



## Telecom Order CRTC 2008-206

Ottawa, 25 July 2008

### TELUS Communications Company – Withdrawal of Exchange Area Radiotelephone Service

Reference: Former TCBC Tariff Notice 4292

1. The Commission received an application by TELUS Communications Company (TCC), dated 5 February 2008, in which the company proposed revisions to former TELUS Communications (B.C.) Inc.'s General Tariff item 255 – Exchange Area Radiotelephone Service (EARS). Specifically, TCC proposed to withdraw this service in British Columbia effective 1 October 2008.
2. EARS is an automated fixed station radiotelephone service that is provided in areas where the cost of providing, maintaining, or extending landline service is prohibitive.
3. TCC submitted that its application provided the information required by the Commission in Telecom Circular 2005-7, which established new procedures for the destandardization and/or withdrawal of tariffed services, including a copy of the notice sent to affected customers.
4. The Commission received comments from one business and five residential EARS customers, as well as from the Council for Strata VR1481 and reply comments from TCC. The public record of this proceeding, which closed on 16 June 2008, is available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) under "Public Proceedings."

#### TCC's application

5. TCC noted that the equipment for EARS was manufacturer discontinued and that the Commission had approved the destandardization of this service in Telecom Order 2005-131. TCC indicated that it had been unable to find a supplier for a reasonably priced alternative system or equipment. TCC submitted that replacing EARS with a similar system was neither viable nor economical, and proposed to withdraw EARS and to migrate all existing customers<sup>1</sup> to either cellular or satellite services, depending on available coverage.
6. TCC proposed to reimburse residential EARS customers with a one-time payment of up to \$1000 for the initial basic installation and high-gain antennae if they migrate to cellular service, and a one-time payment of up to \$1500 for the initial basic equipment purchase and installation if they migrate to satellite service.<sup>2</sup> TCC also indicated that these payments were based on specific, known costs for cellular and satellite equipment. TCC however proposed that no such offer would be made to business EARS customers as they would be entitled to claim such equipment costs as a legitimate business expenditure for tax purposes.

<sup>1</sup> TCC indicated that, at the time of filing, 45 residential and 14 business customers were still subscribing to EARS.

<sup>2</sup> TCC stated that one-time payments would be based on valid receipts submitted by its residential EARS customers.

## Comments

7. Generally, the customers commented that they were satisfied with EARS and expressed concerns with TCC's proposal to withdraw this service.
8. Several residential customers raised concerns regarding the reliability and coverage of cellular service, while another submitted that satellite service was not reliable. Two residential customers submitted that TCC should also subsidize them for the difference between the ongoing prices of EARS and of the replacement services, which were more expensive. One residential customer, while supporting the withdrawal of EARS, submitted that \$1000 was insufficient to cover all the costs of upgrading to cellular service, and requested additional assistance due to special needs.
9. The business customer did not support the withdrawal of EARS, noting that he was having difficulty receiving reliable satellite service. This customer was also opposed to TCC's proposal not to reimburse business EARS customers for basic equipment purchase and installation costs.

## Commission's analysis and determinations

10. In Telecom Order 2005-131, the Commission approved the destandardization of EARS due to the fact that the supplier of the radio system and terminal equipment for EARS had discontinued production and no longer supported the equipment. The Commission recognized that TCC could no longer ensure that normal service of EARS would continue due to diminished availability of spare equipment. As a result, the Commission considers that it is clear that TCC's ability to provide EARS will necessarily decline over time as equipment breaks down and new spare parts cannot be obtained.
11. The Commission notes that TCC, in responding to comments received, indicated that Telecom Decision 2008-22 had revised the procedures for the disposition of applications dealing with destandardization and/or withdrawal of tariffed services. In that Decision, the Commission eliminated the requirements to provide an analysis of available substitutes and a transition plan. However, as EARS is now providing telephone service where the costs associated with providing wireline primary exchange service were judged to be prohibitive, the Commission considers that requiring that substitutes be identified and that a transition plan be provided is important and consistent with the policy objectives set out in paragraphs 7(a), (b), and (h) of the *Telecommunications Act*.<sup>3</sup>
12. The Commission notes that cellular or satellite telephone alternatives could provide EARS customers with features and capabilities that are not available with EARS, such as optional features and Internet access. The Commission considers that the monthly rates for cellular and

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<sup>3</sup> The cited objectives of the *Telecommunications Act* are:

(a) to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions;

(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada;

(h) to respond to the economic and social requirements of users of telecommunications services.

satellite services, while they may be somewhat higher than EARS rates, are nevertheless reasonable in view of the additional features and capabilities these services can provide. Further, the Commission notes that TCC proposed to assist its residential EARS customers in migrating to these services by granting them one-time payments to help cover the initial costs they would incur.

13. The Commission notes the concerns of residential EARS customers that TCC's proposed one-time payments would not be sufficient to cover the difference in costs for the replacement services. The Commission is satisfied that TCC's proposed one-time payments to residential EARS customers will generally be sufficient to fully compensate these customers for the initial costs they will incur in migrating to cellular or satellite services.
14. Regarding the customer requesting additional compensation due to special needs, the Commission notes that TCC indicated in its reply comments that, with respect to one-time payments, it would be willing to assess and provide additional assistance to customers with special needs (for example, specialized equipment for visual impairment) on a reasonable basis.
15. The Commission considers that TCC's proposal not to compensate business customers is acceptable. Business related equipment costs are incurred in the ordinary course of business and are generally claimed as a legitimate business expenditure for tax purposes.
16. The Commission notes that, in addition to the customers who are experiencing problems with the EARS alternatives identified by TCC, there are 21 residential EARS customers for whom service alternatives have yet to be confirmed. The Commission is concerned that some EARS customers are experiencing difficulty in migrating to alternative services, and that not all of them will be satisfactorily migrated to alternative services by the requested effective withdrawal date of 1 October 2008. The Commission therefore considers that TCC should continue to work with remaining EARS customers to ensure that they each find a viable alternative service.
17. Accordingly, the Commission considers that TCC has identified reasonable alternatives and a satisfactory transition plan for EARS customers, and has met the criteria for withdrawing a service as set out in Telecom Decision 2008-22.

### **Conclusion**

18. In light of the above, the Commission **approves** TCC's proposal to withdraw EARS, effective 1 October 2008, but directs TCC to continue working with the remaining EARS customers to ensure that they each find a viable alternative service by that date.

Secretary General

## Related documents

- *Mandatory customer contract renewal notification and requirements for service destandardization/withdrawal*, Telecom Decision CRTC 2008-22, 6 March 2008
- *New procedures for disposition of applications dealing with the destandardization and/or withdrawal of tariffed services*, Telecom Circular CRTC 2005-7, 30 May 2005
- Telecom Order CRTC 2005-131, 7 April 2005

*This document is available in alternative format upon request, and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>*