



Telecom Decision CRTC 2007-105

Ottawa, 9 November 2007

Network interconnection device at residential customer premises

Reference: 8622-B2-200602773 and 8622-C12-200704321

In this Decision, the Commission determines that it would not be appropriate to establish a national policy that requires a network interconnection device to be installed at residential premises. The Commission will consider the long-standing dispute between Bell Canada and Vidéotron ltée in an expedited process.

Introduction

1. On 15 March 2006, following an unsuccessful attempt to have its concerns addressed through the CRTC Interconnection Steering Committee (CISC) process, Bell Canada filed an application with the Commission requesting that it direct Vidéotron ltée (Vidéotron) to discontinue certain installation practices at the premises of customers subscribing to Vidéotron's cable telephony service. As a result of negotiations, Bell Canada and Vidéotron were able to resolve a number of issues but were unable to resolve their dispute with respect to the installation of a network interconnection device¹ (NID), as well as who should pay for the NID and its installation.
2. The Commission considered that the remaining issue in dispute raised policy concerns that would be common to all incumbent local exchange carriers (ILECs) and issued Telecom Public Notice 2007-3 to initiate a proceeding on the issue.
3. Following a submission from the Canadian Cable Systems Alliance, Cogeco Cable Canada Inc., Quebecor Media Inc. on behalf of its affiliate Vidéotron, Rogers Cable Communications Inc., and Shaw Communications Inc. (collectively, the Cable Companies) that the scope of the proceeding should include all local exchange carriers (LECs), the Commission issued Telecom Public Notice 2007-3 to consider the requirement for a NID when a LEC's network is disconnected from a residential customer's inside wire, including which LEC should install a NID and which LEC should pay for it.
4. All LECs were made parties to the proceeding and Bell Canada's 15 March 2006 application was made part of the record of the proceeding.
5. The Commission received submissions and/or responses to interrogatories from Bell Aliant Regional Communications, Limited Partnership (Bell Aliant) and Bell Canada (collectively, Bell Canada et al.); the Cable Companies; Bragg Communications Inc. (carrying on business as EaskLink); Globility Communications Corporation (Globility);

¹ A NID is a device or assembly of devices that, based on the record of the proceeding initiated by Telecom Public Notice 2007-3, may vary from local exchange carrier (LEC) to LEC. A NID establishes the demarcation point where the residential customer inside wire can be isolated from the incumbent local exchange carrier's network by the removal of the RJ-11 connector or any other connector from the NID.

MTS Allstream Inc. (MTS Allstream); Saskatchewan Telecommunications (SaskTel); Télébec, Limited Partnership (Télébec); and TELUS Communications Company (TCC). The record of this proceeding closed with reply comments dated 13 August 2007. The public record of this proceeding is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings."

6. The Commission has identified that the issue to be addressed in this Decision is whether it should establish a national policy requiring the installation of a NID in the circumstances set out in Telecom Public Notice 2007-3.

Positions of parties

7. Bell Canada et al. stated that Bell Canada had identified a number of instances of damage to its network equipment and residential customer inside wire attributable to the cable companies', and in particular Vidéotron's, installation practices including damage to protectors, drop wire and/or to other facilities for which Bell Canada retains responsibility. Bell Canada et al. stated that damage to the residential customer's inside wire typically meant that at least one premises visit and possibly extensive repair work would be required if the customer chose in the future to migrate to another facilities-based competitor.
8. Bell Canada et al. argued that damage to inside wire would result not only in inconvenience but also in additional costs to residential customers as inside wire repairs were the responsibility of the customer.
9. Bell Canada et al. submitted that these installation practices were inconsistent with subparagraphs 1(b)(ii), (iii), and (iv) of the Policy Direction² in that they created significant barriers to future customer migration.

² The Governor in Council's *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006 (the Policy Direction). Paragraph 1(a) of the Policy Direction states that the Commission should (i) rely on market forces to the maximum extent feasible as the means of achieving the telecommunications policy objectives; and (ii) when relying on regulation, use measures that are efficient and proportionate to their purpose and that interfere with the operation of competitive market forces to the minimum extent necessary to meet the policy objectives. Paragraph 1(b) of the Policy Direction states that the Commission, when relying on regulation, should use measures that satisfy the following criteria, namely, those that (i) specify the telecommunications policy objective that is advanced by those measures and demonstrate their compliance with this Order; (ii) if they are of an economic nature, neither deter economically efficient competitive entry into the market nor promote economically inefficient entry; (iii) if they are not of an economic nature, to the greatest extent possible, are implemented in a symmetrical and competitively neutral manner, and (iv) if they relate to network interconnection arrangements or regimes for access to networks, buildings, in-building wiring or support structures, ensure the technological and competitive neutrality of those arrangements or regimes, to the greatest extent possible, to enable competition from new technologies and not to artificially favour either Canadian carriers or resellers.

10. Bell Canada et al. also submitted that a teladaptable NID³ should be installed by a cable company when installing its cable telephony service at a residential customer's premises where no NID was in place. In their view, this would facilitate the migration process between service providers in a way that minimized cost and inconvenience for residential customers and for competitors, and therefore would reflect the principle of end-user choice, which the Commission has promoted for many years. Further, Bell Canada et al. took the position that the cable company should install a NID at its own expense.
11. Bell Canada et al. further submitted that, whether or not a NID was installed by the cable company, certain current cable company installation practices must cease. In their view, residential customers should not require premises visits by other competitors to repair inside wire when they want to migrate to any other service provider utilizing ILEC loops.
12. Bell Canada et al. indicated that NIDs had been installed on approximately 45 percent of Bell Canada's lines and approximately 30 percent of Bell Aliant's lines.
13. TCC submitted that it understood that the physical connection and reconnection process involved in customer acquisition and re-acquisition should not, except in very exceptional circumstances, require repair work by service providers. TCC stated that it had a good working relationship with its major cable company competitor so that installations and reinstallations of service to a subscriber in its territory generally did not require repair service either by TCC or by the competitor cable company. TCC was unable to provide an estimate of the number of NIDs that had been installed at residential premises in its incumbent territory.
14. TCC was of the view that the Commission should require the use of an intelligent, remotely-switchable voice module NID/SVM⁴ assembly. TCC submitted that the first LEC serving newly built homes should install the NID/SVM. TCC further submitted that when a cable company or other LEC acquired a customer in an existing home, the LEC acquiring the customer should install the NID/SVM, and should pay for it and its installation.
15. Télébec submitted that it was generally in agreement with the position of Bell Canada et al. with regard to the installation of a NID.
16. Globility stated that when a cable company disconnected an ILEC's network from the residential customer's inside wire, unless a NID was in place or installed at that time, a competitive local exchange carrier (CLEC) using unbundled loops would not be able to later provide service to that customer without requiring a premises visit by the ILEC to re-connect

³ Bell Canada et al. indicated that teladaptable interface devices or demarcation jacks are devices which make use of an industry standard RJ-11 connector and which permit the connection and disconnection of the customer's inside wire by simply inserting or removing, as the case may be, the RJ-11 connector from its receptacle in the device in question. RJ-11 connectors and jacks are widely used in the industry. Telephone equipment, fax machines, dial-up modems and other commonly used terminal equipment are typically connected to jacks throughout the home through the use of cords which use RJ-11 connectors. Demarcation jacks and other NIDs used by Bell Canada and many other telecommunications service providers in North America feature connections accessible with RJ-11 connectors.

⁴ TCC stated that an SVM was a microprocessor-controlled unit that provided seamless switching between LECs. TCC stated that the device would automatically switch to the service provider that sent a ringing tone to the home number, without requiring truck rolls or further LEC intervention.

the inside wire to the ILEC's network. Globility submitted that it was desirable that a NID be installed to facilitate customer transfers and that it would be appropriate for the party required to install the NID to be responsible for all associated costs.

17. The Cable Companies disputed Bell Canada et al.'s allegations about damage to residential customer inside wire and the ILECs' networks.
18. The Cable Companies submitted that there was no evidence to suggest that the cable companies' practice of installing their own telephone jack-based demarcation points at locations unrelated to ILEC demarcation points had any negative impact on customers, the integrity of their inside wire, or the ILECs' ability to win them back at a later date. In contrast, to require a cable company to utilize only the ILEC's demarcation point would, in their view, often require the cable company to install extensive new inside wiring at the time of customer acquisition, increasing customer inconvenience and disruption, and impeding customer choice.
19. The Cable Companies stated that the question of the connection/disconnection process for providing local exchange services at residential locations had been addressed in the CISC Building Access and Inside Wire sub-group consensus report: Inside Wire (Dis-)Connection Process, BIRE008, 2 March 1999 (BIRE008). The Cable Companies stated that when a customer (end-user) migrates a service from LEC A to LEC B for service and disconnects service from LEC A, BIRE008 does not require LEC B to install a NID at LEC A's demarcation point, to the benefit of LEC A.
20. EaskLink supported the position of the Cable Companies. EaskLink stated that it had not experienced any issues with the incumbent telephone company, Bell Aliant, regarding the installation of a NID upon customer transfer.
21. MTS Allstream was of the view that no issues had arisen in the Bell Canada and Vidéotron dispute that would apply to the operating practices of MTS Allstream and other ILECs. MTS Allstream stated that NIDs had not been installed at any of the premises of its residential customers.
22. MTS Allstream further submitted that the Commission should limit any determinations in this proceeding to the resolution of the dispute between Bell Canada and Vidéotron within Bell Canada's operating territory.
23. SaskTel estimated that NIDs had been installed at approximately 26 percent of the premises of its residential customers. SaskTel stated that it does not provision its residential local exchange services using a NID as defined and described by TCC or Bell Canada et al. SaskTel submitted that were the Commission to determine the technical definition of a NID, it was clear that at least one industry participant's current network demarcation point would need to be reconfigured at a cost to the participant.
24. SaskTel submitted that there was no need for the Commission to issue an order mandating the entire industry to install NIDs because there was no clear evidence that:
 - the problem was widespread,

- the problem affected the entire industry, and
 - installing additional hardware in a residential dwelling represented an effective and efficient remedy to the problem.
25. SaskTel submitted that the Commission should order the implementation of a remedy that addressed the particular dispute between Bell Canada and Vidéotron and make that order binding upon only those two parties. In its view, to do more would contravene the Policy Direction, in particular, subparagraph 1(a)(ii).

Commission's analysis and determination

26. The Commission notes that based on the evidence in this proceeding, NIDs are often not installed at residential customer premises. For example, estimates provided by the ILECs indicate that MTS Allstream has not installed NIDs at any premises, SaskTel has installed NIDs at approximately 26 percent of residential premises, Bell Aliant on approximately 30 percent of lines and Bell Canada on approximately 45 percent of lines.
27. The Commission notes that cable companies have been able to offer cable telephone service to a residential customer in whose premises a NID has not been installed.
28. The Commission also notes that the evidence shows that if the residential customer elects to migrate from cable telephony service back to the ILEC or CLEC using the ILEC's network, the customer inside wire can be reconnected to the ILEC's network even in the absence of a NID.
29. Therefore, the Commission considers that a NID is not required for technical reasons to provide service to residential customers or for customers to change service providers.
30. Accordingly, the Commission considers that notwithstanding the absence of a NID, residential customers are still able to receive telephone service from the ILECs, from CLECs using the ILECs' network, and from cable CLECs.
31. Based on the evidence before it, the Commission is of the view that the issue in this proceeding is not whether a NID should be installed, but rather the installation practices surrounding the disconnection of the residential customer inside wire when a cable CLEC disconnects the customer inside wire from an ILEC's network.
32. The Commission notes that while the question of the connection/disconnection process for providing local exchange services at residential locations was addressed in the 1999 CISC BIRE008 report, the report dealt only with service providers using unbundled loops or their own traditional local loops.
33. The Commission also notes that based on the record in this proceeding, the cable companies' practices of disconnecting the ILECs' networks and residential customer inside wire are not a concern in any territory other than Bell Canada's Quebec-based incumbent territory.
34. In light of the above, the Commission considers that it would not be appropriate to establish a national policy that requires that a NID be installed in the circumstances set out in Telecom Public Notice 2007-3.

35. In declining to impose a national requirement for a NID, the Commission is relying on market forces to the maximum extent feasible as the means of achieving the telecommunications policy objectives, as required by subparagraph 1(a)(i) of the Policy Direction.
36. The Commission is of the view that the issue to be resolved is the long-standing bilateral dispute between Bell Canada and Vidéotron.
37. The Commission will adjudicate this bilateral dispute in accordance with the expedited procedure established in Telecom Circular 2004-2. Consequently, the matter regarding Vidéotron's practices of disconnecting Bell Canada's network and residential inside wire will be referred to a Panel of Commissioners and the proceeding will include an oral hearing on or about **18 January 2008**.
38. Bell Canada and Vidéotron (the parties) are each to file by **10 December 2007**, serving a copy on each other, a detailed proposal as to how Vidéotron is to disconnect Bell Canada's network from a residential customer's inside wire, including a concise argument stating all the facts, Commission requirements, and regulatory decisions relied upon in support of their respective positions. Each party is to describe a proposed method of disconnecting Bell Canada's network that (i) minimizes any ILEC activity and (ii) does not entail removing or altering residential customer inside wire in such a way that it cannot be reasonably used to provide service in the future by an ILEC, another CLEC using the ILEC's network, or another CLEC using its own network. The proposal is to address instances where (i) a NID has been installed and (ii) where no NID has been installed. The parties shall file, as an attachment, a copy of all written material upon which they rely, except material already filed on the record of the Telecom Public Notice 2007-3 proceeding, making reference to the specific documents by title and date filed.
39. Each party may file comments on the other party's proposal, serving a copy on each other by **20 December 2007**. This document shall be no longer than 10 pages in length.
40. The oral hearing will be held in Salon Réal Therrien on the 7th floor of the Central Building, Terrasses de la Chaudière, 1 Promenade du Portage, Gatineau, Quebec. Parties will be provided with additional information at a later date.
41. In light of the above, the Commission is deferring consideration of Bell Canada's 15 March 2006 application. The record of the Telecom Public Notice 2007-3 proceeding, including the record with regard to that application, is made part of the record of the expedited proceeding, to the extent that it relates to the issue of the installation practices to be used by Vidéotron.

Secretary General

Related documents

- *Proceeding to consider the requirement for a network interconnection device when the incumbent local exchange carrier's network is disconnected from residential inside wire*, Telecom Public Notice CRTC 2007-3, 19 March 2007, as amended by *Proceeding to consider the requirement for a network interconnection device when a local exchange carrier's network is disconnected from residential inside wire*, Telecom Public Notice CRTC 2007-3-1, 11 May 2007
- *CISC Building Access and Inside Wire sub-group consensus report: Inside Wire (Dis-) Connection Process*, BIRE008, 2 March 1999
- *Expedited procedure for resolving competitive issues*, Telecom Circular CRTC 2004-2, 10 February 2004

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