



## Telecom Order CRTC 2009-226

Ottawa, 24 April 2009

### Télébec, Limited Partnership – 9-1-1 rates

File number: Tariff Notices 366 and 366A

*In this order, the Commission approves on a final basis Télébec's 9-1-1 rates.*

#### Introduction

1. The Commission received an application by Télébec, Limited Partnership (Télébec), dated 27 March 2008, proposing 9-1-1 rates based on company-specific costs and including a supporting cost study. On 8 April 2008, Télébec filed an amendment to its application, in which it proposed to retain its existing 9-1-1 monthly rates of \$0.32 per network access service (NAS) per month for its own retail customers, \$0.16 per month for each wireless number in service, and \$0.32 per NAS or working telephone number per month for competitive local exchange carrier (CLEC) end-customers. Télébec also requested an exogenous adjustment to compensate it for the difference between its costs and rates in the event that the Commission approved rates lower than its existing 9-1-1 rates. On 30 July 2008, Télébec filed a new cost study in response to Commission interrogatories.
2. The Commission received submissions from Quebecor Media Inc. on behalf of Videotron Ltd. (Videotron). The public record of this proceeding, which closed on 15 September 2008, is available on the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca) under "Public Proceedings" or by using the file number provided above.
3. The Commission has identified the following two issues to be addressed in its determinations:
  - I. What are the appropriate rates for 9-1-1 service in Télébec's territory?
  - II. Should Videotron be permitted to purchase 9-1-1 service for its customers in Télébec's serving territory directly from Bell Canada?

#### Background

4. In Telecom Order 95-645, the Commission approved the introduction of a monthly rate of \$0.32 per NAS for 9-1-1 service in Télébec's serving territory.
5. In Telecom Order 2004-433, the Commission approved an application by Télébec to introduce a 9-1-1 rate for wireless service providers set at 50 percent of the retail 9-1-1 rate and to charge Centrex customers the full retail 9-1-1 rate.

6. In Telecom Decision 2005-4, the Commission directed Télébec to file for approval tariff pages for local interconnection and network component unbundling services other than those for local loops. The Commission directed the company to use the terms and conditions already approved for Bell Canada, but with the associated rates marked up by 8.7 percent, or alternatively, rates based on company-specific costs plus a 25 percent mark-up, with supporting justification.
7. Pursuant to Telecom Decision 2005-4, Télébec filed Tariff Notices 322 and 322A, in which it proposed to use the terms and conditions already approved for Bell Canada, with the associated rates marked up by 8.7 percent with the exception of the rate for CLEC access to 9-1-1 service, for which it proposed to charge its retail rate.
8. In Telecom Decision 2007-132, the Commission reviewed and varied Telecom Decision 2005-4 concerning its determination that Télébec's CLEC 9-1-1 access rate should be based on Bell Canada's rate plus an 8.7 percent mark-up. The Commission approved Télébec's Tariff Notices 322 and 322A on a final basis. The Commission, however, directed Télébec to file revised rates for CLEC access to 9-1-1 service equal to those of its retail rates. It also directed Télébec to file retail 9-1-1 rates that were
  - (i) set at the level approved for Bell Canada and updated annually to reflect the changes made to Bell Canada's retail 9-1-1 rate; or
  - (ii) based on company-specific costs supported by cost justification and subject to annual recalculation using the formula approved in Order 2000-630.

### **I. What are the appropriate rates for 9-1-1 service in Télébec's territory?**

9. Télébec submitted that while the results of its cost study justify higher rates than those which currently apply, the price cap regime currently in effect does not permit a rate increase for 9-1-1 service. Therefore, Télébec requested that its 9-1-1 rates remain capped at current levels.
10. Videotron requested that the Commission reject Télébec's application because the proposed 9-1-1 rates include a 25 percent mark-up, are not based on Phase II costs, and would not be recalculated annually using the formula set out in Order 2000-630, as required by Telecom Decision 2007-132.
11. Videotron also argued that since Télébec acts as an intermediary between itself and Bell Canada, Télébec does not provide any added value to its 9-1-1 service. Videotron was of the view, therefore, that Télébec's 9-1-1 rates should be the same as those of Bell Canada.
12. The Commission has reviewed Télébec's revised cost study and notes that it reflects, among other things, the cost of the facilities to transport 9-1-1 calls from its retail customers to Bell Canada's 9-1-1 network and to route all calls to the 9-1-1 response agencies in Télébec's serving territory. The study includes all costs incurred by the company to provide 9-1-1 service to Télébec's retail customers, as well as to CLECs and wireless service providers offering service in the company's serving territory.

13. The Commission is satisfied that Télébec's revised cost study reflects appropriate Phase II cost estimates for providing 9-1-1 service. To arrive at this year's 9-1-1 rates, the Commission first applied a mark-up of 10 percent to Télébec's 9-1-1 costs, consistent with its determination in Order 2001-434. The Commission then applied the recalculation formula as required by Telecom Decision 2007-132. Accordingly, the Commission has calculated that Télébec's 9-1-1 rates for this year should be \$0.33 per NAS per month for its own retail customers, \$0.165 per month for each wireless number in service, and \$0.33 per NAS or working telephone number per month for CLEC end-customers.
14. As noted above, Télébec proposed to retain its current rates for 9-1-1 service. In view of the small difference between Télébec's current 9-1-1 rates and the cost-based 9-1-1 rates calculated by the Commission in this order, the Commission considers that Télébec's proposal is reasonable.
15. Accordingly, the Commission **approves** Télébec's application on a final basis, with rates set at the existing retail 9-1-1 rates of \$0.32 per NAS per month for its own retail customers, \$0.16 per month for each wireless number in service, and \$0.32 per NAS or working telephone number per month for CLEC end-customers.
16. However, the Commission directs Télébec to file revised rates for 9-1-1 service annually, commencing on 1 December 2009, applying the recalculation formula set out in Order 2000-630, with starting points of \$0.33 per NAS per month for its own retail customers and CLECs and \$0.165 per month for each wireless number in service.

## **II. Should Videotron be permitted to purchase 9-1-1 service for its customers in Télébec's serving territory directly from Bell Canada?**

17. Videotron submitted that as a CLEC it incurs costs to directly route 9-1-1 calls made by its customers in Télébec's serving territory to the 9-1-1 switches owned by Bell Canada. It also submitted that it updates the 9-1-1 databases and carries out diagnostics with Bell Canada but is not compensated for these costs. Videotron requested, therefore, that the Commission allow competitors in Télébec's serving territory, such as itself, to purchase 9-1-1 service directly from Bell Canada.
18. The Commission notes that pursuant to Telecom Decision 97-8, it has approved 9-1-1 incumbent local exchange carrier (ILEC) – CLEC interconnection agreements and tariffs. In these agreements and tariffs, the ILEC is mandated to provide 9-1-1 access because it is the only company interconnected with the public safety answering points in its serving territory. In this case, the ILEC is Télébec, not Bell Canada. The Commission also notes that an ILEC may choose to use service components from other service providers in order to provide 9-1-1 service in the most cost-efficient manner.
19. Accordingly, the Commission **denies** Videotron's request to directly purchase Bell Canada's 9-1-1 service for its customers in Télébec's serving territory.

20. The Commission notes that Télébec indicated that it was willing to place Annex 5 of the interconnection agreement between Télébec and Bell Canada entitled *9-1-1 Public Emergency Reporting Service*, on the public record. Accordingly, the Commission directs Télébec to place the above-noted document on the public record within two business days of the date of this order.

Secretary General

### **Related documents**

- *Télébec, Limited Partnership and TELUS Communications Company – Local network interconnection and network component unbundling*, Telecom Decision CRTC 2007-132, 20 December 2007
- *Implementation of competition in the local exchange and local payphone markets in the territories of Société en commandite Télébec and the former TELUS Communications (Québec) Inc.*, Telecom Decision CRTC 2005-4, 31 January 2005
- *9-1-1 Public emergency reporting service*, Telecom Order CRTC 2004-433, 21 December 2004
- *MTT – Provincial 9-1-1 service*, Order CRTC 2001-434, 31 May 2001, as amended by Order CRTC 2001-434-1, 5 June 2001
- *Rates modified for province-wide 9-1-1 service*, Order CRTC 2000-630, 6 July 2000
- *Local competition*, Telecom Decision CRTC 97-8, 1 May 1997
- Telecom Order CRTC 95-645, 6 June 1995

*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>*