



Telecom Decision CRTC 2009-89

Ottawa, 24 February 2009

TELUS Communications Company – Follow-up to Telecom Decision CRTC 2008-103

File number: 8638-C12-73/02

In this decision, the Commission approves an extension to TCC's service improvement plan from 2010 to 2012 and directs TCC to provide service to 17 previously approved communities, and to review the qualifying criteria for one additional community.

1. Pursuant to the Commission's directives in Telecom Decision 2002-34, TELUS Communications Company (TCC) filed its 2007 service improvement plan (SIP) tracking report, dated 31 March 2008.¹ TCC reported, among other things, that it would not be providing telephone service to 17 communities² in the SIP approved by the Commission in Telecom Decision 2003-64. In response to Commission interrogatories, TCC submitted that it was prepared to provide telephone service to the 17 remaining communities should the Commission approve an extension to its SIP and associated funding for an additional three-year period starting in 2010.
2. In Telecom Decision 2008-103, the Commission noted that it had received complaints from prospective customers in TCC's territory, indicating that six additional communities³ also required service. The Commission indicated that at a future date it would determine (1) whether the SIP roll-out end date should be extended beyond 2008; (2) which additional communities, if any, should be provided service under the SIP; and (3) the level of capital expenditures that would be required.

Issues

3. The Commission has identified the following two issues to be addressed in this decision:
 - I. Should the Commission extend TCC's SIP so that TCC may provide telephone service to the remaining 17 Commission-approved communities?
 - II. Should the Commission require TCC to provide telephone service under its SIP to the additional six communities referenced in Telecom Decision 2008-103?

¹ TCC's report, the Commission's interrogatories, and TCC's answers to those interrogatories are available on the Commission's website at www.crtc.gc.ca.

² Bull Harbour, Eagle Lake, Forbidden Plateau, Helena Lake, Henley Lake, Honeymoon Creek, Lower Cache, McKinley Valley, Meier Road, Milligan Creek, Parker Island, Rausch Valley, Ring Creek, Ruth Lake Road, St. Mary's Lake, Trail Island, and Yekochee-Nancut

³ Brooklyn, Coykendahl, Quesnel Lake, Renata, Shields and Twelve Mile Road

Background

4. In Telecom Decision 99-16, the Commission set out the goals for service improvement in high-cost serving areas, which included the extension of service meeting the criteria of the Commission's basic service objective⁴ to the few unserved areas. In Telecom Decision 2002-34, the Commission considered the incumbent local exchange carriers' SIP proposals, submitted pursuant to the Commission's direction in Telecom Decision 99-16. The Commission directed TCC to start a SIP project in a locality if it met the following criteria: (a) the maximum average cost per premises was \$25,000 using a 100 percent take rate; and (b) at least one customer requested service and was willing to contribute \$1,000. The Commission ordered the SIP program to be scheduled for the four-year period between 2002 and 2005.
5. In Telecom Decision 2003-64, the Commission approved a revised four-year SIP of \$21.4 million for TCC encompassing, among other things, 50 communities in British Columbia and Alberta, and a rescheduled roll-out from 2003 to 31 December 2006. The Commission directed TCC to reprioritize its proposed SIP roll-out plan as prescribed in Telecom Decision 99-16, and to target larger communities first.
6. TCC noted in its 2004 SIP tracking report that due to the extended period of time required to provide telephone service to these unserved and remote communities, projects that were scheduled to start in 2006 would span two years and therefore could not be completed until late in 2007. In Telecom Decision 2005-67, the Commission approved the revised SIP roll-out plan proposed by TCC and extended the expected completion date to 2007.
7. In its 2007 SIP tracking report, TCC noted that eight previously started but still unfinished projects would be completed later in 2008. TCC however confirmed that 17 of the 50 Commission-approved communities would not be served within this SIP because the program had ended on 31 December 2006 before the company could start providing telephone service to those communities.

I. Should the Commission extend TCC's SIP so that TCC may provide local telephone service to the remaining 17 Commission-approved communities?

8. TCC submitted that due to difficulties in securing equipment and personnel, obtaining capital approvals, negotiating rights of way, and in particular because of a work stoppage in 2005, the formal term of the SIP ended before the 17 communities were contacted with respect to their interest in receiving service under the SIP.

⁴ Telecom Decision 99-16 established the following basic service objective for local exchange carriers: individual line local service with touch-tone dialing, provided by a digital switch with capability to connect via low speed data transmission to the Internet at local rates; enhanced calling features, including access to emergency services, Voice Message Relay service, and privacy protection features; access to operator and directory assistance services; access to the long distance network; and a copy of a current local telephone directory.

9. In response to a Commission interrogatory, TCC submitted that a subsequent review of the costs of providing telephone service to each of the 17 communities confirmed that each met the SIP cost criteria. TCC indicated that it would therefore be willing to commit to an extended SIP program in order to complete the projects for these 17 communities.
10. TCC indicated in August 2008 that since its planned capital allocations for the 2009 fiscal year were nearing final internal approval, any contemplated plan to address the 17 communities should be deferred until 2010 and run at least until the end of 2012.
11. TCC also proposed to submit on 31 March 2009 a three-year plan addressing the roll-out of projects for the 17 communities and to include its projected costing and funding requirement details in its annual tracking report.

Commission's analysis and determinations

12. The Commission is concerned that the revised four-year SIP program as approved is not yet completed and, more specifically, that 17 approved communities have still not received telephone service.
13. The Commission notes TCC's proposal to submit a plan for a three-year extension to its SIP in order to complete projects for the 17 communities, and to provide the projected associated costs and funding proposals for the period from 2010 to 2012.
14. Accordingly, the Commission considers that it would be appropriate to grant an extension to TCC's SIP for three years from 2010 to 2012 in order for the company to initiate and complete new projects for the 17 remaining communities.
15. The Commission notes that although TCC's SIP program was extended several times, a significant portion of the program was nonetheless uncompleted. The Commission considers that unless the reporting of progress is adequately enhanced, the completion of the SIP extension might again be jeopardized.
16. Therefore, the Commission will require TCC to submit semi-annual reports to address, among other items, progress on those projects and the steps the company is taking to ensure that all 17 communities receive local service within the prescribed time frame.

II. Should the Commission require TCC to provide telephone service under its SIP to the additional six communities referenced in Telecom Decision 2008-103?

17. In response to a Commission interrogatory, TCC submitted that none of those six communities had been approved by the Commission in its original SIP program and they should therefore not be included in the contemplated extension to the current SIP. The company further submitted that the scope of its SIP required that no additional communities be added after 31 December 2006.

18. TCC submitted that a new radio system and repeater sites were required to provide service to four of the six communities, and that the cost was prohibitive. TCC also submitted that the cost-per-dwelling estimate for a fifth community had also exceeded the SIP criteria at the time the program was initiated, and it had been deemed ineligible for inclusion in the SIP.
19. TCC submitted that the sixth community, Quesnel Lake, had been deemed a higher-cost community and the provision of service was deferred to later in the company's SIP program. TCC submitted however that the SIP ended before service could be offered to that community.

Commission's analysis and determinations

20. The Commission notes TCC's submission that in Telecom Decision 2003-64, the Commission directed the company not to accept other communities into its SIP after 31 December 2006. The Commission also notes that Quesnel Lake was on the list of communities surveyed by TCC in the proceeding that led up to Telecom Decision 2002-34. The Commission further notes that the community of Quesnel Lake was not offered an opportunity to participate in the SIP merely based on timing because the SIP had ended in 2006.
21. However, in this decision the Commission is extending the date by which TCC must complete its SIP to 2012. Accordingly, the Commission considers that TCC should review the SIP qualifying criteria with regard to Quesnel Lake and if it meets the relevant cost and contribution criteria, it should be added to the 17 remaining communities to be served by TCC under its SIP.
22. The Commission concurs with TCC that the remaining five communities remain ineligible for inclusion within the SIP.

Conclusion

23. In light of the above, the Commission extends TCC's SIP to no later than 2012 in order for the company to provide telephone service to the 17 Commission approved communities and to Quesnel Lake, should that community meet the SIP criteria. The Commission directs TCC to:
 - i) implement and complete projects to serve these communities under its SIP during the construction periods from 2010 to 2012;
 - ii) submit its yearly roll-out plan for the delivery of telephone service to the SIP-eligible communities, and include the estimate of the capital expenditure costs and the funding in its 2008 SIP tracking plan report on 31 March 2009; and,
 - iii) submit semi-annual tracking reports on 31 March and 30 September of each year of the extended program, clearly identifying projects completed and the remaining projects to be rescheduled for each year.

Secretary General

Related documents

- *TELUS Communications Company – 2008 application to update its funding requirements for its service improvement plan and related matters*, Telecom Decision CRTC 2008-103, 23 October 2008
- *TELUS Communications Company – 2005 application to increase the capital cost of the service improvement plan and related matters*, Telecom Decision CRTC 2005-67, 10 November 2005
- *Follow-up to price cap Decision 2002-34: TELUS' revised service improvement plan*, Telecom Decision CRTC 2003-64, 25 September 2003
- *Regulatory framework for second price cap period*, Telecom Decision CRTC 2002-34, 30 May 2002, as amended by Telecom Decision CRTC 2002-34-1, 15 July 2002
- *Telephone service to high-cost serving areas*, Telecom Decision CRTC 99-16, 19 October 1999

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>