



Telecom Order CRTC 2012-121

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Ottawa, 28 February 2012

Bell Aliant Regional Communications, Limited Partnership and Bell Canada – Discount offers for primary exchange service and Local Link service

File numbers: Bell Aliant Tariff Notice 388
Bell Canada Tariff Notice 7335

Introduction

1. The Commission received applications by Bell Aliant Regional Communications, Limited Partnership (Bell Aliant) and Bell Canada (collectively, the Bell companies), dated 5 December 2011, in which the companies proposed revisions to Items 70 – Rate Schedules for Primary Exchange Service (PES) and 680 – Local Link Package of their respective General Tariffs. Specifically, the Bell companies proposed to modify the discount structures offered, at the companies' discretion, to customers on one- and three-year contracts for these services.
2. The Commission received comments on the Bell companies' applications from Comwave Telecom Inc. (Comwave). The public record of this proceeding, which closed on 21 January 2012, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file numbers provided above.

Should the Commission approve the Bell companies' applications?

3. Comwave submitted that the Bell companies' proposed offers were very similar to those provided to largely the same customers on now-expired promotions, and that the offers should therefore be treated as promotions.
4. Comwave also submitted that with the targeted and de-averaged pricing that these proposals would permit, and since the companies only plan to publish the minimum discount, the Bell companies could potentially be providing some customers regulated services at rates below those available to the Bell companies' wholesale customers.
5. The Bell companies submitted that the purpose of their applications was to modify their current permanent offers and introduce new offers for PES and Local Link services, not to introduce time-limited promotions.
6. The Bell companies also submitted that these proposals met the required price floor test, as demonstrated in the attachment to their applications.

7. The Bell companies further submitted that their proposal to publish only the minimum discount to be applied in any specific offering met the requirements to publish either the minimum or the maximum rate to be charged, as established in Telecom Decision 2007-36.

Commission's analysis and determinations

8. In Telecom Decision 2007-36, the Commission determined that where an incumbent local exchange carrier (ILEC) proposes to de-average the rate charged for a service for which rate de-averaging is allowed, the ILEC may request the Commission's approval for a rate range where either the maximum rate or minimum rate, or both, are publicly specified in the tariff, subject to the pricing rules regarding maximum and minimum rate constraints.
9. In Telecom Decision 2007-106, the Commission noted that any proposal to reduce rates for business services must generally be accompanied by supporting rationale that demonstrates the proposed rates continue to pass an imputation test. The Commission also stated that it was satisfied that these safeguards could deter anti-competitive pricing strategies for services offered by ILECs.
10. The Commission notes that the Bell companies have offered time-limited promotions in this market segment recently, but considers that the proposed tariff revisions are permanent price offers and not subject to any further requirement for a cooling-off period.
11. The Commission considers that the Bell companies' proposal to publish the minimum discount available, rather than the maximum, is consistent with Telecom Decision 2007-36.
12. The Commission also notes Comwave's concern that the Bell companies will be in a position to price these services in an anti-competitive manner. In that regard, the Commission considers that, when taking into account the Bell companies' maximum proposed discounts, the lowest price that may be offered to customers for this service passes the price floor test.
13. In light of the above, the Commission **approves** the Bell companies' applications.

Secretary General

Related documents

- *Further rate de-averaging for pay telephone and business services for large incumbent local exchange carriers*, Telecom Decision CRTC 2007-106, 9 November 2007
- *Follow-up to Decision 2006-75 – Range-within-a-range proposal*, Telecom Decision CRTC 2007-36, 25 May 2007