



Telecom Order CRTC 2007-428

Ottawa, 16 November 2007

Télébec, Limited Partnership

Reference: Tariff Notice 356

Residential, business and other services

Introduction

1. The Commission received an application from Télébec, Limited Partnership (Télébec), dated 2 October 2007, in which the company proposed revisions to the following services in its General Tariff: 2.1 – Basic and Regional Services, 2.4 – Switched 56 kbps Access, 2.10 – Emergency Service, 2.27 – Directory Listings, 3.1 – Intra-Exchange Distance Charges, 3.3 – Miscellaneous Services, 6.1 – Interexchange Distance Charges, 8.7 – Télébec 2B+D Integrated Services Digital Network (ISDN) Service.
2. Télébec proposed tariff increases for these services to recover the revenue shortfall in its price cap deferral account. The company indicated that it was filing the application pursuant to Telecom Decision 2007-89. The company also informed the Commission that the proposed revisions would take effect 1 October 2007.
3. The Commission received no comments with respect to the application. The public record of this proceeding is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings."

Background

4. In Telecom Decision 2007-60, the Commission considered that the determinations set out in Telecom Decision 2007-27 would apply to Télébec. The Commission notes that it determined in Telecom Decision 2007-60-1 that, in order to provide Télébec the flexibility to integrate any rate changes for its 2007 price cap filing, all Télébec's tariffed rates would be made interim, effective 1 August 2007.
5. In Telecom Decision 2007-27, the Commission determined that basic residential service rates in urban areas would be capped at existing levels, and that business and other capped services rate increases would be limited to the rate of inflation overall and to a maximum of 10 percent per year for individual rates.
6. In Telecom Decision 2007-89, the Commission approved the following adjustments: (i) an exogenous factor of \$803,435 per year for the recovery of the company's cumulative deferral account shortfall over four years, starting 1 August 2007, and (ii) an exogenous factor of \$3.046 million for the recovery of the company's recurring deferral account shortfall each year, starting 1 August 2007.

7. The Commission identified three issues to be addressed in its conclusions:
- Does the allocation of the exogenous amounts comply with the directives of Telecom Decision 2007-89?
 - Do the proposed rate increases comply with the directives of Telecom Decision 2007-27?
 - Does the de-averaging within residential rate bands comply with the directives of Telecom Decision 2007-27?

Does the allocation of the exogenous amounts comply with the directives of Telecom Decision 2007-89?

8. The Commission considers that the allocation of the exogenous factors for the various service baskets complies with the Commission's directives in Telecom Decision 2007-27.

Do the proposed rate increases comply with the directives of Telecom Decision 2007-27?

9. The Commission finds that the proposed increases in the individual rates for residential, business and other capped services do not exceed the rate element constraints set out in Telecom Decision 2007-27. The Commission concludes that the proposed rate revisions comply with the requirements related to the constraints set out for each basket, whereby the index for the basket of services cannot exceed the limits for the basket of services, for local business services and for the other capped services.

Does the de-averaging within residential rate bands comply with the directives of Telecom Decision 2007-27?

10. In Telecom Decision 2007-27, the Commission considered it appropriate to remove the prohibition on further rate de-averaging for residential services, including optional local services, and authorized price de-averaging down to the individual subscriber. Accordingly, the Commission considers that Télébec's proposed de-averaging within residential rate bands complies with Telecom Decision 2007-27.

Conclusion

11. In light of the preceding, the Commission **approves on an interim basis** Télébec's application, effective 1 October 2007.

Secretary General

Related documents

- *Télébec, Limited Partnership – Part VII application seeking recovery of price cap deferral account shortfall*, Telecom Decision CRTC 2007-89, 14 September 2007
- *Follow-up to Decision 2007-27 – Show cause submission related to the application of the price cap regime to Télébec, Limited Partnership*, Telecom Decision CRTC 2007-60, 30 July 2007, as amended by Telecom Decision CRTC 2007-60-1, 10 August 2007
- *Price cap framework for large incumbent local exchange carriers*, Telecom Decision CRTC 2007-27, 30 April 2007

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