



Telecom Order CRTC 2008-242

Ottawa, 29 August 2008

Bell Aliant Regional Communications, Limited Partnership, Bell Canada, and TELUS Communications Company – Local exchange service and payphone access line service

Reference: Bell Aliant Tariff Notice 187
Bell Canada Tariff Notice 7129
Former TCBC Tariff Notices 4306 and 4306A
TCC Tariff Notices 307, 307A, and 308
Former TCI Tariff Notices 609, 609A, and 609B

1. The Commission received applications by Bell Aliant Regional Communications, Limited Partnership (Bell Aliant) and Bell Canada (collectively, Bell Canada et al.), both dated 7 May 2008, in which the companies proposed revisions to their respective General Tariffs in order to modify item 70 – Rate Schedules for Primary Exchange (Local) Service and item 315 – Pay Telephone Basic Access Line Service.
2. Specifically, Bell Canada et al. proposed to remove references to rate bands where the Commission has forbore from regulating business and/or residential local exchange service for all exchanges within that rate band. Bell Canada et al. also proposed to remove references to rate bands that do not apply to any exchanges within each of their operating territories and to provide explicit rates for basic payphone access line (PAL) service at 75 percent of the business rates that were in place just prior to forbearance. Bell Canada et al. indicated that simplifying these tariffs would clearly and concisely identify the rates for regulated services provided in each company's operating territory.
3. The Commission received several applications by TELUS Communications Company (TCC), dated 12 June 2008 and subsequently modified in July 2008, in which the company proposed to identify the bands or sub-bands where the Commission had forbore from regulating business¹ and/or residential local exchange service for all exchanges within a rate band and, therefore, where regulated rates no longer apply.
4. The Commission also received an application by TCC,² dated 16 June 2008, in which TCC proposed revisions to its Carrier Access Tariff item 216 – Pay Telephone Access Line Service, to explicitly set out rates for this service in certain rate bands where the Commission had forbore from regulating business local exchange service for all exchanges within the rate band. TCC proposed to set the PAL rates at 75 percent of the business rates that were in place just prior to forbearance.

¹ In Telecom Decision 2005-35, the Commission identified the initial list of business exchange services that would be eligible for forbearance in the proceeding initiated by Telecom Public Notice 2005-2. In Telecom Decision 2008-10, the Commission forbore from regulating Centrex services.

² TCC Tariff Notice 308.

Commission's analysis and determinations

5. In Order 2000-858, the Commission set final rates for PAL service at 75 percent of the tariffed rates for an individual business line.³
6. In Telecom Decision 2006-56, the Commission disposed of an application by competitive pay telephone service providers in which they had requested that the Commission not flow through increases to business rates to the rates for PALs. The Commission considered that if individual rates for business local exchange service were increased or decreased, these rate changes would flow through to the PAL service rates.
7. In Telecom Decision 2008-17, the Commission classified PAL service as a conditional mandated non-essential service and determined that such services would be priced on the same basis as was currently required.
8. The Commission notes that, in the absence of a regulated rate for business local exchange service in any given rate band, the flow-through rate for PAL service in that rate band cannot be determined.
9. The Commission also notes that it imposed no restrictions on the rates for forborne business local exchange service so that, where the Commission forbore from the regulation of business local exchange services in an exchange, the incumbent local exchange carrier (ILEC) may charge its customers different rates, which may be higher or lower than the rates prior to forbearance.
10. The Commission further notes that, under the approach proposed by Bell Canada et al. and TCC, pay telephone competitors may not benefit from potential decreases in rates that the ILEC may implement for competitive reasons. However, the Commission notes that Bell Canada et al.'s and TCC's proposals to provide explicit PAL service rates identical to those prevailing prior to forbearance would shield pay telephone competitors from potential increases in the rates for business local exchange service where regulated rates no longer apply. The Commission considers that, absent clear rules for the treatment of PAL service rates in forborne areas, Bell Canada et al.'s and TCC's proposals to specify the PAL service rates at 75 percent of the business rates that were in place just prior to forbearance are reasonable.
11. Regarding rates for business and residential local exchange service, the Commission notes that it has reviewed Bell Canada et al.'s and TCC's proposals to remove references to rate bands where the Commission has forbore from regulating business and/or residential local exchange service for all exchanges within the rate band. The Commission considers that these revisions are in line with its forbearance determinations.

³ The rate for an individual business line is determined by its rate band and, therefore, the equivalent PAL rate is also determined by its rate band.

Conclusion

12. In light of the above, the Commission **approves on an interim basis** Bell Canada et al.'s and TCC's applications.
13. The Commission invites parties to
 - provide their views, with supporting rationale, regarding the appropriateness of Bell Canada et al.'s and TCC's proposals to use pre-forbearance rates for PAL service when references to rate bands are removed, and/or
 - propose alternative methodologies, with supporting rationale, for establishing rates for PAL service that are provided in a rate band where the Commission has forborne from regulating business local exchange service for all exchanges within that rate band.
14. Bell Aliant, Bell Canada, MTS Allstream Inc., Saskatchewan Telecommunications, TCC, and Télébec, Limited Partnership are made parties to this proceeding.
15. Parties are requested to provide their comments by **29 September 2008**, serving a copy on all parties. Parties may file reply comments by **8 October 2008**, serving a copy on all parties.
16. The Commission intends to dispose of Bell Canada et al.'s and TCC's applications in the context of the above-noted proceeding.

Secretary General

Related documents

- *Revised regulatory framework for wholesale services and definition of essential service*, Telecom Decision CRTC 2008-17, 3 March 2008
- *The relevant product market for Centrex and Enhanced Exchange Wide Dial services for the purposes of forbearance from regulation*, Telecom Decision CRTC 2008-10, 31 January 2008
- *Part VII application by Canada Payphone Corporation and FCT Communications Inc. regarding incumbent local exchange carrier tariffs for payphone access lines*, Telecom Decision CRTC 2006-56, 8 September 2006
- *List of services within the scope of the proceeding on forbearance from the regulation of local exchange services*, Telecom Decision CRTC 2005-35, 15 June 2005, as amended by Telecom Decision CRTC 2005-35-1, 14 July 2005

- *Forbearance from regulation of local exchange services*, Telecom Public Notice CRTC 2005-2, 28 April 2005
- *CRTC sets final rates for payphone access lines*, Order CRTC 2000-858, 15 September 2000

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