



## Telecom Order CRTC 2006-8

Ottawa, 10 January 2006

### Bell Canada

Reference: Tariff Notices 6866 and 6866A

### 3-1-1 Service

#### The application

1. The Commission received an application by Bell Canada, dated 15 April 2005, proposing revisions to its General Tariff to introduce item 6001, 3-1-1 service, pursuant to *Assignment of 3-1-1 for non-emergency municipal government services*, Telecom Decision CRTC 2004-71, 5 November 2004 (Decision 2004-71).
2. Bell Canada proposed two 3-1-1 service options:
  - 3-1-1 Area Code/Exchange routing (3-1-1 exchange), offered at no cost to the municipalities where municipal boundaries and exchange boundaries are aligned with one another; and
  - 3-1-1 Municipal Boundary routing (3-1-1 municipal), offered at the following rates to the municipalities where the municipal boundaries and exchange boundaries are not aligned with one another:
    - monthly access fee of \$400;
    - one-time service charge of \$2,500;
    - change order charge of \$300;
    - municipality profile report – initial report free, subsequent reports \$75 each; and
    - routing usage charge of \$0.08 per call with increasing discounts ranging from 5 percent to 35 percent applied to the monthly volume of calls ranging from 5,000 to over 45,000 per month.
3. In support of its application, Bell Canada filed the *Bell Canada Report on the Economic Evaluation for the Introduction of Municipal Boundary Routing* (the Bell Canada Report), which included an imputation test. Bell Canada filed the Bell Canada Report in confidence pursuant to section 39 of the *Telecommunications Act* (the Act) and accordingly provided an abridged version for the public record.

## Process

4. On 3 May 2005, the City of Toronto on behalf of itself, the City of Calgary, Halifax Regional Municipality, La Ville de Gatineau, La Ville de Montréal and the Regional Municipality of Halton (Toronto et al.) filed comments, requesting that the Commission:
  - include a process for interrogatories and issue a public notice and/or extend the deadline for comments;
  - grant interim approval to Bell Canada's application to permit municipalities and telecommunications service providers (TSPs) to proceed with the implementation of 3-1-1 service pending the completion of this proceeding by allowing the municipality to provide notice as required by Decision 2004-71 to the TSPs of the municipality's intention to implement 3-1-1 service; and
  - direct Bell Canada to disclose, on the public record or in camera to Toronto et al., the information filed under a claim of confidentiality under section 39 of the Act in respect of the Bell Canada Report.
5. By letter dated 12 May 2005, Bell Canada supported Toronto et al.'s request for interim approval of its application, and the extension of time for the filing of comments.
6. By letter dated 13 May 2005, the Commission issued a revised schedule with regard to Tariff Notice 6866 (TN 6866), to allow Toronto et al. additional time to comment and to address interrogatories to Bell Canada. In the revised schedule the Commission also required Bell Canada to file a reply to Toronto et al.'s request for disclosure by 18 May 2005.
7. In *Bell Canada – 3-1-1 Service*, Telecom Order CRTC 2005-177, 13 May 2005, the Commission granted interim approval to TN 6866. The Commission recognized that unless Bell Canada's application was granted interim approval municipalities would be delayed in providing 3-1-1 service to their constituents, as the municipalities would be unable to provide the notice required by Decision 2004-71.
8. On 16 May 2005, Bell Canada amended its application, by Tariff Notice 6866A (TN 6866A) to remove the following clause in item 6001.3(c)(3) for the interim approval period and pending further discussion with Toronto et al.:

For each exchange that is shared by two or more municipalities, the 3-1-1 municipality must obtain written agreement from each of the other municipalities sharing that exchange with respect to the routing instructions that have been provided to Bell Canada.
9. On 18 May 2005, Bell Canada filed a reply to Toronto et al.'s request for disclosure.
10. By letter dated 20 May 2005, Toronto et al.'s request for disclosure was denied.

11. In *Bell Canada – 3-1-1 Service*, Telecom Order CRTC 2005-209, 30 May 2005, the Commission approved TN 6866A on an interim basis, so that municipalities which wanted to proceed with the implementation of 3-1-1 service could do so without the need for an agreement with neighbouring municipalities with which they shared an exchange and which had not made a decision regarding the implementation of 3-1-1 service.
12. On 30 May 2005, Toronto et al. filed comments and addressed interrogatories to Bell Canada. On 13 June 2005, Bell Canada filed its responses to Toronto et al.'s interrogatories.
13. On 7 July 2005, Toronto et al. and Quebecor Média Inc. (QMI), on behalf of its subsidiaries Videotron Telecom Ltd. and Vidéotron ltée, filed comments. On 18 July 2005, the Mayor of the Halifax Regional Municipality (Halifax), as chair of the Big City Mayors' Working Group on Public Safety and Emergency Preparedness filed comments. On 20 July 2005, Toronto et al. and Bell Canada filed reply comments.

### **Background**

14. In Decision 2004-71, the Commission was of the view that the cost of implementing 3-1-1 service should be considered a cost of doing business and, as such, each TSP should bear the costs of the basic implementation. Accordingly, the Commission directed the TSPs to assume, on an incremental basis, the costs of the basic switch modifications and network changes necessary for the implementation of 3-1-1 service.
15. In Decision 2004-71, the Commission noted that where municipal and exchange boundaries were not aligned, the TSPs would incur certain additional costs to provision 3-1-1 service according to municipal boundaries. The Commission noted that where 9-1-1 service had been implemented based on municipal boundaries rather than exchange boundaries, the parties in question had negotiated an agreement. The Commission considered that where the exchange boundary and the municipal boundary were different, the routing arrangements should be based on the exchange boundaries, unless otherwise negotiated by the municipality and the TSPs operating in that area. The Commission was of the view that if special routing arrangements were made upon a municipality's request, the TSPs should not bear the cost of provisioning such arrangements.

### **Issues**

16. The issues to be addressed in this proceeding are:
  - a) Whether approval of a tariff for 3-1-1 service is in the public interest;
  - b) 3-1-1 costing issues;
  - c) Exchange boundaries;
  - d) Requirement for an agreement between municipalities; and
  - e) Classification of a new service under the price cap.

***a) Whether approval of a tariff for 3-1-1 service is in the public interest***

*Positions of parties*

17. Toronto et al. supported the introduction of 3-1-1 service but argued that approval of Bell Canada's tariff for 3-1-1 service was not in the public interest. Toronto et al. submitted that the proposed rates for 3-1-1 municipal undermined the Commission's public interest goals for 3-1-1 service, as it would hinder the provision of this service by municipalities to their local communities. Toronto et al. was of the view that the approval of Bell Canada's application would establish a precedent which would affect all N-1-1 services and set the stage for other TSPs to make similar applications with respect to 3-1-1 service.
18. Bell Canada stated that it had filed its application to comply with Decision 2004-71 and section 25 of the Act and that its approval would be in the public interest. Bell Canada noted that there was no requirement on the part of any prospective customer of 3-1-1 service to select the 3-1-1 municipal option. Bell Canada stated that Toronto et al. could opt for 3-1-1 exchange service if it objected to the rates proposed for 3-1-1 municipal service. Bell Canada argued that if Toronto et al. was objecting to the existence of rates for 3-1-1 municipal service, such objections would be more properly framed as an application to review and vary Decision 2004-71. Bell Canada submitted that it was not appropriate to reargue matters determined in that Decision in the context of the proposed tariff.
19. Halifax stated that it had strong concerns regarding any decision to implement tariffs which would be detrimental, or serve to place any obstacles or impose delays on the implementation of 3-1-1 service.

*Commission's analysis*

20. The Commission is of the view that approving a tariff for 3-1-1 service supports the public interest in that service, as a tariff ensures that the service is available under just and reasonable rates, terms and conditions. In addition, since 3-1-1 service is a telecommunications service, a tariff is required. The Commission notes that only sections 9 and 34 of the Act give the Commission the power not to require the filing of tariffs for a telecommunications service, and neither section applies in this instance.

***b) 3-1-1 costing issues***

*Positions of parties*

21. Toronto et al. objected to the rates for 3-1-1 municipal service and, in particular, submitted that the charge of \$0.08 per call would not be just and reasonable under subsection 27(1) of the Act. Toronto et al. submitted that the monthly access fee was adequate to recover Bell Canada's legitimate costs and that any return on investment was inappropriate where it resulted in the imposition of additional costs for a public service.

22. Bell Canada noted that the specific rates proposed for 3-1-1 municipal were designed to recover the costs it incurred in provisioning this service option. Bell Canada submitted that those rates complied with the requirements of Decision 2004-71.
23. QMI opposed Toronto et al.'s intervention and submitted that if Bell Canada's applications were denied, Bell Canada would have to absorb the costs of implementing 3-1-1 municipal service. QMI supported the principle underlying Bell Canada's application that local exchange carriers (LECs) must be afforded the opportunity to recover the costs for optional 3-1-1 routing requests that go beyond the LECs' basic exchange boundary, as established by the Commission in Decision 2004-71.

*Commission's analysis*

24. The Commission has reviewed the costing information and is satisfied that the proposed rates for 3-1-1 municipal service meet the imputation test. Further, the Commission considers that the rates for 3-1-1 service are just and reasonable.
25. The Commission notes that Bell Canada stated that for a given municipality only phone numbers located within shared exchanges (i.e., exchange boundaries that do not align with municipal boundaries) would be subject to municipal routing and per call fees. The Commission notes, however, the description in the proposed tariff pages for the Routing Usage Charges is not clear that the routing usage charge would only apply to calls from within a shared exchange. Accordingly, the Commission is of the view that Bell Canada should clarify in the Routing Usage Charges section that only the calls originating from within a shared exchange will be subject to the routing usage charges.

*c) Exchange boundaries*

*Positions of parties*

26. Toronto et al. argued that because exchange boundaries were arbitrarily determined by Bell Canada, municipalities should not be required to bear additional costs to provide services to residents who reside in an exchange area which happens to extend beyond the municipal boundary. Toronto et al. submitted that such boundaries should be adjusted to conform with municipal boundaries wherever possible.
27. Bell Canada submitted that the issue of cost recovery for 3-1-1 exchange and for 3-1-1 municipal services was clearly addressed by the Commission in Decision 2004-71.

*Commission's analysis*

28. The Commission notes the issues raised by Toronto et al. with respect to the differences between municipal and exchange boundaries were addressed in Decision 2004-71. The Commission also notes that the exchange boundaries are tied to a telephone company's network architecture, and that changes to exchange boundaries would be costly for the telephone company to implement. The Commission further notes that the implementation of such boundary changes would have a significant impact on telephone subscribers in the affected exchanges.

*d) Requirement for an agreement between municipalities*

*Positions of parties*

29. Toronto et al. argued that the requirement for an agreement between municipalities might create severe difficulties for municipalities seeking to implement 3-1-1 service in a timely manner where exchanges are shared by two or more municipalities.
30. Bell Canada submitted that agreements between municipalities sharing an exchange were necessary in order to determine call routing instructions. Bell Canada indicated that this was because the routing instructions for the first municipality would also apply to neighbouring municipalities that share an exchange. Bell Canada further submitted that 3-1-1 municipal service requires the cooperation of these municipalities with respect to the transfer of 3-1-1 calls from one municipality to the other.

*Commission's analysis*

31. The Commission notes that for 3-1-1 municipal service where an exchange overlaps municipalities, there could be contention in the 3-1-1 call routing arrangements. Consequently, the Commission considers that it would be in the best interests of municipalities to reach a routing instruction agreement to ensure the orderly functioning of 3-1-1 municipal service. The Commission notes that, in order to implement orderly call routing, such agreements are required prior to 3-1-1 service being activated. Accordingly, the Commission finds that the requirement for an agreement between municipalities that share an exchange must be reinstated in Bell Canada's tariff for 3-1-1 service.
32. The Commission notes that some municipalities that have implemented 3-1-1 service during the interim period may have implemented 3-1-1 call routing instructions without entering into such agreements. The Commission expects those municipalities to formalize such agreements with each of the municipalities with which they share an exchange in accordance with the 3-1-1 tariff.

*e) Classification of a new service under the price cap*

33. Bell Canada did not provide a price cap classification.
34. The Commission considers that the appropriate service basket for the 3-1-1 service would be the Other Capped Services basket, as 3-1-1 is a non-emergency service.

**Commission's determinations**

35. The Commission **approves on a final basis** Bell Canada's application with the following changes. Bell Canada is to:
  - reinstate the clause removed in TN 6866A, requiring a municipal agreement on call routing arrangements for shared exchanges;

- add a statement in item 6001.4(d) Routing Usage Charges, specifying that the routing usage fees only apply to the calls originating from within a shared exchange; and
  - issue revised tariff pages.
36. The Commission directs that the 3-1-1 service be assigned to the Other Capped Services basket.
37. The revisions take effect the date of this Order.

Secretary General

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