



Telecom Decision CRTC 2016-120

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Bell Canada – Proposal to amalgamate the price cap indices and models of Bell Canada and Bell Aliant Regional Communications Inc.

*The Commission **approves** an application from Bell Canada to amalgamate the price cap indices and models of the company and Bell Aliant Regional Communications Inc.*

Background

1. Price cap regulation generally places upward constraints on the retail and wholesale prices that an incumbent local exchange carrier (ILEC) can charge its customers. Under price cap regulation, regulated services are assigned to baskets with individualized basket constraints (in the form of indices) on rates and, in some instances, specific rate element constraints. ILECs submit price cap models annually to the Commission to demonstrate compliance with the pricing constraints.

Application

2. The Commission received an application from Bell Canada, dated 15 January 2016, in which the company proposed to amalgamate the price cap regimes for Bell Aliant Regional Communications Inc. (referred to in this decision as Bell Aliant) and Bell Canada. Specifically, Bell Canada proposed to combine the current price cap indices (the Service Band Limit [SBL] and Service Band Index [SBI])¹ for each company's respective Residential Non-High-Cost Serving Area (HCSA), Residential HCSA, Business, and Other Capped Services baskets into a combined SBL and SBI for each service basket. Bell Canada also proposed to combine the price cap models for each of these capped services into a single model for each basket. The company provided its proposed methodology to calculate the SBL and SBI for each service basket.
3. Bell Canada submitted that its proposal would reflect the integration of Bell Aliant into Bell Canada on 1 July 2015.² It also submitted that the integration of Bell Aliant into Bell Canada has no effect, from a price cap perspective, on the other regulated

¹ The SBL reflects the annual allowable weighted-average price change. For retail services, it is revised each year by the rate of inflation. The SBI reflects the actual weighted-average price change and must not exceed the SBL in a price cap year. The price cap year runs from 1 June to 31 May the following year. Companies are required to file their SBLs by 31 March each year.

² As a result of this integration, Bell Aliant's wireline operations are now part of Bell Canada.

services that are subject to pricing rules, as the pricing constraints for those services are service-specific, and no aggregate basket-specific constraints apply.

4. The Commission received no interventions regarding Bell Canada's application. The public record of this proceeding, which closed on 17 February 2016, is available on the Commission's website at www.crtc.gc.ca or by using the file number provided above.

Commission's analysis and determinations

5. The Commission has already approved revised Bell Canada tariffs that reflect the integration of Bell Aliant into Bell Canada and the elimination of some of the former Bell Aliant tariffs. Further, the Commission has approved the amalgamation of other ILECs' price cap indices and models in various decisions following similar company consolidations.³
6. Bell Canada's amalgamation proposal to reflect the integration of Bell Aliant into Bell Canada is consistent with previously approved amalgamations. The Commission has reviewed the methodology⁴ that the company proposed to apply to calculate the amalgamated price cap indices and considers it appropriate.
7. In light of the above, the Commission **approves** Bell Canada's application.

Secretary General

Related documents

- *Price cap framework for large incumbent local exchange carriers*, Telecom Decision CRTC 2007-27, 30 April 2007
- *Regulatory framework for second price cap period*, Telecom Decision CRTC 2002-34, 30 May 2002, as amended by Telecom Decision CRTC 2002-34-1, 15 July 2002

³ For example, see Telecom Decisions 2002-34 and 2007-27.

⁴ The company proposed to add the revenue-weighted SBLs and SBIs for Bell Aliant and Bell Canada for each applicable basket.