



Telecom Public Notice CRTC 2005-13

Ottawa, 9 September 2005

Bell Canada proposal for VoIP service pricing in Ontario and Quebec

Reference: 8661-C12-200510562 and Bell Canada Tariff Notice 6900

In this Public Notice, the Commission invites comments on that aspect of an ex parte application by Bell Canada proposing to allow it to have distinct price ranges in Ontario and Quebec for a voice over Internet Protocol service.

The application

1. The Commission received an *ex parte* application by Bell Canada, dated 2 September 2005, to have distinct price ranges in Ontario and Quebec for a voice over Internet Protocol (VoIP) service, thereby permitting Bell Canada to charge different rates within a rate band in Ontario and Quebec.
2. In support of its argument, Bell Canada stated that:

[Bell Canada] is seeking approval of specific ranges for each of Quebec and Ontario in recognition that: 1) it faces vigorous competition in which competing services are priced differently in each of these provinces and, 2) tariffs approved by the Commission for all other incumbent local exchange carriers (ILECs) reflect provincial boundaries. With respect to the first point, [Bell Canada] notes, by way of example, that the monthly rate for Cogeco Cable Inc.'s telephony service is currently \$5 more in Burlington and Oakville, Ontario than in Trois-Rivières, Quebec. Likewise, Vidéotron Télécom Ltée's telephone service offered in Quebec is priced some 22-29 percent less than comparably featured Rogers Communications Inc. telephone service offered in Ontario. Tables 1 and 2 in Attachment 1, set out differences between pricing of competitor service offerings in Ontario and Quebec. Offering only one price across all of these cable company serving territories places Bell Canada's access dependant VoIP service at a significant disadvantage and is not a viable competitive strategy.

With respect to the second point, all other ILECs currently offer telecommunications services at rates which reflect provincial boundaries. There is therefore ample precedent for the provincial pricing that [Bell Canada] is proposing.

Background

3. In *Local Competition*, Telecom Decision CRTC 97-8, 1 May 1997, the Commission found that the rate bands proposed by the Stentor companies were the appropriate geographic areas for determining whether a facility, service or function was essential.

4. In *Restructured bands, revised loop rates and related issues*, Decision CRTC 2001-238, 27 April 2001, the Commission established a rate band structure that provided a reasonable degree of cost homogeneity within each of the rate bands. The rate bands were approved on a provincial basis except for Bell Canada. Bell Canada's rate bands were approved on the basis of its entire serving territory within Ontario and Quebec.
5. In *Regulatory framework for second price cap period*, Telecom Decision CRTC 2002-34, 30 May 2002, the Commission determined that for residential local exchange services, residential optional services including bundles consisting of residential local exchange services and/or optional local services, single and multi-line business local exchange services, and other capped services, rates should not generally be de-averaged further within a rate band. The Commission further determined that should an ILEC seek to further de-average rates for uncapped services, it should provide the rationale in its application.
6. In *Review of price floor safeguards for retail tariffed services and related issues*, Telecom Decision CRTC 2005-27, 29 April 2005, the Commission reaffirmed its policy on rate de-averaging within a rate band.

Call for comments

7. Consistent with its general practice, the Commission intends to consider, on an *ex parte* basis and as expeditiously as possible, Bell Canada's application dated 2 September 2005, except that aspect proposing to have distinct price ranges in Ontario and Quebec for its VoIP service, which would allow Bell Canada to charge a different rate in Ontario than in Quebec. The Commission considers that it is appropriate to initiate a public proceeding to consider this aspect of Bell Canada's application.

Scope of the proceeding

8. The Commission invites parties to comment on Bell Canada's proposal to have distinct price ranges in Ontario and Quebec for a VoIP service, thereby allowing the company to charge different rates within a rate band in Ontario and Quebec.
9. Bell Canada is not proposing to be able to charge different rates within a rate band within a province, and the scope of this proceeding does not include that issue. The scope of this proceeding also does not include the issue of whether rate ranges are appropriate.

Procedure

10. Bell Canada is made a party to this proceeding. Coincident with the issuance of this Public Notice, the Commission has placed Tables 1 and 2 in Attachment 1 of Bell Canada's *ex parte* application on the public record.
11. The Commission invites all interested parties to file written comments with the Commission with respect to the issue described above by **14 September 2005**, serving a copy on Bell Canada by that date. A courtesy copy of all such comments must be sent to Robert Martin at robert.martin@crtc.gc.ca.

12. The Commission will not formally acknowledge comments. It will, however, fully consider all comments and they will form part of the public record of the proceeding.
13. Bell Canada may file written reply comments with the Commission, serving a copy on all parties who filed comments, by **16 September 2005**. A courtesy copy of such reply comments must be sent to Robert Martin at robert.martin@crtc.gc.ca.
14. Where a document is to be filed or served by a distinct date, the document must be actually received, not merely sent, by that date.
15. As noted above, the Commission intends to deal with Bell Canada's application as expeditiously as possible and accordingly would be reluctant to grant extensions to the deadlines specified above.
16. Parties may file their submissions electronically or on paper. Submissions longer than five (5) pages should include a summary.
17. Each paragraph of submissions should be numbered.
18. Where the submission is filed by electronic means, the line *****End of document***** should be entered following the last paragraph of the document as an indication that the document has not been damaged during electronic transmission.
19. Please note that only those submissions electronically filed will be available on the Commission's website and only in the official language and format in which they are submitted.
20. The Commission also encourages parties to monitor the record of this proceeding (and/or the Commission's website) for additional information that they may find useful when preparing their submissions.

Important

21. All information submitted, including your name, e-mail address, and any other information not submitted under a claim for confidentiality, will be posted on the Commission's website. Documents received in electronic format will be posted on the Commission's website exactly as you send them, and in the official language and format in which they are received. Documents not received electronically will be available in .pdf format.

Location of CRTC offices

22. Submissions may be examined or will be made available promptly upon request at the Commission offices during normal business hours:

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Secretary General

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