



Telecom Order CRTC 2008-326

Ottawa, 5 December 2008

TELUS Communications Company – CLEC Access to OSS Service and CLEC Manual Equipment Record Service

Reference: Tariff Notice 306

In this Order, the Commission approves, with modifications, TCC's proposed tariff amendments with respect to: (1) competitive local exchange carrier (CLEC) access to operational support systems service, and (2) CLEC manual equipment record service.

Introduction

1. The Commission received an application by TELUS Communications Company (TCC), dated 28 May 2008, proposing amendments to its Carrier Access Tariff to introduce the following two new services in Alberta and British Columbia: item 229 - CLEC [competitive local exchange carrier] Access to Operational Support Systems (OSS) Service, and item 230 – CLEC Manual Equipment Record Service.
2. The Commission received comments from Rogers Communications Inc. (RCI), and responses to Commission interrogatories (including a revised cost study), as well as reply comments, from TCC. The public record of this proceeding, which closed on 26 September 2008, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings."

Background

3. In Telecom Decision 2005-14, the Commission stated, among other things, that without access to the incumbent local exchange carriers' (ILECs) OSS, CLECs did not have an equal opportunity to compete with ILECs for local exchange service customers, and therefore the development of CLEC access to OSS service was necessary to eliminate barriers to effective competition in the local exchange service market. In that Decision, the Commission directed TCC and Bell Canada¹ to introduce CLEC access to OSS within one year.

¹ In Telecom Decision 2005-14, the Commission directed Aliant Telecom Inc. (now part of Bell Aliant Regional Communications, Limited Partnership (Bell Aliant)), MTS Allstream Inc., and Saskatchewan Telecommunications to develop and implement CLEC access to their OSS once a CLEC indicated its willingness, by signing an agreement of intent, to access their respective databases. In Telecom Order 2007-415, the Commission approved on an interim basis, with modifications, the inclusion of item 106, CLEC Access to OSS Service in the Access Services Tariff of Bell Aliant and Bell Canada; these interim rates were approved on a final basis by the Commission in Telecom Order 2008-90.

4. In Telecom Decision 2007-61, the Commission established conditions related to the provision of manual equipment records to CLECs that subscribe to ILEC OSS access services. In particular, the Commission directed Bell Canada² and TCC to provide manual equipment records to CLECs that subscribe to their respective electronic access to OSS services if the manual equipment records contained information not available through electronic access to OSS.

Issues

5. The Commission has identified the following two issues to be addressed in its determinations:
 - I. What should be the classification of the proposed services?
 - II. Are the proposed rates for the services just and reasonable?

I. What should be the classification of the proposed services?

6. TCC submitted that both of its proposed services should be classified as Category II competitor services³ on the grounds that the equivalent services for Bell Canada were so assigned when they were approved by the Commission.⁴

Commission's analysis and determinations

7. The Commission notes that in Telecom Decision 2008-17 it classified the equivalent services provided by Bell Aliant Regional Communications, Limited Partnership (Bell Aliant) and Bell Canada in Ontario and Quebec as conditional mandated non-essential services. The Commission considers that the services proposed by TCC should be classified in the same manner.

II. Are the proposed rates for the services just and reasonable?

8. RCI submitted that TCC's proposed rates for CLEC Access to OSS service are inappropriate because they were based on a cost study that included development and implementation costs for the service, contrary to the Commission's direction in Telecom Order 2007-415. Further, RCI submitted that TCC's proposed revised rate per query for the CLEC Access to OSS service was substantially higher than the rate per query for similar services such as those for primary interexchange carrier (PIC) processing service, and that the proposed rate should be revised to a level closer to the rate approved for TCC's PIC processing charge. In the alternative, RCI proposed that the rate per query for TCC's proposed CLEC Access to OSS service should be set at a rate equal to that rate approved for Bell Aliant and Bell Canada in Ontario and Quebec.

² Pursuant to Telecom Decision 2007-61, Bell Canada and Bell Aliant filed their proposals respecting the provision of manual equipment records to CLECs in September 2007. Interim and final approval were given to Bell Canada's and Bell Aliant's proposals to provide manual equipment records to CLECs in Telecom Orders 2008-2 and 2008-85, respectively.

³ Category II competitor services were services provided by ILECs for the use of CLECs but that were not in the nature of an essential or near-essential service.

⁴ In Telecom Order 2007-415, the Commission stated that Bell Aliant's and Bell Canada's CLEC Access to OSS Service should be treated as a Category II competitor service, pending the outcome of the proceeding initiated by Telecom Public Notice 2006-14.

9. TCC submitted that the query rates for PIC processing services were substantially different from the query rate proposed for its CLEC Access to OSS service because the functionality was significantly different. TCC argued that OSS queries provided detailed customer information in a complex interactive real-time application, and were tailored to enable CLECs to manage a wide range of multi-faceted processes. By contrast, the PIC processing service was static, relatively simple, and used a batch processing application.
10. In response to a Commission interrogatory, TCC submitted that it should be able to recover development and implementation costs that benefit CLECs only. TCC argued that the Commission's direction in Telecom Decision 2005-14 that each party is to be responsible for its own costs pertained to costs that benefit both the ILEC providing the service and the CLEC using the service, but not to costs that benefit CLECs only.

Commission's analysis and determinations

11. The Commission disagrees with RCI that (1) the query functionality provided by the CLEC Access to OSS service is similar to that of TCC's PIC processing service, and (2) the proposed CLEC Access to OSS per query rate should be revised to a level closer to the per query rate approved for TCC's PIC processing charge. PIC processing is a batch processing application that is materially different from real-time applications such as OSS queries.
12. The Commission notes that, in Telecom Decision 2005-14, it directed that CLECs and ILECs were each to bear their own costs with respect to enabling the CLEC access to OSS functionality. The Commission required each party to bear its own costs in order that parties would focus on implementing only what was necessary to provide the required functionality, thereby allowing the development and implementation process to be less costly and time-consuming.
13. In the Commission's view, TCC's inclusion of its development and implementation costs in the cost study, including costs that benefit CLECs only, is contrary to the Commission's direction in Telecom Decision 2005-14. The Commission disagrees with TCC's position that the Commission's direction was limited to shared costs and did not apply to costs that benefit CLECs only. In the Commission's view, the inclusion of costs causal to CLECs only would undermine the Commission's objective that each party be incented to develop and implement the least costly mechanism. Accordingly, the Commission has excluded these costs from the cost study.
14. In light of the above, the Commission considers that TCC's proposed rate for CLEC Access to OSS service is neither just nor reasonable.
15. The Commission notes that in responses to Commission interrogatories, TCC provided revised monthly equivalent costs for access and for queries that excluded development and implementation costs. The Commission has used these adjusted costs to revise the proposed rates for TCC's CLEC Access to OSS service. The resulting adjusted rates are as follows:
 - monthly subscription rate (with a five-year minimum commitment period): \$120.00; and
 - rate per query: \$0.02.

16. The Commission considers that the proposed service charge per CLEC is just and reasonable and notes that it is based on a composite labour rate of \$91.90 per hour (in 15 minute increments, or part thereof, after the initial first hour) and other material costs or expenses incurred by TCC to test the CLEC's access to the CLEC Access to OSS service.
17. The Commission considers that the rates proposed by TCC for CLEC Manual Equipment Record service (\$70.00 per request for the first sixty minutes, \$70.00 per request for each additional hour or portion thereof) are just and reasonable. The Commission notes that no party objected to these proposed rates. Further, the Commission directs TCC to modify its proposed tariff for CLEC Manual Equipment Record service to make it clear that the equipment record provided to the customer must be legible.
18. In the Commission's view, its determinations in this Order advance the telecommunications policy objectives set out in paragraphs 7(b), 7(c), and 7(f) of the *Telecommunications Act*, namely to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada; to enhance the efficiency and competitiveness, at the national and international levels, of Canadian telecommunications; and to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective.
19. Further, the Commission considers that its determinations with respect to the proposed changes are consistent with the Governor in Council's Policy Direction⁵ that regulation, when relied upon, is to be efficient and proportionate to its purpose, interfere minimally with competitive market forces, and neither deter economically efficient competitive entry into the market nor promote economically inefficient entry.

Conclusion

20. The Commission **approves on a final basis** TCC's proposed tariff amendments as modified by this Order, and directs TCC to issue revised tariff pages within 10 days of the date of this Order.

Secretary General

Related documents

- Telecom Order CRTC 2008-90, 2 April 2008
- Telecom Order CRTC 2008-85, 31 March 2008
- *Regulatory Policy – Revised regulatory framework for wholesale services and definition of essential service*, Telecom Decision CRTC 2008-17, 3 March 2008

⁵ *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006.

- Telecom Order CRTC 2008-2, 9 January 2008, as amended by Telecom Order CRTC 2008-2-1, 14 January 2008
- *Bell Canada and Bell Aliant Regional Communications, Limited Partnership – CLEC Access to OSS Service*, Telecom Order CRTC 2007-415, 7 November 2007
- *Competitive local exchange carrier access to incumbent local exchange carrier operational support systems – Manual provisioning of equipment records*, Telecom Decision CRTC 2007-61, 31 July 2007
- *Review of regulatory framework for wholesale services and definition of essential service*, Telecom Public Notice CRTC 2006-14, 9 November 2006, as amended by Telecom Public Notices CRTC 2006-14-1, 15 December 2006; 2006-14-2, 15 February 2007; 2006-14-3, 16 March 2007; and 2006-14-4, 20 March 2007
- *Competitive local exchange carrier access to incumbent local exchange carrier operational support systems*, Telecom Decision CRTC 2005-14, 16 March 2005

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