



## Telecom Public Notice CRTC 2006-15

Ottawa, 30 November 2006

### Review of proposals to dispose of the funds accumulated in the deferral accounts

Reference: 8678-C12-200615578 and 8638-C12-200602708

*In this Public Notice, the Commission initiates a proceeding to consider the proposals submitted by Bell Aliant Regional Communications, Limited Partnership, Bell Canada, MTS Allstream Inc., Saskatchewan Telecommunications, and TELUS Communications Company to dispose of the funds accumulated in their deferral accounts.*

#### Background

1. In *Disposition of funds in the deferral accounts*, Telecom Decision CRTC 2006-9, 16 February 2006 (Decision 2006-9), the Commission set out the guidelines for the disposition of funds accumulated in the deferral accounts of the following incumbent telephone companies: Aliant Telecom Inc. (Aliant Telecom),<sup>1</sup> Bell Canada, MTS Allstream Inc. (MTS Allstream), Saskatchewan Telecommunications (SaskTel), TELUS Communications Inc. (TCI),<sup>2</sup> Société en commandite Télébec (Télébec), and TELUS Communications (Québec) Inc. (TELUS Québec).<sup>3, 4</sup> The Commission concluded that these incumbent telephone companies should, to the greatest extent possible, propose to use funds accumulated in their deferral accounts for initiatives to expand broadband services to rural and remote communities and to improve accessibility to telecommunications services for persons with disabilities.

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<sup>1</sup> On 7 July 2006, Bell Canada's regional wireline telecommunications operations in Ontario and Quebec were combined with, among other things, the wireline telecommunications operations of Aliant Telecom, Société en commandite Télébec, and NorthernTel, Limited Partnership to form Bell Aliant Regional Communications, Limited Partnership (Bell Aliant).

<sup>2</sup> Effective 1 March 2006, TCI assigned and transferred all of its network assets and substantially all of its other assets and liabilities, including substantially all of its service contracts, to TELUS Communications Company (TCC).

<sup>3</sup> Effective 1 July 2004, TCI (now TCC) assumed all rights, entitlements, liabilities, and obligations relating to the provision of telecommunications services in the territory previously served by TELUS Québec. All references to TELUS Québec in this Public Notice refer to TCC's operations in Quebec.

<sup>4</sup> In *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 (Decision 2002-34), the Commission imposed a pricing constraint equal to inflation less a productivity offset of 3.5 percent on residential local services in non-high-cost serving areas. However, in order to avoid an adverse impact on local competition, the Commission required that all incumbent telephone companies that were subject to the determinations in Decision 2002-34 create a deferral account where they placed amounts equal to the revenue reductions that would otherwise have resulted from an application of the price cap formula. Deferral accounts were subsequently established for Télébec and TELUS Québec in *Implementation of price regulation for Télébec and TELUS Québec*, Telecom Decision CRTC 2002-43, 31 July 2002.

2. In particular, the Commission directed each of these incumbent telephone companies with a positive accumulated balance in its deferral account to allocate a minimum of five percent to fund programs to improve accessibility to telecommunications services for persons with disabilities. These incumbent telephone companies were directed to consult and work with the appropriate advocacy organizations for persons with disabilities prior to submitting their proposals for approval. The Commission also directed those incumbent telephone companies that wished to pursue broadband expansion to the customer premises in communities located primarily in Bands E and F in high-cost serving areas, where service was not available from any service provider and was not part of their existing commitments or previously planned roll-out, to file proposals in accordance with the guidelines set out in Decision 2006-9. In preparing their proposals, the incumbent telephone companies were to exclude communities that had received funding, or that had been approved for funding, from any government broadband expansion program.
3. By Commission letter dated 10 March 2006, interested parties to *Review and disposition of deferral accounts for the second price cap period*, Telecom Public Notice CRTC 2004-1, 24 March 2004, which initiated the proceeding leading to Decision 2006-9, were advised of the requirements applicable to the filing of broadband expansion proposals.
4. On 1 September 2006, Bell Canada – for its serving territories and the serving territories of Bell Aliant Regional Communications, Limited Partnership (Bell Aliant) in Ontario and Quebec, Bell Aliant – for its Atlantic region serving territory, and TELUS Communications Company (TCC) – for its Alberta, British Columbia and Quebec serving territories, submitted proposals on how to eliminate accumulated funds in their respective deferral accounts. SaskTel filed its proposals on 1 September and 2 October 2006, and MTS Allstream's proposals were filed on 20 October 2006.
5. Bell Canada, TCC, and MTS Allstream submitted proposals both to expand broadband services and to improve accessibility to telecommunications services for persons with disabilities. Each of these companies included in its broadband expansion proposal the lists of communities in which it proposed to expand broadband services. Bell Aliant submitted, for its Atlantic region serving territory, a proposal to allocate five percent of the accumulated balance in its deferral account to improve access to telecommunications services for persons with disabilities.<sup>5</sup> SaskTel submitted proposals to allocate the entire balance in its deferral account to improving accessibility to telecommunications services for persons with disabilities within its territory.
6. In this Public Notice, these five telephone companies are collectively referred to as the incumbent local exchange carriers (ILECs).

### **Issues to be addressed within this proceeding**

7. The Commission hereby initiates a proceeding to invite comments on the ILECs' proposals to expand broadband services and to improve accessibility to telecommunications services for persons with disabilities.

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<sup>5</sup> Bell Aliant did not file a broadband proposal. Under cover of a separate application dated 18 October 2006, which the Commission is considering separately, Bell Aliant proposed to use the remaining accumulated funds in its deferral account to partially eliminate the estimated recurring shortfall in its account.

8. With regard to broadband expansion, consistent with paragraph 195 of Decision 2006-9, the ILECs were to ensure that the communities selected for broadband expansion would be those communities unlikely to receive broadband services from any service provider in the near future.
9. Any alternative broadband service provider who intends to file submissions in this proceeding with respect to the exclusion of any community on the basis that it is already served or is likely to be served in the near future, must file the following information with the Commission by **19 January 2007**:
  - a) For each community it currently serves that also appears on an ILEC's lists of identified communities in which it proposes to expand broadband services:
    - i. the name, location, and size of the community being served;
    - ii. the number of subscribers being served;
    - iii. the extent to which the service is available to the entire community (taking into account capacity limitations), and if the service is not available to the entire community, the extent to which it will be during the ILEC's planned roll-out period (taking into account capacity limitations), and the detailed roll-out plan by year (including mapping and the number of potential customers to whom the service will be available);
    - iv. a description of the current service offering(s), including all relevant rates, terms and conditions, speed levels (upload and download), and reliability; and
    - v. a description of the technology employed.
  - b) For each community that also appears on an ILEC's lists of identified communities in which it proposes to expand broadband services, where the alternative broadband service provider is not currently providing broadband services to customers, but has firm plans, approved by its board of directors, to begin providing such services during an ILEC's planned roll-out period for its broadband expansion program:
    - i. the name, location, and size of the community that the alternate broadband service provider has firm plans to serve;
    - ii. the extent to which the service will be available to the entire community (taking into account capacity limitations), and the detailed roll-out plan by year (including mapping and the number of potential customers to whom the service will be available);

- iii. a description of the planned service offering(s), including all relevant rates, terms and conditions, speed levels (upload and download), and reliability; and
- iv. a description of the technology to be employed.

## **Other related matters**

### **Impact of outstanding CDNA and CDN proceedings**

10. In *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, the Commission concluded that the ILECs should be compensated, including through draw-downs from the deferral accounts, for revenue reductions due to the introduction of competitor digital network access (CDNA) services. Similarly, in *Competitor Digital Network Services*, Telecom Decision CRTC 2005-6, 3 February 2005, as amended by Telecom Decision CRTC 2005-6-1, 28 April 2006, the Commission determined that it was appropriate to compensate ILECs for lost revenue due to migrated demand to competitor digital network (CDN) services and that each ILEC's deferral account would be used to fund this compensation.
11. The Commission notes that upcoming decisions related to CDNA and CDN services and other matters may have an impact on the amounts of funds remaining in the deferral accounts for broadband expansion and accessibility initiatives. Therefore, parties are advised that Commission determinations with regard to an ILEC's proposals will take into consideration the balance remaining in the ILEC's deferral account at the time of these determinations. With respect to the ILECs' broadband expansion proposals, final determinations with regard to years beyond the first year of the roll-out plans will be made in the context of the annual update process described in the Commission's 10 March 2006 letter.

### **Petition to review and vary Decision 2006-9**

12. On 2 June 2006, Barrett Xplore Inc. (BXI) filed an application pursuant to section 62 of the *Telecommunications Act* and Part VII of the *CRTC Telecommunications Rules of Procedure*, requesting that the Commission review and vary certain aspects of Decision 2006-9 pertaining to the subsidization of broadband facilities to serve rural and remote areas of Canada. BXI also requested a stay of implementation of those same aspects of Decision 2006-9 pending completion of the Commission's review.
13. The Commission notes that the record of the proceeding concerning BXI's application is complete. The Commission is considering BXI's application in a separate proceeding.

## **Procedure**

14. The proposals submitted by the ILECs to use funds accumulated in their deferral accounts to expand broadband services and improve accessibility to telecommunications services for persons with disabilities, pursuant to the determinations in Decision 2006-9, and other relevant information received by the Commission, will be considered part of the public record for this proceeding.

15. Bell Aliant, Bell Canada, MTS Allstream, SaskTel, and TCC are made parties to this proceeding.
16. Other parties wishing to participate fully in this proceeding (including receiving copies of all submissions) must notify the Commission of their intention to do so by filling out the online form, or by writing to the Secretary General, CRTC, Ottawa, Ontario, K1A 0N2, or by faxing to the attention of the Secretary General at: 819-994-0218 by **15 December 2006** (the registration date). Parties are to provide their email addresses, where available. If parties do not have access to the Internet, they are to indicate in their notice whether they wish to receive disk versions of hard-copy filings.
17. The Commission will issue on its website, as soon as possible after the registration date, a complete list of interested parties and their mailing addresses (including their email addresses, if available), identifying those parties who wish to receive disk versions.
18. Any person who wishes merely to file written comments in this proceeding, without receiving copies of the various submissions, may do so by writing to the Commission by **1 June 2007** at the address or fax number noted above, or by filling out the online form.
19. 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.
20. Concurrent with the issuance of this Public Notice, the Commission will be issuing interrogatories to the ILECs. Responses are to be filed with the Commission and served on all parties by **19 January 2007**.
21. As noted above, all alternative broadband service providers who intend to file submissions in this proceeding with respect to the exclusion of any community on the basis that it is already served or is likely to be served, are required to file the information described in paragraph 9 with the Commission and serve it on all other parties by **19 January 2007**.
22. Any party referenced in paragraph 15, or that has notified the Commission of its intention to participate in accordance with the procedure in paragraph 16, may request the public disclosure of information for which confidentiality has been claimed by an ILEC, as part of its proposals or its responses to the Commission interrogatories described in paragraph 20, or by any other party, including any alternative broadband service provider that has filed in accordance with paragraph 21. Any such request for public disclosure must be submitted to the Commission and served on the relevant party or parties by **26 January 2007**.
23. Written responses to requests for public disclosure must be filed with the Commission and served on the party or parties making the request by **2 February 2007**.
24. Determinations with respect to requests for public disclosure will be issued as soon as possible. Any information to be provided pursuant to these determinations must be filed with the Commission and served on all parties by **23 February 2007**.
25. Parties may also address interrogatories to any party referenced in paragraph 15, any party that notifies the Commission of its intention to participate pursuant to the procedure described in paragraph 16, or any alternative broadband service provider who files information pursuant to

paragraph 21. Any such interrogatories must be filed with the Commission and served on the relevant party or parties by **2 March 2007**. It is expected that the Commission will issue additional interrogatories at the same time.

26. Responses to the interrogatories referenced in paragraph 25 are to be filed with the Commission and served on all parties by **30 March 2007**.
27. Requests by parties for further responses to their interrogatories, specifying in each case why a further response is both relevant and necessary, and requests for public disclosure of information for which confidentiality has been claimed, setting out in each case the reasons for disclosure, must be filed with the Commission and served on the relevant party or parties by **11 April 2007**.
28. Written responses to requests for further responses to interrogatories and for public disclosure must be filed with the Commission and served on the party or parties making the request by **18 April 2007**.
29. Determinations will be issued with respect to requests for further information and public disclosure as soon as possible. Any information to be provided pursuant to that determination must be filed with the Commission and served on all parties by **9 May 2007**.
30. All parties may file final comments with the Commission, serving a copy on all other parties, by **1 June 2007**.
31. All parties may file reply comments with the Commission, serving a copy on all other parties, by **15 June 2007**.
32. The Commission expects to issue a decision on the issues raised in this Public Notice within 180 days after the record closes.
33. Where a document is to be filed or served by a specific date, the document must be actually received, not merely sent, by that date.
34. Parties can file their submissions electronically or on paper. Submissions longer than five pages should include a summary.
35. Electronic submissions should be in HTML format. As an alternative, those making submissions may use Microsoft Word for text and Microsoft Excel for spreadsheets.
36. Each paragraph of submissions should be numbered. In addition, the line **\*\*\*End of document\*\*\*** should be entered following the last paragraph. This will help the Commission verify that the document has not been damaged during transmission.
37. 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 notice**

38. Note that all information provided as part of this public process, except information granted confidentiality, whether sent by postal mail, facsimile, email, or through the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) becomes part of a publicly accessible file and will be posted on the Commission's website. This information includes your personal information, such as your full name, email address, postal/street address, telephone and facsimile number(s), and any other personal information you provide.
39. Documents received electronically or otherwise will be posted on the Commission's website in their entirety exactly as they are received, including any personal information contained therein, in the official language and format in which they are received. Documents not received electronically will be available in PDF format.
40. The personal information you provide will be used and may be disclosed for the purpose for which this information was obtained or compiled by the Commission, or for a use consistent with that purpose.

## **Location of CRTC offices**

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

Toll-free telephone: 1-877-249-2782

Toll-free TDD: 1-877-909-2782

### Central Building

Les Terrasses de la Chaudière  
1 Promenade du Portage, Room 206  
Gatineau, Quebec J8X 4B1  
Tel: 819-997-2429  
Fax: 819-994-0218

### Metropolitan Place

99 Wyse Road, Suite 1410  
Dartmouth, Nova Scotia B3A 4S5  
Tel: 902-426-7997  
Fax: 902-426-2721

205 Viger Avenue West, Suite 504

Montréal, Quebec H2Z 1G2

Tel: 514-283-6607

55 St. Clair Avenue East, Suite 624

Toronto, Ontario M4T 1M2

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Kensington Building  
275 Portage Avenue, Suite 1810  
Winnipeg, Manitoba R3B 2B3  
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Secretary General

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