



Telecom Order CRTC 2006-306

Ottawa, 14 November 2006

TELUS Communications Company

Reference: Former TCI Tariff Notice 568 and TCBC Tariff Notice 4255

Destandardization of Switched 56 Digital Service in Alberta and Datadial Service in British Columbia

*In this Order, the Commission **approves** TELUS Communications Company's applications to destandardize its Switched 56 Digital Service in Alberta and its Datadial Service in British Columbia.*

1. The Commission received two applications by TELUS Communications Company (TCC), both dated 23 August 2006, proposing to destandardize its Switched 56 Digital Service in Alberta and its Datadial Service in British Columbia (collectively, the services).
2. TCC submitted that, although named differently in each province, the services were equivalent in functionality. TCC also noted that the services provided digital access between the customer's service location and the company's public switched telephone network for voice and data communications at speeds up to 56 kilobits per second (Kbps).

Background

3. In paragraph 16 of *New procedures for disposition of applications dealing with the destandardization and/or withdrawal of tariffed services*, Telecom Circular CRTC 2005-7, 30 May 2005 (Circular 2005-7), the Commission indicated that in order for it to properly assess a proposal for the destandardization and/or withdrawal of a tariffed service, the applicant must file an application containing the following information:
 - a) service proposed to be destandardized and/or withdrawn;
 - b) proposed date for destandardization;
 - c) proposed date for ultimate withdrawal of service;
 - d) type of destandardization;
 - e) rationale for the application;
 - f) availability of a substitute, with rationale as to why it is reasonable in terms of equivalent functionality, availability in the same geographical area, and cost (including the initial outlay and ongoing costs to the customer);
 - g) the transition plan;

- h) relevant information concerning existing customers, such as the number of customers affected;
 - i) a copy of the notice to affected customers; and
 - j) any other information the applicant believes is relevant.
4. The Commission further indicated in Circular 2005-7 that if the applicant considered that certain criteria should not apply to a particular application, the applicant was expected to provide submissions regarding why it believed those criteria should not apply.
5. Finally, the Commission stipulated in Circular 2005-7 that the applicant must provide notice to each customer affected by its application to destandardize and/or withdraw a particular service and that the notices should be sent to affected customers on the date the application was filed. In the notice, the applicant had to include items a) to g) set out in paragraph 3 above,¹ as well as clear and detailed information as to how an affected customer could participate in the Commission's process, including the date when comments must be received by the Commission. Further, the Commission noted in Circular 2005-7 that interested parties should be allowed 45 calendar days to comment on an applicant's destandardization and/or withdrawal application.

TCC's application

6. TCC filed the following information in accordance with Circular 2005-7:
- a) service proposed to be destandardized and/or withdrawn:

TCC proposed to destandardize Switched 56 Digital Service in Alberta and Datadial Service in British Columbia.
 - b) proposed date for destandardization:

TCC requested that the Commission grant approval of the proposed destandardization of the services with an effective date of 14 November 2006.
 - c) proposed date for ultimate withdrawal of service:

Not applicable – TCC indicated that its application proposed destandardization of the services, not withdrawal.
 - d) type of destandardization:

TCC explained that under the proposal the services would no longer be offered to new customers as of 14 November 2006. Rather, new customers would be directed towards other services. TCC proposed that the services would continue to be provided, as is, to those

¹ As per paragraph 16 of Circular 2005-7.

customers who were already subscribing to them; however, moves, additions, or changes to the services would not be allowed.

e) rationale for the application:

TCC explained that it was proposing to destandardize the services because production of the central office (CO) cards used to provide the services had been discontinued by the manufacturer and therefore limited its ability to support the services. Further, TCC indicated that although it had a very limited supply of spare CO cards to ensure service to existing customers was maintained without interruption, these CO cards were very reliable. TCC also submitted that technological advancements had rendered existing equipment obsolete. Finally, TCC noted that demand and revenue for the services had been steadily declining.

f) availability of a substitute, with rationale as to why it is reasonable in terms of equivalent functionality, availability in the same geographical area, and cost (including the initial outlay and ongoing costs to the customer):

TCC submitted that the most economical and comparable alternative to the services would be the company's Integrated Services Digital Network – Basic Rate Interface (ISDN-BRI) Service, where available, and that where its ISDN-BRI Service was not available, other service solutions such as its Frame Relay, Business Asynchronous Digital Subscriber Line (ADSL) Service, or High Speed Internet Service would be offered as substitutes.

TCC also submitted that customers would be directed towards TCI (TELUS Communications Inc.) General Tariff item 485, ISDN-BRI Service (item 485), in Alberta, and towards TCBC (TELUS Communications (B.C.) Inc.) General Tariff item 465, ISDN-BRI Service (item 465), in British Columbia. TCC submitted that the monthly non-contracted rate for ISDN-BRI was comparable to the prices of the services.

TCC submitted that in Alberta contracted monthly rates for item 485 were less expensive than Switched 56 Digital Service rates across all rate bands and all contract lengths. In fact, according to TCC, the longer the contract term, the more economical item 485 would become compared to Switched 56 Digital Service. Similarly, TCC noted that in British Columbia the contracted monthly rates for item 465 were less expensive than those for Datadial Service. Finally, TCC indicated that ISDN-BRI service charges were less expensive than the service charges of the services.

Regarding using its Frame Relay service as a possible substitute for the services, TCC submitted that although both Frame Relay's initial costs, which included equipment and installation, and its ongoing monthly rate were higher than in the case of the services, Frame Relay was a more effective service because it provided data communication at higher speeds, starting at 56 Kbps and going up to 45 megabits per second (Mbps), which allowed for more functionalities and add-on features.

Regarding using its Business ADSL Service as a substitute, TCC noted that its initial costs were more than those of the services but less than its Frame Relay service. In addition, TCC indicated that although its Business ADSL Service's monthly ongoing costs were significantly higher than those of the services, it was priced to reflect the faster speeds, starting at 1.5 Mbps and going up to 15 Mbps, offered for this managed service.

Finally, TCC noted that its High Speed Internet Service was another alternative service option that had less expensive upfront and monthly rates than those of the services. However, TCC conceded that the availability of its High Speed Internet Service was currently limited as the company continued to expand the service throughout its operating territory.

g) the transition plan:

TCC indicated that the company intended to work with customers to migrate them to the alternative services described in its application, especially at the time of contract expiry or service calls.

h) relevant information concerning existing customers, such as the number of customers affected:

TCC provided information regarding the existing number of customers and revenue, as well as information regarding the declining customer base associated with the services.

i) a copy of the notice to affected customers:

TCC stated that it had notified existing subscribers of its application by way of a letter that was sent at the same time as its application was filed. TCC provided a copy of the customer notification letter with its application. The letter included Commission contact information and provided customers with a comment period of 45 calendar days, as required in Circular 2005-7.

j) any other information the applicant believes is relevant:

No additional information was filed.

7. The Commission received no comments regarding this application.

Commission's analysis and determination

8. The Commission notes TCC's proposal that moves, additions, or changes to the services would not be allowed and finds this provision to be reasonable in light of the CO cards being discontinued by the manufacturer and TCC's limited supply of spare CO cards.

9. The Commission finds that TCC has identified reasonable substitutes for the services.

10. The Commission further finds that TCC has fulfilled the customer notification and evidentiary requirements of Circular 2005-7 and considers TCC's applications to destandardize the services to be reasonable.

11. In light of the above, the Commission **approves** both of TCC's applications, effective 14 November 2006.

Secretary General

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