/EC). The following chart shows the development of the maximum regulated price for mobile call termination in the Czech Republic to date.



1.3.4 Wholesale market of call termination in individual public telephone networks provided at a fixed location

Similarly, to the market of call termination in mobile telephone networks, the regulated price for call termination in telephone networks provided at a fixed location determined by CTU at the end of 2016 in the amount of CZK 0.033 per minute excluding VAT remained valid in 2018. This regulated price, which was applied by 23 regulated undertakings, was determined using the BU-LRIC model in accordance with Commission Recommendation of 7 May 2009 on the Regulatory Treatment of Fixed and Mobile Termination Rates in the EU (2009/396/EC). The following table shows the development of the maximum prices for call termination in the Czech Republic since 2008.

Table No. 10: Development of prices for termination in individual public telephone networks provided in fixed location in CZK per minute in the Czech Republic

Connection level	Traffic period	11/2008	4/2010	5/2014	12/2016		
Local	strong	0,3	0,3				
exchange	weak	0,15	0,15		0.022		
First transit	strong 0,36 0,34	0,03	0,033				
exchange	weak	0,18	0,17				

1.4 Evaluation of changes in the mandatorily published reference offers relating to the provision of LTE services

As part of the auction of frequencies in the 800 MHz, 1800 MHz and 2600 MHz frequency bands, which CTU undertook in 2013, O2, T-Mobile and Vodafone took on an obligation, within the wholesale offer commitment, to publish within the set time limit a reference wholesale offer for access to the public LTE communication network operated via frequencies within the 800 MHz, 1800 MHz and 2600 MHz frequency bands for the so-called full MVNO. CTU has been monitoring continuously since 2014 the compliance with this commitment, in particular evaluating the adherence to the procedure for determination of the wholesale price.

For this purpose, in August 2017 CTU also defined rules, as to how and how often the operators should, without a prior request by CTU, update the prices in the reference mandatory offers of access to the LTE network such that they would comply with their obligations assumed within the auction of radio frequencies. The operators should check the compliance of the prices twice a year, always as of mid and end of the calendar year, and subsequently submit the results of this check, including all relevant information, to CTU no later than the end of the 3rd and 9th month, respectively, of the calendar year, i.e., until 31 March and 30 September of the respective year. The operators should adjust the prices in the mandatory reference offers within 15 days of the submission of the calculation results to CTU. These new rules worked also in 2018.

The information on the development of wholesale prices according to the above-mentioned commitment of wholesale 4G offer is shown in the following table.

Table No. 11: Development of individual items of reference offer of Vodafone (in CZK))

	September 2 0 1 4 – 2 9 April 2015	April 2015 - 10 March 2016		18 February 2 0 1 7 - 1 4 0 c t o b e r 2017	15 October 2 0 1 7 – 1 4 April 2018	15 April 2018 - 14 October 2018	from 15 October 2018
One-time price	33 000 000	33 000 000	33 000 000	33 000 000	33 000 000	33 000 000	33 000 000
Monthly price for access	750 000	750 000	750 000	750 000	750 000	750 000	750 000
Monthly price for SIM	45	45	45	45	45	45	45
Wholesale price for 1 MB	0,51	0,44 - 0,51 *	0,29 - 0,51**	0,0908***	0,1041***	0,0641***	0,0492***
				0,0075****	0,0070****	0,0073****	0,0050****

* CZK 0.51 per MB up to 250 000 active SIM cards, CZK 0.44 per MB over 250 000 active SIM cards, *Note:* ** CZK 0.51 per MB up to 250 000 active SIM cards, CZK 0.29 per MB over 250 000 active SIM cards, *** for the purpose of creating retail mobile services,

Table No. 12: Development of individual items of reference offer of O2 (in CZK)

	September 2 0 1 4 – 2 9 April 2015	30 April 2015 – 17 February 2016	18 February 2 0 1 7 – 1 2 October 2017	2 0 1 7 – 1 2		from 12 October 2018
One-time price	27 000 000	27 000 000	27 000 000	27 000 000	27 000 000	27 000 000
Monthly price for access	500 000 - 800 000*	500 000 - 800 000*	500 000 - 800 000*	500 000 - 800 000*	500 000 - 800 000*	500 000 - 800 000*
Monthly price for SIM	16,45 - 80**	16,45 - 80**	16,45 - 80**	16,45 - 80**	16,45 - 80**	16,45 - 80**
Wholesale price for 1 MB	0,63	0,43	0,151***	0,104***	0,104***	0,104***
			0,0139****	0,0097***	0,0063****	0,0052****

* 800 000 for the first 100 000 customers; CZK 500 000 for every other included 100 000 SIM card, *Note:*

*** for the purpose of creating retail mobile services,

^{****} for the purpose of creating a retail offer of "fixed LTE" (connection of mobile network through a modem with limited mobility).

^{**} CZK 80 per SIM for first 100 000 customers; CZK 16.45 for each SIM card above 100 000 SIM cards,

^{****} for the purpose of creating a retail offer of "fixed LTE" (connection of mobile network through a modem with limited mobility).

Table No. 13: Development of individual items of reference offer of T-Mobile (in CZK)

	_	-		-	2017-15	1 6 A p r i l 2018 - 11 October 2018	0 c t o b e r
One-time price	9 000 000	15 000 000	15 000 000	24 800 000	24 800 000	24 800 000	24 800 000
Monthly price for access	0	0	0	0	0	0	0
Monthly price for SIM	0	25 - 55*	25 - 55*	25 - 55* 40	40	40	40
				0,196****	0,135****	0,106****	0,101****
Wholesale price for 1 MB	0,7	0,42 - 0,52**	0,28 - 0,46***		0,0135****	0,0132****	0,0150****

Note: *CZK 55 per SIM card for less than 150 000 active SIM cards; CZK 40 per SIM card for up to 300 000 active SIM cards; CZK 25 per SIM card for above 300 000 active SIM cards. SIM card already includes data volume in the amount 65 MB per SIM card per month,

- ** CZK 0.52 per MB for less than 150 000 active SIM cards; CZK 0.47 per MB for up to 300 000 active SIM cards; CZK 0.42 per MB for above 300 000 active SIM cards,
- *** CZK 0.46 per MB for less than 150 000 active SIM cards; CZK 0.32 per MB up to 300 000 active SIM cards; CZK 0.28 per MB for above 300 000 active SIM cards,
 - **** for the purpose of creating retail mobile services,
- ***** for the purpose of creating a retail offer of "fixed LTE" (connection of mobile network through a modem with limited mobility).

Auction of radio frequencies

Based on the Decision (EU) 2017/899 of the European Parliament and of the Council of 17 May 2017, as of 30 June 2020 the frequency band 694-790 MHz (hereinafter "700 MHz frequency band") will be vacated for terrestrial systems capable of providing wireless broadband electronic communications services. Accordingly, in 2018 CTU started preparation of the conditions of the tender (auction) of frequencies of the 700 MHz frequency band for the 5th generation networks. For the sake of maximum transparency of the tender which is being prepared, CTU published on 1 June 2018 a draft version of the basic principles of this tender and asked the entities concerned to submit their comments and suggestions.

At the same time, in order to provide the initial information on the comments and suggestions received regarding the draft version of the principles, on 22 June 2018 CTU organized a workshop with the parties concerned. Within the workshop the representatives of CTU presented the basic summary of the comments and suggestions received as well as the initial position of CTU on some of them. Subsequently, on 1 August 2018 CTU published its general position on the comments and suggestions on the draft version of the basic principles of the tender for the granting of the rights to use radio frequencies in the 700 MHz frequency band.

In the following period the representatives of CTU participated in expert consultations on the comments and suggestions received with interested parties out of the entities providing the comments and suggestions as well as the Office for the Protection of Competition, Czech Technical University (CVUT), and also with the representatives of the Ministry of the Interior regarding the issue of ensuring the future communication needs of emergency and security services of the Ministry of the Interior (PPDR). Based on the discussions with the representatives of the Ministry of the Interior, CTU included in the draft version of the conditions of the tender also the commitment to provide services (national roaming and priority services) to support PPDR communication.

Based on Government Decision dated 16 May 2018 (No. 2019), CTU also prepared information material for the Government of the Czech Republic. This material was sent, after the inter-department commenting procedure, in December 2018 to the Ministry of Industry and Trade to present it at government meeting.

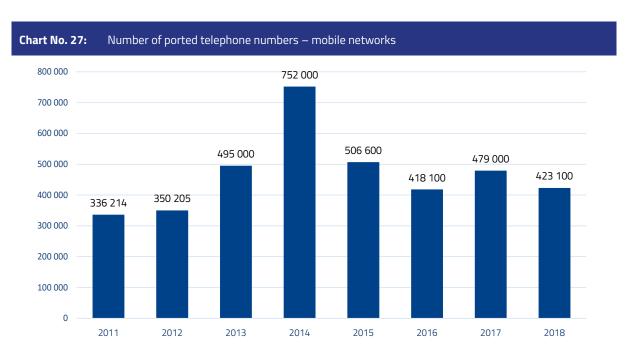
Within the preparation of the conditions of the tender, one of which goals is to improve competition on the market of mobile electronic communications services, different options were analysed as to how to motivate the interested parties, if any, to enter the market in the Czech Republic. In addition to the reservation of the block of 2 x 10 MHz in the 700 MHz frequency band and allowing to use national roaming in the networks of the existing operators, CTU also decided to include radio frequencies out of the 3400–3600 MHz frequency band in the tender being prepared. This would allow the applicants, if any, to gain sufficient scope of spectrum for the provision of new high-speed of electronic communications services (5G) also in densely populated areas.

Within the next steps, CTU will proceed in such manner that it would be prepared to organise the tender (auction) for the frequencies of the 700 MHz frequency band and the 3400-3600 MHz frequency band in the second half of 2019.

Telephone number portability

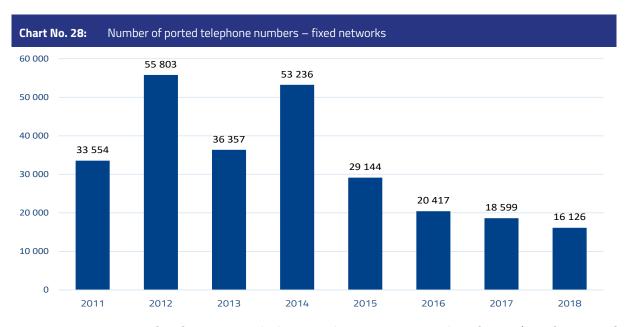
3.1 Portability in mobile networks

A total of 4,764,016 telephone numbers have been ported until 2018 (including 2018) since the introduction of telephone number portability in mobile networks in 2006, where some telephone numbers could be ported several times during the period. Compared to the previous year, the year 2018 saw a year-on-year decrease of the number of ported telephone numbers, by approximately 12% to approximately 423,100 ported telephone numbers. Just like in the previous periods, the sum includes all transfers of telephone numbers made in 2018. The trend of using telephone number portability in mobile networks in the period 2011 to 2018 is documented by the following chart.



3.2 Portability in fixed networks

A total of 10,144,107 individual subscriber telephone numbers have been ported until 2018 (including 2018) since the introduction of telephone number portability in fixed networks in 2003, whereas in the same period a total of 403,776 telephone numbers were ported³¹ in fixed networks. In 2018 a total of 447,721 individual subscriber telephone numbers were ported, which represents a year-on-year increase approximately by 2%. The number of telephone numbers ported in fixed networks decreased year on year in 2018 approximately by 13% to 16,126 porting. In comparison with 2017, the number of telephone numbers ported in fixed networks has further decreased, a trend which has been persisting since 2015. The trend of using telephone number portability in fixed networks in the period 2011 to 2018 is documented by the following chart. The decreasing trend is following the development in the number of subscriber lines.



Porting means transfer of a separate telephone number or an entire number of series (e.g., if a series of 1,000 numbers is ported it constitutes one porting).

4 Evaluation of the postal services market

In terms of priorities of postal services, CTU managed to successfully complete the notification process with the European Commission at the beginning of 2018 in matters of funding of compensations of net costs for provision of universal services. This contributed to payment of compensation of net costs for 2015 - 2017 to Czech Post in the amount of CZK 1.3 billion, in accordance with valid legislation. The compensation for 2013 and 2014 will follow conclusions of currently discussed amendment of the Act No. 29/2000 Coll., on postal services, as amended.

CTU also initiated pre-notification discussion with the European Commission in matters of compensation of net cost for provision of universal services for the new licensing period 2018 – 2022. Given the fact, that Czech post, as the current holder of postal licence, notified CTU at the end of 2018 about a change of basic parameters of so-called basic and alternative scenario, necessary for determination of the amount of net costs, these discussions have not been completed in 2018.

Aiming to secure the required quality and availability of universal services, CTU prepared in 2018 a regular assessment report on the fulfilment of responsibilities of postal licence holder, i.e. Czech Post. Simultaneously, CTU focused on regular monitoring of the state of fulfilment of the required conditions. In its monthly monitoring reports, CTU regularly informed the public about results of inspections in postal sector, i.e. regarding universal services. Beside that, the monitoring report also informed about important decisions taken on disputes on the quality of universal services. In conclusion, in 2018 CTU registered significant issues on the part of Czech Post in terms of compliance with the required conditions for the provision of universal service, mainly in the area of delivery of postal consignments.

4.1 Situation of the postal market

The basic legislation regulating business activities on the postal services market in the Czech Republic is Act No. 29/2000 Coll., on postal services and on the amendment of some acts (Postal Services Act), as amended.

In January 2018 postal services were offered by 26 undertakings in accordance with this Act. Out of these 26 undertakings, two have terminated their activities in the field of postal services in 2018. Seven new undertakings announced in 2018 that they intend to provide postal services or international postal services. As of 31 December 2018 CTU, therefore registered 31 undertakings authorized to offer postal services.

For a certain period in 2018, as mentioned above, 33 undertakings were authorized to carry out activities on the postal services market. Effectively, however, only 21 undertakings which actually carried postal items actually provided postal services.

CTU is monitoring the scope of offers of postal services of the different operators from two different points of view, namely in terms of area coverage for posting and area coverage for delivery of postal items. Out of the 33 undertakings authorized to offer postal services, 19 announced that they allow posting of postal items throughout the Czech Republic. The other operators limited this option only to certain districts. Three operators allowed postal items to be posted in one or two regions of the country.

Delivery of postal items throughout the Czech Republic was offered, according to the information provided, by 25 providers. The remaining eight providers had their offer for delivery of postal items limited to the territory of one or more districts, or one or two regions.

The list of providers authorized to offer postal services including the scope of the services offered is published by CTU on its website (https://www.ctu.cz/vyhledavaci-databaze/evidence-provozovatelu-poskytujicich-nebo-zajistujicich-postovni-sluzby). This link can be used to get information also on the providers who have terminated their business activities in the field of postal services.

The number of providers who offered a specific postal service in 2018 is shown below in table No. 14:

Table No. 14: Overview of number of providers authorized to offer specific postal service in 2018

Type of postal service	Number of providers authorized to offer the postal service
Delivery of postal consignment of up to 2 kg	22
Delivery of postal parcel of up to 10 kg	18
Delivery of postal parcel of over 10 kg	16
Delivery of registered consignment of up to 2 kg	16
Delivery of registered consignment of over 2 kg	13
Delivery of valuable consignment of up to 10 kg	12
Delivery of valuable consignment of over 10 kg	11
Delivery of a postal consignment of up to 7 kg for the blind	1
Delivery of a registered consignment of up to 7 kg for the blind	1
Delivery of printed matter bag	5
Delivery of registered printed matter bag	4
Other postal services	11

This table does not include the postal service of "delivery of a remitted amount of money". Pursuant to the Postal Services Act, this service may be provided by the postal license holder, which was Czech Post in 2018.

The Postal Services Act provides that CTU performs the state statistical service in the area of postal services, including data collection. The data is provided by the providers via Electronic Data Collection system which is available online at monitoring trhu.ctu.cz. The collected data is used by

CTU, among other things, for international reporting to the bodies of the European Commission and the Universal Postal Union.

CTU set the deadline of 31 March 2019 for the submission of the data for the year 2018. Although the providers were asked to provide the data as early as 3 January 2019 and had three months for the completion of the form assigned, four companies did not provide the data at all, for which they were ordered to pay a fine for misdemeanour. They were smaller providers of postal services in terms of their market share. The failure of these parties to provide the data therefore does not have significant impact on the below indicators of the development of the postal market.

The basic indicator monitored by CTU is the number of postal items carried in the period in question within each particular service. The following table shows the development of this indicator since 2015. In particular, it clearly shows a long-term decline in the number of postal items containing a letter, i.e., letters up to 2 kg and registered letters. These services are replaced with digital services such as data mailboxes, e-mail, SMS text messages or applications for Internet-based messaging.

As the table also shows, the number of valuable postal items decreases. The users replace this service with services which are included in the category "other". These are services with higher quality and higher added value, for example express mailings or mailings with guaranteed delivery time. These services are used by senders sending large quantities of postal items, in particular e-shops.

Although it is possible to observe decline in the number of postal parcels carried, including the service of "delivery of a postal parcel up to 10 kg" since 2016, the trend has reversed since 2017. There are currently two operators on Czech postal market which offer delivery of postal parcels with the possibility of pick-up in the establishments of their contract partners. This service is used when making online purchases where the customer selects the option of picking up the item at a place best suitable for them.

The increase of the number of postal items carried within the services labelled as "other" is affected by one provider which repeatedly reports a very high number of express shipments.

Table No. 15: Development of number of carried postal consignments

Type of postal service	2015	2016	2017	2018
Delivery of postal consignment of up to 2 kg	392 216 343	334 924 453	308 589 291	304 456 214
Delivery of a postal parcel	2 521 521	2 268 142	10 007 619	10 517 006
of which delivery of postal parcel of up to 10 kg	1 079 020	668 375	8 251 563	8 307 344
Delivery of a registered consignment	84 670 609	82 618 091	80 825 128	73 606 800
of which delivery of registered consignment of up to 2 kg	84 646 609	82 460 091	80 620 128	73 362 300
Delivery of valuable consignment	3 170 209	2 658 767	2 494 758	2 394 282
of which delivery of valuable consignment of up to 10 kg	3 115 815	2 619 716	2 460 517	2 365 152
Delivery of a postal consignment of up to 7 kg for the blind	90 442	78 867	78 033	85 179
of which delivery of a registered consignment of up to 7 kg for the blind	18 106	18 282	19 225	15 518
Delivery of printed matter bag	9 004	9 217	8 582	7 438
of which delivery of registered printed matter bag	2 105	2 134	1 931	1 806
Other	62 936 528	509 246 775	635 936 473	875 120 525

This table does not include the postal service of "delivery of a remitted amount of money". Pursuant to the Postal Services Act, it is only provided as the basic service and the volume of the money orders carried is provided below in chapter 4.2 describing the development of the basic services.

The market development is also illustrated by the overview of economic indicators such as revenues, costs and investments associated with the provision of postal services. Although the total number of postal items carried, in particular those containing a letter, is decreasing, the economic indicators imply that the postal market is stable. Despite certain fluctuations in particular in total revenues, it is not possible to determine that it is a declining trend.

Table No. 16: Comparison of the development of postal service market						

Economic indicators	2015	2016	2017	2018
Total revenues from the provision of postal services	18 304 367 773	20 028 139 360	18 780 119 380	16 963 297 081
Total cost on the provision of postal services	19 918 241 020	21 966 783 970	20 858 161 778	19 655 263 507
Total investment made in the provision of postal services	542 173 671	619 145 646	613 901 000	600 297 586

The providers offer posting of postal items either by the so-called pick-up collection, i.e., picking up the item directly from the customer or by means of brick and mortar establishments, either owned or those of a contract partner. Some operators also use them for delivery of postal items. The following table shows that the number of establishments of contract partners has increased. In particular two providers use this method to deliver postal items which are not delivered to the place specified in the postal address.

Table No. 17: Number of post offices of postal service providers

Number of post offices	2015	2016	2017	2018
Own	3 199	3 081	2 894	2 733
- out of which Czech Post	3 124	2 984	2 807	2 648
Contract partners	633	419	1 800	2 762
- out of which Czech Post	190	327	507	656
Total	3 832	3 500	4 694	5 495
- out of which Czech Post	3 314	3 311	3 314	3 304

Delivery of postal items at the place specified in the postal address still requires a high share of human labour. In some parts of the process of handling the postal item it is possible to use technological equipment such as, for example, sorting of items on automated sorting lines. As of now, this technical equipment is not developed enough to completely replace the human labour which is necessary mainly when posting and delivering postal items. Although the number of job positions created for the purpose of provision of postal services is decreasing, this decrease is not significant, only amounting to units of percent.

Table No. 18: Job positions created with providers to provide postal services

	2015	2016	2017	2018
Number of job positions	24 107	23 958	23 777	23 294
- out of which Czech Post	23 521	23 387	23 132	22 562

CTU monitors the quality of postal services by means of the development of the number of complaints. Although the total number of complaints filed in 2018 increased relative to all previous periods and the number of justified complaints also increased relative to 2016 and 2017, it is not an indicator of declining quality of postal services. In the same period CTU also observed an increase of the number of postal items, which may have induced also the increase of the number of complaints.

Table No. 19: Number of complaints regarding postal services						
	2015	2016	2017	2018		
Number of received complaints	213 555	203 799	192 459	221 951		
- out of which justified	46 765	45 115	39 385	46 294		
Ratio of complaints to number of carried consignments	0,034%	0,020%	0,017%	0,017%		

4.2 Development of the universal services in 2018

Universal services defined in Section 3 of the Postal Services Act are to be provided by the postal licence holder. 2018 is the first year of another five-year period when Czech Post is obliged to provide and ensure all universal services under the postal licence granted for the period from 1 January 2018 to 31 December 2022.

CTU has been monitoring on long-term basis the decrease of the number of postal items and money orders posted within the universal services with the Czech Post. As the following table clearly shows, this trend applies to all universal services, including those which are increasing in aggregate terms for all operators, as shown by table No. 15. This is not only because customers can use comparable products of other operators, but also Czech Post offers commercial products with added value on top of the universal services.

Table No. 20: Universal services provided by Czech Post (in thousands of pc) (2014-2018)

Indicatorl	2014	2015	2016	2017	2018
Number of carried postal consignments up to 2 kg (standard consignments)	291 204	269 901	239 415	218 560	192 180
Number of carried postal consignments up to 10 kg (standard consignments)	964	508	362	345	325
Number of carried postal consignments up to 7 kg for the blind (standard consignments)	62	49	47	42	45
Number of carried registered consignments	83 131	79 927	72 275	69 196	65 923
Number of carried registered consignments up to 7 kg for the blind	14	14	13	12	12
Number of carried valuable consignments (parcels)	4 503	2 854	2 362	2 207	2 142
Number of carried printed matter bags	3,936	6,214	5,966	5,759	5,322
Number of carried registered printed matter bags	2,101	2,054	2,118	1,916	1,766
Number of received postal orders	46 820	41 873	37 831	33 416	30 448

As stated in the previous chapter, postal items containing a letter, i.e., postal items up to 2 kg and registered letters, are being replaced with digital forms of communication. Compared with 2014, the number of carried postal items up to 2 kg decreased by 34% and the number of carried registered letters decreased by 21%. The decrease of the number of registered letters is smaller because this universal service is used by public administration bodies. This service meets the requirements of the applicable legislation (e.g., Administrative Procedure Code) for delivery of official letters, and therefore it is used for delivery in situations where the recipient does not have a data mailbox set up. This service allows the sender to get a receipt of delivery of postal items to the recipient as well as other parameters necessary for the application of the so-called delivery presumption which is not possible with other universal services.

A significant decrease is evident in the universal services which can be used to carry goods or other valuables. The number of postal parcels up to 10 kg decreased relative to 2014 by 66%. The number of valuable postal items decreased in comparison with the same period by 52%. Instead of these services, customers use commercially provided non-regulated postal services of the Czech Post or other operators, for example express shipments or shipments with guaranteed delivery time.

A decrease relative to 2014 can be observed also in postal items for the blind. This decrease is caused by technological development which allows the blind to use digital technologies more. The number of carried printed matter bags is basically stable, with customers preferring the sending of standard printed matter bags to the registered printed matter bags. This type of postal item was only carried by Czech Post in 2018, whereas the printed matter bags contains newspapers or magazines sent to or from abroad.

Online banking replaces the previously widely used postal service of delivery of money orders (as the only possible means of transfer of money) which used to be used both by the citizens and by authorities or companies. An increasing number of people open bank accounts because cash-free payments are faster and more secure.

4.2.1 Regulation in the area of universal services

On 12 December 2017 the Council granted the postal licence to Czech Post for the period from 1 January 2018 to 31 December 2022; CTU published this decision in the Postal Bulletin, part No. 16/2017 [download: https://www.ctu.cz/postovni-vestnik-castka-16-z-12-prosince-2017]. The previous postal licence which was granted to Czech Post for the period from 1 January 2013 under the transitory provisions of the amendment of the Postal Services Act (Act No. 221/2012 Coll.) expired on 31 December 2017.

CTU monitors, among other things, the availability of the universal services. The availability criteria are laid down by Decree No. 464/2012 Coll., on specification of individual universal services and the basic quality requirements for the provision thereof, as amended by Decree No. 203/2016 Coll., and Government Regulation No. 178/2015 Coll., on determination of the minimum number of establishments for the provision of universal services. Under these regulations, universal services must be provided by means of a network of at least 3,200 post offices.

Czech Post is obliged to provide information on a temporary closing of a post office of Czech Post, in which one of the universal services included in its postal licence is provided, in the defined manner to the affected users of the universal services and also to CTU and the affected municipalities. In 2018 Czech Post announced temporary closure or cancellation of 943 post offices. CTU also monitors the reasons for the closure, and the most frequent reason in 2018 was closure for personnel-related reasons, including but not limited to a sickness of an employee, namely in 307 cases. 198 post offices were closed in relation to the migration of the post offices of the Czech Post to Partner post offices.

In 2018 CTU also found repeated closure of some post offices. A total of 24 post offices were closed five or more times. In these post offices, the most frequent reason for the closure was repeated sudden sickness of an employee.

One of the basic characteristics of the universal services is delivery of postal items to the place specified in the postal address. Section 16 of Decree No. 464/2012 Coll. states the possible exceptions where Czech Post does not have to fulfil this obligation. The list of address places where Czech Post does not deliver postal items is published on the website of Czech Post [download: https://www.ceskaposta.cz/ke-stazeni/zakaznicke-vystupy]

A clear measurable parameter of quality of the universal service provided is the speed of delivery of a postal item to the recipient. Pursuant to Section 22 of Decree No. 464/2012 Coll., Czech Post performs measurement of carriage times for postal items with weight up to 50 g. The annual

indicator of quality is defined as a minimum of 92% where postal items must be delivered the first business day which follows the date of posting thereof. The measurement is performed using a method according to ČSN EN 13850. Czech Post fulfilled this indicator in 2018 by 92.92%.

4.2.2 Development of the prices of the universal services in 2018

The most important change in the area of prices in 2018 was the increase of the price of a large portion of the universal postal services as of 1 February. Czech Post increased the price of domestic standard letters of all weight categories by CZK 3, and domestic registered letters and valuable letters by CZK 6. The previous price increase for these services occurred on 1 May 2016. The price of valuable parcels of all weight categories was increased by CZK 3 to CZK 8. Czech Post increased the price of postal money order cash – account (money orders A) by CZK 3 and the price of postal money order cash – cash (money orders C) for amounts up to CZK 5,000 by CZK 5. The prices of cash of delivery service increased similarly. The price of the supplemental service of Personal Delivery and Personal Delivery to Recipient Only was increased from CZK 8 to CZK 10. Prices were increased also for the users of postal services with the Customer Card of Czech Post and for the users of payment machines or upon payment of the price using the Credit and for customers of Hybrid Post. With effect from 1 February 2018, Czech Post increased the prices of some other postal services included in the category of universal international postal services. This price increase affected mainly standard and registered postal items and valuable letters and also standard and registered printed matter bags. The price was increased as follows for the most frequently used international postal services – standard letters with weight up to 50 g within Europe: CZK 3, overseas: CZK 4. The price of international standard letters was increased three times in a relatively short time; the previous price increases occurred on 1 May 2016 and 1 January 2017.

In accordance with its monitoring powers regarding modification of the prices of the universal services, however, CTU did not find in 2018 that the cost-oriented prices of the universal services are unaffordable for users due to the change thereof. The following table documents the price development of the main universal services (for international postal items CTU provides below, for illustration purposes, only the changes of prices of postal items sent to European countries).

Table No. 21: Change in prices of selected universal services in 2018					
Service	Price until 31. 1. 2018 (CZK per unit	Price from 1. 2. 2018 (CZK per unit)			
Domestic consignment					
Standard consignment					
up to 50 g – standard	16	19			
up to 100 g	20	23			
up to 500 g	24	27			
up to 1kg	30	33			
Registered consignment					
up to50 g – standard	38	44			
up to 100 g	46	52			
up to 500 g	48	54			

Service	Price until 31. 1. 2018 (CZK per unit	Price from 1. 2. 2018 (CZK per unit)			
up to 1kg	54	60			
up to 2 kg	60	66			
Valuable consignment					
up to 50 g	43	49			
up to 100 g	47	53			
up to 500 g	49	55			
up to 1kg	55	61			
up to 2 kg	61	67			
Valuable package					
up to 2 kg	110	110			
up to 5 kg	117	120			
up to 10 kg	132	140			
Postal orders					
Postal orders A – up to 5.000 CZK	30	33			
Postal orders C – up to 5.000 CZK	35	40			
Supplementary services					
Delivery to own hands	8	10			
Delivery to own hands the addressee only inclusive	8	10			
Consignment	to abroad				
Standard consignment - Eur	opean countries priority	1			
up to 50 g inclusive	32	35			
up to 100 g inclusive	48	53			
up to 250 g inclusive	83	91			
up to 500 g inclusive	117	129			
up to 1 kg inclusive	197	217			
up to 2 kg inclusive	337	371			
Registered consignment - Eu	ropean countries priorit	у			
up to 50 g inclusive	77	85			
up to 100 g inclusive	99	109			
up to 250 g inclusive	134	147			
up to 500 g inclusive	167	184			
up to 1 kg inclusive	247	272			
up to 2 kg inclusive	387	426			

Service	Price until 31. 1. 2018 (CZK per unit	Price from 1. 2. 2018 (CZK per unit)		
Valuable consignment – European countries priority				
up to 50 g inclusive	102	112		
up to 100 g inclusive	128	141		
up to 250 g inclusive	163	179		
up to 500 g inclusive	196	216		
up to 1kg inclusive	276	304		
up to 2 kg inclusive	416	458		

4.2.3 Funding of the universal services

In early 2018 CTU, in cooperation with other bodies, successfully completed the negotiations with the European Commission regarding the notification of state aid related to the funding of the net costs of the universal services for the period 2013–2017. The result was a <u>decision of</u> the European Commission dated 19 February 2018 in case No. SA.45281 (2017N) and SA.44859 (2016FC) – Czech Republic – State compensation of the USO net costs for 2013-2017 provided to Czech Post. The European Commission concluded that the compensation payment to Czech Post for the fulfilment of the obligation to provide universal service in the period 2013–2017 constitutes state aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union (TFEU), which is compatible with the internal market according to the framework for Services of General Economic Interest of 2012 which lays down conditions which must be met by the aid to be consistent with Article 106(2) TFEU.

Based in the Commission decision, CTU could issue a decision on 2 March 2018 within the interrupted administrative proceedings concerning the determination of the net costs from the provision of the universal services for the year 2015. The net costs for the alternative scenario of the network of post offices (before considering the intangible and market benefits) after having taken into account the decreased revenues including the entitlement to reasonable profits, were determined by CTU at CZK 427,277,365, for the alternative scenario of the delivery network at CZK 534,268,787, and for the alternative scenario of the other obligations of the postal license holder at CZK 28,261,504. The intangible and market benefits were determined in the amount of CZK 74,999,910. CTU determined the total value of the net costs for the year 2015 in the amount of CZK 914,807,746. Pursuant to Section 34d(2) of the Postal Services Act, CTU determined the amount of the payable net costs for the year 2015 representing unfair financial burden in the amount of CZK 700,000,000.

On 2 March 2018 CTU also issued a decision on the verified net costs for the year 2016. The net costs for the alternative scenario of the network of post offices (before considering the intangible and market benefits) after having taken into account the decreased revenues including the entitlement to reasonable profits, were determined by CTU at CZK 781,935,520, for the alternative scenario of the delivery network at CZK 549,774,340, and for the alternative scenario of the other obligations of the postal license holder at CZK 28,025,918. The intangible and market benefits were determined in the amount of CZK 92,060,847. CTU determined the total value of the net costs for the year 2016 in the amount of CZK 1,267,674,931. Pursuant to Section 34d(2) of the Postal Services Act, CTU determined the amount of the payable net costs for the year 2016 representing unfair financial burden in the amount of CZK 600,000,000. The net costs for the years 2015 and 2016 were paid to Czech Post in March 2018.

On 31 August 2018 Czech Post filed a request for the payment of the net costs representing unfair financial burden for the year 2017 in the maximum possible amount of CZK 500,000,000. Total net costs for the year 2017 were quantified by Czech Post in the amount of CZK 2,142,600,138. The net costs of the post office network were quantified in the amount of CZK 1,427,887,531, the net costs of the delivery network in the amount of CZK 727,913,095, and the net costs of the supporting processes induced by the obligation to provide universal services were quantified in the amount of CZK 25,775,421. The intangible and market benefits were determined in the amount of CZK 38,975,909.

After having received the request, CTU commenced the administrative proceedings in which CTU verified the accuracy and completeness of all information submitted and consistency of the calculation with the Postal Services Act as well as with Decree No. 466/2012 Coll., on the procedure of the Czech Telecommunication Office when calculating the net costs of fulfilment of the obligation to provide universal services. The net costs for the alternative scenario of the network of post offices (before considering the intangible and market benefits) after having taken into account the decreased revenues including the entitlement to reasonable profits, were determined by CTU at CZK 731,889,758, for the alternative scenario of the delivery network at CZK 544,615,218, and for the alternative scenario of the other obligations of the postal license holder at CZK 25,220,549. The intangible and market benefits were determined in the amount of CZK 48,403,144. CTU determined the total value of the net costs for the year 2017 in the amount of CZK 1,253,322,382.

On 30 November 2018 CTU issued a decision by which it determined, pursuant to Section 34d of the Postal Services Act, the net costs of the provision of postal services representing unfair financial burden for the year 2017 in the amount of CZK 500,000,000. This decision is consistent with the above-mentioned decision of the European Commission dated 19 February 2018 regarding the notification of state aid, SA.45281 (2017N) and SA.44859 (2016FC) [available online at http:// ec.europa.eu/competition/state_aid/cases/272417/272417_1972534_135_3.pdf]. After the CTU decision took effect on the determination of the net costs of the provision of universal postal services representing unfair financial burden for the year 2017 the net costs were reimbursed to Czech Post on 14 December 2018.

4.3 Regulation in the area of parcel delivery

Regulation in the area of parcels was introduced by Regulation (EU) 2018/644 of the European Parliament and of the Council on cross-border parcel delivery services which entered into force on 22 May 2018 and is a directly applicable regulation. CTU continuously provided information on the Regulation and the related issues in 2018 on its website.

The Regulation is supposed to support the achievement of one of the objectives of the Digital Single Market Strategy for Europe, namely to ensure more efficient and affordable cross-border parcel delivery service, strengthen the trust of consumers, improve consumer protection, and also focuses on the issue of tackling discrimination of consumers based on residence (geo-blocking).

The Regulation focuses on improvement of price transparency and improvement of regulatory monitoring of the cross-border parcel delivery service. The Regulation applies to delivery of parcels which means postal items containing goods with weight up to 31.5 kg other than postal items containing letters. Notification obligations under the Regulation apply to all parcel delivery service providers other than providers who have less than 50 employees (in average for the previous calendar year and involved in the provision of parcel delivery services), unless they are established

in more than one Member State of the European Union. Parcel delivery services shall mean services including collection, sorting, carriage and delivery of parcels. For easier orientation in the regulation, CTU published in its Monitoring Report No. 6/2018 [download: https://www.ctu.eu/sites/ default/files/obsah/ctu/monthly-monitoring-report-no.06/2018/obrazky/mmz2018-06enfin.pdf] a detailed analysis of the articles for the public.

CTU continued informing the public also during the year when it posted information on its website that on 21 September 2018 Commission Implementing Regulation (EU) 2018/1263 of 20 September 2018 establishing the forms for the submission of information by parcel delivery service providers pursuant to Regulation (EU) 2018/644 of the European Parliament and of the Council was issued. This implementing regulation specifies in greater detail the form in which the obliged parties, i.e., providers of the parcel delivery services, will submit the required information.

Terrestrial digital television and digital radio broadcasting

5.1 Television broadcasting

In 2018 the national television networks broadcasting in DVB-T standard did not develop significantly. Changes did not occur in the regional broadcasting networks either, except for Regional Network 10 and Regional Network 19 where the broadcasting operators requested revocation of the authorization to use radio frequencies of the radio service to operate the transmitters of these networks, and therefore the regional networks discontinued operation.

The current overview of national and regional broadcasting networks and other details of the status of terrestrial television and radio broadcasting can be found on CTU's website at https://digi. ctu.cz/dtv/.

5.1.1 Release of the 700 MHz frequency band and transition to terrestrial digital television broadcasting DVB-T2

According to Act No. 252/2017 Coll. amending Act No. 127/2005 Coll., the Electronic Communications Act, holders of allocations of radio frequencies for the dissemination of digital television broadcasting in DVB-T standard actively continue in the expansion of the transition networks DVB-T2 for ensuring temporary parallel dissemination of digital terrestrial television broadcasting in DVB-T standard and in DVB-T2 standard, providing users with enough time for the necessary replacement of the reception devices. All three transition networks can be received by more than 94% of the population; two of these networks are available to more than 99% of the population.

The process of migration of television broadcasting to DVB-T2 for the purpose of vacation of the radio frequencies in the 700 MHz frequency band is regulated by Government Regulation No. 199/2018 Coll., on Technical Plan of Migration of Terrestrial Digital Television Broadcasting from DVB-T to DVB-T2 standard, issued on 29 August 2018.

Radio broadcasting and preparation for future digital broadcasting

The international coordination of frequency requirements for new transmitters to transmit FM radio broadcasting in the 87.5–108 MHz frequency band continued in 2018, submitted by foreign administrations as well as by the operators of radio broadcasting in the Czech Republic through the Council for Radio and Television Broadcasting.

A major advancement toward the possibility to start regular digital radio broadcasting in the Czech Republic was possible thanks to the adoption of the measure of general nature of a part of the Radio Spectrum Utilization Plan No. PV-P/21/01.2018-2 for the 174–380 MHz frequency band dated 23 January 2018 (hereinafter "OOP") which reserved the entire frequency band III (174–230 MHz) only for terrestrial digital radio broadcasting with spectral mask for T-DAB systems. The measure also makes it possible to issue, starting from 1 March 2019 (after successful frequency coordination), individual authorizations to use radio frequencies which are not included in the Geneva 2006 Plan, with technical parameters limited for the purpose of local broadcasting.

Originally the Geneva 2006 Agreement reserved for the Czech Republic group allocations of radio frequencies to such extent as to allow the set-up of three nationwide broadcasting networks for the dissemination of terrestrial digital radio broadcasting in the system of T-DAB and one layer of radio frequencies for the dissemination of terrestrial digital television broadcasting in the system of DVB-T. In the previous period, however, it has turned out within the process of international frequency coordination that with respect to the physical properties of radio waves in band III, the majority of group allocations are incompatible with the allocations of the neighbouring countries (both with spectral mask for T-DAB systems and with spectral mask for DVB-T systems, which would also apply to DVB-T2). This way the utilization of the current infrastructure of the broadcasting networks used for the dissemination of FM radio broadcasting (in particular transmitters located in dominant altitudes) for the implementation of terrestrial digital radio broadcasting would be only possible with technical parameters limited by the foreign administrations to values which do not make it possible to achieve sufficient coverage of the area and population of the Czech Republic with the broadcasting. The above-mentioned step therefore significantly increases the frequency space for terrestrial digital radio broadcasting T-DAB (each DVB-T channel is divided into four T-DAB blocks). Since also some neighbouring countries performed this transformation of the DVB-T layer, the success of the coordination of frequency blocks is much higher without having to reduce the technical parameters which will make it possible to set up multiple layers of radio frequencies and, at the same time, use the existing infrastructure of FM broadcasting networks for nationwide broadcasting networks.

The concept of development of digital radio broadcasting approved by the Government made it possible as early as 2017 for Czech Radio to start time-limited (until 31 December 2021) terrestrial digital radio broadcasting. Broadcasting using the transmitters Praha město, Beroun, Plzeň Radeč, Brno Hády and Ostrava was expanded in 2018 to include transmitters Trutnov, Ústí nad Labem, Jihlava and also local transmitters covering a part of the D1 motorway; Čtyřkoly, Kácov, Měchnov, Křoví, Rosice and transmitter Tachov covering a part of the D5 motorway.

6 Legal Framework

The legal framework for the market of electronic communications services and postal services market and for the exercise of regulatory and monitoring powers and responsibilities in 2018, just like in the previous years, consisted in particular of Act No. 127/2005 Coll., on electronic communications and on the amendment of certain related acts (Electronic Communications Act), as amended, and Act No. 29/2000 Coll., on postal services and on the amendment of some acts (Postal Services Act), as amended, including the implementing regulations. The legal framework was extended, with effect from 10 July 2017, to include Act No. 194/2017 Coll., on measures to reduce the costs of implementation of high-speed networks of electronic communications and on amendment of some related Acts, which established new powers and responsibilities of CTU in the

area of implementation of high-speed electronic communication networks. In procedural terms, CTU acted in particular pursuant to Act No. 500/2004 Coll., the Administrative Procedure Code, as amended, in its proceedings.

The following laws and regulations were enacted in 2018 which had or will have in the future impact on the sector of electronic communications services or the sector of postal services.

Amendments of the Electronic Communications Act

Act No. 287/2018 Coll. amending Act No. 40/2009 Coll., the Criminal Code

Act No. 287/2018 Coll. amending Act No. 40/2009 Coll., the Criminal Code, as amended, and some other acts entered into force on 1 February 2019. This Act implements in the laws of the Czech Republic, among other things, Articles 16 and 29 of the Convention of the Council of Europe on Cybercrime in the part pertaining to retention of data. In order to ensure the relevant obligations, Section 7b of the Penal Code newly regulates the institute of "Order to retain data". It is supposed to ensure prevention of loss, destruction or alteration of data (stored in the computer system or on information media) important for criminal proceedings where it is possible to order an entity which keeps such data has the data under its control to retain such data in a unchanged form for the period specified in the order and to adopt necessary measures to prevent disclosure of the information that data retention was ordered, and, as the case may be, to prevent access of other persons to such data. A similar obligation is included also in the new Section 65b of the International Judicial Cooperation Act.

In relation to the regulation concerned, the Electronic Communications Act (part five of Act No. 287/2018 Coll.) is amended such that Section 97(3) of the Electronic Communications Act is amended. The newly amended wording of Section 97(3) ensures that the necessary data will be retained by the obliged entities, in addition to the current situations, also after the expiry of the statutory period of 6 months, also if the retention thereof has been ordered (Section 7b of the Penal Code).

6.2 Amendments of the Postal Services Act

No amendment of the Postal Services Act having significant impact on the sector of postal services was adopted in 2018.

6.3 Amendments of the Act on measures to reduce the costs of implementation of high-speed networks of electronic communications

No amendment of the Act on measures to reduce the costs of implementation of high-speed networks of electronic having significant impact on the respective segment of the field of electronic communication services was adopted in 2018.

6.4 Other laws and regulations

Act No. 169/2018 Coll. amending Act No. 416/2009 Coll., on acceleration of the construction of transport, water and energy infrastructure and the infrastructure of electronic communications, as amended, and other related acts

Act No. 169/2018 Coll., amending Act No. 416/2009 Coll., on acceleration of the construction of transport, water and energy infrastructure and the infrastructure of electronic communications, as amended, and other related acts, entered into force on the fifteenth day after promulgated, i.e., on 31 August 2018, with exception of Article I(6) regarding Section 2e (related to transport infrastructure) which enters into force on the first day of the twelfth month following the promulgation thereof, and with exception of part five (amendment of the Building Act) which entered into force on the first day of the calendar month following the promulgation thereof, i.e., on 1 September 2018.

The original proposal of Act No. 169/2018 Coll. was only oriented on changes related to the streamlining of the process of the approval procedure for the most important construction projects of the transport infrastructure. As a result of the amendments proposed by the Chamber of Deputies of the Parliament of the Czech Republic, a regulation was added to the proposed Act related to the construction of the infrastructure of electronic communications, namely in the form of extension of the scope of Section 2d (planning decision for selected construction projects of energy infrastructure) to include also construction projects of the infrastructure of electronic communications. In the same way a new Section 2i was added to Act No. 416/2009 Coll. which focuses on the conditions of the construction of the infrastructure of electronic communications. Primarily the conditions for the construction of connections of electronic communications are modified (see the definitions pursuant to Section 2(i) of Act No. 194/2017 Coll.). This provision declares that the connections of electronic communications with length up to 100 metres do not require a decision on placement of a structure or planning permit according to the Building Act except for cases where a binding opinion on the environmental impact assessment is required under the Act on assessment of environmental impact. The other factual change introduced by Section 2i is the definition of the exemption for using a construction of the infrastructure of electronic communications where the occupancy permit or occupancy decision pursuant to the Building Act is newly not required. The owner, however, is obliged to submit to the relevant building authority within 60 days of the commencement of the structure information determining the location of the definition point of the structure, as-built documentation if minor changes occurred during the implementation relative to the verified documentation or verified design documentation, and geometric plan of the location of the structure. Furthermore, as a result of adoption of Act No. 169/2018 Coll., the Building Act changed in the part regulating the exemptions from the mandatory issuance of binding opinions of the zoning and planning authority, but here the existing exemption is preserved for the area of building infrastructure of electronic communications.

Government Regulation No. 138/2018 Coll. which amends Government Regulation No. 154/2005 Coll., on determination of the amount and method of calculation of the fees for the use of radio frequencies and numbers, as amended

Government Regulation No. 138/2018 Coll., which amends Government Regulation No. 154/2005 Coll., on determination of the amount and method of calculation of the fees for the use of radio frequencies and numbers, as amended, entered into force on 1 September 2018. The

Government Regulation newly regulates the method of calculation of the fees for the use of radio frequencies in particular in these areas:

- for fixed services it lays down a new mechanism of calculation of the annual fee for the use of radio frequencies such as to promote more strongly the utilization of the high frequency bands and broad radio channels which are increasingly used for the provision of high-speed access services,
- for land mobile services it defines a new coefficient for the frequency segment from 1 GHz to 2.2 GHz such that the set amount of the fees for the different parts of the frequency spectrum which is used within the mobile networks corresponds better to the different characteristics in the dissemination of radio signal, and thus the different economic costs of the construction and operation of the corresponding parts of the radio networks of the land mobile service. At the same time, the modification of the text formally amends the description of the determination of coefficient K1 (coefficient of the utilized frequency bandwidth) such that the dependence of its value on the width of the allocated segment of the radio spectrum is evident.
- for satellite services it newly defines the values of the coefficient of use of the technology with multiple access to the channel such as to encourage the use of this spectrally more effective technology.

For legislative and technical reasons, Section 1 of the Government Regulation is amended such that a new subsection 4 is added which responds to certain application ambiguities in cases where, according to the method of determination of the fee according to the annex to the Government Regulation, a higher or lower amount is determined than the limits defined by the Electronic Communications Act (see Section 24(2) or Section 37(2) of the Electronic Communications Act). In such cases, the Government Regulation provides that the amount of the annual fee for the use of radio frequencies and numbers should correspond to the amount of the limit which this fee fails to reach or which it exceeds.

Government Regulation No. 199/2018 Coll., on Technical Plan of Migration of Terrestrial Digital Television Broadcasting from DVB-T Standard to DVB-T2 Standard (Government Regulation on Technical Plan of Migration to the DVB-T2 Standard)

Government Regulation No. 199/2018 Coll., on Technical Plan of Migration of Terrestrial Digital Television Broadcasting from DVB-T Standard to DVB-T2 Standard (Government Regulation on Technical Plan of Migration to the DVB-T2 Standard), entered into force on the fifteenth day after promulgated, i.e., on 29 September 2018. The Government Regulation in question is a part of the measures ensuring, in the specific conditions of the Czech Republic, timely, socially bearable and effective implementation of the binding Decision (EU) 2017/899 of the European Parliament and of the Council of 17 May 2017 on the use of the 470-790 MHz frequency band in the Union, and conceptually it is based also on the Government material entitled Strategy of Development of Terrestrial Digital Television Broadcasting which was approved by a Government decision No. 648 on 20 July 2016.

The Government Regulation was issued based on the mandate pursuant to Article II(1) of Act No. 252/2017 Coll. which amends Act No. 127/2005 Coll., on electronic communications and on amendment of some related Acts (the Electronic Communications Act), as amended, and Act No. 483/1991 Coll., on Czech Television, as amended, and lays down the basic principles of the process of migration of terrestrial digital television broadcasting from DVB-T standard to the spectrally more effective standard DVB-T2 in order to vacate the radio frequencies of the 700 MHz frequency band within the time limit according to the EU decision on the use of the 470-790 MHz

frequency band in the Union. It therefore regulates in particular the deadlines, conditions, and the methods of the process of development of electronic communication networks for the terrestrial digital television broadcasting in the DVB-T2 standard, including the deadlines, conditions, and the methods of the switching off the terrestrial digital television in DVB-T standard, so that other than in cases where it is not possible due to natural or justified technical obstacles the area covered with the signal of terrestrial television broadcasting of the programmes of the operators of television broadcasting with licences affected by the switching off of the broadcasting in DVB-T would not be reduced upon the change of the broadcasting standard induced by the vacation of the 700 MHz frequency band. The technical plan of migration also defines the minimum coverage of the area with terrestrial digital television signal in the DVB-T2 standard as of the date of completion of the migration of terrestrial digital television broadcasting from the DVB-T standard to the DVB-T2 standard, and sets, in accordance with the legal authorization, the date of termination of the process of vacating the radio frequencies of the 700 MHz frequency band as of 30 June 2020 when the broadcasting in the DVB-T standard by means of high-output transmitters and a large part of lower-output transmitters will be terminated as well. The broadcasting in the DVB-T standard will be terminated on 1 February 2021 at the latest.

Decree No. 82/2018 Coll., on security measures, cybersecurity incidents, response measures, requirements for the filings in the area of cybersecurity and liquidation of data (the Cybersecurity Decree))

Decree No. 82/2018 Coll., on security measures, cybersecurity incidents, response measures, requirements for the filings in the area of cybersecurity and liquidation of data (the Cybersecurity Decree), entered into force when promulgated, i.e., on 28 May 2018. Decree No. 82/2018 Coll. supersedes the previous cybersecurity Decree No. 316/2014 Coll. and, under the law of the European Union, newly regulates in particular the following for the information systems of the critical information infrastructure, communication systems of the critical information infrastructure, important information systems, information systems of the basic service, or the information systems or networks of electronic communications which are used by the provider of digital services:

- content and structure of the security documents,
- content and extent of security measures,
- types, categories and assessment of significance of cybersecurity incidents,
- required elements and method of reporting a cybersecurity incident,
- required elements of a notification of a response measure and the result thereof,
- template of the notification of contact details and the form thereof, and
- method of liquidation of data, operating data, information and the copies thereof.

Decree No. 103/2018 Coll. which amends Decree No. 155/2005 Coll., on the method of formation of calling signs, identification numbers, codes and identifiers, the use thereof, and on the types of radiocommunication services for which they are required

Decree No. 103/2018 Coll. which amends Decree No. 155/2005 Coll., on the method of formation of calling signs, identification numbers, codes and identifiers, the use thereof, and on the types of radiocommunication services for which they are required, entered into force on 1 July 2018. This Decree responds to the technological development which occurred in the area of electronic communications as well as to the existence of new services in this area. Within the defined scope of Decree No. 155/2005 Coll., the necessary modifications of the formation of calling signs, identification numbers, and codes and the use thereof are therefore made. The changes in the formation and use of the respective identifiers were manifested at the most in the area of terrestrial digital television broadcasting and its broadcasting networks, mainly for the purpose of ensuring seamless tuning of the individual programmes, correct function of the reception devices, and targeted display of the accompanying information, e.g., identification of the name of the programme on the screen, etc. Similar changes were made also in the area of the identifiers necessary for ensuring the radio broadcasting stream within the networks designed for the dissemination of FM broadcasting and digital radio broadcasting in the DAB system.

The second significant change is the use of specific calling signs in the area of amateur radiocommunication service. Specifically, it affects the use of international calling signs consisting of a combination of several digits and letters, as regulated in Section 9(3)(j)(6) of Decree No. 155/2005 Coll. These calling signs (calling signs starting with OL0 to OL9 and two or more letters or digits whereas the last character must be a letter) could be assigned to the stations of the amateur radiocommunication service only in the mode of the so-called short-term authorizations pursuant to Section 25 of the Electronic Communications Act which did not allow full use thereof for the purposes of amateur radio broadcasting. The change effected by Decree No. 103/2018 Coll. eliminates this obstacle.



Expert and administrative activities of CTU

In terms of consumer protection, CTU paid attention also to disputes and complaints in electronic communications and postal services. It focused not only on the agenda of settling a total of 92,530 subscriber disputes, but also on dealing with received complaints and inquiries regarding low quality of the services provided.

These disputes were extracted from the power of courts. This agenda was dominated by disputes over financial claims (unpaid invoices).

CTU resolved 92,530 of subscriber disputes in 2018; 35,141 of administrative proceedings were newly initiated, the remaining part consists of proceedings carried over from previous years. A number of unresolved administrative

appeals (appeals against decisions). At the end of 2018 a total of 20,245 proceedings remained open (in comparison with 2017, when only 19,556 unresolved disputes were open).

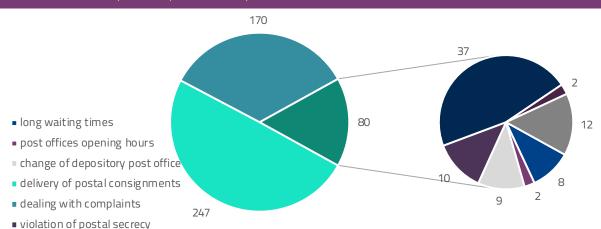
A significant increase in number of filed complaints on settling of a claim was registered for postal services. The customers, whose claim is not successful with the provider (or their claim is not settled in legal period), are entitled to contact CTU with a proposal to initiate proceedings on objections. CTU then reviews their case and issue an authoritative decision. In 2018, CTU initiated 402 new proceedings on objections against settlement of claims in postal services.

Moreover, CTU dealt with 2,023 complaints, out of which one fifth (431) was unjustified. CTU was not authorised to deal with 71 complaints and forwarded them to competent administrative authority. It dealt with 1,521 complaints in

497 COMPLAINTS WERE RECEIVED IN RELATION TO POSTAL SERVICES, MAINLY ON UNMADE ATTEMPT TO DELIVER A CONSIGNMENT OR ON SETTLING COMPLAINTS.

decisions in electronic communications were issued by CTU in 2018

Chart No. 29: Complaints on postal servicesy



- postal consignments to/from abroad
- delivery of official instruments

• information requests

accordance with the Electronic Communications Act.

Most complaints concerned as in previous years – billing (24%) and subscriber contracts (23%).

In reaction on alarming increase in the amount of complaints on postal services, CTU conducted a nation-wide inspection focused on delivery of registered letters. The inspection was held between July and October 2018 in all seven regional headquarters of Czech Post. It proved deficiencies in 55 out of 65 inspected delivery offices. The letter consignments were not delivered according to provision under Section 3(2)(d) of the Postal Services Act; 20 of the inspected offices did not remedy the situation even the next business day. Information on proceedings where the findings touch upon questions relevant also to other disputes is published in CTU's regular Monitoring Reports. These are published monthly and represent one of the communication mix pillars used by CTU. Besides that, CTU issued 27 press releases in 2018. These informed on the conclusions from CTU Council meetings, on the published Monitoring Reports, on the Report on market developments, Another communication channel of CTU represents its website (<u>www.ctu.eu</u>). In 2018 it registered a total of 352,000 visits. CTU also continued with its education initiative - the Telecommunication Academy.

complaints were received by CTU on electronic communications services

administrative proceedings in the postal services sector were commenced by CTU in 2018

were imposed by CTU in 40 fines for administrative delict in the postal services sector

1 Consumer protection

1.1 Price calculators

The task of CTU according to Section 5 of the Electronic Communications Act is, among other things, to promote the interests of end users. One of the tools used in achieving this is allowing users to simply and clearly compare the prices of electronic communication services and allowing them to choose the service which suits them best. CTU publishes on its website a document entitled "Accreditation of price calculators" [http://www.ctu.cz/akreditace-cenovych-kalkulacek] in which it specifies the accreditation criteria and procedures for awarding accreditation. In 2018 CTU undertook two cases of accreditation renewal for the previously-accredited price calculators Tarifomat and Tarifon.

In 2018 CTU again worked together with the Czech Technical University, acting as a technical auditor, whose role in the whole process is to verify performance of the accreditation criterion of "precision", most commonly according to the individual usage data submitted. CTU expects this cooperation on accreditation between CTU and the Czech Technical University to continue in 2019.

A link to the accredited price calculators can be found at the CTU website [www.ctu.eu/price-calculators].

1.2 Price barometer

CTU still operates the so-called price barometer on its website [https://www.ctu.eu/vyhledava-ci-databaze/srovnavaci-prehled-cen-a-podminek/cenovy-barometr] indicating the development of the retail price level of the most important electronic communications services. The price barometer was published by CTU on its website in 2012.

In 2018 CTU adjusted the methodology in a part of the consumer baskets for monitoring the prices of mobile services. The methodology of the consumer baskets according to OECD is newly used. The calculation of the prices of these consumer baskets is based on the information supplied by Strategy Analytics. For mobile services, also development of the average price per minute of call summarized for all mobile operators (including MVNOs) is also available.

The price barometer for the services of mobile Internet access shows the development of prices divided into individual intervals by the size of the data limit, for four mobile operators. The distinguishing criterion for fixed Internet access is download speed in the three largest mobile operators who also provide fixed Internet access and the largest provider of cable access. The objective of the price barometer is to improve awareness of the development of the price level in the most important retail electronic communications services. However, its purpose is not to compare the offers provided by individual providers of electronic communications services. This distinguishes it from price calculators, for which CTU awards accreditation and which offer help in selecting the most appropriate service.

1.3 Subscriber contracts

Subscriber contracts and their contents were affected in 2018 by the amendment of the Electronic Communications Act whose part related to number portability entered into force in early February. According to this amendment, if a subscriber decides to use their right to port their telephone

number to a new provider, their contract will terminate within 10 days of the moment when the subscriber performs a legal act vis-a-vis the original provider to terminate the contract (typically a termination notice) and, at the same time, submit a request for porting of the telephone number. CTU has been focusing on monitoring of the compliance with the obligation of the providers within the portability process, and during the first half it therefore checked the process of telephone number porting with emphasis on verification of the compliance with the time limit of 10 days for the contract termination according to the newly adopted legal provision. The check did not reveal any major deficiencies; all parties checked fulfilled the new obligation.

In the second half of 2018 CTU checked the compliance with the obligation under Section 14 of the Consumer Protection Act in order to check how are consumers properly informed about the possibility of out-of-court settlement of consumer disputes. In some cases, the inspections revealed deficiencies consisting of inaccurate or insufficient information.

The details of these inspections are provided in the text dealing with the inspection activities of CTU.

1.4 Net neutrality – Internet access (open Internet)

CTU is the competent supervisory body for issues related to Regulation (EU) 2015/2120 of the European Parliament and of the Council laying down measures concerning open internet access and amending Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services and Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the Union (hereinafter "Regulation").

In the period in question CTU prepared and published, in accordance with Article 5 of the Regulation, the CTU Report on the Results of Monitoring of Compliance with the Regulation, namely for the period from 1 May 2017 to 30 April 2018.

CTU continues monitoring the compliance with the Regulation as well as the contract terms and some business practices (e.g., zero rating), assesses complaints and questions, etc. In 2018 CTU checked the incorporation of the essential elements of the contracts laid down by the Regulation as well as the compliance with the rules of access to open Internet in a total of 78 providers of Internet access services, and it is possible to conclude that in the period in question a majority of the providers modified their contract documents. Not all changes made, however, have led to rectification of all deficiencies or errors related to inconsistency of the contract terms with the Regulation. It was found that there are still deficiencies in the compliance with the Regulation, mainly in smaller and regional providers.

In connection with the preparation of the above-mentioned report, CTU records complaints and questions related to open Internet access. In 2018 CTU registered 24 complaints which mainly pertained to a failure to comply with the agreed-upon parameters of service quality.

In 2018 CTU was actively involved in the work of an expert group EWG NN (Expert Working Group, Net Neutrality) of BEREC. Within this work group CTU participated in the preparation of the measurement methodology and the subsequent tender for the measuring system for the purpose of monitoring quality parameters of the Internet access services. Another activity of the work group was preparation of the annual BEREC report on the implementation of the Regulation within the EU. The last document prepared by the work group was a document evaluating the two-year period from the effective date of the Regulation and the BEREC Guidelines. The purpose of this document was to evaluate the current regulatory practice and to propose possible changes and specify more fully the BEREC Guidelines. The work group will build upon this document in

2019 with the proposed modification of the BEREC Guidelines. The work group also continued in keeping the database of specific cases dealt with by the regulators in each country and the conclusions drawn within the assessment thereof. This database then serves the regulators as one of the tools for assessment of specific situations at their local markets.

2 Settlement of subscriber disputes and user complaints

Settlement of subscriber disputes represents one of the main administrative activities of CTU under its protection of electronic communications services users.

2.1 First-instance administrative proceedings

In 2018 CTU settled 92,530 subscriber disputes of which 57,389 pending disputes were carried over from 2017 and 35,141 cases of administrative proceedings were newly commenced. A total of 45,585 decisions on the matter were issued in the period in question. CTU settled subscriber disputes concerning payment of the price for services and issued 45,371 decisions on the matter. CTU issued 192 decisions on objections to the handling of a complaint about the service provided and on an objection to the handling of a complaint about the billing of a service, of which 183 were decisions on an objection to the handling of a complaint about the billing of a service. The remaining decisions were related to a different dispute.

The number of subscriber disputes decreased in 2018 relative to 2017 by 15.5%. Just as in 2017, in 2018 CTU issued more decisions than the number of newly commenced administrative proceedings, even though in 2018 CTU issued 6,488 fewer decisions than in 2017, a drop by 12.5%. The number of pending disputes from the previous years carried over from the previous years, therefore, gradually decreases.

Overviews of subscriber disputes for the year 2018 are provided in Annexes No. 1 and 1a) hereto.

2.2 Second-instance administrative proceedings

SUBSCRIBER DISPUTES – private law decisions of CTU pursuant to the Electronic Communications Act and the Postal Services Act

In 2018 the Department for the review of decisions newly received 7,920 administrative appeals in disputes about the payment of a price for the services of electronic communications (Section 129(1) in conjunction with Section 64(1) of the Electronic Communications Act). As of 31 December 2018, the total number of pending administrative appeals (i.e., including administrative appeals not settled in the previous period) was 20,245, and the majority out of this number are administrative appeals filed by providers of electronic communications services. As for the dispute proceedings of this kind, the growing trend of pending cases therefore continues (at the end of 2017 the total number of pending administrative appeals was 19,556). Despite the persisting time delays when issuing decisions in this decision-making area, the Department for the review of decisions did not observe in 2018 an increase of formally made requests for measures against inaction pursuant to Section 80 of the Administrative Procedure Code. Similarly, to the last year and the year before, however, CTU often answered informal (mainly telephone) questions of subscribers related to the duration of the administrative proceedings in question.

Decisions on administrative appeals in disputes about the payment of the price for electronic communication services were made in 7,332 cases, which represent an increase of the number of settled cases by 2,000 relative to 2017. Service providers usually objected to incorrect conclusion of CTU regarding non-awarding of a contractual fine and disagreement with the amount of the awarded compensation of the costs of the proceedings. These administrative appeals were usually dismissed as unjustified, whereas CTU supports these conclusions with the relatively stabilized ruling history of the courts, specifically in cases where the consumer acts in the position of the obliged party, or cases involving the recovery of an assigned minor debt.

A total of 51 decisions were made on administrative appeals against decisions on objections to the handling of a complaint (Section 129(3) of the Electronic Communications Act) in the period in question. Similarly, to the previous period, in most cases the subject of the objections raised by the subscriber (user) was the processing of a complaint about the billing of the services (45 decided cases); in the remaining cases the subscriber (user) contacted CTU with an objection to the handling of a complaint about the service provided. In addition to the traditional reasons for raising an objection (charged for services which were not provided), the cases reviewed included also situations where the billed amount for the service was changed (increased) without the telephone subscriber being properly informed in advance by the service provider in accordance with the law about the unilateral change of the service in the part of the agreed-upon plan, and also situations where the service provider charged a contractual fine without the legal conditions for the fine being fulfilled, i.e., for example, the provision on the contractual fine was not a part of the document which the subscriber (consumer) signed, or the provision on the contractual fine was hidden in multiple documents or was ambiguous. For this reason, such provision cannot be considered due to inconsistency with the principle of honesty and breach of material equality between the consumer and the service provider.

With the development of the possibilities to pay for goods and services with a mobile phone there are more objections raised where CTU is forced to state lack of entitlement to object on the merits and refers the objector to general courts because the prices charged in such manner are not prices for the services of electronic communications.

Within the factual powers and responsibilities of CTU related to the decisions on objections to the handling of a complaint about a defect of postal services (Section 6a(1) of the Postal Services Act), there is a growing trend which was manifested by arrival of cases in administrative appeal proceedings (as of 31 December 2018 there were 92 new administrative appeals in cases of objections filed to the processing of a complaint about the defects of postal services) and also by settlement of these cases (as of 31 December 2018 a total of 86 administrative appeals were settled). In the period in question, only objections of the customers of Czech Post were raised, and these most often object to damage or destruction of a postal item or a failure to deliver a parcel(in particular in the Balík Do ruky service), failure to deliver remitted money to the authorized recipient, delivery of a postal item to an unauthorized recipient or defects of the postal service associated with international delivery of postal items. In the period in question, the majority of the disputes were disputes in which the consumer succeeded, in particular disputes which involved also a claim for damages for a damaged or lost postal item. If the objection raised was not complied with in the objection proceedings it was mainly due to the fact that the postal item and the arrangement thereof (i.e., inner and outer packaging of the postal item) did not meet the postal conditions of the particular postal service or the sender mailed items (jewellery, collector's items, money, etc.) which cannot be mailed under the postal terms. In such cases Czech Post is not liable for the defective service although the postal items were damaged or lost during the postal carriage.

Regarding the issue of factual powers of CTU, in 2018, too, a special panel of judges established with the Supreme Administrative Court also voiced its opinion several times when it decided in the so-called jurisdiction disputes upon CTU's request. In addition to the lawsuits in matters where the opinion of the special (conflict) panel of judges is known, lawsuits were filed with respect to the period in question in matters for which the interpretation practice has not been unified. This applies mainly to such cases where items are claimed within the claims made whose name is inconsistent with the factual nature thereof. In decision No. Konf 30/2018-20 dated 13 December 2018 the special panel of judges newly declared a decision-making power of CTU in the matter of a request for payment of the so-called blocking fee when it deduced, with reference to a particular provision in the terms and conditions of the service provider concerned, that although the suspension itself does not constitute provision of electronic communication services, it is closely linked with the provision thereof because it affects situations where the subscriber fails to meet their obligation under the agreement on provision of electronic communication services, including but not limited to the payment obligations as a consideration for the service of electronic communications. With respect to the fact that suspension is a result of a breach of the subscriber's payment obligation under the agreement on provision of electronic communication services pursuant to Section 2(n) of the Electronic Communications Act (i.e., obligation to pay the price for the service) and it is such situation for which the parties agreed upon the obligation to pay the blocking fee, the special panel of judges concluded that even the payment of the blocking fee is an obligation imposed upon the subscriber under the Electronic Communications Act, and CTU has the factual jurisdiction to settle the dispute about the payment thereof pursuant to Section 129(1) of the Act.

In 2018, just like in the previous years, general courts decided in the declaratory proceedings according to part five of the Administrative Procedure Code in cases heard by CTU in the dispute proceedings pursuant to Section 129(1) or Section 129(3) of the Electronic Communications Act, and also pursuant to Section 6a of the Postal Services Act. In the proceedings concerning these lawsuits CTU is not a party to the proceedings (litigation). CTU merely participates in proceedings in the role of the administrative body before which the proceedings on the petition were conducted and submits the administrative file and makes a statement on the lawsuit if called upon to do so by the court. For the above reason, CTU only has information on the proceedings in which it was requested by a general court to provide a statement or, as the case may be, was sent the judgment of the case.

An observation was made in the period of question that general courts several times did not agree with CTU's decision-making practice in disputes about the payment of a contractual fine for the breach of obligations under the agreement on provision of electronic communication services concluded with the consumer. General courts concluded that the provision on the contractual fine is valid because it is possible to conclude using a grammatical interpretation of the contents of the provision on the contractual fine that the contractual fine was agreed upon unambiguously, definitely and comprehensibly and in reasonable amount because it is linked with a breach of the obligation to pay the price for the services provided. With respect to fact that the provision giving rise to the obligation to pay the contractual fine was included directly in the subscriber contract, it is irrelevant that the specification of the amount of the contractual fine and the method of determination thereof was specified in the claimant's terms and conditions. In this context, however, it is necessary to emphasize that these are few individual final judgments, and solely delivered by first-instance courts, whereas not even the ruling history of the Supreme Court of the Czech Republic related to this issue has not been unified. CTU therefore did not find a reason to change the established decision-making practice in the area of consumer disputes based on them.

In fact, CTU believes that its previous decision-making practice in disputes about payment is supported by the judgments of general courts which agreed with the assessment of the legitimacy

of the entitlement to the payment of the agreed-upon contractual fine upon the so-called deactivation of the service. The court did not agree with the objection of the provider of electronic communication services that it was solely up to the subscriber of the electronic communication services whether they want to consume the services (and avoid the payment of the contractual fine), when it was sufficient to pay the due amounts. The court stated that in such case it would constitute a double punishment for the same breach of the obligation when the subscriber of the electronic communication services was punished for the failure to pay the regular bill by deactivation of the SIM cards but actually also by the contractual fine which, however, was intended to secure a different obligation (consumption of a sufficient quantity of services) when the service provider itself prevented, by deactivating the SIM cards, its customer from consuming the services and basically ensured that the customer would be obliged to pay the contractual fine. The customer of the provider thus did not cause the breach of the obligation covered by the contractual fine (see judgment of the Metropolitan Court in Prague dated 26 April 2018, Ref. No. 29 Co 58/2018-603, which upheld the judgment of the District Court for Prague 4 dated 5 December 2017, Ref. No. 16 C 155/2017-43).

In the next issue which was subject to a review by a general court as a lawsuit according to part five of the Administrative Procedure Code, namely about a request to declare the legal relationship, the Regional Court in Pilsen ruled by a judgment dated 13 March 2018, Ref. No. 14 Co 11/2018-168. In the proceedings before CTU, the applicant sought in this matter that CTU declare that the service provider is not entitled to charge the invalidly agreed contractual fine. The Regional Court acting as the appellate court discussed the issue whether the customer of the service provider ("party requesting the declaration of the legal relationship") proved urgent legal interest in having the declaratory decision issued pursuant to Section 142(1) of the Administrative Procedure Code. Consistently with the opinion of CTU, the appellate court concluded that the applicant has such urgent legal interest. In this case the applicant proved necessity of the declaratory petition pursuant to Section 142(1) of the Administrative Procedure Code. Here the court, in addition to the assessment of the circumstances of the particular case, concentrated on the resolution of the issue whether in general an urgent legal interest in declaration of non-existence of a debt is justified by the fact that the creditor requests that the debtor pay, and it concluded that in general such petition may be submitted. The declaratory petition (lawsuit) is relevant in cases of this type because a final decision may eliminate the uncertainty in the relations between the parties and prevent a petition (lawsuit) for payment. It suffices that the filing of such petition for payment will become unlikely and that, if the petition were still filed, it would be dismissed with respect to the prejudicial binding nature of the declaratory decision.

2.3 Disputes in the area of postal services

CTU has, according to Section 6a of the Postal Services Act, been authorised to decide on objections to the settlement of complaints concerning postal services as of 1 January 2013 as a result of the effect of an amendment to the Postal Services Act. This involves administrative proceedings which CTU commences upon request of the recipient or sender. The commencement of the proceedings is conditional upon the fact that the recipient or sender, before lodging a petition for the commencement of the proceedings, makes a warranty claim on defects to a provided postal service with the operator of postal services and the warranty claim is not accepted by the operator of postal services or settled at all. In 2018 CTU decided in 485 cases and issued 386 decisions. 99 proceedings on objections to the handling of a complaint are carried over to the following period.

In addition to the decision on objections against the handling of a complaint, CTU checked whether the operators of postal services comply with other legal obligations - for example, timely publication of information on the changes of the postal terms at each post office and also in a manner allowing remote access, information on the opening hours of the post offices, information on mailboxes, etc. Two nationwide inspections took place in 2018. The first inspection focused on delivery of postal items to delivery boxes and the second inspection focused on delivery of letters in the category of universal postal services. The details of these inspections are provided in the text dealing with the inspection activities of CTU. In addition, 16 local investigations were carried out in the period in question which were probing the availability of the mandatory information, and 39 local investigations to probe specific complaints and objections of the customers.

Based on suggestions from the general public or findings from CTU's own activities, in 2018 CTU commenced 42 proceedings concerning misdemeanours. The result of the proceedings conducted by CTU in 2018 is 34 fines imposed in total amount of CZK 1,348,598.

Table No. 22: Overview of inspection activities of postal services and subscriber disputes in 2018

Type of activity		certif or in	ber of icates spec- ons	Measures in the view of provision of services	Administrative pro- ceedings from previous period	Commenced adminis- trative proceedings	Issued decisions	Decided in favour of		Other	Imposed fines		Administrative proceedings carried over
		Total	Total Out of which					subscriber	provider	'	num- ber	amount in CZK	to subsequent
1.	Number of issued certificates on notification of business activity	7	0	0	0	0	0	0	0	0	0	0	0
2.	Number of changes to certificate on notification of business activity	2	0	0	0	0	0	0	0	0	0	0	0
3.	Exercise of postal activity without a certificate	0	0	0	0	0	0	0	0	0	0	0	0
4.	Compliance with conditions acc. to the Postal Services Act	16	0	0	0	2	2	0	0	0	2	39500	0
	a) compliance with postal conditions acc. to Art. 6 of the Act	0	1	0	0	1	1	0	0	0	1	35500	0
	b) compliance with conditions of qualitative requirements acc. to Decree No. 464/2012 Coll.	0	15	0	0	1	1	0	0	0	1	4000	0
5.	Deciding on objections against settlement of complaints acc. to Art. 6a of the Postal Services Act	0	0	0	83	402	386	81	205	98	0	0	99
6.	Deciding on disputes acc. to Art. 37(3) (a) of the Postal Services Act	0	0	0	0	0	0	0	0	0	0	0	0
7.	Failure to provide information acc. to Art. 32(a) of the Postal Services Act	0	0	0	0	2	0	0	0	0	0	0	2
8.	Other	77	0	0	13	48	44	0	0	0	36	910900	17
TOTAL		102	16	0	96	456	434	81	205	98	40	989900	118

2.4 Complaints of the subscribers and users of electronic communication services

Within the scope of its powers, CTU also deals with complaints raised by subscribers or users of electronic communication services. But such complaints are certainly not complaints according to Section 175 of the Administrative Procedure Code (complaints about inappropriate conduct of officials or about the actions of an administrative body).

In 2018 CTU processed 2,023 complaints, of which 431 (21%) complaints were unjustified and the investigation did not reveal a breach of the Electronic Communications Act, in 71 cases (3.5%) CTU was not in a position to process the complaints and it referred them to the competent

public administration bodies, and 1,521 (75.2%) complaints were settled by CTU using a procedure pursuant to the Electronic Communications Act (by carrying out the inspection, commencing proceedings concerning misdemeanour, or by providing legal advice to the complainant on the next steps in the matter). For the year 2018 CTU registers 270 less complaints processed than in 2017 (i.e., a drop by 11.8%).

The most complaints in 2018, similarly to the previous years, pertained to billing of the price for the services (485 complaints, which represents 24% of the total number of complaints) and subscriber contracts (468 complaints, which represents 23% of the total number of complaints). These complaints are processed by CTU by providing legal advice to the complainant, or by settling them in administrative proceedings pursuant to Section 129 of the Electronic Communications Act (subscriber disputes) as objections to the handling of a complaint about the price for the services provided.

Since 2012 CTU also started registering the number of written inquiries related to the services of electronic communications. For the year 2018 a total of 3758 inquiries were answered, which is 10.7% less than in 2017. Most inquiries involved the issue of the conditions of undertaking business in electronic communications and examinations of professional qualification, and outside the above-mentioned categories the majority of inquiries involved the issue of billing of services, subscriber contracts, reception of TV signal, and telephone number portability in a mobile network. There was an increasing number of inquiries as to whether the provider acts in a way that constitutes unfair business practice.

The number of complaints about services provided within the universal service was minimal. In 2018 CTU received one complaint which was related to the issue of public payphones.

The overview of complaints of subscribers/users of electronic communication services is provided in Annex No. 2 to this Report.

2.5 Complaints of the users of postal services

CTU also handles complaints to concern universal postal services and other postal services within the scope of its activity. CTU also puts on record complaints concerning non-postal services; these are not processed by CTU itself, instead they are referred to the competent body authorised to deal with them.

In 2018 CTU registered 183 complaints about the universal postal services and 497 complaints related to the basic parameters of provision of postal services.

As for the tasks of the universal postal services, of the total number of 183 complaints, 51 were unjustified (27.9%) and the remaining 132 complaints (72.1%) were handled by CTU using the procedure according to the Postal Services Act. In the period in question, most complaints were related to the delivery of registered letters, universal international postal services, and delivery of postal items up to 2 kg. Just like in the previous periods, the number of complaints about the processing of complaints is one of the most frequent areas where customers encounter problems. In comparison with the previous year, there was an increase in this category of complaints by 21.4%. In addition, there were complaints about the delivery of postal items not included in the definition of universal postal services, about the opening hours of post office, failure to respect the agreement on the change of the deposition post office, and complaints about the delivery of postal items from abroad or to abroad.

Table No. 23: Customers complaints on postal services in 2018

	Subject-matter	TOTAL			
1.	Complaints against universal postal services acc. Art. 3 of Postal Services Act				
	delivery of postal consignments up to 2 kg	28			
	delivery of postal packages up to 10 kg	10			
	delivery of amount of cash by postal order delivery of registered consignments delivery of valuable consignments				
	free of charge delivery of postal consignments up to 7 kg to blind persons	0			
	universal foreign postal services	29			
	delivery of postal packages up to 10 kg posted from abroad	2			
	coupon-response international service	0			
	response consignments in international payment	0			
	delivery of printed matter bad service	0			
TOTAL		183			
2.	Complaints against postal services				
	long waiting times	8			
	post offices opening hours	2			
	change of depository post office				
	delivery of postal consignments				
	dealing with complaints				
	violation of postal secrecy				
	postal consignments to/from abroad				
	delivery of official instruments				
	information requests	12			
TOTAL		497			

3 Automated system of monitoring of the frequency spectrum

According to Section 15 of the Electronic Communications Act, CTU carried out inspections of effective use of the radio spectrum. In 2018, 4,561 tasks were performed through ASMKS, of which:

- 1 505 requirements for monitoring of the radio spectrum and other measurements,
- 1 122 requirements for inspections of radio and electrical equipment, electronic equipment, networks and services, and postal services, and
- 1 557 requirements for investigation of the interference with the radiocommunication services.

5,408 cases were concluded in total (including cases carried over from the previous year). Specific information on the number of completed measurements within the monitoring of radio spectrum, completed inspections of radio spectrum, and pending instances of interference is provided in the Annex No. 7 entitled "Overview of Inspection Activities as a Part of Monitoring of Electronic Communications in 2018". The structure of the devices and electronic communication networks interfered with is provided in an Annex No. 5 entitled "Finding the Sources of Interference with the Operation of Electronic Communication Equipment and Networks, Provision of Electronic Communication Services, or Operation of Radiocommunication Services – 2018".

4 Inspection activities

4.1 Keeping records and checking undertakings in electronic communications and postal services

Pursuant to Section 14 of the Electronic Communications Act, in 2018 CTU issued 123 certificates certifying that the entity intending to carry out business in the area of electronic communications has fulfilled the obligation pursuant to Section 13 of the same Act and reported this fact to CTU in writing. In addition, CTU issued 265 certificates of notification of a change of information provided in the notification of business activities pursuant to Section 13(6) of the Electronic Communications Act. CTU performed regular inspection of undertakings in the field of electronic communications, whether they carry out their activities in accordance with the activity notified pursuant to Section 13 of the Electronic Communications Act. Inspections performed by CTU also revealed 26 instances of performance of communication activities without a certificate; this was dealt with in administrative proceedings.

Pursuant to Section 19 of the Postal Services Act, CTU issued 5 certificates certifying that the entity intending to carry out business in the area of postal services has submitted the notification pursuant to Section 18 of the Postal Services Act. On the other hand, CTU did not issue any certificates of notification of a change of information provided in the notification of business activities pursuant to Section 19(4) of the Postal Services Act.

4.2 Checking the compliance with CTU decisions

4.2.1 Checking the compliance with the conditions of the "Measure of general nature No. OOP/10/10.2012-12"

The inspection was carried out in the first half of 2018 in four network operators and in the second half of the year in 6 MVNOs with focus on compliance with the statutory 10-day limit for delivery of a request for porting of telephone number by the subscriber, specified in Section 63(12) of the Electronic Communications Act, and other conditions of telephone number porting according to Measure of general nature No. 10. The inspections only revealed sporadic errors. CTU did not find systematic breach of the obligations laid down by the law.

4.2.2 Checking the compliance with the conditions of Measure of General Nature No. VO-R/12/09-2010-12

In 2018 CTU performed 401 inspections in 311 different operators and checked approximately 3000 RLAN devices operated. The percentage of failed inspections due to the failure to comply with the set conditions is approximately 73% (which is an improvement relative to 2017 when the number was 79%).

Out of the total number of 401 inspections, 66 were carried out based on complaints about interference with meteorological radars of CHMU. After restoration and testing of both radars in 2015 and 2016, the new technology is able, using filtering algorithms, to eliminate the interference effects from the screen, but the interference by the operation of RLAN equipment on the frequencies of the radars continues and is reflected in the statistically processed meteorological data. The interference with meteorological radars is considered a serious threat to the public interest – safety of air traffic, provision of information to the public during floods, etc.

Additional 32 inspections carried out in 29 operators revealed operation of RLAN equipment without licence outside of the frequency bands defined by General Authorization No. 12. The cases of breach of the conditions of VO-R were subsequently addressed in misdemeanour proceedings.

4.2.3 Checking the compliance with the conditions of general authorization No. VO-R/10/05-2014-3

In 2018 CTU carried out 19 inspections of the frequency band of 9200 MHz to 9975 MHz by monitoring in Bohemia and South Moravia; 3 defects were found. In addition, CTU carried out 15 inspections in the 10 GHz frequency band; no defects were found. 14 inspections and operation monitoring were carried out in the 17 GHz frequency band; one defect was found.

4.2.4 Inspection of public payphones

From October 2017 to April 2018 CTU checked, within the regular monitoring, 1196 VTA/ VTS sites operated within the universal service. At each site CTU checked the availability of the signal of mobile operators; in the event of problems with availability, strength of the signal of the respective mobile operator was measured at the site. In two locations there was no signal of any of the mobile operators available.

From September 2018 CTU has been checking the physical existence and functionality of 700 VTAs included in universal services provided by O2 Czech Republic a.s. The inspection will be completed in April 2019.

4.2.5 Checking the compliance with the legal obligations under the Electronic Communications Act, under the Consumer Protection Act, and under the Postal Services Act

Checking the compliance with the obligations laid down by the roaming regulation by O2 Czech Republic a.s.

CTU carried out an inspection of compliance with the obligations laid down by the roaming regulation by O2 Czech Republic a.s. The inspection revealed some deficiencies related to the application of the regulated roaming plan after the effective date of Regulation 2120/2015 which amended Regulation 531/2012.

Checking the compliance with the obligation by electronic communication service providers to provide information to consumers on the out-of-court settlement of consumer disputes pursuant to Section 14 of the Consumer Protection Act.

In July and August 2018 CTU checked the compliance with the obligations under Section 14 of the Consumer Protection Act in 40 providers of electronic communication services with focus on provision of information and advice to consumers about the possibility of out-of-court settlement of consumer disputes. Defects were found in 15 providers; these were partially rectified during the inspection. In 9 instances CTU initiated administrative proceedings against the providers.

Checking the delivery to delivery boxes pursuant to Section 7(1) of the Postal Services Act in Czech Post

The inspection was carried out in the period from April to June 2018 in 16 selected post offices of the Czech Post. The inspection revealed repeated failure to fulfil some obligations under the terms and conditions of the Czech Post. Czech Post was asked to rectify the deficiencies found and to inform CTU about the adoption of preventive measures to prevent such deficiencies. In 2 instances CTU found a breach of the obligation according to Section 7(1) of the Postal Services Act.

Checking the compliance with the obligation to make at least one delivery attempt pursuant to Section 3(2)(d) of the Postal Services Act in case of registered letters included in the category of universal postal services pursuant to Section 3(1)(d) of the Postal Services Act.

The inspection was carried out in the period from July to October 2018 at all 7 regional directorates of Czech Post and at 65 postal delivery depots (PD). At 35 postal delivery depots inspected, letters were not delivered according to Section 3(2)(d) of the Postal Services Act, but at the same time no delay in the delivery of registered letters lasting more than one business day was found. At 20 postal delivery depots inspected, registered letters were not delivered according to Section 3(2)(d) of the Postal Services Act; delay in the delivery of registered letters in these instances was longer than one business day. In the cases where the failure to comply with Section 3(2)(d) of the Postal Services Act by Czech Post was found, CTU will proceed in accordance with its powers and responsibilities.

4.3 Investigation of the interference with the digital television signal in relation to the operation of LTE networks in the 800MHz frequency band

After the allocation of frequencies to mobile operators, at the end of March 2014 operators started the construction of LTE networks in the 800MHz frequency band. With respect to the anticipated problems regarding electromagnetic compatibility of LTE networks with the DVB-T networks due to the adjacent frequency bands, CTU applies a number of preventive measures in order to minimize the impact of the process of construction of LTE networks on the quality of DVB-T signal. The above-mentioned measures are implemented in cooperation with the LTE operators and with the operators of DVB-T.

As of 31 December 2018, LTE operators operated in the 800 MHz frequency band 350 stations in test operation and 16,127 stations in permanent operation; the total number of LTE base stations operated was 16,477. In 2018 CTU received 1,037 submissions of television viewers about the interference with DVB-T, whereas as of 31 December 2018 1,146 submissions (including cases from the previous years) regarding interference with television signal (including community antennas) have been closed. Interference caused by the LTE signal was proven in 248 cases; the remaining 898 reports were not justified and were caused mainly by defects in the users' reception equipment, insufficient TV signal, or the interference was not manifested during the inspection at the viewer's house. Relative to 2017, the number of submissions received and processed shows a declining trend.

Cooperation with Czech Trade Inspection Authority 4.4

In 2018 CTU worked with the Czech Trade Inspection Authority according to the "Agreement on cooperation between Czech Telecommunication Office and Czech Trade Inspection Authority". The cooperation consisted in particular of participation of the CTU employees in the inspections of telecommunication terminal and radio equipment and RC models. CTU provided assistance and -cooperation in verifying the parameters of radio equipment in the field or in measuring samples co llected during inspections by the Czech Trade Inspection Authority. Measurements for the needs of the Czech Trade Inspection Authority were undertaken as part of 37 joint inspections. Deficiencies were found mainly in short-range equipment. The equipment used unauthorised frequencies and no declaration of conformity was submitted. The Czech Trade Inspection Authority deals with the shortcomings identified within the scope of its duties.

Radio spectrum management

In 2018, among the main activities in radio spectrum management, beside common agenda of decision-making on individual authorisations to use radio frequencies and setting fees for use thereof, was commencement of preparations to refarming of the 900 MHz frequency band.

5.1 Decisions on radio frequency block allocations

In 2018 CTU decided on the following cases of radio frequency block allocations:

- 1. Based on a review whether there are still reasons for limitation of the number of rights to use radio frequencies in 880–915 / 925–960 MHz frequency band and the subsequent expert assessment of the right to use frequencies in the frequency bands of 880–915/925–960 MHz and 1 710-1 785 / 1 805-1 880 MHz, CTU issued a block allocation on 23 April 2018 to Vodafone Czech Republic a.s. in these frequency bands which allowed the existing block allocation to use the aforesaid frequencies until 30 June 2029, which is the effective date of the newly issued block allocations in the frequency bands intended for mobile services.
- 2. Based on a review whether there are still reasons for limitation of the number of rights to use radio frequencies in the frequency segment 1910,1–1915,1 MHz, CTU cancelled the limitation of the number of rights in this frequency segment and issued a decision by which it withdrew the block allocation for frequencies in the segment 1910,1-1915,1 MHz from T-Mobile Czech Republic a.s.

5.2 Decisions on authorizations to use radio frequencies

Radio frequencies intended for civilian (non-military) use may only be used based on general or individual authorisation to use radio frequencies. CTU awards, amends, extends the period of validity of or withdraws individual authorisations to use radio frequencies as part of its performance of state administration. The total numbers of decisions in the related administrative proceedings, divided according to individual radiocommunication services, are clearly presented in the table in Annex No. 3 to this Report.

In comparison with the previous years, the number of the decisions issued is similar, in some radio services the number has increased; in some the number of individual authorizations issued has decreased. As in previous years, greatest interest is shown in radio frequencies required to ensure a public electronic communication service consisting mainly of wireless access to high-speed data services (e.g., Internet access) or used for radio connection of the base stations of mobile operators. The reasons for this include the continually ongoing optimisation of existing networks within the framework of which mobile operators simultaneously increase transmission speed, which is a consequence of the ever greater quantity of data required by customers in connection with new applications and the increase in the number of smart phones as well as the fact that the development of new networks in the 800MHz frequency band continued. Development of these networks continued in the 1800 MHz frequency band and in particular in the 800 MHz frequency band, but there were in certain cases compatibility problems between the operation of LTE base stations and the reception of terrestrial digital television broadcasting in the DVB-T system. All the problems that arose were operatively resolved and eliminated during test operation which in the case of LTE base stations in the 800 MHz frequency band continues mandatorily for the period of two months.

The trend continued in 2018 where allocation holders also decided in some cases to use for the LTE system a section of radio frequencies currently used for the 3G system (2100 MHz frequency band), the full development of which never occurred in the Czech Republic. In 2018 the holders of block allocations also expanded the use of frequencies in the 2600 MHz frequency band.

When comparing the number of the individual authorisations issued, the number of authorisations in aeronautical mobile service decreased in 2018; based on the implementing decision of the European Commission the gradual transition from the frequency raster of 25 kHz to a new frequency raster of 8.33 kHz.

5.3 Use of radio frequencies under general authorizations

In 2018 CTU issued updates of the following two general authorisations:

- 3. General Authorization No. VO-R/1/12.2018-8 [available online: https://www.ctu.cz/sites/ detault/files/obsah/ctu/vseobecne-opravneni-c.vo-r/1/12.2018-8/obrazky/vo-r1-122018-8. pdf to operate user terminals of radio networks of electronic communications; an update mainly for the purpose of addition of the frequency segment 703–733 MHz for the terminals of broadband mobile and access networks, which will allow, after the future allocation of the 700 MHz frequency band within the auction of frequencies prepared, operation of the terminals in this frequency segment;
- 4. General Authorization No. VO-R/2/05.2018-5 [available online: https://www.ctu.cz/sites/ default/files/obsah/ctu/vseobecne-opravneni-c.vo-r/2/05.2018-5/obrazky/vo-r2-052018-5. pdt to use radio frequencies and to operate stations of wireless local information systems (BMIS) in the 70 MHz frequency band; an update mainly for the purpose of addition of new frequencies for BMIS due to the lack of free frequencies for BMIS in some areas.

In addition, CTU performed a public consultation in 2018 of the draft version of the update of the general authorization to use radio frequencies and to operate short-range equipment which is expected to be issued at the beginning of 2019.

5.4 Testing qualification

Section 26(1) of the Electronic Communications Act lays down the cases in which professional qualification is required to operate transmitting radio equipment. Under Section 26(2) of the Act, only a person having a valid professional qualification certificate for the relevant radio equipment may operate that equipment. The CTU examination committees test the professional qualification of the candidates for a general and defined aeronautical mobile service radio operator certificate, nautical mobile service certificates and certificates for HAREC and NOVICE amateur radio service station operators.

Greatest interest is still shown in the limited certificate for radio operator in aeronautical and nautical mobile service. The numbers of professional qualification certificates newly-issued based on examinations in 2018, i.e., 1638 certificates, remained at roughly the same level as in the previous years. The number of certificates issued on the basis of application for renewal of the certificate and its expiry increased to 2329 certificates. The trend of great interest in recognition of a qualification acquired in another EU Member State continued in 2018, in particular in the case of recognition of the qualification for acquiring general certificates of radio telephone operators of the aeronautical mobile service. 254 certificates were issued due to the recognition of qualification, request for a change or a duplicate.

The process of amendment of Decree No. 157/2005 Coll., on the requisites of the application for the examination for providing evidence of qualification to operate broadcasting radio equipment, on the scope of knowledge necessary for the individual types of qualification, on the method of examination, on types of certificates of qualification and the validity period thereof, started in 2018. The amended Decree will introduce a number of changes in the examination processes and also in the types of certificates of radio telephone operators of the aeronautical mobile service, and before it will enter into force, the test questions for written qualification tests will therefore be updated. The plan is that the changes will take effect in mid-2019.

5.5 Refarming the 900 MHz frequency band

In relation to the tender in the 700 MHz frequency band which is being prepared (see chapter 1.2 – Auction of radio frequencies), the existing block allocation holders showed interest in redistribution of rights in the 900 MHz frequency band (GSM) such that in the future it is possible to use also channels with the width of 5 MHz and more. This utilization is not possible now due to the considerable fragmentation of the 900 MHz frequency band. The resulting solution which must be prepared in agreement with all affected allocation holders depends on an agreement of these parties related to the use of the preferential frequencies which allow mobile operators to ensure availability of GSM services up to the border with the neighbouring country. As the preferential frequencies for GSM cannot be evenly distributed among the new block allocations capable to deploying LTE technology, it is necessary to reach a specific agreement on the use of these frequencies in the border regions in the period in which it is still necessary to provide GSM services. Activities related to the refarming of the 900 MHz frequency band will therefore continue in 2019, too, in order to implement refarming before the commencement of the tender for the frequencies for the provision of 5G services or, more precisely, tender in the 700 MHz frequency band.

5.6 Fees for the use of radio frequencies

In accordance with Government Regulation No. 154/2005 Coll., on determination of the amount and method of calculation of the fees for the use of radio frequencies and numbers, the total amount of fees collected for the year 2018 is CZK 1159.2 million.

After approval by Government Regulation No. 138/2018 Coll. amending Government Regulation No. 154/2005 Coll., on determination of the amount and method of calculation of the fees for the use of radio frequencies and numbers, as amended (hereinafter referred to as "Government Regulation"), the amount of the annual fees for the use of radio frequencies by fixed and terrestrial mobile radiocommunication service changed with effect as of 1 September 2018. Because, as a result of the above, pursuant to Section 19(1)(d) of the Act the amount of the fee specified in some individual authorisations to use radio frequencies pursuant to Section 24 of the Act has changed, CTU commenced administrative proceedings concerning the change of these affected authorisations (E Fees section) in which it decided to define a new amount of fees for the use of radio frequencies od 1 September 2018 so that it complies with the new wording of the Government Regulation. The change itself resulted in reduction of the amount of the annual fee for the use of radio frequencies within fixed and mobile radiocommunication service.

Although the fees for the use of the radio frequencies allocated were reduced in 2018 within the fixed service and the land mobile service, when comparing the total amount of the fees collected with the fees collected in 2017, the reduction did not have significant impact because the reduction

was not effective until 1 September 2018, and, at the same time, the utilization of new frequency bands was expanded based on the continued development of the use of these radio frequencies for high-speed data transmission, in particular through LTE networks.

Number management

Throughout 2018, CTU decided on requests of undertakings for a licence to use numbers, number series and codes, addresses and names (hereinafter referred to as "numbers") or, more precisely, on requests of undertakings for a change, extension of the validity period, and revocation of the licences from the numbering plans pursuant to Section 30 et seq. of the Electronic Communications Act. In this area CTU issued 247 decisions, of which 61 decisions on granting a licence to use numbers, 28 decisions on a change of a licence, 129 decisions on extension of validity period of a licence, 25 decisions on revocation of a licence, and 4 decisions on termination of administrative proceedings. In 2018 CTU did not issue any consent to the transfer of rights and any decision on transfer of a licence.

7 Settlement of disputes between entities carrying out communication activities

In terms of settlement of disputes between parties undertaking communication activities or between such parties and other business undertakings in a different Member State who benefit from the obligation of access or connection according to Section 127 of the Electronic Communications Act, in which the Chairman of the CTU Council decides in the first instance, the number of dispute proceedings commenced in 2018 in the area of electronic communications decreased again relative to the previous year.

In 2018, pursuant to Section 127 of the Electronic Communications Act, 4 administrative proceedings concerning disputes were commenced. The administrative body also continued in the administrative proceedings commenced and not completed in the previous period or referred to new proceedings based on a second-instance decision of the administrative body on a previously filed administrative appeal. Therefore, a total of 13 disputes were heard, and a final decision was delivered in 9 disputes in 2018, and 4 disputes are pending and will be settled in 2019.

In terms of the subject of the disputes dealt with in 2018 pursuant to Section 127 of the Electronic Communications Act, it is possible to summarize that most requests for commencement of administrative proceedings (12) were related to disputes about payments (payment of due amounts of money for the services of electronic communications provided) and only one request was related to execution of a contract on wholesale level.

In the course of the administrative proceedings, passivity of the parties was often shown, not only on the part of the respondents where this could be expected to a certain degree. The administrative body was therefore forced to require repeatedly from the parties to the dispute statements including their procedural positions as well as evidence to support their claims and other assistance and cooperation in order to collect information correctly and make a decision. Such conduct naturally prolongs the proceedings. In these cases, the 1st instance administrative body tried to use all procedural vehicles available to it under the Administrative Procedure Code, so that it could, subject to fulfilment of all necessary procedural acts, ensure completion of the case with maximum respect to the statutory time limit for a decision.

As in the previous years, there were no disputes in 2018 between a business undertaking providing a radio and television broadcasting transmission service and an operator of radio and television broadcasting about the conclusion of a contract for the provision of this service (Section 72a of the Electronic Communications Act), although in the next period such disputes can be expected in connection with the process of migration of terrestrial digital television broadcasting from the DVB-T standard to the DVB-T2 standard or with the process of digitization of radio broadcasting.

Final decisions issued in the administrative proceedings conducted pursuant to Section 127 of the Electronic Communications Act concerning disputes between parties undertaking communication activities are available at www.ctu.eu.

8 Settlement of disputes between providers of postal services

With the entering into force of the amendment of the Postal Services Act by Act No. 212/2013 Coll., i.e., from 1 January 2013 the Chairman of the CTU Council settles disputes between the postal licence holder having the statutory obligation, based on a contract, to enable access to elements of the postal infrastructure and to special services associated with the operation of the postal infrastructure and other operators of postal services which request this sharing.

No dispute proceedings were commenced in 2018 within this area of administration which could be attributed, among other things, to the new statutory obligation of the postal license holder to publish information on its website on access to the postal infrastructure including the conditions for the execution of the contract and a draft version of the contract containing at least identification details of the postal license holder, scope and specification of the access to the postal infrastructure including the conditions, technical parameters and price, structured by the individual elements and services (reference offer). At the beginning of 2018, one dispute carried over from the previous period was finally settled, by a decision of the second-instance administrative body upholding the decision on the obligation to enter into the contract on access under the specified terms. No pending administrative proceedings are therefore carried over to 2019.

The final decisions issued in administrative proceedings conducted pursuant to Section 34 of the Postal Services Act concerning disputes about access to postal infrastructure are available at www. ctu.eu.

9 Settlement of disputes pursuant to Sections 5, 9, 10 and 14 of Act No. 194/2017 Coll.

With effect from 25 July 2017, Act No. 194/2017 Coll. was enacted on measures to reduce the costs of implementation of high-speed networks of electronic communications and on amendment of some related Acts which is a transposition of Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high--speed electronic communications networks. The purpose of this Directive is to lay down certain minimum rights and obligations valid throughout the EU for the purpose of implementation of high-speed networks of electronic communications and coordination between sectors. In order to fulfil the purpose, the Act establishes the so-called single information point (JIM) which is supposed to ensure, in order to facilitate the implementation of high-speed networks of electronic communications, in particular coordinated approach of the authorized persons to the information on the physical infrastructure or construction work. The Czech Telecommunication Office is commissioned to provide JIM. CTU is also designed to act as a body settling disputes arising from the fulfilment of this Act. These are disputes about provision of information or justification of refusal to provide information, whereas the settlement of these disputes is within the powers of JIM which generally deals with the access to such information. The disputes are also about access to the physical infrastructure (Section 5), on-site survey (Section 9), coordination of the construction work (Section 10), or access to the physical infrastructure inside a building (Section 14).

In the period in question, only two cases were addressed within this area of administration, namely requests for settlement of a dispute about the execution of contract on access to physical infrastructure inside a building (Section 14). One dispute was finally settled in 2018 by dismissal of the request in its entirety. An appeal, however, is not admissible against the decision of the first-instance administrative body, only a lawsuit with an administrative court. The second dispute has not been settled, and the decision will therefore be made in early 2019.

The final decisions issued in administrative proceedings conducted pursuant to Sections 5, 9, 10 and 14 of Act No. 194/2017 Coll. are available at www.ctu.eu.

Crisis management and security

In terms of its scope of powers and responsibilities, the Czech Telecommunication Office carries out activities, among other things, also in the sphere of crisis management and the security of electronic communications. The main effort in these areas focused on monitoring, inspection activities, and methodological assistance to undertakings operating public electronic communication networks and the services provided on them pursuant to the Electronic Communications Act, in particular with focus on Sections 88 and 99, including the relevant implementing Decrees.

The inspection activities in 2018 focused on monitoring of the practical fulfilment of the obligations laid down by Section 88 of the Electronic Communications Act as well as on the administrative inspection of the documentation required by the law. In the area of security and protection of information, the inspection activity focused on compliance with Section 99 of the Electronic Communications Act which focuses on the security and integrity of public communication networks and the services of electronic communications in emergency situations.

In accordance with the other tasks assigned to CTU in Section 88 and Section 99 of the Electronic Communications Act, 16 inspections were carried out in 2018 in entities carrying out business activities in the area of public networks and electronic communication services. In the case of four entities, the inspection involved physical inspection at the offices or an establishment of the entity in question. These entities are "Telco Pro Services, a.s.", "Nordic Telecom s.r.o.", "IPEX a.s.", and "Spinoco Czech Republic, a.s.".

In addition, the documentation required by the law was requested for submission and professional review from the following entities: "miniTEL s.r.o.", "Českomoravská telekomunikační s.r.o.", "TERMS a.s.", "Tesco Mobile CR s.r.o.", "SAZKA a.s.", "COMA, s.r.o.", "PAMICO CZECH s.r.o.", "ČEZ Prodej, a.s.", "WIA spol. s r.o.", "FIXnet s.r.o.", "Marek Mencner" and "Alfa Telecom s.r.o.".

In all of the above-mentioned companies the inspection activity was carried out with focus on the compliance with the obligations laid down by the law. An analysis of the inspection activities revealed that the entities inspected fulfil the tasks laid down in the Electronic Communications Act with different level and quality. Therefore, the inspection group of CTU ordered the entities inspected to implement corrective measures aimed at fulfilling all legal obligations. "COMA, s.r.o." was dissolved at the time of commencement of the inspection by CTU. The legal successor is "PODA a.s."

Pursuant to Section 98(4) and 98(5) of the Electronic Communications Act, CTU is also responsible for collecting information on material breaches of security and loss of network integrity from entities that provide a public communication network or a publicly available service. CTU received 3 such reports from business undertakings in 2018. CTU then sends a summary report to the Commission and the European Union Agency for Network and Information Security (ENISA).

According to Section 97(11) and based on Section 97(10) of the Electronic Communications Act, in January and February 2018 CTU organised and ensured the collection of records of traffic and location data provided to authorised bodies by legal entities and natural persons providing a public communication network or providing a publicly available electronic communication service. After having completed the collection and evaluation thereof, CTU summarised the data for the entire Czech Republic.

Professional cooperation between CTU and the National Cybersecurity and Information Security Agency is in place and is developed in terms of the development and implementation of security standards for cybersecurity in important information systems of CTU.

In 2018 CTU was involved on national level in the area of electronic communications in the preparation, implementation and partial evaluation of the international exercise of the emergency management bodies of NATO CMX – 2018.

CTU is represented in the Defence Planning Committee, the Civil Emergency Planning Committee, and the Cybersecurity Committee through the Chairman of the CTU Council. In accordance with decision made by the Government of the Czech Republic, the National Security Council and both committees, CTU compiled the required documents relating to security and national defence, a national territory operations preparation plan and the issue of civil and emergency planning. An authorized representative of CTU participated during the year in the meetings of the Civil Emergency Planning Committee, the Defence Planning Committee, and the Cybersecurity Committee.

In 2018 CTU ensured protection of classified information according to Act No. 412/2005 Coll., on the protection of classified information and on security capacity, as amended. Protection of classified information was ensured in CTU in 2018 in accordance with Act No. 412/2005 Coll. on the protection of classified information and on security capacity, as amended, focusing on personnel, administrative and physical security.

In connection with the adoption of the General Regulation EU 2016/679 (GDPR) which specifically regulates protection of personal data, an official systemized professional position was created in 2018 (Data Protection Officer) who acts as coordinator of personal data protection. Toward the general public he represents a contact person dealing with the requests which CTU received in this area.

11 Media activities

Within the media activities, CTU prepared and published press releases, answered the questions of journalists and the public, coordinated its web presentation, published the Telecommunication Bulletin and the Postal Bulletin and the Monitoring Reports, and also carried out activities on social media. By organizing the regular Telecommunication Academies, CTU also ensures public awareness activities. The purpose of these lectures is to raise legal awareness of the most vulnerable

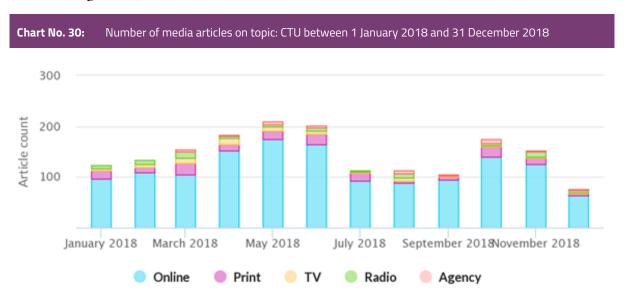
consumer groups about their rights and obligations in the areas of electronic communications and postal services.

11.1 Press releases and monitoring reports

In 2018 CTU published 27 press releases. In these press releases CTU provided information on the conclusions from the meetings of the CTU Council, on the monitoring reports issued, and the market development report, etc. The press releases also addressed the notification of the reimbursement of the net costs to Czech Post or statistics of the reports of the location data submitted within the data retention.

In addition, every month CTU issued the Monitoring Report the form of which is discussed and approved by the CTU Council. The monitoring reports are divided into some periodical sections (From Decision-Making Practice, Market Analyses, CTU Working for the Consumer, Telecommunication Regulation in the EU). In these regular sections CTU explains its activities and attitudes, and thus also influences the regulated entities. For example, the information based on the decision-making practice explains to the general public the procedures of CTU in specific cases which were dealt with in the administrative proceedings.

In 2018 the media mentioned 1,743 times the work of CTU, with media impact of 2,413 GRP (Gross Rating Points)¹.



Dividing by the type of media, the main channel of CTU's media presentation is online media (80/6%) followed by printed media (9.2%).

11.2 Bulletins

The Electronic Communications Act (Section 126) or the Postal Services Act (Section 40) orders CTU to publish the Telecommunication Bulletin and the Postal Bulletin, respectively. These bulle-

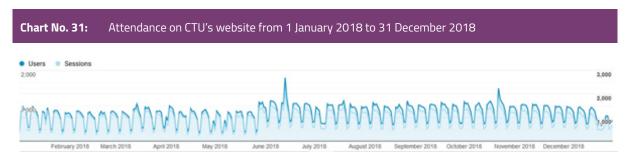
¹ GRP corresponds to one per cent of the population of the Czech Republic older than fifteen years, i.e., group of 90,000 readers, listeners or viewers who could be reached by the published piece. A reader who could read more than one piece is counted several times.

tins are available electronically on CTU website and on the public administration portal (www. portal.gov.cz).

14 parts of the Telecommunication Bulletin and 52 contributions and 14 parts of the Postal Bulletin and 52 contributions were published in 2018.

11.3 CTU website

In 2018 the CTU website (www.ctu.cz) had 352 thousand visits, of which the highest number of weekly visits (8.8 thousand) was in the week from 10 June to 16 June 2018.



CTU website is fully responsive, and thus adapts to the device used to access it. This characteristic is valued in particular by users of mobile devices. The number of visits at CTU website accessed from these devices continued to grow in 2018.

11.4 Telecommunication Academy

In 2018 CTU continued with education activities in order to improve legal awareness among consumers. CTU targeted its presentations focusing on the problematic areas of services of electronic communications and postal services to community centres and retirement homes. In the presentation which lasts about an hour the speakers explain the correct complaint procedures, how to conclude and terminate a contract, or what rights they have when they change the operator.

11.5 Social media

The communication activities in particular directed at the general public is combined by CTU presence on social media (Facebook, Twitter, Instagram, LinkedIn). Through this channel CTU refers to the information published on CTU's website, and it also serves as an interactive tool for direct communication with other users.

International Activities

CTU was involved in international relations in 2018 in line with the Government Decision No. 507/2011 of 29 June 2011. In accordance with this Government Resolution and in accordance with the performance of tasks which arise from the Electronic Communications Act, in 2018 CTU ensured direct participation at work meetings of the European Commission advisory committees, in the BEREC, RSPG, ERGP workgroups and the bodies or working groups of international or-

ganisations (ITU, CEPT, OECD, ETSI and NATO), at bilateral and multilateral meetings and at specialised events.

12.1 CTU activities with respect to the European Union

Within the European Union, CTU is represented mainly in BEREC, RSPG, ERGP and also in advisory committees of the European Commission and working bodies of other organizations.

BEREC **BODY OF EUROPEAN REGULATORS FOR ELECTRONIC** COMMUNICATIONS

BEREC was established by Regulation (EC) No 1211/2009 of the European Parliament and of the Council which was substituted at the end of 2018 with Regulation (EU) 2018/1971. BEREC members are national regulators of the Member States of the European Union. The primary objective at BEREC is to contribute toward the development and better functioning of the internal market in the sphere of electronic communications, in that it endeavours to apply the regulatory framework of the EU in a uniform way, primarily by developing and sharing trusted regulatory procedures among national regulatory bodies. BEREC is managed by the Board of Regulators, consisting of the 28 representatives of domestic regulatory bodies from individual European Union Member States. Its meetings are also attended by representatives of the European Commission and other observers. The BEREC Office, with its headquarters in Riga, Latvia, provides a base for the work done by BEREC.

The fulfilment of the working programme of BEREC for the year 2018 is summarized in the BEREC annual report.

Key outputs of BEREC in 2018 include (without limitation) publication of the BEREC Common Position on information to consumers on mobile coverage - BoR(18)237, European Benchmark of the pricing of bundles – methodology guidelines - BoR(18)171, Report on infrastructure sharing - BoR(18)116, Report on the impact of premium content on ECS markets - BoR(18)35, Report on NRAs' practices for ensuring equivalence of access and choice for disabled end-users – BoR(18)30, or Report on practices on spectrum authorization and award procedures and on coverage obligations with a view to considering their suitability to 5G - BoR(18)235. BEREC also dealt with the evaluation of the functioning of its net neutrality guidelines and published its report on this topic - BoR(18)170. BEREC also actively participated in the final reading of the Directive establishing the European Electronic Communications Code.

At the end of 2018 BEREC started preparing for the fulfilment of the tasks arising from the Code and the new BEREC Regulation and, in particular, started working on the framework documents for creating the guidelines for the interpretation of selected provisions of the Code.

IRG – INDEPENDENT REGULATORS GROUP

BEREC meetings are accompanied by meetings of IRG. IRG is a platform on which regulatory bodies are able to share information and experience, in that there are no representatives of the European Commission at its meetings. Four regular joint sessions of BEREC and IRG took place in 2018 in which the regulatory bodies were represented by their top people. The final session in 2018 took place in Prague.

ERGP – EUROPEAN REGULATORS GROUP FOR POSTAL SERVICES

ERGP is the advisory body to the European Commission whose members are national regulatory bodies in the sphere of postal services. Among the main tasks involved are providing the European Commission with advice and assistance as far as the development of the internal postal services market and consistent application of the regulatory framework for postal services in all Member States are concerned.

In 2018, too, ERGP dealt with matters associated with the cross-border delivery of parcels, based on Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services. ERGP prepared background information for the European Commission which was then used for the Commission Implementing Regulation (EU) 2018/1263 of 20 September 2018 establishing the forms for the submission of information by parcel delivery service providers pursuant to Regulation (EU) 2018/644 of the European Parliament and of the Council. This implementing regulation lays down the templates of forms through which NRAs will collect the information laid down in Article 4 of Regulation (EU) 2018/644. ERGP also participated in the preparation of background information for the European Commission for the assessment of prices pursuant to Article 6 of Regulation (EU) 2018/644 which was incorporated into the Commission communication regarding the guidelines for national regulatory authorities related to transparency and assessment of the rates for cross-border parcels pursuant to of Regulation (EU) 2018/644 and Commission Implementing Regulation (EU) 2018/1263.

The work of the other work group within ERGP also continued in 2018, i.e., in the areas of regulatory accounting and price regulation, monitoring of the development of the postal services market, implementation and development of the universal service obligation, and consumer protection.

COCOM – COMMUNICATIONS COMMITTEE

COCOM is the advisory body to the European Commission which focuses on the legislation in the area of electronic communications and monitoring of the compliance with it and its effects. The committee is consulted in the event of issuing implementing regulations by the European Commission. CTU is represented in COCOM together with the Ministry of Industry and Trade.

In 2018, the committee continued with the activities of the working group for mobile satellite services related to the implementation of the framework for pan-European system ensuring mobile satellite services and the working group for 5G; this group focused on the exchange of examples of good practice between the Member States and the support thereof in the preparation of national plans for the development of 5G. The committee also focused on preparation of the implementation of the European Electronic Communications Code which was published in the EU Official Journal at the end of the year. The Commission submitted to the committee its report on the implementation of the Directive aimed at reducing the costs of the building of the networks including the future recommendations. Several questionnaire-based surveys and data collection activities took place, in particular regarding the European emergency line 112, functioning of judicial systems when exercising European law of electronic communications or regarding the use of the harmonized numbers with social value 116.

RSPG - RADIO SPECTRUM POLICY GROUP

RSPG is the advisory body to the European Commission in strategic matters to concern the use of the radio spectrum. It makes statements on fundamental current issues and primarily formulates its conclusions in RSPG Opinions and RSPG Reports. CTU is represented at RSPG together

with the manager - the Ministry of Industry and Trade. In 2018, in particular RSPG opinions on the World Radiocommunication Conference WRC 2019 were adopted. The other topics discussed were European Electronic Communications Code, European Spectrum Strategy, cooperation among Member States, and in particular the topic of 5G. The second opinion of RSPG on 5G networks was adopted - Strategic Spectrum Road Map Towards 5G for Europe.

RSC – RADIO SPECTRUM COMMITTEE

RSC is the advisory body to the European Commission which participates in the preparation of measures aimed at achieving the harmonised and effective use of the radio spectrum in the European Union. It also includes submissions for CEPT regarding the conducting of technical studies and the compilation of draft regulatory measures in the form of handing down European Commission mandates. CTU is represented in RSC as a sponsor/coordinator together with the Ministry of Industry and Trade. The main topic in 2018 was harmonization of the technical conditions of the use of the frequency bands for 5G (3.4-3.8 GHz and 26 GHz), update of the Commission decision on short-range devices, Commission decision on UWB devices, Commission decision on the L frequency band (expansion of the band), Commission decision on the 900 MHz and 1800 MHz frequency bands to allow the operation of IoT, and new Commission decision on the use of short-range devices in the frequency bands of 870-876 MHz and 915-921 MHz.

TCAM – TELECOMMUNICATION CONFORMITY ASSESSMENT AND MARKET SURVEILLANCE COMMITTEE FOR THE PURPOSES OF DIRECTIVE 2014/53/ EU

In 2018 TCAM worked mainly on the implementation and application of the new Directive 2014/53/EU on the harmonisation of the laws of the Member States relating to the making available on the market of radio equipment and repealing Directive 1999/5/EC (the so-called RED) and the production of a manual guide for the Directive (RED Guide). In the committee, CTU participated mainly in the measures for ensuring uniform use of radio frequencies in products, on prevention and -elimination of harmful interference, addressing of the issue of harmonized standards and cybersecu rity of radio devices.

ENISA – EUROPEAN NETWORK AND INFORMATION SECURITY AGENCY

ENISA is the advisory body to the European Commission which is in charge of unification of the processes and procedures of the National Regulatory Authorities focusing on resilience, security and integrity of networks and electronic communication services, including cybersecurity. In 2018 the issue of cybersecurity was also intensively discussed. In accordance with the applicable legislation, CTU as the national regulatory body regularly sends to ENISA the basic information on serious incidents which occurred in networks and services of electronic communications in the respective calendar year. The reports are analysed by CTU on national level and then entered to ENISA portal in anonymized form. In 2018 CTU representatives attended the meeting of the ENISA work group focusing on the implementation of Articles 13a and 13b of Directive 2002/21/EC (Framework Directive).

EAP – EASTERN PARTNERSHIP

Within the Eastern Partnership (EaP), CTU participates in a project whose aim is to pass on the experience and knowledge of European Union Member States to the regulators of the six countries of the EaP (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) under the leadership of the European Commission, representatives of which also attend the meetings. The work of EaP in 2018 was evaluated at a plenary session and continuation of three specialised work groups was approved based on the requirements of the eastern countries:

- SEWG (work group for radio spectrum, led by Germany's BNetzA),
- BEWG (benchmarking work group, led by Romania's ANRCETI),
- REWG (roaming work group, led by Ukraine's NCCIR).

A memorandum on cooperation between CTU and Ukraine's regulatory authority NCCIR was signed at the end of 2018.

12.1.1 International activities of CTU in relation to other international bodies and organizations

INTERNATIONAL TELECOMMUNICATION UNION (ITU)

A session of the Plenipotentiary Conference took place on 29 October - 16 November 2018 in Dubai, United Arab Emirates. It is the supreme body of ITU which decides on essential issues related to international cooperation in the area of telecommunications and determines the main directions of activities of the different sectors of ITU – radiocommunication, standardization and development sector for the next four years. The meeting was attended by a delegation of the Czech Republic consisting of the representatives of the Ministry of Industry and Trade, Ministry of Foreign Affairs, and CTU. The output of the meeting is the final acts containing resolutions, decisions and recommendations. They were co-signed by the Czech Republic represented by the chairman of the CTU Council.

As for the study groups of ITU, the main activity of CTU in 2018 was involvement in the study groups of ITU-R working on the preparation for the agenda of the World Radiocommunication Conference WRC2019. CTU also provided operating and statistical information for the analytical documents compiled by ITU.

EUROPEAN CONFERENCE OF POSTAL AND TELECOMMUNICATIONS ADMINISTRATIONS (CEPT)

CTU was represented in CEPT bodies – Electronic Communications Committee (ECC) and the European Committee for Postal Regulation (CERP) and also in the working groups of the committees. CTU representatives took part in the work of the following working groups: WG FM (Frequency Management), WG SE (Spectrum Engineering), WG NaN (Naming and Numbering), CPG (Conference Preparatory Group), ECC/PT1 (Mobile Communication) and their subgroups (project teams). The output from these working groups is used by CEPT member administrations and CEPT Reports compiled based on European Commission mandates are the basis for the issue of EU harmonisation documents. The most important outputs were draft versions of the technical conditions for the 3.4-3.8 GHz, 26 GHz frequency bands and changes to the conditions of the existing frequency bands of IMT for 5G (880-915 / 925-960 MHz, 1710-1785 / 1805-1880 and 1920-1980 / 2110-2170 MHz), conditions for short-range equipment, UWB devices, and coordination of the preparation of European countries for the World Radiocommunication Conference WRC-19.

EUROPEAN COMMUNICATIONS OFFICE (ECO)

ECO is an organisation which provides CEPT with expert and administrative support. As part of the responsibilities pertaining to it, CTU represented the Czech Republic in the steering committee – the ECO Council. CTU also provided data for ECO by compiling the relevant questionnaires, updated national data in the European Frequency Information System (EFIS), administered by ECO, which the European Commission considers a fundamental source of information for reviews of the spectrum utilization, and took part in the work of a working group to ensure the maintenance and development of this information system.

NORTH ATLANTIC TREATY ORGANISATION (NATO)

In 2018 CTU was involved in the working group for industrial resources and communication services (Industrial Resources and Communications Services Group hereinafter referred to as "IRCSG") which focuses on ensuring the development of the issues of security of electronic communications and post for national defence purposes and support of security processes at the time of an emergency. In addition, the Group for cooperation in the radio spectrum utilization (CaP) which coordinates spectrum utilization by civil and non-civil services. Discussions were held within the CaP group in 2018, related to the preparation of the army position of NATO on the individual items of the agenda of the World Radiocommunication Conference WRC-19 which would allow the Member States to respect the frequency requirements and needs of NATO in the preparation of regional resources and also later during the WRC-19.

ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)

Within the cooperation with OECD, CTU is represented in the work group dealing with the policy of communication infrastructure and services (Working Party on Communication Infrastructures and Services Policy - WP CISP) where it acts in cooperation with the Ministry of Industry and Trade. With respect to OECD, the role of CTU consists mainly of provision of statistical data which serves as a basis for various studies. Data which will be one of the sources for the periodic statistical overview "OECD Digital Economy Outlook 2019" on the development of digital economy in OECD countries was provided again in 2018. CTU is also member of the inter-departmental work group for cooperation between the Czech Republic and OECD of the Ministry of Foreign Affairs of the Czech Republic.

EUROPEAN TELECOMMUNICATIONS STANDARDS INSTITUTE (ETSI)

In accordance with the responsibility bestowed on it, CTU represents the Czech Republic at the supreme body of ETSI (Assembly) in the category of national telecommunication administrations and therefore jointly decides on basic issues involving the management of the organisation and the direction which work activities should take to achieve the creation of standards and the economic management of ETSI.

12.2 Other international activities

CTU employees continued their participation in bilateral and multilateral discussions in 2018 in relation to the coordination of radio frequencies, expert education events held by foreign institutions, manufacturers and suppliers, specialised public presentations and conferences.

International coordination of radio frequencies

European harmonization process which envisages the release of the 700 MHz frequency band from television broadcasting for the development of high-speed communications and also innovation processes of television broadcasting requires reorganization of the frequency arrangement based on bilateral agreements.

Regarding the new plan of digital broadcasting, in spite of the poor initial conditions resulting from the fact that the current operated high power transmitters (hereinafter also referred to as "HP/HT") are located in high altitudes and near state borders, CTU managed at the end of 2017 to coordinate the radio frequencies for 6 frequency layers and thus ensure such technical parameters for the different transmitters that are more or less identical with the current operated parameters.

In the case of digital radio broadcasting where the utilization of the entire frequency band III for digital radio broadcasting enabled coordination of the new requirements, multilateral discussions took place in 2018 with the administrations of the neighbouring countries in order to coordinate sufficient quantity of frequency blocks so that it would be possible to propose in the Czech Republic up to 7–8 nationwide networks T-DAB. These discussions could not be completed during the year, and therefore they will continue also in the next period.

The conditions and procedures of the international frequency coordination of radio frequencies used for fixed line and mobile services are regulated by the multilateral International agreement on coordination of frequencies between 29.7 MHz and 43.5 GHz for fixed line and land mobile service (hereinafter also referred to as "HCM Agreement"). CTU representatives participated in the meetings of its working groups. CTU is also actively represented in RAINWAT (Regional Arrangement on the Radiocommunication Service for Inland Waterways) committee.

Information on the need to pass new regulations or amend the existing regulations

1 Electronic Communications

1.1 The need for an amendment of the Electronic Communications Act

In spite of the pending revision of the regulatory framework for the area of electronic communications on European level, a more comprehensive assessment of the applicable legislation within the Electronic Communications Act was performed in 2018, namely in terms of effectiveness and fulfilment of the goals of the regulation introduced by it and, as the case may be, also elimination of the legislative-technical problems which have negative impact on the application practice. Because on 17 December 2018 the wording of the approved Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018 establishing the European Electronic Communications Code was published in the Official Journal of the European Union, the changes to the legislation identified within the assessment were not implemented by means of a separate amendment of the Electronic Communications Act, but they have to be taken into account in the modification of the national legislation in connection with the transposition of Directive 2018/1972 (European Electronic Communications Code).

1.1.1 The need to issue implementing regulations for the Electronic Communications Act

In relation to the work on the transposition of the European Electronic Communications Code into the laws of the Czech Republic which will take place in 2019 under the supervision of the Ministry of Industry and Trade and also to the general need to respond to the development in the sector of electronic communications, there is also a need for comprehensive assessment of the implementing regulations for the Electronic Communications Act.

In addition, Decree No. 209/2017 Coll., on template of the identification card of an employee of the Czech Telecommunication Office authorized to perform inspections of electronic communications and postal services, was issued in 2017, with effect from 1 September 2017. The respective template of the identification card is designed such that the front side consists of the current identification card of an employee of CTU and the rear side contains the relevant authorization for performing the inspection. Based on Act No. 234/2014 Coll., on state service, its implementing decree, Decree No. 388/2017 Coll., on template of the identification card of a civil servant, was issued in 2017 and is effective from 1 January 2018. This Decree should ensure that no later than 31 December 2019 all civil servants performing duties under Act No. 234/2014 Coll. will have uniform official identification cards. This Decree also envisages that it is possible to write other information, including the information on the authorization to perform an inspection pursuant to Act No. 255/2012 Coll., on inspection (Code of Inspection Procedure), on the rear side of this official identification card. With respect to the above, it is therefore necessary to ensure consistency of legislation for the area of electronic communications and for the area of postal services. The sponsor and coordinator of Decree No. 209/2017 Coll. is the Ministry of Industry and Trade.

2 Postal services

2.1 The need for an amendment of the Postal Services Act

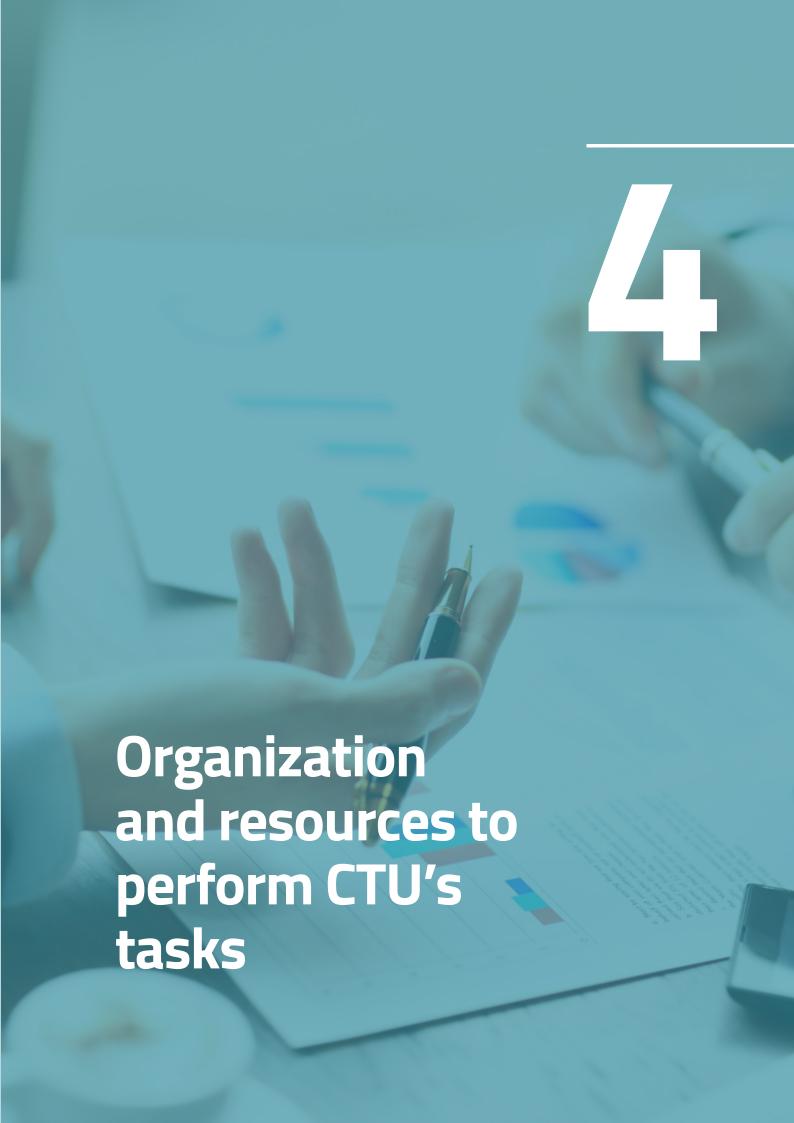
Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services was passed in 2018. Although it is a directly applicable normative act, it will be necessary to adapt the laws of the Czech Republic to this Regulation, at least

in the part of designation of the national body responsible for the implementation thereof and in the part of the penalties for noncompliance with the obligations laid down by this Regulation. The Ministry of Industry and Trade, as sponsor and coordinator of this legislation, prepared the proposal for such amendment regulation of the Postal Services Act in 2018; the legislative reading should take place in 2019.

2.1.1 The need to issue implementing regulations for the Postal Services Act

Similarly to the area of electronic communications, here, too, the legislation related to the template of the identification card of an employee of the Czech Telecommunication Office for performing inspections of electronic communications and postal services (Decree No. 209/2017 Coll.) should be unified with Decree No. 388/2017 Coll., on template of the identification card of a civil servant, when all civil servants performing duties under Act No. 234/2014 Coll. should have uniform official identification cards no later than 31 December 2019. The sponsor and coordinator of Decree No. 209/2017 Coll. is the Ministry of Industry and Trade.

Already within the preparation of the Plan of Legislative Work for the year 2017, CTU identified the need for changes to the implementing regulations for the Postal Services Act which are within its scope of powers and responsibilities. Specifically, it was Decree No. 466/2012 Coll., on the procedure of the Czech Telecommunication Office when calculating the net costs of fulfilment of the obligation to provide universal services. This Decree, however, has not been amended as its factual amendment was supposed to be based on the final position of the European Commission on the issues of determination of the net costs of fulfilment of the obligation to provide universal services. With respect to the status of the negotiations with the European Commission, CTU envisages amending the Decree in 2019.





Organization and resources to perform CTU's tasks

In 2018, CTU reported incomes in the amount of CZK 1.065 billion and expenses in the amount of CZK 2.488 billion. During 2018, CTU transferred budget funds in the amount of CZK 10 million into the chapter of the Ministry of Transport in relation to the government decision on introduction of new reduction on train and bus fares for seniors, children, and students.

In 2018, CTU collected on fines imposed in administrative proceedings a total amount of CZK 13.21 million. An amount of CZK 326 million was transferred to Radiocommunication account, to which is directed part of incomes from radio spectrum management.

CTU saved from the 2018 budget CZK 274 million, out of which CZK 150 million consisted of savings from expenses on covering loss from provision of postal services, CZK 49 million of savings from expenses covering loss from provision of universal service, and CZK 75.3 million represented other expenses.

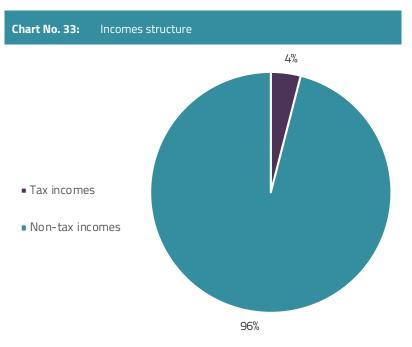
In 2018, CTU paid CZK 298.8 million on wages and related payments. As of 31 December 2018 CTU, registered a total of 590 employees and 663 systemized positions.

Even though all positions are systemized as positions under civil service, it is possible, in certain cases and under Civil Service Act, to hire personnel for this position under employment contract (for fixed period, e.g., as a repla-

Chart No. 32: Comparison
of actual incomes and
expenditures (in CZK)

Total Incomes 1,065 mld.

Total Expenditures 2,488 mld.

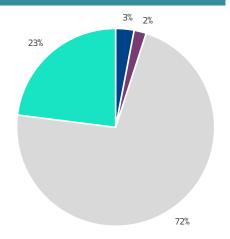


recorded employees as of 31. 12. 2018

average salary of CTU employee in 2018

Chart No. 34: Expenditures on securing the achievement of CTU's tasks

- Expenditures covering loss from provision of universal service special prices
- Expenditures covering loss from provision of universal service net costs
- Net costs representing unfair financial burden of postal licence holders
- Other expenditures on securing the achievement of the Czech telekommunication Office tasks



collected by CTU on administrative fees

cement for temporarily absent employee).

In 2018, a total of 59 employees passed the civil servant exam, most of them in the field of Electronic Communications and Postal Services. Other employees deepened their knowledge within follow-up training, etc.

CTU continued to support and develop open data. In coordination with the Supreme Audit Office, CTU organized Hackathon of public administration 2.0, or took part in the MoQoS project, which helped to develop instruments to measure quality of Internet services and to collect data on measuring the quality of available services and availability of high-speed Internet to users.

balance on Radiocommunication account as of 31. 12. 2018

Financial results of CTU

The binding indicators of Chapter 328 - CTU - ensue from Act No. 474/2017 Coll., on the state budget of the Czech Republic for 2018, as amended. An overview of the achievement of these indicators is provided in Annex No. 9, while Annex No. 10 presents an overview of binding indicators for 2019 (an obligation laid down by the Electronic Communications Act).

1.1 Evaluation of the achievement of the indicators of chapter 328 – Czech Telecommunication Office

TOTAL INCOME

The approved budget for the binding indicator of total income in the amount of CZK 862,490,000 was not adjusted in 2018. The actual amount is CZK 1,065,770,319.27, i.e., the adjusted budget was achieved at a level of 123.52% and was exceeded by CZK 203,280,319.27.

Tax income / administrative fees amounting to CZK 37,646,008.71 were collected, meaning that the adjusted budget was achieved at a level of 123.62% and exceeded by CZK 7,196,008.71.

A significant part of non-tax income, capital gains and transfer payments received is the income arising from CTU activity, i.e., income from the radio spectrum management in the amount of CZK 742,689,375.61, income from the extension of validity period of the block allocations in the amount of CZK 165,000,000, and income from the number management in the amount of CZK 104,725,546.11.

For the year 2018 CTU collected fines imposed in administrative proceedings in the amount of CZK 13,209,830.49.

The income reported in other income items is random in nature and is therefore not budgeted.

Income from the radio spectrum management goes to the Radiocommunication Account according to the Electronic Communications Act and government regulation. The sum of CZK 326,672,991 was transferred into this account for the year 2018, and the actual income for the year 2018 was reduced by this amount. An overview of the creation of and drawing on the Radiocommunication Account is presented in the following part hereof.

Overviews of all income for the year 2018 are presented in Annex No. 9 and planned income for the year 2019 is presented in Annex No. 10 to this Report.

TOTAL EXPENSES

In 2018 CTU transferred budget resources to the Ministry of Transport chapter in the amount of CZK 10,000,000 in connection with the decision of the Government of the Czech Republic No. 206 on introduction of the new discount on fare in trains and buses for the elderly, children, pupils and students.

In 2018 CTU used the opportunity to draw "entitlements" from unused expenditures in the amount of CZK 1,470,579,754.28 for needs not secured by the budget.

Savings were made from the 2018 budget in the amount of CZK 274,517,524.46 of which CZK 150,000,000 were savings on expenditure on covering loss from the provision of the postal service,

CZK 49,212,690.46 were savings on expenditure on covering the loss from the provision of the universal service, and CZK 75,304,834 was attributable to other expenditure items.

Total expenses for the year 2018 were used in the amount of CZK 2,488,500,877.69 i.e., use of 200.41% of the adjusted budget.

The expenses budget of CTU is structured according to the budget composition in terms of sectors into 5 sections, namely:

Section 241100 – Post matters,

Section 241200 - Telecommunication matters

Section 246100 – Activities of central bodies of state administration in communications

Section 249100 - International cooperation in communications,

Section 527334 - Other management in the area of crisis management

Indicator/ Section	Approved budget 2018	A d j u s t e d budget 2018	Actual use as of 31 December 2018	% of usage(3/2)
a	1	2	3	4
Total expenses of which:	1 251 680 359	1 251 680 359	2 488 500 877,69	200,41
Section 241200	650 000 000	650 000 000	1 800 000 000,00	276,92
Section 241200	26 596 000	26 596 000	108 787 309,54	409,03
Section 246100	563 898 815	563 898 815	567 641 732,43	102,48
Section 249100	11 115 000	11 115 000	12 039 914,55	108,32
Section 527334	70 000	70 000	31 921,17	45,60

Expenditures are further segmented into current expenses and capital expenditures.

Indicator	Approved budget 2018	A d j u s t e d budget 2018	Actual use as of 31 December 2018	% of usage(3/2)
a	1	2	3	4
Total expenses of which:	1 251 680 359	1 251 680 359	2 488 500 877,69	200,41
Current expenses	1 221 680 359	1 221 680 359	2 465 458 992,15	203,47
C a p i t a l expenditures	30 000 000	30 000 000	23 041 885,54	76,81

Current expenses

In 2018, current expenses were used in the amount of CZK 2,465,458,992.15, i.e., 203.47% of the adjusted budget.

SECTION 241100 - POST MATTERS

It is here that the expenditure on covering loss from the provision of universal postal services is budgeted.

SECTION 241200 – TELECOMMUNICATION MATTERS

It is here that the expenditure on covering loss from the provision of a universal service is budgeted, primarily for special prices provided to the persons with disabilities and persons on low incomes, this incurred by the provider and which the state has undertaken to cover via CTU according to Section 38(3) of the Electronic Communications Act.

The loss of the provider of a universal service, Telefónica, for the provision of special prices in 2017, was evaluated in 2018. The total coverage of the loss incurred by the company was CZK 74,720,929.50.

The net costs of the provision of a universal service by Telefónica in 2017 were evaluated in 2018. The total coverage of these costs was CZK 34,066,380.04.

SECTION 246100 – ACTIVITIES OF CENTRAL BODIES OF STATE ADMINISTRATION IN COMMUNICATIONS

The predominant part of expenditures incurred by CTU is budgeted in this section. Of the total volume of current expenditures,

• is accounted for by mandatory expenses in the sphere of salaries and other payments for work done, including compulsory insurance premiums paid by the employer and transfer to the cultural and social needs fund (77.04% of the adjusted budget or 73.68% of the actual amount),

the remaining part is used to

 purchase materials, water, fuel and energy, services, other purchases, such as repairs and maintenance, software, inland travel and hospitality, non-investment contributions provided and payments – mainly for discharging the position of "custodians" – the payment of taxes and duties and compensation for pay during illness.

SECTION 249100 - INTERNATIONAL COOPERATION IN COMMUNICATIONS

It is in this section that CTU budgets the expenditures on international cooperation, primarily the cost of foreign business trips associated with exercising responsibility assigned by the relevant ministry or cooperating with the relevant ministry (Ministry of Industry and Trade), with which CTU is entrusted by Government Resolution No. 676 of 1 June 2005, contributions to international organisations in which CTU represents the Czech Republic, the fees for attending international conferences, the purchase of information and publications from international organisations and the purchase of services and other purchases in connection with holding international meetings in the Czech Republic.

SECTION 527334 – OTHER MANAGEMENT IN THE AREA OF CRISIS **MANAGEMENT**

It is in this paragraph that the CTU budgets the expenditure on crisis management activity according to Act No. 240/2000 Coll., on crisis management and amending certain acts (Crisis Act), as amended. It earmarked expenditures of CZK 70,000 for this activity in 2018 and the actual amount was CZK 31,921,17, i.e., use of 45.60% of the adjusted budget.

Capital expenditures

Capital expenditures were used by CTU for the programme with registration number 128 02 Development and renewal of the material and technical basis of CTU, the approved budget for 2018 was CZK 30,000,000. Capital expenditures were used in the amount of CZK 23,041,885.54, i.e., use of 76.81% of the adjusted budget.

Salaries of employees and other payments for the work performed

The budget for the salaries of employees and other payments for the work performed was increased during the year by CZK 2,500,000 by a budgetary measure in connection with the large increase of the number of second-instance administrative proceedings. Such adjusted budget for the year 2018 was used by 99.25%.

Management of non-budgetary funds

Radiocommunication Account

The obligation to set up the Radiocommunication Account, which CTU administers, arose for CTU from the Electronic Communications Act. The account was opened at the Czech National Bank, Prague department, as an external resources account with the broadened prefix of "26016". It is created according to Government Regulation No. 153/2005 Coll., on the determination of the method of providing funds to the radio communication account, the amount thereof, and the method of fund withdrawal, at 30% of the fees collected for the use of radio frequencies. Money is transferred to the account on a quarterly basis (invariably after the quarter having passed).

The funds are used for the coverage of effectively and practically spent costs incurred by the holders of individual authorizations to use radio frequencies who incurred these costs as a result of the changes in the use of radio spectrum for reasons due to the Electronic Communications Act. They can be further used for the coverage of the expenses associated with the fulfilment of the obligation of CTU within the radio spectrum management. In 2018 CTU paid from the radiocommunication account expenses in total amount of CZK 37,507,913.31.

Table No. 24:	Radiocommunication account ba	iance

Account balance as of 1 January 2018	581 728 774,45
Budgeting for 2018	326 672 991,00
Drawing for 2018	37 507 913,31
Account balance as of 31 December 2018	870 893 852,14

3 Results of external audits

No external audits were performed in 2018.

4 Civil Service Act

Czech Telecommunication Office, as the central administrative body, is also a civil service authority pursuant to Act No. 234/2014 Coll., on civil service, as amended. Every civil service authority has an approved systemization in which civil service positions are defined for civil servants and job positions for employees, including the criteria for these positions. CTU has all positions systemized as civil service positions.

Civil servants are subject to civil service evaluation which takes place once a year in the first quarter for the previous calendar year. 535 CTU employees at that time were evaluated according to the Civil Service Act in the first quarter of 2018.

In order to ensure proper operation of CTU, bidding procedures are announced for all vacant civil service positions so that each department would have the highest possible staffing rate. 194 tenders were announced in 2018.

CTU is also the responsible authority for special part of the civil servant exam in the field of civil service No. 45 Electronic Communications and Postal Services in which also the Ministry of Industry and Trade has powers and responsibilities. CTU has 3 examination committees in place, whereas one member of the examination committee is always a civil servant of the Ministry of Industry and Trade. The civil servant exam in the field of civil service No. 45 Electronic Communications and Postal Services was held on 5 dates in 2018.

In addition, CTU prepared and submitted a proposal of the change of the systemization effective from 1 June 2018 which contained modifications aimed at overall streamlining of the activities of CTU and its individual departments, without impact on the overall systemization of CTU. The proposal of new systemization of CTU for the year 2019 was prepared and submitted via OSYS in the period from July to September 2018, resulting, among other things, in reduction of the number of systemized positions based on a request of the Ministry of Finance. The proposal of systemization was subsequently approved by the Government.

5 Human resources

Based on the tenders organized, 64 employees (of which: 4 as employees under an employment contract and 60 in civil service status) started working at CTU in 2018.

CTU also supports private and family life of its employees, either by means of various benefits, or e.g., by allowing a flexible working service or reduced agreed work load. In 2018, 22 female employees started maternity leave and 5 female employees returned from maternity leave.

Civil service or employment with CTU was terminated by 47 employees (2 employment contracts and 45 civil service contracts) in 2018. They either went to work for another employer or retired. As of 31 December 2018, 40 employees received old-age pension.

The average number of FTE was 582. As of 31 December 2018, the registered number of employees was 590.

Table No. 25: Number of employees (in comparison with 2016 and 2017)

Indicator/Period	2016	2017	2018
Systemized number of employees	633	643	663
Average FTEs	601	584	582
Newly hired employees	56	66	64
Civil service/employment contracts terminated	86	60	47
Employees in post-productive age as of 31 December	55	20	33

5.1 2018 budget

On 19 December 2017 the House of Deputies of the Parliament of the Czech Republic passed the Act on state budget of the Czech Republic for the year 2018 by its resolution No. 65.

In a letter of the Ministry of Finance of the Czech Republic, ref. No. MF-34693/2017/1903-2, dated 28 December 2017, the Czech Telecommunication Office received the "Binding amounts of funds for salaries and other payments for the work done (payroll cost limits) and numbers of employees for the year 2018" of Chapter 328 – Czech Telecommunication Office.

Limit of funds for salaries and other payments for the work done	CZK295 033 476
of which – salaries of civil servants	CZK 286 489 699
other payments for the work done	CZK 8 543 777
Limit of the number of employees	663 persons

5.2 Funds for the salaries of CTU employees

The budget of funds for the salaries of civil servants without EU projects for the year 2018 was CZK 286,489,699.

The average salary of a CTU employee in 2018 was CZK 40,650.

According to Government Decision No. 263/2018 Coll. which amends some Government Decisions in the area of remuneration of employees in public services and administration and civil servants dated 23 November 2018, the scale of salaries of civil servants and employees under employment contract was increased with effect from 1 January 2019.

5.3 Number of systemized positions

There were 663 systemized positions in CTU in 2018. For the year 2019, 627 systemized positions were approved within the annual systemization.

5.4 Other payments for the work done

The budget of other payments for work done (not including funds for the salaries of representatives of state authority), not including EU projects, was CZK 1,686,977 in 2018.

Only activities which could not be covered from own resources were paid for from the budget for other payments for work done. This primarily involves work associated with the evaluation of cases of appeal against the decisions taken by CTU according to Section 123 of the Electronic Communications Act, i.e. the activity of the Remonstrance Committee of the Chairman of the CTU Council and the Remonstrance Committee of the CTU Council, as well as the work of examiners for the examination of radio operators and radio amateurs and the administration associated with this, work associated with the assurance of archiving documents, consultancy work and administrative activities.

5.5 Training

Training events were implemented according to the CTU Employee Training Plan for the year 2018 which was based on the valid CTU Binding Guideline No. 15/2016 which lays down the procedures for improvement and increasing of education of CTU employees. The binding guideline was prepared according to Act No. 234/2014 Coll., on civil service, as amended, and Act No. 262/2006 Coll., Labour Code, as amended.

Training focused primarily on electronic communications, postal services, the relevant laws and regulations, information technologies, foreign languages, personal skills, and managerial skills of senior officers.

The initial training for newly hired employees was conducted mainly by means of e-learning. This training considered basic information about state administration and CTU, the fundamental rights and obligations of CTU employees, the fundamentals of working with information technologies used in CTU, the code of ethics, prevention of corruption, the environmental policy, filing rules, the obligation of employees at times of crisis management and other selected regulations. New employees also received follow-up initial training where they were prepared for the general and special parts of the civil servant exam.

59 employees passed the civil servant exam, 48 of them passed the test in the field of service No. 45 Electronic communications and postal services, and other in other fields of service.

All employees of CTU completed an e-learning course in cybersecurity.

Courses were held for selected employees in cooperation with the Faculty of Electrical Engineering at the Czech Technical University in Prague and the Faculty of Electrical Engineering and Communication at the Brno University of Technology, these courses concentrating on current technology and services in electronic communications and the development thereof. Large number of employees attended the Radiocommunication conference.

Specialised training on the issues that individual departments deal with was held at those CTU departments (electronic communications, postal services, Code of Administrative Procedure, Civil Code, Code of Inspection Procedure, Consumer Protection Act, etc.).

Language training was provided to employees in the form of group and individual courses in English, French and German and seminars focusing on negotiation techniques for employees who will use this skill in their work.

The training of senior officers focused on communication skills, time management, conflict management, people and team management and delegation.

Selected employees attended courses to concern the development of personal skills (e.g., dealing with a complicated client, speech, presentation skills, stress management).

Individual employees attended various training events organised by external agencies according to their individual training needs.

The costs of training and education services as of 31 December 2018 were CZK 5,097,000, and the expenditures on conference fees CZK 284,000.

Table No. 26: Number of employees who completed training programmes in 2018

Type of training	2018
Initial introductory training	61
Follow-up introductory training	61
Continuous training	2 759
Training for senior officers	138
Language training	230

An overview of personnel data for the year 2018 is shown in Annex No. 11 to this Annual Report.

6 Information technologies

Within the process of improvement of cybersecurity, CTU received a grant from the Integrated Regional Operational programme in the continuous call No. 10 and started implementation of a project entitled "Detection and Evaluation of Cybersecurity Incidents in the Information Systems of CTU". This project will ensure implementation of tools for recording the activities of major information systems and detection and evaluation of cybersecurity incidents.

With respect to the scope of the information received, the new requirements for presentation and analysis thereof, and the necessity of more comfortable cooperation with data subjects, CTU started preparation of the tender documents for substantial innovation of the information system for monitoring of the electronic communications market and postal services market.

In order to improve operational reliability, security and comfort of the users of electronic mail, CTU switched from Exchange on premise to the Exchange online solution. In addition to protection of e-mail against spam and dangerous fraudulent e-mails, this solution has provided all users of the CTU network with increased capacity of the mailbox and the possibility of comfortable regular access to one's mailbox also from mobile devices.

With respect to the termination of the exemptions from the obligations related to electronic sealing pursuant to Act No. 297/2016 Coll., on trust services for electronic transactions, CTU set up a service of remote sealing of documents, and selected users were equipped with qualified assets for creating qualified electronic seals.

The project entitled "Preparation of the relevant part of the model of the business layer and application layer of Enterprise Architecture (EA) of CTU model" was completed at the beginning of 2018 and subsequently used for analysis of the data in the information systems of CTU in connection with GDPR.

6.1 Open data

In 2018 CTU continued supporting and developing open data. In cooperation with the Supreme Audit Office, CTU organized Hackathon of Public Administration 2.0 focusing on the use of open data of the public administration. This event built upon the First Hackathon of Public Administration of 2017, and the number of institutions participating in the event also increased.

As a part of international activities supporting open data, CTU participated in the project of MoQoS (Open crowdsourcing data related to the quality of service of high-speed Internet). The MoQoS project ran until the end of 2018. The scope of the project was mainly to create a tool for the measurement of quality of the Internet services and collection of data on the measurement of quality of the services provided and availability of high-speed Internet from the users. CTU also actively dealt with new forms of utilization of open data in the area of virtual and expanded reality and develops new applications based on the measurement of quality of the Internet services.

In addition, CTU supported a contest entitled 'Společně otevíráme data' ('Opening Data Together') which prizes the best applications based on open data. It has become a sponsor of the category of Solution App, for applications warning about an important social problem or helping solve the problem. CTU also developed an application over open data, Spektrum, and participated in other events and activities in the area of open data such as the ISSS, Open Data Expo conferences or the annual Open Data in Public Administration Conference.

CTU was a member of the Working group for open data within the Working committee for architecture and strategy, which is one of the bodies of the Government Council for information society. The working group coordinates, promotes and supports public administration bodies in the implementation and expansion of open data.

In 2018 CTU updated more than 70 data sets on the local open data catalogue at data.ctu.cz, altered the appearance of the catalogue, and added three new data sets, including the Report on Development of the Electronic Communications Markets 2012-2017. The most visited and searched-for data set was Inspections and fines.

Internal audit

A total of six audits, including the follow-up audit of monitoring of compliance with the recommendations from the audits performed, were conducted by the independent internal audit department in 2018.

All of the audits were performed within the set deadlines according to the Annual plan of internal audit activities for the year 2018 and all recommendations were adopted in the form of an approval clause as a task from the meeting of the Chairman of the CTU Council.

The auditors proposed 22 recommendations in 2018 in the reports and subsequently in the approval clauses from the audits.

In the performance of all audits, emphasis was put on independent and objective ascertainment of the situation, review and evaluation of operations and internal audit system such as to comply

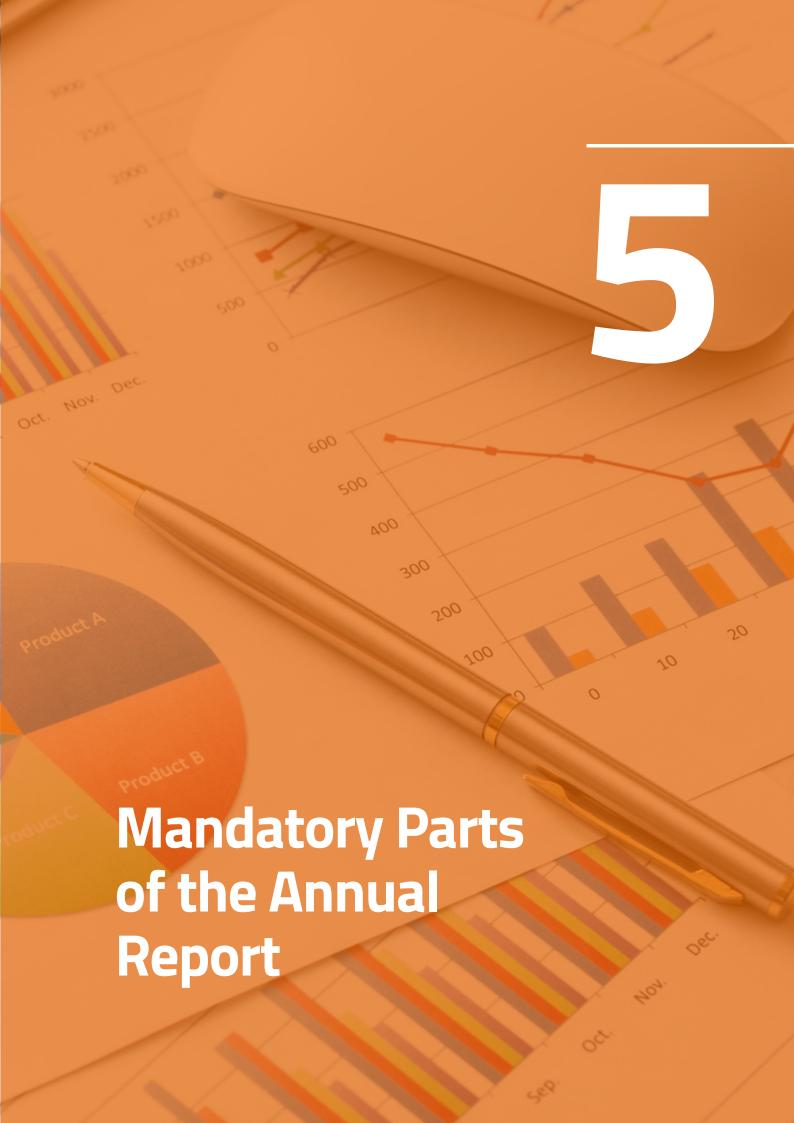
with the applicable laws and regulations, internal regulations of CTU, set procedures and adopted measures, and thus ensure mainly effective, economical and efficient operation of CTU.

An annual report on the results of financial audits for the previous year was compiled and submitted to the Ministry of Finance of the Czech Republic in accordance with the Financial Audit Act. The annual Report on the activities of the independent internal audit department and Report from the internal evaluation of quality of internal audit in CTU were prepared and submitted for approval to the Chairman of the CTU Council in 2018.

The plan of activities of the independent internal audit department for the year 2019 was prepared in December and by the end of the month approved by the Chairman of the CTU Council.

Throughout 2018, emphasis was put on improvement of the performance of internal audit, in particular by means of training of internal auditors, possibility to provide feedback by the departments audited after the audit, and on better awareness about the activities of the independent internal audit department. The work of the internal auditors has become an effective tool for finding inconsistencies, if any, and mitigation of the possible risks of CTU, including the recommendations for systematic elimination thereof and prevention of potential future risks.

In 2018, when carrying out the activities of the independent internal audit department, the independence or objectivity of internal auditors of CTU was not interfered with.



1 Annual report on the Universal Service (according to Section 50(2) of the Electronic Communications Act)

CTU compiles an Annual Report on the Universal Service in accordance with Section 50(2) of the Electronic Communications Act. In addition to information about the scope of services provided within the universal service in 2018, this report also contains information about the manner of financing the universal service laid down by the Electronic Communications Act for the period under consideration, 2018.

Certain partial services of the universal service were mandatorily provided in 2018 based on the decisions of CTU. In the area of partial services which are provided in sufficient quality and scope on commercial basis, CTU did not impose the obligation by its decision.

The most important information on the universal service in 2018 is presented below in this Report.

1.1 Partial services of the universal service

Services provided within the universal service in 2018

PUBLIC PAYPHONES

The obligation to provide the partial service of public payphones or other, similar means of technology as allowing access to the publicly available telephone service (hereinafter referred to as "payphones") (Section 38(2)(e) of the Electronic Communications Act was imposed upon O2 Czech Republic a.s. (hereinafter referred to as "O2") based on the result of a tender, with effect from 1 January 2018 to 31 December 2020. The decision includes an Annex containing the list of public payphones included in the universal service in 2018. For the sake of ensuring the economic efficiency of the partial service provided, CTU determined the precise extent of the provision of the service using the criterion of density and based on a declining level of usage and continues in the gradual reduction in the number of the payphones operated within the universal service.

On 4 September 2018 CTU issued an amendment of its decision which specified particular public payphones provided within the universal service from 1 January 2019.

ACCESS OF PERSONS WITH DISABILITIES TO THE PUBLICLY AVAILABLE TELEPHONE SERVICE

The obligation to provide services involving access for the disabled to a publicly available telephone service, to the directory inquiry service and to directories of subscribers which is equal to the access enjoyed by other end users, in particular using special telecommunication terminal devices (Section 38(2)(f) of the Electronic Communications Act), was imposed on O2 based on the tender with effect from 16 July 2018 to 16 July 2021.

SPECIAL PRICES OR PRICE PLANS

The obligation to allow persons with special social needs according to Section 44 and Section 45 of the Electronic Communications Act to choose prices or price plans that differ from the price plans provided under normal commercial terms and conditions such that these persons have access to and are able to use a partial service and a publicly available telephone service (Section 38(3) of the

Electronic Communications Act) was fulfilled by O2 in 2018 based on a decision issued on 7 June 2017. The obligation to provide this service is imposed until 4 July 2020.

1.2 Partial services of the universal service provided on a commercial basis

- Connection to the public communication network at a fixed location (Section 38(2)(a) of the Electronic Communications Act),
- Access to the publicly available telephone service at a fixed location (Section 38(2)(b) of the Electronic Communications Act),
- Periodical publication of subscriber directories and access of end users to these directories (Section 38(2)(c) of the Electronic Communications Act),
- Information service on telephone numbers of the subscribers of the publicly available telephone service, available for end users (Section 38(2)(d) of the Electronic Communications Act),
- Supplemental services to services specified in paragraphs a) and b) of the Electronic Communications Act (Section 38(2)(g) of the Electronic Communications Act), namely:
 - O Gradual repayment of the price for the set-up of the connection to the public communication network for consumers,
 - Free selective blocking of outgoing calls, sending of premium text or multimedia messages or, if technically feasible, access to similar services with a higher price or calls to specified types of numbers for the subscriber,
 - Free itemised billing of the price for the subscriber,
 - O Provision of information, at the request of the subscriber, on lower prices or more favourable price plans and the terms and conditions under which these are applied, if this information is available, and
 - o monitoring of the subscriber's expenditures associated with the use of the publicly available telephone service, including free notification of the consumer in the event of unusual or excessively increased usage of this service.

The services in question are subject to regular monitoring, on the evaluation of which CTU issues a report every year. CTU found in April 2018, based on monitoring for the year 2017, that there are no reasons to impose the obligations specified above in this area.

The monitoring of partial services for the year 2018 will be evaluated in 2019 and CTU will proceed based on the results.

1.3 Funding of the universal service

The funding of the universal service was performed in the previous years according to two pieces of legislation:

1. From the universal service account according to Act No. 151/2000 Coll., on telecommunication and amending other acts, as amended (hereinafter referred to as the "Telecommunications Act") for the years 2001 to 2005 and part of the year 2006,

2. From the universal service account or from the state budget according to the Electronic Communications Act for the years 2006 to 2017.

1.3.1 Pursuant to the Telecommunications Act

CTU administered the universal service account until the end of the year 2013, this account having been set up in 2002 according to Section 32 of the Telecommunications Act and paid from this to the provider of the universal service the demonstrable loss incurred from the provision of the universal service according to the Telecommunications Act. The obligation to provide the universal service was only imposed upon O2 according to the legislation at the time. CTU conducted held new hearings in administrative proceedings in 2010-2012 in the matter of demonstrable loss and determination of the level of payments into the universal service account for individual years based on a judgment of the Supreme Administrative Court on the revocation of previous decisions for the provision of the universal service between 2001 and 2006, with a higher number of parties who pay to the universal service account. The individual payments are shown in the table. The sudden increase of the contribution of the universal service provider in 2006 was caused by the fact that O2 took over Eurotel Praha spol. s r.o. in 2006. The collection of contributions into the universal service account came to an end in 2013 and account number 16010-725001/0710 was closed.

Table No. 27: Overall overview of coverage of loss for universal service provided between 2001 and 2006

Loss for a year	Amount of loss verified by CTU	Payments paid to universal service account	Contribution from O2
2001	195 042 676 Kč	103 857 753 Kč	91 184 923 Kč
2002	257 494 476 Kč	159 522 494 Kč	97 971 982 Kč
2003	290 510 226 Kč	191 103 891 Kč	99 406 335 Kč
2004	302 622 498 Kč	208 614 879 Kč	94 007 619 Kč
2005	286 966 147 Kč	206 967 794 Kč	79 998 353 Kč
2006	280 274 507 Kč	137 152 181 Kč	143 122 326 Kč

In the period 2016 and 2017, based on court judgments, administrative proceedings concerning the verification of the demonstrable loss for the period 2004 - 2006, were heard again. During the new hearing, in accordance with the EU Directive on universal service which, according to the courts, has direct effects in this case, CTU quantified the intangible benefits of the provider of the universal service and assessed whether the verified loss constitutes unfair burden for the provider. In all three decisions issued, only the loss resulting from the provision of free services or services whose price did not cover the costs incurred was recognized for compensation.

LOSS FOR THE YEAR 2004

According to the judgment of the Metropolitan Court in Prague dated 4 December 2013, new administrative proceedings were held in 2014 and subsequently interrupted because at the same time proceedings were pending concerning a cassation complaint in which the Supreme Administrative Court submitted a preliminary question to the Court of Justice of the European Union regarding legitimacy of inclusion of reasonable profit and application priority of the EU universal service Directive. The Court of Justice of the European Union decided in the affirmative on the preliminary questions in both cases, and CTU continued with the administrative proceedings in 2016. On 30 December 2016 CTU issued a decision in which it verified the demonstrable loss in the amount of CZK 302,622,498, did not identify market intangible benefits related to loss-making services, and decided that the verified loss represents unfair burden for O2. Two parties filed administrative appeals which, however, were dismissed by the second-instance decision. Again, a legal action is filed concerning this matter to the Metropolitan Court in Prague.

CONTRIBUTIONS FOR THE YEAR 2004

According to the judgment of the Metropolitan Court in Prague, on 29 June 2016 the appellate body cancelled the decision on determination of the amount of the payment to the universal service account for the year 2004. The reason was the fact that the underlying decision concerning the verification of the amount of demonstrable loss from the provision of the universal service for the year 2004 was cancelled, which was pointed out by the judgment of the Metropolitan Court in Prague. CTU therefore continued with the administrative proceedings concerning the determination of the amount of the payment to the universal service account for the year 2004. The proceedings were interrupted upon request of one of the parties for the period until a decision is issued by the Metropolitan Court in Prague on the legal action of T-Mobile Czech Republic a.s. (hereinafter referred to as T-Mobile) against the CTU decision dated 30 December 2016 on verification of the amount of loss from the provision of the universal service for the year 2004.

LOSS FOR THE YEAR 2005

CTU continued with the administrative proceedings concerning the verification of demonstrable loss for the year 2005 after the Metropolitan Court in Prague cancelled in 2016 the previous decision of 2011. On 31 January 2017 CTU issued a decision by which it verified the demonstrable loss in the amount of CZK 286,966,147, it did not identify market intangible benefits related to the loss-making services and decided that the verified loss constitutes unfair burden for O2. Both administrative appeals filed were dismissed by the second-instance decision. Again, a legal action is filed concerning this matter with the Metropolitan Court in Prague; the case was not decided in 2018.

CONTRIBUTIONS FOR THE YEAR 2005

According to the judgment of the Metropolitan Court in Prague dated 29 September 2016, the appellate body cancelled the decision on the determination of the amount of the payment to the universal service account for the year 2005. The reason was the fact that the underlying decision concerning the verification of the amount of demonstrable loss from the provision of the universal service for the year 2005 was cancelled, which was pointed out by the judgment of the Metropolitan Court in Prague. CTU therefore continued with the administrative proceedings concerning the determination of the amount of the payment to the universal service account for the year 2005. The proceedings were interrupted upon request of one of the parties for the period until a decision is issued by the Metropolitan Court in Prague on the legal action of T-Mobile against the CTU decision on verification of the amount of loss from the provision of the universal service for the year 2005.

LOSS FOR THE YEAR 2006

CTU continued with the administrative proceedings concerning the verification of demonstrable loss for the year 2006 after the Metropolitan Court in Prague cancelled in 2015 the previous decision of 2010. On 29 December 2016 CTU issued a decision in which it verified the demonstrable loss in the amount of CZK 280,274,507, did not identify market intangible benefits related to loss-making services, and decided that the verified loss represents unfair burden for O2. Two parties filed administrative appeals which, however, were dismissed by the second-instance decision. Again, a legal action is filed concerning this matter to the Metropolitan Court in Prague.

CONTRIBUTIONS FOR THE YEAR 2006

A decision of the Metropolitan Court in Prague dated 29 April 2016 cancelled the decision of CTU concerning the determination of the amount of the payment to the universal service account for the year 2006. The Metropolitan Court in Prague justified its decision by the fact that the judgment of the Metropolitan Court in Prague cancelled the decision on the verification of the amount of demonstrable loss from the provision of the universal service for the year 2006 which serves as a basis for the determination of the amount of the financial contribution to the universal service account for the year 2006. CTU therefore continued with the administrative proceedings concerning the determination of the amount of the payment to the universal service account for the year 2006, and, after the new decision on the amount of demonstrable loss from the provision of the universal service for the year 2006 has entered into force, on 19 September 2017 it issued a new decision on the determination of the amount of the payment to the universal service account for the year 2006. This decision entered into force on 3 December 2018.

1.3.2 Pursuant to the Electronic Communications Act

NET COSTS FOR THE YEAR 2006

CTU determined net costs for the year 2006 by a decision of 23 July 2010 at CZK 73,875,953; the intangible benefits were taken into account in the amount of CZK 2,546,009.56. The nest costs represent an unbearable burden for the universal service provider, and therefore CTU determined contributions to the universal service account, and after paid, it made reimbursement to O2. The decision was contested by a legal action which was heard by the Metropolitan Court in Prague and the Supreme Administrative Court. The administrative proceedings concerning the matter were resumed based on the court judgments. On 26 June 2018 CTU issued a new decision in which it amended the arguments in the matter of the method of allocation of overhead costs and intangible benefits, and when assessing the unbearable burden, it considered all criteria according to the ruling history of the Court of Justice of the European Union. At the same time, a new approach to the assessment of expert opinions was applied. The amount of the net costs determined for compensation did not change. After that, two parties to the proceedings filed administrative appeals against this decision, but the second-instance body dismissed the appeals by a decision dated 20 November 2018.

NET COSTS FOR THE YEAR 2007

CTU determined net costs for the year 2007 by a decision of 9 April 2010 at CZK 105,478,583; the intangible benefits were taken into account in the amount of CZK 7,097,633.95. The nest costs represent an unbearable burden for the universal service provider, and therefore CTU determined contributions to the universal service account, and after paid, it made reimbursement to O2. According to the judgment of the Metropolitan Court in Prague dated 29 May 2018, the case was referred for new hearing by the second-instance decision dated 26 August 2018. In its decision dated 16 January 2019 CTU added arguments regarding the method of allocation of the overhead costs, evidence concerning the intangible benefits, in particular regarding the issue of non-inclusion of the name of the provider of the universal service on telephone booths in municipalities with population up to 5 thousand, and, when assessing the unbearable burden, it took into account all criteria according to the ruling history of the Court of Justice of the European Union. At the same time, a new approach to the assessment of expert opinions was applied. The amount of the net costs determined for compensation did not change. One party to the proceedings lodged an administrative appeal against the decision on 1 February 2019.

NET COSTS FOR THE YEAR 2008

CTU determined net costs for the year 2008 by a decision of 29 October 2010 at CZK 100,992,529; the intangible benefits were taken into account in the amount of CZK 3,663,257.92. The nest costs represent an unbearable burden for the universal service provider, and therefore CTU determined contributions to the universal service account, and after paid, it made reimbursement to O2. On 15 February 2016 the Metropolitan Court in Prague overturned the decision on the net costs and returned the case for further proceedings. CTU continued with the administrative proceedings and on 27 March 2017 it issued a new decision in which it added arguments regarding the method of allocation of the overhead costs, evidence regarding the intangible benefits, in particular regarding the issue of non-inclusion of the name of the provider of the universal service on telephone booths in the municipalities with population up to 5 thousand, and, when assessing the unbearable burden, it took into account all criteria according to the ruling history of the Court of Justice of the European Union. The amount of the net costs determined for compensation did not change. Two parties filed administrative appeals which were complied with, and the case was referred for new hearing by a decision of the CTU Council dated 3 September 2018. A new approach to the assessment of expert opinions was applied in the new decision dated 30 November 2018. An administrative appeal was filed against this decision which was not decided in 2018.

NET COSTS FOR THE YEAR 2009

CTU determined net costs for the year 2009 by a decision of 7 July 2011 at CZK 73,363,998; the intangible benefits were taken into account in the amount of CZK 4,983,955, 90. The nest costs represent an unbearable burden for the universal service provider, and therefore CTU determined contributions to the universal service account, and after paid, it made reimbursement to O2. The contribution MobilKom, a.s. in the amount of CZK 275,262 was paid only in the amount of CZK 2,284.31 and subsequently transferred to O2. The remaining part of the contribution could not be recovered by CTU, and therefore it will be paid to the universal service account from the state budget after the completion of the insolvency proceedings. On 3 December 2015 the Metropolitan Court in Prague overturned the decision on the net costs and returned the case for further proceedings, but the judgment was overturned by the Supreme Administrative Court on 16 November 2016. The next judgment of the Metropolitan Court in Prague was delivered on 27 June 2017, and the case was thus returned to the first instance. In its decision dated 23 March 2018 CTU added

arguments regarding the method of allocation of the overhead costs, evidence concerning the intangible benefits, in particular regarding the issue of non-inclusion of the name of the provider of the universal service on telephone booths in municipalities with population up to 5 thousand, and, when assessing the unbearable burden, it took into account all criteria according to the ruling history of the Court of Justice of the European Union. At the same time, a new approach to the assessment of expert opinions was applied. The amount of the net costs determined for compensation did not change. One of the parties to the proceedings filed an administrative appeal against the decision; the administrative appeal was dismissed by a decision dated 2 August 2018, and the decision was upheld.

A judgment of the Metropolitan Court in Prague dated 29 April 2016 cancelled the decision of the Chairman of the CTU Council in the matter of the administrative appeal filed by T-Mobile Czech Republic a.s. against the payment assessment for the amount of payment to the universal service account for the year 2009. The payment assessment was issued on the basis of an underlying decision which was subsequently cancelled by a judgment of the Metropolitan Court in Prague dated 3 December 2015. Therefore, on 29 August 2016 the Chairman of the CTU Council cancelled this payment assessment by his decision. After the new underlying decision on the amount of the net costs has entered into force, CTU issued, on 21 October 2018, a new payment assessment for T-Mobile. An administrative appeal was filed against this payment assessment by T-Mobile; a decision was not made on this administrative appeal in 2018.

NET COSTS FOR THE YEARS 2010-2017

The reimbursement of the net costs determined by the final decisions of CTU for the individual years of provision of the universal service to the defined extent was fully made from the state budget for the benefit of O2 which provided this service in the period 2010–2017.

NET COSTS FOR THE YEAR 2017

On 31 July 2018 O2 submitted a request for reimbursement of the net costs for the provision of the service of public payphones and the service of the sale of specially equipped telecommunication terminals in 2017. CTU verified this bill, in particular by means of a comparison with the results of separate records of costs and revenues, by checking the methodology of construction of the allocation keys, assessment of the development of the costs in time, and by verification of the correctness of the allocation of the invested capital. The provision of the service of public payphones was verified already in 2017. The legitimate claim of persons with disabilities for purchase of specially equipped telecommunication terminals for the price of standard terminals was also verified. The net costs of the service of public payphones were quantified as CZK 34,008,045.04 and the net costs of the sale of special telecommunication terminals were included in the amount of the limit for this service of CZK 58,335.00. Intangible benefits were not identified. Total net costs in the amount of CZK 34,066,380.04 were assessed as unbearable burden. The net costs were determined by a final decision of CTU dated 29 October 2018, and the reimbursement thereof was fully made from the state budget on 8 November 2018 to O2 which provided the universal service in 2017.

Table No. 28: Overall overview of coverage of net costs between 2006 and 2017

Net costs for a year	A m o u n t o f coverage of net costs demanded by the provider	Amount of net costs verified by CTU	Payments paid to the universal service account	Note
2006	84 169 933 CZK	73 875 953 CZK	37 533 749 CZK	The contribution made by O2 was calculated at 36 342 204 CZK
2007	118 666 047 CZK	105 478 583 CZK	56 652 325 CZK	The contribution made by O2 was calculated at 48 826 258 CZK
2008	114 934 483 CZK	100 992 529 CZK	55 688 078 CZK	The contribution made by O2 was calculated at 45 304 451 CZK
2009	89 435 212 CZK	73 363 998 CZK	40 367 067 CZK	The contribution made by O2 was calculated at 32 723 953 CZK
2010	47 483 383 CZK	46 582 341 CZK	-	Net costs were paid from state budget
2011	54 992 883 CZK	55 028 579 CZK	-	Net costs were paid from state budget
2012	51 285 028 CZK	50 136 727 CZK	_	Net costs were paid from state budget
2013	46 984 256 CZK	46 969 448 CZK	-	Net costs were paid from state budget

Net costs for a year	A m o u n t o f coverage of net costs demanded by the provider	Amount of net costs verified by CTU	Payments paid to the universal service account	Note
2014	48 244 872 Kč	48 240 857 Kč	-	Net costs were paid from state budget
2015	37 728 377 Kč	37 548 680 Kč	-	Net costs were paid from state budget
2016	35 833 769 Kč	35 822 312 Kč	-	Net costs were paid from state budget
2017	34 078 959	34 066 380	-	Net costs were paid from state budget

1.4 Loss from the provision of the universal service of "Special prices"

The loss on the mandatory provision of the partial service of "Special prices" (according to Section 38(3) of the Electronic Communications Act) was covered by the state budget beginning the very first year of its provision, i.e., from 2007, and this was the same in 2018 when the loss from the provision of special prices for the year 2017 was covered.

On 30 July 2018 O2 filed a request for coverage of the loss on the provision of special prices in 2017. CTU reviewed the data submitted and, after rectification of the defects found, issued a decision on 8 November 2018 on determination of the loss on the provision of special prices within the universal service in the amount of CZK 74,720,929.50. The recognized loss generated by O2 was covered from the state budget on 22 November 2018.

Table No. 29: Overview of coverage of loss from provision of special prices of O2 in 2017

	Submitted loss	Recognised loss
O2 fixed network	62 366 116 Kč	62 346 963 Kč
O2 mobile network	12 373 974 Kč	12 373 967 Kč
O2 total	74 740 090 Kč	74 720 930 Kč

2 Annual Report of the Czech Telecommunication Office on Provision of Information Pursuant to Act No. 106/1999 Coll., on Free Access to Information, as Amended, for the year 2018

The Czech Telecommunication Office (hereinafter referred to as "CTU") publishes this Annual Report on the Provision of Information in the Year 2018 which has been prepared according to Section 18 of Act No. 106/1999 Coll., Free Access to Information Act, as amended (hereinafter referred to as "Act No. 106/1999 Coll.").

According to Section 3 of Act No. 127/2005 Coll., on electronic communications and amending certain related acts (Electronic Communications Act), as amended (effective as of 1 May 2005), CTU is the central administrative body for the exercise of state administration in the matters laid down by this law, including market regulation and determining the conditions of undertaking business in particular in the spheres of electronic communications and postal services. Within its scope of powers and responsibilities laid down by the law, i.e. as the body of state administration, it supervises adherence to legal regulations in the spheres of electronic communications and postal services and also compliance with the obligations in the above-mentioned areas aimed at consumer protection, as stipulated by Act No. 634/1992 Coll., the Consumer Protection Act, as amended, as well as compliance with the obligations laid down by Act No. 194/2017 Coll., on measures to reduce the costs of implementation of high-speed networks of electronic communications and on amendment of some related Acts.

Basic information on the organisation structure and activity of CTU is available to the general public at CTU's website at www.ctu.cz, including its electronic notice board, and on the notice board placed on the information panel in the lobby of the CTU headquarters. Information on the resolution of situations according to Decree No. 442/2006 Coll., which determines the structure of information published about an entity obliged to provide information in a way which allows for remote access, as amended by Decree No. 416/2008 Coll., is also available from the public administration portal (www.portal.gov.cz).

CTU publishes the following data according to Section 18(1) of Act No. 106/1999 Coll.:

a) Number of requests for information submitted

73 written requests for information were submitted to CTU and put on record in 2018; 21 of which were sent by one requesting party (individual).

The requests for information were related to areas where CTU is active, and generally focused in particular on provision of electronic communication services, complaints filed about the defects of the electronic communication services provided, granting of rights to use radio frequencies, provision of traffic and location data (19 requests), postal licences (1 request), complaints filed about the defects of the postal service provided (1 request), general administrative activities of CTU or decisions issued by CTU both in the area of electronic communications and postal services (36 requests), administrative court proceedings to which CTU is a party, or compensation for damage pursuant to Act No. 82/1998 Coll., on liability for damage caused in the performance of public authority by a decision or incorrect official acts and on amendment of Czech National Council Act No. 358/1992 Coll., on notaries and their activities (Notarial Rules), as amended (2 requests).

Also provided was information on economic management of CTU and internal organization matters and activities of CTU (6 requests), personnel issues (3 requests), communication with the EU Commission (1 request).

Other requests for information were related to: total number of requests for information pursuant to Act No. 106/1999 Coll., sent to CTU in 2018 (1 request), number of suggestions investigated by the investigator pursuant to Section 2(1)(a) of Government Regulation No. 145/2015 Coll. (1 request).

b) Number of decisions on the rejection of a request

20 decisions on the rejection of a request were issued in 2018, 10 of which concerning only rejection of a part of the request where information was provided in part.

c) The number of suspended requests for the provision of information with notification of the applicant in accordance with Section 14(5)(c) of Act No. 106/1999 Coll. (on the grounds that the request in question is not a request pursuant to Act No. 106/1999 Coll. or concerns information which does not fall within the scope of powers and responsibilities of the entity obliged to provide information) and in accordance with Section 17(5) of Act No. 106/1999 Coll. (on the grounds that there was no response to the request of CTU to pay the costs associated with the provision of the requested information within the statutory time limit).

In 2018 CTU partially put aside 2 requests for information, namely because the requesting person did not pay the required amount of costs within the statutory time limit.

d) Number of appeals (administrative appeals) filed against a decision

7 administrative appeals were filed in 2018 against a decision to reject a request.

No administrative appeal was filed in 2018 against a decision to suspend a request for information.

e) Copies of the substantial parts of the court decisions (Section 16(4) of Act No. 106/1999 Coll.)

In 2018 the court settled 2 cases of rejection of a request for information by CTU. In both cases it did not find the lawsuits justified, and therefore it dismissed them according to Section 78(7) of the Code of Administrative Justice.

In the first case the claimant sought, by the lawsuit filed, a review of the decision made by the Chairman of the CTU Council dismissing the claimant's administrative appeal and upholding the decision of CTU dated 18 May 2015, ref. No. CTU-10 491/2014-611/II. vyř. in the matter of his request for the provision of information pursuant to Act No. 106/1999 Coll. by which the claimant's request dated 1 March 2015 for the provision of information (hereinafter referred to as "request") was rejected pursuant to Section 2(4) of this Act because it envisages production of new information which CTU objectively does not possess and, at the same time, is not obliged to have.

Specifically, the claimant requested information about the amount of the costs of the Czech Post without the profit margin which were projected to the following cost-oriented prices of the universal services valid as of 1 August 2013 and as of 1 February 2015 according to the items specified in the price list of Czech Post:

- a) ordinary letter up to 50 g standard
- b) ordinary letter up to 50 g standard level 1 discount with Customer Card of Czech Post, single posting of 1 - 9 postal items
- c) ordinary letter up to 50 g standard level 2 discount with Customer Card of Czech Post
- d) ordinary parcel, standard postal item up to 2 kg
- e) registered letter up to 50 g standard
- f) registered letter 1-2 kg

The Metropolitan Court stated that the "obligation to require also information other than specified by the Postal Services Act in conjunction with the implementing regulations does not arise for CTU, the defendant, from any of these regulations, namely because the state interest does consist of the guarantee of availability and cost orientation of the basic service as such. For this reason, it is not possible, in the Court's opinion, understand the above-mentioned categories of the universal services as understood by the claimant, i.e., that each single item of the price list for the services of Czech Post which is related to any of the universal postal services defined in the Act must be cost--oriented. With respect to the variety of the services, nature of the delivery and posting locations and other relevant factors which were also mentioned by the defendant in its response and also with respect to the fact that after the change of the mode of work Czech Post no longer holds a position of a conventional administrative body (the operation of which is otherwise fully ensured by the state from the taxes collected), such interpretation would lead to a collapse of the nationally provided postal services because it is possible to imagine that this part of the services provided would generate great loss for the for the postal license holder under the above-mentioned circumstances. The information required by the reports in the form of annexes (tables) to Decree No. 465/2012 Coll. cannot be considered "source information" from which CTU would be able to compile the required information basically mechanically, simply because more detailed structure than according to the law is not envisaged. Quite the opposite, the compilation of the requested information would exceed the framework of such simple tasks because it would require that CTU obtain also additional information from Czech Post without being ordered by the law to do so.

Based on all of the above, the court concluded that CTU is entitled or, more precisely, obliged to verify the cost orientation of the prices and collect information on the universal services in such detail as defined by Section 3(1) of the Postal Services Act and is not obliged to possess information in greater detail according to the price list of Czech Post. In this respect, the claimant has an option to file a request directly with Czech Post which is also the obliged party in the case in question."

In the second case, the claimant sought, by the lawsuit filed, cancellation of CTU, the defendant, dated 27 July 2015, Ref. No. CTU-43 368/2015-603 (hereinafter also referred to as "contested decision") which dismissed the claimant's administrative appeal against the defendant's decision dated 26 June 2015, Ref. No. CTU-36 093b/2015-613 (hereinafter also referred to as "first-instance decision"). By the first-instance decision the defendant rejected the claimant's request for the provision of information filed on 11 June 2015 pursuant to Act No. 106/1999 Coll., namely the part pertaining to question No. 1, question No. 2, and the requests for a copy of the legal analysis prepared by a certain law firm. By the contested decision which was delivered to the claimant on 27 July 2015 the defendant dismissed the claimant's administrative appeal against the first-instance decision and upheld the said decision for the last time.

In the grounds of the contested decision, the defendant stated that on 11 June 2015 it received the claimant's request for the provision of information (hereinafter referred to as "request for the provision of information") in which the claimant sought, under Act No. 106/1999 Coll., answer to the following questions:

- 1. Is CTU or the authorized expert obliged, in respect of the valuation which was the subject of the above-mentioned expert opinion, to compensate the alleged market disadvantage to a certain corporation?
- 2. What specifically (regulation or administrative act) is the basis for the obligation, if any, of CTU or the authorized expert in respect of the valuation which was the subject of the above-mentioned expert opinion to compensate the alleged market disadvantage to this corporation?

If such obligation is based on an administrative act, the claimant requests a copy thereof.

- 3. Did CTU tell the authorized expert that he is supposed to compensate the alleged market disadvantage of the corporation in the expert opinion in question? If so, in which form? If such communication was written, the claimant requests a copy thereof.
- **4.** Did CTU provide the authorized expert with any underlying information implying a suggestion or instruction for the expert to compensate the alleged market disadvantage of the corporation in the expert opinion in question? If so, the claimant requests a copy thereof.
- 5. What method was used to select the university expert for the valuation of the block allocation? Did CTU enter into agreement with the expert, did CTU give the expert any written instructions or specifications? If there is such agreement or written instructions, the claimant requests a copy thereof.

The defendant added that the claimant also requested, in the request for the provision of information, a copy of the legal analysis of the different validity period of the licence for two companies made by a certain law firm, to which the expert refers on page 9 of the expert opinion.

In a situation where the claimant did not dispute the extent of the answer under sections 3 and 4 in the administrative appeal or did not file a complaint pursuant to Section 16a(1)(c) of Act No. 106/1999 Coll., with an objection of non-provision of all information requested under sections 3 and 4 of the request for the provision of information, the court could not review, with respect to the principles of the administrative court proceedings whether the claimant was provided all information requested in sections 3 and 4 of its request because it would exceed the subject of the present proceedings in a way that is not admissible. For this reason, therefore, the court could not deal with the objections by which the claimant protested against the scope of the information provided to it on its questions with respect to which the defendant did not decide to reject the request.

In the court's opinion, there is no doubt that the defendant did not burden its decisions issued in this case with a defect of unlawfulness consisting of incorrect application of Section 2(4) of Act No. 106/1999 Coll. with respect to the questions in sections 1 and 2 of the request for the provision of information when, as a result of the construction of the request filed chosen by the claimant, it concluded that with the first two questions the claimant requests disclosure of information on the (legal) opinion of the defendant, the obliged party, whether the defendant or the expert have a general obligation to reflect the alleged competitive disadvantage of the corporation in the expert valuation of the new block allocation. According to the recapitulated conclusions out of the ruling history of administrative courts, the above–mentioned questions fall within the category of questions about an opinion or, more precisely, legal opinion of the obliged entity and undoubtedly are directed toward interpretation of legal norms. With respect to the conclusions drawn by the Supreme Administrative Court in the judgment of the Supreme Administrative Court dated 17 June 2010,

Ref. No. 1 As 28/2010 - 86, No. 2128/2010 of the collection of the Supreme Administrative Court, the defendant therefore acted correctly when it denied the requested information.

f) Number of complaints filed pursuant to Section 16a of Act No. 106/1999 Coll., reasons for filing the complaints, and brief description of the processing

In 2018 CTU handled 5 complaints pursuant to Section 16a(1)(d) of Act No. 106/1999 Coll. about the actions of CTU as the obliged entity when handling a request for the provision of information, specifically about the quantified costs associated with the provision of the information requested 4 of which were filed by a single complainant.

By a decision pursuant to Section 16a(7)(b) of Act No. 106/1999 Coll. the second-instance body reduced the amount of the costs to CZK 0 in 2 complaints. The second-instance body accepted in both cases the complaints as justified because the request for the reimbursement of the costs for the provision of information was not properly justified according to Section 17(3) of this Act; it did not specify the number of hours for which the search for the information lasted, but mainly the first-instance body failed to properly explain of what the extraordinary extensiveness of the search consisted and what specific tasks it involved.

In other 3 cases the second-instance body found the complaints to be unjustified. In its opinion, the first-instance administrative body performed an extensive search activity, whereas the information was located at a detached work location. The nature of the information requested, and the situation of the obliged entity also required more significant intellectual activity of the employees. In the last case, the requesting party's request was so specific that the information requested could not be found other than by manual examination of all files where complaints about postal services were processed, namely 1229 files.

g) List of exclusive licences provided, including the reasoning for the need to provide an exclusive licence (Section 14a of Act No. 106/1999 Coll.)

In 2018 CTU did not provide any exclusive licence.

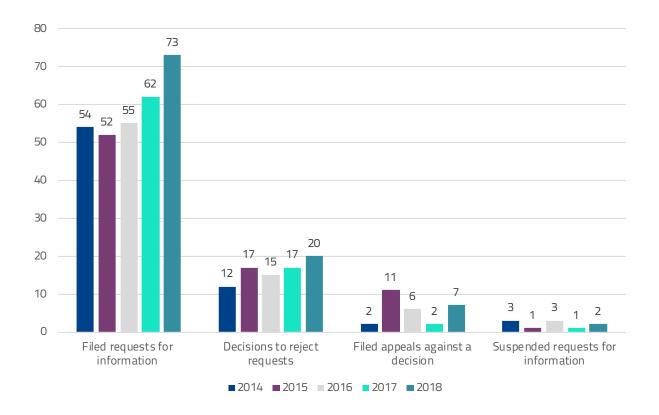
h) Other information relating to the application of Act No. 106/1999 Coll.

The written requests for the provision of information included in the records for 2018 were handled in accordance with the law and the internal regulations at CTU. CTU did not put requests for the provision of information made by telephone on record and operatively handled them in the same way regarding the quantity and character of such requests.

The information provided is published on the CTU website in accordance with Act No. 106/1999 Coll.

An overview of the settled written requests for the provision of information in 2018 in comparison with the previous years, starting from 2014, is shown in the following chart:

Chart No. 35: Provision of information according to Act No. 106/1999 Coll., as amended, for 2014–2018



In Prague, 28 February 2019

Ing. Mgr. Jaromír Novák, m. p. Chairman of the Council of the Czech Telecommunication Office

Note: This Annual Report was published on 1 March 2019 in a manner allowing remote access, i.e., on the website of CTU (www.ctu.cz).

Table No. 30: Provision of information according to Act No. 106/1999 Coll., on free access to information, as amended, for 2014-2018

	Filed requests for information	Decisions to reject requests	Filed appeals against a decision	Suspended requests for information
2014	54	12	2	3
2015	52	17	11	1
2016	55	15	6	3
2017	62	17	2	1
2018	73	20	7	2

3 Annual Report of the Czech Telecommunication Office on out-of-court settlement of consumer disputes (Section 20k(4) and (5) of the Consumer Protection Act)

The legal framework for out-of-court settlement of consumer disputes in the area of electronic communication services and postal services in 2018 consisted in particular of Act No. 127/2005 Coll., on electronic communications and on the amendment of some related acts (Electronic Communications Act), as amended, and Act No. 29/2000 Coll., on postal services and on the amendment of some Acts (Postal Services Act), as amended, including the implementing regulations. Specifically, out-of-court settlement of consumer disputes is regulated by Section 129 of the Electronic Communications Act and Section 6a of the Postal Services Act. The procedural actions of CTU within out-of-court settlement of consumer disputes is regulated by Act No. 500/2004 Coll., Code of Administrative Procedure, as amended. General obligations of CTU, as the subject of the out-of-court settlement of consumer disputes, in particular the disclosure and notification obligation, are regulated in Act No. 634/1992 Coll., the Consumer Protection Act, as amended.

Settlement of disputes in the area of electronic communications has been provided by CTU since 1 July 2000 when the Telecommunications Act entered into force. In the area of postal services CTU has been dealing with this type of disputes since 1 January 2013 when the amendment of the Postal Services Act entered into force.

On 28 December 2015 or, more precisely, on 1 February 2016, Act No. 378/2015 Coll. amending the Consumer Protection Act and some other Acts entered into force, where this amendment legally introduced the institute of out-of-court settlement of consumer disputes, and Articles VI. and VII. of this amendment amended Section 129 of the Electronic Communications Act and Section 6a of the Postal Services Act. Out-of-court settlement of disputes has been possible with

CTU since 1 May 2005 when the Electronic Communications Act entered into force, but the aforesaid amendment introduced, for example:

- three-month time limit for the settlement of the consumer dispute,
- new disclosure obligations of CTU during the proceedings concerning a consumer dispute,
- qualification conditions and conditions for the discharge of the office of the person deciding in the out-of-court settlement of consumer disputes,
- obligation to published on a website the information specified in Section 20i of the Consumer Protection Act,
- notification obligation to the Ministry of Industry and Trade.

Pursuant to Section 20k(4) of Act No. 634/1992 Coll., the Consumer Protection Act, as amended, the subject of the out-of-court settlement of consumer disputes shall provide the Ministry of Industry and Trade with the following information once every two years:

a) on the number disputes submitted to it and the types of suggestions related to it;

For the year 2018 the Czech Telecommunication Office received 434 requests regarding a dispute between the consumer and provider of electronic communication services or provider of postal services. The requests were related to the dispute proceedings regarding an objection against the handling of a complaint about the billing, complaint about the electronic communication service, concerning a dispute about non-pecuniary supply, and concerning an objection against the handling of a complaint about the defects of postal services.

b) on the percentage of out-of-court settlements of consumer disputes which were suspended or rejected without finding a solution, and the percentage of the reasons for the suspension or rejection, if known;

In 2018, proceedings were suspended in 24% of the total number 434 requests received for out-of-court settlement of consumer disputes. Out of the total number of suspended proceedings (105 requests) the proceedings were suspended for the following reasons:

Reason for suspension of the proceedings	Share in %
the requesting party withdrew the request	20
the requesting party failed to rectify substantial defects of the request	24
the requesting party failed to pay the administrative fee	49
the request has become irrelevant	7

c) on the average time necessary for the settlement of the dispute;

The average time necessary for the settlement of the dispute within of the out-of-court settlement of consumer disputes was 113 days.

d) on the degree of compliance with the outcome of the out-of-court settlement of consumer disputes, if known;

Administrative proceedings conducted by the Czech Telecommunication Office have two instances. A decision issued by the Czech Telecommunication Office is binding upon the parties and enforceable by other procedures according to the law and legally.

e) on system or serious problems which occur frequently and lead to disputes between consumers and vendors;

Main reasons for disputes between consumers and providers of electronic communication services include failure to comply with the legal obligations related to contract termination consisting in particular of charging of contractual fines the amount of which exceeds the limit laid down by the law, and also unilateral changes to contracts consisting of e.g., increase of the price for the agreed-upon services, changes of parameters of the agreed-upon service of electronic communications. Another reason is disagreement with the bill, for example roaming or calls abroad or data usage. The general reason is inadequate awareness of consumers about the rights and obligations under the contract, incorrect interpretation of these provisions by consumers as well as inadequate explanation of the dismissed complaints from which the consumer is often unable to verify the justification of the dismissal by the provider of the consumer's complaint.

In the area of postal services, a serious and recurrent subject of dispute is damage to the contents of postal items and compensation for the damage contents or for lost postal item, or for the failure to make an attempt to deliver, incorrect delivery of postal items consisting of delivery of a postal item to an unauthorized person or (non-)payment of the CoD amount. A major reason is the insufficient awareness of consumers about the postal terms, including but not limited to packaging of the postal item, method of calculation of the damages, and permitted content of a postal item with respect to the service chosen as well as the handling of complaints by the operator of postal services where it is inadequately explained and often ambiguous and repetitive.

f) on cooperation, if any, of the subjects within a network of subjects of the out-of-court settlement of consumer disputes facilitating cross-border disputes and assessment of the effectiveness of this cooperation, if any;

In 2018 Czech Telecommunication Office did not receive any request related to a cross-border dispute.

g) on professional training of individuals for performing the out-of-court settlement of consumer disputes;

The employees responsible for performance of the out-of-court settlement of consumer disputes are trained on regular basis within the training of civil servants in the laws and regulations under which the disputes are processed.

h) on assessment of the effectiveness of the out-of court settlement of consumer disputes and on potential improvement thereof;

With respect to the binding nature of the decision on the parties to the dispute and the procedures according to the laws, the settlement of consumer disputes is considered sufficiently effective.

4 Information on handling complaints about the activities of CTU for the year 2018

In 2018 CTU handled 20 filings which were assessed as complaints pursuant to Section 175 of Act No. 500/2004 Coll., Code of Administrative Procedure, as amended, taking into account the nature and contents thereof.

In two cases the complaints were filed about the actions of the administrative body when carrying out inspection activities pursuant to Act No. 255/2012 Coll., on inspection (the Code of Inspection Procedure).

In the first case, the complainant raised objections to the inspection findings reported in the inspection protocol. The specialized department of CTU finally assessed the submission not as an objection pursuant to Section 10(1)(d) of Act No. 255/2012 Coll., on inspection (Code of Inspection Procedure), but rather as a complaint pursuant to Section 175 of the Code of Administrative Procedure and found it unjustified.

In the second case the complaint was filed about the actions of the administrative body when carrying out inspection activities pursuant to the Code of Inspection Procedure, specifically about the insufficient identification of the inspected party in the Notice of Commencement of Inspection. The complaint was found partially justified and the complainant was sent a written apology. At the same time, measured were adopted consisting of repeated instruction to the employees carrying out the inspections about the proper identification of the party inspected in order to prevent other such cases. The complainant, however, filed a request for a review of the process of handling of the complaint pursuant to Section 175(7) of the Administrative Procedure Code. The superior administrative body subsequently described the actions of the first-instance administrative body as incorrect and found the complaint justified. At the same time, the second-instance administrative body apologized for the actions of the CTU employees and assured the complainant that it has adopted measures to check and, as the case may be, remedy the actions by which CTU performs its inspection activities within the powers and responsibilities entrusted to it by the law.

The other complaints included reservations to unprofessional or unethical actions of the officials or their allegedly incorrect actions when conducting administrative proceedings, alleging that it constituted breach of Act No. 500/2004 Coll., Code of Administrative Procedure, as amended, Act No. 127/2005 Coll., on electronic communications and on the amendment of some related acts (Electronic Communications Act), as amended, Act No. 29/2000 Coll., on postal services and on the amendment of some Acts (Postal Services Act), as amended, or Act No. 634/1992 Coll., on consumer protection, as amended. An overview of the complaints filed in 2018 is provided in Annex No. 12 hereto.

An investigation in individual cases thus revealed that 16 complaints are unjustified, and two complaints are only partially justified.

A complaint about the actions of CTU or, more precisely, an official acting as administrator of the CTU account on Facebook and Twitter, related to the public posting of a warning about an offer of a provider of electronic communication services, was assessed as partially justified. The company felt harmed by the fact that the credibility of its offer for a service bundle was challenged on social media. The complainant was sent a written apology. The case was discussed within a personal interview and the administrator of the CTU account was instructed as to the necessity to pay more attention when preparing texts to be posted on social media on these accounts.

As for the second partially justified complaint about the indication of incorrect time limit for the filing a statement of opposition against the order, it has been found that the complainant was incorrectly advised, and therefore the statement of opposition filed by the complainant against the order is deemed to have been filed properly, as a result of which the order issued is cancelled and the proceedings will continue. CTU admitted the not entirely correct conduct in this matter, apologized to the complainant in writing, and informed the complainant about the subsequent notice sent about the continuation of the proceedings after the statement of opposition was filed.

At the same time, CTU adopted measures in order to prevent other similar incidents. The measures specifically included provision of information to the officials on the correct manner of conducting such official acts with emphasis on unambiguous phrasing of the advice which is understandable for the party to the proceedings.

The complaints processed as unjustified concerned the possible incorrect actions of the administrative body when conducting administrative proceedings in the area of electronic communications, postal services, or consumer protection, which, however, were not proven during the investigation. The complaints namely concerned the settlement of the objection to the handling of a complaint about defects of the postal service provided, imposition of cancellation fees by the provider of electronic communication services, the alleged unlawful imposition of an obligation upon the complainant to bear the costs of the proceedings, or specification of an incorrect time limit for the filing of a statement of opposition against the order. In addition, insensitive handling of personal data and unsolicited marketing calls were criticized. No remedial actions were adopted in case of the complaints about incorrect actions of the administrative body assessed as unjustified.

No anonymous submissions were delivered to CTU in addition to receiving and dealing with the complaints specified above, neither did CTU consider any other suggestion in 2018.

CTU received one petition in 2018.

The petition filed referred to insufficient coverage with the signal of mobile networks in the municipality of Malá Upa and the surrounding area. The insufficient signal quality significantly complicates the possibility to call emergency numbers and also has adverse impact on tourism in this area. For this reason, the inhabitants asked CTU to improve the coverage with radio signal of mobile networks in that municipality.

CTU informed the authors of the petition about its scope of powers and responsibilities pursuant to Act No. 127/2005 Coll., on electronic communications and on the amendment of some related acts, stating that the coverage with radio signal which is provided by mobile operators is primarily their responsibility and depends on their business and economic judgment and goals.

Despite the foregoing, however, CTU wishes to support as much as possible successful fulfilment of the request expressed in the petition, and thus also ensure compliance with the principle laid down in Section 4(4) of the Administrative Procedure Code, i.e., allow the persons in question to exercise their rights and legitimate interests. With respect to the above, CTU implemented the following measures:

It sent a letter to the operators concerned and the Association of Mobile Network Operators. The outcome of the discussion and willingness of the operators to improve coverage in the area in question will be a relevant finding for CTU for the planning of development criteria in the upcoming auction of radio frequencies in the 700 MHz frequency band.

Furthermore, in support of the arguments provided in the petition, CTU scheduled technical measurements to verify the actual coverage of the area with radio signal of mobile networks of the individual operators, according to the technical conditions laid down for the evaluation of the coverage. The measurement results were provided to the authors of the petition and also to the individual operators and to the Association of Mobile Network Operators, which should also contribute to the proposals, if any, of possible solutions to the situation. CTU is prepared to participate in the specific discussions to resolve the situation. The authors of the petition were informed in writing about all of the above-mentioned measures.

CTU also has on record all submissions announced or delivered to it in the matter of suspicion of corruption or fraud by any of its employees. It checks and regularly assesses these within its remit as part of an analysis of the complaints handled based on the provisions of Section 175 of the Code of Administrative Procedure.

In 2018 CTU did not receive any report of suspected corrupt conduct by an employee of CTU.

As for the messages received at the anti-corruption e-mail address (korupce@ctu.cz) which was put into operation on 10 July 2007, they are handled in a special manner within CTU in terms of the regular monitoring and responsible evaluation thereof, since the anti-corruption e-mail address could act as a potential source of information on potential corrupt conduct by CTU employees. CTU is therefore ready to respond promptly and actively to such submissions in accordance with internal regulations and based on generally applicable regulations.

The anti-corruption e-mail address also serves for submitting reports pursuant to Government Regulation No. 145/2015 Coll., on measures related to the reporting of suspected unlawful acts in a civil service authority which were processed pursuant to this Regulation. For the sake of completeness, it is necessary to state that the address korupce@ctu.cz is used by the public for submitting suggestions in the event of suspected unlawful acts of undertakings in electronic communications or postal services, i.e., for submissions of a nature other than what it is supposed to serve. Such submissions are nevertheless referred to the relevant department of CTU for processing within the relevant legal framework.

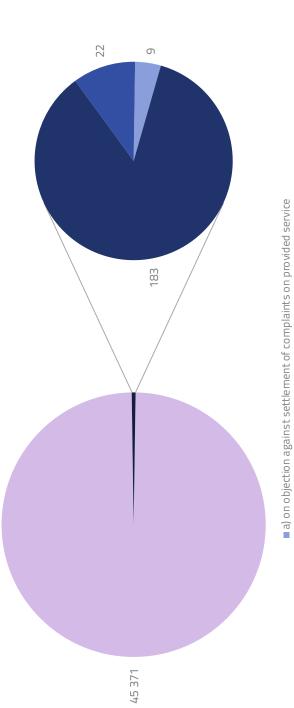


1. Overview of subscriber disputes in electronic communications services in 2018

	Adminitation			Decided in a favour of	n a favour f		Administrative
Type of activity	proceedings from previous period	Commenced administrative proceedings	Issued	Subscriber	Provider	Other	proceeding carried over to subsequent periodí
Decision on subscriber disputes	57 389	35 141	45 585	17 909	24 033	3 643	46 945
a) on objections against settlement of complaints on provided service	32	ω	o	7	-	7	31
b) on objections against settlement of complaint on billing statement for services	280	135	183	67	28	88	532
ba) on access to services with expressed price (data and voice)	0	0	0	0	0	0	0
baa) on access to data services with expressed price provided on the Internet or other data networks (Dialer)	0	0	0	0	0	0	0
c) on payment of the price for services (financial claim)	56 345	34 986	45 371	17 835	24 000	3 536	096 57
d) other	432	12	22	m	7	15	422

1a. Subscriber disputes - number of issued decisions in 2018

Number of decisions	sions issued in 2018	45 585
	a) on objection against settlement of complaints on provided service	6
	b) on objection against settlement of complaint on billing statement for service	183
סמר סו אאוורוו	c) on payment of the price for service (financial claims)	45 371
	d) other	22

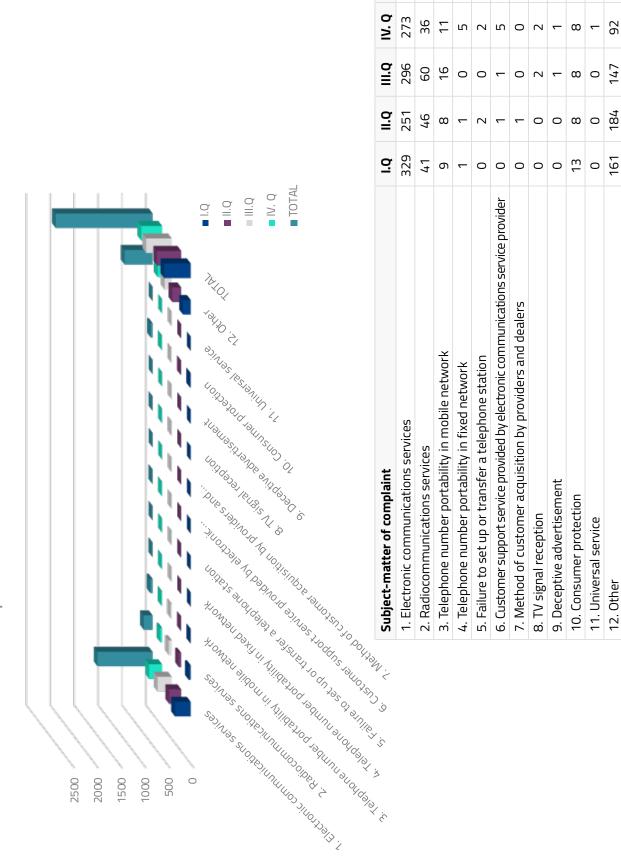


d) other

[■] b) on objection against settlement of complaint on billing statement for service

c) on payment of the price for service (financial claims)

2. Subscriber / user complaints on electronic communications services in 2018



TOTAL 1 149

TOTAL

2a. Customer complaints on postal services in 2018

Subject-ma	atter	TOTAL
1.	Complaints against universal postal services acc. Art. 3 of Postal Services Act	
	delivery of postal consignments up to 2 kg	28
	delivery of postal packages up to 10 kg	10
	delivery of amount of cash by postal order	9
	delivery of registered consignments	95
	delivery of valuable consignments	10
	free of charge delivery of postal consignments up to 7 kg to blind persons	0
	universal foreign postal services	29
	delivery of postal packages up to 10 kg posted from abroad	2
	coupon-response international service	0
	response consignments in international payment	0
	delivery of printed matter bad service	0
TOTAL		183
2.	Complaints against postal services	
	long waiting times	8
	post offices opening hours	2
	change of depository post office	9
	delivery of postal consignments	247
	dealing with complaints	170
	violation of postal secrecy	10
	postal consignments to/from abroad	37
	delivery of official instruments	2
	information requests	12
TOTAL		497

3. Overview of issued decision on individual authorizations to use radio frequencies in 2018

				Number o	f decisions
		Type of authorisation		to grant¹)	to revoke
				author	isation
1.		Fixed line service			
			total	5817	4098
	out of which	point-point		5704	4059
		point-multipoint		113	39
2.		Amateur service			
			total	891	0
	out of which	individuals		822	0
		club stations		53	0
		repeaters and packet nodes		16	0
3.		Satellite service			
			total	7	2
	out of which	VSAT		1	1
		SNG		6	1
4.		Aeronautical service			
			total	931	107
	out of which	aircraft stations		851	98
		aeronautical stations		80	9
5.		Maritime service			
			total	126	28
	out of which	ship stations		123	28
		costal stations		3	0
6.	В	Broadcasting service			
			total	556	1
	out of which	television transmitters		241	1
		radio transmitters		315	0
7.	I	Land mobile service			
			total	665	154
8.	Other ra	diocommunications service			
			total	66	0
	otu of which	radio-location service		66	0
9.	Sho	rt-term authorisations			
			total	292	0
	out of which	fixed line service		88	0
		amateur service		4	0
		land mobile service		174	0
		aeronautical mobile service		1	0
		satellite service		18	0
		broadcasting service		7	0

1) newly issued authorisations and authorisations with extended validity

Abbreviations:

VSAT - very small aperture terminal SNG - satellite news gathering

4. Verification of professional competence to operate radio equipment in 2018

			Num	Number of certificates	
	Type of professional competence certificate	issued based on exams	with an extended validity	issued within a year of their expiration	duplicates, changes, recognition of competence
_	Restricted certificate for radio operator of maritime mobile service (OF, OFN)	586	362	147	o
2	Restricted certificate for radio operator of aeronautical mobile service (OFC, OFM, OFL)	929	756	226	18
က	General certificate for radio operator of maritime mobile service (VF, VFN)	70	172	54	ſΩ
4	General certificate for radio operator of aeronautical mobile service (VF, VFL)	272	877	122	213
2	Restricted certificate for operator of maritime mobile service (SRC)	27	O	9	æ
9	General certificate for operator of maritime mobile service (LRC)	0	_	_	0
7	General certificate for operator of maritime mobile service (GOC, GO)	_	21	Е	9
∞	Restricted certificate for operator of maritime mobile service (ROC)	0	0	0	0
6	Certificate for radiotelegraph operator	0	~	0	0
10	Harmonised Amateur Radio Examination Certificate (HAREC)	72	0	0	0
11	Amateur Radio Operator Certificate (NOVICE)	14	0	0	0
Total		1638	1770	559	254

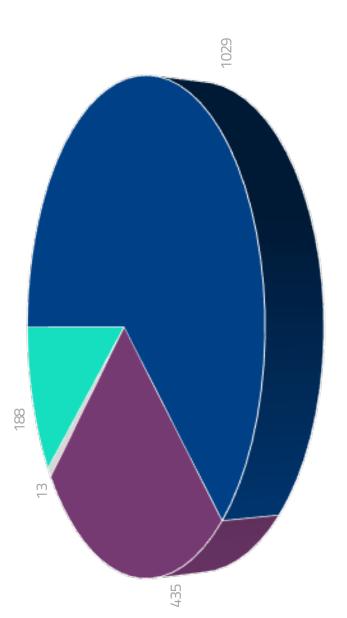
5. Identification of source of interference with operation of electronic communications equipment and networks or with provision of electronic communications or radiocomunications services in 2018

Identification of source of interference	2018
Radio and television reception	1029
Radio equipment and networks	435
Public communication networks for the transmission of R and TV signals (TKR)	13
Other (joint television aerials)	188









6. Overview of inspection activity of postal services and subscriber disputes in 2018

	Cert /insp	Certificates /inspections				Issued d	Decic	Decided in favour of	Ot	<u>е</u>	Imposed fines	Administrative proceedings
Type of activity	Total	Out of which	n the view of of services	itive procee- revious period	administrative edings	ecisions*)	subscriber	provider	her	number	amount in CZK	carried over to subsequent period
Number of issued certificates on notification of business activity	7	0	0	0	0	0	0	0	0	0	0	0
Number of changes to certificate on notification of business activity	2	0	0	0	0	0	0	0	0	0	0	0
Exercise of postal activity without a certificate	0	0	0	0	0	0	0	0	0	0	0	0
Compliance with conditions acc. to the Postal Services Act	16	0	0	0	2	2	0	0	0	7	39500	0
a) compliance with postal conditions acc. to Art. 6 of the Act	0	_	0	0	~	_	0	0	0	_	35500	0
b) compliance with conditions of qualitative requirements acc. to Decree No. 464/2012 Coll	0	15	0	0	~	_	0	0	0	_	4000	0
Deciding on objections against settlement of complaints acc. to Art. 6a of the Postal Services Act	0	0	0	83	405	386	81	205	86	0	0	66
Deciding on disputes acc. to Art. 37(3)(a) of the Postal Services Act	0	0	0	0	0	0	0	0	0	0	0	0
Failure to provide information acc. to Art. 32(a) of the Postal Services Act	0	0	0	0	7	0	0	0	0	0	0	2
	77	0	0	13	48	44	0	0	0	36	910900	17
TOTAL	102	16	0	96	456	434	81	205	86	40	006686	118

7. Overview of monitoring activities in the exercise of control of electronic communications in 2018

		Certif	Certificates	Ca		Com			<u></u>		
		/inspe	/inspections	alls to p			Issu		e E	Imposed rines	ried ov
	Type of activity	Total	Out of which	provide remedy	ative proceedings revious period	ed administrative oceedings	ed decision	Other	number	amount in CZK	ative proceedings er to subsequent period
-	Exercise of communication activity without a certificate	26	0	0	0	15	14	0	14	245 000	_
2	Compliance with conditions of general authorisation	453	0	229	თ	272	274	0	268	6 962 000	7
	a) to provide public communications networks and associated facilities	0	0	0	0	0	0	0	0	0	0
	b) to provide electronic communications services	0	ю	0	_	2	2	0	7	11 000	_
	c) to use radio frequencies and operate devices (radio equipment)	0	450	229	ω	270	272	0	592	6 95 1 000	9
w.	Inspection of radio frequencies	218	0	-	0	108	109	0	70	1 315 000	0
	a) use of radio frequencies without an authorisation to do so	0	147	0	0	61	61	0	22	1 256 000	0
	b) compliance with conditions of individual authorisation to use radio frequencies	0	71	-	0	13	13	0	13	29 000	0
4.	Identification of sources of interference with operation of electronic communications equipment and networks, with provision of electronic communications or radiocommunications services	1665	0	0	0	34	34	0	18	126 000	0
	a) radio and television reception (broadcasting service)	0	1029	0	0	0	0	0	0	0	0
	b) radio equipment and network	0	435	0	0	33	33	0	17	121 000	0
	c) public communications network for transmission of R and TV signals (TKR)	0	13	0	0	0	0	0	0	0	0
	d) other	0	188	0	0	_	_	0	_	2 000	0
52	Inspection of numbers for the purpose of number management (number of inspection calls)	10	0	0	_	0	0	0	0	0	_
	a) use of numbers without and authorisation to do so	0	0	0	_	0	0	0	0	0	1
	b) use of numbers in conflict with an authorisation for their use	0	10	0	0	0	0	0	0	0	0
7.	Monitoring of radio spectrum for the purpose of radio spectrum management	2413	0	0	0	0	0	0	0	0	0
	a) measuring time use of frequencies and frequency bands	0	113	0	0	0	0	0	0	0	0
	b) measuring territorial coverage with radio signal	0	თ	0	0	0	0	0	0	0	0
	c) measuring the intensity of electromagnetic field	0	12	0	0	0	0	0	0	0	0
	d) other	0	2279	0	0	0	0	0	0	0	0
œ	Failure to provide information acc. to Art. 115 of the Electronic Communications Act	274	0	0	20	25	22	0	20	110 000	23
o.	Other	349	0	62	30	328	330	0	314	3 069 900	28
	ТОТАL	2408		262	09	792	769	0	690	11 582 900	29

8. Measures of general nature acc. to the Electronic Communications Act issued in 2018

00P - G	00P - General authorisation				
Number	Registration number of OOP	Title of 00P	Date	Number of telecommunication bulletin dated	Effective from
-	VO-R/2/05.2018-5	Measure of general nature (General authorisation) to use radio frequencies and to operate stations of local wireless information systems (BMIS) in the 70 MHz band acc. to Art. 9(2)	15.5.2018	7/2018 dated 17.5.2018	1.7.2018
2	VO-R/1/12.2018-8	Measure of general nature (General authorisations) to operate user radio network terminals of electronic communications acc. To Art. 9(2)	18.12.2018	14/2018 dated 20.12.2018	1.2.2019
000	00P - Radio spectrum utilisation plan				
Number	Registration number of 00P	Title of 00P	Date	Number of telecommunication bulletin dated	Effective from
m	PV-P/18/01.2018-1	Part of radio spectrum utilisation plan for 12.5-14.5 GHz frequency band acc. to Art. 16(2)	23.1.2018	3/2018 dated 1.2.2018	15.2.2018
4.	PV-P/21/01.2018-2	Part of radio spectrum utilisation plan for 174-380 MHz frequency band acc. to Art. 16(2)	23.1.2018	3/2018 dated 1.2.2018	15.2.2018
ښ	PV-P/16/04.2018-4	Part of radio spectrum utilisation plan for 21.2-24.25 GHz frequency band acc. to Art. 16(2)	25.4.2018	6/2018 dated 3.5.2018	15.5.2018
9	PV-P/6/06.2018-6	Part of radio spectrum utilisation plan for 1900-2200 MHz frequency band acc. to Art. 16(2)	26.6.2018	9/2018 dated 4.7.2018	16.7.2018
7.	PV-P/20/11.2018-7	Part of radio spectrum utilisation plan for 960-1700 MHz frequency band acc. to Art 16 (2)	7.11.2018	12/2018 dated 12.11.2018	1.12.2018
100	00P - Network plans				
Number	Registration number of 00P	Title of 00P	Date	Number of telecommunication bulletin dated	Effective from
œ́	SP/3/02.2018-3	Network plan amending Network plan on signalization of public communications networks No. SP/3/05.2011-8	6.2.2018	4/2018 dated 15.2.2018	1.3.2018

	Bud	Budget	Final	Actual	% of
	approved	amended	budget	31.12.2018	(5/4)
	2	m	7	Ŋ	9
Aggregate indicators					
Total Incomes	862 490,00	862 490,00		1 065 770,32	123,57%
Total Expenditures	1 251 680,36	1 241 680,36	2 763 018,40	2 488 500,88	%90'06
Specific indicators - Incomes					
Tax Incomes	30 450,00	30 450,00		37 646,01	123,63%
Total non-tax incomes, capital incomes and transfer receivables	832 040,00	832 040,00		1 028 124,31	123,57%
including: total incomes from the European Union budget excl. Common Agricultural Policy	00'0	00'0		00'0	%00'0
Total other non-tax incomes, capital incomes and transfer receivables	832 040,00	832 040,00		1 028 124,31	123,57%
Specific indicators - Expenditures					
Expenditures on securing the achievement of the Czech Telecommunication Office tasks	1 251 680,36	1 241 680,36	2 763 018,40	2 488 500,88	%90'06
including: expenditures covering loss from provision of universal service - special prices	18 346,54	18 346,54	105 000,00	74 720,93	71,16%
expenditures covering loss from provision of universal service - net costs	8 250,00	8 250,00	53 000,00	34 066,38	64,28%
net costs representing unfair financial burden of postal licence holders	00'000 059	650 000,00	1 950 000,00	1 800 000,00	92,31%
other expenditures on securing the achievement of the Czech Telecommunication Office tasks	575 083,82	565 083,82	655 018,40	579 713,57	88,50%
Cross-sectional indicators					
Salaries of employees and other payments for work done	295 033,48	297 533,48	301 830,17	295 300,31	97,84%
Mandatory insurance paid by employer	100 369,87	100 369,87	101 419,87	100 169,79	98,77%
Transfer of culture and social needs fund	5 729,79	5 729,79	5 779,59	5 779,59	100,00%
Salaries of employees in work service except employees in civil service	00'0	00'0	00'0	00'0	%00'0
Salaries of employees in civil service acc. to the Civil Service Act	286 489,70	286 489,70	288 979,29	283 899,79	98,24%
Ensuring readiness for crisis situations according to Act No. 240/2000 Coll.	00'02	70,00	70,00	31,92	%09'54
Total costs jointly financed by the European Union budget without CAP	00'0	00'0	00'0	00'0	%00'0
including: from the state budget	00'0	00'0	00'0	00'0	%00'0
share of the European Union budget	00'0	00'0	00'0	00'0	%00'0
Total costs kept in EDS/SMVS information system of program financing	30 000'00	30 000,00	51 941,46	23 041,89	%96'47

10. Chapter indicators – budget overview for 2019

Aggregate indicators	In thousands CZK
Total Incomes	898 789
Total Expenditures	1 468 076
Specific indicators - Incomes	
Tax incomes ²⁾	44 000
Total non-tax incomes, capital incomes and transfer receivables	854 789
including: total incomes from the European Union budget excl. Common Agricultural Policy	8 725
Total other non-tax incomes, capital incomes and transfer receivables	846 064
Specific Indicators - Expenditures	
Expenditures on securing the achievement of the Czech Telecommunication Office tasks	1 468 076
including: expenditures covering loss from provision of universal service - special prices	95 000
expenditures covering loss from provision of universal service - net prices	37 000
net costs representing unfair financial burden of postal licence holders	750 000
other expenditures on securing the achievement of the Czech Telecommunication Office tasks	586 076
Cross-sectional indicators	
Salaries of employees and other payments for work done	298 855
Mandatory insurance paid by employer 1)	101 223
Transfer of culture and social needs fund	5 692
Salaries of employees in work service except employees in civil service	0
Salaries of employees in civil service acc. to the Civil Service Act	284 578
Ensuring readiness for crisis situations according to Act No. 240/2000 Coll.	70
Total costs jointly financed by the European Union budget without CAP	10 790
including: from the state budget	2 065
share of the European Union budget	8 725
Total costs kept in EDS/SMVS information system of program financing	48 635

¹⁾ mandatory insurance for social security and contribution to the state employment policy and insurance for public health insurance

²⁾ not including income from mandatory insurance for social security and contribution to the state employment policy.

11. Basic personnel data – 2018

1. Segmentation of Employees by Age and Sex - as of 31 December 2018

Age	Men	Women	Total	%
Up to 20 years	_	_	0	_
21 - 30 years	20	38	58	9,83
31 - 40 years	67	94	161	27,29
41 - 50 years	45	86	131	22,20
51 - 60 years	68	94	162	27,46
61 years and over	52	26	78	13,22
Total	252	338	590	100,00
%	42,71	57,29	100,00	x

2. Segmentation of Employees by Education and Sex – as of 31 December 2018

Level of education	Men	Women	Total	%
Primary	0	2	2	0,34
Apprenticeship	1	2	3	0,51
Specialised secondary	0	0	0	-
Full secondary	1	21	22	3,73
Full specialised secondary	39	132	171	28,98
College	1	9	10	1,69
University	210	172	382	64,75
Total	252	338	590	100,00

3. Overall Data on Average Salary – as of 31 December 2018

	Total
Average gross monthly salary	40 650 Kč

4. Overall Data on Conclusion and Termination of Labour/Civil Service Relations in 2018

	Labour relations	Civil service	Total
Entering	4	60	64
Leaving	2	45	47

5. Duration of Labour/Civil Service Relations of Employees – as of 31 December 2018

Duration	Number	%
Up to 5 years	201	34,07
Up to 10 years	174	29,49
Up to 15 years	75	12,71
Up to 20 years	51	8,64
Over 20 years	89	15,08
Total	590	100,00

6. Language Skills of Employees in 2018

Language	Number of selected positions with a determined qualification requirement of a standardized language exam, ordered by level of knowledge		Total amount of determined requirements for	
	Level 1	Level 2	Level 3	systemic positions
English	1	3	1	5
German	_	_	-	_
French	_	_	-	_
Total	1	3	1	5

12. List of complaints as of 31 December 2018 (Article 175 of the Act No. 500/2004 Coll., Administrative Procedure Code)

				Amount of s	Amount of submissions		
	Type of submission	Received	From previousperiod	Settled	Justified	Unjustified	Carried over tosubsequent period
-	Petition *)	_	0		_	0	0
2.	Complaint **)	20	0	20	e	17	0
S	Notice**)	0	0	0	0	0	0
4.	Initiative **)	0	0	0	0	0	0

*) Act No. 85/1990 Coll., on petition right

^{**)} Act No. 500/2004 Coll., Administrative Procedure Code, as amended, Article 175

Frequently used terms

- CTU Czech Telecommunication Office
- Report 2018 Annual Report of the Czech Telecommunication Office
- Act Act No. 127/2005 Coll., on electronic communications and amendment to certain related acts (Electronic Communications Act)
- Postal Service Act Act No. 29/2000 Coll., on postal services and amendment to certain acts
- Code of Administrative Proceedure Act No. 500/2004 Coll., Code of Administrative Proceedure
- MPO Ministry of Industry and Trade of the Czech Republic
- O2 O2 Czech Republic a.s.
- CETIN Česká telekomunikační infrastruktura a.s. (Czech Telecommunication Infrastructure)
- T-Mobile T-Mobile Czech Republic a.s.
- Vodafone Vodafone Czech Republic a.s.
- UPC UPC Česká republika, s.r.o.
- Czech Post Česká pošta, s.p.
- IRG Independent Regulators Group
- ERGP European Regulators Group for Postal Services
- COCOM Communication Committee
- MVNO Mobile Virtual Network Operator
- ITU International Telecommunication Union
- BEREC Body of European Regulators for Electronic Communications
- NGA Next Generation Access
- LTE Long Term Evolution

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