



Telecom Order CRTC 2008-213

Ottawa, 31 July 2008

Bell Aliant Regional Communications, Limited Partnership and Bell Canada – Revised CDN DS-1 access service monthly rates

Reference: Bell Aliant Tariff Notices 146 and 146A
Bell Canada Tariff Notices 7091 and 7091A

Introduction

1. The Commission received applications by Bell Aliant Regional Communications, Limited Partnership, pertaining to its operating territory in Ontario and Quebec, and Bell Canada (collectively, Bell Canada et al.), dated 10 December 2007, and amended on 2 May 2008, proposing revisions to their respective Access Services Tariffs, item 130, Competitor Digital Network (CDN) Services. In their respective applications, Bell Canada et al. proposed to introduce monthly rates for new CDN DS-1 access services in all rate bands, except Band G.¹
2. The Commission received comments from MTS Allstream Inc. (MTS Allstream) and Rogers Communications Inc. (RCI). The public record of this proceeding, which closed on 12 June 2008, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings."

Positions of parties

3. Bell Canada et al. submitted that the monthly rates approved for CDN DS-1 accesses in Telecom Decision 2005-6, were based on cost studies that had inadvertently excluded copper conditioning costs incurred by Bell Canada et al. when a CDN DS-1 access is provisioned over copper facilities. Bell Canada et al. submitted that conditioning was required for approximately 15 percent of CDN DS-1 copper-based accesses with associated costs ranging from a few hundred dollars to more than \$10,000 per access. Conditioning costs per access vary with loop length and factors such as the number of bridge taps and/or loading coils that need to be removed, and the need to pump manholes.
4. Bell Canada et al. proposed to recover copper conditioning costs, up to a limit of \$6,000,² through increases to the monthly rates of new CDN DS-1 accesses. Where copper conditioning costs of a new CDN DS-1 access would exceed \$6,000, Bell Canada et al. proposed to apply an explicit charge for the amount in excess of \$6,000 under the unusual expense provisions included in their CDN tariffs. Bell Canada et al. submitted that their proposals would strike a reasonable and appropriate balance between the interests of customers with respect to rates for their existing CDN DS-1 accesses and the interests of Bell Canada et al. in recovering copper conditioning costs when provisioning future CDN DS-1 accesses.

¹ Bell Canada et al. did not propose to introduce a new rate for CDN DS-1 accesses in Band G, noting that there is currently no demand for these accesses in Band G.

² Under Bell Canada et al.'s proposal, for each band, the monthly rate includes recovery of the copper conditioning costs ranging from a few hundred dollars up to \$6,000 for accesses requiring copper conditioning.

5. MTS Allstream and RCI submitted that copper conditioning costs, whenever incurred, should be recovered from the customer that caused such costs through the unusual expense provisions in Bell Canada et al.'s CDN tariffs.
6. MTS Allstream and RCI argued that Bell Canada et al.'s proposal was flawed as copper conditioning costs would apply to copper CDN DS-1 accesses where no conditioning was required and to CDN DS-1 accesses provided over fibre where conditioning did not apply.
7. MTS Allstream submitted that Bell Canada et al. had provided no justifiable rationale for including conditioning costs up to \$6,000 in the rate of all new CDN DS-1 accesses whether or not conditioning was required, and charging unusual expenses only to customers obtaining conditioned CDN DS-1 accesses where conditioning costs exceeded \$6,000.
8. In their reply, Bell Canada et al. submitted that the recovery of copper conditioning costs up to \$6,000 through the monthly rate of new CDN DS-1 accesses would significantly reduce the frequency with which unusual expenses would apply to new CDN DS-1 accesses and would significantly reduce their administration costs associated with the application of unusual expenses. Bell Canada et al. also submitted that the revised unusual expense threshold would reduce provisioning delays resulting from having to advise customers of unusual expenses, and provide customers with greater certainty as to the rates that would apply when they order CDN DS-1 access.

Commission's analysis and determinations

9. The Commission has reviewed the methodologies used by Bell Canada et al. to estimate their additional average copper conditioning costs per band, and considers them to be reasonable.
10. The Commission notes that Bell Canada et al.'s cost recovery proposals are consistent with the rating approach whereby the monthly recurring rate recovers overall average cost inclusions of the service. The Commission further notes that under Bell Canada et al.'s proposal, the number of new CDN DS-1 accesses that would be subject to customer-specific charges would be significantly lower than if the Commission accepted MTS Allstream's and RCI's proposals. The Commission further considers that, under Bell Canada et al.'s proposal, the administration costs as well as the occurrence of provisioning delays to advise customers of unusual expenses will be minimal.
11. Furthermore, the Commission notes that Bell Canada et al. proposed to apply its revised rates to new CDN DS-1 accesses and not to the in-service base of CDN DS-1 accesses, thereby having no financial impact on existing in-service demand for CDN DS-1 accesses.
12. In light of the above, the Commission considers Bell Canada et al.'s proposal to be acceptable.
13. The Commission notes that Bell Canada et al.'s proposed tariff pages do not indicate that conditioning costs up to \$6,000 per CDN DS-1 access are included in the monthly rates. The Commission considers that Bell Canada et al.'s tariffs should indicate that unusual expenses are to apply when conditioning costs associated with a new CDN DS-1 access exceed \$6,000.

14. In light of the above, the Commission **approves** Bell Canada et al.'s applications and directs Bell Canada et al. to amend their respective tariff page(s) to indicate that when the conditioning costs for a new CDN DS-1 access exceed \$6,000, an explicit charge for the amount in excess of \$6,000 will apply under the unusual expense provision of their respective CDN tariffs. The Commission directs Bell Canada et al. to issue revised tariff pages within 10 days of this Order reflecting its determinations above.
15. The Commission considers that its determinations in this Order advance the telecommunications policy objectives set out in paragraphs 7(b), (f), and (h) of the *Telecommunications Act*. The Commission further considers that its determinations are consistent with the Policy Direction³ requirements that (a) the measure in question be efficient and proportionate to its purpose, and that it minimally interfere with competitive market forces to meet the above policy objectives, and (b) the measure neither deter economically efficient competitive entry into the market nor promote economically inefficient entry.

Secretary General

Related document

- *Competitor Digital Network Services*, Telecom Decision CRTC 2005-6, 3 February 2005, as amended by Telecom Decision CRTC 2005-6-1, 28 April 2006

³ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006

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