



Telecom Decision CRTC 2012-427

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Ottawa, 7 August 2012

Le Téléphone de St-Éphrem inc. – Application to review and vary Telecom Decision 2012-43 regarding implementation of local competition

File number: 8662-S6-201203025

In this decision, the Commission acknowledges the potential for substantial doubt as to the correctness of the approved local number portability database start-up costs for St-Éphrem. However, given the absence of a request to compete in St-Éphrem's incumbent territory, the Commission will not revisit any local competition implementation costs at this time.

Introduction

1. The Commission received an application by Le Téléphone de St-Éphrem inc. (St-Éphrem), dated 9 March 2012, in which the company requested that the Commission review and vary *Le Téléphone de St-Éphrem inc. – Implementation of local competition for Cogeco Cable Inc.*, Telecom Decision CRTC 2012-43, 24 January 2012 (Telecom Decision 2012-43), regarding the approved local competition implementation costs for the company.
2. In Telecom Decision 2012-43, the Commission approved, subject to certain modifications, St-Éphrem's implementation plan for local competition, which was filed in response to a formal signed expression of interest from Cogeco Cable Inc. (Cogeco).¹ The Commission also approved \$150,000 in start-up costs and \$54,000 per year in ongoing costs for the implementation of local competition in St-Éphrem's incumbent territory. The Commission provided a summary of the adjustments it applied to establish its final approved costs for the company.
3. The Commission received no comments regarding St-Éphrem's application. The public record of this proceeding, which closed on 11 April 2012, is available on the Commission's website at www.crtc.gc.ca under "Public Proceedings" or by using the file number provided above.

¹ The Commission notes that, by letter dated 3 February 2012, Cogeco subsequently withdrew its request to compete in St-Éphrem's incumbent territory.

4. The Commission considers that it must address the following issues in its determinations:
 - I. Were the appropriate carrier service group (CSG)² salaries assigned to St-Éphrem?
 - II. Were the appropriate start-up costs assigned to St-Éphrem for access to the local number portability (LNP) database?
 - III. Did the Commission err with respect to its treatment of other costs submitted by St-Éphrem?

I. Were the appropriate CSG salaries assigned to St-Éphrem?

5. The Commission notes that in Telecom Decision 2012-43, it reduced St-Éphrem's proposed use of one full-time employee (FTE) to perform the company's CSG functions to 25 percent of an FTE. The Commission indicated that one FTE was unreasonable given the company's size and the expected number of disconnect orders.
6. St-Éphrem submitted that it could not assign CSG functions to existing staff, and that it would be required to hire part-time staff to fulfill the CSG role. St-Éphrem indicated, however, that part-time staff would not be appropriate for CSG functions given the nature of the work and the standard response times expected from St-Éphrem to competitive local service requests. St-Éphrem submitted that, accordingly, the Commission should assign the company the costs for one FTE for CSG functions.
7. The Commission remains of the view that St-Éphrem does not require one FTE to perform its CSG functions given the expected volume of work, and considers that 25 percent of an FTE would be sufficient. The Commission notes that it is St-Éphrem's responsibility to ensure that the approved CSG resources are appropriately provisioned and managed in a manner consistent with the Commission's standards and regulations.
8. In light of the above, the Commission finds that its determination in Telecom Decision 2012-43 with respect to St-Éphrem's CSG salaries remains appropriate.

II. Were the appropriate start-up costs assigned to St-Éphrem for access to the LNP database?

9. The Commission notes that in Telecom Decision 2012-43, it reduced St-Éphrem's proposed LNP database start-up costs from \$55,000 to \$8,000. The Commission indicated that the reduction was to be consistent with the costs proposed by other small incumbent local exchange carriers (ILECs).

² The CSG is functionally separate from a telecommunications company's retail operations. Its role is to liaise and coordinate with competitive local exchange carriers when conducting a variety of inter-carrier activities, primarily with respect to customer transfers.

10. St-Éphrem submitted that it does not have access to the reduced LNP database start-up costs approved by the Commission in Telecom Decision 2012-43. St-Éphrem indicated that the LNP database access rates the Commission used to calculate the LNP database start-up costs for the company are only available to certain small ILECs based on previously negotiated agreements. St-Éphrem submitted that, accordingly, the Commission should either revise its LNP database start-up cost calculations based on an available access rate, or agree to revisit those costs if and when a new local competition implementation plan is filed.
11. The Commission notes that its decision to reduce St-Éphrem's LNP database start-up costs was based on the prevailing LNP database access rates available to other small ILECs. The Commission acknowledges that these approved costs may not have reflected the rates that St-Éphrem would have been assessed for LNP database access in the event that local competition had been implemented in the company's incumbent territory. However, given that there are no current requests to compete in St-Éphrem's incumbent territory and that local competition implementation costs must be assessed in conjunction with such a request, the Commission does not consider it necessary or appropriate to revisit these costs at this time.

III. Did the Commission err with respect to its treatment of other costs submitted by St-Éphrem?

12. St-Éphrem submitted that its proposed total start-up and ongoing costs, as set out in Telecom Decision 2012-43, do not reflect the revised amounts that it submitted to the Commission. St-Éphrem indicated that since the Commission applied its adjustments to erroneous amounts, the Commission's approved costs would also be erroneous. The company therefore requested that the Commission revise the approved start-up and ongoing costs for St-Éphrem to reflect the revised amounts.
13. The Commission has reviewed St-Éphrem's proposed total costs and agrees that its decision did not reflect the most current amounts. The Commission notes that if it applied its previously approved adjustments to the company's revised costs, there would be an increase in the company's start-up costs and no change in the company's ongoing costs.
14. Accordingly, the Commission finds that St-Éphrem has demonstrated that there is substantial doubt as to the correctness of the Commission's determinations regarding the approved start-up costs for the company. However, given that there are no current requests to compete in St-Éphrem's incumbent territory and that local competition implementation costs must be assessed in conjunction with such a request, the Commission does not consider it necessary or appropriate to revisit these costs at this time.

Secretary General