



## Telecom Order CRTC 2008-338

Ottawa, 19 December 2008

### **Yak Communications (Canada) Corp.'s application to make interim rates for billing and collection service processing charges**

Reference: 8661-Y6-200804106

*In this Order, the Commission approves an application by Yak Communications (Canada) Corp. to make interim the incumbent local exchange carriers' rates for billing and collection service processing charges.*

#### **Introduction**

1. The Commission received an application by Yak Communications (Canada) Corp. (Yak), dated 28 October 2008, requesting that the incumbent local exchange carriers' (ILECs) billing and collection service (BCS) processing charges rates<sup>1</sup> be made interim pending a review of the ILECs' cost studies and a final Commission decision.
2. The Commission received comments on this matter from Bell Aliant Regional Communications, Limited Partnership (Bell Aliant), Bell Canada, and Saskatchewan Telecommunications (SaskTel) [collectively, Bell Canada et al.]; TELUS Communications Company (TCC); and Rogers Communications Inc. (RCI). The public record of this proceeding, which closed on 10 November 2008, is available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) under "Public Proceedings."

#### **Positions of parties**

3. RCI and Yak submitted that it was necessary to make the BCS processing charges rates interim because, among other things, it was highly likely that material rate reductions would be made as a result of the Commission's review of the ILECs' cost studies.
4. Bell Canada et al. and TCC submitted that Yak's request should be denied because the Commission's process to review the ILECs' BCS processing charges rates should be undertaken within a reasonable timeframe. TCC further argued that the BCS processing charges rates should not be made interim because interim rates expose ILECs to financial risk stemming from retroactive rates. Further, TCC submitted that making rates interim would be contrary to subparagraph 1(c)(i) of the Policy Direction<sup>2</sup> requiring that the Commission use tariff approval mechanisms that are as minimally intrusive and as minimally onerous as possible. TCC also argued that making rates interim was an exceptional power under the *Telecommunications Act* (the Act) and that Yak had failed to prove that such circumstances existed with respect to BCS processing charges rates.

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<sup>1</sup> BCS processing charges rates consist of accounts receivable returned prior to billing, accounts receivable billed, and accounts receivable returned or charged back after billing.

<sup>2</sup> *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006

5. Yak submitted that TCC's position regarding Yak's request for interim status of BCS processing charges rates was inconsistent with TCC's application of 30 October 2008 that rates for support structures be made interim pending the Commission's review of updated costs associated with that service.
6. In further support of its request, Yak submitted that the BCS processing charges rates per account receivable billed varied widely between ILECs ranging from \$0.0836 (MTS Allstream Inc.) to \$0.2371 (SaskTel), for the same service. Yak further submitted that Bell Canada had requested in a past proceeding that the Commission make TCC's asymmetric digital subscriber line (ADSL) access rates interim given that TCC's rates were significantly higher than Bell Canada's rates for the same service.
7. Yak further submitted that making BCS processing charges rates interim would enable the Commission to make rates retroactive and mitigate further financial harm to customers of BCS resulting from higher rates.

### **Commission's analysis and determinations**

8. The Commission notes that Yak's application of 28 October 2008 is Yak's second application to make the ILECs' BCS processing charges rates interim. The first application was dated 9 November 2006, and also requested that the ILECs be directed to file updated cost studies with respect to BCS processing charges rates. By letter dated 22 June 2007, the Commission closed the file associated with Yak's 9 November 2006 application but invited the company to resubmit its application in light of the determinations made in the Phase II proceeding.<sup>3</sup> Yak resubmitted its application on 14 March 2008 requesting, among other things, that the ILECs be directed to file updated cost studies with respect to BCS processing charges rates within 30 days of the Commission's determinations in the follow-up proceeding initiated by Telecom Decision 2008-14. By letter dated 26 August 2008, the Commission directed the ILECs to file updated cost studies associated with their BCS processing charges rates and initiated a process to review updated costs. The ILECs filed these updated costs on 21 November 2008.
9. The Commission notes that in Telecom Decision 2008-119, it denied an application by Bell Aliant, Bell Canada, SaskTel, and Télébec, Société en Commandite, to review and vary its determinations in Telecom Decision 2008-17 concerning BCS and confirmed that BCS is correctly classified as an interconnection service and priced with a mark-up of 15 percent.
10. The Commission further notes that the ILECs' updated cost studies filed on 21 November 2008 show that the estimated costs associated with BCS processing charges rates have changed significantly. The Commission considers that these changes constitute circumstances in which it would be appropriate to exercise its discretion under the Act to make ILEC BCS processing charges rates interim. Further, the Commission considers that given these circumstances, such a measure is as minimally intrusive and onerous as possible, and is, therefore, consistent with subparagraph 1(c)(i) and the other relevant provisions of the Policy Direction. In this respect, the Commission considers that making the BCS processing charges rates interim advances the telecommunications policy objectives set out in paragraphs 7(b), 7(c), and 7(f) of the Act,

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<sup>3</sup> The Phase II proceeding concluded with the issuance of Telecom Decision 2008-14, dated 21 February 2008. This decision disposed of a number of Phase II costing issues and set out a follow-up proceeding with respect to each ILEC's filing requirements.

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.

11. With respect to TCC's concerns that retroactive rate adjustments may negatively impact the ILECs financially, the Commission notes that the ILECs will have the opportunity to comment on whether the final rates should be applied on a retroactive basis.

### **Conclusion**

12. In light of the above, the Commission **approves** Yak's application and makes interim the ILECs' rates for BCS processing charges, effective the date of this Order.

Secretary General

### **Related documents**

- *Bell Canada et al.'s application to review and vary Telecom Decision 2008-17 with respect to wholesale billing and collection service*, Telecom Decision CRTC 2008-119, 11 December 2008
- *Revised regulatory framework for wholesale services and definition of essential service*, Telecom Decision CRTC 2008-17, 3 March 2008
- *Review of certain Phase II costing issues*, Telecom Decision CRTC 2008-14, 21 February 2008, as amended by Telecom Decision CRTC 2008-14-1, 11 April 2008

*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>*