



## Telecom Order CRTC 2010-6

Ottawa, 11 January 2010

### **Bruce Telecom – Introduction of service bundles**

File number: Tariff Notice 131

1. The Commission received an application by Bruce Telecom, dated 26 August 2009, proposing revisions to section 490 of its General Tariff. Specifically, the company proposed to introduce the FAB 4 Bundle, consisting of (1) individual residential line service, (2) high-speed Internet service including modem, (3) Bruce TV foundation package, and (4) 1,000 Canada and USA long distance minutes per month, at a monthly rate of \$99.95.
2. Bruce Telecom indicated that this bundle would fall into the fourth basket of services under the price cap framework set out in Telecom Decision 2006-14. The company provided references to comparable rates for similar service bundles, offered by Bell Canada and People's Tel Limited Partnership.
3. Bruce Telecom indicated that it had been offering the bundled service since 16 April 2008 without an approved tariff because the company believed that the determinations set out in Telecom Decision 2007-117 applied to the small incumbent local exchange carriers (ILECs). Bruce Telecom submitted that it had filed the tariff proposal upon realizing that the Telecom Decision 2007-117 determinations did not extend to it. Accordingly, Bruce Telecom requested that the Commission ratify the rate it had charged between 16 April 2008 and 10 September 2009.
4. The Commission approved Bruce Telecom's application on an interim basis in Telecom Order 2009-571.
5. The Commission received no comments regarding this application.

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

6. The Commission notes that in Decision 2001-756, it determined that the small ILECs should be subject to a simplified form of price regulation and grouped services into four separate baskets, each with its own pricing constraints. In particular, the Commission determined that rates for services within the fourth basket would generally be permitted to increase up to any already approved rate for the same service. The Commission also notes that in Telecom Decision 2006-14, it reiterated that the small ILECs would be permitted to raise rates for services within the fourth basket up to any rate approved by the Commission for the same service.
7. The Commission notes that when ILECs introduce a new service, they normally have to submit cost data to show that the proposed tariff is compensatory. The Commission has sometimes deemed it acceptable for small ILECs to propose, for new services in the fourth basket, tariffs that the Commission has already approved for another ILEC for the same service instead of submitting cost data.

8. The Commission considers that the proposed rate is comparable to an approved rate for a substantially similar service bundle. The Commission has also reviewed the proposed terms and conditions for the bundled offering and determines that they are acceptable.
9. With respect to Bruce Telecom's request for ratification of the rate charged between 16 April 2008 and 10 September 2009, the Commission notes that pursuant to subsection 25(4) of the *Telecommunications Act*, it may ratify the charging of a rate by a Canadian carrier otherwise than in accordance with a tariff approved by the Commission if it is satisfied that the rate was charged because of an error or other circumstances that warrant the ratification.
10. The Commission is satisfied that Bruce Telecom offered the bundled service without an approved tariff because of an honest belief that Telecom Decision 2007-117 applied to the small ILECs. Due to this error, the Commission finds it appropriate to ratify the bundled service rate as requested by the company.
11. In light of the above, the Commission **approves on a final basis** Bruce Telecom's application to introduce the FAB 4 Bundle. In addition, the Commission ratifies the rate charged by Bruce Telecom for the bundled service for the period from 16 April 2008 to 10 September 2009.

Secretary General

### **Related documents**

- *Bruce Telecom – Ex parte application*, Telecom Order CRTC 2009-571, 10 September 2009
- *Review of general tariff bundling rules and requirements for market trials*, Telecom Decision CRTC 2007-117, 23 November 2007
- *Revised regulatory framework for the small incumbent local exchange carriers*, Telecom Decision CRTC 2006-14, 29 March 2006
- *Regulatory framework for the small incumbent telephone companies*, Decision CRTC 2001-756, 14 December 2001

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