



## Telecom Order CRTC 2009-497

Route reference: Commission letter dated 26 August 2008

Ottawa, 14 August 2009

### Review of rates for 800/888 Carrier Identification service

File number: Bell Aliant Tariff Notice 219  
Bell Canada Tariff Notice 7164  
MTS Allstream Tariff Notice 605A  
SaskTel Tariff Notice 126A  
Former TCI Tariff Notice 576A  
TCBC Tariff Notice 4261A

#### Introduction

1. The Commission received tariff applications for 800/888 Carrier Identification service, dated 27 October 2008, from the following incumbent local exchange carriers (ILECs): Bell Aliant Regional Communications, Limited Partnership (Bell Aliant), Bell Canada, MTS Allstream Inc. (MTS Allstream), Saskatchewan Telecommunications (SaskTel), and TELUS Communications Company (TCC). In support of their applications, Bell Canada, MTS Allstream, and TCC filed cost studies for their 800/888 Carrier Identification service. Bell Canada indicated that the database it used to provide 800/888 Carrier Identification service is a joint-use database operated by Bell Canada, on behalf of itself, Bell Aliant, and SaskTel (collectively, Bell Canada et al.). Both Bell Aliant and SaskTel indicated that they relied on Bell Canada's cost study in arriving at their proposed rates for 800/888 Carrier Identification service.
2. These tariff applications and supporting cost studies replaced previously filed applications.<sup>1</sup>
3. The Commission received comments from Primus Telecommunications Canada Inc. (Primus) and Rogers Communications Inc. (RCI). The ILECs provided responses on 11 February and 3 April 2009 to a number of Commission interrogatories.<sup>2</sup>
4. The public record of this proceeding, which closed on 17 April 2009, 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 numbers provided above.

<sup>1</sup> See Bell Aliant Tariff Notice 49, Bell Canada Tariff Notice 6965, MTS Allstream Tariff Notice 605, SaskTel Tariff Notice 126, Former TCI Tariff Notice 576, and TCBC Tariff Notice 4261, all filed on 27 October 2006.

<sup>2</sup> In their 3 April 2009 responses to one of the Commission's interrogatories, all of the ILECs submitted revised cost estimates based on the latest cost information available, using a study period starting in 2009 instead of 2006.

## Background

5. In response to a Part VII application filed by MTS Allstream, the Commission issued Telecom Decision 2006-57. That decision directed the ILECs to file amended tariff pages, with supporting cost studies, for their 800/888 Carrier Identification service, and made the ILECs' 800/888 Carrier Identification service rates interim. The requisite tariff applications and supporting cost studies were filed on 27 October 2006.
6. By letter dated 22 June 2007, the Commission deferred further consideration of a number of applications before it, including the 800/888 Carrier Identification service applications, pending the completion of the proceeding to review Phase II costing issues. In that letter, the Commission determined, among other things, that the 800/888 Carrier Identification service rates were to remain interim pending the conclusion of the proceeding to review Phase II costing issues.
7. The Commission set out its determinations regarding Phase II costing issues in Telecom Decision 2008-14.<sup>3</sup> Subsequent to this issuance of this decision, the Commission, in a letter dated 26 August 2008, directed each ILEC to submit, among other things, revised cost studies for their 800/888 Carrier Identification service and the associated proposed tariff pages that reflected the costing methodology changes stemming from Telecom Decision 2008-14.

## Issues

8. The Commission has identified the following two issues to be addressed in its determinations:
  - I. Are the ILECs' proposed 800/888 Carrier Identification service rates just and reasonable?
  - II. Should the 800/888 Carrier Identification service rates approved on a final basis in this proceeding apply retroactively and, if so, from what date?

### **I. Are the ILECs' proposed 800/888 Carrier Identification service rates just and reasonable?**

9. Primus and RCI submitted that the rates proposed by the various ILECs were excessive and should be reduced. They expressed particular concern with the rate proposed by TCC given it was the only ILEC proposing an increase to the current rate. RCI submitted that 800/888 Carrier Identification service involves activities that are similar to other traffic routing data query services and for which rates have substantially declined over the years. In RCI's view, the resource costs for 800/888 Carrier Identification service must have experienced a similar decline.

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<sup>3</sup> As a follow-up to Telecom Decision 2008-14, the Commission approved the ILECs' Regulatory Economic Studies Manuals in Telecom Order 2008-237.

10. Primus also submitted that the Commission should direct TCC to file a rate that is similar to the rates proposed by the other ILECs.
11. While not directly challenging the rates proposed by the other ILECs, Primus also filed a U.S.-based tariff/price list page from early 2002 for Verizon New York Inc. (Verizon), which demonstrated that Verizon's 800 Service Provider Identification Charge in 2002 of \$0.000133 per query was a fraction of the rate proposed by Bell Canada et al. and MTS Allstream.
12. In response, Bell Canada et al. submitted that benchmarking with U.S.-based carriers was inappropriate, as it was not clear which network elements or functions were included as costs in developing the Verizon rate. Further, Bell Canada et al. argued that U.S. carriers are subject to different financial parameters, accounting rules, labour rates, and tax rates than their Canadian counterparts.
13. The Commission agrees with Bell Canada et al.'s submission that the use of benchmarking with U.S.-based carriers to determine whether proposed 800/888 Carrier Identification service costs and rates are reasonable is not appropriate.
14. The Commission notes that Bell Aliant and Bell Canada both proposed a rate decrease from \$0.003 to \$0.0024 while SaskTel proposed a decrease from \$0.0058 to \$0.0024, and MTS Allstream a decrease from \$0.003 to \$0.0023.
15. By contrast, TCC initially proposed an increase from \$0.0030 to \$0.0034. However, in its 3 April 2009 response to one of the Commission's interrogatories, TCC submitted a revised cost study, which provided for a decrease in its proposed rates from \$0.0034 to \$0.0022 in the operating territory of British Columbia, and from \$0.0034 to \$0.0020 in the operating territory of Alberta. In support of these lower rates, TCC indicated that it had purchased a new 800/888 platform in 2009 which had resulted in much lower costs, and that these lower costs had been included in its latest cost estimates.
16. The Commission considers, therefore, that comments regarding TCC's proposed increase in 800/888 Carrier Identification service rates no longer apply in light of the above-noted costs and proposed rate reductions for TCC's 800/888 Carrier Identification service.
17. The Commission notes that, in response to the same interrogatory, Bell Canada et al.'s proposed rates remained the same, while MTS Allstream's proposed rate increased to \$0.0025 mainly because of a change in the assumed U.S. exchange rate which affected some of its costs.
18. The Commission has reviewed the latest cost estimates provided by the ILECs, using a study period of 1 January 2009 to 31 December 2013, and finds each ILEC's proposed rate to be just and reasonable. Accordingly, the Commission **approves** 800/888 Carrier Identification service rates for the ILECs as follows: \$0.0024 for Bell Canada, Bell Aliant, and SaskTel; \$0.0025 for MTS Allstream; and \$0.0020 and \$0.0022 for TCC in Alberta and British Columbia, respectively.

**II. Should the 800/888 Carrier Identification service rates approved on a final basis in this proceeding apply retroactively and, if so, from what date?**

19. MTS Allstream submitted that the postponement of the review of 800/888 Carrier Identification service rates pending the completion of the review of Phase II costing issues had penalized competitors and unduly enriched the ILECs. MTS Allstream submitted that the Commission, having made rates interim in Telecom Decision 2006-57, had maintained its powers under the *Telecommunications Act* (the Act) to make rates final effective 12 September 2006. Consequently, MTS Allstream submitted that the Commission should make the final rates in this proceeding retroactive to 12 September 2006, the date of Telecom Decision 2006-57. In the alternative, MTS Allstream submitted that the 800/888 Carrier Identification service rates should be approved retroactive, at a minimum, to 3 March 2008, i.e., the date of issuance of Telecom Decision 2008-17, in which the Commission classified the service as a mandated essential service under the interconnection category.
20. RCI submitted that the final approved rates should be made retroactive to 12 September 2006, the date Telecom Decision 2006-57 was issued.<sup>4</sup> In support of its request, RCI submitted that the Commission had indicated in Telecom Decision 2006-57 that the cost studies were outdated such that they did not then reflect current economic conditions. As such, RCI argued that the 800/888 Caller Identification service rates were unreasonable and unjustifiable to competitors. RCI further argued that, had the Commission completed the review of the cost studies that were first filed in October 2006, the rates would have been made retroactive to the date of that decision.
21. TCC submitted that the issue related to when the final approved 800/888 Caller Identification service rates should be made effective had been effectively addressed by the Commission in its letter of 22 June 2007. TCC noted that in that letter, the Commission had “expressed its expectation that the rates for the [Service] would not be applied retroactively.”
22. Bell Canada et al. also submitted that the rates for this service should be applied prospectively only, noting the Commission's comments in its 22 June 2007 letter.
23. The Commission is of the view that given the specific circumstances of this matter, it would not be appropriate to apply the 800/888 Carrier Identification rates approved in this order retroactively.

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<sup>4</sup> Alternatively, RCI submitted that, at a minimum, the lower rates filed by the ILECs on 27 October 2008 should be approved as the interim rates, effective 12 September 2006, and that competitors should be rebated accordingly.

24. 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 Act.<sup>5</sup> The Commission further considers that its determinations are consistent with the Policy Direction<sup>6</sup> requirements that (a) the measures in question be efficient and proportionate to their purposes, and that they minimally interfere with competitive market forces to meet the above policy objectives, and (b) the measures neither deter economically efficient competitive entry into the market nor promote economically inefficient entry.
25. In light of the above, the Commission **approves** the final rates for 800/888 Caller Identification service, as set out in paragraph 18 above, effective the date of this order. The ILECs are to issue the associated tariff pages within 15 days of the date of this order.

Secretary General

### Related documents

- *Regulatory Economic Studies Manuals – Follow-up proceeding to Telecom Decision 2008-14*, Telecom Order CRTC 2008-237, 25 August 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
- *MTS Allstream Inc. – Request to review rates for 800/888 Carrier Identification service*, Telecom Decision CRTC 2006-57, 12 September 2006

*This document is available in alternative formats upon request, and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>*

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<sup>5</sup> The cited policy objectives of the Act are  
(b) to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada;  
(f) to foster increased reliance on market forces for the provision of telecommunications services and to ensure that regulation, where required, is efficient and effective; and  
(h) to respond to the economic and social requirements of users of telecommunications services.

<sup>6</sup> *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006